



PRESS METAL®

ANNUAL REPORT 2022

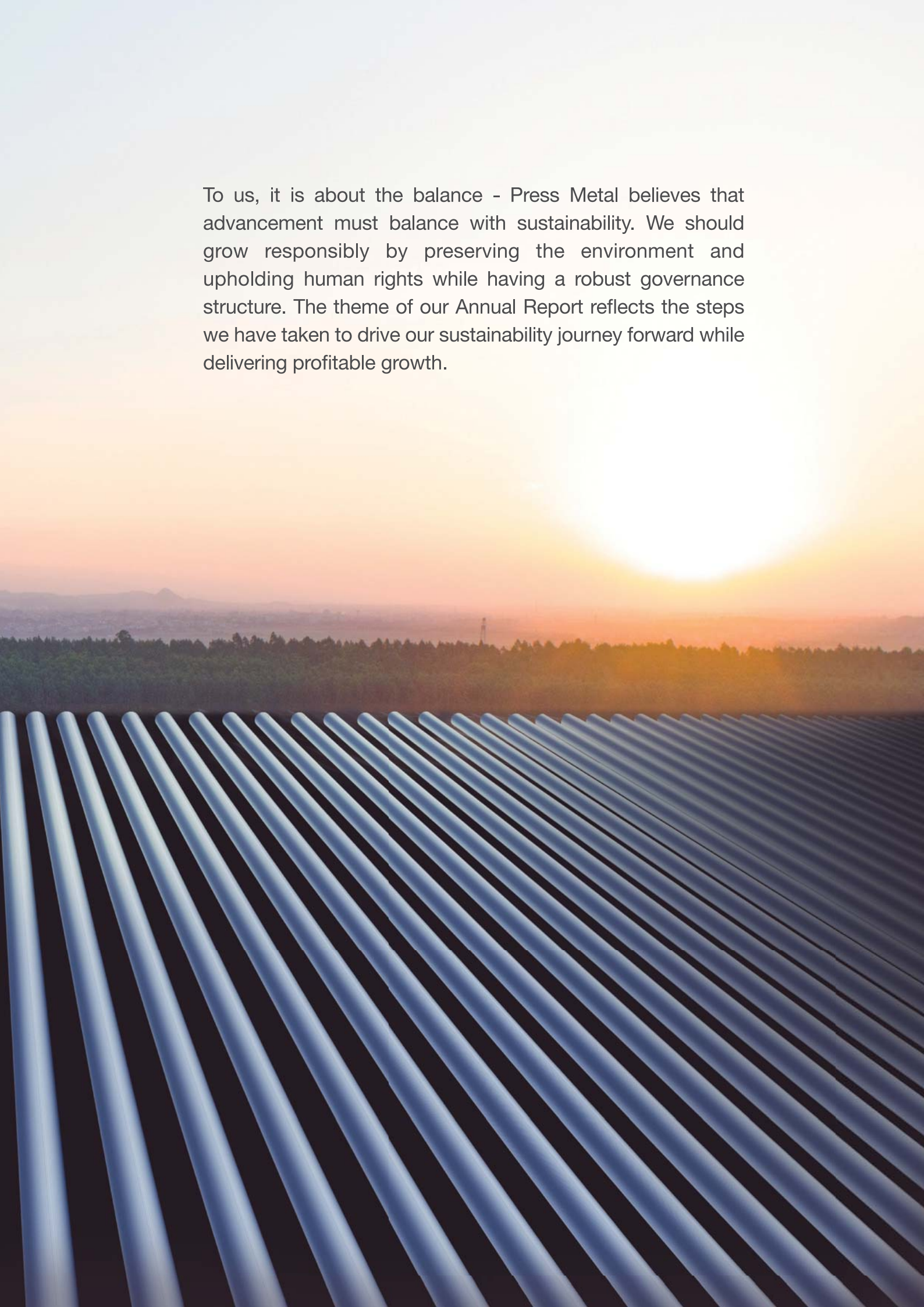
Finding a
BALANCE
in everything
we do



Balancing GROWTH with SUSTAINABILITY



To us, it is about the balance - Press Metal believes that advancement must balance with sustainability. We should grow responsibly by preserving the environment and upholding human rights while having a robust governance structure. The theme of our Annual Report reflects the steps we have taken to drive our sustainability journey forward while delivering profitable growth.







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PROXY FORM

PRESS METAL OVERVIEW

OUR CORPORATE VALUES



Business Acumen

The ability to enable strategic decision-making that supports value creation for both the Group and its stakeholders.



Global Outlook

To drive business growth with a global perspective and to progressively expand into a top industry player.



Quality Excellence

A constant focus to attain, retain and improve the quality of products based on industry benchmarks and clients' requirements.



Focused Teamwork

Harnessing the collective capabilities and skill sets of our people towards realising company goals and objectives.



Social Responsibilities

Upholding our role as a good corporate citizen by continually contributing to the development of a better industry, community and world.

OUR INTEGRATED VALUE CHAIN

UPSTREAM*



Bauxite Mining & Alumina Refining

- Worsley Alumina Unincorporated Joint Venture
- PT Bintan Alumina Indonesia

Carbon Anode Manufacturing

- Shandong Sunstone & PMB Carbon Ltd., Co

TRADING & DISTRIBUTION



Trading & Distribution

- Press Metal UK Limited
- Press Metal Aluminium (Aus) Pty. Ltd.
- Press Metal North America Inc.
- PMB Aluminium Sabah Sdn. Bhd.
- PMB Central Sdn. Bhd.
- PMB Eastern Sdn. Bhd.
- PMB Northern Sdn. Bhd.

MIDSTREAM



Smelting

- Press Metal Bintulu Sdn. Bhd.
- Press Metal Sarawak Sdn. Bhd.

Casting

- Press Metal Aluminium Rods Sdn. Bhd.

DOWNSTREAM



Extrusion

- PMB Aluminium Sdn. Bhd.
- Press Metal International Limited
- Press Metal International Technology Ltd.

*Joint Investments

Production Capacity

Midstream



Smelting Capacity
1.08m MT

Downstream




Extrusion Capacity
210k MT

Aluminium Metal of the Future



Construction • Transportation • Food & Beverage • Electronics • Infrastructure



Every step forward
is balanced by
another step
to reduce our
carbon footprint



Creating Competitive Advantage, Balancing Growth with **Sustainability**

Press Metal is steadfast in our focus to deliver value to our stakeholders. We remain committed and energised, leveraging on our core strengths and the increased smelting capacity to drive scale and growth.

Datuk Yvonne Chia
Chairman



CHAIRMAN'S STATEMENT



Dear Stakeholders,

On behalf of the Board of Directors (the “**Board**”) of Press Metal Aluminium Holdings Berhad (the “**Company**” or “**Press Metal**”), I am pleased to present to you the annual report of the Company for the financial year ended 31 December 2022 (“**FY2022**” or the “**year under review**”).

In 2022, the world began to emerge from the shadow of the pandemic and lockdowns with a sense of hope and renewal. Nevertheless, the fragility of macroeconomic variables continued with supply chain disruptions, inflation and monetary tightening. The ongoing tensions between Russia and Ukraine also significantly impacted global economies. Addressing this, governments worldwide have effected stimulus packages to improve the economic situation and revive activities as businesses continue to face headwinds.

As we navigate this period of external volatilities, Press Metal is steadfast in our focus to deliver value to our stakeholders. We remain committed and energised, leveraging on our core strengths and the increased smelting capacity to drive scale and growth. I believe our success is primarily due to our nurture of teamwork and collaboration, bringing together diverse skills to achieve our strategic objectives.

REVIEW OF FINANCIAL PERFORMANCE

I am pleased to report that Press Metal has achieved a new record performance in FY2022, despite being faced with elevated raw material prices and abnormally high freight costs. We registered revenue of RM15.68 billion and profit after tax and minority interest of RM1.41 billion, an increase of 42.6% and 40.4%, respectively, compared to the preceding year.

The year was marked by rising interest rates with the Federal Reserve’s aggressive tightening policies. We stayed proactive and managed to reduce our financial expenses and will remain vigilant in maintaining this financial discipline. We also completed a private placement exercise in April 2022, raising RM970.6 million for additional working capital, expansion of our extrusion operations and repayment of bank borrowings. With this and our healthy operational cashflow, our gearing ratio reduced to 0.56 times as of 31 December 2022 from 1.20 times the year before.

In today’s challenging business environment, a strong balance sheet is essential to allow us to stay proactive to capture opportunities and manage any challenges.

CREATING COMPETITIVE ADVANTAGE, BALANCING GROWTH WITH SUSTAINABILITY

During the year, we stepped up our sustainability agenda, recognising the arbiter of environmental and social responsibility in our long-term success. We are on a journey to embed sustainable practices across our operations, reducing our carbon footprint while promoting diversity and inclusion, fostering a corporate social responsibility culture, and extending to inculcate sustainability values into our supply chain. Over the past year, we have worked closely with our suppliers, vendors, and partners to ensure they share our commitment on ESG principles and goals.

Our ambition and actions were rewarded when Press Metal was included in the FTSE4Good Bursa Malaysia Index in June 2022. We secured a 4-star ESG rating, placing us among the top 25% of publicly listed companies in the FTSE Bursa Malaysia EMAS Index.

The Sustainability Report from pages 78 to 194 comprehensively details our report card for 2022, where we are today on our journey towards our goals, our sustainability performance, key highlights and achievements for the year under review.

ENHANCING RISK MANAGEMENT AND GOVERNANCE

Our growth trajectory for the year under review has been notable as we continued to expand our operations and capacity. As we scale, we have continued to evolve and improve our risk management practices to match the new challenges of business continuity. Press Metal has made significant progress in this regard, enhancing processes and SOPs to monitor and manage our risks more holistically.

We invested in our people, providing comprehensive training across the organisation, including our Board, to ensure everyone is in line with the enhanced risk management protocols and governance. As an extension of this, the Risk Management Committee has stepped up with the integration of our ESG risk and governance, working closely with the Sustainability Committee under the Group CEO to align our ESG and climate actions, ensuring a focused, disciplined approach and the clarity of actions and accountability.

To this end, a strategic transformation mindset on embedding a “culture of integrated thinking” was inducted throughout our organisation, encouraging everyone to think critically about the impact of their actions and make choices that align with our values and principles. We are committed to enhancing our standards of business integrity and ethics, balancing growth and risk to drive our long-term value creation.

THE YEAR AHEAD

The fear of an earlier predicted deep recession in Europe has eased, and China's re-opening has boosted optimism on a global recovery. The resurgence of activities from China could underpin a stronger aluminium price performance. Structural changes brought about by the consequences of the Russia-Ukraine tension with the closure of some smelters in Europe have opened up opportunities for us to fill the demand gap in the market. With our low carbon content production, we are poised to benefit from the increasing diversion to green industries of electric vehicles, renewable energy, packaging and consumer products.

We have also made a significant development in our partnership with Glencore, one of the largest globally diversified natural resources companies. Sharing identical philosophies in supporting a low carbon economy and climate commitment, we leverage on this strategic partnership as a further platform to open up new markets in United States of America (“US”) and Europe.

As I pen this statement, we are caught by the US and Europe banking turmoil, with implications on fundraising and liquidity in the global banking system. As we navigate through these uncertainties and macro risks ahead, we will also actively take advantage of growth opportunities. We will remain vigilant, agile and resilient.

ACKNOWLEDGEMENT

I would like to express my sincere gratitude to the Board, Management team and all employees for their unwavering dedication to our Group. Their commitment has been the centre of our achievements and progress.

I would also like to extend my appreciation to the Government, our partners and suppliers for their collaboration and support. We recognise that our success is built on strong relationships with all our stakeholders, and we are grateful for their trust and partnership.

Our customers are at the heart of everything we do. We are committed to providing them with the highest quality products and continuously strive to exceed their expectations. We value their feedback and insights, which drive us to innovate and improve.

To our shareholders, we are grateful for your continued support, confidence and trust. Press Metal is committed to creating long term value and to make a positive impact in the lives of our customers, employees, and the communities we serve.

Datuk Yvonne Chia
Independent Non-Executive Chairman

April 2023

Paving The Green Path



Every business is susceptible to external challenges constantly but we must remain agile to navigate and ascend. We kept our focus on our long-term goals, and despite a year filled with unexpected occurrences, we achieved another record financial performance.

Tan Sri Dato' Koon Poh Keong
Group CEO



MANAGEMENT DISCUSSION & ANALYSIS BY GROUP CEO



FOREWORD

The year 2022 started with the aluminium price heading towards one of the strongest performances in decades. This was one of the ramifications of the Russian-Ukraine tensions and compounded by an energy crisis that presented significant challenges to smelting operations, primarily from Europe, leading to immense capacity curtailment. Subsequently, in the second half of the year, the economy shakeout stemming from high inflation and monetary tightening policies impaired demand and aluminium prices. Observing this, we are constantly vigilant and responsive in adapting to the dynamics of the market, making the best out of every situation. Every business is susceptible to external challenges constantly but we must remain agile to navigate and ascend. We kept our focus on our long-term goals, and despite a year filled with unexpected occurrences, we achieved another record financial performance.

We remain steadfast in our core strength and business aspirations moving forward. Aluminium will continue to have a significant role in shaping modernising societies and contributing to a cleaner world. With this, we set our eyes on new goals and possibilities in the new year. The strategic decisions that we have taken throughout the years underpinned our progress and made a material difference in our ability to overcome obstacles. Our accomplishment is attributed to our commitment to staying competitive, resilient and relevant by focusing on enhancing our competency and efficiency.

As we reflect on the past year, I am reminded of the critical role that our workforce plays in our success. Our employees are our most important asset, and we recognise that their well-being is essential to the triumph of our business. We will continue to prioritise initiatives that support our employees' health, safety, and growth as a healthy and engaged workforce is critical to achieving our strategic objectives and delivering performance.

OVERVIEW OF PRESS METAL

Press Metal Aluminium Holdings Berhad ("**Press Metal**" or the "**Company**") is a Malaysian-based aluminium company principally engaged in the manufacturing and trading of both midstream and downstream aluminium products. We were incorporated in 1986 and subsequently became a public listed company in 1993. Over the years, we have grown into an integrated aluminium corporation and the largest aluminium producer in Southeast Asia, with a production capacity of 1,080,000 tonnes per annum for the smelting segment. We are also a prominent producer in aluminium extrusion with a production capacity of 210,000 tonnes per annum.

The Smelting Segment

The smelting segment is our Group's core business which produces the basic aluminium ingot P1020 and the value-added products such as alloy ingot A356.2, aluminium billets and wire rods.

We have two (2) smelting plants operating in the "Sarawak Corridor of Renewable Energy" economic region where power is predominantly generated from the hydropower plants. Our plant in Bintulu has 3 phases, with aggregate capacity of 960,000 tonnes per annum, while our other plant in Mukah, Sarawak, has a capacity of 120,000 tonnes per annum.

Our key markets for primary aluminium and value-added products are European countries (31%), Korea (15%), Malaysia (15%) and Vietnam (10%).

The Extrusion Segment

Our Group's extrusion segment produces a wide range of extrusion products utilised in the construction, automobile, consumer-related products, electronic and electrical industries.

Presently, Press Metal owns two (2) extrusion plants, one in Klang district of West Malaysia and another in Foshan, Guangdong Province, China. The annual capacity of these two plants are 50,000 tonnes and 160,000 tonnes per annum respectively.

Further, via our trading arms, we have a presence in United Kingdom, Australia and North America to market our extrusion products internationally.

The primary markets for our extrusion products include China (31%), Malaysia (19%), United Kingdom (19%), United States of America ("**US**") (19%) and Australia (6%).

Upstream Assets and Investments

To secure our raw material supply, we have ventured vertically upstream and completed several acquisitions over the past few years, especially for key raw materials and consumables required in our smelting operations being alumina and carbon anode. This will ensure a stable supply and quality over the long term and avoid any disruption in the smelting process.

Alumina Assets Investments

Alumina is the primary raw material for our Group's smelting segment. We own 50% equity interest in Japan Alumina Associates Pty. Ltd ("**JAA**") which in turn holds 10% interest in Worsley Alumina Unincorporated Joint Venture ("**Worsley UJV**") located in Australia, one of the world's largest and lowest cost alumina producers. Through this investment, we are entitled to a supply of 230,000 tonnes of alumina per annum.

We also hold 25% equity interest in PT Bintan Alumina Indonesia ("**PT BAI**") which is principally involved in alumina production in Pulau Bintan, Indonesia. PT BAI has completed the construction of its Phase 2 facility with a capacity of 1 million tonnes per annum. Including its Phase 1 facility that was commissioned in 2021, the total production capacity of PT BAI has reached 2 million tonnes per annum at the end of 2022.

With our investments in JAA and PT BAI, our Group will be able to secure up to approximately 80% of our alumina requirement. This serves to enhance the stability of our Group's aluminium operations by reducing reliance on third-party suppliers and shielding us against supply disruptions.

Carbon Anode Joint Venture

Our Group had on 20 September 2016 entered into a joint venture agreement with Sunstone Development Co., Ltd (“SDCL”) to establish and operate a new joint venture company, namely Shandong Sunstone & PMB Carbon Ltd., Co (“SSPC”) for manufacturing of pre-baked carbon anode, a primary consumable for our smelting operations. Currently, we hold 20% equity stake in this joint venture.

The plant was commissioned in the first quarter of 2019 and achieved full capacity in the second quarter of 2019. SSPC’s state of the art carbon anode manufacturing plant complies and exceeds environmental compliance and local regulatory requirements. With the 20% stake in SSPC, our Group has access to up to 220,000 tonnes of carbon anode out of the total capacity of 300,000 tonnes per annum. This joint venture allows us to secure up to approximately 40% of our requirements.

UPDATES ON OPERATIONAL ACTIVITIES

2022 was the first full year of contribution by our latest Phase 3 smelter at Samalaju Industrial Park, Bintulu which achieved full commissioning towards the end of 2021. With this, our annual smelting capacity increased by 42% to an aggregate of 1,080,000 tonnes, cementing our position as the largest aluminium smelter in Southeast Asia. During this commissioning process, we were simultaneously undertaking the scheduled maintenance of our existing smelters (Phase 1 & 2) and had to re-allocate resources between the existing smelters and the ramp-up schedule for Phase 3. We were operating in a constrained environment with Covid lockdowns impeding the availability of foreign technical expertise. As a result, we experienced less than optimal production volume in 2021, which carried into early 2022. This situation was resolved in the second quarter of 2022.

In FYE 2022, our value-added segment constituted nearly 36% of our total sales volume on the back of expanded smelting capacity. We registered a 3% year-on-year volume growth in value-added products, driven by wire rod demand as the world focused on increasing renewable energy capacity. We also completed a new billet casting line, increasing our billet casting capacity by 80,000 tonnes per annum to a total of 300,000 tonnes per annum.

On the downstream operations, our China extrusion operations have been actively exploring new applications in the electric vehicles and renewable energy sectors which are touted as the next demand drivers for aluminium. Installation of the first extrusion line for aluminium battery casing was completed and began production in our extrusion facilities in Foshan, Guangdong Province during the year. Our team is also continuously exploring new markets for our extrusion products and researching potential segments relating to renewable energy, other applications in the automotive industry, and product-based extrusion involving more technical resource planning. For our Malaysian extrusion facilities, we are installing an additional capacity of 30,000 tonnes per annum dedicated towards the fabrication of solar frames, targeting to commence production by the second half of 2023.

Carrying forward from the previous year, 2022 was similarly a challenging year from a cost perspective. World events influenced raw materials and freight costs, which remained stubbornly high for most of the year. We witnessed some of these challenges dwindling towards the end of the year with global freight cost declining by more than 30% and easing of high carbon anode prices. To partially mitigate the impact of extreme freight costs during the first half of the year, we switched from containers to cargo shipment for delivery of our products to customers which yielded lower delivery cost per tonne. As a further measure to address supply chain disruptions which may interfere with raw material supply, we stocked up on raw materials to ensure that there were no interruptions to our production.

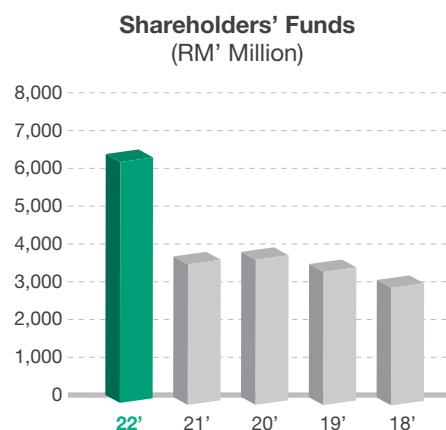
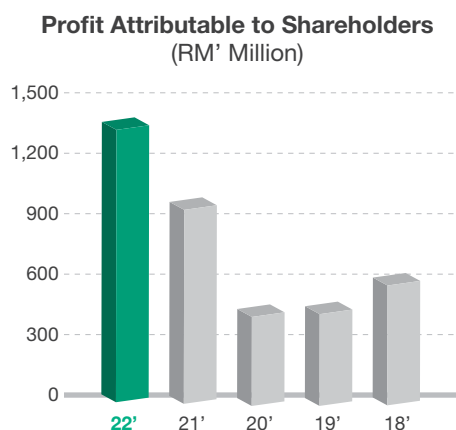
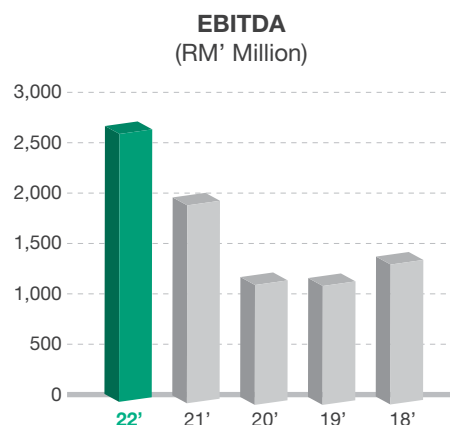
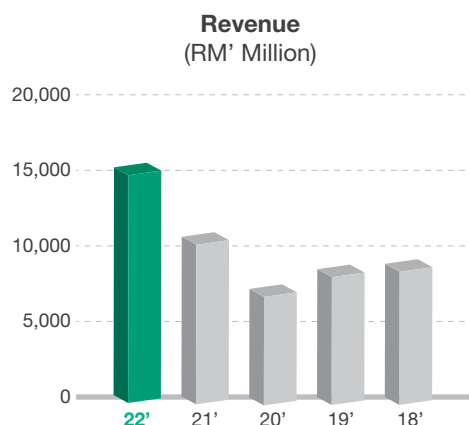
Press Metal operated with an intense focus on cost and delivering consistent operational excellence while preserving financial discipline to stay resilient. Our robust cashflow has enabled us to reduce our debts and strengthen our balance sheet. As a testament to this, on 30 December 2022, RAM Ratings upgraded the rating of our RM5.0 billion Islamic Medium Term Notes Programme (2019/2049) from AA3/Stable to AA2/Stable.

REVIEW OF FINANCIAL PERFORMANCE

The following table highlights our results for the past five financial years:-

		Financial Year Ended 31 December (RM'Million)				
		2022	2021	2020	2019	2018
Revenue		15,683	10,995	7,476	8,805	9,170
EBITDA		2,768	2,045	1,239	1,229	1,446
Profit before tax		1,952	1,443	655	631	870
Profit after tax		1,767	1,295	587	582	773
Profit attributable to shareholders		1,407	1,002	460	474	619
Total assets		15,316	14,211	11,934	9,661	8,341
Shareholders' funds		6,637	3,873	3,995	3,666	3,237
Total equity		8,005	4,920	4,890	4,480	4,028
Borrowings		5,093	6,370	5,148	3,861	2,985
Net Debt/Equity	Times	0.56	1.20	0.91	0.78	0.69
Net earnings per share*	Sen	17.16	12.41	5.69	5.90	7.79
Dividend per share*	Sen	6.0	3.4	2.1	2.6	3.2

* Adjusted retrospectively to reflect the 1 for 1 bonus issue exercise completed in April 2021



Revenue

Our Group's smelting segment is the main driver of our revenue and profitability. Aluminium prices as traded on the London Metal Exchange ("**LME**") plays a vital role in determining our performance.

We achieved a revenue of RM15.68 billion in FYE 2022, an increase of 42.6% as compared to FYE 2021. This was supported by higher average aluminium prices during the year, a stronger US Dollar ("**USD**") and increased production output. Our sales volume increased year-on-year as this was the first full year of commissioning our Phase 3 Samalaju smelter.

It is our practice to hedge a portion of our aluminium production for a period of up to three years, at the Company's discretion and depending on market prices from time to time.

Manufacturing costs

Alumina, pre-baked carbon anodes and electricity are the primary manufacturing costs for our smelting operations.

Alumina and Carbon Anode

Alumina prices increased strongly at the beginning of the year following the onset of the Russian-Ukraine tensions reflecting heightened supply risk, reaching an annual high of over USD530 per tonne in the middle of March 2022. Prices trended down during the second quarter and ended at an average of USD319 for the final quarter of the year.

Carbon anode prices rose steadily since the start of the year due to rising calcined petroleum coke and pitch prices as the increasing global energy demand is driving the growth of the petroleum coke industry and anode materials have benefited from thriving downstream activities. Over the year, prices reached a peak of over RMB7,900 per tonne in November 2022 compared to RMB5,500 at the beginning of the year.

Electricity

Our smelters are located in Sarawak, a state blessed with high and consistent rainfall and abundant rivers, where the state has built substantial hydropower assets. Our Group's smelting plants in Bintulu receive a stable electricity supply generated predominantly from this hydropower, secured by long-term power purchase agreements with the Sarawak State's power company. Unlike smelters operating under a floating rate of power purchase agreement which depends on coal-fired or gas-fired power plants, we are not subjected to coal and gas price fluctuations.

Profitability

Profit after tax ("**PAT**") increased by 36.4% to RM1.77 billion in FYE 2022 as compared to the preceding financial year, stemming from higher revenue during the year and increased contributions from associated companies. This was partially offset by higher raw material and freight costs, and provision for taxes during the year.

Total assets

Total assets increased by 7.8% from RM14.21 billion in FYE 2021 to RM15.32 billion in FYE 2022. This was mainly due to an increase in cash balances on the back of higher retained earnings as well as higher trade receivables which increased in tandem with higher aluminium prices and higher output.

Borrowings, finance cost, debt-to-equity ratio and shareholders' equity

Total borrowings decreased by 20.0% from RM6.37 billion in FYE 2021 to RM5.09 billion in FYE 2022. The decrease in borrowings resulted from accelerated repayment of borrowings on the back of stronger cash flow generation from operations and proceeds from our private placement exercise. In April 2022, we completed a private placement exercise of 163.4 million shares at the price of RM5.94 per share, raising total proceeds of RM971 million. RM120.0 million from the total proceeds raised was used to partially retire bank borrowings. As a consequence, debt-to-equity ratio reduced from 1.20 times in FYE 2021 to 0.56 times in FYE 2022.

Earnings per share and net assets

Earnings per share (“EPS”) for FYE 2021 and FYE 2022 were 12.41 sen and 17.16 sen respectively. The higher EPS in FYE 2022 was in tandem with increased profit attributable to shareholders. Meanwhile, net assets per share increased from RM0.48 per share in FYE 2021 to RM0.81 per share in FYE 2022.

Dividends

Total dividend pay-out in FYE 2022 was 6.0 sen as compared to 3.4 sen in FYE 2021. We are committed to rewarding shareholders for their continuous support subject to our profitability, capital expenditure requirements and overall liquidity position.

MARKET UPDATES

2022 presented one of the most volatile aluminium price trends in recent memory due to various factors, including the energy crunch aggravated by the Russian-Ukraine tensions, inflation driven interest rate hikes resulting in strong US Dollar and softened demand due to recession fear. At the start of the year, LME prices shot up to above USD3,800 per tonne after Russia invaded Ukraine in February. It later witnessed a pullback as demand concerns surfaced with macroeconomic uncertainties and escalating inflationary pressures. Unaccommodating supply-chain disruptions worsened the situation as it interrupted components supply to various industries causing lower production output.

Despite the challenging backdrop, global demand for primary aluminium registered a marginal growth rate in 2022. The transportation and construction sectors were the key demand drivers in 2022, making up close to half of the market demand. The electrical, packaging and foil stock industries were other prominent sectors for aluminium demand. The renewable energy sector is set to become a growth engine for aluminium demand because of solar PV and wire rod from infrastructure spending on transmission lines.

The application for aluminium is vast and it has been replacing traditional materials. Even though global demand from the construction sector softened last year, it still contributed a significant portion to total aluminium demand. Going forward, government initiatives such as the US Infrastructure Bill or supportive policies towards the property market from Chinese government are some drivers in reviving demand from the sector.

For the first three quarters of 2022, soaring energy prices and power shortages were putting supply in check, especially in Europe. Several smelters have reported production curtailments or shutdowns in Europe and US, pressured by margin squeeze. Going into 2023, we believe supply tightness will persist, especially in Europe, due to the scarcity of renewable energy and the deficiency of reliable energy supply amid ongoing Russia-Ukraine tensions. Although China increased production capacity last year, weather constraints continued to curtail output intermittently, posing a risk to global supply. With a relatively low visible world inventory of aluminium, any demand recovery led by influential economies will underpin a stronger aluminium price performance as the scarcity of renewable energy and high energy cost will preclude the massive restart of curtailed smelters.

RISK FACTORS & RISK MANAGEMENT

Anticipated or known risks

The business risks that may significantly impact our performance are the adverse changes in aluminium prices and foreign currency rates as our primary aluminium and value-added products are indexed to LME aluminium prices and quoted in USD. Other financial and market risks are those related to financing our Group's activities such as interest rates.

We also face operational risks directly or indirectly relating to our core operating activities due to inefficient or ineffective business processes, systems or human errors.

Geopolitical uncertainties and trade disputes continue to be key external risks to global demand and commodity prices. Rising interest rates, cost inflation and recession are other factors which could potentially dampen future consumption.

The underlying risks related to sustainability are trending upwards. Regulations to drive decarbonisation policies are tightening globally. All industries and companies with a significant negative sustainability footprint are expected to come under increased scrutiny in the coming years. The rising scrutiny on sustainability to a large degree is affirmative to Press Metal due to our low carbon content aluminium products.

Mitigating measures

Commodity hedges

It is our practice to hedge a portion of our total aluminium production for a period of up to three years. This hedging strategy is undertaken at the company's discretion but will be continuously refined from time to time, based on market dynamics and aluminium prices, among other considerations.

Foreign currencies hedges

We have exposures to foreign currency exchange risk on sales, purchases, cash and cash equivalents and borrowings that are transacted in USD, Australian Dollar ("AUD"), British Pound Sterling ("GBP"), Renminbi ("RMB"), Singapore Dollar ("SGD"), Hong Kong Dollar ("HKD") and Euro ("EUR"). USD is the main exposure as our core business, smelting revenue and purchases are substantially linked to USD. In order to mitigate USD exposure, we enter into foreign currency hedging contracts with reputable financial institutions.

Bolstering Financial Strength

We completed a private placement exercise in April 2022 to strengthen our war chest, raising RM970.6 million for additional working capital, expansion of our extrusion operations and repayment of bank borrowings. In today's dynamic business environment, a strong balance sheet is essential to seize opportunities that may arise in the market.

ESG PRIORITIES

Looking back at 2022, we have achieved several significant milestones in our ESG journey as a results of our collective and relentless effort of our workforce. Sustainability is a pivotal agenda for our Group, and we believe that by prioritising it, we can future-proof our business and ensure long-term success. We have also set specific goals and targets that are related to environmental performance. These include reducing our greenhouse gas emissions, using renewable energy sources, and minimising waste generation. We regularly monitor our progress towards these targets and hold ourselves accountable to ensure that we are making meaningful progress towards a more sustainable future.

Our unceasing commitment towards a sustainable operation, guided upon stringent ESG protocols, has been recognised with Press Metal Bintulu Sdn Bhd achieving the ASI Performance Standard V2 (2017) Certification from Aluminium Stewardship Initiative ("ASI") on 21 November 2022. It is the first smelting operation to achieve ASI Certification in Southeast Asia.

Our ESG efforts were acknowledged with the inclusion of Press Metal into the FTSE4GOOD Index in June 2022 with a 4-star rating, placing us among the top 25% of publicly listed companies in the FTSE Bursa Malaysia EMAS Index. Press Metal has also well-surpassed global industry averages and international peers across all themes – environmental, social and governance, underscoring our persistent and progressive efforts in advocating the sustainable development agenda. In addition, we received an ESG rating of "BBB" by Morgan Stanley Capital International ("MSCI") and was named by The Edge ESG Awards as the most improved performance over three years under the category of market capitalisation above RM5 billion. These external recognitions will further drive us to strive for greater positive impacts and long-term sustainability, therefore, making our shareholder value more sustainable and holistic.

Detailed information on our sustainability journey is further set out in the Sustainability Report from pages 78 to 194.

STRATEGIC FOCUS AREAS

As we move into 2023, Press Metal is laser-focused on operational improvements to pursue our strategic growth agenda. The vulnerabilities in global supply chains were revealed by the pandemic and further amplified by the Russian-Ukraine tensions. The long-term supply and access to our key raw materials will provide us with a strategic advantage and is paramount to sustainable operations. We will continue strengthening our supply chain to minimise risks of disruptions and maintain business continuity.

With our larger smelting capacity, we will have room to enhance our value-added segment which provides better margins. Moving forward, we will be expanding our market presence on value-added products to enhance growth and margins over the mid to long term. We will also look towards increasing our extrusion portfolio to support the renewable energy and consumer-related sectors. Last but not least, pursuing growth helps us to become the best version of ourselves. Press Metal will continue to embed a growth mindset and looking at various opportunities to expand its business and increase its revenue.

Our success as a company is not only dependent on our internal capabilities but also on the strength of our relationships with our strategic partners. On the external front, besides already having Sumitomo Corporation as an equity stakeholder of our smelters, we have made a significant development in our partnership with Glencore by inking a 10-year alumina supply and aluminium offtake agreement. We are delighted that Glencore recognises our efforts in sustainable and responsible production of low carbon aluminium. Glencore, as one of the largest globally diversified natural resources companies, will be another prominent platform for us to raise our profile in markets such as America and Europe, and to penetrate some of the global green brands. As we share identical philosophies in supporting a low carbon economy and climate commitment, we will leverage on this strategic partnership to identify investment opportunities within our value chain.

TRENDS & OUTLOOK

Amid all the unprecedented global events and uncertainties over the last few years, there was an overarching and unwavering theme - higher climate ambitions and greater attention towards sustainability. We are now seeing this progressively being ingrained into policies and regulations globally. Consumers and companies are more likely to purchase ethically-sourced and sustainable products, while actively avoiding companies that score poorly or are perceived as having negative environmental impacts. In this regard, sustainability frontrunners will be valued and preferred. We are well-poised in this area and are committed to contributing to a better world. Press Metal will continue strengthening our position in low-carbon aluminium which has seen accelerating demand during this green transition towards a low-carbon economy.

As for the current year's demand, we remain cautious and vigilant in monitoring the world development. Although global economy remains uninspired, the fear of an earlier predicted deep recession in Europe has eased somewhat, and China's re-opening has boosted optimism on recovery which may push primary demand higher. The relatively low world inventory of aluminium and a resurgence of activities from China could potentially underpin a stronger aluminium price performance. The structural changes brought about by the curtailment of smelters in the west and also the consequences of the Russian-Ukraine tensions have opened up an opportunity for us to strengthen our position further in the western market. Despite short-term market volatilities, longer-term fundamentals for the aluminium industry remain positive, supported by global decarbonisation drive and green initiatives.

APPRECIATION

In closing, I would like to take this opportunity to express my gratitude to all of the stakeholders, including our shareholders, customers, suppliers, and employees. Your unwavering support has been instrumental in helping us to achieve our goals and remain competitive in the global marketplace.

To our shareholders, we appreciate your confidence in us and our ability to deliver results. We remain focused on creating value for you through our growth and sustainable financial performance.

To our customers, we are grateful for your loyalty and trust, and we look forward to continuing to serve you in the years ahead.

To our suppliers, we recognise the critical role that you play in our business. We are grateful for your commitment to quality and reliability, and we look forward to continue building strong relationships with you.

To our esteemed board of directors, I thank you for your guidance, leadership, and unwavering commitment to our Company's mission and values. Your collective wisdom and expertise have been invaluable to our success, and we look forward to continuing to work together to achieve our goals.

As we close the chapter on another remarkable year, I am filled with immense pride and gratitude for each and every member of our team who has tirelessly dedicated themselves to achieving our goals. Your unwavering commitment, resilience, and passion for excellence have driven us to new heights, in what was another unconventional year. Press Metal is honoured to have such an incredible team and I thank you for your invaluable contribution. Together, we will continue to rise to the occasion and build a better future.

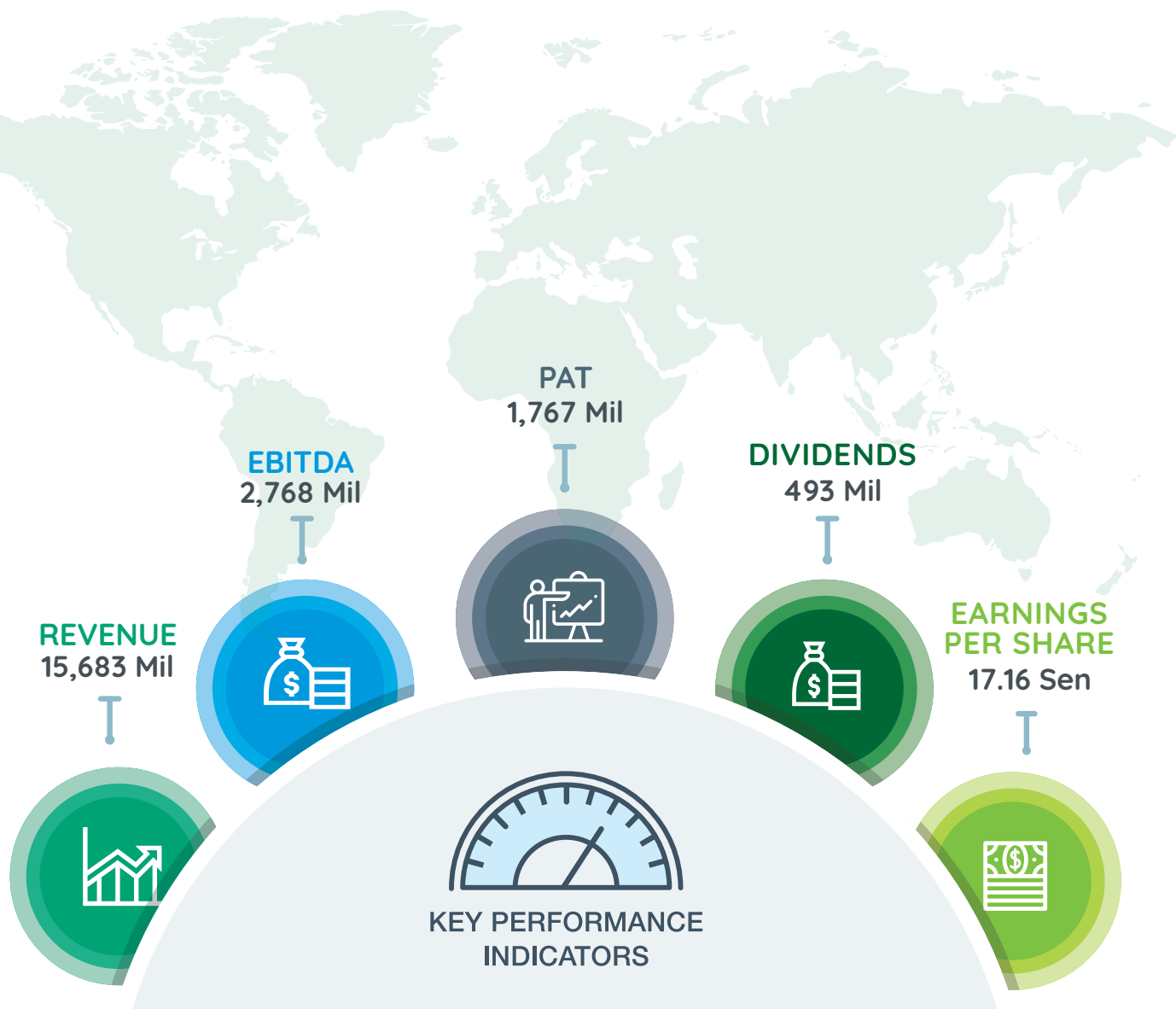
TAN SRI DATO' KOON POH KEONG

Group Chief Executive Officer

April 2023



KEY PERFORMANCE INDICATORS



PRESS METAL HIGHLIGHTS 2022



FTSE4Good

FTSE4Good
Bursa Malaysia Index

- Press Metal Aluminium Holdings Berhad

★ Top 25% by
ESG Ratings amongst PLCs
in FBM EMAS (rated 4 stars)

asi Aluminium
Stewardship
Initiative

Aluminium Stewardship Initiatives
Performance Standard
Certification

- Press Metal Bintulu Sdn Bhd
- Press Metal International Limited





The EDGE Billion Ringgit Club Corporate Awards 2022

- Press Metal Aluminium Holdings Berhad
- Super Big Cap Companies**
 - ★ Highest Return on Equity Over Three Years
 - ★ Highest Returns to Shareholders Over Three Years
 - ★ Best Corporate Responsibility Initiatives



Graduates' Choice Award 2023

- Press Metal Aluminium Holdings Berhad
- ★ Champion in Manufacturing (Metal) Category



The EDGE ESG Award 2022

- Press Metal Aluminium Holdings Berhad
- Market cap over RM5 billion**
 - ★ Industrial Products and Service (Gold)
 - ★ Most Improved Performance Over Three Years (Gold)



Our dedication
to our people is matched
by our commitment
to our partners





CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Yvonne Chia (Yau Ah Lan @ Fara Yvonne)

Independent Non-Executive Chairman

Koon Poh Ming

Executive Vice Chairman

Tan Sri Dato' Koon Poh Keong

Group Chief Executive Officer

Dato' Koon Poh Tat

Executive Director

Koon Poh Weng

Executive Director

Koon Poh Kong

Executive Director

Noor Alina Binti Mohamad Faiz

Independent Non-Executive Director

Lim Hun Soon @ David Lim

Independent Non-Executive Director

Susan Yuen Su Min

Independent Non-Executive Director

Chong Kin Leong

Independent Non-Executive Director

AUDIT COMMITTEE

Chairman	Lim Hun Soon @ David Lim
Member	Noor Alina Binti Mohamad Faiz
Member	Susan Yuen Su Min
Member	Chong Kin Leong

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Chairman	Susan Yuen Su Min
Member	Noor Alina Binti Mohamad Faiz
Member	Lim Hun Soon @ David Lim
Member	Chong Kin Leong

REMUNERATION COMMITTEE

Chairman	Noor Alina Binti Mohamad Faiz
Member	Lim Hun Soon @ David Lim
Member	Susan Yuen Su Min

RISK MANAGEMENT COMMITTEE

Chairman	Chong Kin Leong
Member	Koon Poh Ming
Member	Lim Hun Soon @ David Lim
Member	Susan Yuen Su Min

COMPANY SECRETARIES

Tai Yit Chan (MA/CSA 7009143)
(SSM PC No. 202008001023)

Tan Ai Ning (MA/CSA 7015852)
(SSM PC No. 202008000067)

SHARE REGISTRAR

**Tricor Investor & Issuing House
Services Sdn Bhd**

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia
Tel : +603 – 2783 9299
Fax : +603 – 2783 9222

CORPORATE OFFICE

Suite 61 & 62, Setia Avenue
No. 2, Jalan Setia Prima S U13/S
Setia Alam Seksyen U13
40170 Shah Alam
Selangor Darul Ehsan, Malaysia
Tel : +603 – 3362 2188
Fax : +603 – 3362 2000
Website : www.pressmetal.com

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : +603 – 7890 4800
Fax : +603 – 7890 4650

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Ambank (M) Berhad/ AmIslamic Bank Berhad
Hong Leong Bank Berhad/
Hong Leong Islamic Bank Berhad
Malayan Banking Berhad/
Maybank Islamic Bank Berhad
Standard Chartered Bank Malaysia Berhad/
Standard Chartered Saadiq Berhad
Sumitomo Mitsui Banking Corporation Malaysia Berhad

AUDITORS

KPMG PLT

Firm No. LLP0010081-LCA & AF 0758
(Chartered Accountants)
Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

PROFILE OF DIRECTORS



Malaysian, Female
70 years of age

Board Meeting
Attendance | 7/7

Datuk Yvonne Chia P.M.W. (Yau Ah Lan @ Fara Yvonne)

Independent Non-Executive Chairman

Datuk Yvonne Chia FCB is the Independent Non-Executive Chairman of the Company. She was first appointed to the Board of the Company on 27 May 2021 as an Independent Non-Executive Director and was re-designated to her current position on 2 August 2021.

She has more than 40 years' experience in the financial services industry, having held leading positions in both foreign and local institutions. She is a Fellow Chartered Banker and holds a Bachelor of Economics (Hons) from the University of Malaya. She started her career in Bank of America and held various roles in Malaysia and in the Asia region. She was the former Group Managing Director and Chief Executive Officer of RHB Bank Berhad from 1996 to 2002 and Hong Leong Bank Berhad from 2003 to 2013.

Currently, she is the Independent Non-Executive Chairman of Standard Chartered Bank Malaysia Berhad and Standard Chartered Saadiq Berhad. She is also the Senior Independent Non-Executive Director of Astro Malaysia Holdings Berhad, an Independent Non-Executive Director of Silverlake Axis Limited (listed on the Singapore Exchange Ltd) as well as the Chairman and Independent Non-Executive Director of Cradle Fund Sdn Bhd.

She is a Council Member of the Asian Institute of Chartered Bankers, a Trustee for Teach For Malaysia Foundation and The Merdeka Awards Trust (until December 2022) respectively and an Honorary Professor of the University of Nottingham School of Economics, as well she is a member of the Chartered Institute of Islamic Finance Professionals.

She has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. She has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.



Malaysian, Male
67 years of age

Board Meeting
Attendance | 7/7

Koon Poh Ming

Executive Vice Chairman

Mr. Koon Poh Ming is a founding Board member of Press Metal Berhad ("PMB") since its inception on 13 May 1986. He was appointed to the Board of PMAH on 4 July 2017 as an Executive Vice Chairman; ahead of the Company's assumption of the listing status of PMB pursuant to the internal reorganisation on 10 July 2017. Presently, he is a member of the Risk Management Committee of the Company.

After graduating with a Degree in Civil Engineering from the University of Wales in United Kingdom, he started his career with an international consulting engineering firm based in Kuala Lumpur. He is currently a professional engineer registered with the Board of Engineers and The Institution of Engineers, Malaysia.

Mr. Koon Poh Ming has been actively involved in the management and business development of the Group. Currently, he also holds the position of Chief Executive Officer of PMB Technology Berhad.

He is the brother to Tan Sri Dato' Koon Poh Keong, Koon Poh Kong, Koon Poh Weng and Dato' Koon Poh Tat. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.



Malaysian, Male
 62 years of age

Board Meeting Attendance | 7/7

Tan Sri Dato' Koon Poh Keong

Group Chief Executive Officer

Tan Sri Dato' Koon Poh Keong is one of the founding members of PMB and has been the Group Chief Executive Officer since 1993. He has been instrumental in growing the Group into the largest integrated aluminium producer in Southeast Asia.

Tan Sri Dato' Koon Poh Keong was appointed as the Group Chief Executive Officer of PMAH on 4 July 2017; ahead of the Company's assumption of the listing status of PMB pursuant to the internal reorganisation on 10 July 2017.

Tan Sri Dato' Koon Poh Keong graduated with a Bachelor of Science degree in Electrical Engineering from The University of Oklahoma, United States of America, in 1986. He has more than 30 years of experience in the aluminium industry. Currently, he also acts as the Executive Chairman of PMB Technology Berhad.

He is the brother to Koon Poh Ming, Koon Poh Kong, Koon Poh Weng and Dato' Koon Poh Tat. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.



Malaysian, Male
 64 years of age

Board Meeting Attendance | 7/7

Dato' Koon Poh Tat

Executive Director

Dato' Koon Poh Tat was first appointed to the Board of PMB on 7 June 1999. He is a co-founder of PMB and has been actively involved in PMB's operations including forming up new business outlets both domestic and overseas to enlarge PMB's network and market share. His hard work and dedication have led the Group to be the pioneer in the aluminium industry.

Dato' Koon Poh Tat was appointed as the Executive Director of PMAH on 4 July 2017; ahead of the Company's assumption of the listing status of PMB pursuant to the internal reorganisation on 10 July 2017.

He is currently the Executive Director of PMB Technology Berhad.

He is the brother to Koon Poh Ming, Tan Sri Dato' Koon Poh Keong, Koon Poh Kong and Koon Poh Weng. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.



Malaysian, Male
68 years of age

Board Meeting
Attendance | 7/7

Koon Poh Weng

Executive Director

Mr. Koon Poh Weng was a Board member of PMB since 13 May 1986. Being a key founder of PMB, Mr. Koon Poh Weng was pivotal to the Group's aluminium façade and curtain wall business.

Mr. Koon Poh Weng was appointed as the Executive Director of PMAH on 4 July 2017; ahead of the Company's assumption of the listing status of PMB pursuant to the internal reorganisation on 10 July 2017.

Mr. Koon Poh Weng has been widely involved in the design, engineering and development of cost-effective, innovative and versatile system solutions for both local and international projects. He continually strives on the changing and creative ideas to meet the complex and advanced technical skills to all aspects of aluminium and glazing industry.

Currently, Mr. Koon Poh Weng is also an Executive Director of PMB Technology Berhad.

He is the brother to Koon Poh Ming, Tan Sri Dato' Koon Poh Keong, Koon Poh Kong and Dato' Koon Poh Tat. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.



Malaysian, Male
70 years of age

Board Meeting
Attendance | 7/7

Koon Poh Kong

Executive Director

Mr. Koon Poh Kong was a Board member of PMB since 13 May 1986. As a key founder of PMB, Mr. Koon Poh Kong has been responsible for managing various prominent projects involving aluminium applications. His expertise and knowledge in business development and aluminium applications are instrumental to the growth and development of the Group.

Mr. Koon Poh Kong was appointed as the Executive Director of PMAH on 4 July 2017; ahead of the Company's assumption of the listing status of PMB pursuant to the internal reorganisation on 10 July 2017. He resigned as Executive Director of PMB on 19 September 2017.

He is the brother to Koon Poh Ming, Tan Sri Dato' Koon Poh Keong, Koon Poh Weng and Dato' Koon Poh Tat. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.



Malaysian, Male
 67 years of age

Board Meeting
 Attendance | 7/7

Lim Hun Soon @ David Lim

Independent Non-Executive Director

Mr. Lim Hun Soon @ David Lim was appointed to the Board on 15 August 2018. He is the Chairman of the Audit Committee and also serves as a member of the Nomination and Corporate Governance Committee, Remuneration Committee and Risk Management Committee of the Company.

Mr. David Lim is a Member of the Chartered Institute of Taxation, United Kingdom; a professional member of The Institute of the Chartered Accountant in England and Wales, a member of the Malaysian Institute of Accountants; and a member of Malaysian Institute of Certified Public Accountants. He graduated with a Bachelor of Arts in Economics from the University of Leeds in 1978 and started his professional career in Peat Marwick Mitchell (now known as KPMG) in the United Kingdom. He returned to Malaysia in 1982 to continue his service with KPMG. Mr. Lim has had an extensive career serving as an Auditor at KPMG for 33 years. During his career with KPMG, he was admitted as Partner of the Firm in 1990 and served in the Management Committee of the Firm from 1997 to 2001 as well as KPMG's Partnership Supervisory Council from 2002 to 2010. He was also the Asian Anchor Practice representative for Marketing from 2000 to 2001 in which he gained extensive and insightful knowledge from KPMG Global counterparts worldwide.

In May 2006, he was tasked to start up the Audit Committee Institute, Malaysia, which was a virtual worldwide initiative sponsored by KPMG to assist Independent Non-Executive Directors in enhancing their awareness and ability to implement effective board processes.

Mr. David Lim actively served as an examiner for Company Law examinations conducted by the Malaysian Institute of Certified Public Accountants ("MICPA") for over a period of 10 years. He was also the Chairman of the MICPA Code of Ethics Committee and a member of the Malaysian Institute of Accountants Code of Ethics Committee from 2002 to 2004. He also developed an expertise from undertaking the role of Reporting Accountants in initial public offerings ("IPO") and was the audit partner in charge of over 30 IPOs whilst at KPMG. He retired from KPMG in 2011.

In 2013, he was appointed as Council member of The Institute of Chartered Accountants in England & Wales ("ICAEW"). This was the first time that ICAEW, in its illustrious history had granted Malaysia a seat in the Council. The position was for a term of two (2) years till 2015. He was reappointed for a further two (2) terms till March 2019 (being the maximum permitted tenure).

Mr. David Lim sits on the Board of several public listed companies, namely Ranthill Utilities Berhad (formerly known as Ranthill Holdings Berhad) and Kawan Food Berhad as an Independent Non-Executive Director. He also holds directorships in Public Bank Investment Berhad, Rockwills Trustee Berhad, Affin Investment Berhad (in Member's Voluntary Liquidation) and TSA Group Berhad. He retired from Manulife Holdings Berhad and Manulife Insurance Berhad on 16 July 2021 after having served nine (9) years as Independent Non-Executive Director (maximum tenure permitted for Financial Institution).

He has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.



Malaysian, Female
49 years of age

Board Meeting
Attendance | 7/7

Noor Alina Binti Mohamad Faiz

Independent Non-Executive Director

Puan Noor Alina was appointed as an Independent Non-Executive Director of PMB on 18 October 2016. She was appointed to the Board on 4 July 2017; ahead of the Company's assumption of the listing status of PMB pursuant to the internal reorganisation on 10 July 2017. She resigned as an Independent Non-Executive Director of PMB on 19 September 2017. She is the Chairman of the Remuneration Committee and also serves as a member of the Audit Committee and Nomination and Corporate Governance Committee of the Company.

Puan Noor Alina is a lawyer by profession and read law at the University of Leicester, United Kingdom. She is a member of the Middle Temple and was called to the Bar of England and Wales in 1998. Upon being called to the Malaysian Bar in 1999, she began her legal career with Messrs Lee, Perara & Tan, specialising mainly in Corporate Law. She left the firm in 2009 and worked as in-house counsel between 2010 and 2015, where she was the Group General Manager and subsequently, Head of Department of the legal and secretarial departments of Media Prima Berhad and Peremba (Malaysia) Sdn Bhd, respectively. In 2016, she provided legal and secretarial consultancy services for various companies before resuming practise in 2017 as the sole proprietor of the Chambers of Noor Alina Faiz. In 2021, she returned to Messrs Lee, Perara & Tan as a Partner. She also acts as the Independent Non-Executive Director of PMB Technology Berhad.

She has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. She has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.



Malaysian, Female
63 years of age

Board Meeting
Attendance | 7/7

Susan Yuen Su Min

Independent Non-Executive Director

Ms. Susan Yuen Su Min was appointed to the Board on 1 July 2020. She is the Chairman of the Nomination and Corporate Governance Committee, and also serves as a member of the Audit Committee, Risk Management Committee and Remuneration Committee of the Company.

Ms. Susan graduated with a Bachelor Hons (Upper Second) Computer Science from University of London. She has over 30 years of working experience in the banking industry and has served several banking establishments including Maybank and HSBC Malaysia. She was also previously attached to the National Bank of Abu Dhabi Malaysia Berhad (NBAD) where she was the Regional CEO Asia and Country CEO Malaysia from 2014-2018. Prior to joining NBAD, she served as CEO of ANZ Banking Group in Hong Kong from 2009-2014.

She sits on the Board of several public listed companies, namely Alliance Bank Malaysia Berhad and Batu Kawan Bhd as an Independent Non-Executive Director. She also holds directorships in Chubb Insurance Malaysia Berhad and Maxis Collections Sdn Bhd.

She has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. She has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.



Malaysian, Male
 64 years of age

Board Meeting
 Attendance | 7/7

Chong Kin Leong

Independent Non-Executive Director

Mr. Chong Kin Leong was appointed to the Board on 1 October 2021. He is the Chairman of the Risk Management Committee, and also serves as a member of the Audit Committee, and Nomination and Corporate Governance Committee of the Company.

Mr. Chong graduated with a Bachelor of Accounting (Hons) from the University of Malaya. He is a member of the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants. He has more than 40 years of experience in all aspects of financial and business management in the corporate sector, financial institutions and auditing. He started work with Peat Marwick Mitchell & Co. (now known as KPMG) in 1981. Mr. Chong joined Sime Darby Berhad in 1985 where he held various roles in the corporate head office and subsidiaries involved in manufacturing and marketing and plantations. Thereafter, he joined Rashid Hussain Berhad in 1993 and was promoted to Finance Director in 1995. In May 2003, he joined Genting Berhad as Executive Vice President - Finance/ Chief Financial Officer until his retirement in December 2018.

Mr. Chong also holds directorships in AIA PUBLIC Takaful Bhd, AIA General Berhad, Cagamas Holdings Berhad, Deutsche Bank (Malaysia) Berhad and The Community Chest.

He has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT & KEY OPERATING MANAGEMENT

(Profiles of Key Senior Management i.e. the Executive Vice Chairman, Group Chief Executive Officer and Executive Directors are listed under Profile of Directors on pages 30 to 32)



Malaysian, Male
58 years of age

David Tan Hung Hoe

Head of Corporate Affairs

Mr. David Tan joined Press Metal as the Head of Corporate Affairs in 2007. He holds a Master's degree in Business Administration from University of Georgia and a Bachelor of Science Degree (Banking & Finance) from University of Arkansas.

Mr. David Tan started his career as a financial analyst with an American regional investment bank. He returned to Malaysia in 1993 and joined a local bank, gaining wide experience in corporate advisory works. Prior to joining Press Metal, he was the Corporate Affairs General Manager of a public listed company, overseeing various corporate developments and expansions.



Malaysian, Male
55 years of age

Loo Tai Choong

Group Financial Controller

Mr. Loo Tai Choong joined Press Metal in 2001 and was promoted to the position of Group Financial Controller in 2002. He is a qualified Chartered Accountant and a member of the Malaysian Institute of Certified Public Accountants.

Mr. Loo started his career as an auditor, involved in a wide range of audit and tax consultation, as well as corporate investigation works, specialising particularly in manufacturing, banking and insurance industries. Prior to joining Press Metal, he was the Finance Manager of a local banking group.



Singaporean, Male
51 years of age

Choa Wei Keong

Group General Manager (Smelting Business Unit)

Mr. Choa Wei Keong joined Press Metal in 2009 and was promoted as the Group General Manager of Smelting Business Unit in 2018. Mr. Choa holds a Bachelor of Science Degree in Business Administration (Marketing) with Honours from University of Wales.

Mr. Choa started his career with the banking industry, specialising in trade financing and credit management. He was the Vice President of Group Special Asset Management of a Singapore bank prior to joining Press Metal.



Malaysian, Male
53 years of age

Lim Heng Kam

Chief Operating Officer (Extrusion Business Unit)

Mr. Lim Heng Kam joined Press Metal in 2003 and was promoted as the Manufacturing Director of Press Metal International Limited ("PMI") in 2006. He was then appointed as a Director of PMI in 2011. In 2020, Mr. Lim was appointed as the Chief Operating Officer of the Extrusion Business Unit, i.e. PMI and its subsidiaries, overseeing both local and overseas extrusion operations and development. Mr. Lim holds a Master of Science degree in Manufacturing System Engineering from Warwick University.

Prior to joining Press Metal, Mr. Lim was the Production Engineer of a local aluminium company.

COUNTRY HEADS



AUSTRALIA

Australian, Male
55 years of age

Paul Ingram

Managing Director
Press Metal Aluminium (Australia) Pty. Ltd.

Mr. Paul Ingram joined Press Metal Aluminium (Australia) Pty. Ltd. as the Managing Director in 2014. He holds a High School Certificate from Saint Ignatius College Riverview.

Mr. Ingram has more than 20 years of experience in the aluminium industry. Prior to joining Press Metal, he was the owner and director of a long-established aluminium fabrication company in Australia.



UNITED KINGDOM

British, Male
62 years of age

Andrew David Brace

Operations Director
Press Metal UK Limited

Mr. Andrew David Brace joined Press Metal UK Limited as the Operations Director in 2004. He holds a Bachelor of Science (Hons) degree from University of Nottingham.

Mr. Brace has over 40 years of experience in the aluminium industry. Prior to joining Press Metal, he was the Sales Director of a world-renowned aluminium company.



NORTH AMERICA

American, Male
65 years of age

Keith Burlingame

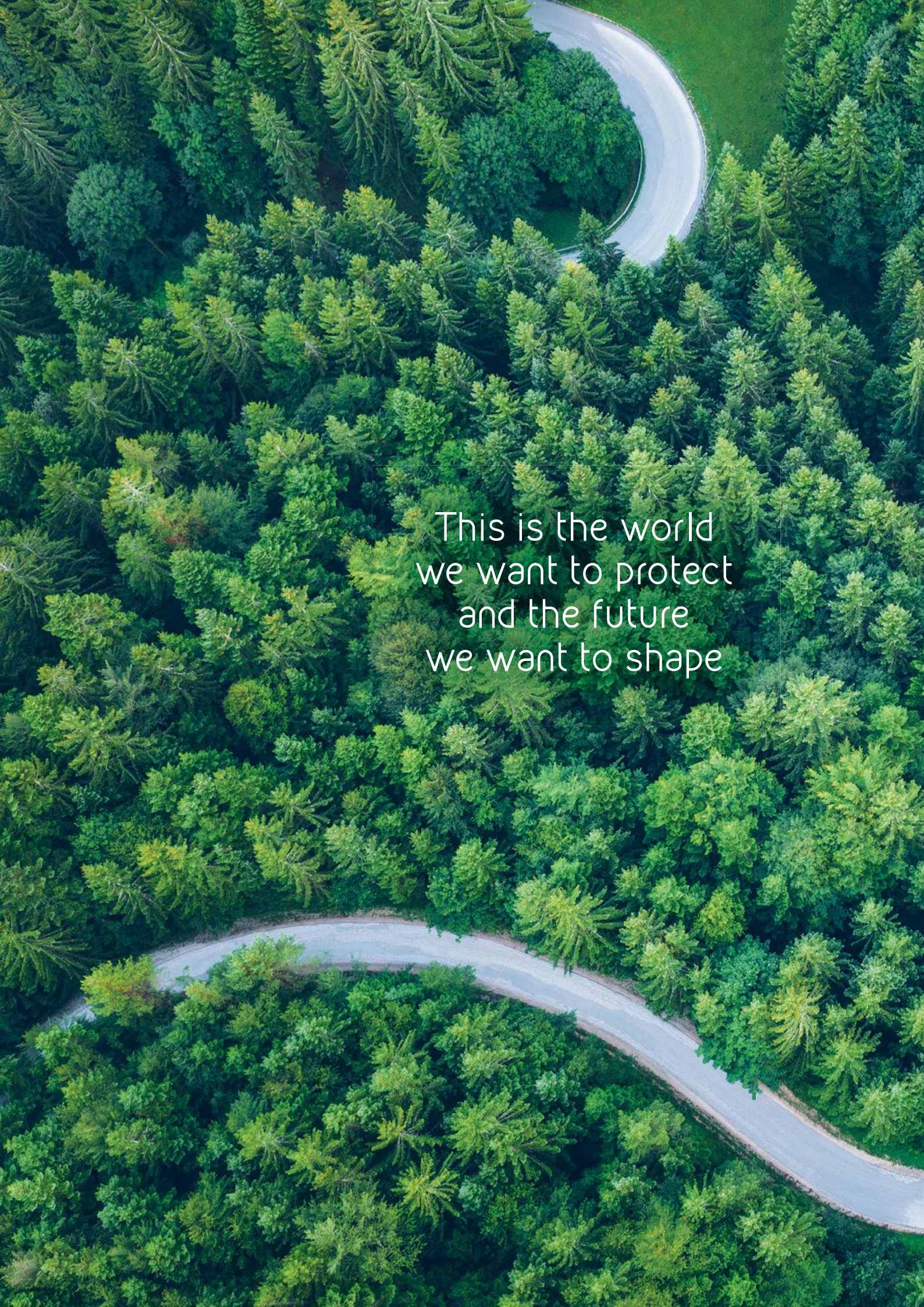
Director
Press Metal North America Inc.

Mr. Keith Burlingame joined Press Metal North America Inc. as a director in 2009. He holds a Bachelor of Science degree in Economics from University of Illinois.

Mr. Burlingame has over 40 years of experience in the aluminium industry during which he has led large sales and marketing organisations. His experience includes key account and sales team management, manufacturing operations as well as business planning and development. He has worked with various industry groups throughout his career, including The Aluminium Association, The Aluminium Extruders Council, Truck Trailer Manufacturers Association.

Note:

Save as disclosed, Key Senior Management and Key Operating Management members have no family relationship with any director and/ or major shareholder of Press Metal, have no conflict of interest with Press Metal, have not been convicted of any offences (other than traffic offence, if any) within the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2022.

An aerial photograph of a dense, lush green forest. A paved road winds through the trees, curving from the top right towards the bottom right. The forest is composed of many tall, coniferous trees, creating a textured canopy of various shades of green. The road is a light gray color, contrasting with the dark green of the forest. The overall scene is peaceful and natural.

This is the world
we want to protect
and the future
we want to shape



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Press Metal Aluminium Holdings Berhad (“Press Metal” or “the Company”) recognises the importance of conducting good corporate governance and constantly strives to ensure that good corporate practices are carried out throughout the Company and its subsidiaries (“the Group”) as it is fundamental in fulfilling its responsibilities, which include protecting and enhancing shareholders’ value as well as the financial performance of the Company.

This Corporate Governance Overview Statement (“CGOS”) provides a summary of the Company’s corporate governance practices during the financial year ended 31 December 2022 (“FYE 2022”) with reference to the following three (3) principles set out in the Malaysian Code on Corporate Governance 2021 (“MCCG”):

Principle A: Board leadership and effectiveness;
Principle B: Effective audit and risk management; and
Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders

This CGOS is prepared pursuant to Paragraph 15.25 (1) of Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), with guidance being drawn from Practice Note 9 of the MMLR and the Corporate Governance Guide (4th Edition) issued by Bursa Securities.

This CGOS is to be read together with the Corporate Governance Report 2022 (“CG Report”) of the Company which is available on the Company’s website at www.pressmetal.com under “Shareholders Meeting” section. The CG Report provides a detailed explanation of the Company’s application of the practices as set out in the MCCG during the financial year under review.

Corporate Governance Approach

The Board is committed to ensure that the Group is upholding sound corporate governance and promotes ethical standards in the Group. Over the course of more than 3 decades since the Group’s inception, good corporate governance practices have been steadily embedded in its lexicon based on the premise that a sound corporate governance framework is essential to form the bedrock of responsible and responsive decision making.

The Group’s overall approach to corporate governance is to:

- promote sustainability as Environmental, Social and Governance (“ESG”) issues become material to the ability of the Group to create sustainable value and uphold the confidence of stakeholders;
- promote individual accountability, particularly at the leadership level (i.e. Board and Senior Management) as they represent the core and conscience of the Group;
- drive the application of good governance practices in tandem with the value creation process of the Group;
- demonstrate openness and accountability in the way the Group conducts its business and engages with and reports to stakeholders;
- enhancing oversight on risk management of the Group;
- embedding organisation-wide anti-bribery culture and awareness amongst staff and relevant stakeholders such as business partners; and
- interweave governance, economic, environment and social considerations into its business operation in line of becoming economic resilient, sustainable and responsible corporate citizen.

The Board regularly reviews the Group’s corporate governance practices and procedures to ensure they reflect market dynamics, the evolving expectations of stakeholders and best practices whilst simultaneously addressing the needs of the Group.

In its effort to achieve its corporate governance aspirations, Press Metal has benchmarked its practices against the relevant promulgations and best practices.

A summary of the Group's corporate governance practices with reference to the MCCG is described below.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Board Roles and Responsibilities

The Board is primarily responsible for reviewing the Group's strategic plan, adequacy of internal control and risk management systems in place, promoting good corporate governance culture and the governance of sustainability within the Group, whilst overseeing the conduct and performance of the Group's business and management team in the pursuit of the long term success of the Group and to deliver sustainable value to its stakeholders.

The Directors are aware of their responsibility to take decisions objectively to achieve the success of the Group, with the best interest of the stakeholders in mind. In discharging its responsibility, the Board is guided by the Board Charter that sets out amongst others its composition, roles and responsibilities, powers, Board Committees and board meeting procedures. The Board Charter was last reviewed and adopted by the Board in August 2022, and is available on the Company's website at www.pressmetal.com.

The role and responsibilities of the Board, which are delineated in the Board Charter include, but are not limited to the following:

- (a) Reviewing and approving of corporate strategies and plans of the Group and monitoring the implementation of strategies by Management;
- (b) Overseeing and monitoring the conduct and performance management of the business of the Group;
- (c) Identify principal risks faced by the Group and ensure the implementation of appropriate internal controls and systems to monitor and manage these risks;
- (d) Ensuring the integrity of the financial and non-financial reporting of the Group;
- (e) Maintaining an effective stakeholders' communication strategy;
- (f) Implement succession planning for business and functional continuity;
- (g) Review the adequacy and integrity of internal control systems and management information systems, including systems for ensuring compliance with applicable laws, regulations, rules, directives and guidelines; and
- (h) Establishing a corporate culture which engenders ethical conduct and behaviour.

The formal schedule of matters which specifically require the Board's approval or guidance are those involving:

- (a) Conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions;
- (b) Corporate strategy and yearly budget;
- (c) Material acquisition and disposal of assets/investments, including material financial/funding arrangements and capital expenditure; and
- (d) Strategic investments, mergers and acquisitions and corporate exercises.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd***I. Board Responsibilities** *cont'd*

The Board delegates the day-to-day management of the Group to the Group Chief Executive Officer ("Group CEO"), Executive Directors and Management but reserves for its consideration pertinent significant matters. In discharging its stewardship role effectively, the Board delegates certain responsibilities to the following Board Committees and Management Committees:-

Board Committees

- (a) Audit Committee ("AC")
- (b) Nomination and Corporate Governance Committee ("NCGC")
- (c) Remuneration Committee ("RC")
- (d) Risk Management Committee ("RMC")

Management Committees

- (a) Sustainability Committee ("SC")
- (b) Investment Committee ("IC")

The Chairman of the relevant committees report to the Board on key issues deliberated at their respective meetings. The Board acknowledges that while these Board Committees have the authority to examine issues and make recommendations to the Board, the ultimate responsibility for all matters lies with the Board.

All Board Committees are actively engaged and act as oversight committees. They contemplate and recommend matters under their purview for the Board's deliberation and approval. Group CEO, Executive Directors and Management is responsible for the day-to-day management of the Group pursuant to the powers delegated by the Board, subject to compliance with the applicable laws and regulations.

During FYE 2022, the Board adopted the following new policies:

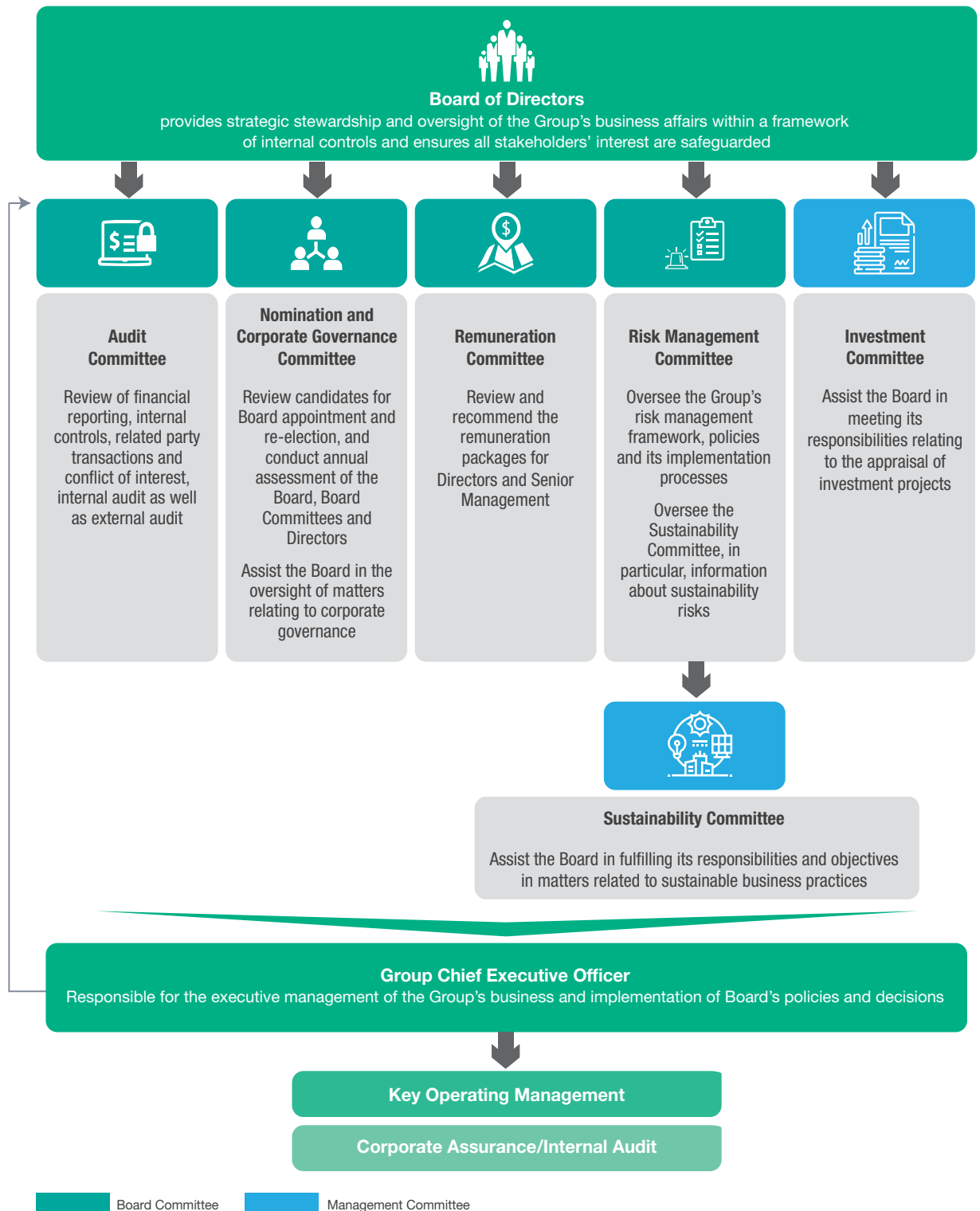
- Directors' Fit and Proper Policy
- Tax Policy

These documents define the Group's commitments towards issues relevant to good corporate governance and are periodically reviewed to ensure relevance and applicability.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. Board Responsibilities *cont'd*

The following diagram provides a brief overview of the governance framework of the Company:



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd***I. Board Responsibilities** *cont'd***Separation of positions of the Chairman and Group Chief Executive Officer**

The position of the Chairman and the Group CEO are separated and held by different individuals with clear distinction of responsibilities between them to ensure that there is a balance of power and authority, such that no one individual has unfettered powers of decision making.

Datuk Yvonne Chia is the Chairman of the Board and Tan Sri Dato' Koon Poh Keong is the Group CEO. The Independent Non-Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. The Chairman encourages active and effective engagement, participation and contribution from all Directors and facilitates constructive relations between Board and Management. The Group CEO is responsible for the executive management of the business and activities of the Group and implements the strategies, policies and decisions approved by the Board. Independent Non-Executive Directors are responsible for providing insights, unbiased and independent views, advice and judgement to the Board and bring impartiality to the Board deliberations and decision-making.

Company Secretary

The Board is supported by two (2) suitably qualified Company Secretaries who play a vital role in advising the Board in relation to the Company's Constitution, Board policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. They constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance by attending the relevant training programmes/conferences.

During FYE 2022, the Company Secretary carried out the following:

- Documented Minutes and Resolutions of the Company;
- Updated the Board on any periodic Bursa Malaysia amendments;
- Prepared and presented the Corporate Governance Statement, Corporate Governance Report and Audit Committee Report;
- Conducted the Board Effectiveness Evaluation for FYE 2022;
- Facilitated the Board and Committee meetings virtually, hybrid and physical modes;
- Arranged the engagement of consultants for the Board and Committees; and
- Managed the meeting process and circulated all board documents and proposals for consideration of all Board members.

Board and Board Committee Meetings

Board meetings and Board Committees' meetings for the ensuing financial year are scheduled in advance in consultation with the Directors to ensure maximum attendance. The Board meets on a quarterly basis, with additional meetings convened as and when necessary. During the FYE 2022, a total of seven (7) Board meetings were held. The attendance of the Board and Board Committee members at the meetings of the Company during the FYE 2022 are as follows:

Directors	Board	AC	NCGC	RC	RMC
Executive Directors					
Koon Poh Ming ^[1]	7/7				4/4
Tan Sri Dato' Koon Poh Keong	7/7				
Dato' Koon Poh Tat	7/7				
Koon Poh Weng	7/7				
Koon Poh Kong	7/7				

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. Board Responsibilities *cont'd*

Directors	Board	AC	NCGC	RC	RMC
Independent Non-Executive Directors					
Datuk Yvonne Chia (Yau Ah Lan @ Fara Yvonne)	7/7				
Noor Alina Binti Mohamad Faiz	7/7	5/5	2/2	2/2	
Lim Hun Soon @ David Lim	7/7	5/5	2/2	2/2	4/4
Susan Yuen Su Min	7/7	5/5	2/2	2/2	4/4
Chong Kin Leong ^[2]	7/7	5/5	2/2		4/4

	Chairman		Member
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Notes:

^[1] Redesignated as a member of the Risk Management Committee with effect from 1 July 2022

^[2] Redesignated as Chairman of the Risk Management Committee with effect from 1 July 2022

The Board is satisfied with the time commitment given by the Directors as demonstrated by their full attendance at the meetings of the Board and Board Committees.

Supply of and Access to Information

All Directors are furnished with an agenda and a set of Board meeting papers in advance of each Board meeting. This would give sufficient time to the Directors to obtain further explanation or clarification, where necessary, in order to be properly briefed before the meeting. The Board papers include, amongst others, the following:

- Group CEO Report;
- Group Financial Controller Report comprising quarterly financial report, treasury report, sensitivity analysis and the Group's cash and borrowings position;
- minutes of meetings of all Board Committees;
- updates on corporate and secretarial matters;
- updates on Sustainability and ESG matters; and
- minutes of previous Board meetings.

Meeting materials are uploaded electronically into a digital platform, which allows board papers and other information to be securely and remotely accessible by the Directors in a timely manner. The minutes of Board meetings are circulated to all Directors for their perusal prior to confirmation of the minutes at the commencement of the following Board meeting.

Key Operating Management is requested to attend Board meetings to present and provide additional information on matters being discussed and to respond to any queries that the Directors may have.

In the furtherance of its duties, the Board is also authorised to obtain, at the Company's expense, independent professional advice on specific matters, if necessary, to enable the Board to discharge its functions in the decision-making process.

The Directors have unrestricted access to any information pertaining to the Group's business affairs, whether as a full Board or in their individual capacity. The Directors also have access to the advice of the Company Secretary who is responsible for ensuring that the Board's procedures are adhered to.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd***I. Board Responsibilities** *cont'd***Code of Conduct, Code of Ethics, Whistle-Blowing Policy, Anti-Bribery and Anti-Corruption Policy**

Conducting our business with the highest standards of ethics is essential to the Company. The Board acknowledges its role in setting the “tone at the top” to embed this as the culture for the Group. To this end, the Board adopted and implemented a Code of Conduct for Directors, Management and employees of the Group as well as Code of Ethics for the Board. The Code of Conduct and the Code of Ethics were last reviewed and endorsed by the Board in November 2022. The revised Codes are made available on the Company’s website at www.pressmetal.com.

The Company has always advocated for openness and transparency in its commitment to the highest standard of integrity and accountability. The Board adopted a Whistle-Blowing Policy which enables stakeholders can report and disclose through established channels any improper or unethical activities relating to the Group. The identity of the whistle-blower is kept confidential and protection is accorded to the whistle-blower against any form of reprisal. Any concerns raised will be investigated and a report and update are provided to the Board through the AC. The Whistle-Blowing Policy was last reviewed and endorsed by the Board in November 2022 and the revised Whistle-Blowing Policy is published on the Company’s website at www.pressmetal.com.

The Company adopts a “zero tolerance” policy against all forms of bribery and corruption and is committed to conducting business professionally and upholding high standard of ethics and integrity. In this regard, the Company has adopted the Anti-Bribery and Anti-Corruption Policy to ensure compliance with and adherence to all applicable laws including, amongst others, the Malaysian Anti-Corruption Act 2009 and any of its amendments that may be made by the relevant authority from time to time. The Anti-Bribery and Anti-Corruption Policy will be reviewed and updated as and when necessary to ensure its relevance and effectiveness. The Anti-Bribery and Anti-Corruption Policy is available on the Company’s website at www.pressmetal.com.

Governance of Sustainability

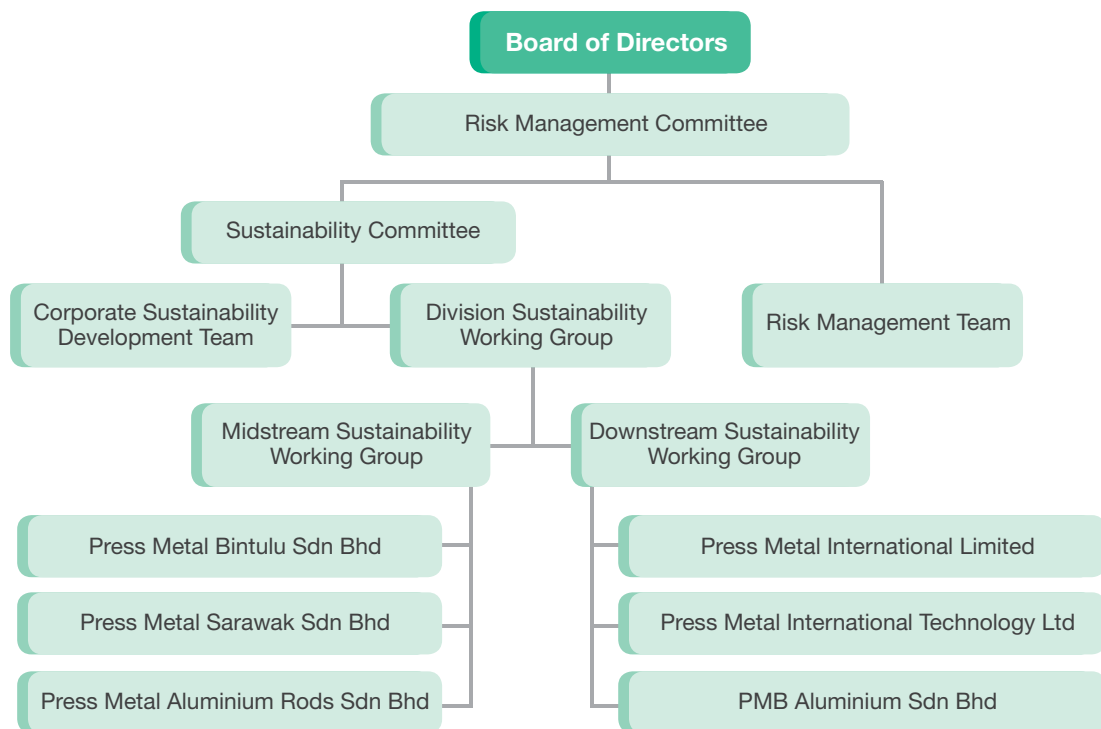
The Board recognises that sustainable development is an important and integral part of the Group’s pursuit of its long-term business success. The Company is fully committed towards instituting a robust, wide-ranging and germane sustainability framework to cover all aspects of operations. The Board assumes the ultimate responsibility for the Group’s sustainability development and management. The SC presented the enhanced Group’s Sustainability Roadmap to the Board to further strengthen the sustainability framework within the organisation to support long term value creation and sustainability goals.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. Board Responsibilities *cont'd*

Governance of Sustainability *cont'd*

In August 2022, the Board has conducted a review, through the SC in collaboration with Management and ESG consultant, to enhance the overall sustainability governance structure of the Group. Following its review, the Board endorsed the revised Sustainability Governance Structure, which is outlined below:



Under the revised Sustainability Governance Structure, the SC which is the Management Committee, supports the Board in overseeing the sustainability development of the Group, under the oversight of the RMC. The Corporate Sustainability Development Team ("CSD Team") provides support and input to the SC on the Group's strategies, priorities and targets on matters related to sustainability as well as provides advisory support to Division Sustainability Working Group ("SWG") in the areas of sustainability, where needed. The SWG is responsible for the implementation, monitoring and reporting of sustainability performance across respective business activities. The Board is also supported by the RMC for the review and assessment of the Group's risk management and internal controls systems, covering the sustainability risks that the Group is or may be exposed to.

The Board has fiduciary duties and is focused on maintaining good corporate governance practices, which include a commitment to ethics, integrity and corporate responsibility; this focus also ensures that our corporate strategy aligns with our values and culture. The Board takes guidance on material sustainable issues from the SC.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd***I. Board Responsibilities** *cont'd***Governance of Sustainability** *cont'd*

The SC presented updates to the Board on sustainability performance review of the Group related to climate protection, water stewardship, waste management, occupational health and safety, and gender diversity at the quarterly Board meetings as well as keeps the Board updated on any latest ESG development and initiatives of the Group. The Board had undertaken relevant trainings to stay abreast and understand the latest sustainability issues. The relevant training and programs in relation to Sustainability are shown in the following:

- (a) Climate governance – a standing item in board agendas
- (b) Update Brief on climate risk and ESG initiatives
- (c) Exercising Sustainability Governance and Oversight – What is next for Press Metal
- (d) ESG Frameworks: Understanding the Alphabet Soup
- (e) Understanding Task Force on Climate-Related Financial Disclosures (“TCFD”)
- (f) Materiality: Determining ESG Topics That Matter
- (g) JC3 Upskilling Sustainability Training (JUST) Series 3 – A Passion for Purpose, Delivering a Just Transition to Net Zero
- (h) TCFD 101 - Climate Disclosure Training
- (i) Climate Risk Management and Scenario Analysis
- (j) Developing Malaysia’s Roadmap to Net Zero
- (k) Understanding the Requirements in Bursa Malaysia’s Enhanced Sustainability Reporting Framework

During the financial year under review, the Company engaged an independent consultant to facilitate the formulation of ESG linked incentive-based compensation policy for Senior Management personnel (covering C-Suite members and Heads of Divisions/Departments) of the Group. The policy defines how remuneration components should be linked to the ESG metrics, particularly the material matters that are considered most important to the Group’s business and stakeholders as well as approaches on how ESG metrics may be incorporated into various incentive plans. The engagement includes a review of existing ESG metrics linked to the incentive portion of the Group CEO’s compensation and the provision of a payout formula which is considered independently when establishing the overall incentive payout for the Group CEO. The ESG-linked Executive Incentive Remuneration Framework for Key Senior Management Personnel who are in charge of the Group’s ESG performance was adopted by the Board in February 2023. Malus and Clawback procedures are part of the ESG-linked Executive Incentive Remuneration Framework.

Full details of the Group’s Sustainability efforts can be found in the Sustainability Report on pages 78 to 194 of this Annual Report.

II. Board Composition**Board Size, Composition and Diversity**

During the financial year under review, the Board comprises ten (10) members, of whom five (5) are Executive Directors and five (5) are Independent Non-Executive Directors. The composition of the Board complies with Paragraph 15.02 of the MMLR which requires at least two (2) directors or one-third (1/3) of the Board, whichever is higher, must be independent.

The size and composition of the Board are reviewed periodically by the NCGC to ensure that the size of the Board is appropriate and conducive for effective discussion and decision-making, with a strong element of independence. No individual or small group of individuals dominates the Board’s decision-making process. The Independent Non-Executive Directors have conducted themselves professionally, are clear with the objectives and their fiduciary role, with independent insights in doing what is right for the Company and all stakeholders. The NCGC, with the concurrence of the Board, is of the view that the current Board size is optimal based on the Group’s operation and that it reflects a fair mix of financial, technical and business experiences that are important to the stewardship of the Group.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. Board Composition *cont'd*

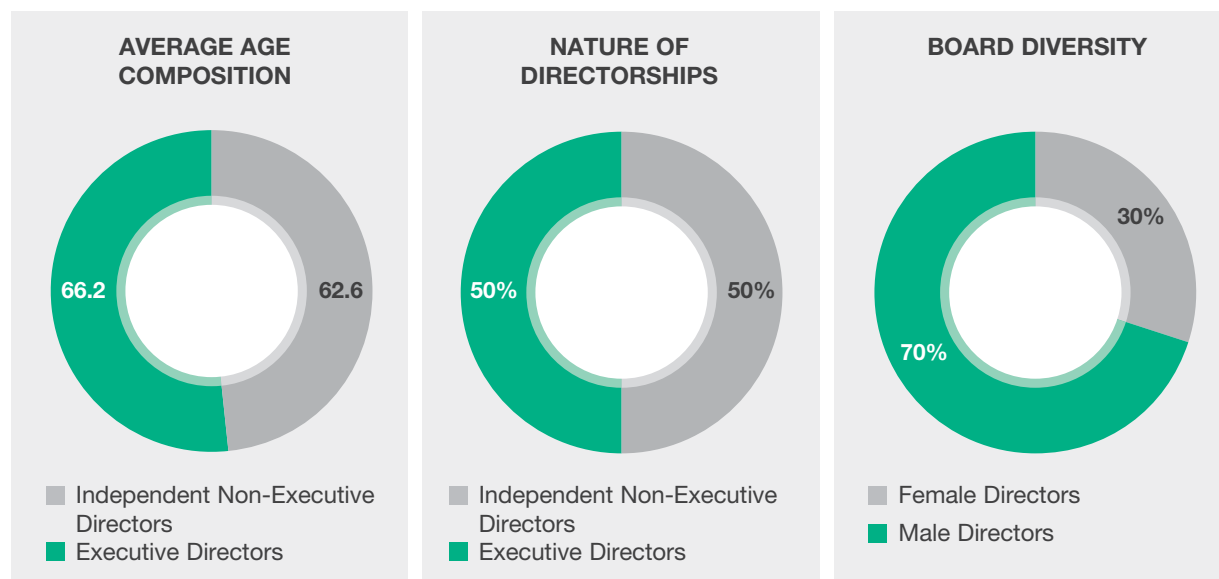
Board Size, Composition and Diversity *cont'd*

The Board recognises that diversity, in its broadest sense, is a key lever of an effective Board, which comprises individuals with a broad range of backgrounds, skills, experience, expertise and perspectives. The Board is composed of members with experience and expertise in strategy, accounting, finance, legal, regulatory, banking and economics, engineering and business management, which allows for informed deliberation, diverse insights for decision-making at the Board level as well as meeting corporate objectives.

The Board supports gender diversity as part of the agenda in achieving boardroom diversity as the Board acknowledges and embraces that a wide range of perspectives is critical to effective corporate governance and strategic decision-making in the fast-changing business environment. The Board composition currently comprises three (3) women Directors, representing 30% of the Board. The female representation in the managerial role at the Management level stands at 26%, with appointments being subject to formal, rigorous, and transparent procedures and decided on merit against a defined job specification and criteria. The Board is committed to supporting the work of the Group to look for new and innovative ways to promote a diverse and inclusive workforce at every level of the organisation.

A granular view of the Board composition during the financial year under review can be illustrated below:



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd***II. Board Composition** *cont'd***Board Size, Composition and Diversity** *cont'd***Independent Non-Executive Directors**

The Board recognises the importance of independence and objectivity in the decision-making process. The Independent Non-Executive Directors are independent of management and are free from any business or other relationship with the Company which could interfere with the exercise of their independent judgement. This provides an effective check and balance in the functioning of the Board where all matters are reviewed with balance and fairness, to ensure the needs and interests of the Company are met.

Whilst the Board does not comprise a majority of Independent Non-Executive Directors as espoused by the MCCG, half of its members are Independent. The presence of an Independent Non-Executive Chairman on the Board allows for deliberations and discussions to be framed and mediated in an objective manner.

The Independent Non-Executive Directors monitor and evaluate the performance of management in meeting agreed goals and objectives. They are required to satisfy themselves on the integrity of the financial information and that financial controls and systems of risk management are robust and defensible.

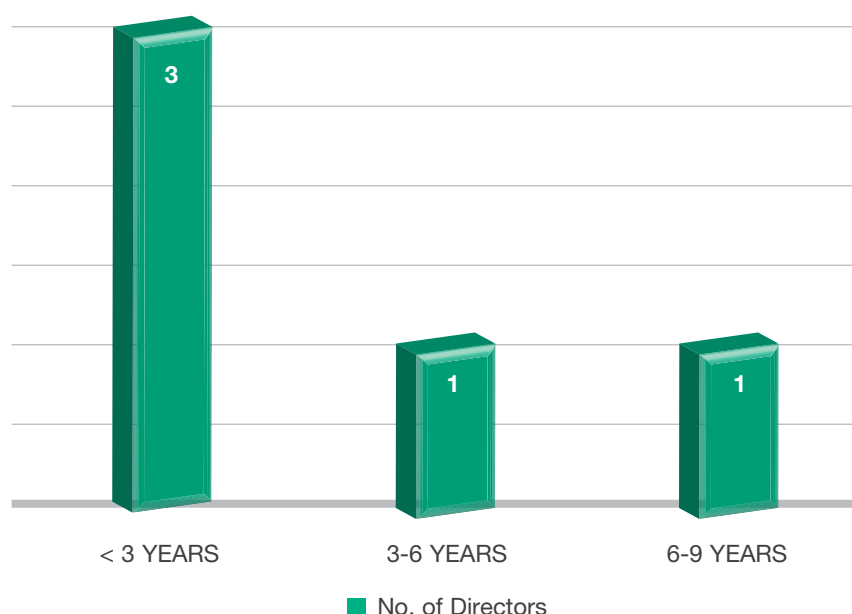
PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. Board Composition *cont'd*

Board Size, Composition and Diversity *cont'd*

The maximum tenure of an Independent Non-Executive Director of the Company is a cumulative term of nine (9) years. Upon reaching such maximum tenure, the Independent Non-Executive Director may continue to serve on the Board but shall be redesignated as Non-Independent Non-Executive Director. The tenure of the existing Independent Non-Executive Directors of the Company is as follows:

Tenure of Independent Non-Executive Directors



Nomination and Corporate Governance Committee

On 25 August 2022, the Board approved the renaming of the “Nomination Committee” to “NCGC” in which its responsibilities are expanded to include overseeing all matters relating to corporate governance and regulatory compliance. The NCGC is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the director should bring to the Board. The NCGC also assesses the effectiveness of the Board as a whole, the committees of the Board and the contribution of each Director. The NCGC has its own terms of reference which deals with its authority and duties. The Terms of Reference of the NCGC is available at the Company’s website at www.pressmetal.com

The NCGC consists of exclusively Independent Non-Executive Directors. The members of the NCGC of the Company are:

- Chairman : Susan Yuen Su Min (*Independent Non-Executive Director*)
- Members : Noor Alina Binti Mohamad Faiz (*Independent Non-Executive Director*)
- Lim Hun Soon @ David Lim (*Independent Non-Executive Director*)
- Chong Kin Leong (*Independent Non-Executive Director*)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd***II. Board Composition** *cont'd***Nomination and Corporate Governance Committee** *cont'd*

During the FYE 2022, two (2) NCGC meetings were held. The NCGC has undertaken the following key activities in discharging its duties:

- (i) Reviewed and assessed the performance and effectiveness of the Board as a whole, Board Committees and the performance of each Director.
- (ii) Reviewed the composition of the Board and Board Committees.
- (iii) Reviewed the terms of office and performance of the Audit Committee and each of its members.
- (iv) Reviewed the independence of the Independent Non-Executive Directors.
- (v) Reviewed the character, experience, integrity, competence and time commitment of each Director, Group CEO and the Group Financial Controller.
- (vi) Reviewed and recommended the re-election of Directors at the 6th AGM of the Company held on 17 June 2022.
- (vii) Reviewed and recommended to the Board the adoption of the Directors' Fit and Proper Policy.
- (viii) Reviewed the Terms of Reference of the NCGC and recommended the proposed revisions thereto for the Board's approval and adoption.
- (ix) Reviewed the training programmes attended by the Directors and assessed the training needs of all Directors.
- (x) Reviewed the composition of Risk Management Committee and recommended the proposed changes of the composition of the Risk Management Committee to the Board for consideration.
- (xi) Reviewed the Diversity Policy, Succession Planning Policy, Sustainability Policy, Whistle-Blowing Policy, Code of Conduct, Code of Ethics, Corporate Disclosure Policy, Directors' and Key Senior Management Remuneration Policy, Directors' Assessment Policy and recommended the proposed revisions thereto proposed by the respective Board Committees for the Board's approval and adoption.

Board Appointment

The NCGC has been entrusted with the responsibility to identify, evaluate, select and recommend to the Board of any suitable candidate with the required credential to be appointed as a director of the Company, either to fill a casual vacancy or as an addition to meet the changing needs of the Group. In selecting a suitable candidate, the NCGC takes into consideration the candidate's character, experience, integrity, competence and time commitment, as well as the candidate's directorship in other companies, having regard to the size of the Board, and the required mix of skill and diversity required for an effective Board. For the appointment of an Independent Non-Executive Director, the NCGC would also assess whether the candidate meets the requirements for independence based on the criteria prescribed in the MMLR of Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. Board Composition *cont'd*

Board Appointment *cont'd*

The Board appointment process is as follows:

- (a) Should there be a vacancy on the Board or if an additional Board appointment is required, the Board will consider making an appointment that will attain and maintain the best mix of diversity, consistent with the skills, expertise, experience and background required to fill such a position. The NCGC shall prepare descriptions of the director characteristics the Board is looking for in a new appointment.
- (b) The NCGC may seek professional advice from independent search firms as and when NCGC considers necessary to identify and short-list suitable candidates, and a list of nomination for candidates proposed by the Group CEO, and within the bounds of practicability, by any other director for consideration.
- (c) NCGC meeting will be held to deliberate on the nomination of board candidates and review the profile of board candidates.
- (d) Engagement and dialogue with the shortlisted candidates will be held after the NCGC meeting.
- (e) The NCGC will then make a decision in recommending the appointment to the Board.
- (f) Based on the recommendation of the NCGC and upon review of the profile of board candidate, the Board will deliberate the appointment of a new director at the Board meeting or to approve the appointment of new Director via Directors' Circular Resolution.

In May 2022, the Company has adopted a Directors' Fit and Proper Policy to assess the fitness and propriety of a candidate before being appointed or seeking re-election as a director of the Company and its subsidiaries. This serves to ensure that any person to be appointed or re-elected as a Director within the Group possesses the character, experience, integrity, competence and time to effectively discharge his/her role as a Director. The Directors' Fit and Proper Policy may be viewed on the Company's website at www.pressmetal.com.

Annual Assessment of the Board and Board Committees

An annual assessment mechanism is in place to assess the effectiveness of the Board as a whole, Board Committees and the contribution of each individual Director. The annual assessment enables the Board to ensure that each of the Board members, the Group CEO and Group Financial Controller have the character, experience, integrity, competence and time to effectively discharge their respective roles. The Board through the NCGC and the external corporate secretarial service provider of the Company, conducted an annual assessment to evaluate the effectiveness of the Board and the Board Committees for the financial year ended 31 December 2022. The assessment was conducted by way of completion of questionnaires by each of the Directors which comprises section on the Board and Board Committees Evaluation, Directors' Self and Peer Evaluation, Directors' Skills Set Matrix, Evaluation of the level of independence of an Independent Director, Company Secretary Evaluation and Group Financial Officer Evaluation. The criteria adopted for the Board's performance evaluation include Board mix and composition, quality of decision making, Board relationship with the Management, Board activities, Board Chairman's roles & responsibilities, and awareness of ESG issues. The NCGC has evaluated the performance of the Group CEO and Group Financial Controller through evaluation form completed by themselves respectively.

In February 2023, the Company Secretary presented to the NCGC and thereafter, to the Board the outcome and the summary of the Board Effectiveness Evaluation for the financial year ended 31 December 2022 ("BEE 2022"). The Board resolved to adopt the BEE 2022 results after the NCGC's review. The results of the BEE 2022 indicated that the performance of the Board, the Board Committees, the individual Directors and members of the Board Committees collectively during the review period has been highly satisfactory, objective and professional.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd***II. Board Composition** *cont'd***Annual Assessment of the Board and Board Committees** *cont'd*

The Board is of the view that its present size and composition are optimal based on the Group's operations and that it reflects a fair mix of financial, technical and business experiences that are important to the stewardship of the Group. The Board was satisfied with each of the Directors' level of performance, and that they had also met the performance criteria in the prescribed area of assessments. The results of these assessments form the basis of the NCGC's recommendations to the Board for the re-election of Directors at the 7th AGM of the Company.

Assessment of Independent Directors

The NCGC is responsible for assessing the independence of each Independent Director annually to ensure that there are independent elements that fit the Company's objectives, strategic goals and comply with MMLR of Bursa Securities. This process is conducted through the assessment of independence of Independent Directors as part of the annual board evaluation. The NCGC and the Board have, upon their assessment, concluded that the Independent Directors continue to demonstrate conduct and behaviour that are essential indicators of independence and satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

Re-election of Directors

In accordance with the Company's Constitution, one-third (1/3) of the Directors must retire at the Annual General Meeting ("AGM") annually. All Directors are subject to retire by rotation, at least once in each 3 years but shall be eligible for re-election. New Director appointed by the Board during the year, if any, is required to retire at the next AGM and stand for election by shareholders. Proposals for the re-election of Directors are recommended by the NCGC to the Board prior to the shareholders' approval at the AGM of the Company, based on the annual assessment conducted.

Based on the recent annual assessment, including fit and proper evaluations, the NCGC is satisfied with the performance of the Directors who are standing for re-election and has recommended to the Board their proposed re-election in accordance with the Constitution. The Board supported the NCGC's recommendations to re-elect the eligible Directors standing for re-election at the forthcoming 7th AGM of the Company. The Directors who are retiring shall abstain from deliberations and decisions on their own eligibility to stand for re-election at the meetings of the Board.

Directors' Training

The Directors have participated and continue to undergo the relevant training programmes to further enhance their skill and knowledge including the latest statutory and/or regulatory requirements in discharging their fiduciary duties to the Company.

During the financial year ended 31 December 2022, an in-house Directors' training, entitled "Exercising Sustainability Governance and Oversight – What is next for Press Metal" was organised by the Company and the training was conducted by KPMG Management & Risk Consulting Sdn. Bhd.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. Board Composition *cont'd*

Directors' Training *cont'd*

Briefings, seminars, conferences, workshops and others training programmes attended by the Directors during the financial year under review are summarised as stated below:

Directors	Training Programmes Attended	Date
Datuk Yvonne Chia (Yau Ah Lan @ Fara Yvonne)	Supplier diversity and inclusion in Asia	5 March 2022
	Digitalisation strategy and roadmap	16 March 2022
	Leadership mentoring program/ CEO/ C suite	6 April 2022
	Sustainability Leadership Program Cohort 2	24 May 2022 – 26 May 2022
	ESG Essentials	31 May 2022
	Data governance	1 June 2022
	Ethical Finance ASEAN 22 summit – ESG in a volatile world	29 June 2022
	Leadership perspectives forum on Board effectiveness	14 July 2022
	Exercising Sustainability Governance and Oversight – What is next for Press Metal	26 July 2022
	Directors Civil and Criminal Liability	5 August 2022
	Climate Governance. A standing item in board agendas	15 August 2022
	Khazanah International Talent Session – Lead Business	25 August 2022
	Training on Cybersecurity	6 September 2022
	Annual Banking Conference	13 September 2022
	Update Brief on Climate Risk and ESG Initiatives	19 September 2022
	D&O Liability insurance	20 September 2022
	Financial crime, digital assets, blockchain	30 September 2022
	Syariah Dialogue	4 October 2022
	University of Cambridge Sustainability Lecture series – Islamic Banking and Finance Institute Malaysia	14 October 2022
	Annual Information and Cyber Security Brief/ Awareness Session	17 November 2022
	The Strategic Context/Key Trends in ASEAN	24 November 2022
	Khazanah shareholder expectations and investment stewardship	5 December 2022

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd***II. Board Composition** *cont'd***Directors' Training** *cont'd*

Directors	Training Programmes Attended	Date
Koon Poh Ming	Exercising Sustainability Governance and Oversight - What is next for Press Metal	26 July 2022
Tan Sri Dato' Koon Poh Keong	JPM Virtual Event 2022 Outlook	11 January 2022
	Morgan Stanley Webinar: Expert Call on "The Russia – Ukraine Conflict, Implications to China and China's Perspectives"	2 March 2022
	Nomura ASEAN Virtual Conference 2022	3 March 2022
	18th Annual CITIC CLSA ASEAN FORUM 2022	8 & 10 March 2022
	UOB Virtual Malaysia Conference Day	26 April 2022
	Maybank Invest ASEAN 2022 Malaysia	8 June 2022
	Nomura Forum Asia	8 June 2022
	Exercising Sustainability Governance and Oversight - What is next for Press Metal	26 July 2022
	China-Malaysia Entrepreneurs Cross Border Business Matching Forum	16 September 2022
	Forbes Global CEO Conference	26 & 27 September 2022
	Macquarie Base Metals Summit 2022	24 October 2022
Dato' Koon Poh Tat	Exercising Sustainability Governance and Oversight - What is next for Press Metal	26 July 2022
Koon Poh Weng	Exercising Sustainability Governance and Oversight - What is next for Press Metal	26 July 2022
Koon Poh Kong	Exercising Sustainability Governance and Oversight - What is next for Press Metal	26 July 2022
Noor Alina binti Mohamad Faiz	MIA Webinar Series – Malaysian Code of Corporate Governance: Raising the Bar on Governance in Malaysia	27 April 2022
	Exercising Sustainability Governance and Oversight - What is next for Press Metal	26 July 2022
Lim Hun Soon @ David Lim	The Token Economy, Cryptocurrencies and CBDCs	16 February 2022
	Building a Corporate Culture That Breeds Innovation & Flexibility	13 April 2022
	Exercising Sustainability Governance and Oversight - What is next for Press Metal	26 July 2022

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. Board Composition *cont'd*

Directors' Training *cont'd*

Directors	Training Programmes Attended	Date
Lim Hun Soon @ David Lim <i>cont'd</i>	JUST Series – (JC3 Upskilling Sustainability Training) Series – 2022 – Implementation of TCFD	2 & 3 August 2022
	FIDE Forum – CGM Conversations with Chairmen: A Standing Item in Board Agendas	15 August 2022
	Leading Through Banking Transformation	17 August 2022
	Sanctions and Financial Crime Prevention	6 October 2022
	ESG Frameworks: Understanding the Alphabet Soup	2 November 2022
	Understanding Task Force on Climate-Related Financial Disclosure	1 December 2022
Susan Yuen Su Min	ICLIF: Materiality: Determining ESG Topics That Matter	21 June 2022
	FIDE Forum: Leadership Perspectives on Board Effectiveness	14 July 2022
	Exercising Sustainability Governance and Oversight - What is next for Press Metal	26 July 2022
	ICLIF: Corporate Governance & Remuneration Practices for the ESG World	6 September 2022
	AICB: JC3 Upskilling Sustainability Training (JUST) Series 3 – A Passion for Purpose: Delivering a Just Transition to Net Zero	5 October 2022
	FIDE Forum: The Emerging Trends, Threats and Risks to the Financial Service Industry – Managing Global Risk, Investment and Payment System	24 November 2022
Chong Kin Leong	DBS Bank: 1st Half 2022 Market Outlook	5 January 2022
	APTB & AGB: Cybersecurity & Demonstration of AIA Apps	13 January 2022
	OCBC Bank: Can Markets Continue to Climb a Wall of Worry?	13 January 2022
	DBS Bank: Sustainability Starts from Within	25 January 2022
	Affin Hwang: 2022 Market Outlook	25 January 2022
	BNM – FIDE Forum: Licensing Framework for Digital Insurers and Takaful Operators	23 February 2022
	DBS Bank: A Divergent World – Hawkish Fed, Dovish PBOC and Opportunities in China	24 February 2022
	Bursa: TCFD 101 – Climate Disclosure Training	2 March 2022

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd***II. Board Composition** *cont'd***Directors' Training** *cont'd*

Directors	Training Programmes Attended	Date
Chong Kin Leong <i>cont'd</i>	BNM – FIDE Forum – Climate Risk Management and Scenario Analysis	8 March 2022
	MICPA – KPMG Joint Webinar: Developing Malaysia's Roadmap to Net Zero	27 April 2022
	FIDE Forum: MetaFinance: The Next Frontier of the Global Economy	23 May 2022
	DBS Bank: Private Markets Investment Forum	9 June 2022
	Deutsche Bank: Technology and Digitalisation	12 July 2022
	FIDE Forum: Leadership Perspectives Forum on Board Effectiveness	14 July 2022
	Exercising Sustainability Governance and Oversight - What is next for Press Metal	26 July 2022
	Deutsche Bank: Global Training for Board Members and Branch Managers	8 August 2022
	BNM – FIDE Forum: Engagement Session with Board Members of General Insurers and Takaful Operators on Motor Claims Reforms	11 August 2022
	Cagamas: Fund Transfer Pricing Training	14 September 2022
	Cagamas: Conference on Developing and Financing Green Housing in Asia	21 September 2022
	APTB: Shariah Contracts and Understanding Business Propositions	19 October 2022
	Affin Hwang: 2022 US Midterm Elections	29 October 2022
	KPMG: Understanding the Requirements in Bursa Malaysia's Enhanced Sustainability Reporting Framework	2 November 2022
	INCEIF: Islamic Finance for Board of Directors	9 & 10 November 2022
	PwC: Threat Landscape and Cyber Oversight – Board Perspective	16 November 2022
	Audit Oversight Board Conversation with Audit Committees	17 November 2022
	DBS Bank: Quality Amidst Uncertainties	21 November 2022
	FIDE Forum: Emerging Trends, Threats and Risks to the Financial Services Industry – Managing Global Risk, Investment and Payment System	24 November 2022
	APTB & AGB: Joint Boards Session on IFRIS17	14 December 2022

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

III. Remuneration

The Company aims to set remuneration at levels which are sufficient to attract and retain Directors and Senior Management needed to run the business successfully taking into consideration all relevant factors including the function, workload and responsibilities involved.

As for oversight on remuneration matters, the Board is assisted by RC which comprises exclusively Independent Non-Executive Directors. The RC is responsible to formulate and review the remuneration policies for the Board as well as the Senior Management of the Company to ensure the same remain competitive, appropriate, and in alignment with the prevalent market practices.

The RC establishes the framework and policies, as well as reviews the remuneration of Directors and Senior Management that is linked to strategy and/or performance and long-term objectives of the Company, including the remuneration of the Non-Executive Directors. The Executive Directors' remunerations are structured to link reward to individual and corporate performance. The determination of the remuneration packages is a matter for the Board as a whole. The Executive Directors concerned abstained from deciding their own remuneration. As for Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken. The current remuneration payable to Non-Executive Directors comprises Directors' fees and meeting allowance, based on the number of meetings attended in a year. Non-Executive Directors' remuneration is a matter to be decided by the Board as a whole, with the Director concerned abstaining from deliberations and voting on decisions in respect of his or her individual remuneration, prior to the tabling of such for shareholders' approval. The Directors who are shareholders of Press Metal will abstain from voting on the resolution relating to the payment of the Directors' fees and benefits at the AGM of the Company.

Meetings of RC are held as and when necessary, and at least once a year. Two (2) RC meetings were held during FYE 2022 and full attendance by the members was recorded. The RC has carried out the following activities during the financial year under review:

- (a) Reviewed and recommended the remuneration package of the Group CEO and Executive Directors of the Company for the Board's approval;
- (b) Reviewed and recommended the Directors' fees and other benefits payable to the Non-Executive Directors;
- (c) Reviewed the ESG-linked Executive Incentive Remuneration Framework; and
- (d) Reviewed the Terms of Reference of RC and Directors and Key Senior Management Remuneration Policy and recommended the proposed revisions thereto for the Board's approval and adoption.

The details of the Directors' Remuneration for the financial year ended 31 December 2022 are disclosed in the Corporate Governance Report under Practice 8.1.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Board upholds the integrity of financial reporting. The AC is entrusted to provide advice and assistance to the Board in fulfilling its statutory and fiduciary responsibilities relating to the Company's internal and external audit functions, risk management, compliance systems and practices, financial systems, accounting and control systems and matters that may significantly impact the financial condition or affairs of the business. The AC is also responsible for ensuring that the financial statements of the Company comply with the applicable financial reporting standards in Malaysia.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

I. Audit Committee *cont'd*

The AC comprises four (4) Independent Non-Executive Directors who play a key role in ensuring the integrity and transparency of corporate reporting. None of the AC members were former audit partners who are required to observe a cooling-off period of at least three (3) years before being appointed in accordance with the Terms of Reference of the AC. The AC provides robust and comprehensive oversight on financial reporting, objectivity and effectiveness of external and internal audit processes, reportable related party transactions, conflict of interest situations as well as risk management matters. The AC is chaired by an Independent Non-Executive Director, who is distinct from the Chairman of the Board. AC members possess the requisite financial literacy and business knowledge that support the sound understanding of matters under their purview, with the AC's composition and performance being subject to annual review by the NCGC before recommendation to the Board for approval.

The AC has unrestricted access to both the internal and external auditors, who report functionally and directly to the AC. The AC has established transparent arrangements to maintain an appropriate relationship with the Company's auditors.

Assessment of Suitability, Objectivity and Independence of External Auditors

In the annual assessment of the suitability, objectivity and independence of the External Auditors, the AC is guided by the factors as prescribed under Paragraph 15.21 of the MMLR. The AC has also considered, amongst others, the following:

- (a) the External Auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the Audit Planning Memorandum;
- (b) the competence, audit quality and resources capacity of the External Auditors in relation to the audit;
- (c) the information presented in the Annual Transparency Report of the audit firm;
- (d) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
- (e) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

In the third quarter of 2022, the Company's external auditors, KPMG PLT presented its 2022 Audit Planning Memorandum which outlined its engagement team, audit timeline and areas of audit emphasis for the AC's review. For FYE 2022, there was Audit Engagement Partner rotation which took place in line with Malaysia Institute of Accountants Audit Partner Rotation Requirement.

As part of the AC's review processes, the AC has obtained assurance from KPMG PLT, confirming that they are and have been independent throughout the conduct of the audit in accordance with the terms of relevant professional and regulatory requirements.

Based on the AC's assessment of the External Auditors, the Board is satisfied with the independence, quality of service and adequacy of resources provided by the External Auditors in carrying out the annual audit for the financial year ended 31 December 2022. In view thereof, the Board has recommended the re-appointment of the External Auditors for the approval of shareholders at the forthcoming 7th AGM.

Internal Audit Function

The Group has an in-house internal audit department, which is augmented with outsourced internal auditors for specialised expertise in selected areas. The internal audit function is independent of the activities or operations of the other operating units in the Group. The internal audit function adopts a risk-based audit approach when executing each audit assignment which is carried out in accordance with the annual audit plan. The annual audit plan covers the major subsidiaries of the Group. The internal audit function provides the AC and the Board with assurance regarding the adequacy and integrity of the systems of risk, governance and internal controls.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

I. Audit Committee *cont'd*

Internal Audit Function *cont'd*

The AC is responsible to assist the Board in ensuring the adequacy and effectiveness of internal controls. The system of internal control and risk management in place during 2022, is sound and sufficient to safeguard the Group's assets, as well as shareholders' investments and the interests of all stakeholders.

The activities of the AC are further detailed in the AC Report on pages 66 to 71 of this Annual Report.

II. Risk Management and Internal Control Framework

The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policies and overseeing the Company's strategic risk management and internal control framework to achieve its objective within an acceptable risk profile as well as safeguarding the interest of stakeholders including shareholders and the Group's assets, balancing growth with sustainability.

The Group has put in place an Enterprise Management Framework which comprises the following elements:

- Provide guiding principles and approach towards strategic and operational risk management;
- Process of identification, assessment, evaluation and management of the various principal risks which affect the Group's business;
- Creation of a risk-awareness culture and risk ownership for more effective management of risks;
- Regular review, track and report on key risks identified and corresponding mitigation procedures; and
- Regular review of the effectiveness of the system of internal control.

The framework is applied to determine, evaluate and manage principal risks of the Group. This is complemented by the system of internal control that is integrated into the Group's operations and processes.

The Board through the RMC, which comprises a majority of Independent Non-Executive Directors, reviews the key risks identified via quarterly reports by the RMC, to monitor the management and mitigation of risks.

The RMC reviews the Group's risk management framework and risk tolerance for the enterprise risks. Using qualitative and quantitative measures, risks are calibrated so that balanced control processes are matched against the strategic objectives of each business unit. The Board, with the assistance of the RMC and AC, undertakes periodic reviews and a formal annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems.

A risk-based audit approach is implemented to ensure that higher risk activities in each auditable area are audited more frequently. This is designed to evaluate and enhance risk management, control and governance processes to assist the Management in achieving its corporate goals. The audits further help to ensure that appropriate instituted controls are in place and effectively applied, and risk exposures are mitigated to an acceptable level in accordance with the Group's risk management policy.

The details of the Group's Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control on pages 72 to 75 of this Annual Report.

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

I. Communications with Stakeholders

The Company recognises the importance of stakeholders' engagement leading to the long-term sustainability of its businesses. The Company is mindful of its obligations to provide material information in a fair and organised manner and on a timely basis to its shareholders. The Company strives to ensure regular, effective and fair communication with its shareholders, and be as descriptive, detailed and forthcoming as possible in disclosing the information and to inform shareholders of changes in the Company or its business which would likely materially affect the price or value of the Company's shares. Price sensitive information, quarterly and full year results announcements are always released through the Bursa Securities on a timely basis for dissemination to shareholders and the public in accordance with the requirements of the MMLR. The Board places importance in ensuring disclosures made to shareholders and investors are accurate, clear, timely and comprehensive as they are critical towards building and maintaining corporate credibility and confidence. As such, the Board has adopted a Corporate Disclosure Policy and Procedures setting out the policies and procedures for the disclosure of material information of the Group. The said Policy and Procedures applies to all Directors, management, and employees of the Group.

The Group's investor relations activities are aimed at developing and maintaining a positive relationship with analysts, current and potential shareholders through active two-way communication. The Company's website contains dedicated sections on corporate information and financial information.

II. Conduct of General Meetings

The AGM is the principal forum for dialogue and interaction with shareholders. It provides the opportunity for shareholders to raise questions relating to the proposed resolutions as well as the Group's business operations and affairs.

The Notice of AGM is circulated at least twenty-eight (28) days before the date of meeting to ensure that shareholders are given sufficient time to read and consider the resolutions to be resolved. Notice of the 6th AGM was issued to shareholders on 29 April 2022, being more than 28 days in advance of the scheduled AGM which was held on 17 June 2022.

The 6th AGM of the Company held on 17 June 2022 was conducted virtually through live streaming from the broadcast venue. Shareholders and proxies participated at the 6th AGM remotely using the Remote Participation and Voting ("RPV") facilities without the need to be physically present at the meeting venue. The forthcoming 7th AGM of the Company will continue to be conducted virtually i.e. through live streaming and using RPV facilities to give shareholders and/or proxies the opportunity to participate in the AGM effectively.

To support meaningful engagement, the virtual AGM is aimed to provide shareholders with a similar level of participation as compared to a physical AGM. In the conduct of virtual AGM, shareholders are encouraged to participate, speak and vote remotely using the RPV facility. Shareholders who are unable to attend are allowed to appoint their own proxy(ies) or appoint the Chairman as their proxy to attend and vote on their behalf.

To encourage engagement between the Directors and shareholders, shareholders were invited to submit questions before the AGM to Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIH Online website at <https://tiih.online> in relation to the agenda items for the 6th AGM. Shareholders were also given the opportunity to raise questions and seek clarifications by submitting their questions to the Query Box in the RPV during the conduct of the 6th AGM. The Administrative Details for the 6th AGM was circulated to all shareholders and made available at the Bursa Securities' and Company's website, detailing the procedures to register, participate and vote remotely at the 6th AGM.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *cont'd*

II. Conduct of General Meetings *cont'd*

During the 6th AGM, the Group CEO presented to shareholders on various topics, including the Group's FYE 2021 financial and business performance. All the questions raised by the Minority Shareholder Watch Group ("MSWG") and shareholders prior to and during the meeting as well as the Group's response to the same were shared with the shareholders during the virtual 6th AGM. Subsequent to the 6th AGM, these Questions and Answers were published on the Company's corporate website.

The Board encourages shareholders' active participation at the Company's AGM and endeavours to ensure all Board members, the Company's Key Operating Management and the Company's External Auditors are in attendance to respond to shareholders' queries. Where it is not possible to provide immediate answers to shareholders' queries, the Board will undertake to provide the answers after the AGM. All the Directors were in attendance during the 6th AGM via remote participation with other participants including External Auditors.

In compliance with the MMLR, all resolutions set out in the Notice of the 6th AGM were voted by poll via RPV facilities. The Company also appointed an independent scrutineer to validate the votes cast before the poll results is announced by the Chairman of the meeting.

The minutes of the 6th AGM detailing the meeting proceedings, including issues and concerns raised by MSWG and shareholders together with the responses from the Company, was published on the Company's corporate website within 30 business days after the conclusion of the 6th AGM.

FOCUS AREAS ON CORPORATE GOVERNANCE

The Board shall continue to strive for high standards of corporate governance throughout the Group. The Board takes cognisance of the amendments to the MMLR in relation to the Enhanced Sustainability Reporting Framework and will work towards complying with the sustainability disclosures within the implementation dates.

DIRECTORS' RESPONSIBILITY STATEMENT In respect of the preparation of the Audited Financial Statements

The Board is responsible for ensuring that the financial statements of the Group are drawn up in accordance with the applicable Financial Reporting Standards in Malaysia and the requirements of the Companies Act 2016. The Board is also responsible for ensuring that the annual audited financial statements of the Group are prepared with reasonable accuracy from the accounting records of the Group to give a true and fair view of the financial position of the Group as of 31 December 2022 and of their financial performance and cash flows for the year.

In preparing the financial statements, the Directors are satisfied that the Group has selected and consistently applied suitable accounting policies and made reasonable and prudent judgements and estimates.

The Board is of the opinion that the financial statements have been prepared in accordance with all relevant approved financial reporting standards and have been prepared on a going concern basis.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds raised from Corporate Proposals

a) Private Placement

On 21 March 2022, the Company had announced to undertake a private placement of up to 163,398,700 new ordinary shares ("Placement Shares"), representing approximately 2.0% of the total number of issued shares of the Company to third party investor(s).

Bursa Malaysia Securities Berhad had on 23 March 2022 approved the listing and quotation of up to 163,398,700 Placement Shares pursuant to the Private Placement.

The Private Placement was completed on 8 April 2022 following the listing and quotation of 163,398,700 Placement Shares at an issue price of RM5.94 per Placement Share.

As at 31 December 2022, the net proceeds of RM965.6 million has been utilised in the following manner:

Details of use of proceeds	Estimated timeframe for use of proceeds from the date of listing of the Placement Shares	Proposed Utilisation (RM' Million)	Actual Utilisation (RM' Million)
Capital expenditure	Within 12 months	175.6	175.6
Working capital	Within 12 months	670.0	670.0
Repayment of borrowings	Within 6 months	120.0	120.0
Total		965.6	965.6

b) Islamic Medium Term Notes Programme of up to RM5.0 Billion in Nominal Value Based on the Shariah Principle of Wakalah Bi Al-Istithmar ("Sukuk Wakalah") ("Sukuk Programme")

The Company had on 17 October 2019, made its first issuance of Sukuk Wakalah under the Sukuk Programme. The first issuance of Sukuk Wakalah was for the aggregate nominal value of RM1.0 billion with tenures of 5 years, 7 years and 10 years.

On 17 August 2020, the Company made its second issuance of Sukuk Wakalah under the Sukuk Programme. The second issuance of Sukuk Wakalah was for a nominal value of RM700.0 million with a tenure of 5 years.

On 7 December 2021, the Company made its third issuance of Sukuk Wakalah under the Sukuk Programme. The third issuance of Sukuk Wakalah was for a nominal value of RM600.0 million with a tenure of 6 years and 7 years.

The net proceeds from the Sukuk Wakalah issued in 2020 and 2021 have been utilised for general corporate purposes, including capital expenditure, working capital requirements, investments and refinancing of existing financing/borrowings.

The Company did not raise any proceeds from the Sukuk Wakalah during the financial year ended 31 December 2022.

2. Audit and Non-Audit Fees

During the financial year ended 31 December 2022, the amount of audit and non-audit fees paid by the Company and the Group to the External Auditors, KPMG PLT and two firms affiliated with KPMG are as follows:

	Company (RM'000)	Group (RM'000)
Audit services rendered	315	1,603
Non-audit services rendered	20	773
Total	335	2,376

3. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year ended 31 December 2022 or which were entered into since the end of the previous financial year.

4. Recurrent Related Party Transactions of Revenue or Trading Nature

The details for the Recurrent Related Party Transactions of a Revenue or Trading Nature transacted pursuant to the Shareholders' Mandate during the financial year ended 31 December 2022 are stated in Section 2.3 and Section 2.4 of the Circular to Shareholders dated 28 April 2023 and Note 32 of the Financial Statements.

AUDIT COMMITTEE REPORT

The primary function of the Audit Committee ("AC") is to assist the Board of Directors in fulfilling its fiduciary duties as well as providing oversight on the integrity of the Group's financial reporting and its audit processes. The Board of Press Metal Aluminium Holdings Berhad ("Press Metal" or "the Company") is pleased to present the following AC Report which illustrates the insights as to the manner in which the AC has discharged their duties and responsibilities during the financial year ended 31 December 2022 ("FYE 2022"). This report is prepared in compliance with paragraph 15.15 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities")

COMPOSITION

The AC comprises four (4) members, all of whom are Independent Non-Executive Directors. This meets the requirements of Paragraph 15.09(1)(a) and (b) of the MMLR of Bursa Securities.

The current composition of the AC is as follows:-

Name	Membership	Designation	Date of appointment
Lim Hun Soon @ David Lim	Chairman	Independent Non-Executive Director	18 August 2020
Noor Alina Binti Mohamad Faiz	Member	Independent Non-Executive Director	18 October 2016
Susan Yuen Su Min	Member	Independent Non-Executive Director	16 July 2021
Chong Kin Leong	Member	Independent Non-Executive Director	1 October 2021

Serving as the Chairman of the AC, Mr. Lim Hun Soon @ David Lim is a member of the Malaysian Institute of Accountants ("MIA") and the Malaysian Institute of Certified Public Accountants ("MICPA"). He is also a member of the Chartered Institute of Taxation, United Kingdom; and a member of The Institute of Chartered Accountants in England and Wales. Mr. Chong Kin Leong, a member of the AC, is also a member of the MIA and MICPA. The AC meets the requirements of Paragraph 15.09(1)(c)(i) of the MMLR of Bursa Securities and the Step-Up Practice 9.4 of the Malaysian Code on Corporate Governance 2021 ("MCCG") by being comprised of only independent directors.

MEETINGS

The AC conducted five (5) meetings during the FYE 2022. Details of attendance of the AC members at the AC meetings during the FYE 2022 are as follows:-

Name of AC Members	No. of AC Meetings Attended	Percentage of Attendance
Lim Hun Soon @ David Lim (Chairman)	5/5	100%
Noor Alina Binti Mohamad Faiz	5/5	100%
Susan Yuen Su Min	5/5	100%
Chong Kin Leong	5/5	100%

The Group Financial Controller, External Auditors, Internal Auditors (both from the in-house internal audit team and professional firm providing outsourced internal audit services) together with the relevant personnel from Management were invited to attend AC meetings to present their reports and provide updates and developments on issues arising from the audit reports. The AC Chairman thereafter reported the AC's recommendations to the Board for their consideration. He also updated the Board on significant matters discussed during the AC meetings.

Discussions and deliberation at the AC meetings were recorded in the minutes of the AC meetings. Minutes of the AC meetings are tabled to the Board after they are confirmed at each subsequent AC meeting.

In all AC meetings, the Group Financial Controller was present to report on the results of the Group as well as to answer questions posed by the AC in relation to financial matters and the results.

TERM OF OFFICE & PERFORMANCE

In order to assess the term of office of the AC members and performance of the AC in accordance with paragraph 15.20 of the MMLR of Bursa Securities, each of the AC members has performed the annual self and peer evaluation assessment and the results were tabled to the Nomination and Corporate Governance Committee ("NCGC") for review and discussion prior to presenting the reports to the Board for evaluation at the Board meeting held on 24 February 2023. The Board was satisfied with the performance of the AC and confirmed that they have carried out their duties and responsibilities effectively in accordance with the Terms of Reference of the AC.

TERMS OF REFERENCE

The Terms of Reference ("TOR") of the AC, covering its scope of duties and responsibilities, authority and other relevant matters, is made available on the Company's website at www.pressmetal.com

The TOR of the AC was reviewed and revised and subsequently approved by the Board of Directors in September 2022.

SUMMARY OF THE ACTIVITIES OF AC

AC meetings together with the tentative agendas are scheduled in advance of any new financial year to allow the AC members to plan ahead and incorporate the year's meetings into their respective schedules. The agenda and meeting papers are distributed to the AC members via a secured board portal platform, which eases the process of distribution of meeting papers and minimises leakage of sensitive information, as well as enabling the AC members to have access to the papers electronically, anytime and anywhere. This practice also ensures consistency with the Board's and Company's commitment to sustainable practices. All proceedings of the AC meetings are duly recorded in the minutes and are properly kept by the Company Secretary.

The main activities carried out by the AC during the FYE 2022 were summarised as follows:-

(1) Financial Reporting

- (a) The AC reviewed and ensured that the quarterly financial results of the Group complied with the Malaysian Financial Reporting Standards ("MFRS") and Appendix 9B of the MMLR. They reviewed and discussed the unaudited quarterly financial results of the Group with the Management and the External Auditors (where applicable) at the scheduled quarterly Audit Committee meetings, and recommended the same to the Board for consideration and approval before releasing to Bursa Securities.
- (b) Reviewed the audited financial statements of the Group and the Company for the year ended 31 December 2021 before recommending to the Board for consideration and approval.

The review focused primarily on:-

- major judgmental areas, significant and unusual events;
 - significant adjustments resulting from audit; and
 - the going concern assumptions
- (c) Reviewed and made the recommendation to the Board in respect of the proposed dividend after reviewing and considering the solvency test presented.

(2) External Audit

- (a) Reviewed, discussed and approved the External Auditor's terms of engagement, audit plan of the Group including the scope of work of the External Auditors to ensure it adequately covers the activities of the Group for the financial year ended 31 December 2022 at the meeting held on 25 November 2022.

SUMMARY OF THE ACTIVITIES OF AC *cont'd***(2) External Audit** *cont'd*

- (b) Carried out annual assessment on the performance, suitability, capabilities and independence of the External Auditors based on amongst others, the External Auditors' competency and audit independence, objectivity and professional skepticism before recommending to the Board their re-appointment and remuneration. The AC also considered the External Auditors' Transparency Report in the review.

To ensure that the External Auditors' independence is not impaired, the Audit Engagement Partner in charge of the Company is changed every seven (7) years and is required to observe a cooling-off period of five (5) years before being re-appointed, which is in line with the recommendation by the MIA. Internally, the External Auditors conduct an Independent Partner Review in order to preserve their independence. The external Auditors had also provided written assurance to the AC that in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement.

For the FYE 2022, there was a change in the Audit Engagement Partner in charge.

- (c) Had private sessions with the External Auditors during the financial year, i.e. on 22 February 2022 and 25 November 2022 respectively without the presence of any executive Board members and Management to ensure there were no restrictions on their scope of audit and to discuss any matters that the External Auditors did not wish to raise in the presence of the Management. During the private session with the External Auditors, it was noted that there were no major concerns from the External Auditors and they had been receiving full cooperation from the Management during their course of audit.
- (d) Reviewed the audit and non-audit fees and recommended to the Board for approval.
- (e) At the meeting held on 23 February 2023, the Audit Committee reviewed and discussed with the External Auditors the status of the audit for the financial year ended 31 December 2022 including the issues arising from their audit of the annual financial statements and their resolution of such issues as highlighted in their report to the AC.

(3) Internal Audit

- (a) At the meeting held on 22 February 2022, the AC reviewed the adequacy of the scope, functions, competency and resources of the internal audit function to ensure its effectiveness and efficiency.
- (b) Reviewed and approved the Internal Audit Plan for 2022 to ensure adequate scope and comprehensive coverage over the activities of the Company and the Group.
- (c) Reviewed and discussed the findings on the internal audit reports which were tabled during the year, the audit recommendations made as well as the Management's response to these recommendations and the implementation of the agreed action plan on a quarterly basis.
- (d) Monitored the implementation of mitigating actions taken by Management on outstanding issues to ensure all key risks and control weaknesses are properly addressed.
- (e) Met with the Internal Auditors, both outsourced and in-house on 22 February 2022 and 25 November 2022 respectively without the presence of any executive Board members and the Management for discussion on internal audit related matters.

SUMMARY OF THE ACTIVITIES OF AC *cont'd*

(4) Related Party Transactions

- (a) Reviewed and considered any related party transactions ("RPTs") and conflict of interest situations that may arise within the Company or the Group, including any transactions, procedure or course of conduct that may raise questions of Management integrity or impartiality.
- (b) Reviewed the RPTs and RRPTs on a quarterly basis to ensure that the transactions entered into were at arm's length basis and on normal commercial terms and not detrimental to the interests of the non-interested shareholders of the Company.
- (c) Reviewed the Circular to Shareholders in respect of the RRPTs prior to recommending for the Board's approval on 22 April 2022 to seek shareholders' mandate at annual general meeting of the Company.

(5) Corporate Governance and Regulatory Compliance

- (a) Reported to and updated the Board on significant issues and concerns discussed during the AC meetings and where appropriate, made the necessary recommendation to the Board.
- (b) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control (particularly items related to internal controls) prior to recommending for Board's approval and inclusion in the Company's Annual Report.
- (c) Conducted a self-assessment exercise to evaluate their own effectiveness in discharging their duties and responsibilities.
- (d) Reviewed the TOR of the AC and Tax Policy prior to recommending for Board's approval.
- (e) Reviewed the internal controls for hedging and Information Technology with the assistance of the External Auditors.

INTERNAL AUDIT FUNCTION

The primary role of the internal audit function is to undertake regular and systematic review of the systems of internal control so as to provide sufficient assurance that the Group has a sound system of internal control and that established policies and procedures are adhered to.

A risk-based audit approach is implemented to ensure that higher risk activities in each auditable area are audited more frequently. This is designed to evaluate and enhance risk management, control and governance processes to assist the Management in achieving its corporate goals. The audits further help to ensure that appropriate instituted controls are in place and effectively applied, and risk exposures are mitigated to an acceptable level in accordance with the Group's risk management policy.

The Group has an in-house Internal Audit Department ("Group Internal Audit") which provides the internal audit function to the Group. The Group Internal Audit is additionally supported by a professional firm providing specific outsourced internal audit services, namely Baker Tilly Monteiro Heng Governance Sdn Bhd ("BTMHG") who conducted the independent internal audit review on the related party transactions ("RPT"). Both Group Internal Audit and BTMHG report directly to the AC.

The Company has put in place internal controls, guidelines and procedures to ensure that RPTs and RRPTs are entered into on normal commercial terms and on terms which are not more favourable than those generally available to third parties dealing on arms' length basis and are not detrimental to the minority shareholders of the Company.

INTERNAL AUDIT FUNCTION *cont'd*

During the FYE 2022, the in-house internal auditors performed operational audits on business units of the Group to ascertain the adequacy of the internal control systems and to make recommendations for improvement where weaknesses exist in accordance with the Internal Audit Plan approved by the AC. The auditable entities and business processes are as follows:-

Name of entity	Auditable areas
Press Metal Aluminium Holdings Berhad	<ul style="list-style-type: none"> Commodity Hedging Management
Press Metal Bintulu Sdn Bhd	<ul style="list-style-type: none"> Cast House Management Logistic Management General Building and Infrastructure Maintenance Management Anode Rodding Repair Management Cast House Maintenance Management Human Resource & General Administration Management Electrolysis Management
Press Metal Sarawak Sdn Bhd	<ul style="list-style-type: none"> Logistic Management Cast House Management Cast House Maintenance Management Human Resource & General Administration Management General Building and Infrastructure Maintenance Management
PMB Aluminium Sdn Bhd	<ul style="list-style-type: none"> Human Resource Management Facilities and Maintenance Management Information Technology Management
Press Metal Aluminium Rods Sdn Bhd	<ul style="list-style-type: none"> Environmental, Health and Safety ("EHS") Management Waste Management
PMB Northern Sdn Bhd	<ul style="list-style-type: none"> Sales and Marketing Management Human Resource Management Inventory Management
Press Metal International Ltd	<ul style="list-style-type: none"> Research and Development Management Environmental & Energy Management Health & Safety Management By-Product and Waste Management Sales and Marketing Management
Press Metal International Technology Ltd	<ul style="list-style-type: none"> Production Material Control Management

The Internal Audit function evaluated the adequacy and effectiveness of key controls in response to risks within the Group's governance, operations and information systems. The areas evaluated included the following:-

- Relevancy, reliability, integrity, accuracy, completeness and timeliness of financial and operational information;
- Adequacy of controls to safeguard the Group's assets; adequacy and effectiveness of the system of internal controls;
- Compliance with policies, procedures, rules, regulations, guidelines, directives and laws;
- Integrity of risks measurement, adequacy of control and reporting systems and compliance with approved risk management policies and procedures;
- Nature of the related party transactions and conflict of interest situation that could raise questions of management integrity;
- Adequacy and effectiveness of the Group's system in assessing its capital in relation to its estimate of risks; and
- Effectiveness of Information System ("IS") in supporting the business activities and the adequacy of controls over IS management, systems development and programming, computer operations and security and data integrity.

The Internal Audit function worked collaboratively with the Enterprise Risk Management function to review and assess the adequacy and effectiveness of the risk management processes within the Press Metal Group.

Findings from the internal audit reviews, including the recommended corrective actions, were discussed with the Management and the relevant head of departments prior to being presented to AC at their scheduled meetings on a quarterly basis.

During the year under review, the in-house Internal Auditors also conducted follow-up reviews of audit findings to ensure that corrective actions have been implemented in a timely manner.

The total cost incurred for the internal audit function of the Group for the financial year ended 31 December 2022 was RM1,089,000 (2021: RM882,000).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

BOARD RESPONSIBILITY

The Board is committed to maintaining both a sound system of risk management and internal control and the proper management of risks throughout the operations of the Group. The Board acknowledges that it is ultimately responsible for the Group's system of internal control including the establishment of an appropriate control environment and framework, which encompass financial, operational and compliance controls, and risk management.

The Board is responsible for identifying, evaluating and managing the significant risks of the Group, as well as reviewing the adequacy and effectiveness of the risk management and internal control system on an ongoing basis. This process has been in place for the financial year under review and up to the date of approval of this statement for inclusion in the annual report.

The Board believes the risk management and internal control system in place are adequate and effective to manage the risk of the Group. In view of the limitations inherent in any process, the Group has established a system of internal control and risk management designed to mitigate the risks that may impede the Group from achieving its objectives. As risks cannot be eliminated completely, the system can only provide reasonable, but not absolute assurance against material misstatements, losses or occurrences of unforeseeable circumstances.

INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT FRAMEWORK

The Board delegates the responsibility of monitoring the system of risk management and internal controls to the Risk Management Committee and Audit Committee. Notwithstanding the delegated responsibilities, the Board retains its overall responsibility in the establishment and oversight of the Group's risk management framework and internal controls systems. The Board recognises that the internal controls systems are designed to manage and minimise rather than eliminate and avoid occurrences of material misstatements or unforeseen circumstances, fraud or losses.

This statement does not deal with the associates and joint operation of the Group. Assessments on the adequacy, efficiency and effectiveness of the internal control of the associates and joint operation are performed under the purview of their respective established governing procedures.

Risk Management Committee

The Risk Management Committee ("RMC") was established to assist the Board in providing oversight, direction and counsel on the overall risk management process, establishing and reviewing the risk management framework, process and responsibilities as well as assessing whether they provide reasonable assurance that risks are managed within tolerable limits.

The specific duties of the RMC are as follows:

1. Review the adequacy of the scope, function, authority and resources of the Risk Management Department;
2. Provide oversight, direction and counsel to the risk management process to ensure that appropriate risk management policies, framework and processes are implemented;
3. Review the Group's risk profile and ensure that potential significant risks, including Environmental, Social and Governance ("ESG") risks that are outside tolerable ranges are addressed with appropriate and effective preventive and mitigation actions;
4. Monitor and evaluate the risk profile and risk appetite of the Group;
5. Review and monitor the integration of ESG risks into the Group's risk management framework; and
6. Conduct periodic review of the Group's Risk Management Policy and Framework.

INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT FRAMEWORK *cont'd*

Risk Management Committee cont'd

The RMC holds quarterly meetings to review the key risks and, at the same time, ensure that mitigation plans are in place to manage such risks. The adequacy and effectiveness of the controls and the robustness of the mitigation actions are also addressed.

The Group recognises the importance of the identification and assessment of ESG and climate risks and has included them as part of the Enterprise Risk Management process. This is to strengthen the resilience of the Group in achieving its long-term business objectives amidst the challenges associated with climate change. The inclusion of climate risks are also in line with the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD). Arising therefrom, the governance structure of the Group was enhanced during the year, with the Sustainability Committee reporting to the RMC on sustainability risks as a coordinated approach for the Company's long-term sustainability plan.

The Company has a Risk Management Policy which guides the overall best practice of identifying, evaluating, managing, reporting and monitoring the evolving risks faced by the Group and specific measures to mitigate these risks. The emphasis is to effectively reduce the impact of risks, respond to immediate risk events and recover from any material business disruption to ensure continuity and sustainability of key business activities and achievement of business objectives.

Risk Management Department

The Risk Management Department ("RMD") assists the Board and RMC in discharging their risk management responsibilities. RMD is structured to provide adequate support to the Head Office and Business Units with regard to risk management implementation and monitoring. The RMD is mainly responsible for the following:

1. Outlining the strategic framework to guide the priorities and direction of the Group's risk management activities;
2. Developing the appropriate risk management guidelines;
3. Monitoring risk exposure and tolerance limits across the Group;
4. Providing the necessary guidance and support for the risk management activities of the Group; and
5. Assessing the effectiveness of the preventive and mitigating controls implemented.

The RMD is continuously enhancing the Risk Reports with the guidance of the RMC members. With the introduction of the Risk Heatmap and Key Risk Indicators in 2022, they help the Management and Board members to focus on some of the key risks faced by the Group.

Audit Committee

For the current year, both the outsourced internal auditors and in-house internal auditors assisted the Audit Committee to fulfill its responsibilities by conducting internal audits in accordance with audit plans reviewed and approved by the Audit Committee. A risk-based approach is adopted via the development of internal audit policies, establishment of annual audit plans, audit work processes and audit work reporting.

The Audit Committee reviewed the adequacy of the scope, functions, competency and resources of the internal audit function to ascertain its effectiveness in discharging duties assigned. The details on the Internal Audit function are further explained on pages 69 to 71 of this Annual Report.

During the year, the outsourced internal auditors conducted two (2) audits covering two (2) business functions and the in-house internal auditors conducted twenty-four (24) audits covering twenty-seven (27) business functions. The internal auditors also conducted follow up reviews on the implementation status of action plans previously agreed by management.

The results of the internal audits and recommendations for improvement co-developed with management were tabled at the Audit Committee meetings for discussion and assessment. Key and significant issues were reported to the Board by the Chairman of the Audit Committee for further deliberation.

WEAKNESSES

A few weaknesses in internal control were identified during the period, all of which have been, or are being addressed. None of these weaknesses resulted in any material errors, losses, contingencies or uncertainties that would warrant a disclosure in the Group's annual report.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

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

PMB Aluminium Sdn. Bhd.	<ul style="list-style-type: none"> • ISO 9001:2015 on Quality Management Systems • ISO 14001:2015 on Environmental Management Systems • ISO 45001:2018 on Occupational Health and Safety Management Systems
Press Metal International Limited	<ul style="list-style-type: none"> • ISO 9001:2015 on Quality Management Systems • ISO 14001:2015 on Environmental Management Systems • ISO 45001:2018 on Occupational Health and Safety Management Systems • ISO 50001:2018 on Energy Management Systems • IATF 16949:2016 on Automotive Quality Management Systems
Press Metal Sarawak Sdn. Bhd.	<ul style="list-style-type: none"> • ISO 9001:2015 on Quality Management Systems • ISO 14001:2015 on Environmental Management Systems • ISO 45001:2018 on Occupational Health and Safety Management Systems
Press Metal Bintulu Sdn. Bhd.	<ul style="list-style-type: none"> • ISO 9001:2015 on Quality Management Systems • ISO 14001:2015 on Environmental Management Systems • ISO 45001:2018 on Occupational Health and Safety Management Systems
Press Metal International Technology Ltd.	<ul style="list-style-type: none"> • ISO 9001:2015 on Quality Management Systems • ISO 14001:2015 on Environmental Management Systems • ISO 45001:2018 on Occupational Health and Safety Management Systems • IATF 16949:2016 on Automotive Quality Management Systems
Press Metal Aluminium Rods Sdn. Bhd.	<ul style="list-style-type: none"> • ISO 9001:2015 on Quality Management Systems • ISO 14001:2015 on Environmental Management Systems • ISO 45001:2018 on Occupational Health and Safety Management Systems

- Review of all proposals for material capital and investment acquisitions by management prior to the review and approval by the Board of Directors;
- Management meeting is conducted on a monthly basis for all business unit heads to present business performance results as well as key performance indicators, such as product sales analysis and operating cost analysis and highlight significant matters. These performance reports are benchmarked against budget;
- Quarterly review and approval of the Group's financial results by the Audit Committee and Board;
- The Group performs an annual budgeting and forecasting exercise. A comprehensive operating capital expenditure requirement is tabled to the Board for approval at the commencement of a new financial year;
- Periodic visits to business operating units by Board members and the management team;
- Quarterly review of the Group's related party transactions by the Audit Committee;
- Clearly documented policies including the Code of Conduct, Code of Ethics, Whistleblowing Policy, Anti-Bribery and Anti-Corruption Policy which serves as primary guidance on the ethical and behavioral conduct of the Group; and
- Clearly defined terms of reference, authorities and responsibilities of the various committees which include the Audit Committee, Risk Management Committee, Nomination and Corporate Governance Committee, Remuneration Committee, Sustainability Committee and Investment Committee.

OTHER KEY ELEMENTS OF INTERNAL CONTROL *cont'd*

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

ASSURANCE PROVIDED BY THE GROUP CHIEF EXECUTIVE OFFICER AND GROUP FINANCIAL CONTROLLER

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

For the financial year under review, the Board believes that there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in this Annual Report. The Board is of the view that the existing system of risk management and internal controls is considered appropriate and adequate to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

Nevertheless, the Board acknowledges that the Group's system of risk management and internal control practices must evolve on an ongoing basis in order to meet the ever changing and challenging business environment. In this respect, the Board will continuously assess and enhance the Group's risk management and internal controls system.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2022 and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

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

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.

Maximising
our capacity
while minimising
our impact on nature





SUSTAINABILITY REPORT

ABOUT THIS REPORT

Press Metal Aluminium Holdings Berhad (“PMAH”) and its subsidiaries (collectively referred to as “Press Metal” or “the Group”) are pleased to present the seventh annual Sustainability Report (“Report”). This Report conveys our commitment to sustainability, as well as our accomplishments for the reporting period from 1 January 2022 to 31 December 2022 (“FY2022”), unless otherwise stated.

For a broader understanding of Press Metal’s operations and performance, kindly read this Report in conjunction with other relevant information contained within this Annual Report (e.g. Chairman’s Statement, Management Discussion & Analysis by Group CEO, Corporate Governance Overview Statement, Corporate Governance Report, Audit Committee Report and Statement on Risk Management and Internal Control).

SCOPE AND BOUNDARY

This Report discloses the sustainability journey and performance of our midstream (smelting and casting) and downstream (extrusion) manufacturing facilities in Malaysia and China that we have direct operational control over, as well as our corporate headquarters in Selangor, Malaysia for selected performance indicators (i.e. anti-bribery and anti-corruption, training and employee headcount). Accordingly, this Report excludes joint investments (i.e. upstream entities¹).

Midstream	Downstream
<ul style="list-style-type: none"> Press Metal Bintulu Sdn Bhd (“PMBtu”), Malaysia Press Metal Sarawak Sdn Bhd (“PMS”), Malaysia Press Metal Aluminium Rods Sdn Bhd (“PMAR”), Malaysia 	<ul style="list-style-type: none"> PMB Aluminium Sdn Bhd (“PMBA”), Malaysia Press Metal International Limited (“PMI”), China Press Metal International Technology Ltd (“PMIT”), China

FRAMEWORKS, STANDARDS AND GUIDES

This Report has been prepared in accordance with Bursa Malaysia’s Main Market Listing Requirements relating to the enhanced sustainability reporting framework, and supplemented with an array of frameworks, standards and guides for their relevance and applicability:

- Bursa Malaysia Sustainability Reporting Guide (3rd Edition);
- Global Reporting Initiative (“GRI”) Standards;
- FTSE4Good Bursa Malaysia Index (“FTSE4Good”) criteria;
- Malaysian Code on Corporate Governance (“MCCG”);
- Sustainability Accounting Standards Board for the Extractives & Minerals Processing Sector (“SASB”);
- Task Force on Climate-related Financial Disclosures (“TCFD”) Recommendations;
- United Nations Sustainable Development Goals (“UNSDGs”); and
- Aluminium Stewardship Initiative (“ASI”) Performance Standard (Version 3).

ASSURANCE

Press Metal has undertaken thorough internal reviews to ensure that the information reported is reliable and credible. Moving forward, we are looking to engage external independent assurance and undergo limited assurance exercise for selected sustainability performance data and processes. In addition, Scope 1 and Scope 2 Greenhouse Gas (“GHG”) emissions performance of our Sarawak operations for FY2022 will be assured by independent third party in the second quarter of 2023.

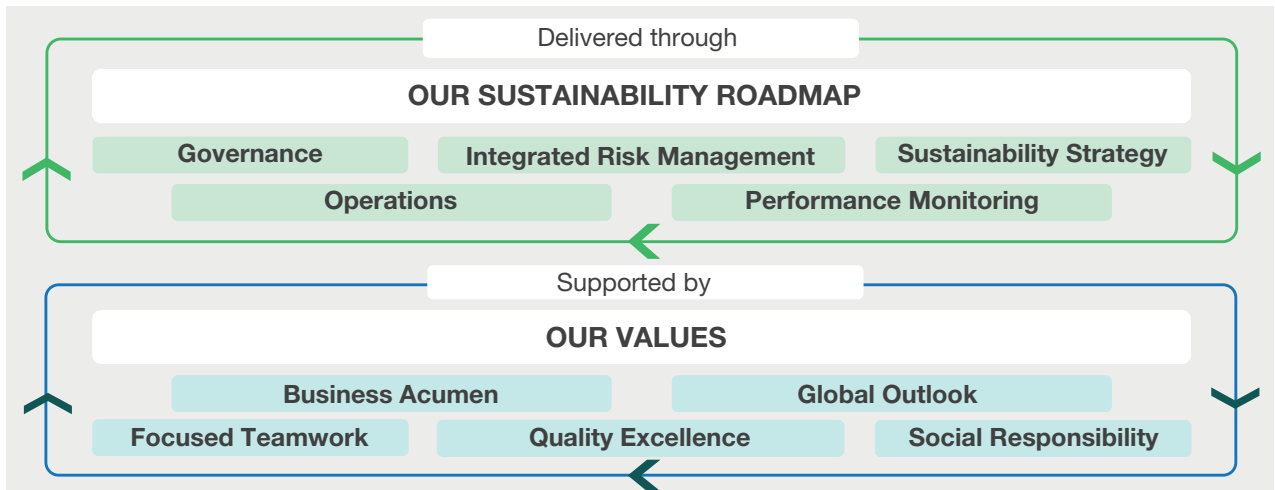
FEEDBACK

We aim to continuously improve our sustainability and reporting efforts and welcome any feedback related to the contents of this Report. You may email your feedback, enquiries or comments to ir@pressmetal.com.

¹ Our upstream entities include Worsley Alumina Unincorporated Joint Venture, PT Bintan Alumina Indonesia, and Shandong Sunstone & PMB Carbon Ltd., Co.

Our Approach to Sustainability

Our sustainability approach is guided by our core values, delivered through our strategies and tracked and measured through established targets and indicators. By striking a balance between Environment, Social and Governance (“ESG”) pillars, we aim to create long-term value for our stakeholders, while contributing to the well-being of people and the planet.



[Read more on Our Approach to Sustainability in this Report](#)

Effective Board Oversight

Our Board is responsible for setting the corporate governance standards and policies. The Group CEO is delegated with the executive management of the Group; overseeing the implementation of the approved strategies, corporate governance standards, policies and procedures. By adhering to our governance stance, transparent policies, and ethical principles, we aim to earn the trust, confidence, and loyalty of our stakeholders.

[Read more on our corporate governance in the Corporate Governance Overview Statement of this Annual Report](#)

Measured
through critical
monitoring

Reflected in
ESG-linked
Remuneration



[Read more on our sustainability targets and ESG-linked remuneration in Our Approach to Sustainability and Sustainability Governance section of this Report](#)

WHAT WE HAVE DONE IN FY2022

E



7.1%

Reduction in Scope
1 & 2 GHG
emissions intensity
from 2021

12.2 MW

Total solar capacity
installed to-date

5,459 MT

CO₂-eq/ year avoided
from solar usage

21.4%

Reduction in water
withdrawal intensity
from 2021

8.7%

Reduction in total
water consumption
from 2021

90.2%

Waste diversion rate

820

Tree saplings
contributed

17,993 MT

Total Aluminium
Scrap Buyback

S



26.7%

of women holding
managerial roles

23.3%

Improvement in
LTIFR to 3.3 from
2021

49.2 hrs

Training per
employee, a sixfold
increase from 2021

RM6.2 mil

In community
contributions,
where;

≈166K

Residents benefited

93%

Customer
satisfaction score
for downstream
operations

G



FTSE4GOOD

Inclusion with 4-star rating

TWO

ASI Performance
Standard Certification
– PMBtu and PMI

31.5%

of total procurement
spent on local suppliers

ZERO

Complaints on data
breaches

ZERO

Non-compliance on
spillage & leakage

ZERO

Whistle-blowing
including human
rights violation

RM60.5 mil

Total spent on
sustainability
initiatives

MESSAGE FROM THE GROUP CEO

Dear stakeholders,

I am pleased to deliver the seventh edition of Press Metal's Sustainability Report, which provides insight into our progress in managing economic, environmental, and social issues, as well as the milestones achieved in FY2022. We made a concerted effort throughout the year to operate responsibly, fairly, and most importantly, sustainably, allowing us to address challenges that faced by our organisation, society, and the planet.

As a testament to our concerted sustainability efforts, I am delighted to report that Press Metal Aluminium Holdings Berhad has been recognised as one of the publicly listed companies in Malaysia with commendable sustainability practices; included as a constituent of the FTSE4Good Bursa Malaysia Index in June 2022 with a rating of 4-star. Furthermore, two (2) of our manufacturing plants, PMBtu and PMI, have obtained the Performance Standard certification from the Aluminium Stewardship Initiative, demonstrating our sustainable aluminium manufacturing practices.

Leading with Good Governance

We continued to enhance our sustainability efforts by strengthening our sustainability governance structure under the purview of the Board of Directors ("Board") with the inclusion of the Risk Management Committee to oversee sustainability risks, as well as the establishment of a new Corporate Sustainability Development Team that is responsible for supporting and reporting sustainability efforts across divisions. The establishment of the ESG-Linked Executive Incentive Remuneration Framework ("ESG Remuneration Framework") aims to incentivise executive leadership to prioritise sustainability performance, which is crucial in achieving measurable progress and contributing to a sustainable future.

Thriving in Times of Change

Aluminium has emerged as an essential material in the transition towards a low-carbon economy. As one of the most abundant metals on the Earth's crust, with its lightweight properties, high strength-to-weight ratio, and recyclability, make it a preferred choice for a wide range of industrial applications. With the utilisation of aluminium in various instances, such as renewable energy sector and electric vehicles ("EV"), it signals significant potential applications of aluminium across extensive sectors.

Our smelters predominantly use renewable energy sources which are essential to minimise our overall carbon footprint. We continue to drive sustainability by promoting sustainable practices, fostering innovation, and investing in sustainable technologies. These efforts will help us move towards a more eco-friendly and socially responsible future.

Protecting the Environment

We are committed to reducing our environmental impact and have invested in optimising our manufacturing processes by improving our energy efficiency, reducing GHG emissions and water usage, minimising waste generation, and promoting circularity.

In FY2022, we have achieved a significant milestone by reducing our water withdrawal intensity by 29.0% from the 2016 baseline, which surpasses our target of 10% reduction by 2030. Additionally, we are pleased to share that our collaboration with a licensed waste recovery company is progressing well, and we are on our way to achieving our goal of zero-landfill waste by 2030. Earlier on, Press Metal entered into an agreement with a licensed waste recovery company to support the development of Full Recovery Plant in Bintulu, Sarawak. With the commissioning of the Full Recovery Plant, it will enable us to recover and recycle aluminium dross and scrap into reclaimed ingots, thereby reducing the amount of waste sent to waste disposal site.

During the reporting year, Press Metal has carried out an assessment, in collaboration with an ESG consultant, on climate scenario analysis using the Intergovernmental Panel on Climate Change ("IPCC") Representative Concentration Pathways 8.5/ 4.3°C and 2.6/ 1.8°C to enhance our understanding of the climate-related risks that would potentially impact our business. The findings of this analysis will help us to make informed decisions on suitable climate mitigation and adaptation measures needed to sustain business continuity while meeting our climate targets.

In FY2022, the GHG emissions intensity was recorded at 2.6 tCO₂-eq/ tonne of aluminium produced, 8.3% above the 2020 baseline due to operational matters. We are determined to meet our interim goal (reduction of GHG emissions intensity by 15% in 2025) by adopting various improvements in manufacturing processes and evaluating new technologies or methods to lower our operational carbon footprint.

Our People

Our employees are the backbone of our business, and we are dedicated to providing them with a supportive and conducive workplace that fosters their professional and personal growth. We have implemented several initiatives to enhance their safety, health, and well-being, as well as to support their career development.

Press Metal aims to reduce the lost time injury frequency rate ("LTIFR") to below 2.5 by 2024 while achieving zero (0) workplace fatalities. We have developed health and safety plans such as the Safety 360 Programme and Life-Saving Rules that demonstrate our determination to achieve these targets. It is important to note that our business partners and contractors play an equally crucial role in ensuring safety and health a top priority in our operations.

With regret, there were two (2) fatalities that have occurred at our facilities in FY2022. In response to these incidents, we have launched a comprehensive investigation to determine the root cause and possible systemic failures. Corrective actions have been taken, and we are implementing more stringent safety controls.

In FY2022, we provided numerous learning and development opportunities to our workforce, including programmes covering core leadership, talent development, soft skills, as well as functional and technical skills. We are proud to share that on average, our employees received 49.2 hours of training in FY2022, reflecting our commitment in enhancing their skills and abilities.

We believe in empowering diversity, inclusivity, and equality to strengthen unity among our employees. A strong and diverse workforce will contribute unique ideas and solutions, which will further enhance the Group's performance and ability to serve the community. In FY2022, we have achieved an increase of 1.1 percentage points in women employees in our workforce compared to FY2021 and our woman employees represented 13.5% of the total workforce. A women's committee known as PressNita was established to oversee women's rights and promote women's empowerment. The formation of PressNita and the implementation of initiatives to promote gender diversity will be the catalyst to achieving our goal to have 20% of women in our workforce and increase the participation of women in managerial roles to 30%.

Moving Forward

I would like to extend my gratitude to the Press Metal team for their unwavering efforts in driving our sustainability agenda throughout FY2022 and recognise that there is still work to be done.

Looking ahead, we are steadfast in our commitment to laying the groundwork for a brighter future. Apart from striving for business growth, sustainability will continue to be the core and centre of our operations and embraced throughout our organisation as it will shape and determine the future of Press Metal, the planet and the longevity of the natural ecosystems.

Tan Sri Dato' Koon Poh Keong
Group Chief Executive Officer

April 2023


ABOUT PRESS METAL

Established in 1986, Press Metal has grown from strength to strength, becoming the largest integrated aluminium producer in Southeast Asia. PMAH is listed on the Main Market of Bursa Malaysia and is one of the constituents of the FTSE Bursa Malaysia KLCI. In FY2022, PMAH was included into the FTSE4Good Bursa Malaysia Index as a recognition of the Group's commendable sustainability practices.

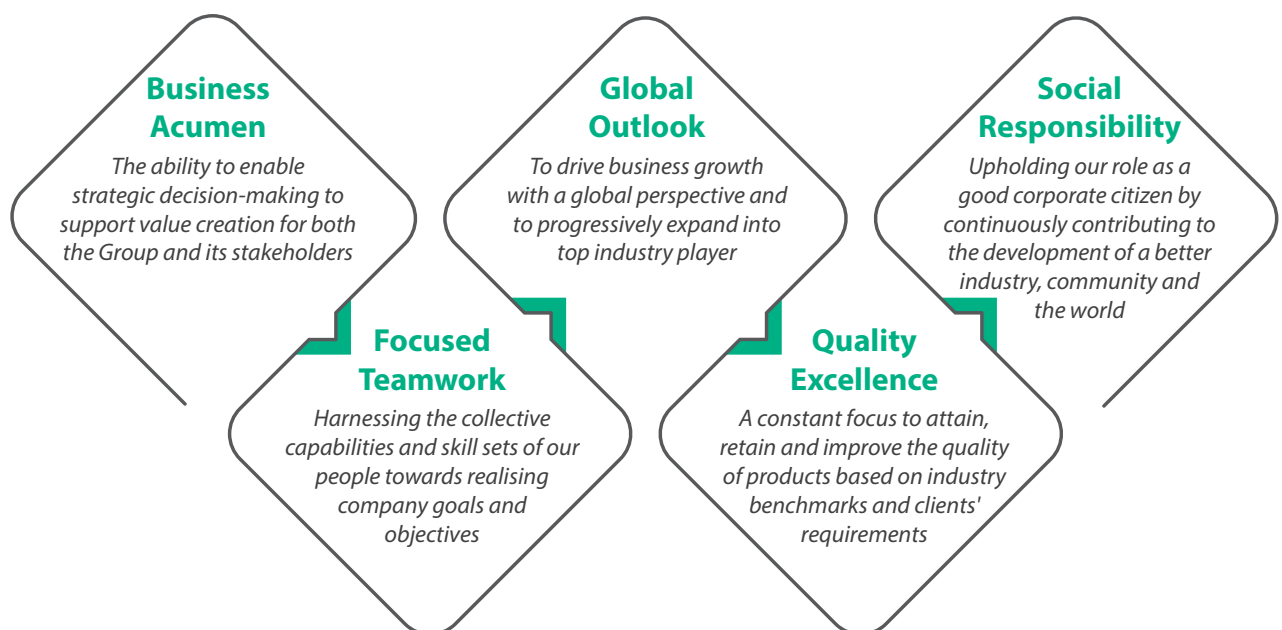
Press Metal's principal business activities comprise manufacturing and trading of primary, value-added and extrusion aluminium products. Headquartered in Selangor, Malaysia, Press Metal primarily operates in Malaysia and China. We also operate distribution offices in Australia, United Kingdom and United States of America to meet the needs of local and neighbouring countries.

Press Metal is equipped with an annual production capacity of 1,080,000 tonnes for the smelting segment that produces London Metal Exchange ("LME") certified High-Grade aluminium ingots (P1020) as well as value-added products (i.e. billets, alloy ingots (A356.2), and wire rods) and is also a notable aluminium extrusion manufacturer with an annual production capacity of 210,000 tonnes.

In addition to our smelting, casting and extrusion businesses, Press Metal has also invested in upstream operations (i.e. bauxite mining and alumina refining, as well as carbon anode manufacturing) through our joint investments in Indonesia, China and Australia.

 For more information regarding our primary business activities, kindly refer to the Management Discussion & Analysis by Group CEO section of this Annual Report

Our Values



The bedrock of Press Metal's culture lies in our core values, which steer our group-wide objectives towards achieving business success. Our culture prioritises collaboration, communication, and trust, permeating throughout the organisation and embraced by every employee. These core values serve as a framework, ensuring that every decision taken aligns with our corporate objectives, creates value for our stakeholders, and fosters a strong sense of social responsibility, thus providing our social license to operate as we recognise the importance of preserving and safeguarding the natural environment for future generations.

Our unwavering commitment to excellence in all areas of our operations has been the foundation of our continued success. We strive to provide innovative, reliable, and cost-effective solutions that meet the highest quality standards, leading to improved customer satisfaction and financial performance. We uphold the highest standards of integrity, honesty, and ethical behaviour, creating lasting relationships with our customers, employees, and other stakeholders that drive growth and long-term success for our business and partners.

Memberships and Associations

Press Metal engages in both domestic and international industry associations to gain access to industry practices and insights on emerging trends and developments. By staying informed with the industry's evolving needs, we can benchmark ourselves against our peers and industry standards, which enable us to formulate relevant and resilient strategies to seize opportunities and tackle the aluminium industry's challenges, including those related to climate change and human rights.

Our participation in industry associations is guided by the principles outlined in our Industry Association Participation Principles. For more information on Press Metal's Industry Association Participation Principles, you may visit our website at <https://www.pressmetal.com/investor-relations/corporate-governance.php>.

Below are the associations the Group is a member or a participant of:



Aluminium Stewardship Initiative

The ASI is a multi-stakeholder initiative that promotes maximising the contribution of aluminium through responsible production, sourcing and stewardship. The ASI aims to also address sustainability challenges in the aluminium value chain and fosters greater transparency through its ASI Performance Standard and Chain of Custody.

WE SUPPORT



United Nations Global Compact

The United Nations Global Compact ("UNGC") is a voluntary initiative launched by the United Nations to encourage businesses and organisations worldwide to adopt sustainable and socially responsible policies and to report on their implementation. It provides a framework for companies to align their strategies and operations with ten (10) principles in the areas of human rights, labour, environment and anti-corruption. By joining the Global Compact, Press Metal commits to implementing these principles and submits an annual Communication on Progress to the UNGC.



British Malaysian Chamber of Commerce

The British Malaysian Chamber of Commerce ("BMCC") is one of Malaysia's top networking chambers in providing Malaysian businesses with networking, knowledge exchange, bilateral trading assistance and support. Press Metal expressed commitment to support the BMCC's endeavour to raise awareness for climate change by endorsing the BMCC's Climate Action Pledge.

The following is a list of trade groups that Press Metal belongs to or is affiliated with:

Malaysia	China
<ul style="list-style-type: none"> • Federation of Malaysian Manufacturers <ul style="list-style-type: none"> o Member of the Environmental Management & Circular Economy Committee o Member of the Sustainable Development & Climate Change Committee • International Aluminium Institute • Sarawak Chamber of Commerce and Industry 	<ul style="list-style-type: none"> • China Aluminium Association • China Non-Ferrous Metal Industry Association • Guangdong Association for the Promotion of Industrial Development • Guangdong Association Shipbuilding Industry • Guangdong Automobile Industry Association • Guangdong Manufacturers Association • Guangdong Provincial Green Supply Chain Association • Malaysian Chamber of Commerce and Industry in China-Greater Bay Area • Nanhai Aluminium Profile Association • Sanshui Aluminium Association • Shanghai Aluminium Trade Association • Society of Entrepreneurs & Ecology

OUR VALUE CREATION MODEL

OUR INPUTS

FINANCIAL CAPITAL

We are guided by strong financial metrics in the form of retained earnings and equity fundings as well as a prudent financial management track record to build a pool of funds to finance our operations and deliver business growth.



MANUFACTURED CAPITAL

We own an extensive range of highly efficient and reliable assets, such as the smelting, casting, and extrusion facilities. We manage and maintain these assets which allows us to be competitive and meet the changing market and customers' demand.



INTELLECTUAL CAPITAL

Our operations are supported by a robust governance structure and backed up by our intellectual properties. Leveraging our intellectual capabilities, we seek to constantly innovate by investing in R&D to drive value creation.



HUMAN CAPITAL

We recognise our people as the most valuable assets and strive to enhance their capabilities and competencies through continuous training and development programmes. We place emphasis on building a high-performing and innovative workforce that can navigate based on the market for long-term growth.



NATURAL CAPITAL

Our business model leverages on natural resources to ensure the production of quality products for our customers. We advocate responsible utilisation of natural resources in order to create sustainable value for all stakeholders.



SOCIAL & RELATIONSHIP CAPITAL

We develop a network of long-lasting and mutually-beneficial relationships with our stakeholders to enhance business growth and improve the well-being of the local communities. Stakeholder engagements allow us to understand their needs and expectations, which builds stakeholder trust and support in our abilities to deliver value far into the future.



OUR MANAGEMENT APPROACH

OUR STRATEGY

Governance

Integrated Risk Management

Sustainability Strategy

Performance Monitoring

Operations

OUR VALUES

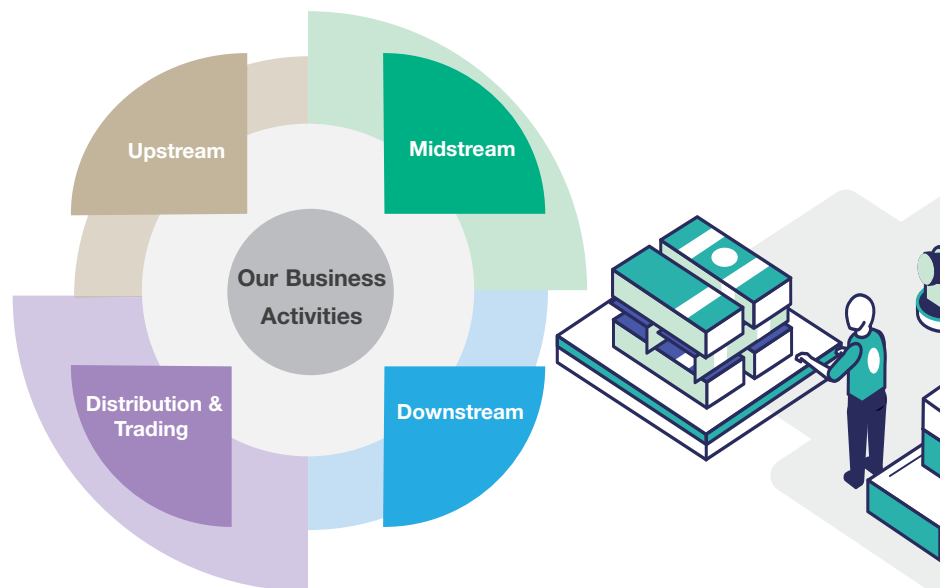
Business Acumen

Global Outlook

Focused Teamwork

Quality Excellence

Social Responsibility



MATERIAL MATTERS

Upholding Good Governance and Economic Resilience

- Business Ethics and Corporate Governance
- Economic Performance
- Regulatory Compliance
- Product Quality and Customer Satisfaction
- Responsible Sourcing
- Sustainable Manufacturing
- Risk Management
- Customer Data Privacy

Caring for the Planet

- Climate Change
- Waste
- Material Stewardship
- Water and Effluents
- Biodiversity

OUR OUTPUTS

FINANCIAL CAPITAL

Generated revenue : RM15.68 billion
EBITDA : RM2.77 billion



MANUFACTURED CAPITAL

- Total production output: 1.2 million tonnes
- Main aluminium products:
 - Primary aluminium ingots (P1020)
 - Value-added products (alloy ingot A356.2, wire rods, billets)
 - Extrusion products



INTELLECTUAL CAPITAL

- Invested RM16.5 million in climate-related R&D projects
- Implemented four (4) SiPros under the SOIP*
- Obtained SCS Global Recycled Content certifications for two (2) extrusion products having a minimum of 80% and 100% Pre-Consumer Recycled Aluminum Alloy Content
- Zero (0) complaints on data breaches



HUMAN CAPITAL

- Provided on average, 49.2 training hours per employee
- 13.5% of our global employees comprised of women workforce
- 26.7% of women are holding managerial roles
- 84.3% of senior management are hired locally
- Zero (0) human rights violations
- Recorded two (2) workplace fatalities
- Recorded lost time injury frequency rate at 3.3



NATURAL CAPITAL

- Recorded GHG emissions intensity at 2.6 tonnes CO₂-eq/ tonne of aluminium produced, a reduction of 7.1% from FY2021
- Generated ≈46,000 GJ of solar energy from the solar panels at PMI and PMAR and avoided GHG emissions by 5,459 tonnes CO₂-eq
- Recorded water withdrawal intensity at 2.2 m³/ tonne of aluminium, a reduction of 21.4% from FY2021
- Diverted ≈155,180 tonnes representing 90.2% of waste from being disposed to landfills



SOCIAL & RELATIONSHIP CAPITAL

- Contributed RM 6.2 million to local communities via development programmes, and cash and in-kind contributions
- Clocked more than 3,400 volunteer hours by our employees in community engagements
- Achieved customer satisfaction scores of 82% and 93% at midstream and downstream operations, respectively



VALUE CREATED

- Generated Profit after Tax: RM1.77 billion
- Optimised our assets for better return and value – from ROI of assets investments

- Produced high-quality aluminium ingots conforming to the High-Grade Primary Aluminium Contract by LME
- Produced aluminium wire rods conforming to the specifications for Aluminium Electrical Conductor Grade Rods
- Continued production of low carbon products through the utilisation of renewable power sources

- Improved manufacturing processes and production efficiencies
- Enhanced stakeholders' trust through data privacy
- Provided safe and healthy working environment

- Upskilled workforce through learning and development programmes
- Continued to promote an inclusive employee culture that values diversity and equal opportunities
- Higher employee satisfaction level

- Improved efficiency of resource use in the operations to reduce product footprint by tapping into strategic partnerships
- Supported circular economy through repurposing ≈20,800 tonnes of SPL for cement manufacturing and buyback ≈18,000 tonnes of post-consumer aluminium scrap

- Increased job opportunities for local communities through youth development programmes and collaboration with local universities
- Benefited ≈166,000 residents through the local community contributions and programmes

Empowering Our People and Enriching Our Communities

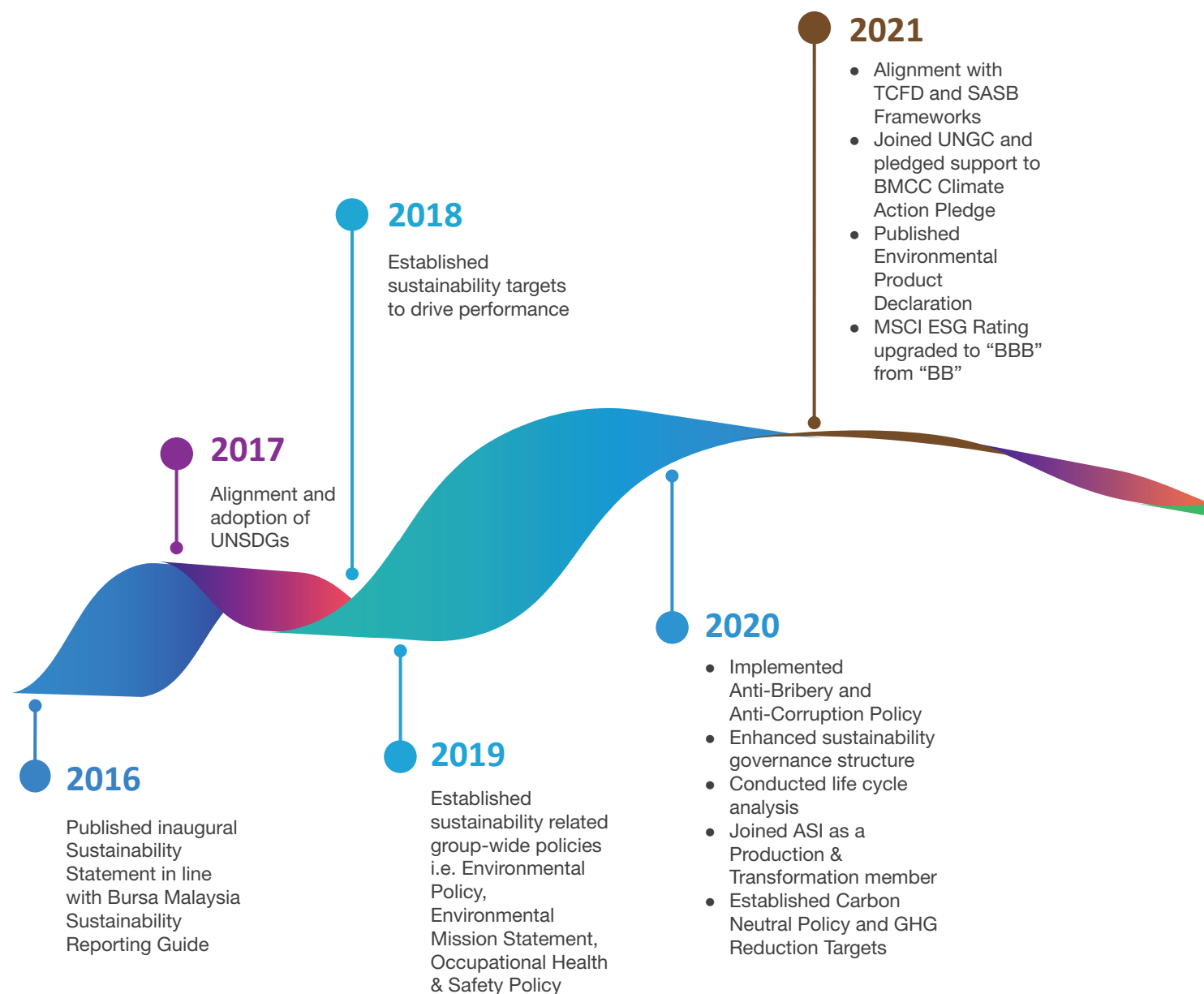
- Occupational Health and Safety
- Human Rights
- Talent and Labour Management
- Diversity and Inclusivity
- Community Management

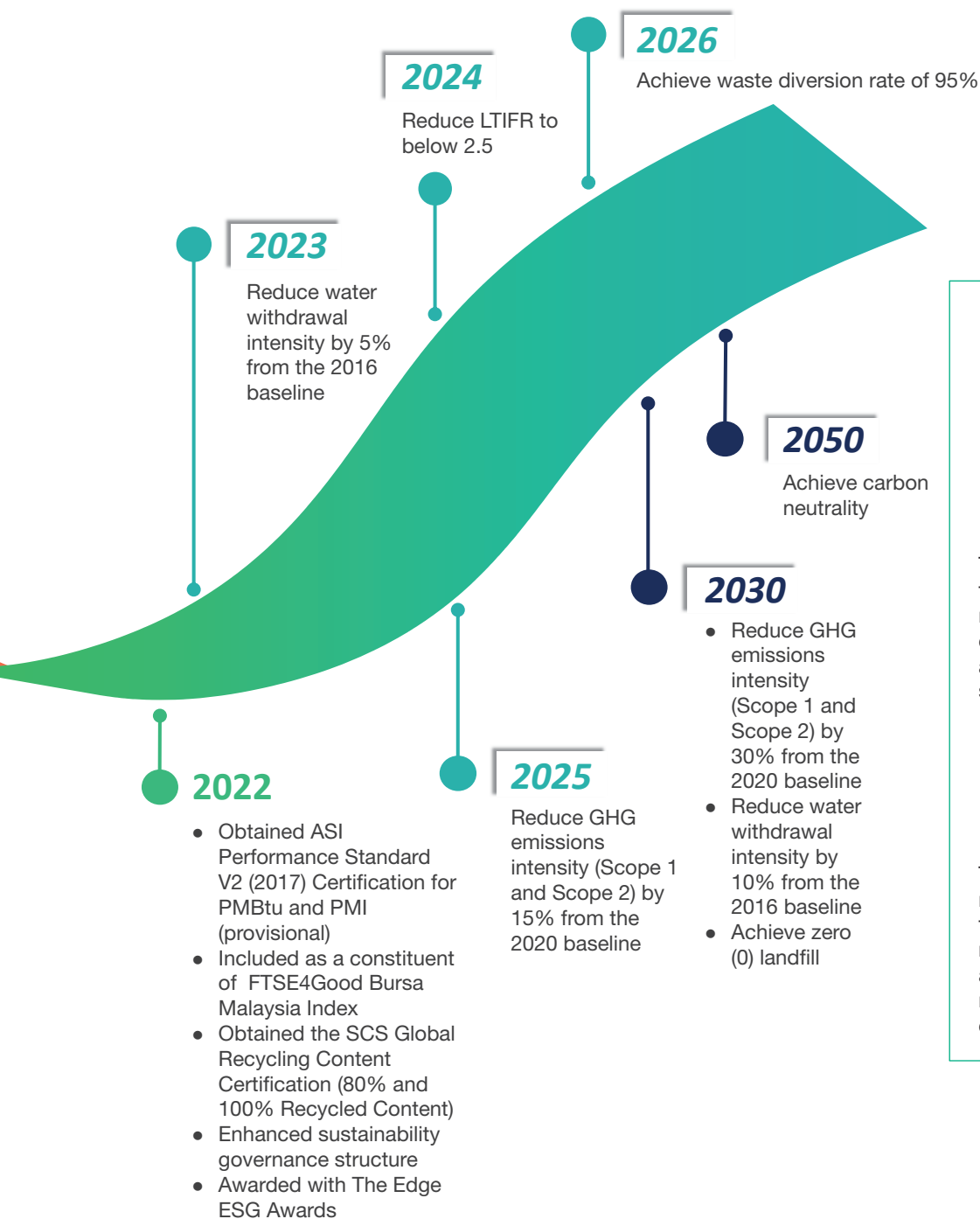
* SOIP is a platform that allows employees to contribute solutions to improve the manufacturing processes; classified into SiPro (long-term initiatives) and iPro (smaller, standalone solutions)

APPROACH TO SUSTAINABILITY

Our Sustainability Journey

Since FY2016, we have made concerted efforts to align our sustainability practices and disclosures with international and industry expectations and standards. In FY2022, we achieved significant milestones, such as being recognised as a constituent of the FTSE4Good Bursa Malaysia Index and obtained the ASI Performance Standard V2 Certification for PMBtu and PMI, further underscoring our dedication to sustainable aluminium manufacturing.





Press Metal's ESG Ratings



FTSE4Good

2022 Rating: ★★★★★

This rating enables investors to evaluate a company's management of ESG concerns from various angles and assess their exposure to such issues.



2022 Rating: BBB

The MSCI ESG Rating measures a company's ability to withstand long-term ESG risks relevant to the industry and how effectively they mitigate those risks compared to their peers.

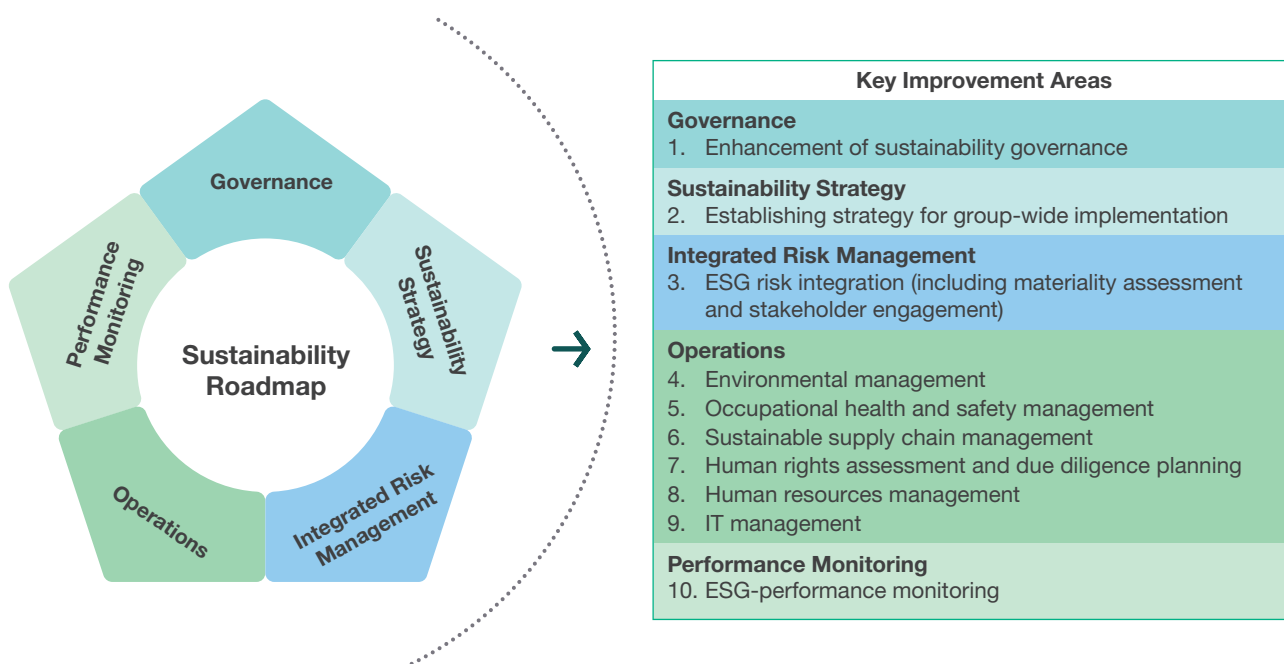
Sustainability at Our Core

Sustainability is meeting the needs of the present without compromising the ability of future generations to meet their own needs. We understand and acknowledge the importance of balancing the sustainability elements of economy, environment, and society for the well-being of people and the planet.

At our core, sustainability is a fundamental principle that guides our decisions and actions and we embody this principle in all aspects of our operations. We realised the impacts of our operations on the environment and society and are committed to creating an equilibrium while growing our operations.

Our commitment to sustainability is not only a responsibility but also a strategic opportunity to create long-term value for our stakeholders. We are constantly seeking ways to enhance our sustainability performance and are dedicated to continuous improvement. By embracing sustainable practices, we can drive innovation and growth to bring a positive difference to the world.

Our Sustainability Roadmap was developed through a thorough assessment of our current practices and identifying the strategic steps and plans to achieve our desired outcome. The diagram below depicts our sustainability approach, i.e. implementing robust sustainability governance, establishing a group-wide strategy, integrating risk management, as well as improving and monitoring our operations across a range of key areas.



Our Sustainability Policy outlines our principles and establishes guidelines for the Group's approaches in these three (3) areas:



For more information on Press Metal's Sustainability Policy, kindly visit our corporate website at <https://www.pressmetal.com/investor-relations/corporate-governance.php>.

In FY2022, we spent a total of RM60.5 million for the implementation of sustainability initiatives. To continue our sustainability journey, we have earmarked a budget of RM51 million for 2023.

As we stride on this monumental journey, we acknowledge that achieving our sustainability goals will require collaboration, innovation, and a deep commitment that acts in the best interests of our people and planet. We are confident that with the proper focus and determination, we will create a sustainable future.





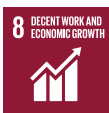

SUSTAINABILITY ACHIEVEMENTS

Our sustainability accomplishments for FY2022, as presented in the table below, are categorised into three (3) themes: Upholding Good Governance and Economic Resilience, Caring for the Planet, and Empowering Our People and Enriching Our Communities. The accomplishments were aligned to the relevant UNSDGs.

Theme	Achievements	UNSDGs
Upholding Good Governance and Economic Resilience	<ul style="list-style-type: none"> Enhanced sustainability oversight with the inclusion of Risk Management Committee Established Baseline Recalculation Policy Established Audit & Tax Policy Established Responsible Sourcing Policy Established ESG Remuneration Framework Established Supplier Management Programme in line with the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Enhanced Mergers and Acquisitions Plan to include due diligence on ESG consideration Obtained ASI Performance Standards certification for PMBtu and PMI Assessed four (4) of our operations for corruption risks Embarked on the digitalisation of four (4) key systems to drive innovation and streamlined operations Zero (0) substantiated whistle-blowing reports Zero (0) instances of employee dismissal from corruption or bribery 	  
Caring for the Planet	<ul style="list-style-type: none"> Conducted climate scenario analysis with reference to the IPCC Representative Concentration Pathway 8.5/ 4.3°C and 2.6/ 1.8°C scenarios Reduced 7.1% in Scope 1 and 2 GHG emissions intensity as compared to FY2021 Installed additional solar panel capacity of 1,248 kW PMI obtained the ISO 50001:2018 Energy Management Systems certification Internal aluminium dross recovery efficiency at 42.2% Procured post-consumer aluminium scrap of approximately 18,000 tonnes for circular economy effort Delivered approximately 20,800 tonnes of Spent Pot Lining for co-processing to be raw material Achieved water withdrawal intensity target with a reduction of 29.0% from the 2016 baseline in FY2022, ahead of our 10% reduction target by 2030 Participated in National 100 million tree-planting programmes and contributed 820 tree saplings Recorded zero (0) incidents of significant spills and leakages 	    
Empowering Our People and Enriching Our Communities	<ul style="list-style-type: none"> Implemented Safety 360 Programme and Life-Saving Rules to enhance health and safety Established the Safety Intelligence Centre to enhance health and safety awareness through information sharing Recorded an average of 49.2 training hours per employee Recorded 96.0% return to work rate for employees who took parental leave Established PressNita (women's committee) and PressSafe (mobile application) to promote women's rights and female empowerment Employed three (3) disabled employees Contributed RM6.2 million to local communities via development programmes, and cash and in-kind contributions Recorded zero (0) substantiated complaints concerning human rights violation 	     

SUSTAINABILITY TARGETS

Press Metal has established measurable targets in relation to the management of our material matters. These established targets will drive accountability and sustainability performance over the short-, medium-, and long-term.

UNSDGs	Material Matters	Targets	Target Year	Performance In FY2022	Strategic Plan
 	Climate Change	Reduction of GHG emissions intensity (Scope 1 and Scope 2) by 15% from the 2020 baseline	2025	<ul style="list-style-type: none"> GHG emissions intensity (Scope 1 and Scope 2) was recorded 8.3% above the 2020 baseline 	<ul style="list-style-type: none"> Transition to renewable energy Deploy effective and low carbon technologies Improve technology process efficiency Promote circular economy
		Reduction of GHG emissions intensity (Scope 1 and Scope 2) by 30% from the 2020 baseline	2030		
		Achieve carbon neutrality	2050		
	Water	Reduction of water withdrawal intensity by 5% from the 2016 baseline	2023	<ul style="list-style-type: none"> Achieved – water withdrawal intensity was recorded to be 29.0% lower when compared to the 2016 baseline 	<ul style="list-style-type: none"> Water management plan to monitor and optimise water withdrawal performance Adopt 3Rs approach to water use Actively monitor and conduct pipeline inspection
		Reduction of water withdrawal intensity by 10% from the 2016 baseline	2030		
	Waste	Achieve waste diversion rate of 95%	2026	<ul style="list-style-type: none"> Waste diversion rate was recorded at 90.2%, with 9.8% waste sent to landfill 	<ul style="list-style-type: none"> Continuously promote 4Rs approach to identify opportunities in our waste streams Strategy planning for circular economy
		Achieve zero (0) landfilling	2030		
	Occupational Health and Safety	Achieve zero (0) workplace fatalities	Ongoing	<ul style="list-style-type: none"> Recorded two (2) workplace fatalities LTIFR was recorded lower by 23.3% when compared to FY2021 	<ul style="list-style-type: none"> Enhance safety management framework Strengthen two-way communication Strengthen training program
		Reduce LTIFR to below 2.5	2024		
	Diversity and Inclusivity	Increase participation of women in managerial roles to 30%	Ongoing	<ul style="list-style-type: none"> Women managerial roles were recorded at 26.7% 	<ul style="list-style-type: none"> Engage with employees to drive collaborative actions. Further enhance integration of human rights practices
		Increase total female workforce to 20%	Ongoing	<ul style="list-style-type: none"> Total women workforce recorded at 13.5% 	

To understand our management approach and the relevant initiatives implemented, please refer to the Caring for the Planet and Empowering Our People and Enriching Our Communities sections of this Report.

MATERIAL MATTERS TO PRESS METAL

Understanding the evolving business environment is important for Press Metal to capitalise on existing and emerging opportunities as well as strategising plans to avoid or minimise potential or underlying risks that may affect the ability to generate value over time. Materiality assessment, which serves as a tool for the identification and prioritisation of sustainability matters, provides insights into matters that are important to the Group and our stakeholders. The outcome of which, underpins the basis for the development of Press Metal's overall strategy, effectively addresses matters in a meaningful and objective manner.

In FY2022, in response to the dynamic changes in the business domain, an extensive materiality reassessment was conducted to ensure the relevance of existing material matters. The comprehensive materiality reassessment was performed in line with the methodologies outlined by Bursa Malaysia's Sustainability Toolkit: Materiality Assessment (3rd Edition) and the GRI Standards.

Step 1: Identification

- Identified Press Metal's key internal and external stakeholders
- Created an inventory of material matters based on:
 - Key risks and opportunities identified
 - Stakeholder issues and concerns
 - Matters raised during the 6th Annual General Meeting
 - Sustainability reporting standards and guides (i.e. GRI Standards, Bursa Malaysia Sustainability Reporting Guide)
 - Sustainability trends in the aluminium sector
 - Peer benchmarking exercises

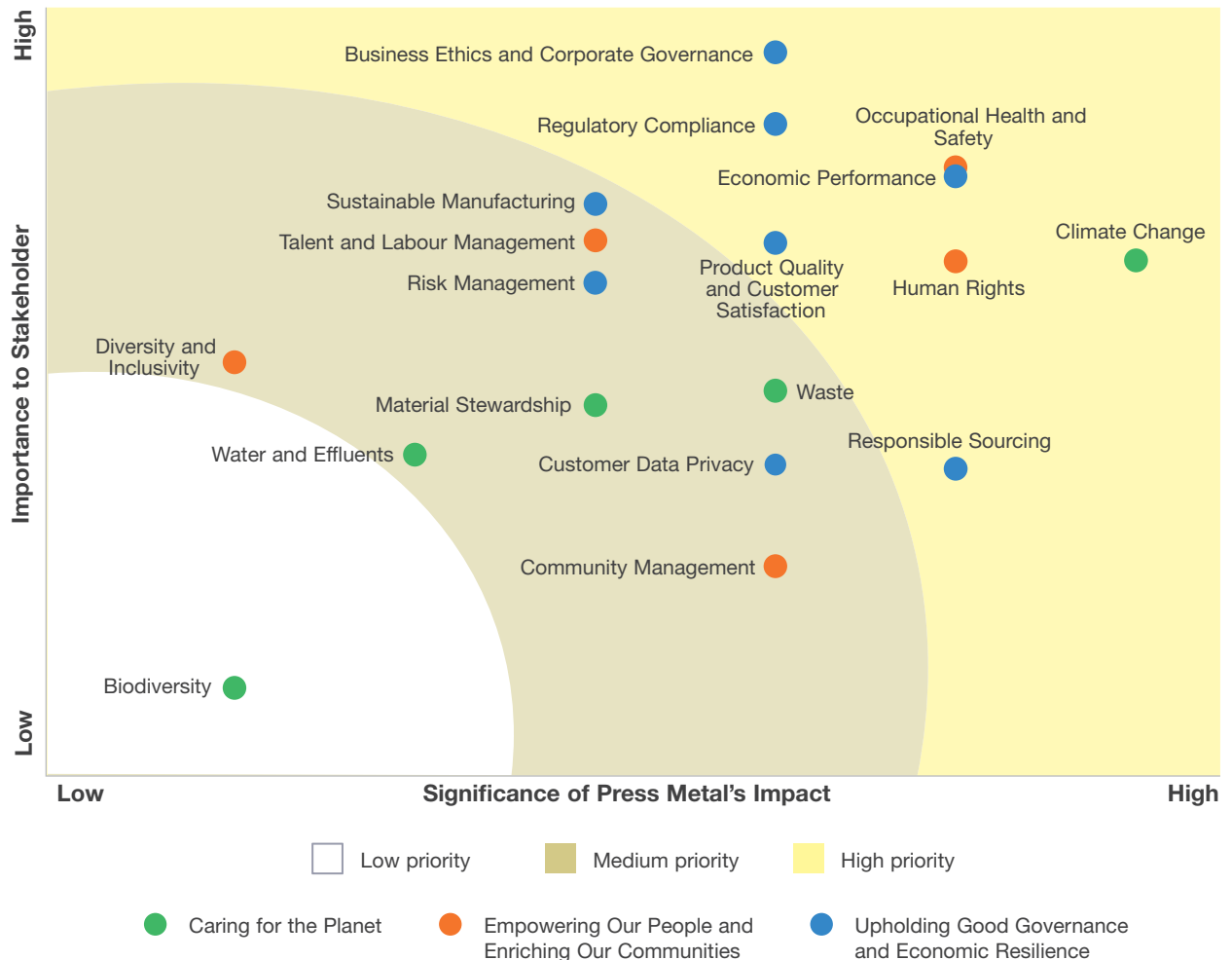
Step 2: Prioritisation

- Deployed a Materiality Assessment Survey to internal and external stakeholders to obtain inputs on the importance of each material matter
- Conducted a materiality assessment workshop to shortlist material matters and prioritise based on severity and likelihood of impact
- Developed the preliminary Materiality Matrix

Step 3: Validation

- Presented the final Materiality Matrix to the Sustainability Committee and Risk Management Committee for validation
- Obtained approval from the Board for the Materiality Matrix

Materiality Matrix



The result from the comprehensive materiality reassessment is presented in the Materiality Matrix; revealed an increase in stakeholders' focus on three (3) areas, i.e. Climate Change, Economic Performance and Responsible Sourcing. The elevated emphasis on Climate Change can be attributed to increasing global efforts to tackle climate change and the heightened pace of climate-related commitments from both industries and governments. Subsequently, with the reopening of the markets after the disruption caused by the pandemic, Economic Performance shifted to a higher priority. Growing public concern over human rights and environmental issues associated with the procurement of mineral-related materials has put an emphasis on the adoption of responsible sourcing practices, hence increasing the importance of Responsible Sourcing.

The Board and Senior Management wish to reiterate the existence of comprehensive oversight on all topics deemed material and continue to ensure a strategic management approach in addressing all topics. The approach includes assessing the risks or potential impacts arising from such topics to value creation and subsequently, the development of effective strategies.

FY2022 Key Material Matters' Risks and Opportunities

Theme	Material Matter	Risk	Opportunity
Upholding Good Governance and Economic Resilience	Economic Performance (Economic value generated from operations and distributed to stakeholders)	<ul style="list-style-type: none"> The Group faces challenging economic conditions including fluctuation of raw material prices, inflationary pressure and changes in regulations. Exposure to foreign currency fluctuations results in volatile returns. 	<ul style="list-style-type: none"> Value creation from robust business fundamentals and established framework attracts investment and funding for financial growth. Staying abreast with emerging trends to allow the business to remain competitive and explore different opportunities.
	Business Ethics and Corporate Governance (Robust governance and ethical practices)	<ul style="list-style-type: none"> Poor Corporate Governance exposes the Group to unethical business practices which may significantly impact the reputation of the Group. 	<ul style="list-style-type: none"> Good corporate governance encourages a conducive working environment and elevates performance within the organisation. Implementation of policies and guidelines promotes compliance and accountability which encourages systematic execution of business plans and strategies.
	Regulatory Compliance (Adherence to applicable laws, regulations, guidelines and specifications)	<ul style="list-style-type: none"> The growing pressure to enhance ESG initiatives may toughen the business operating environment as more regulatory requirements are introduced. 	<ul style="list-style-type: none"> Engagement with regulatory authorities and aluminium forums can increase the preparedness of the Group towards local and global regulatory requirements, minimizing business disruptions.
	Responsible Sourcing (Sustainable supply chain management)	<ul style="list-style-type: none"> Poor supplier assessment and due diligence may result in engagement of suppliers who are non-compliant towards ESG standards. 	<ul style="list-style-type: none"> Customer and supplier base may increase as they are more willing to work with the Group, reducing concentration risk.
	Product Quality and Customer Satisfaction (Production of aluminium goods that meet customers' needs, and industry standards)	<ul style="list-style-type: none"> Frequent occurrences of product defects or non-compliances towards customer requirements may damage the reputation of the Group, reducing our customer base. 	<ul style="list-style-type: none"> Process improvements utilising automation can reduce the occurrence of quality defects and drive product innovation.
Caring for the Planet	Climate Change (Efforts to manage the impacts of climate change and minimise GHG emissions and energy consumption)	<ul style="list-style-type: none"> Rising concern towards climate change may result in GHG emission targets being lowered. The higher frequency of natural disasters may impact the operations and damage assets of the Group, incurring high financial losses. 	<ul style="list-style-type: none"> Better adaptation of regulatory requirements towards climate change places the Group at an advantage in this challenging and competitive business environment. Exploring new methods of aluminium production to reduce emissions in the production process.

Theme	Material Matter	Risk	Opportunity
Empowering Our People and Enriching Our Communities	Occupational Health and Safety (Promotion of high health and safety standards at the workplace)	<ul style="list-style-type: none"> High frequency of workplace accidents may result in investigation by the authorities and severely tarnish the reputation of the Group. Communicable diseases may also spread amongst employees and potentially harm their health and disrupt operations. 	<ul style="list-style-type: none"> Being labelled as a safe manufacturer attracts talents, investors and customers.
	Human Rights (Respecting the basic human rights of employees and workers)	<ul style="list-style-type: none"> Human rights may be overlooked due to the size of the operations which may unknowingly result in direct or indirect complicity with human rights violation. As the Group comprises a diverse workforce, misinterpretation of policies and work culture may also violate human rights due to differences in backgrounds and cultural biasness. 	<ul style="list-style-type: none"> Good human rights practices enhance business value by strengthening reputation, attracting high-quality talents, as well as building strong relationships with stakeholders.

STAKEHOLDER ENGAGEMENT

In driving an inclusive ESG agenda, Press Metal is cognisant of the need to engage our stakeholders and to manage these relations proactively. We believe effective stakeholder communication is crucial to upholding our reputation as a trusted and responsible corporate citizen. By taking heed to the valuable feedback from our stakeholders, we are able to stay attuned to the evolving interests and/ or concerns and bring these perspectives into the development of our long-term sustainability strategy.

Stakeholder	Engagement Channel	Area of Interest	Our Response
Business Partners	<ul style="list-style-type: none"> Meetings 	<ul style="list-style-type: none"> Compliance with laws and regulations Efficient aluminium manufacturing performance Management of diseases outbreaks Protection of data and information Sustainable material usage 	<ul style="list-style-type: none"> Maintained a comprehensive legal registers Incorporated process improvement initiatives Managed occupational health and safety ("OHS") risks and obtained ISO 45001:2018 certification Managed customer data in accordance with data management laws Incorporated recoverable or recyclable materials into aluminium products Implemented Supplier Management Programme

Stakeholder	Engagement Channel	Area of Interest	Our Response
Employees	<ul style="list-style-type: none"> Town halls Annual performance evaluation Employee engagement surveys Company intranet, mobile platform, email, memos Learning and development programmes 	<ul style="list-style-type: none"> Health and safety at the workplace Human rights Quality of products and meeting customer expectations Management of unethical behaviour such as bribery and fraud Efficient aluminium manufacturing processes 	<ul style="list-style-type: none"> Managed OHS risks and obtained ISO 45001:2018 certification Established the Human Rights Policy and provide grievance mechanisms for employees to raise concerns Established plant-specific quality policies and obtained ISO 9001:2015 certification Established policies and procedures to uphold good governance practices across the organisation Incorporated process improvement initiatives
Customers/ Distributors	<ul style="list-style-type: none"> Annual customer satisfaction survey Regular customer audits across the year Meetings 	<ul style="list-style-type: none"> Management of unethical behaviour such as bribery and fraud Quality of products and meeting customer expectations Health and safety at the workplace Prevention of anti-competitive practices Sustainable material usage 	<ul style="list-style-type: none"> Established policies and procedures to uphold good governance practices across the organisation Established plant-specific quality policies and obtained ISO 9001:2015 certification Managed OHS risks and obtained ISO 45001:2018 certification Implemented Supplier Management Programme Enforced Supplier Code of Conduct ("SCoC") Incorporated recoverable or recyclable materials into aluminium products
Local Communities	<ul style="list-style-type: none"> Town halls Corporate social responsibility events Dialogues, meetings 	<ul style="list-style-type: none"> Conservation and protection of natural ecosystems Management of environmental and social impacts derived from supply chain operations Local hiring practices Health and safety at the workplace Management of community relations 	<ul style="list-style-type: none"> Managed environmental impacts and obtained ISO 14001:2015 certification Encouraged and employ local employees across operations Managed OHS risks and obtained ISO 45001:2018 certification Organised community development programmes focused on promoting education, health and economic development Implemented Supplier Management Programme
Media/ Analysts	<ul style="list-style-type: none"> Corporate website Conference and briefings Bursa announcements 	<ul style="list-style-type: none"> Management of unethical behaviour such as bribery and fraud Compliance with laws and regulations Mitigation of business and financial risks Sustainable financial performance Efficient aluminium manufacturing performance 	<ul style="list-style-type: none"> Established policies and procedures to uphold good governance practices across the organisation Manufacturing entities are certified with ISO management systems Maintained a comprehensive legal registers Aligned enterprise risk management framework with the ISO 31000:2018 Risk Management Guidelines Strategically managed the Group's assets to optimise financial returns Incorporated process improvement initiatives

Stakeholder	Engagement Channel	Area of Interest	Our Response
Government/ Regulatory Authorities	<ul style="list-style-type: none"> Dialogues, meetings Government/regulatory events/visitation 	<ul style="list-style-type: none"> Health and safety at the workplace Management of diseases and outbreaks Human rights Management of unethical behaviour such as bribery and fraud Compliance with environmental regulations and limits 	<ul style="list-style-type: none"> Established policies and procedures to uphold good governance practices across the organisation Managed OHS risks and obtained ISO 45001:2018 certification Established the Human Rights Policy and provide grievance mechanisms for internal and external stakeholders to raise concerns Manufacturing entities are certified with ISO management systems
Suppliers/ Contractors/ Service Providers/ Consultants	<ul style="list-style-type: none"> Annual performance evaluations Meetings 	<ul style="list-style-type: none"> Management of unethical behaviour such as bribery and fraud Quality of products and meeting customer expectations Compliance with laws and regulations Health and safety at the workplace Efficient aluminium manufacturing performance 	<ul style="list-style-type: none"> Established policies and procedures to uphold good governance practices across the organisation Managed OHS risks and obtained ISO 45001:2018 certification Established the Human Rights Policy and provide grievance mechanisms for internal and external stakeholders to raise concerns Manufacturing entities are certified with ISO management systems
Capital Providers (Financiers, Shareholders, Investors)	<ul style="list-style-type: none"> Annual General Meeting Quarterly and annual reports Corporate website Bursa announcements 	<ul style="list-style-type: none"> Management of unethical behaviour such as bribery and fraud Sustainable financial performance and return on investment Compliance with laws and regulations Human rights 	<ul style="list-style-type: none"> Established policies and procedures to uphold good governance practices across the organisation Strategically managed the Group's assets to optimise financial returns Maintained a comprehensive suite of legal registers Established the Human Rights Policy and provide grievance mechanisms for internal and external stakeholders
Key Senior Management	<ul style="list-style-type: none"> Quarterly Board Meetings Executive Committee Meeting 	<ul style="list-style-type: none"> Group strategies Business development and maintaining partnership Corporate governance practices Performance of manufacturing facilities Contribution to the society Human capital management Climate change management Environmental management Quality of products and services 	<ul style="list-style-type: none"> Provided Directors with the required support and resources to govern and execute their responsibilities in a manner that enables business growth and advances sustainability agenda The Group's ESG Remuneration Framework established to incentivise relevant Key Senior Management with ESG performance Remuneration Policy provided guidance in formulation of compensation packages for Directors and Senior Management Manufacturing entities are certified with ISO management systems Aligned enterprise risk management framework with ISO 31000:2018 Risk Management Guidelines

SUSTAINABILITY GOVERNANCE

The sound sustainability governance at Press Metal is led by our Board, which sets the tone from the top to drive our sustainability agenda. In FY2022, we enhanced our sustainability governance structure to promote effective management and monitoring of our sustainability matters. This enhancement sees the delegation of the Board's oversight on sustainability risks and opportunities, including those associated with climate change and human rights, to the Risk Management Committee ("RMC"), chaired by an Independent Non-Executive Director and comprising the Executive Vice Chairman and two (2) other Independent Non-Executive Directors. Furthermore, a new Corporate Sustainability Development ("CSD") Team was established to assist, support, and report on divisional-level sustainability efforts.

Our enhanced sustainability governance structure is illustrated below.



The Board oversees the Group's sustainability direction and is ultimately responsible for overall sustainability performance. These include approving Press Metal's sustainability strategy, objectives, policies, and targets. All Sustainability Reports were endorsed by the Board prior to publication.

Delegated by the Board, the RMC plays an integral role in governing ESG risks at Press Metal. The RMC oversees the integration of ESG matters within the enterprise risk management framework, as well as the overall implementation of controls for ESG risks. On a quarterly basis, the RMC provides updates to the Board on the Group's ESG risks and opportunities.

The Risk Management Team ("RMT") assists the RMC to oversee the development and implementation of risk management policies. RMT's principal roles and functions include monitoring the progress of risk mitigation plans and reporting to the RMC on risk management matters and the Group's risk profile.

The Sustainability Committee ("SC"), under the leadership of the Group CEO, bears responsibility for a multitude of tasks. These tasks comprise the development of all-encompassing sustainability strategies, policies, and approaches, the integration of ESG principles and practices into the Group's overall business strategies and policies as well as the assurance of the effective implementation.

Furthermore, the SC oversees and scrutinises Press Metal's sustainability performance and inculcates the inclusion of sustainability into the Group's operations and procedures. SC ensures sufficient provision of resources to facilitate the efficacious implementation of Press Metal's sustainability endeavours. The sustainability performance communicated to the stakeholders, which serves as part of the stakeholder engagement, is reviewed by the SC prior to presenting to the Board for approval. The SC reports quarterly to the Board and RMC on the sustainability progress and performance of Press Metal.

The CSD Team and Sustainability Working Group ("SWG") engages in a cooperative partnership to provide support to the SC. CSD Team acts as a subject matter specialist for the SWG, extending assistance when necessary. In addition, the CSD Team's tasks include presenting the formulated targets by the SWGs to the SC for deliberation before advancing to the Board. Every month, CSD Team is tasked with reporting the sustainability performance of the Group to the Group CEO.

The SWGs, which are formed by the respective operational managements, are responsible for implementing, monitoring, and reporting sustainability performance and progress across the various entities. The roles of the SWG include developing and proposing sustainability targets to the CSD Team for consideration in shaping the Group's strategic objectives.

Linking ESG to Remuneration

ESG-linked remuneration drives catalytical change and enhances value-creation opportunities, signalling our steadfast commitment to our stakeholders towards driving sustainable development. Our ESG Remuneration Framework supplements the existing remuneration policies and procedures by aligning the current remuneration of selected senior management personnel with the sustainability targets; determined by using the balanced scorecard and modifier approaches.

The ESG Remuneration Framework covers the following seven (7) ESG performance metrics as indicated below.



The ESG Remuneration Framework links the incentive component of the compensation structure for selected Senior Management as well as Key Operating Management and the Head of Group Sustainability. The remuneration of Group CEO, one of the selected Senior Management, is tied to the ESG Remuneration Framework.

Moving forward, this remuneration mechanism will be cascaded to employee groups, taking into consideration the variability of their compensation and level of accountability.

UPHOLDING GOOD GOVERNANCE AND ECONOMIC RESILIENCE

Robust and effective governance plays a crucial role in the success of our business as it leads to ethical and sustainable business practices and long-term value creation. Having robust and effective governance contributes to better economic performance, enhanced investor's confidence and strengthen talent attraction, while ensuring compliance with regulations and ethical standards.

As a resilient business, Press Metal takes proactive measures to strategically manage externalities while pursuing our short- to long-term objectives. This involves increasing operational efficiency, effectively managing finances, and managing the supply chain responsibly. Through proactive and prudent management, businesses can easily navigate through changing conditions and emerge with greater resilience.

BUSINESS ETHICS AND CORPORATE GOVERNANCE

GRI 3-3, GRI 205-1, GRI 205-2, GRI 205-3, GRI 415-1

Why is this important?

Business ethics and corporate governance are important as they steer the Group to operate ethically and responsibly. By upholding our governance stance, robust policies, and ethical principles in a transparent manner, we earn the trust, confidence and loyalty of our stakeholders, including employees, customers, suppliers, investors and the wider community. This enables the Group to establish a positive reputation and maintain robust, long-term relationships with our stakeholders.

These principles, delineated in our governing policies, are ingrained into every aspect of our operations, from finance, accounting practices, and risk management up to our interactions with suppliers and customers. By adopting sound governance and business ethics, we can mitigate the risks of facing legal or financial penalties, reputational damage, or other adverse repercussions.

Our Approach

Ethical Standards in the Workplace

The Board sets the Group's corporate governance standards and policies, as outlined in the Board Charter, and is supported by the Group CEO who oversees the implementation of the policies at the Group level. Similarly, at the entity level, the implementation of these policies is overseen by the respective appointed Management Representative.

Press Metal's Code of Conduct ("CoC") and the Code of Ethics ("CoE") outlined the standards and principles of ethical behaviour that are expected from our Directors, Management, and employees, when executing their responsibilities or addressing ethical dilemmas. The CoC promotes a corporate culture centred on accountability, integrity, fairness, high performance, and non-discrimination as well as provides specific guidelines for handling conflicts of interest, employee interactions, and communication with superiors. The CoE is established to offer guidance in identifying and resolving ethical concerns, create channels for reporting unethical behaviour, and promote a culture of integrity and responsibility.

Both the CoC and CoE have a conflict-of-interest provision to ensure that no Director, Management, or employee engages in any other occupation or business or has an interest in any activity or business that conflicts with their positions in Press Metal.

Press Metal's approach to good corporate governance is delineated by our suite of policies, which include:

- ✓ Audit & Tax Policy
- ✓ Diversity Policy
- ✓ Succession Planning Policy
- ✓ Sustainability Policy
- ✓ Whistle-Blowing Policy
- ✓ Code of Conduct
- ✓ Code of Ethics
- ✓ Corporate Disclosure Policy
- ✓ Directors' and Key Senior Management Remuneration Policy
- ✓ Directors' Assessment Policy
- ✓ Responsible Sourcing Policy
- ✓ ESG-Linked Executive Incentive Remuneration Framework

Our governing policies are reviewed and updated as and when required, and may be accessible via our corporate website: <https://www.pressmetal.com/investor-relations/corporate-governance.php>.

 Read more on our corporate governance practices in the Corporate Governance Overview Statement section in this Annual Report and Corporate Governance Report 2022.

Rotation of Audit Firm and Audit Partner

Press Metal has adopted a Statutory Auditors, and Statutory Audit and Non-Audit Services Framework ("Statutory Auditor Framework") which ensures:

- 1) Regular rotation of the lead audit partners, and consider the necessity of a regular rotation of the audit firm
- 2) Audit Committee ("AC") carry out an assessment on the performance, suitability, and independence of the external auditors

Press Metal has set a condition that requires the lead partner and the quality control partner involved in the external audit to be rotated every seven (7) years and to observe a cooling-off period of five (5) years before being reappointed, aligned with the current professional standards by the Malaysian Institute of Accountants.

Anti-Bribery and Anti-Corruption

Press Metal's stance on zero tolerance towards any instances of bribery or corruption is stipulated in our Anti-Bribery and Anti-Corruption Policy (referred to as "ABAC Policy"). The ABAC Policy outlined potential activities constituting bribery and corruption: commissions and incentives, unofficial payment, gifts and entertainment, political contributions and donations, gratifications, charitable support as well as other stipulated behaviour that may constitute bribery and corruption. The ABAC Policy also sets the requirements for risk assessments, training programmes, and effective reporting mechanisms to manage any potential bribery or corruption risks. It is expected of our Directors, Management, and employees to uphold the ABAC Policy.



The Board, periodically or when necessary, reviews and updates the ABAC Policy and accompanying procedures to remain in line with regulatory requirements such as Section 17A (1) of the Malaysia Anti-Corruption Commission (Amendment) Act 2018.

The ABAC Policy is clearly communicated and conveyed to all personnel, from Directors to employees, through various channels, such as the corporate website, induction programmes, training sessions and briefings. Press Metal organises employee trainings and awareness-raising initiatives to ensure employees are equipped with necessary knowledge and tools to identify and report any instances of bribery or corruption. Employees are required to sign a declaration upon joining Press Metal stating that they acknowledge and will comply with the ABAC Policy and the relevant procedures. This approach is essential to create a culture of integrity within the Group, encouraging everyone to think critically about the impact of their actions and make choices that align with our values and principles.

Sponsorship, Donations and Political Contributions

Press Metal is an apolitical public listed company and does not favour or promote the agenda of any political party, nor is the Group affiliated with any political organisation. Our approach to sponsorship, donations and contributions is clear and strict, with a zero-tolerance policy. All proposals for donations or sponsorships for such causes (e.g. corporate social responsibility, community building) must comply with the Group's established criteria and must not be made with the intention of influencing business decisions or as compensation for improper payments or bribery.

All sponsorships and donations must undergo approval by two (2) Executive Directors regardless of the amount. These contributions must be accurately recorded in the Group's financial records, in compliance with applicable law, and be capable of being publicly disclosed.

Cascading the Anti-Corruption Agenda to the Supply Chain

Press Metal continues to strengthen internal controls and procedures through continuous identification and monitoring of corruption risks exposure within our supply chain. Our ABAC Policy is extended to our third-party providers and expects strict internal controls and procedures in place, as outlined in the SCoC.



We have implemented a multi-level approval process as check and balance system for internal control. For instance, financial transactions require three (3) levels of approval, including the job performer, checker, and approver. This approach provides assurance that all commercial decisions are made with utmost integrity and transparency, and potential corruption risks will be detected and addressed. Additionally, the Group has implemented additional measures such as providing relevant training to our employees to identify corruption practices and performing ABAC audits.

Ethical Partnerships

Press Metal has implemented the Mergers and Acquisitions Plan ("M&A Plan") that sets out clear protocols and guidelines when engaging potential investee companies. Requirements such as adherence to relevant laws and regulations, and assessment of financial and non-financial risks including bribery, corruption, and other financial offences, affirm that our partnerships are built on shared values and objectives.

As depicted in the M&A Plan, potential investee companies must undergo due diligence, including an ESG self-assessment questionnaire. The questionnaire, which was developed with reference to FTSE4Good criteria and GRI Standards, encompassed ESG indicators that assess non-financial performance in addition to background checks, a document verification process, and bribery risk assessment. Where necessary, we include contractual clauses that permit us to terminate any contract with business partners where bribery or corruption has been identified and not mitigated.

Site Decommissioning

Press Metal has established the Closure, Decommissioning and Divestment ("CDD") Plan that depicts how unwanted facilities and infrastructure are decommissioned. As part of our commitment to responsible and sustainable business practices, we have developed this plan to inform interested parties such as government agencies and local communities. The CDD plan outlined the procedure that requires communication to the local government and surrounding communities when there is an intention for closure or decommissioning. Besides, this plan also sets out clear guidelines on how Press Metal will restore the area used for operations, roads, and infrastructure to usable land.

The closure and decommissioning policies and procedures outlined in this plan apply to operations where Press Metal holds a controlling position. The divestment policies and procedures are not applicable to investments that we do not have management control nor the authority to make decisions.

Whistle-Blowing Mechanism

Our Whistle-Blowing Policy defines the formal, anonymous and confidential channel that enables internal and external stakeholders to speak up and report in good faith of any misconduct or illegal acts, including acts that violate the CoC and CoE, corruption or bribery, and endangerment of an individual's health and safety. Stakeholder who uses the platform may report without fear of retribution as the Whistle-Blowing Policy outlined the protection for whistle-blowers against any form of retaliation, threat, or intimidation, as stipulated under the Whistleblowers Protection Act 2010.

Whistle-blowers can report allegations or suspected improper activities via one of these three (3) channels:

- Verbally to the Audit Committee Chairman and subsequently using the Whistle-Blower Form
- Emailing the Whistle-Blower Form to whistleblowing@pressmetal.com
- Forwarding the Whistle-Blower Form to the Audit Committee Chairman via envelope



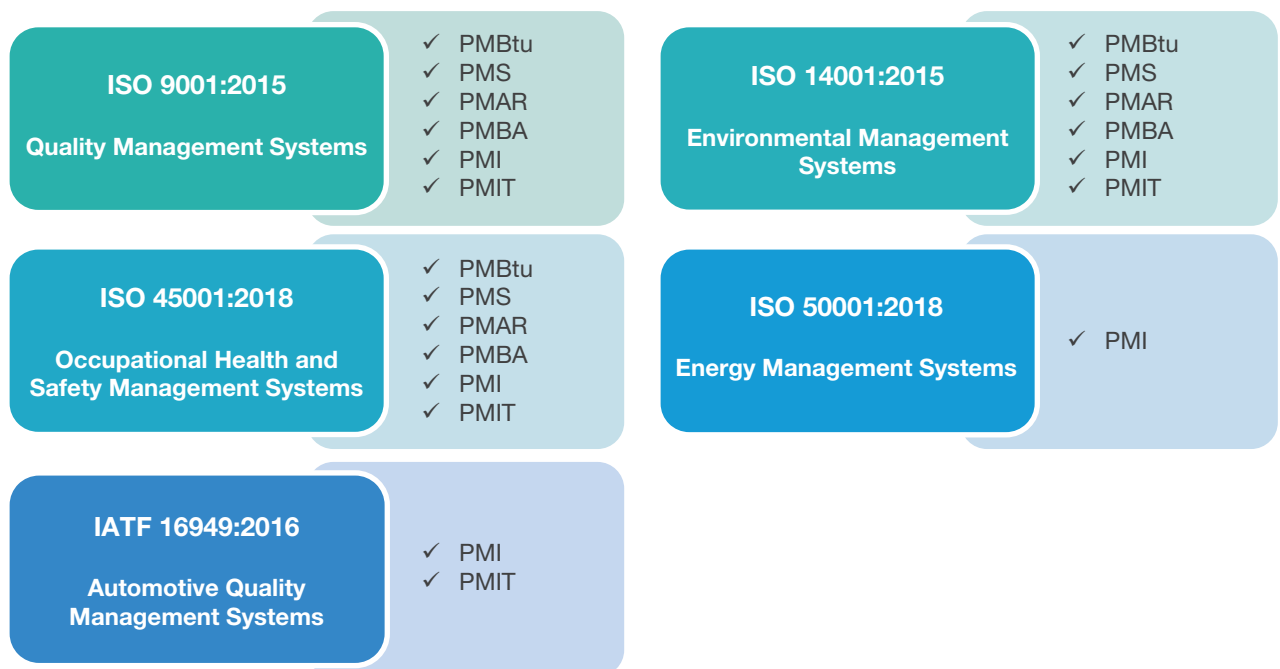
Upon submission of the Whistle-Blower Form, a thorough investigation will be conducted by an assigned investigator to determine the appropriate course of action. The investigator is typically chosen from the Group's internal auditors, unless otherwise specified by the Audit Committee Chairman. The investigator's impartiality and independence from all parties involved is of paramount importance.

Our Whistle-Blowing Policy is readily available on our corporate website:
<https://pressmetal.com/investor-relations/corporate-governance.php>.

Maintaining Effective Governance Through Operational Site Certification

Management system certifications provide a comprehensive and structured framework for continuous improvement, enabling us to monitor and improve management processes in an effective and efficient manner.

Each of our manufacturing facilities has obtained various management system certifications, showcasing our dedication to quality, safety, and environmental management. These certifications include ISO 9001 for quality management, ISO 45001 for occupational health and safety, and ISO 14001 for environmental management.



Our Performance

In FY2022, we had no substantiated whistle-blowing reports, instances of bribery or corruption, fines incurred, or employees dismissed or disciplined due to unethical behaviour.

Anti-Bribery and Anti-Corruption-related Performance

As of FY2022, 5,795 employees have signed the declarations and completed anti-corruption training, representing 98.9% of our Malaysia's manufacturing and corporate headquarters workforce. The China entities will emulate the Group's approach upon aligning with China's anti-bribery and anti-corruption regulations.

ABAC Declaration and ABAC Trainings by Employee Category	FY2022
Senior Management	22
Management	133
Executive	517
Non-executive	5,123
Total	5,795

Note: The table above was developed using data aggregated from our Malaysia manufacturing facilities (i.e. PMBtu, PMS, PMAR, and PMBA) and our corporate headquarters (PMAH).

In FY2022, Risk Management Team have conducted corruption risk assessment for our corporate headquarters and midstream operations (PMBtu, PMS and PMAR) where we found minimal corruption risk exposure. The assessment aimed to identify and evaluate potential corruption risks and vulnerabilities, as well as to assess the effectiveness of existing controls in mitigating those risks.

ECONOMIC PERFORMANCE

GRI 3-3, GRI 201-1, GRI 201-2, GRI 201-4, GRI 207-1, GRI 207-2

Why is this important?

Our approach to managing economic performance is geared towards securing the long-term financial resilience and sustainability of our Group, equipping us to withstand external challenges and uncertainties. This entails striking the right balance to meet our long-term sustainability agenda.

Our Approach

Press Metal takes a multifaceted approach to economic performance, which includes staying abreast with market trends, strong financial performance, and a commitment to sustainability and responsible growth. We have implemented a range of strategies such as close monitoring of market trends and developments; supply and demand, pricing, and technological advancements, to anticipate changes and to adapt to externalities influencing our operations. The Group achieves financial prudence by maintaining a healthy balance sheet and strong cash flow to achieve financial resilience over the long term.



Correspondingly, Press Metal places a strong emphasis on operational efficiency, which is achieved through efficient manufacturing operations, effective supply chain management, and sound financial decision-making. The Group continuously seeks improvements to streamline operations and to be cost-effective while carefully evaluating potential investments and expenditures that aligns with Press Metal's overall strategic priorities.

Tax Practices

Tax contributions are essential to public finances and nation-building programmes across the various jurisdictions we operate. As a responsible corporate citizen, it is our duty to adhere to tax legislations, transparently and act in good faith.

In FY2022, Press Metal established an Audit & Tax Policy, which stipulates clear guidelines and standards for our tax practices including accurate and complete reporting, in accordance with the applicable laws and regulations. The policy implementation is closely monitored by the Board, with oversight from the Audit Committee.

Our Performance

-  *Read more on our economic performance in the Management Discussion & Analysis by Group CEO section of this Annual Report.*
-  *Read more on the Group's financial performance and tax contributions for FY2022 in the Financial Statements section in this Annual Report.*

REGULATORY COMPLIANCE

GRI 3-3

Why is this important?

Press Metal recognises the significance of regulatory compliance to safeguard our legal and financial interests as well as to preserve our reputation as a responsible corporate citizen. Adherence to regulatory standards is integral for Press Metal to fulfil stakeholders' expectations of operating ethically and responsibly.

Our Approach

Press Metal maintains a set of legal registers, specific to each plant, to keep track of relevant laws, regulations, and standards applicable to our business operations. By keeping these legal requirements under watch, it reduces the possibility of non-compliance and the associated legal penalties.

The key laws and regulations that we abide by include, but are not limited to:

- ✓ Companies Act 2016
- ✓ Employment Act 1955
- ✓ Main Market Listing Requirements
- ✓ Capital Markets and Services Act 2007
- ✓ Environmental Quality Act 1974
- ✓ Civil Code of the People's Republic of China
- ✓ Occupational Safety and Health Act 1994

Our suite of corporate policies and guidelines, as well as scheduled trainings outline the compliance standards required by employees and related stakeholders. Actions may be taken against personnel who failed to comply with regulatory requirements.

-  *Read more on corporate policies in the Business Ethics and Corporate Governance section of this Report.*

Our Performance

In FY2022, PMS had incurred a total amount of RM6,000 in fines due to omission in labelling of hazardous waste stored. We have reviewed each incident thoroughly and implemented the necessary corrective actions to prevent recurrence.

-  *Read more on our waste management approach in Non-Compliance section of this Report.*

PRODUCT QUALITY AND CUSTOMER SATISFACTION

GRI 3-3; GRI 417-1

Why is this important?

Ensuring high-quality aluminium products that consistently meet customer requirements and expectations is critical to sustaining our success. This helps Press Metal build strong and value-adding relationships, creating a competitive advantage for the Group. Conversely, failing to meet our customer expectations may lead to complaints, loss of sales, and damage to our Group's reputation.

We continue to invest in manufacturing process improvements in response to the industry's rapid changes and stakeholders' expectations around the world.

Our Approach

Press Metal primarily produces the following aluminium products: P1020 ingots, value-added products (i.e. alloy ingots, billets, wire rods), and extrusion products. The P1020 aluminium ingots produced by Press Metal are registered with the LME under the High-Grade Primary Aluminium Contract. As such, the production of P1020 ingots must conform to the specified shape, weight and quality requirements dictated by the LME. Our Aluminium Electrical Conductor Grade Rods are made with a 99.5% minimum aluminium purity requirement and are one of our preferred products. This is because it is well suited for electrical industries as it is lightweight, conductive, malleable and has corrosion resistant properties.

Due to the stringent standards and high customers' expectations, we place a high emphasis on our product quality. All our manufacturing facilities maintain rigorous quality standards, evidenced by our ISO 9001:2015 Quality Management Systems certification. Additionally, our China plants are certified with IATF 16949:2016 Automotive Quality Management Systems. Each plant-specific Quality Policy outlines respective commitment to consistently delivering products that meet customers' expectations and applicable industry standards.

Where necessary, we conduct chemical and physical tests on our aluminium products and the outcomes of these assessments are readily available to our customers and distributors via the Safety Data Sheets. Our EHS Department reviews the information contained in these sheets every five (5) years to ensure ongoing compliance.

Our Initiatives

Press Metal continues to improve the manufacturing processes as per the ISO 9001 standard requirements by implementing quality-centric initiatives.

These initiatives include:

- Product Packaging – Ingot Press Machine for Ingot Packaging**
 In FY2021, there were instances where the surface of our aluminium products was affected due to strapping issues. The issue was resolved by the installation of ingot press machines for ingot packaging in FY2022.
- Product Purity – Anode Stub Protection Project**
 The introduction of fresh alumina as an anode stub protection effectively managed the bath fluxing effect during electrolysis process. The bath fluxing effect causes impurities in aluminium production. As a result, a noticeable decrease in impurities in the final aluminium product was observed.
- Product Quality – Modification of Billet Mould**
 Modification to the mould used in billet casting by increasing the grip on the aluminium product, has successfully mitigated the billet bending issue.

It is critical to equip our employees with know-hows or skill sets relating to quality management as these programmes offer employees the necessary skills and knowledge to identify and address quality issues, as well as to continuously improve the production process, ensuring that the final product meets customer expectations. New employees undergo induction programme that includes communication of quality expectation of our aluminium products. Likewise, existing employees are required to attend refresher courses ranging from technical and non-technical topics. Some of the trainings attended by our employees in FY2022 are ISO 9001:2015 Quality Management Systems, Billet Quality Physical Inspection Guidelines and Pot Service.

Our Performance

Customer Engagement and Satisfaction

Press Metal achieved satisfaction scores of 82% and 93% at our midstream and downstream operations, respectively. The higher customer satisfaction score for the downstream operations from the preceding year is the testament to our endeavours to sustain the production of high-quality aluminium. At our midstream facilities, we have observed 2% decline in customer satisfaction rates. We had conducted a root cause analysis using the 7 Quality Control tools to identify the issues and discovered that the lower customer rating was mainly attributed to unsatisfactory logistic arrangements caused by delay in delivery due to longer loading time at the port and multiple port stoppage as well as longer turnaround time for approving administrative logistics documents.

Through these findings, we devised alternative sailing routes and explored viability of other means of delivery i.e. container shipments wherever possible to reduce the transit time. In addition, we have set a turnaround time of one (1) week for the administration team to process the logistic documents.

Annual Customer Satisfaction Survey Result

	FY2020	FY2021	FY2022
Midstream	93%	84%	82%
Downstream	89%	84%	93%

Note: Aggregated data from our midstream facilities (PMBtu, PMS, PMAR) and downstream (PMBA, PMI, PMIT) facilities.

Product Quality

PMIT was awarded the honorary title of High-Quality Supplier for Automotive Power Battery Components by Gasgoo and included in the 2022 Gasgoo Quality Supplier Recommended List.

RESPONSIBLE SOURCING

GRI 3-3, GRI 204-1, GRI 308-2, GRI 414-2

Why is this important?

As the largest integrated aluminium producer in Southeast Asia, we recognise our role in promoting responsible procurement practices and reinforcing a sustainable value chain. Our procurement practices which reflect our sustainability standards and expectations, are cascaded to our suppliers, contractors, service providers, and consultants (collectively referred to as "suppliers").

We are dedicated to being part of a value chain that supports and reinforces positive human rights and sustainability outcomes. While we strive to support local² procurement where possible, we do not compromise on our stringent sustainability standards. Our dedication to sustainability is reflected not only in our own operations but also in our interactions with suppliers, as we believe that sustainability must be a shared responsibility.

² Press Metal defines the term 'local' as the entities' geographical locations.

Our Approach

Press Metal has taken measures to instil ethical and sustainable practices in our supply chain. Our Responsible Sourcing Policy provides a clear and comprehensive framework that outlines our commitments and standards when dealing with suppliers. The Responsible Sourcing Policy covers essential areas such as business practices, legal compliance, human rights, working conditions, and environmental responsibilities. Our SCoC sets clear expectations and standards for our suppliers and contractors on ethical, social, and environmental responsibilities.

Press Metal's Responsible Sourcing Policy and SCoC can be viewed on the corporate website: <https://www.pressmetal.com/investors/corporate-governance/corporate-policy.php>.

In strengthening our practices towards responsible sourcing, Press Metal has implemented a Supplier Management Programme that aligns with the Organisation for Economic Co-operation and Development's ("OECD") Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Elements of Press Metal's Supplier Management Programme



The five (5)-step Supplier Management Programme which includes screening suppliers against ESG criteria, is crucial in ensuring that the supply chain is transparent, ethical, and sustainable. We aim to demonstrate our commitment to responsible sourcing by evaluating suppliers based on crucial aspects such as ethical business practices, labour standards, human rights, and environmental initiatives.

Both new and existing suppliers, categorised into three (3) categories: mineral-related materials/ products, non-mineral related materials/ products, and service providers, are subject to different levels of scrutiny. The assessment commences with a self-assessment questionnaire, followed by either a detailed due diligence process or on-site audit, depending on the initial level of risk identified. Underperforming suppliers will be required to implement corrective measures within an agreed timeframe or face suspension.

Apart from the established Supplier Management Programme, Press Metal assesses both new and existing suppliers annually based on the following five (5) criteria:



Press Metal's approved vendor list requires suppliers to attain a minimum passing score during the annual assessment for continued retention. Suppliers who score below the passing score will be required to make improvement by implementing corrective action. Suppliers who failed to take corrective measures within the agreed timeframe are subjected to reassessment and may be removed from the approved vendor list.

Supply Chain Traceability

Press Metal has begun to track the provenance of inputs, supplier sourcing practices, and conversion processes within the supply chain through our Supplier Self-Assessment Questionnaire. This enables us to identify materials used in our aluminium products are obtained in an ethical and sustainable manner. In brief, implementing a supply chain traceability provides transparency of our aluminium products as well as identification of potential procurement risks.

Supporting Local Suppliers

Press Metal's commitment to supporting the local economy is reflected in our dedication to partnering with local suppliers, where possible. We believe that by working with local suppliers, we can help to stimulate economic growth and create jobs in the communities where we operate.

In addition, working with local suppliers can provide other benefits, such as reduced lead times, better communication, and increased flexibility in the supply chain.

Our Initiatives

In FY2022, to enhance traceability of our suppliers and their offerings, Press Metal initiated Vendor Data Management Project, a digitalised and centralised platform, which aimed at consolidating vendor information. With the Vendor Data Management system, we are able to streamline the selection process of our suppliers and facilitate better comparison of procurement quotations as well as their product offerings.

The Vendor Data Management System also enables our procurement teams to keep track of disqualified or blacklisted vendors, ensuring that we only work with reputable suppliers. With the implementation of the system, we are able to procure goods and services effectively and efficiently as well as uphold our responsible sourcing principles through monitoring.

Our Performance

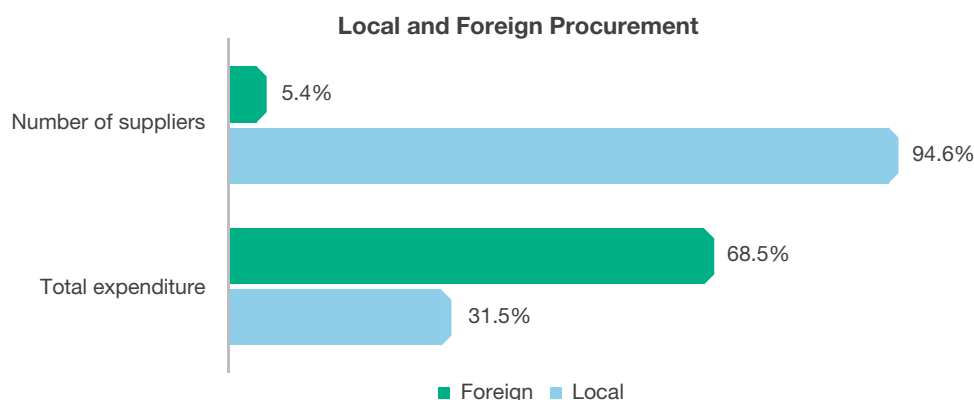
Supplier Assessment

Press Metal started the Supplier Management Programme in FY2021 and is currently assessing our Supplier's ESG performance in a phased manner. At present, our supplier's ESG performance assessment focuses on our material suppliers i.e. mineral-related suppliers and suppliers with a procured amount of more than RM5 million.

As of FY2022, 21 of our suppliers have undergone the Supplier's ESG assessment. All suppliers who were evaluated were deemed to have appropriate policies and controls in place. Additionally, up till FY2022, 1,198 of our suppliers have submitted the written affirmations of their adherence to the SCoC.

Local Procurement

In FY2022, 68.5% of our procurement expenses were expended on foreign suppliers for primary raw materials such as alumina and carbon anode.



Note: Aggregated data from our midstream facilities (PMBtu, PMS, PMAR) and downstream (PMBA, PMI, PMIT) facilities.

SUSTAINABLE MANUFACTURING

GRI 3-3

Why is this important?

Sustainable manufacturing is important and should encompass continuous improvement and innovation in production processes which ultimately, aims to enhance productivity and efficiency while simultaneously reducing or mitigating environmental and social impact of aluminium manufacturing operations.

By integrating sustainable practices into every aspect of the manufacturing process, Press Metal can achieve optimal resource utilisation, minimise environmental impact, and improve product quality while meeting customer demands.

Our Approach

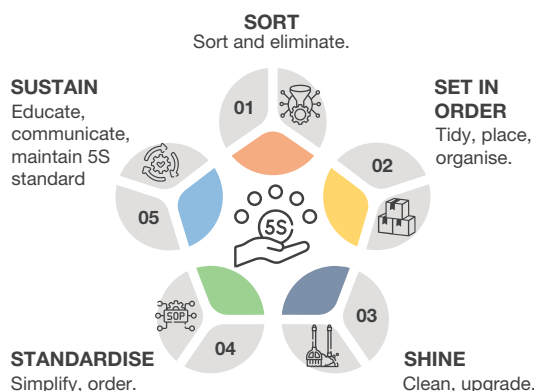
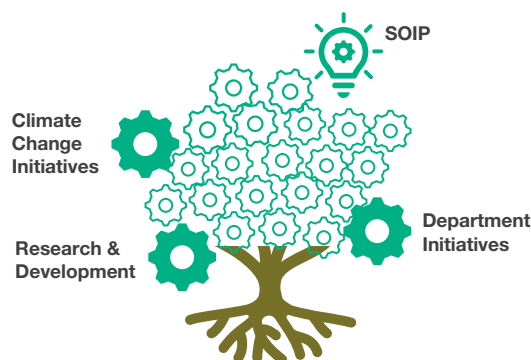
At Press Metal, we are committed to implementing best practices in sustainable manufacturing across all our operations. This includes embracing new technologies and methods, optimising resource consumption, and ensuring that our operations meet the industry's standards of environmental and social responsibility.

Our Sarawak Operations have implemented the 5S Principles, which include Sort, Set in Order, Shine, Standardise, and Sustain. With the implementation of 5S Principles, it has resulted in heightened safety, cost savings, and optimised asset utilisation. While the first three (3) principles have been applied across departments, we aim to implement the remaining principles through periodic audits and quarterly inter-plant competitions to promote the practice of 5S Principles.

At our entities, we cultivate sustainability in our manufacturing operations by encouraging all employees to contribute to improvement projects. Our commitment to fostering a culture of innovation and continuous improvement is reflected in the establishment of improvement platform that enables employees to submit their improvement proposals. The improvement platform follows a methodical process which involves identifying and addressing key issues, implementing effective solutions, and tracking progress to ensure sustained improvement.

The Sarawak Operation's Improvement Programme ("SOIP") is one of the platform that allows employees to contribute ideas and solutions to improve the manufacturing process; classified into Strategic Improvement Project ("SiPro") and Improvement Project ("iPro"). SiPro is a long-term initiative that can lead to systemic changes and may consist of several iPro initiatives, while iPro is standalone solutions that is smaller in scale and requires less time for implementation. In FY2022, Press Metal implemented 4 SiPros under the SOIP such as digitalise the reporting process and improvements to manufacturing processes which can be viewed in the respective sections of this Report.

Furthermore, we have established a Research and Development ("R&D") team in FY2021 to look into specific R&D projects i.e. climate change projects. To spur research and innovation, we have partnered with several local universities to collaborate in areas such as research and academia, student and staff development, and human resource capacity building in Malaysia.



Read more on Research and Development in the Climate Change section of this Report.

Our Initiatives

Intellectual Capital - Digitalisation

Press Metal has undertaken a few initiatives to digitalise significant processes in order to streamline resource efficiency. We are committed to embracing industrial revolution by increasing data interconnectivity and smart automation to further improve our operations. By leveraging on the latest technology and innovative solutions, we strive to further enhance our manufacturing processes.

Some of the key systems that are being deployed include:

- **Warehouse Management System** – provides a digitalised system for efficient monitoring of materials usage and finished goods
- **Maintenance Management System** – provides a centralised library of maintenance information (i.e. affected facilities and processes undertaken)
- **PTM Breakdown Reporting Platform** – provides a computerised system that analyses and stores information including repair completion time
- **Vendor Data Management Project** – provides a centralised platform for vendor information and product offerings
- **Molten Transfer Data Digitalisation** – provides a centralised web-based mobile application system for transfer of molten aluminium

RISK MANAGEMENT

GRI 3-3

Why is this important?

Having a robust risk management framework is critical as it identifies and mitigates potential risks. These risks can arise in various forms, including economic, social, environmental, and operational. If exposed risks are not managed adequately, it may lead to significant financial losses, reputational damage, or other adverse consequences.

By integrating enterprise risk management into fundamental business functions, projects, and procedures, we have considered and addressed relevant risks throughout our operations. This approach keeps the identified risks under surveillance with mitigation actions either in place or underway.

Our Approach

Press Metal's Enterprise Risk Management ("ERM") framework has been established with reference to the ISO 31000:2018 Risk Management Guidelines to align the risk management practices with recognised standards and best practices. This has become an essential tool for Press Metal to perform risk management capabilities.



Our ERM framework encompasses ESG risks alongside corporate, financial, and operational risks. The responsibility for identifying and managing risks lies with the designated risk owners who perform quarterly operational risk assessments and subsequently updates on the likelihood and impact of risks within their areas of control. A dedicated ESG Risk Register and Climate-related Risk Register have been developed to systematically identify, assess, and prioritise ESG and climate risks and opportunities, and the corresponding management strategies to address them.

The RMC oversees the Group's risks, supported by RMT on risk management implementation and monitoring throughout the Group. This integrated approach ensures that the Group's strategic objectives are aligned with our risk management practices, and risks are taken into account when making important business decisions. RMT reports risk updates to the RMC quarterly.

- 🔍 Read more about our approach to risk management in the Statement on Risk Management and Internal Controls section of this Annual Report.
- 🔍 Read more on climate-related risks at Table X. Identified climate-related risks and opportunities for Press Metal and Table Y. Implications of physical and transition risks identified by Press Metal in the TCFD Recommendations section of this Report.

Our Initiatives

As part of the Group's efforts to strengthen risk management practices, several key initiatives were rolled out in FY2022. These include:

- Establishing a risk dashboard with key risk indicators to provide an overview of the thirteen (13) most important risks faced by Press Metal, highlight potential threats to the business, and enable decision-makers to take appropriate actions to manage and mitigate these risks
- Conducting risk related activities such as awareness and reassessment workshops for our corporate headquarters, PMBtu, PMS, PMAR, and PMBA, to introduce the risk management concept as well as identify and evaluate the key risks faced by the entities with the purpose to integrate the ESG risks
- Identifying, assessing and incorporating the sustainability impacts into the risk assessment parameters and applied standardised criteria to identify and evaluate both enterprise risk and sustainability matters by leveraging the ERM Framework
- Reviewing and updating risk profile of ESG

CUSTOMER DATA PRIVACY

GRI 3-3, GRI 418-1

Why is this important?

Protecting customer data privacy is crucial as it involves safeguarding sensitive and personal information of individuals or companies' trade secrets from unauthorised access or misuse. With the widespread use of technology and the internet, companies collect and store vast amounts of consumer data. Any leakage and breaches of such data as well as cyber-attacks can be detrimental to both Press Metal and our customers. It can result in severe consequences such as identity theft, financial fraud, and other forms of harm. Press Metal has a legal and ethical responsibility to protect our customer data and comply with the applicable laws and regulations.

Our Approach

We demonstrate our strong commitment to safeguarding data through our Information Technology ("IT") Policy, which serves as a comprehensive rulebook for authorised users. Our IT Policy prioritises the responsible use of IT facilities and emphasises the need to protect them from any damage or liability that may arise from unlawful or inappropriate usage.

Press Metal adopts a robust and wide range of IT-based systems to ensure the safe storage of data. This includes firewalls and other protection mechanisms. We subscribe to Malaysia's Personal Data Protection Act 2010 ("PDPA") to manage all pertinent data; data collected will be treated with the utmost care and sensitivity, and used only for the purposes it has been lawfully authorised. The firewall and internal network are updated periodically, and continuous improvements are made to our IT governance and cyber security, where applicable.

Our Initiatives

Press Metal engaged independent vulnerability tester in FY2022 to conduct cybersecurity vulnerability assessment based on the Vulnerability Assessment and Penetration Testing ("VAPT") security risk rating methodology. The assessment aimed to ascertain that the risk mitigation controls, particularly on the external infrastructures and network, are in line with the industry trend and best practices. Our IT Department has been engaging in yearly cybersecurity vulnerability assessments to uphold a healthy network and infrastructure security posture.

Our Performance

In FY2022, zero (0) complaints on data breaches were received. Besides, VAPT post-assessment was conducted by an independent vulnerability tester to validate the remediation of the identified findings.

CARING FOR THE PLANET

Press Metal endeavours to protect the planet by balancing growth with sustainability efforts to safeguard the ecosystem where we operate. We unceasingly commit to managing our environmental impacts, particularly across key material areas, namely climate change, air emissions, energy, waste, material stewardship, water and effluents, and biodiversity.

Our approach towards environmental sustainability is guided by the Environmental Policy and Environmental Mission Statement which frame Press Metal's principles towards managing the environmental impacts. In addressing climate change, we have instituted the Carbon Neutral Policy and GHG Reduction Targets, depicting our commitment towards abating carbon footprint. Our Environmental Policy, Environmental Mission Statement, Carbon Neutral Policy, and GHG Reduction Targets can be viewed at our corporate website: <https://www.pressmetal.com/investor-relations/corporate-governance.php>.

Press Metal's manufacturing facilities are mainly situated in industrial parks and have obtained the relevant licenses from local authorities. Our Malaysian manufacturing facilities have received the Environmental Impact Assessment ("EIA") approval from the Department of Environment ("DOE"). Following the approval of the EIA, an Environmental Management Plan ("EMP") is prepared which includes but is not limited to the following:

- Land Disturbing-Pollution Prevention and Mitigation Measures
- Water Quality Control and Monitoring
- Air Quality Control and Monitoring
- Noise Control and Monitoring
- Ecology Monitoring Programme
- Usage and Handling of Raw Material, Waste and Hazardous Material

An environmental monitoring report ("EMR") is prepared to keep track on the status of compliance with the pollution prevention and mitigation measures, through quarterly reporting to the DOE. An annual environmental compliance audit by a DOE-certified third-party auditor is also required by DOE.

Press Metal has implemented the Environmental Management System ("EMS") to provide clear policies, procedures, and methods in managing environmental matters and is principally guided by the Deming cycle that adopts the Plan-Do-Check-Act ("PDCA") approach across all our manufacturing facilities. The Deming Cycle fundamentally promotes continuous improvement in terms of operational procedures, maintenance of equipment, as well as emergency preparedness. Through systemic environmental management, we aim to embed safe and sustainable practices into our operations. Our Environmental Department at the respective manufacturing facilities is tasked to uphold our environmental commitments, policies and procedures, and ensure our environmental impacts are being monitored and managed.

All of Press Metal's manufacturing facilities (100%) have valid ISO 14001:2015 Environmental Management Systems certifications. Over and above obtaining the EMS certification, PMI has obtained the ISO 50001:2018 Energy Management Systems ("EnMS") certification in FY2022.

To steer Press Metal towards meaningful management of our environmental footprint, we have set measurable targets to track and assess our progress and performance as listed below:



CLIMATE CHANGE

GRI 3-3, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5

Why is this important?

According to the World Economic Forum's ("WEF") Global Risks Report³, climate change is one of the top five (5) global risks, demanding urgent attention from all stakeholders. In tackling climate change, we need to be agile to adapt our business model against potential long-term climate risks and impacts on the business. At the same time, we strive to identify opportunities to reduce our carbon footprint across our value chain and energy consumption to mitigate climate change.

Furthermore, consumers are shifting preferences in favour of low-carbon products⁴. Increasing interest towards low-carbon aluminium which forms a fundamental building block of many products and innovations such as aviation, packaging material for food and beverages, household products and automotive to facilitate sectoral decarbonisation has opened the doors for businesses that meet the pathway's prerequisites.

It is crucial to gain a comprehensive understanding of the potential risks and opportunities that are presented by climate change. This requires the establishment of robust and resilient climate strategies, as well as the setting of reduction targets while understanding the financial implications that climate change may cause, and leveraging these risks and opportunities to create long-term value. This requires a thoughtful approach to scenario planning, and a commitment to adaptation strategies as new technologies and trends emerge.

³ The Global Risks Report 2023 18th Edition

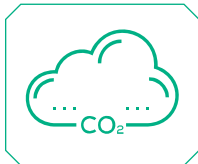
⁴ Fastmarkets 3 November 2022 – "Low-carbon aluminium demand expected to grow exponentially by 2030, McKinsey says"

Our Approach

Press Metal's approach to tackling climate change is depicted in our Carbon Neutral Policy:

- Transitioning to renewable energy sources
- Deploying effective and low-carbon technologies in the production line
- Optimising and improving the efficiency of the technology process
- Monitoring our carbon emissions
- Promoting circular economy throughout the value chain
- Funding climate protection projects to offset unavoidable GHG emissions

To achieve our climate change goals, we have set measurable targets for reducing GHG emissions across the Group, exhibited in the Carbon Neutral Policy and GHG Reduction Targets which can be viewed at our corporate website: <https://www.pressmetal.com/investor-relations/corporate-governance.php>.



- Reduction of GHG emissions intensity (Scope 1 and Scope 2) by 15% from the 2020 baseline by 2025
- Reduction of GHG emissions intensity (Scope 1 and Scope 2) by 30% from the 2020 baseline by 2030
- Achieve carbon neutrality by 2050


2020 baseline for GHG emissions intensity: 2.4 tCO₂-eq/ tonne of aluminium


In FY2022, we rolled out the Baseline Recalculation Policy to allow for the reformulation and recalculation of GHG emissions targets should they become irrelevant. This Baseline Recalculation Policy allows for adjustment to the GHG emissions baseline, to reflect significant changes that would compromise the relevance and consistency of the existing targets. Significant changes in this context include structural changes, changes or improvements in methodology, significant errors, and other changes such as organisational and operational boundary changes.

Climate Change Governance

The Board actively oversees the Group's approach to managing climate-related risks and opportunities that are most pertinent to the business operations and the impacts arising. This includes the development of climate-related policies, strategies, and ongoing performance monitoring. Mr Lim Hun Soon @ David Lim, one of our Independent Non-Executive Directors, has been delegated to provide dedicated attention to managing the climate-related matters of the Group.

The Board reviews the progress of sustainability matters including the climate agenda every quarter, while the RMC provides valuable support in addressing climate-related risks. At the management level, the Group CEO who leads the SC, is entrusted with the responsibility to develop climate strategies and policies, monitor performance periodically, and ensure sufficient resource allocation to implement our climate initiatives.

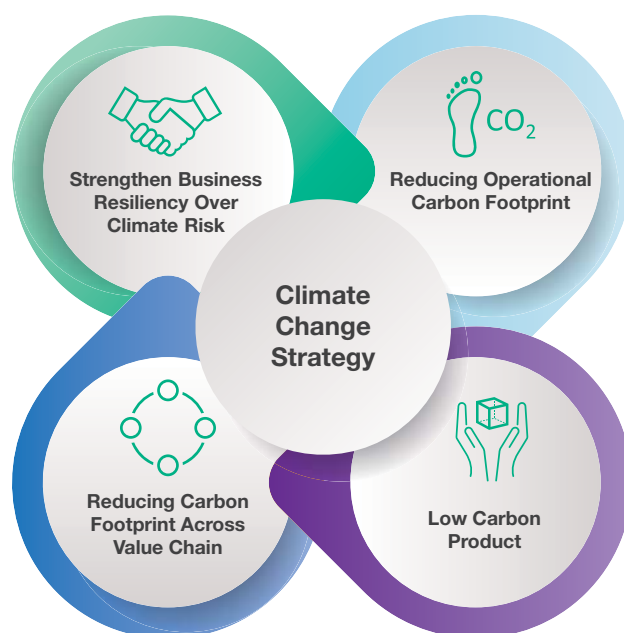
 Read more on our sustainability governance in the Sustainability Governance section of this Report

 Read more on our ESG Remuneration Framework in Linking ESG to Remuneration section of this Report

Climate Change Strategy, Roadmap and Adaptation Action Plans & Enablers



Climate Change Strategy

In responding to our climate-related risks and opportunities, we have implemented the Climate Change Strategy that is founded upon four (4) key pillars with both short- and long-term objectives and identified four (4) enablers to assist the Group to transition towards the realisation of our GHG Reduction Targets and ultimately, carbon neutrality by 2050.



Pillar #1: Strengthen Business Resiliency Over Climate Risk

Press Metal is aligning with the TCFD framework to enhance the transparency of climate-related disclosures to stakeholders. In FY2022, we completed our climate scenario analysis to identify climate-related risks and opportunities, with reference to the IPCC Representative Concentration Pathway (“RCP”) 8.5/ 4.3°C (business as usual) and 2.6/ 1.8°C (more stringent) scenarios:

Type of Scenario	Scenario Description	Temperature Increase by 2100
IPCC RCP 8.5/ 4.3°C	A high-emission scenario that assumes GHG emissions will continue to rise rapidly throughout the 21st century, leading to a significant increase in global temperatures and a wide range of impacts on the climate and the environment.	 4.3°C
IPCC RCP 2.6/ 1.8°C	A pathway that assumes rapid reductions in GHG emissions leading to a peak and subsequent decline in GHG emissions by mid-century and net negative GHG emissions in the second half of the century.	 1.8°C

Through this scenario analysis, we identified physical and transition risks and opportunities that could impact our business and introduced mitigating actions to manage the potential impacts. A dedicated Climate-related Risk Register has also been developed that incorporates the identified physical and transition risks.

 Read more on our climate risks at Table X. Identified climate-related risks and opportunities for Press Metal and Table Y. Implications of physical and transition risks identified by Press Metal in TCFD Recommendations section of this Report

Pillar #2: Reducing Operational Carbon Footprint

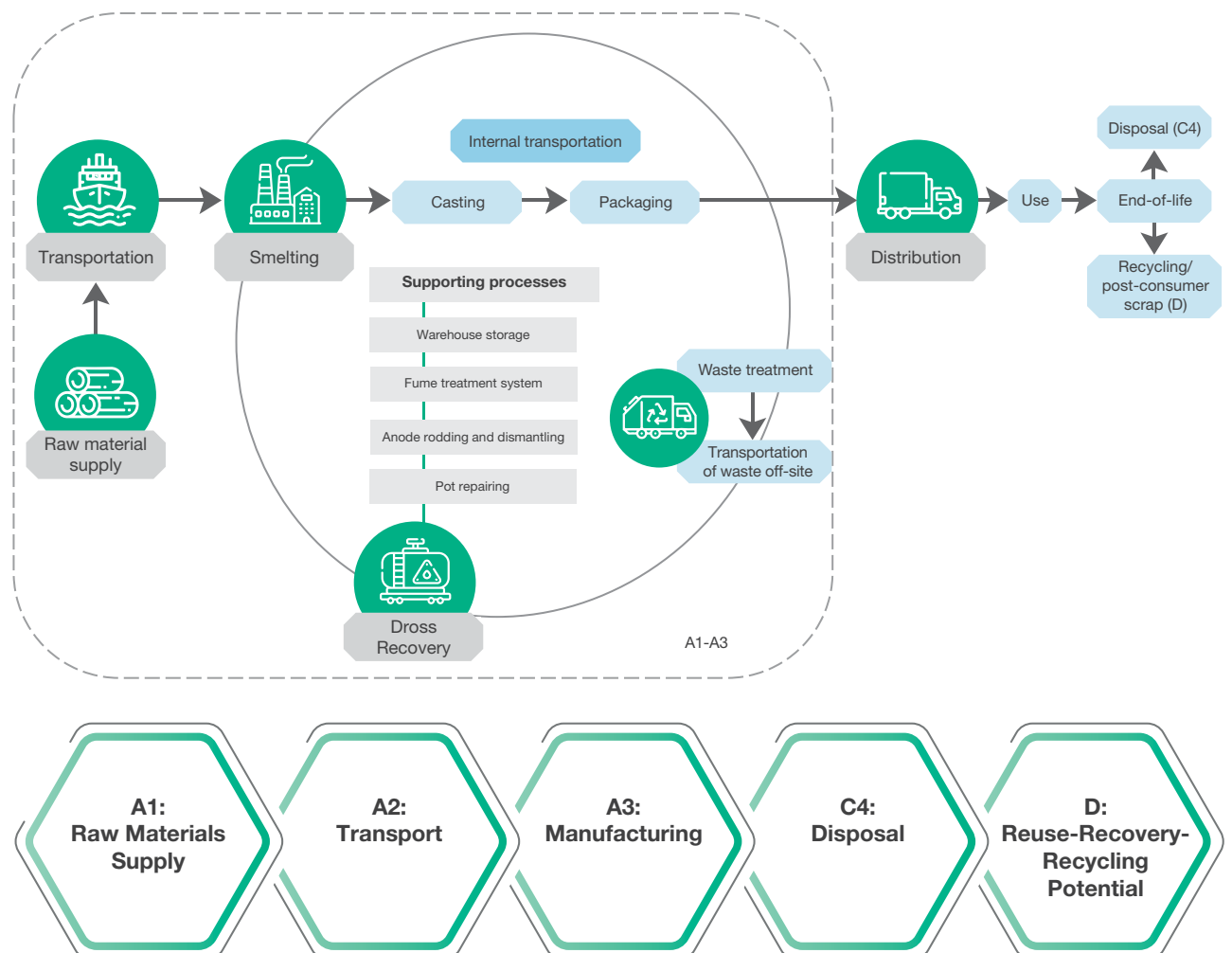
To realise the interim carbon reduction targets, Press Metal has identified various improvements in the manufacturing processes while exploring new technologies or processes to reduce the operational carbon footprint. We continue to implement emission reduction initiatives focused upon boosting overall energy efficiency, increasing the share of renewable energy usage, and optimising operational control efficiency to reduce GHG emissions.

During the reporting period, our CSD Team undertook an exercise to ensure the completeness of Scope 1 and 2 GHG emissions inventories. The CSD Team audited the data collection and methodologies adopted, including data sources utilised and collection methods, for data consistency and alignment across the Group.

 Read more on GHG emissions reduction initiatives in Our Initiatives (Climate Change) section of this Report

Pillar #3: Low Carbon Product

As sustainability and circularity become prominent aspects to customers, manufacturers, and governments alike, consequently, the demand for low-carbon aluminium is projected to rise⁵. Aluminium is an essential enabler due to its unique characteristic – infinite recyclability. We have strategically differentiated from our peers by producing lower carbon products. This has been made possible through the utilisation of renewable power sources (i.e. hydropower and solar energy) and the implementation of energy efficiency measures across our facilities.



⁵ FastMarkets

We also conducted the cradle-to-gate Life Cycle Assessment (“LCA”) for our aluminium products manufactured in PMBtu (2021) and PMS (2022), in accordance with the ISO 14040:2006 Environmental Management - Life Cycle Assessment standard, to evaluate the life cycle environmental impacts of our products: aluminium ingots P1020A, aluminium billet, aluminium wire rod, and aluminium alloy ingots (A356.2). The product life cycle assessment covers the extraction of raw materials (cradle), transportation and manufacturing, to the point where it leaves the manufacturing facility (gate).

The LCA analysis has provided us with the possibilities to identify potential solutions and improvement opportunities, as well as enabled us to take appropriate actions to address any significant impacts in our manufacturing processes. With this knowledge, we can prioritise and allocate relevant resources for impact reduction, leading to informed decision-making regarding our materials, processes, and transportation methods in our supply chain.

The PMBtu’s LCA results are presented in an Environmental Product Declaration (“EPD”) that is prepared in accordance with ISO 14025:2005 and EN 15804 standards and is verified by an independent third-party consultant. The LCA or EPD facilitates transparent communication to customers by providing a quantitative basis for comparison of products and services and is available upon request.

Pillar #4: Reducing Carbon Footprint Across Value Chain

We are dedicated to collaborating with our suppliers and customers across the value chain to reduce GHG emissions to support the transition to a low-carbon economy. We have identified three (3) approaches to mitigate Press Metal’s carbon footprint throughout our value chain:

a) Mapping the GHG emissions of our value chain

Scope 3 GHG emissions measurement and management is a vital element to mitigate an organisation’s overall GHG emissions across the value chain. Since FY2021, we have identified and reported material categories of our Scope 3 GHG emissions. Mapping Scope 3 GHG emissions has enabled us to identify GHG emission reduction opportunities. These include being diligent in screening and selective in partnering with suppliers that support sustainable production of our input materials.

b) Circular economy

In promoting the circular economy agenda within the industry, we have been purchasing aluminium scrap from the open market and have established aluminium scrap buyback programmes in collaboration with our customers and business partners. Through this joint effort, we aim to acquire aluminium scrap and recycle it to extend the life of the aluminium product. We are able to produce aluminium products using lower energy consumption as only 5% of the total energy used in the aluminium production (cradle-to-gate) is required for remelting aluminium through this circular economy initiative.



 [Read more on our aluminium buyback programme in the Our Initiatives \(Material Stewardship\) section of this Report](#)

We have identified hotspots within our operations and plan to expand the hotspots analysis methodology to our key suppliers, where we may reduce GHG emissions through manufacturing process controls, energy efficiency initiatives, and raw materials procurement.

Arising from the analysis, Press Metal has developed a GHG Emissions Reduction Plan for our smelting operations in Sarawak, which focuses on reducing anode effects and improving energy efficiency. Both PMBtu and PMS facilities are actively tracking the identified contributing factors, and the resultant GHG reductions.

Climate Change Roadmap and Adaptation Action Plans

To provide momentum and a more strategic approach, Climate Change Roadmap was developed into short- and long-term action plans as shown below. We have identified critical milestones within our Climate Roadmap such as technological advancement, greening our operations, and storing our carbon footprints to meet our climate change goals.

	Pillar 1: Strengthening Business Resiliency Over Climate Risk	Pillar 2: Reducing Operational Carbon Footprint	Pillar 3: Low Carbon Product	Pillar 4: Reducing Carbon Footprint Across Value Chain
Short-term strategy	<ul style="list-style-type: none"> Support and align to TCFD Framework Conduct Climate Scenario Analysis and Climate Modelling 	<ul style="list-style-type: none"> Review GHG related targets & metrics (aligning with TCFD) 	<ul style="list-style-type: none"> Introduce block chain technology for traceability Identify the reduction opportunities (from LCA hotspot analysis) 	<ul style="list-style-type: none"> Map GHG along the value chain (Scope 3)
Long-term strategy	<ul style="list-style-type: none"> Efforts to mitigate and adapt to climate impacts 	<ul style="list-style-type: none"> Identify GHG Abatement and Offset Programme 	<ul style="list-style-type: none"> Identify strategic partnership 	<ul style="list-style-type: none"> Integrate circular economy into strategy Develop circular product design and production Identify hotspots, risks and opportunities along value chain

Outlook

The International Aluminium Institute ("IAI") has projected that by 2050, the aluminium sector would need to reduce its total emissions to 250 Mt CO₂e, from a 1.1 Gt CO₂e 2018 baseline and a projected 2050 Business As Usual scenario of 1.6 Gt CO₂e. The IAI has proposed three (3) broad pathways for GHG emissions reduction: electricity decarbonisation, direct GHG emissions reduction, and recycling and resource efficiency, with specific focus areas for each pathway.

Press Metal has been exploring its own pathway to be consistent with 1.5-degree Celsius warming scenario as part of its overarching climate change strategy with reference to the IAI, while taking into account several factors such as the localised context, unique energy endowments, raw material and scrap availability, government policies, investment options, and the availability, speed, and cost of technology development and implementation. However, achieving large-scale GHG emissions reduction while meeting the growing demand for aluminium will require sector-wide and inter-sectoral partnerships. Investment will be a key enabler in achieving a low-carbon aluminium sector by 2050, with the cost of decarbonisation running into trillions of dollars.

We are mindful that climate management is an ongoing effort which evolves over time, taking into account our business risks and opportunities as well as our stakeholders' priorities. For 2023, we have allocated a Climate Change Budget of RM14 million to identify opportunities for reducing GHG emissions and implementing energy-saving initiatives.

Climate Change Enablers

In supporting the execution of our Climate Change Strategy and Roadmap, we have identified four (4) enablers that will help Press Metal achieves its climate change targets. The table below elaborates on our progress in FY2022.

Climate Change Enabler	Activities in FY2022
Climate Governance	<ul style="list-style-type: none"> Press Metal has engaged consultants to align the Group's climate change management and governance with that of the TCFD Recommendations to strengthen climate resilience. We have identified our climate-related risks and opportunities as highlighted under <i>Table X</i>. in the <i>TCFD</i> section of this Report. Our sustainability governance structure incorporates the delegation of the Board's oversight on sustainability risks and opportunities to the RMC.
Internal Climate-related Capacity Building	<ul style="list-style-type: none"> We have organised numerous trainings to build internal competency on climate-related topics such as climate risk integration, climate scenarios, and transition plans, GHG and carbon accounting, ESG roadmap workshop, and Energy Management Systems. A total of 3,111 climate-related training hours was completed in FY2022.
Internal Carbon Pricing ("ICP") Mechanism	<ul style="list-style-type: none"> We are developing an internal carbon pricing mechanism (shadow price) that sets a price on the GHG emissions from our operations and to drive climate-related investments. The ICP mechanism shall be applied in Press Metal's performance measurement, investment decisions strategy as well as assessing and managing the risk impact. The internal price of carbon shall be determined based on external factors, industry peer benchmarks, and internal consultation. The ICP mechanism is intended to serve as an important risk mitigation tool in response to potentially stringent carbon regulations, on our business.
Integrated Climate Reporting System	<ul style="list-style-type: none"> We are currently developing a centralised climate reporting system that will enable effective monitoring and management of GHG emissions data across various subsidiaries, which includes timely data collection and consolidation, data analysis and reporting.

External Collaborations and Engagements in Addressing Climate Change

In FY2022, Press Metal participated as a working group member in a supplier-buyer initiative for the Voluntary Carbon Market ("VCM"), spearheaded by Bursa Malaysia, to support the establishment of the VCM in Malaysia. We provided insights into issues and opportunities as well as playing a role in recommending the key design choices for the product specifications set to be offered on the Bursa Carbon Exchange ("BCX"). Press Metal is excited to support the early buy-in by participating in the Inaugural Auction which was launched in the first quarter of 2023 by Bursa Malaysia.

Press Metal has set our sights on developing and maintaining smart partnerships with renowned institutions around the world. We have signed MOU with universities to maintain the academic and research collaboration on R&D projects on energy and sustainability.

To demonstrate our commitment to the National 100 million Tree Campaign under the purview of the Ministry of Energy and Natural Resources, we have also sponsored tree-planting initiatives as reforestation efforts to combat the current climate issues.



Read more on our tree-planting initiatives in the Biodiversity section of this Report



Read more on signed MOU in our initiatives under Talent and Labour Management section of this Report

Our Initiatives

In realising our interim carbon reduction targets, Press Metal plans to optimise its existing smelting technology, explore new technology, and embrace innovation to improve energy efficiency and decarbonise production processes. The Group's efforts are focused on two (2) fronts, i.e. R&D initiatives and improvement projects by the respective entities.

Our R&D projects are focused on three (3) main themes; energy reduction, decarbonisation, and industry 4.0 transformation. As part of our climate change efforts, we have invested RM16.5 million in FY2022 in the following R&D projects:

Project	Description
3 Field Measurement Pot Study	Determined improvements to the pot designs and operational controls; magnetic, electric, and thermal management. The study found that further energy-efficient methods can be implemented to improve energy use.
Electrolyte recovery	A study was conducted to explore possibilities to improve energy efficiency and stability of pot temperature using quality cover materials. As a result, the project successfully increased the recovery capacity and improved the extraction of valuable material from waste generated to be reused in the electrolysis process, thus improving energy efficiency.
Potline side ventilation	A new potline side ventilation was introduced to provide better working environment at the potline. With better ventilation, the maintenance workers can attend to the Pot Tending Machine effectively. Accordingly, improved working condition has increased the quality of maintenance work which resulted in better pot health and performance.
Pot cover replacement	A root cause analysis was conducted by our in-house specialist to study the impact of pot covers as part of the analysis on pot efficiency. Deteriorated pot covers caused heat loss and increase anode effects during the electrolysis process. This discovery led to the replacement of better pot covers which provide better insulation and durability.
Electric carbon preheater	Introducing electrification of the preheater for the carbon pre-casting process to reduce consumption of fossil fuels.

 Read more on our Sustainable Manufacturing initiatives in the Economics section of this Report

Below are some of the initiatives we have undertaken to support our climate change efforts.

Initiative	Description
Installation of solar panels	We invested RM4.0 million to install solar panels with the capacity of 1,248 kW which are estimated to avoid 736 tCO ₂ -eq annually.
GHG Reduction Plan	The smelting operations have established a GHG Reduction Plan that focuses on improvement in electrolysis process; reducing impacts from anode effects and improving energy efficiency. Steps undertaken include conducting frequent checks on feeding points, pots, anode current distribution, and anode cover quality.
Anode Effect Control Plan	The smelting operations have developed an Anode Effect Control Plan to identify the potential factors that trigger anode effects. This has contributed to enhanced feeding and tapping-hole process conditions as well as the overall work quality.
Cover material protection	A study was conducted to identify the cause of heat loss during the electrolysis process. The result showed that adding the crystalline substance to the electrolyte improved insulation, provided protection against oxidation during electrolysis, therefore reduction of GHG emissions.
Green Supply Chain Project	In collaboration with the Society of Entrepreneurs and Ecology ("SEE") Ecology Association, we are developing a Green Supply Chain Project which focuses on enhancing energy efficiency such as replacing equipment with energy-efficient alternatives and creating an energy-saving lighting system.
Smart Factory Project	The Smart Factory Project that was rolled out at PMI aims to improve energy efficiency through digitalisation; the installation of electricity and natural gas meters to upload data into data management system. Arising from this enhancement, the local government (Bureau of Industry and Information Technology of Foshan City) recognised PMI as one of the leading players towards digitalisation.

Initiative	Description
Deployment of electric forklifts	18 units of existing diesel forklifts were replaced with electric-powered forklifts to reduce fuel consumption. The forecasted reduction in GHG emissions is estimated at to 840.3 tCO ₂ -eq per annum.

In FY2022, we also sponsored several tree-planting initiatives driven by the BMCC as part of its climate change initiatives.

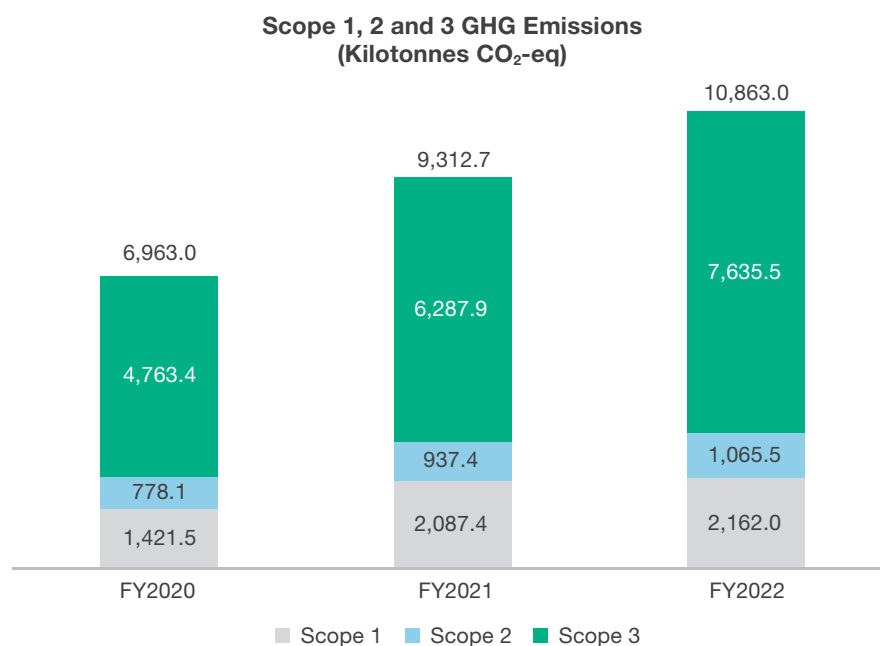
Our Performance

Scope 1, 2 and 3 GHG Emissions

Press Metal adopts calculation methodologies that are based on the IAI Aluminium Sector GHG Protocol, an addendum to the WRI/ WBCSD GHG Protocol, the WRI/ WBCSD Calculation Tools for Direct Emissions from Stationary Combustion and Transport or Mobile Sources, and the WRI GHG Protocol Scope 2 Guidance. The global warming potential ("GWP") emission factors for all GHGs are consistent and in line with the IPCC Fifth Assessment Report, 2014 ("AR5") based on a 100-year time horizon. The calculation methodologies are aligned with the 2006 IPCC Guidelines for National Greenhouse Gas inventories. All GHG emissions are converted to CO₂-eq based on the GWP emissions factors listed by the GHG Protocol and the IPCC AR5.

Scope 3 GHG emissions calculation is based on the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the Technical Guidance for Calculating Scope 3 Emissions (Version 1.0). We have adopted the spend-based method with the average-data method and distance-based method to represent a higher level of accuracy in the Scope 3 emissions reporting.

Press Metal has adopted the 'operational control' approach for its GHG emissions calculation, which accounts for 100% of GHG emissions from all of Press Metal's manufacturing operations over which we have operational control; generated from on-site manufacturing processes in the midstream (PMBtu, PMS and PMAR) and downstream (PMBA, PMI, PMIT) facilities.



Notes:

1. Data may differ from Sustainability Report FY2021 as an enhanced calculation methodology has been adopted in FY2022.
2. Scope 1 and 2 GHG emissions are aggregated data from our midstream (PMBtu, PMS, PMAR) and downstream (PMBA, PMI, PMIT) facilities while Scope 3 GHG emissions covered only PMBtu and PMS.
3. Scope 1 includes direct GHG emissions from facilities owned or controlled, and includes fuel use, anode and reductant use, and process GHG emissions.
4. Scope 2 includes indirect GHG emissions from purchased or acquired electricity from the grid.
5. Scope 3 includes all other indirect GHG emissions which are not included in Scope 2, that was generated in the value chain.

Scope 1 GHG Emissions

Type	Scope 1 GHG Emissions by Category (Kilotonnes CO ₂ -eq)		
	FY2020	FY2021	FY2022
CO ₂	1,229.1	1,561.1	1,644.2
CH ₄	0.1	0.1	0.2
N ₂ O	0.8	1.0	1.3
PFCs	191.5	525.3	516.3
Total Scope 1	1,421.5	2,087.4	2,162.0

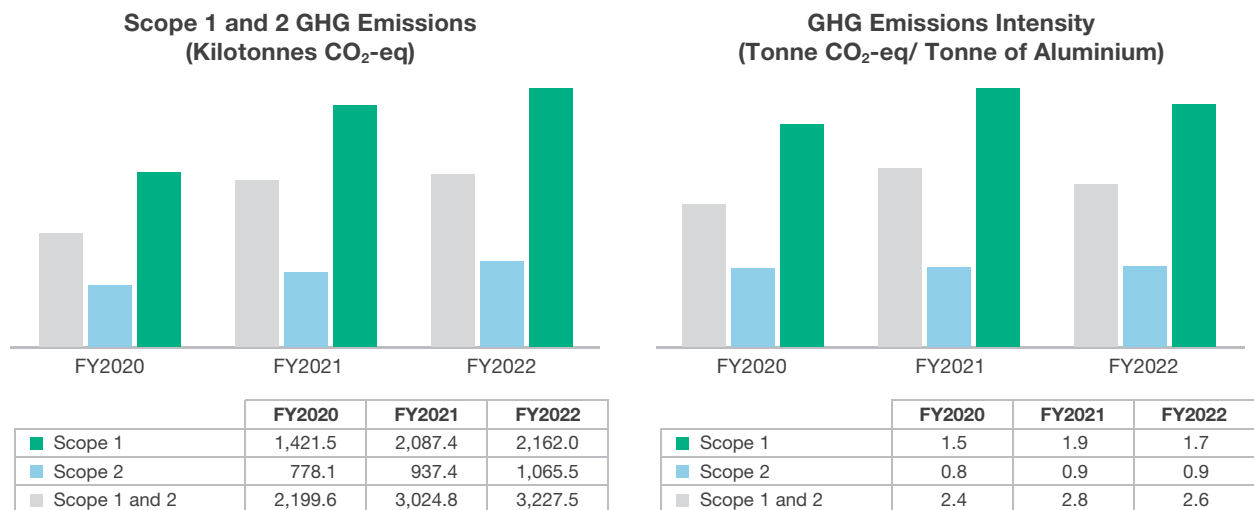
Notes:

1. Data may differ from Sustainability Report FY2021 as an enhanced calculation methodology has been adopted in FY2022.
2. Aggregated data from our midstream (PMBtu, PMS, PMAR) and downstream (PMBA, PMI, PMIT) facilities.
3. Scope 1 includes direct GHG emissions from facilities owned or controlled, and includes fuel use, anode and reductant use, and process GHG emissions.

Scope 1 and Scope 2 GHG Emissions

In FY2022, our total operational GHG emissions (Scope 1 and Scope 2) amounted to 3,227.5 KtCO₂-eq, representing a 6.7% increase from the preceding year, mainly due to the increased production capacity from the fully-commissioned Phase 3 plant in PMBtu, from 640,000 tonnes to 960,000 tonnes per annum.

GHG emissions intensity was recorded at 2.6 tCO₂-eq/ tonne of aluminium produced, a 7.1% decrease compared to FY2021 due to the optimisation of manufacturing processes. However, GHG emissions intensity in FY2022 remained elevated at 8.3% from the 2020 baseline due to operational issues arising from delays in relining of ageing pots, anode effects, and airburn.



Notes:

1. Data may differ from Sustainability Report FY2021 as an enhanced calculation methodology has been adopted in FY2022.
2. Aggregated data from our midstream (PMBtu, PMS, PMAR) and downstream (PMBA, PMI, PMIT) facilities.
3. Scope 1 includes direct GHG emissions from facilities owned or controlled, and includes fuel use, anode and reductant use, and process GHG emissions.
4. Scope 2 includes indirect GHG emissions from purchased or acquired electricity from the grid.

Scope 3 GHG Emissions

We have encompassed eleven (11) categories of Scope 3 GHG emissions as shown in the table below. The smelters' GHG emissions are dominated by purchased goods and services, followed by fuel- and energy-related activities.

Category	Emissions in Smelters' Value Chain ² (Kilotonnes CO ₂ -eq)		
	FY2020 ¹	FY2021 ¹	FY2022
Upstream Scope 3 GHG Emissions			
Category 1: Purchased goods and services	2,820.8	3,071.5	3,649.6
Category 2: Capital goods	1.2	2.0	2.8
Category 3: Fuel- and energy-related activities	1,092.9	2,149.9	2,481.0
Category 4: Upstream transportation and distribution	170.2	181.3	208.8
Category 5: Waste generated in operations	7.7	11.2	16.5
Category 6: Business travel	0.0	0.0	0.1
Category 7: Employee commuting	3.8	5.5	9.9
Category 8: Upstream leased assets	0.1	0.3	0.3
Others: Contractors and suppliers' commuting	0.1	0.2	0.1
Downstream Scope 3 GHG Emissions			
Category 9: Downstream transportation and distribution	Not applicable ³		
Category 10: Processing of sold products	437.1	501.5	684.4
Category 11: Use of sold products	Not applicable ³		
Category 12: End-of-life treatment of sold products	2.8	3.1	4.2
Category 13: Downstream leased assets	Not relevant ⁴		
Category 14: Franchises	Not relevant ⁴		
Category 15: Investments	226.6	361.5	577.8

Notes:

1. Data may differ from Sustainability Report FY2021 as an enhanced calculation methodology has been adopted in FY2022.
2. Scope 3 GHG emissions are calculated for the smelter facilities at PMBtu and PMS only.
3. Not applicable as data are unavailable.
4. Not relevant since Press Metal does not lease any downstream assets or have any franchised operations.

AIR EMISSIONS

GRI 3-3, GRI 305-7

Why is this important?

Air emissions are gases and particles released into the surrounding atmosphere and may cause pollution to the environment. Press Metal is committed to ensuring air emissions released to the atmosphere are within permissible regulatory limits, and to preventing negative impacts on the ecosystem, health, and well-being of our employees as well as to the communities in areas where we operate.

Our Approach

As depicted in our Environmental Policy and Environmental Mission Statement, management of air emissions is important to prevent harm to the environment. We set and implement internal standards and relevant initiatives to mitigate our air emissions impact and ensure the air emissions meet the applicable regulations in the jurisdictions where we operate. We closely monitor air emissions from our manufacturing operations to comply with the permissible air quality limits stipulated in Malaysia's Ambient Air Quality Standard and the relevant standards for our China entities.

The ISO14001:2015 EMS includes guidance on managing air emissions at Press Metal. The EMS is principally guided by the Deming cycle comprising the Plan-Do-Check-Act ("PDCA") approach, which fundamentally promotes continuous improvement of operational procedures, maintenance of equipment, as well as emergency preparedness.

Our smelting facilities are equipped with online monitoring devices linked to the Continuous Emission Monitoring System ("CEMS") of the Department of Environment ("DOE") Malaysia, which tracks real-time air emissions throughout the day. Moreover, quarterly environmental monitoring assessments are conducted by accredited and qualified independent third-party consultants in all our manufacturing facilities.

Each manufacturing entity has a dedicated Environmental Department with qualified and accredited personnel that monitors the overall air emissions management and ensures compliance to the local regulatory requirements. In addition, the Fume Treatment Department ("FTD") at our smelting operations monitors air emissions and ensures the implementation of appropriate mitigation measures. The FTD keeps track of the internal emissions limit which is below the limit set by DOE, as follows:

Pollutant	Internal KPI	DOE
Total Particulate Matter	5 mg/ m ³	10 mg/ m ³
Hydrogen Fluoride	0.9 mg/ m ³	1.0 mg/ m ³
Sulphur Oxides	90 mg/ m ³	100 mg/ m ³

Our manufacturing facilities are designed to have a fume treatment system in place. In our smelters, scrubbers are utilised to treat fume gas from the electrolytic process before releasing it into the atmosphere. Regular maintenance of emissions stack filters is performed to maintain the effective removal of pollutants; while filter bags are replaced within the scheduled maintenance to effectively capture pollutants from the exhaust gases.

Our Initiatives

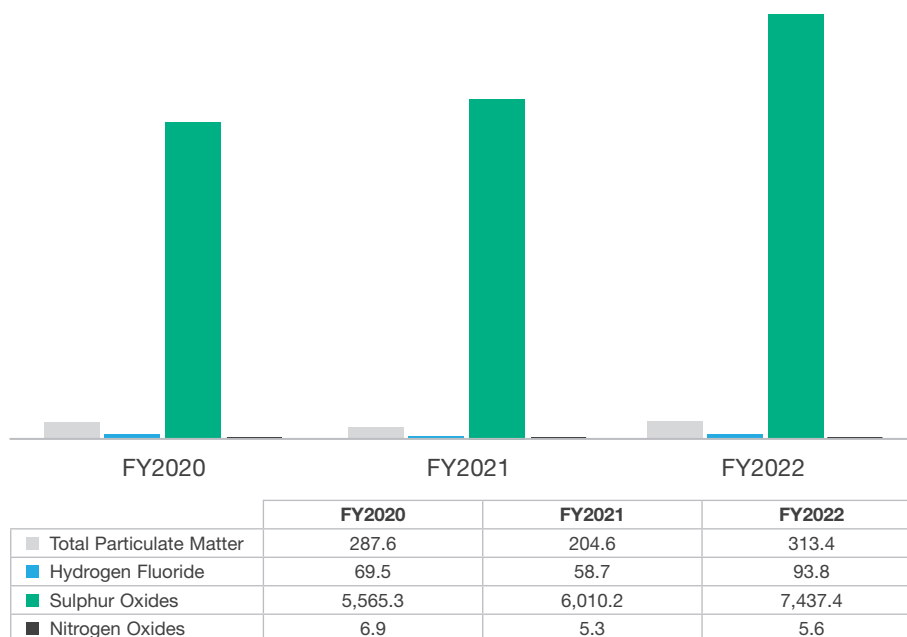
In FY2022, we have undertaken several air emissions initiatives which were registered under the SOIP.

Project	Description
Digital Panel Flowrate Meter (Recycle Process) Phase 2	Digital panel flowrate meters are installed as part of the fume treatment system to control the flow rate of recycling process. This prevents viscous and fine-quality alumina to be added to the potline.
Deduster Improvement of Blower and Ducting	This project aimed to improve air quality and reduce air pollution surrounding the cast house. Continuous and preventive maintenance measures include changing the bag filter of the deduster to maintain the suction efficiency as well as adding a heavy-duty motor blower to support the suction process. With these improvements in place, fume released to the external surroundings of the cast house is minimised.
Inlet Air Filter House: Dust Shield Cover	The installation of shield around the cover of the inlet air filter house helped to reduce the ingress of dust and dirt into the air compressor. As a result, it reduced maintenance time on the machine, improved operational reliability of the machine, and enhanced the impeller service life which consequently reduces the cost to purchase new parts has been observed.
Air Dust Containment & Reduction Project	The crushing process to recover anode remnants has generated dust particles. This project aims to contain dust particles from being dispersed to the surroundings by working in an enclosed area and through optimising the dust collector suction, we can maintain a conducive working environment.

Our Performance

With our robust management system in place, Press Metal has not recorded any incidents of non-compliance with regard to regulatory air emissions limits. In terms of air emissions, there has been an increasing trend in air emissions recorded in mass volume for the past three (3) years. This is attributed to the full commencement of the Phase 3 facility at PMBtu. However, our air emissions are well kept within the limits set by DOE.

Total Air Emissions (Tonnes)



Note: Aggregated data from our smelting facilities at PMBtu and PMS.

ENERGY

GRI 3-3, GRI 302-1, GRI 302-2, GRI 302-3, GRI 302-4

Why is this important?

Aluminium smelting process is an energy-intensive process which uses electricity in large quantities. We believe it is important to source energy in a sustainable manner by continuously identifying opportunities to shift from non-renewable to renewable energy sources, thus contributing to operational GHG emissions reduction. In contrast, secondary production which involves recycling aluminium scrap to create new products, consumes a significantly lower amount of energy in comparison to primary production. Efficient energy management is pivotal for Press Metal not only due to its positive impact on the environment, but also in alignment with our goals to combat climate change. By prioritising clean energy, we can effectively curtail emissions and uphold our commitment towards sustainability.

Our Approach

Our approach to energy management is guided by our Environmental Policy and Environmental Mission Statement. Our key energy management approaches are to:

- Measure the energy usage, review periodic performance, and maintain year-on-year efforts to reduce energy consumption across the organisation.
- Continually improve and optimise energy performance of facilities, equipment, system and processes including improvements in technologies and approaches, modifications and R&D activities.
- Transit to renewable energy source by transforming the existing energy system to a cleaner source and reduce dependence on fossil fuels.
- Engage with employees and other stakeholders to cultivate energy conservation principles and practices.

To further strengthen energy management at Press Metal, our plant in China, PMI, has obtained the ISO 50001:2018 EnMS certification, whereas our smelting operations (PMBtu and PMS) are making headway in attaining the ISO 50001:2018 EnMS certification.

Although aluminium smelting is an energy-intensive process, Press Metal produces a lower carbon footprint when compared to smelters that rely on fossil fuel-based electricity supply (i.e. coal or diesel-fired power plants), as our smelting facilities are predominantly powered by hydroelectricity. Additionally, our PMI and PMAR manufacturing facilities partially utilise solar energy.

It is crucial that we implement effective strategies and continuously strive to maximise energy efficiency, promote the use of renewable energy, and encourage energy conservation among our employees. Each entity within the Group has defined energy efficiency targets in line with the Group's efforts to improve energy efficiency. PMI has outlined a target to reduce energy consumption by 2% annually, beginning 2021 to 2025. PMAR, moreover, has an environmental objective to reduce the consumption of natural gas to below 3.9 MMBtu/ tonne of aluminium produced.

Our Initiatives

In FY2022, our PMBA facility installed twin chamber melting furnaces to improve the remelting capacity while lowering energy consumption. Efficient work arrangements have been implemented to operate the furnaces by reducing the frequency of start-up and reheating as these operations tend to consume more energy.

PMAR has implemented a range of environmentally conscious measures to optimise energy consumption. These initiatives include the installation of solar panels, which has the capacity to generate 1,248 kW of clean energy annually. Additionally, PMAR has taken proactive step by replacing less efficient gas burners with new models, resulting in significant energy saving. PMAR also monitors the condition of ceramic balls of the melting furnace to optimise heat efficiency. Such measures underscore PMAR's dedication to sustainable business practices.

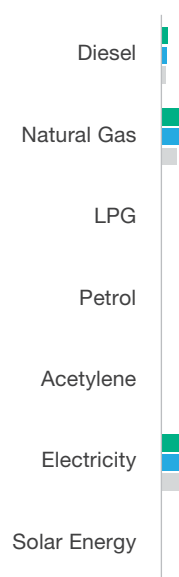
At our China entities, Energy Conservation Workgroup has been established to conduct research on energy-saving solutions for machinery and to instil energy conservation culture through energy conservation videos. Monthly meetings are held to discuss technical modifications on machines, evaluation of investments, and propose improvement plans for areas with high energy consumption. As a result, our China plants have switched 18 units of diesel forklifts with EV forklifts to reduce the dependence on conventional fuel-type handling equipment. At PMI, solar energy is utilised from the installed 11 MW solar plant.

 Read more on the initiatives in the Our Initiatives (Climate Change) section of this Report

Our Performance

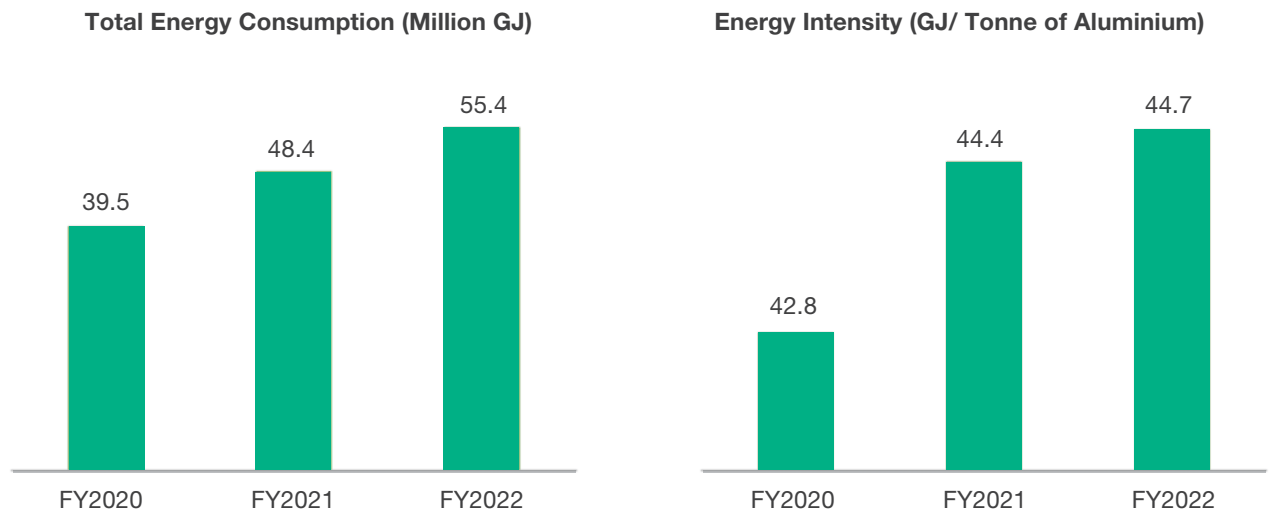
In FY2022, our manufacturing operations consumed 55.4 million Gigajoules (“GJ”) of energy, representing a 14.5% increase from FY2021. The energy intensity has also increased slightly by 6.8% from FY2021. The increase in energy intensity is mainly attributed to the occurrences of anode effect resulting from uneven chemical composition in the electrolysis process. This is arising from the blockage in the alumina feeders and breakdown of alumina conveyor belts.

Total Energy Consumption by Source (GJ)



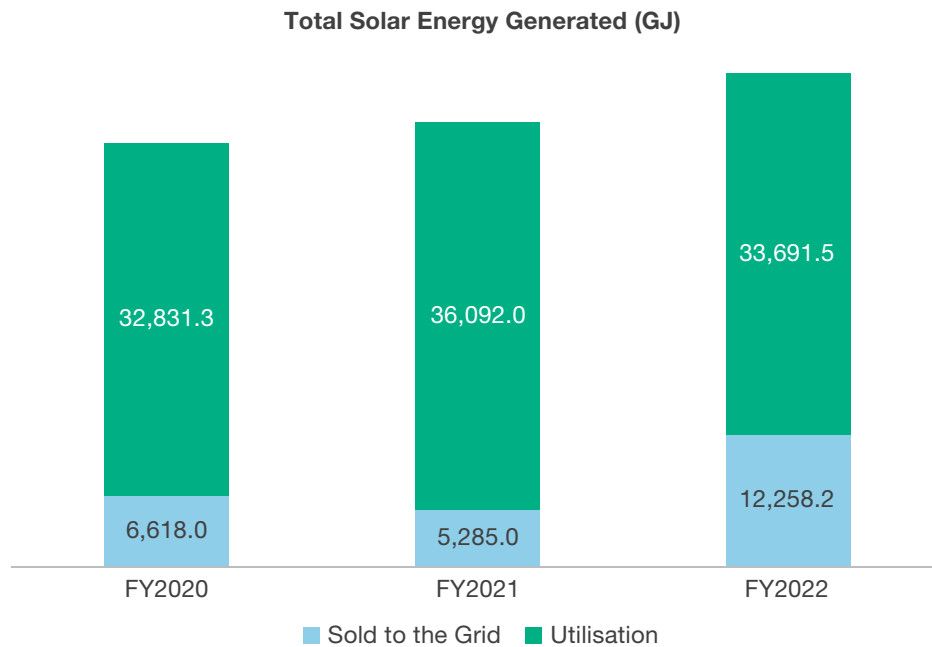
	Solar Energy	Electricity	Acetylene	Petrol	LPG	Natural Gas	Diesel
FY2022	0.1%	97.4%	0.0%	0.0%	0.0%	1.9%	0.6%
FY2021	0.1%	96.9%	0.0%	0.0%	0.0%	2.3%	0.6%
FY2020	0.1%	97.0%	0.0%	0.0%	0.0%	2.3%	0.6%

Note: Aggregated data from our midstream (PMBtu, PMS, PMAR) and downstream (PMBA, PMI, PMIT) facilities.



Note: Aggregated data from our midstream (PMBtu, PMS, PMAR) and downstream (PMBA, PMI, PMIT) facilities.

The use of solar energy generated from the installed solar panels at PMI and PMAR has contributed to the avoidance of Scope 2 GHG emissions by 5,459 tCO₂-eq.



Notes:

1. Total Solar Energy Sold to the Grid comprised data from PMI.
2. Total Solar Energy Utilisation comprised aggregated data from our manufacturing facilities (PMI and PMAR).

WASTE

GRI 3-3, GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4, GRI 306-5

Why is this important?

Globally, rapid urbanisation, population growth, and economic growth have led to constraints in solid waste management due to the waste generated from various sources, including households, construction, agriculture, healthcare, transportation, industrial, and mining activities. If these wastes are not managed effectively and diverted to landfills, they can pose negative effects on our ecosystem through chemical and heavy metal exposure, soil and water body contaminations, biological pathogen leakage, and odour pollution which may threaten human health, especially in the case of hazardous waste. It is therefore crucial for Press Metal to manage waste responsibly to minimise the impact on the environment and society.

Our Approach

Press Metal's waste management approach is guided by our Environmental Mission Statement. Press Metal upholds a comprehensive waste management practice that encompasses several vital elements; centred around designing and managing products and processes that minimise waste volume, promote conservation, and recover waste resources. We strictly adhere to relevant waste-related legislation and promote safe methods of waste segregation and disposal. We prioritise ongoing active monitoring of waste management, establish baselines, and promote the 4Rs Approach (Reduce, Reuse, Recycle and Recover) throughout our production process.

At Press Metal, we focus on driving effective waste management by implementing the 4Rs Approach: Reduce, Reuse, Recycle, and Recover. The 4Rs Approach emphasises reducing waste generation at source, re-using, recycling and recovering valuable by-products and processing our operational waste in a responsible manner from cradle-to-gate.



To foster coordination and collaboration, we engaged with relevant stakeholders to seek their input and feedback during the development of our waste management policies and actions plans, further demonstrating our commitment to responsible waste management. Each of our manufacturing facilities has a site waste management system which encompasses the collection, transportation, treatment, and disposal of waste in compliance with waste-related regulations. Wastes that are not treated internally are collected by authorised and approved waste contractors for further processing.

All wastewater generated is stored in secured wastewater storage facilities that are specially engineered and optimally maintained. Prior to discharge, all wastewater are treated according to the best practice standards.

We ensure that our operational waste management processes comply with local regulatory requirements by conducting periodic monitoring and recording of data to be in adherence to required standards. Our Malaysian entities utilise the electronic Scheduled Waste Information System ("eSWIS") provided by the DOE to record all scheduled waste generation and handling. Likewise, our entities in China also report their waste handling in the local province system, known as Guangdong Solid Waste Declaration System.

Acknowledging Press Metal's operational waste generation and its potential impact on the ecosystem, we have established a short-term waste diversion target of 95% by 2026. In addition, we aim to achieve zero (0) waste to landfills by 2030.



- Achieve 95% waste diversion rate by 2026
- Zero (0) landfill waste by 2030

Our Initiatives

Waste Recovery

Dross Recovery

Dross is a by-product of the manufacturing process, and if left unprocessed, it may have adverse environmental impacts through land contamination and water pollution. Press Metal has identified three (3) types of dross, namely aluminium, carbon, and iron dross. Our efforts to manage the dross wastes include investments in dross recovery equipment to recover dross from our production lines.

Type of Dross	Recovery Method
Aluminium	<ul style="list-style-type: none"> • Underwent internal recovery before delivering to external recovery facilities for further processing • Recovered aluminium is remelted to form aluminium products
Carbon	<ul style="list-style-type: none"> • Recovered internally by separation • Recovered bath materials are reused internally for the smelting operations • Recovered spent anodes will be delivered to the anode suppliers to be reused as raw materials for the prebake of carbon anodes
Iron	<ul style="list-style-type: none"> • Crushed into small grains to be mixed with concrete for building materials

Spent Pot Lining

Spent Pot Lining ("SPL") is a type of hazardous waste generated from relining of our electrolysis cells that contains various chemicals and heavy metals, including sodium and fluoride. Currently, SPL is stored in a designated and secure storage area to prevent any potential environmental contamination. The respective Environmental Department oversees the management of SPL and explore feasible methods to recover and repurpose SPL effectively.

Press Metal collaborated with various cement manufacturers to co-process SPL to be a raw material for cement production, with the aim of repurposing the waste into a valuable material.

Full Recovery Plant

Press Metal entered into an agreement with a licensed waste recovery company to support the development of a Full Recovery Plant in Bintulu, Sarawak that recovers and recycles aluminium dross and scrap. With this initiative in place, aluminium waste will have an extended lifecycle which is aligned with the 4Rs principle. This initiative directly supports our commitment to achieving zero (0) landfill waste by 2030.

Awareness and Education

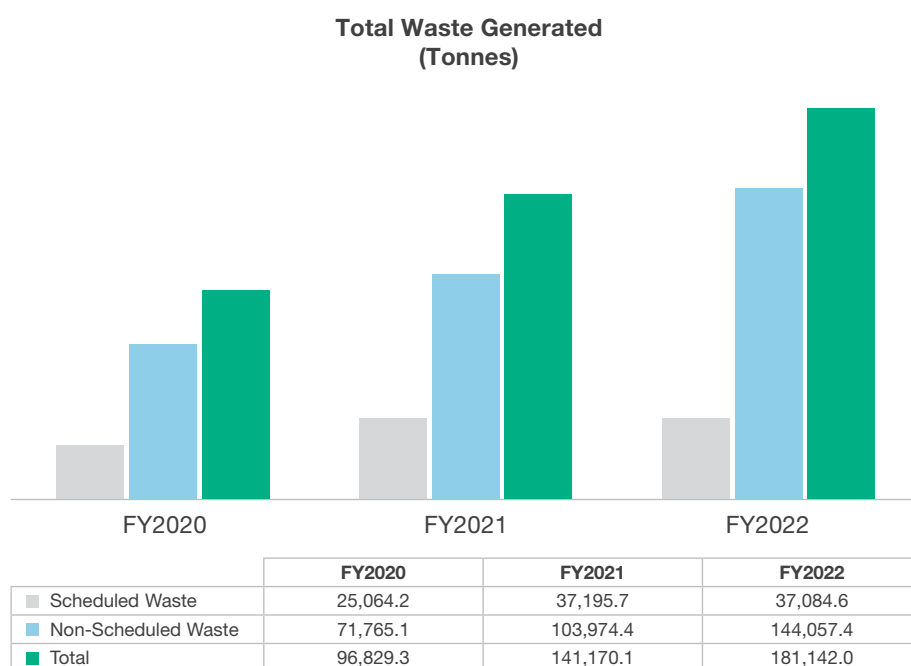
Throughout FY2022, we held various awareness sessions among employees to foster understanding on the significance of waste management in Press Metal. These sessions covered a range of topics, including:

- Circular economy practices to encourage staff to reuse and repurpose items whenever possible (i.e. converting plastic water bottles into flowerpots)
- Segregation of general waste (e.g. "Go Green and Go Clean Campaign" to promote the segregation of paper waste from general waste)
- Adoption of 5S Lean Manufacturing Principles to minimise and reduce the generation of waste in our Sarawak operations
- Management and reduction of food waste

Our Performance

Waste Generated

In FY2022, the total waste generated, which consists of scheduled and non-scheduled waste, amounted to 181,142 tonnes, marking an increase of 28.3% from the preceding year. The increased waste generation is attributed to the increased carbon dross and SPL generation from the increasing operating activities as well as scheduled maintenance of ageing smelting pots. The carbon dross and SPL are waste that can be repurposed as raw materials for other industries.

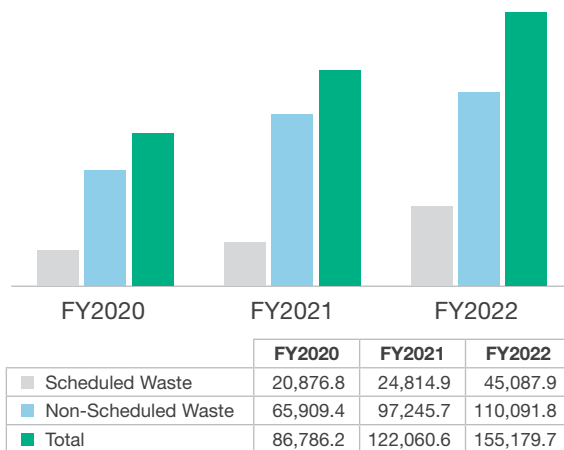


Note: Aggregated data from our midstream (PMBtu, PMS, PMAR) and downstream (PMBA, PMI, PMIT) facilities.

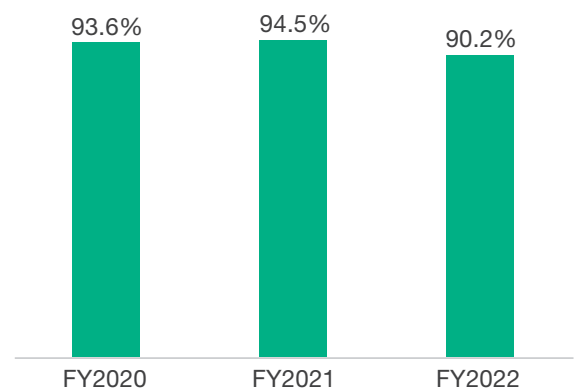
Waste Diverted from Landfill

We have successfully diverted (i.e. reused and recycled) 155,179.7 tonnes or 90.2% of waste from being disposed of to landfills in FY2022. The majority of waste diverted from landfill comprises recyclable and recoverable materials such as SPL and dross. We will continue to intensify efforts in pursuit of achieving our target of a 95% diversion rate by 2026.

Total Waste Diverted from Disposal (Tonnes)



Waste Diversion Rate

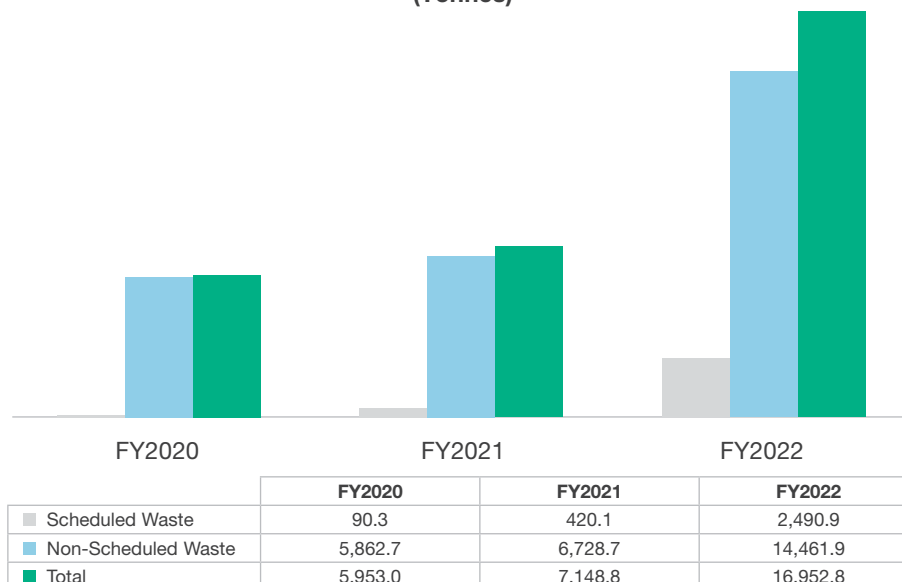


Note: Aggregated data from our midstream (PMBtu, PMS, PMAR) and downstream (PMBA, PMI, PMIT) facilities. The waste diverted from disposal amount is limited to reuse, recycling and other recovery operations, and does not include the waste stored in the storage area.

Waste Directed to Landfill

Waste directed to landfills was approximately 17,000 tonnes in FY2022. The significant increase in total waste directed to landfill in FY2022 was attributable to the lack of authorised waste recovery contractors to repurpose or recycle waste generated and viable alternative recycling technologies.

Total Waste Directed to Landfill (Tonnes)



Note: Aggregated data from our midstream (PMBtu, PMS, PMAR) and downstream (PMBA, PMI, PMIT) facilities. The waste directed to landfill refers to the amount disposed of through landfilling only and does not include the waste stored in the storage area.

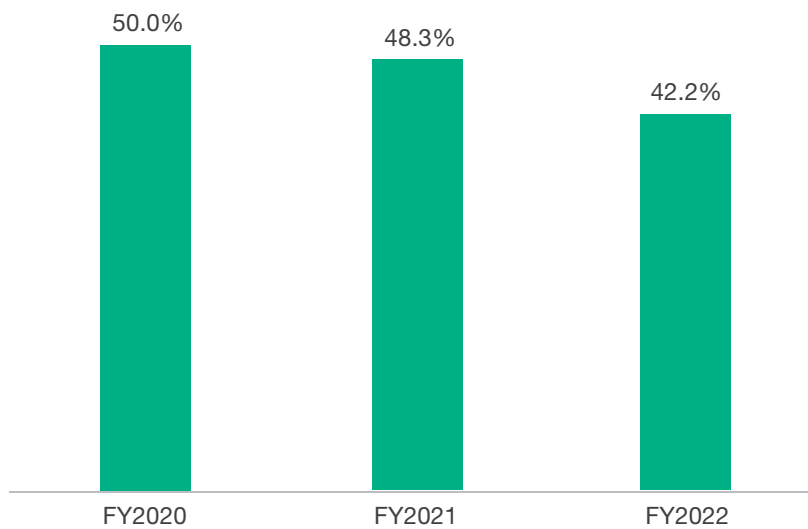
SPL Repurposing

In FY2022, we have repurposed 20,787.8 tonnes of SPL for cement manufacturing through our collaboration with cement manufacturers.

Aluminium Dross Recovery

In FY2022, our aluminium recovery facility recovered around 42.2% of aluminium from aluminium dross, a 6.1 percentage points reduction from FY2021 mainly caused by delayed repair on malfunctioned machinery during the period. The delayed repair was caused by the lack of technical specialists and spare parts attributed to supply chain disruption.

Internal Dross Recovery Rate



Note: Aggregated data from our midstream (PMBtu and PMS) and downstream (PMBA, PMI, PMIT) facilities.

Non-compliance

In FY2022, we recorded three (3) incidents of non-compliance on scheduled waste handling procedures, i.e. no labelling on stored scheduled waste (total fine: RM6,000). Consequently, we implemented corrective actions (i.e. review of current Standard Operating Procedure ("SOP")) to prevent the recurrence of such incidents.

MATERIAL STEWARDSHIP

GRI 3-3, GRI 301-2, GRI 301-3

Why is this important?

The growth of the global population and economy has led to an increase in demand for finite natural resources such as metals and minerals. However, this large-scale consumption has resulted in adverse consequences such as increased GHG emissions from material processing, mineral resource scarcity, limitations in the supply chain, and price volatility.

Press Metal is committed to the principles of material stewardship, including material recovery and reuse, as well as preventing wastage through the implementation of the 5S lean manufacturing method. We aim to maximise output efficiency from the raw materials required as primary input materials (i.e. alumina and carbon anode) in the aluminium production process.



Our Approach

At Press Metal, we have implemented operational policies and procedures that align with the principles, i.e. to improve resource efficiency and energy consumption through operational optimisation, with the aim of minimising our environmental footprint.

To improve material resource efficiency, we focus on streamlining the manufacturing process which enables products to be recovered or reused. We have also integrated circular principles into our operations, guided by the European Aluminium's Circular Aluminium Action Plan. This involves reducing waste generation at source and maximising materials recycling.

As part of our efforts to extend the lifecycle of aluminium, we collect, reuse, and recycle products as input materials for production. The recycled aluminium used in our manufacturing processes includes defected products and aluminium scraps that are recovered internally or sourced from external providers.

Press Metal aims to establish a sustainable supply chain by venturing into upstream business investments that enable us to secure the supply of raw materials as well as to promote sustainable sourcing principles among the stakeholders in the upstream value chain in the long run to preserve the limited resources for future generations.

-  Read more on our circular economy approach under Pillar #3 of the Climate Change Strategy section of this Report
-  Read more on our waste approach in the Our Approach (Waste) section of this Report

Our Initiatives

Pre- and post-consumer aluminium scraps are typically recycled as manufacturing input materials. Such aluminium comprises post-consumer aluminium scrap and aluminium by-products including recovered aluminium from dross, aluminium butt-end, and scraps generated from the production line. Aluminium scraps are sourced from two (2) of our key efforts, namely the aluminium scrap buyback programme and remelting of defective aluminium goods.

Press Metal has initiated aluminium scrap buyback programme where we acquire post-consumer aluminium scrap from the open market, clients, and business partners to be reintroduced, as much as feasible, into our manufacturing process. This is aligned with our strategy to adopt the circular economy concept.

Where aluminium products are classified as defective due to unforeseen factors, they would be considered as waste if they are not treated. As such, Press Metal re-collects, sorts and subsequently, remelts the defective aluminium products at our manufacturing facilities to produce a new batch of aluminium products.

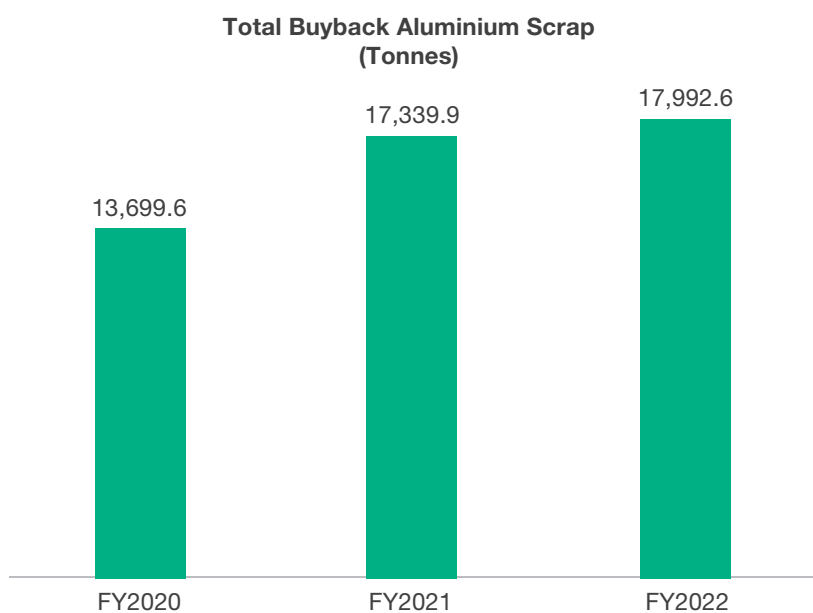
Increased interest in use of sustainable materials for electronic products has driven Press Metal to obtain certifications for our recycled aluminium products. In FY2022, two (2) of our extrusion products have been certified with SCS Global Recycled Content for a minimum of 80% Pre-Consumer Recycled Aluminium Alloy Content and 100% Pre-Consumer Recycled Aluminium Alloy Content, respectively.

-  Read more on our waste initiatives in the Our Initiatives (Waste) section of this Report

Our Performance

Aluminium Buyback

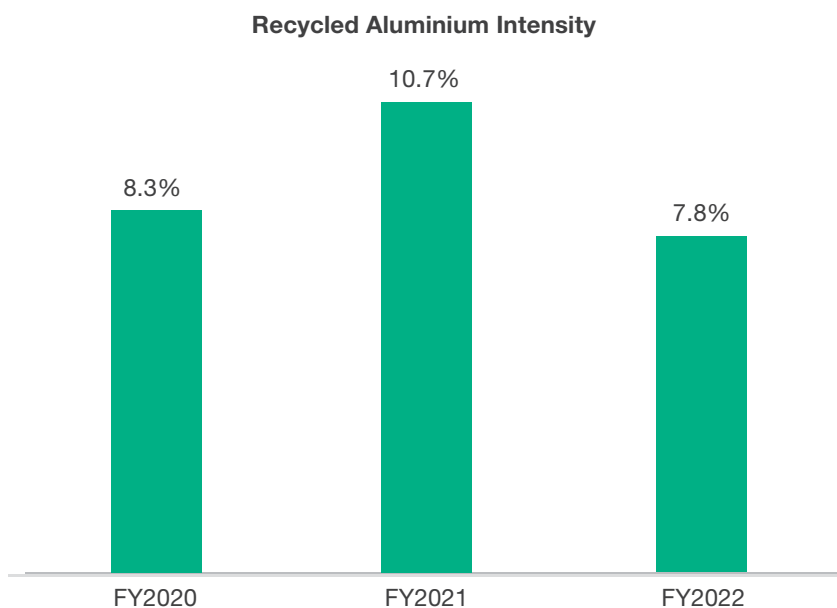
In FY2022, we purchased approximately 17,992.6 tonnes of aluminium scrap from the market, an increase of 3.8% from the preceding year.



Note: Aggregated data from our midstream (PMS and PMAR) and downstream (PMBA, PMI, PMI) facilities.

Recycled Aluminium Intensity

The recycled aluminium intensity is 7.8% in FY2022, marking a 2.9 percentage points decrease when compared to FY2021, attributed to increased production output.



Note: Aggregated data from our midstream (PMBtu, PMS, PMAR) and downstream (PMBA, PMI, PMI) facilities.

WATER AND EFFLUENTS

GRI 3-3, GRI 303-1, GRI 303-2, GRI 303-3, GRI 303-4, GRI 303-5

Why is this important?

Water is an essential and renewable resource and is important for the communities in which we operate. Although it is a renewable resource, scarcity of quality water is felt in many parts of the world due to the impacts of climate change, poor management of water resources, and contamination. It is therefore imperative that we monitor the security of supply and efficient water management throughout our facilities.

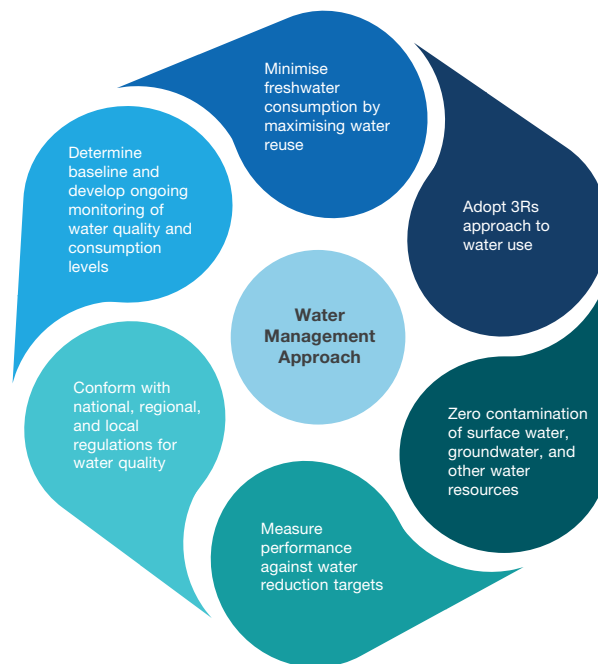
Our Approach

Given that water is a shared resource, Press Metal has taken a proactive stance towards responsible water resource management across our operations. Our commitment to managing water resources is outlined in our Environmental Mission Statement which can be found at: <https://www.pressmetal.com/investor-relations/corporate-governance.php>.

The Group's water resources management is guided by the following two (2) factors:

- Driving efficiency in water consumption from business and operational perspective; and
- Ensure our business operations do not affect the quality of surrounding water bodies.

We have adopted a comprehensive approach to managing our water impacts:



Our Water Management Plan comprised detailed action plans to optimise water efficiency and identify areas of improvement in managing water resources, such as facilities improvement, process optimisation, monitoring and inspections, as well as awareness and education.

We have established water targets to monitor our performance in managing water-related impacts. The Water and Energy Conservation Working Group was initiated by our China entities to oversee the water management efforts.



- Reduction of water withdrawal intensity by 5% from the 2016 baseline by 2023
- Reduction of water withdrawal intensity by 10% from the 2016 baseline by 2030

2016 baseline for water withdrawal intensity: 3.1 m³/tonne of aluminium

Water Source Supply and Consumption

We obtain our water supply from municipal water supplies and do not draw water directly from any water bodies such as rivers, oceans, surface water, and wells, except for rainwater harvesting. Water is primarily utilised by our midstream and downstream facilities for domestic usage and cooling purposes. Typically, water that is used for cooling purposes is recycled back into the closed-loop water system. In the event that we generate wastewater, it will be treated via a water treatment system to ensure its quality complies with the requirements of effluent quality set by the relevant regulatory bodies before discharging it into the environment.

Press Metal conducts an annual assessment utilising the World Resource Institute (“WRI”) Aqueduct Water Risk Atlas Tool to identify any potential water risks in the areas where we operate. Consequently, we have identified that Press Metal’s water risks are low as we do not have an operational footprint in water-stressed areas. Nonetheless, we remain committed to protecting our water resources and optimising water usage across all our operations.

Entity	Country	Province	Baseline Water Stress	Water Source	Non-Processed Water Discharge	Processed Water Discharge				
PMBtu	Malaysia	Sarawak	Low	Municipal potable water	Offsite treatment plant	Closed loop				
PMS		Johor								
PMAR		Selangor								
PMBA						Surface water				
PMI	China	Guangdong								
PMIT										

Spills and Leakages

Press Metal aims to maintain zero (0) chemical spills and leakages to avoid contamination of water bodies, and to protect the health and safety of our employees and surrounding community. This is achieved by implementing effective preventive measures as part of the EMS which include providing sound facilities (i.e. impermeable flooring), external communication strategies, compliance controls and monitoring programme. Any incidents of significant chemical spills and leakages are to be reported immediately to the relevant department, and recorded timely in the internal EHS e-reporting system.

In the event of unforeseen spill and leakage incidents, Press Metal has in place an Emergency Response Plan (“ERP”) which outlines procedures and protocols for safe handling and storage of chemicals and coordinated response to potential emergencies. In the event of an emergency spill or leak involving the general public, response procedures for coordinating with the immediate community and relevant government agencies have also been devised. Additionally, we have established a dedicated call line for immediate reporting of any chemical leakage incidents.

 [Read more on our emergency response plan in the Health and Safety section of this Report](#)

Our Initiatives

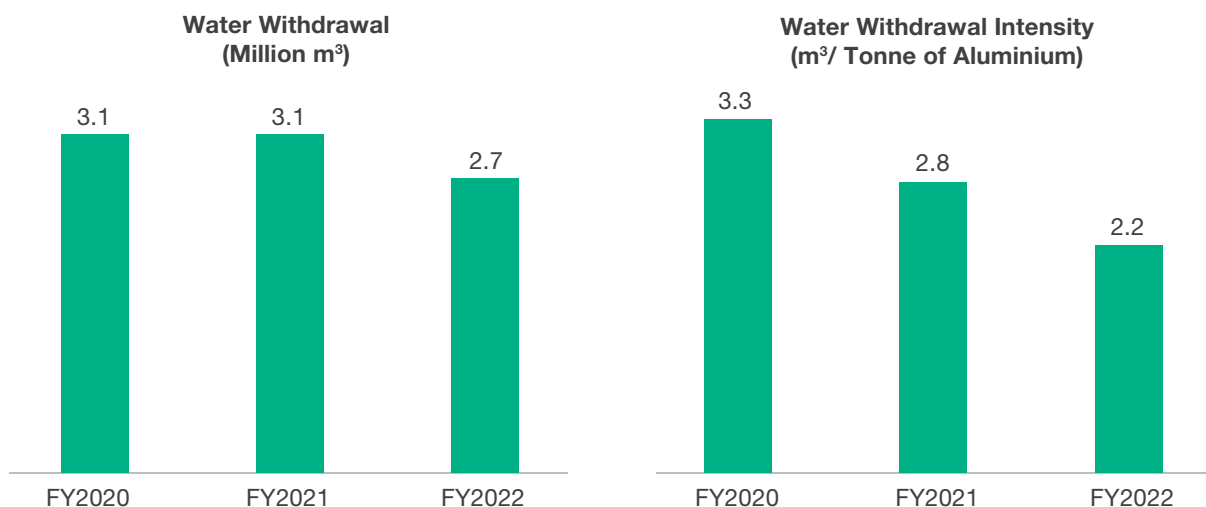
The following initiatives were implemented in FY2022 to enhance our water resources management:

- Facilities improvement
 - o Replaced one (1) cooling tower at the casthouse to optimise the efficiency of the tower
 - o Built one (1) new cooling tower at the dross recovery facility
 - o Installation of rainwater harvesting systems to provide water for irrigation and cleaning purposes, which can reduce the dependence on municipal-supplied water
 - o Installation of flowmeters at key locations to monitor daily water withdrawal
 - o Upgraded of wastewater treatment facilities to improve wastewater recycling rate and reduce wastewater discharge
- Process optimisation
 - o Water Balance Project was initiated to conduct comprehensive checks on the water piping and water consumption. As a result, a water balance map is generated to analyse the current water usage and identify any potential leakage points. This enables us to carry out preventive measures to improve water usage management
 - o Conducted surveillance programme to optimise PMI and PMIT's water consumption (firefighting water and production water)
 - o Reused water from cooling plates at anodising tanks to reduce reliance on the potable water source
 - o Reused of wastewater, i.e. internal wastewater treatment plant, creating sufficient wastewater to be used for polymer dilution. Greywater is further treated and used for cleaning filters and floors
- Awareness and education
 - o Continuous education of staff and workers on water conservation

Our Performance

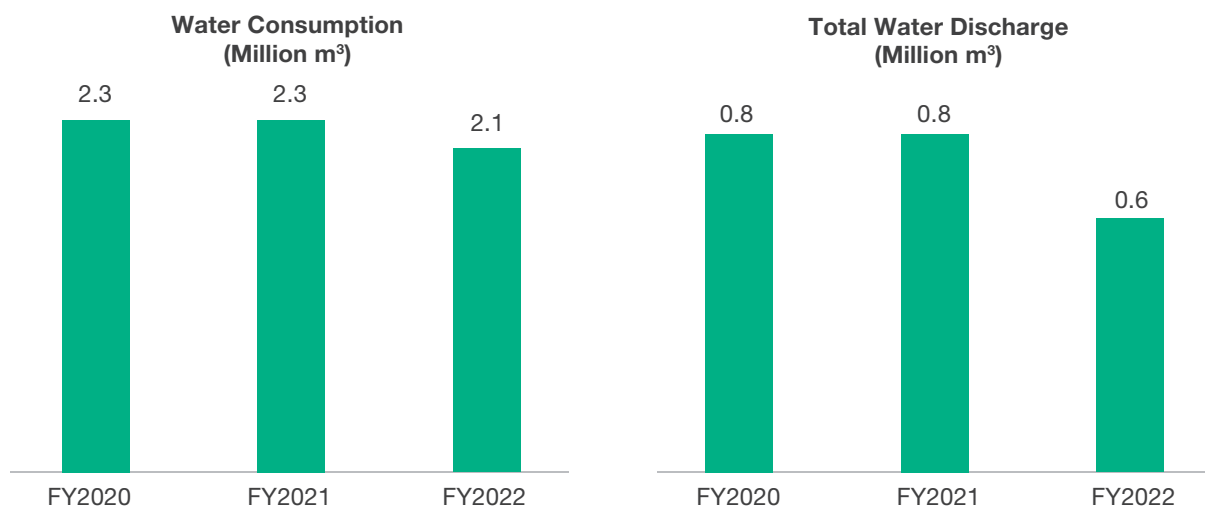
Water Source Supply and Consumption

In FY2022, we withdrew a total of 2.7 million m³ of water, which translates to approximately 12.9% reduction from FY2021. In terms of water withdrawal intensity, it stood at 2.2 m³/tonne of aluminium in FY2022, marking a reduction of 21.4% from the preceding year. This decreasing trend is attributed to effective water-saving initiatives implemented across our facilities.



Note: Water Withdrawal and Water Withdrawal Intensity comprised aggregated data from our midstream (PMBtu, PMS, PMAR) and downstream facilities (PMBA, PMI, PMI) facilities.

Likewise, our water consumption and total water discharged were also lower in FY2022. Water consumption stood at 2.1 million m³ and total water discharge at PMBA and PMI amounted to 0.6 million m³.



Notes:

1. Water Consumption chart comprised aggregated data from our midstream (PMBtu, PMS, PMAR) and downstream (PMBA, PMI, PMI) facilities.
2. Total Water Discharge chart comprised aggregated data from facilities at PMBA and PMI only.

We are also pleased to report that we have achieved our water withdrawal intensity target with a reduction of 29.0% from the 2016 baseline in FY2022, ahead of our 10% of water withdrawal intensity reduction target by 2030.

Non-compliance with Effluent Discharge

Due to our stringent monitoring, Press Metal continues to record zero (0) incidents of non-compliance with effluent discharges over the years.

Spills and Leakages

Press Metal has recorded zero (0) incidents of significant spills in FY2022.

BIODIVERSITY

GRI 3-3

Why is this important?

Forests, being the key component to a healthy, thriving, and balanced ecosystem, cover 31% of the Earth's land. We, at Press Metal, are committed to protecting the biodiversity and natural ecosystems in the areas we operate. Despite being ranked as a low-priority material matter in the FY2022 materiality matrix, we continue to strive to protect the ecosystem. It is our duty to coexist harmoniously with nature and promote the rehabilitation and preservation of our ecosystem.

Our Approach

All of our facilities in Malaysia are required to undergo an Environmental Impact Assessment ("EIA") prior to the commencement of planning and construction works as well as in the operation phase of the facilities, to assess and identify (if any) our adverse environmental impact.

The EIA covers ecological monitoring that involves monitoring of bioindicators through:

- Determination of baseline level and identification of suitable vegetation and plants as an indicator for airborne fluoride emission
- Monitoring of fluoride content in indicator plants and seawater samples at selected sites

According to the results of the EIA, our operations did not pose any significant impact on surrounding biodiversity. Air quality modelling was conducted to assess the dispersion of fluoride emissions, and the outcome indicated that the likelihood of adverse impacts on surrounding vegetation from fluoride gases is low. Additionally, our smelting operations carry out regular ecology monitoring and report to the relevant authorities.

All of our manufacturing facilities are not located in any World Heritage Properties, protected areas, or key biodiversity areas.

Press Metal has also implemented an Integrated Pest, Vector, and Invasive Species Management Plan to identify and prevent the spread of invasive and alien species during the importation of products that are shipped across international waters. This is to avoid any possible introduction of alien species that may impact the natural balance of the local ecosystems.

Press Metal is enhancing Biodiversity Management Plan for all of its manufacturing facilities. This plan is intended to provide guidance in identification and assessment of any potential impacts on biodiversity that may arise from our operations through self-assessment, and when necessary, to develop a mitigation measure. If necessary, a Biodiversity Action Plan with specific targets and timelines will be developed according to the Biodiversity Mitigation Hierarchy guideline (avoid, mitigate, restore or rehabilitate and finally offset) with the goal of achieving no net loss of biodiversity.

Our Initiatives

In FY2022, we participated in four (4) initiatives to honour our commitment to preserve and restore natural resources and biological diversity through the rehabilitation of disturbed land and the planting of trees.

Initiative	Description
The Queen's Green Canopy Tree Planting Programme	<ul style="list-style-type: none"> This programme is under the purview of the Ministry of Energy and Natural Resources, BMCC, and British High Commission ("BHC") to encourage companies to demonstrate their stance on climate change by implementing tree-planting efforts in Malaysia. This is part of the Greening Malaysia Programme agenda. Press Metal pledged 70 trees to be planted and managed by Animal Projects and Environmental Education Sdn. Bhd. ("APE Malaysia") for the restoration of the forest corridors along the Lower Kinabatangan region in Sabah and by Yayasan Hijau Malaysia ("Yayasan Hijau") at Hutan Simpan Tanjung Burung in Perak. It is estimated approximately 861 kgCO₂/ year will be sequestered.
Greening Malaysia Programme	<ul style="list-style-type: none"> This programme is a five-year campaign initiated by the Ministry of Natural Resources, Environment and Climate Change, which involves the sponsorship of tree planting in conjunction with the 70th anniversary of the Platinum Jubilee of Queen Elizabeth II. A total of 750 mangrove tree saplings (<i>Rhizophora mucronata</i>) will be planted in Hutan Simpan Tanjung Burung, Perak, and is estimated that approximately 9,225 kgCO₂/ year will be sequestered from the 750 tree saplings⁶. Mangroves act as a natural coastal fortress against floods and storm waves. The sediments from the land and river are filtered by the roots of mangroves which consequently protects the coastline and slows coastal erosion. Mangroves are also a habitat for a variety of flora and fauna species. This includes fish, crustaceans, and prawns which can usually be found at the roots of the mangrove trees.
PMBtu tree planting	<ul style="list-style-type: none"> The objective of this initiative is to advocate for environmental sustainability as a responsible corporate citizen.
PMAR fruit tree planting	<ul style="list-style-type: none"> An unused land surrounding PMAR is being used to plant fruit trees and vegetables.

⁶ Eden Reforestation Project is used as a benchmark project to calculate the amount of CO₂ removed from the atmosphere and the amount of CO₂ sequestered per tree based on the growth life and planting density. Each mangrove tree planted by Eden Reforestation Project removes over 308 kg of CO₂ from the atmosphere over the growth life of the tree. This calculates to an average of 12.3 kg CO₂ sequestration per year per tree.

EMPOWERING OUR PEOPLE AND ENRICHING OUR COMMUNITIES

Our human capital is a critical building block in creating a sustainable and successful business. It is our responsibility to provide our people with the necessary opportunities for professional and personal growth, by prioritising talent development and upskilling our workforce to create a dynamic working environment. Recognising that employees are our most valuable asset; it is imperative to support our employees' health and well-being, to foster a safe working environment and to build a high-performing team. We believe in hiring people from diverse cultures and backgrounds, as their unique perspectives and new ideas help to address operational challenges and provide innovative business solutions.

We also believe in investing in the surrounding community by providing access to education, healthcare, and basic necessities to create a positive societal impact and strengthen community relations. This will not only benefit the community but will also provide Press Metal with a sense of fulfilment and purpose. At the same time, we also encourage our employees to participate more in volunteer works through programmes organised by our respective entities.

OCCUPATIONAL HEALTH AND SAFETY

GRI 3-3, GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7, GRI 403-8, GRI 403-9, GRI 403-10

Why is this important?

Protecting the health and safety of our stakeholders is of utmost importance, and we remain dedicated to implementing and improving measures to prevent high-risk incidents and fatalities across all our operations. By ensuring a safe and healthy work environment, people working within our premises can be productive and focused on their work, leading to increased efficiency and output.

Our Approach

Press Metal is fully committed to ensuring a safe workplace for all employees. Our Occupational Health and Safety ("OHS") Policy serves as a guide to promote a safety culture in all manufacturing facilities within the Group. The OHS Policy applies to all stakeholders that are present within our manufacturing facilities, such as employees, contractors, vendors, and visitors. To ensure effective implementation, the entity-specific EHS Department is responsible for executing OHS Policy in their respective manufacturing facilities. The policy can be accessed via our corporate website: <https://www.pressmetal.com/investor-relations/corporate-governance.php>.

We have set two (2) specific OHS targets, which are to maintain zero (0) workplace fatalities and achieve an LTIFR below 2.5 by the end of FY2024. Our OHS targets are critical in preventing and reducing the number of workplace incidents and accidents, to ensure that all employees return home safely at the end of the day. Press Metal has embedded a robust management system that includes appropriate strategies, policies, management systems, work culture and ethics to enable the achievement of these OHS targets. We also provide learning and development opportunities for employees to enhance awareness of workplace hazards and how to prevent accidents.

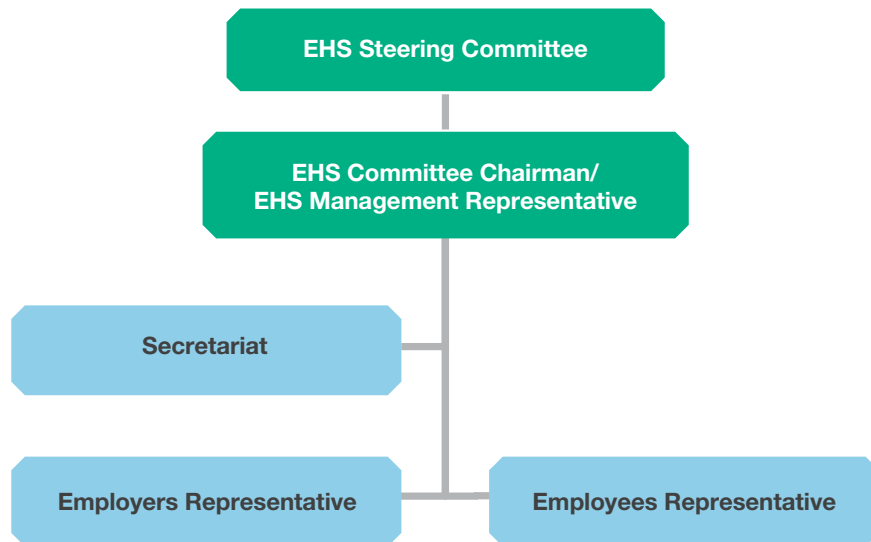
We continuously assess our OHS performance against industry standards to improve our OHS practices. We benchmark our operations LTIFR performance against the IAI's Statistical Report to assess if we are meeting the industry standards on OHS performance level.

Health and Safety Management Oversight

Our Group CEO, Tan Sri Dato' Koon Poh Keong, who is also a member of the Board, oversees the overall performance of OHS across the Group and is supported by the Group Environmental, Health and Safety ("GEHS") Department. The GEHS Department's responsibilities include formulating OHS objectives and providing comprehensive support to all manufacturing facilities within the Group.

At the respective entity level, EHS Committee is formed with representation of employees from all departments of the entity and will be chaired by the respective entity's Management Representative.

Kindly refer below for the composition of the OHS governance structure and their responsibilities.



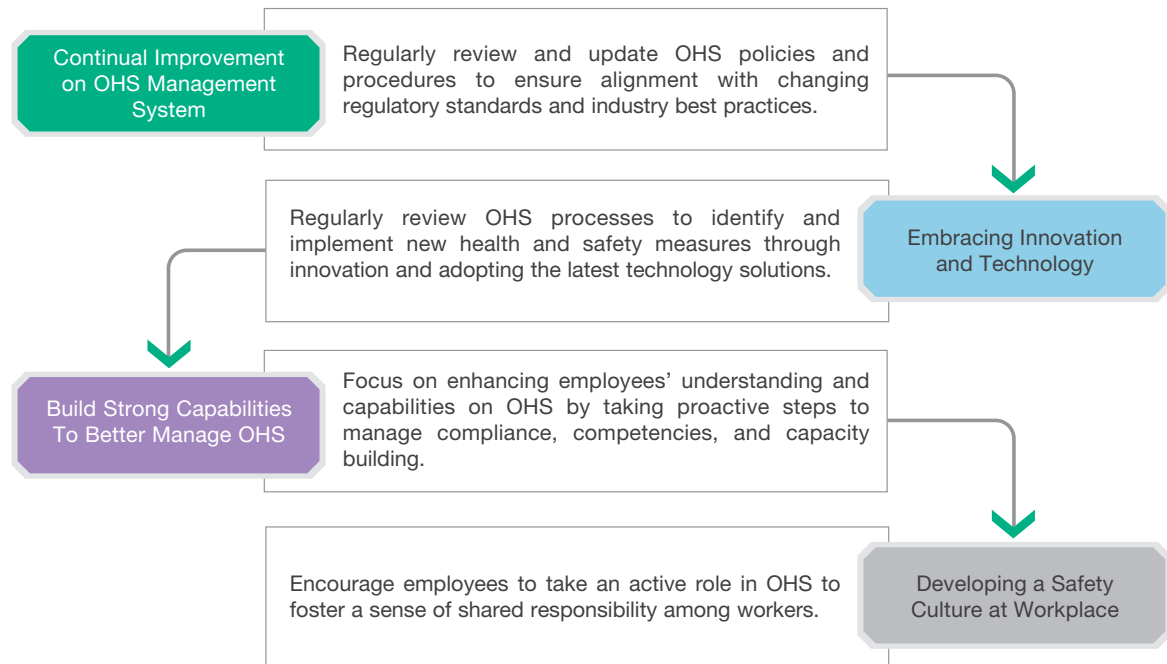
Role of EHS Committee

- 01** Review EHS policies at respective operating sites and propose recommendations for improvement.
- 02** Assist in development of EHS rules and safe systems of work.
- 03** Review the effectiveness of safety and health programmes.
- 04** Carry out studies on trends for incidents, near-misses, dangerous occurrences, occupational diseases at the place of work.
- 05** Evaluate existing or potential hazards and recommend measures to minimise or eliminate such hazards. This includes establishing SOPs to locate and identify EHS hazards.
- 06** Undertake workspace inspections once every three (3) months.
- 07** Report of unsafe/ unhealthy conditions or practices and recommend corrective measures.
- 08** Participate in accident investigations upon the request of management.

The EHS Committees hold meetings on a quarterly basis, to keep everyone informed of EHS performance updates and to address issues and concerns. Any reports or suggestions for improvement will be communicated; providing an effective avenue for participants through two-way communication to discuss and address any OHS-related interests and concerns broadly.

Our Four (4) OHS Pillars

The Group has established a comprehensive OHS strategy that is built upon four (4) pillars to prevent injury and fatality, improve our risk management and develop safety leadership.



Health and Safety Regulatory Compliance and Management Systems

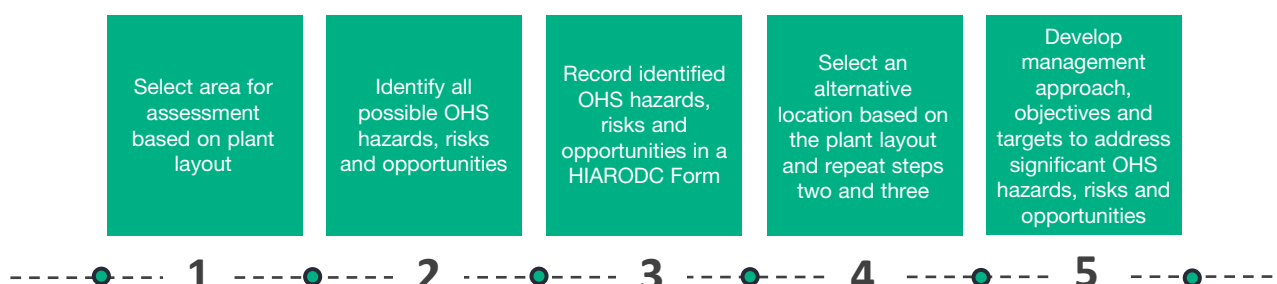
Press Metal is committed to maintaining the highest standards of OHS and complying with relevant safety regulations, including the Occupational Safety and Health Act 1994 in Malaysia and the Occupational Safety Law in the People's Republic of China. All our manufacturing facilities (100%) are ISO 45001:2018 certified and undergo regular internal and external audits to ensure conformance to the certification standards. Our implementation of management systems is guided by an OHS system manual formulated and enforced by the respective Health and Safety ("HS") Department.

Hazard Identification, Assessment of Risks & Opportunities and Determining Controls

Aluminium manufacturing, like any other manufacturing process, has inherent risks and hazards. We believe that by instating proper safety protocols and strategies, these risks could be mitigated and our employees could be protected from harm.

Hazard Identification, Assessment of Risks and Opportunities, and Determination of Control ("HIARODC") provides a systematic approach to managing hazards in the workplace. It aims to evaluate hazards and eliminate or minimise the level of risks by applying control measures where applicable. HIARODC is conducted by the HS Department with the involvement of process experts in line with the ISO 45001:2018 Occupational Health and Safety Management Systems standard.

Press Metal's OHS Hazards, Risks and Opportunities Identification Process



HIARODC is routinely updated and evaluated depending on, but not limited to, the following conditions:

1. Once in every three (3) years
2. Implementation of new machinery, processes, or operations
3. If operational activity, domestic legislation, or other stakeholder needs change
4. In the aftermath of an incident or accident
5. When going through safety guidelines, rules, and regulations

Permit-To-Work and Detailed Job Method Statement

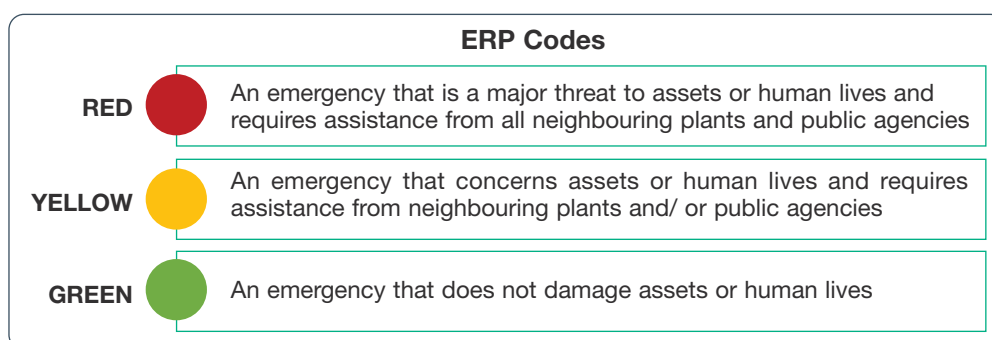
Press Metal has implemented a Permit-To-Work ("PTW") system that requires relevant employees and contractors to perform a Risk Assessment or Job Hazard Analysis for any identified high-risk and non-routine work. The Risk Assessment or Job Hazard Analysis has to be performed to assess the hazard risk levels. It also needs to be supported with a Detailed Job Method Statement ("DJMS") specifying the scope of work, activities involved, identified hazards, and control measures to be put in place. All PTW will be evaluated and authorised by the HS Department prior to the commencement of work and monitored on a daily basis. Where any non-compliance is discovered, the PTW will be suspended until the issue is resolved.

Stop Work Order Procedure

Press Metal has devised a Stop Work Order ("SWO") Procedure to address unsafe work conditions that could potentially cause accidents or injuries. In compliance with the OSHA (Amendment) Act 2022, employees are not restricted to initiate an SWO by reporting any safety concerns to the HS personnel. Once the hazards have been verified by the HS Department, an SWO will be issued, and work activities will be halted until the identified health and safety issues are addressed and confirmed safe by the department. This SWO Procedure empowers employees to take responsibility not only for their own safety but also for the others.

Emergency Preparedness

Emergency preparedness is one of the essential elements of the OHS Management System. It comprises a set of processes needed to prepare for and respond to potential emergency situations to ensure the safety of employees, contractors, visitors, and the surrounding community. Across our plants, we have developed ERP outlining arrangements and contingency planning that are required during various types of emergency situations, as well as addressing the associated health and safety risks. Our ERP is categorised into three (3) severity codes:



To ensure high proficiency of our planned response, we periodically test and revise our ERPs as necessary. This approach guarantees that all trained personnel are adequately prepared to respond during emergency. Emergency drills that we conduct include:

- i. Spillage Prevention and Handling Training
- ii. Pot Leakage Drill Response
- iii. Emergency Busbar Installation
- iv. Fire Fighting Training
- v. Mock Emergency Drill for Fire Alarm
- vi. First Aid and Cardiopulmonary Resuscitation Training

The operation-specific Emergency Response Team (“ERT”) is formed to activate the ERP based on the categorised emergencies. Our ERT includes a designated firefighting team equipped with firefighting equipment.

During the COVID-19 pandemic, the Preparedness Risk, Response, Reaction & Recovery Core Communication team was established to manage disease outbreaks at the plant. This task force was established by the management to detect and isolate infected individuals to prevent an outbreak. Despite the incidence of COVID-19 cases and the transmission rate of the virus have exhibited a notable decline, the task force remains active, and the operating plants to report and isolate any cases of the virus to prevent future outbreaks.

Incident Management and Reporting

The Group has a strict policy that mandates the reporting of any incidents or accidents related to OHS through the internal EHS e-reporting system within 24 hours. In the event of an incident, the Workplace Accident Investigation Procedure will be initiated, and HS Department, together with the HS personnel and representatives from affected departments will conduct investigations using detailed root cause analysis to identify underlying issues. This process includes a comprehensive assessment of all possible OHS risks, such as technical failures, employee fatigue, or emotional factors.

Based on the investigation results, remedial action will be formulated using the hierarchy of control approach. A timeline will be established to track the progress and completion of remedial actions and will be monitored by the HS Department. Remedial actions such as appropriate managerial measures and changes to the operational procedures, will be taken to prevent recurrence of such incidents to employees.



Employees' Health and Welfare

We understand that providing our employees with access to medical care not only fulfils their basic rights, but also for their well-being. At Press Metal, in addition to the required health screening and annual health surveillance, we also provide medical care to our employees. The health surveillance programme is conducted annually at both Sarawak Operations and our China entities. Additionally, general health screenings are carried out during the EHS Campaign in PMBtu and PMS. During the PMBtu safety campaign, we performed female-specific health check-ups, such as breast cancer screening.

Designated medical transport, in-house clinics and audiometric rooms are provided at our Sarawak Operations to provide easy access for employees to seek medical attention when needed. At PMBtu, we maintain a team of medical professionals, comprising one (1) doctor, three (3) medical assistants, and five (5) nurses on standby.

Effective Communication of Health and Safety Measures

Our Sarawak Operations has introduced PressFan, a mobile application aimed at disseminating crucial operational updates, memorandums, One Point Lesson, and safety alerts, including OHS campaigns, to all employees in Sarawak Operations. This easy-to-use platform allows employees to access the latest information on their mobile phones instantly.

In our China Operations, we have utilised WeChat platform for our employees to share their feedback and raise any concerns they may have. We believe in promoting employee engagement and continuous improvement in health and safety practices. To recognise outstanding contributions for safety recommendations, we offer an "Outstanding Employee" award to the employee whose suggestion receives the highest number of votes.

PressSafe

PressSafe is a safety alert feature that is exclusively available to female employees at Sarawak Operations through the PressFan mobile application. It is designed to cater specifically to female employees by providing them with location-tracking capabilities while travelling to and from work. PressFan encompasses function that allows female employees to request for assistance or trigger an SOS signal during emergencies, including car breakdowns or instances of harassment.

Our Initiatives

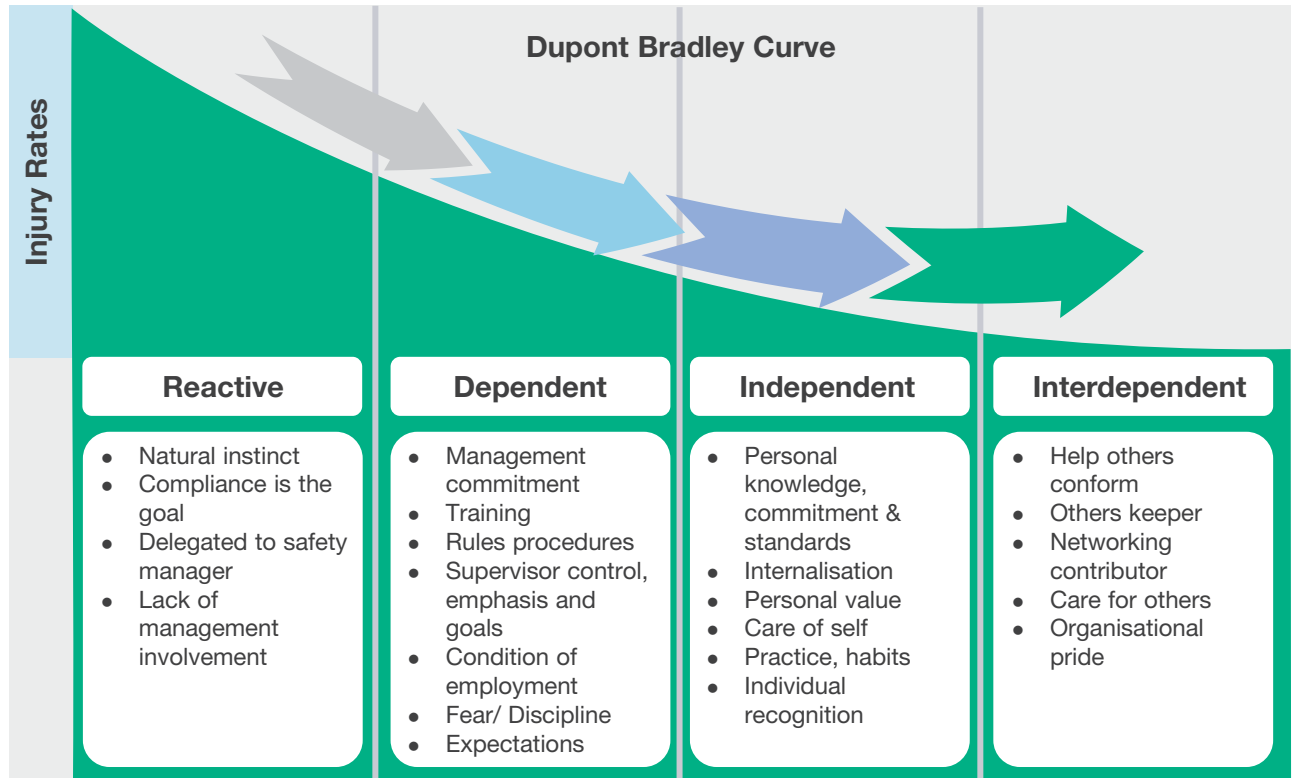
Health and Safety: Building a Positive Safety Culture

Safety 360 Programme

The Safety 360 Programme is aimed at fostering a safety culture among employees by encouraging self-discipline and teamwork among employees. Our goal is to instil a culture of active participation and high safety awareness among all levels of employees as we believe that the maturity of safety culture plays a crucial role in reducing workplace injuries and accidents.

The objectives of the Safety 360 Programme include preventing incidents, achieving a zero-accident target, reshaping the safety culture of all employees from dependent to interdependent, heightening employee safety culture, and strengthening ownership and responsibility for team safety.

Safety 360 introduces four (4) safety culture levels that progress from reactive to dependent followed by independent to the best level, interdependent, which is shown on the subsequent page.



There are four (4) principles which are being practiced in Safety 360 Programme:

- **“Ownership”**: Shaping a safety mindset where everyone takes charge of their safety
- **“Self-Assessment”**: Everyone has the ability to identify, assess and evaluate hazards surrounding them
- **“Voice of Safety”**
- A passion we do **“24/7”**

To achieve our goal of creating a strong safety culture and ingraining the principles to the workforce, we provide Safety 360 training to all levels of employees, including managers, supervisors, and operators. This training equips participants with the knowledge and skills needed to cultivate a safety culture within the Group, develop safe behaviours and practices, and manage risks effectively.

Ultimately, we aim to have our employees to be implanted with a strong safety mindset, enabling us to reduce workplace injuries while maintaining zero (0) workplace fatalities.

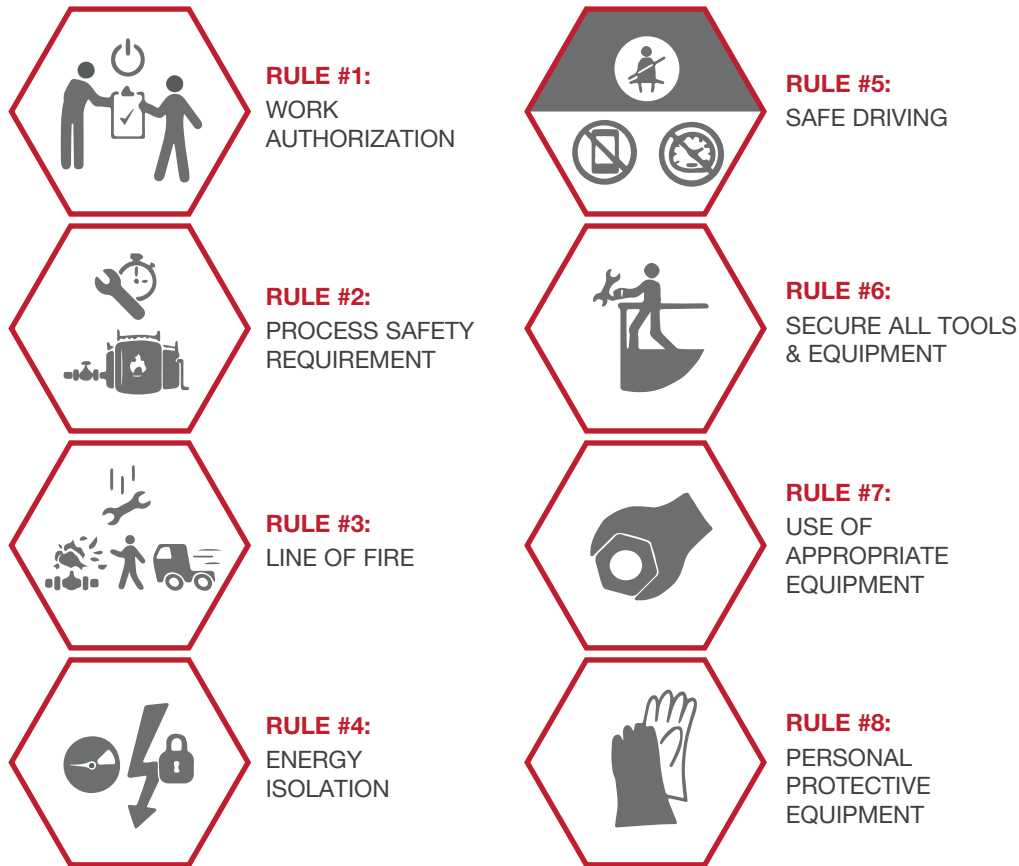
Life-Saving Rules

In response to our analysis of past safety-related incidents, we introduced a Life-Saving Rules in FY2022 as a set of essential behavioural safety rules, intended to provide constant reminders to employees of the measures to safeguard their own safety. We meticulously examined the factors that contributed to the most significant safety incidents and classified these incidents into different categories (i.e. man, material, machine, method, biological hazard, non-work related, or psychological). Of these categories, we placed particular focus on man and method accidents as they are the most pertinent across our Group.

The objectives of this initiative are as follows:

- To increase personal safety awareness
- To prevent dangerous acts or situations
- To adhere to all regulations and procedures

Life-Saving Rules have been introduced across all manufacturing entities and various stages of adoption are underway.



Safety Production Month Campaign

In China, Safety Production Month was launched with the aim of promoting safety as a fundamental value in the workplace and fostering a culture of safety awareness. By emphasising the importance of safety, the campaign aimed to reduce accidents, prevent injuries, and protect the well-being of employees.

Commuting and Road Safety

We have formed a dedicated task force to promote Road Safety within our facilities to look into identifying and addressing all potential road hazards, implementing control measures to manage risks, and ensuring the competency and discipline of vehicle operators. We have established a management plan that includes regular meetings and continuous monitoring of planned implementations which cover road repairs, redesigning of road and traffic management for a safer work environment.

Hazards Elimination and Reducing OHS Risks Initiatives

In FY2022, we implemented a range of initiatives in line with the hierarchy of controls, which helped reduce the number and rates of high-risk occurrences. These initiatives include:

Hierarchy of Control	Actions
Elimination	Eliminated processes involving the use of hazardous equipment, machines, tools, or materials
Substitution	Identified alternative methods and/ or tools for tasks: <ul style="list-style-type: none"> Replaced manual handling with partial auto-packing systems to reduce the risk of musculoskeletal disorders
Engineering Controls	Reviewed the associate risks of activities at accident-prone areas using HIARODC, and identified areas for improvement and made changes to our workplace standards, specifications, and design: <ul style="list-style-type: none"> Installation of guarding, protective barriers, and emergency stop buttons Modified and redesigned the workplace layout and equipment (i.e. established pedestrian walkways, fabricate portable working platforms at elevated areas) Workplace Noise Reduction Pilot Project (i.e. installation of noise barriers, use silent nozzles for air gun)
Administrative Controls	Reviewed and updated SOPs to enhance the management of OHS risks, distributed the revised procedures and rules to employees, and conducted training for all relevant personnel
	Performed assessments to measure employee OHS competencies
	Implemented the Safety Enhancement Programme: <ul style="list-style-type: none"> Established Forklift Policy which outlines the stringent requirements for driver's competency, necessary training to operate forklifts, safety features of the forklift and speed limit for vehicles and forklifts in the plant
	Reviewed and revised training materials to ensure OHS training is provided
	Enhanced OHS compliance monitoring: <ul style="list-style-type: none"> Established the Consequential Action to Negligent Parties procedure Additional CCTV to improve safety compliance monitoring Daily inspections and surveillance at work areas to identify and rectify unsafe conditions
Personal Protective Equipment	Regularly reviewed the adequacy of Personal Protective Equipment ("PPE") during annual HIARODC review
	Enforced the use of complete PPE during working hours
	Provided training on the proper usage of PPE for all employees and contractors

Noise Management

Press Metal is committed to protecting our employees from exposure to hazardous noise in the workplace. At PMI, noise barriers were installed at several locations to keep noise exposure level is within permissible limits. In addition, PMBA has collaborated with University Malaya to improve the facility's noise management and help raise the awareness of employees on Noise Exposure and Hearing Conservation.

As a preventive action, noise reduction control is retrofitted to the exhaust system and vents. These measures enable employees to work without being exposed to excessive noise and the potential health hazards associated with prolonged exposure to loud noise.

Ergonomic Risk Assessment

PMBtu conducted an Ergonomic Risk Assessment to pinpoint potential ergonomic hazards and risk factors that may cause discomfort or musculoskeletal injuries. Following this assessment, appropriate control measures were implemented to enhance the overall ergonomics of the workplace.

Safety Intelligence Centre

We understand there is a need for sharing of knowledge across the Group to reduce OHS risks and facilitate safety culture enhancement. We have established the Safety Intelligence Centre to gather, analyse, and utilise information on incidents that occurred in our operations. This initiative provides us with a platform to identify potential risks, consolidate mitigation plans and communicate lessons learnt from incidents to all employees via safety alerts.

The entities adopted and implemented the mitigation plan shared in the safety alerts to prevent similar incidents. In FY2022, 42 safety alerts were issued, and the preventive actions are summarised in the Health and Safety Initiatives.

A cross-plant visit between PMBtu and PMAR was organised to promote information sharing on health and safety procedures among the representatives from both entities.

Health and Safety Training

We prioritise the health and safety of our employees and contractors by offering a comprehensive range of training programmes which provide our employees with the latest safety knowledge. Consequently, this leads to better decision-making, expanded skill sets, and improved problem-solving abilities. We review our training programmes and initiatives on a regular basis in order for them to remain relevant and up to date.

In FY2022, we have provided a wide range of OHS training topics to our employees and contractors, such as:

Programme	Objective
EHS Induction	Introduction of OHS rules and regulations and the proper usage of PPE
Teamwork & Buddy System	Provide understanding on the importance of teamwork and buddy system in maintaining a safe and secure work environment
Equipment and Tools Knowledge	Provide technical knowledge and safe use of tools required for production activities
Health Awareness	Raise awareness on health issues faced by employees and how to manage them, i.e. Breast Cancer Awareness, Oral Health Programme
Basic Occupational First Aid - Level 1 & 2, Theory	Educate employees on the roles and responsibilities of first aiders, basic life support, and immediate assistance procedures used in an emergency or non-emergency

As part of our health and safety training, we have introduced the Video Standard Operating Procedure ("VSOP") 2.0, that features visual interpretation of safety hazards and control measures. The videos are available in three (3) languages: English, Mandarin, and Burmese, providing accessibility to a wider range of employees.

On a regular basis, employees will receive refresher trainings relating to safety awareness, particularly on manual handling, line of fire, and pinch points. In addition, heads of departments are encouraged to lead safety discussions during shift briefings and toolbox talks to raise awareness. These initiatives are ongoing efforts of our Group towards a safe and healthy working environment which helps to reduce our LTIFR.

In addition, at Sarawak Operations, we require our employees to complete the EHS Quick Test to assess their understanding of OHS policies and procedures implemented in the workplace. It is mandatory for employees to meet the required passing grade.

Our Performance

Stop Work Order

In FY2022, the HS Department issued 19 SWOs during their routine patrolling due to the failure to comply with EHS Rules and Regulations during operations. SWOs are required to be reviewed by respective Head of HS Department to ensure that appropriate safety actions are taken before resuming work. The HS Department also implemented measures to enhance safe work practices, such as conducting safety culture programmes and training sessions at the respective facilities.

OHS Training Performance

In FY2022, with a total of 57,352⁷ employees have completed 143,760 hours of OHS-related training.

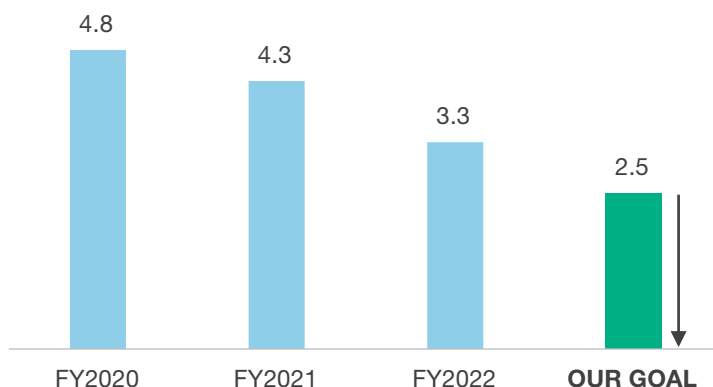
	Employee	Contractor	Total
Number of Attendees	57,352	208	57,560
Average EHS Training Hours/ Individual	19.7	0.1	12.0
Cumulative Number of Training Sessions	1,606	78	1,610

Note: Data aggregated from our manufacturing facilities (i.e. PMBtu, PMS, PMAR, PMBA, PMI and PMIT) and our corporate headquarters (PMAH).

Health and Safety Performance

Our efforts to improve our safety performance have shown positive effects, as evidenced by the year-on-year reduction in the group-wide LTIFR⁸ (from 4.3 in FY2021 to 3.3 in FY2022) and AIFR (from 6.6 in FY2021 to 5.6 in FY2022). It is evident that we are on track to achieve our goal, to reduce our LTIFR below 2.5 in 2024. Through careful planning, diligent effort, and strategic execution, we believe we have made significant progress towards our objective.

Lost Time Injury Frequency Rate (LTIFR)



Definition: Accident which results in the injured person being absent for one or more workdays beyond the day of the accident.

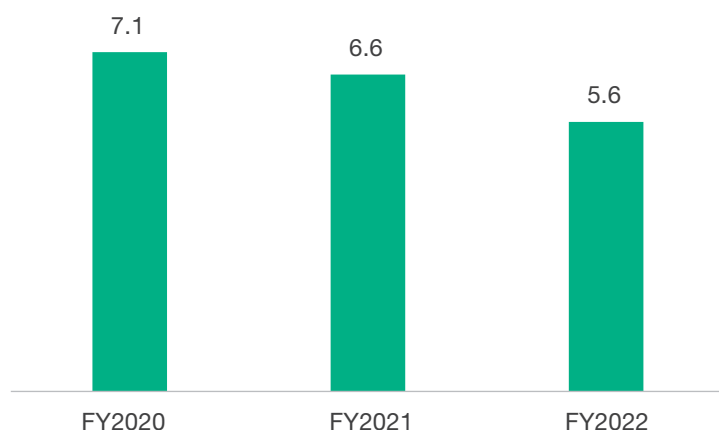
Formula:

$$\frac{\text{Number of lost time injuries} \times 1,000,000}{\text{Total hours worked}}$$

Note: Aggregated data from our midstream (PMBtu, PMS, PMAR) and downstream (PMBA, PMI, PMIT) facilities.

⁷ Number of accumulated attendees

⁸ IAI Definition: Lost Time Accident is an accident which results in the injured person being absent for one or more workdays beyond the day of the accident.

All Injury Frequency Rate (AIFR)

Definition: The number of injuries per 1,000,000 hours worked by employees at the operations that we manage.

Formula:

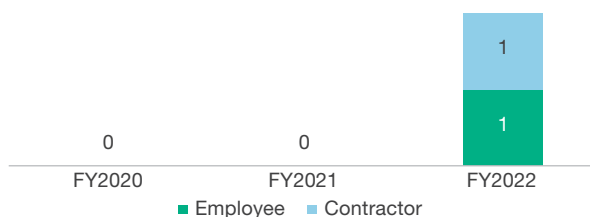
$$\frac{\text{All accident cases} \times 1,000,000}{\text{Total hours worked}}$$

Note: Aggregated data from our midstream (PMBtu, PMS, PMAR) and downstream (PMBA, PMI, PMIT) facilities.

Incident Summary in FY2022	Employee	Contractor
Number of fatalities	1	1
Number of high-consequence work-related injuries	0	0
Number of recordable work-related injuries	111	11
Number of hours worked	20,202,341	Not available
Rate of fatalities as result of work-related injury	0.1	Not available
Rate of high-consequence work-related injuries	0	Not available

Note: Aggregated data from our midstream (PMBtu, PMS, PMAR) and downstream (PMBA, PMI, PMIT) facilities.

Despite our continuous effort to maintain zero (0) workplace fatalities, we regret to report two (2) fatalities in FY2022, involving an employee and a contractor at PMBtu and PMIT, respectively. Press Metal takes these concerning accidents seriously. In response to these incidents, we launched a comprehensive investigation to determine the root cause and identify any systemic failures. We have taken corrective actions and are implementing stricter safety measures.

Fatal Incidents

Note: Aggregated data from our midstream (PMBtu, PMS, PMAR) and downstream (PMBA, PMI, PMIT) facilities.

Moving forward, we will continue to assess and improve the safety measures we put in place in our operations as part of our on-going hazard and risk assessment activities. We will also review and update current guidelines and safe operating procedures that cover maintenance safety and safe forklift operations.

HUMAN RIGHTS

GRI 3-3, GRI 407-1, GRI 408-1, GRI 409-1, GRI 410-1

Why is this important?

With a 7,300-strong workforce, Press Metal is committed to protecting and respecting human rights in our manufacturing facilities, and where possible, extend our efforts along the value chain. Press Metal seeks to identify and mitigate the potential risks of Human Rights in our manufacturing facilities.

Our Approach and Initiatives

Our commitment to human rights is evident through our group-wide Human Rights Policy, which serves as a guide for our workforce, to prohibit any form of human rights violations, including child and forced labour, and discrimination. The policy was developed with reference to the International Bill of Human Rights and UN Guiding Principles on Business and Human Rights, and the Voluntary Principles on Security and Human Rights. It emphasises our dedication to respecting the freedom of association, eliminating discrimination or mistreatment, eradicating modern slavery/forced or compulsory labour and safeguarding children's rights.

We communicate our human rights expectations to internal and external stakeholders across our value chain, including our business partners. The policy is accessible to all through our corporate website: <https://www.pressmetal.com/investor-relations/corporate-governance.php>.

Our Human Rights Policy covers a wide range of human rights issues such as:

- Child Labour and Forced Labour
- Communication and Engagement
- Freedom of Association and Collective Bargaining
- Health and Safety
- Local Communities
- Indigenous People
- Non-Discrimination
- Security Practices
- Social Management System
- Women's Rights
- Working Time

Given the importance of the matter, the SC and Independent Non-Executive Director, Lim Hun Soon @ David Lim have taken direct ownership in overseeing all human rights matters of the Group. Our Human Resource Department ("HRD") ensure strict adherence to and enforcement of the Human Rights Policy, which includes monitoring human resource management and addressing human rights issues.

To make sure that human rights aspects are observed throughout the recruitment process, Press Metal has incorporated human rights requirements into the contracts with recruitment agencies and conducts human rights due diligence. This process involves identifying potential human rights risks and preventing or mitigating any negative impacts.

Our human rights principles are also reflected in our Employee Handbook, which serves as an essential reference for all employees. This handbook covers a wide range of employee-related matters as well as the company's expectations on respecting human rights. This handbook is available in three (3) languages, namely Malay, English, and Chinese. For our Sarawak Operations, the Employee Handbook is available in six (6) languages, i.e. English, Malay, Chinese, Nepali, Burmese, and Tamil. This multi-lingual approach reflects our commitment to inclusivity and diversity, ensuring that all employees have access to the same information and are aware of their rights and responsibilities.

Press Metal has taken measures to preserve the rights and interests of our surrounding communities. For instance, the Group commissioned an independent third party to conduct a Social Impact Assessment (“SIA”) during the establishment of our Sarawak Operations, in compliance with regulatory requirements for an EIA to kick-start manufacturing facility development. This assessment involved direct communication with indigenous people, demonstrating the Group’s commitment to engaging with affected communities. Additionally, we have established a Social Management System that encompasses human rights, labour rights, and OHS. Impacts that are identified and assessed, and the associated management provisions for preventing and/ or mitigating these impacts are established and implemented.

Upholding Children’s Rights

Press Metal is committed to upholding the principles of UNICEF Children’s Rights and Business Principles through strategic social investments and philanthropic activities. We believe in respecting, supporting, and protecting children’s rights, including their right to life and family, education, food, health, and water. Furthermore, we strongly oppose the exploitation of child labour used for economic gain.

As depicted in our group-wide Human Rights Policy, our manufacturing facilities have established Recruitment SOP that explicitly prohibits the employment of persons under the age of 18 at our operating plants.

 *Read more on our activities relevant to children and education in the Community Development section of this Report*

Security Practices

Press Metal engages dedicated and professionally trained auxiliary police officers to protect our people and assets at our operations. All auxiliary police officers in Malaysia have completed a series of training provided by registered training centres, in accordance with the Police Act 1967. They are equipped with required qualifications for their role, as well as their responsibilities and limitations on the use of force.

We have developed an SOP for Auxiliary Police at our Malaysian facilities. This SOP outlines the responsibilities of the auxiliary police officers, including respecting human rights principles. In China, security personnel employed at our facilities execute their responsibilities in accordance with the People’s Republic of China Civil Code. They have received trainings on anti-harassment, anti-abuse, and anti-forced labour procedures.

Press Metal Respects Indigenous People’s Rights

We have established the SOP for Indigenous Peoples as part of the Human Rights Policy, which integrates the Free, Prior, and Informed Consent (“FPIC”) principles. We support the principles of the UN Declaration on the Rights of Indigenous Peoples (“UNDRIP”). The Group considers the feedback of indigenous people and ensures that engagements are free from any forms of coercion before any decisions are made that could have an impact on them.

Due Diligence

Human Rights Due Diligence is part of our approach to understand the potential social impacts that could occur in the future. Press Metal has undertaken a comprehensive due diligence process to identify, prevent, and mitigate the actual and potential human rights impact. In FY2020, Press Metal engaged an independent third-party assessor to conduct human rights due diligence for our PMBtu manufacturing facility in accordance with the International Bill of Human Rights. The scope of the due diligence includes analysing the potential social impact on workers. Subsequently, efforts were undertaken to mitigate any identified and emerging human rights-related risks. In 2023, we will be reassessing our Sarawak Operation’s human rights matters and will enlist the services of a third-party consultant to perform this assessment.

Grievance Mechanism

We believe in treating all employees fairly without prejudice or discrimination. With that in mind, we have established complaint and grievance channels for employees to raise labour and human rights-related issues and concerns.

In addition to our internal complaint and grievance channels, we have also set up a discreet whistle-blowing platform that allows internal or external stakeholders to report concerns anonymously and protect themselves from any potential embarrassment or retaliation.

Freedom of Association and Collective Bargaining



The group-wide Human Rights Policy outlines our commitment to respecting the rights of workers to participate in trade unions and worker organisations, as well as collectively bargain working conditions, wages, and other terms of employment.

Modern Slavery Statement

We strongly oppose any type of modern slavery, as it goes against our core value of upholding human rights in accordance with the International Labour Organisation's ("ILO") declaration on fundamental principles and rights at work.

Our Business Structure, Operations and Supply Chain

Our Modern Slavery Statement covers our employees from all manufacturing entities.


-  [Read more on our business structure and operations in the About Press Metal section of this Report](#)
-  [Read more on our supply chain in the Responsible Sourcing section of this Report](#)

Governance and Policies

We have stipulated our commitment to respect the rights not to be subjected to slavery, servitude or forced labour in our group-wide Human Rights Policy. We protect our employees by adopting ethical and transparent labour practices including providing fair and favourable recruitment and working conditions. As an integral part of our human rights management throughout our supply chain, we take all necessary steps to inform our suppliers and contractors of our human rights requirements, as outlined in the SCoC. Press Metal's CoC outlines human rights obligations, we explicitly denounce all forms of modern slavery in our CoC. Our Sustainability Policy clearly expresses our stance in upholding the fundamental human rights of our employees, as well as the communities in which we operate.


Risk Assessment and Management

As part of our Human Rights Due Diligence ("HRDD") process, Press Metal has conducted due diligence on modern slavery risks to identify and mitigate such risks. Furthermore, we have established a grievance mechanism that provides a safe platform for potential victims to raise their concerns without fear of repercussion.

-  [Read more on our due diligence process and grievance mechanism in the respective portions of the Human Rights section of this Report](#)

Training and Awareness

Our employees play a crucial role in mitigating modern slavery risks. It is essential that they are aware of the warning signs and know how to report any suspicions. As stated in our group-wide Human Rights Policy, we invest in employee awareness-building and training to promote full comprehension and compliance with our Human Rights Policy and initiatives.

-  [Read our security practices in the respective portions of the Human Rights section of this Report](#)

Our Performance

Human Rights Training

In FY2022, 7,680⁹ employees have attended human rights training.

Note: Data aggregated from our manufacturing facilities (i.e. PMBtu, PMS, PMAR, PMBA, PMI and PMIT) and our corporate headquarters (PMAH)

Respecting Rights of Indigenous People

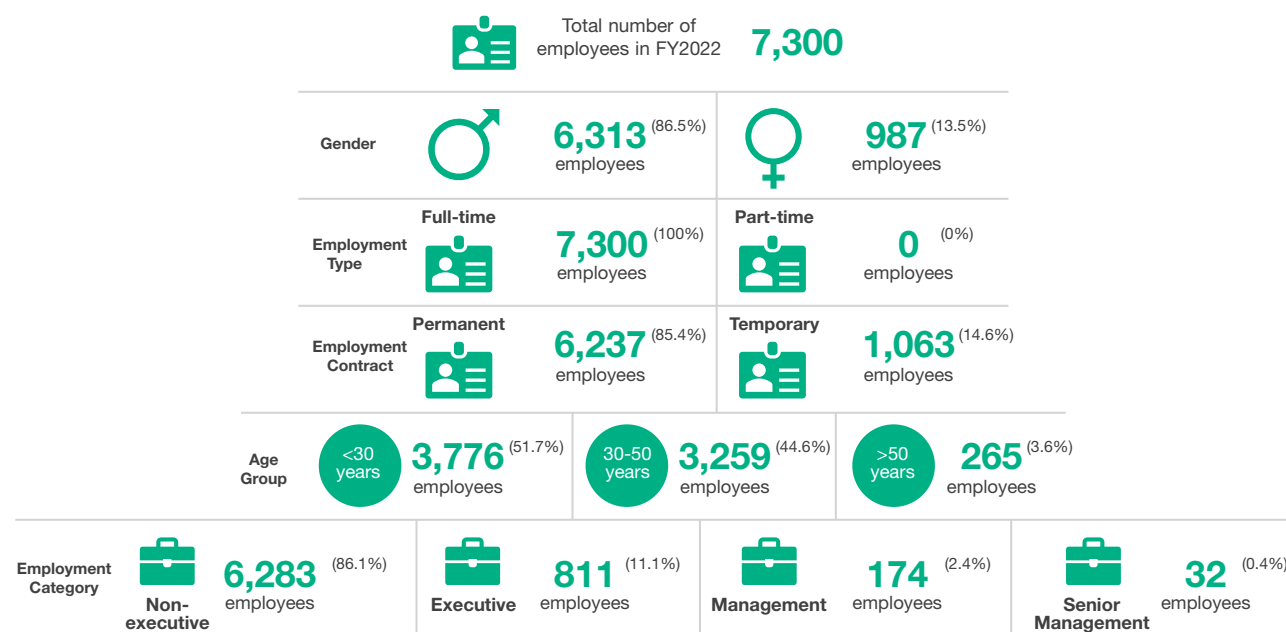
We received zero (0) complaints from indigenous peoples in the grievance and complaint for external stakeholders.

Grievance Mechanism

In FY2022, we received zero (0) human rights-related grievances.

TALENT AND LABOUR MANAGEMENT

GRI 3-3, GRI 202-1, GRI 202-2, GRI 401-1, GRI 401-2, GRI 401-3, GRI 402-1, GRI 404-1, GRI 404-2, GRI 404-3



Note: Data aggregated from our manufacturing facilities (i.e. PMBtu, PMS, PMAR, PMBA, PMI and PMIT) and our corporate headquarters (PMAH).

⁹ Number of accumulated participants

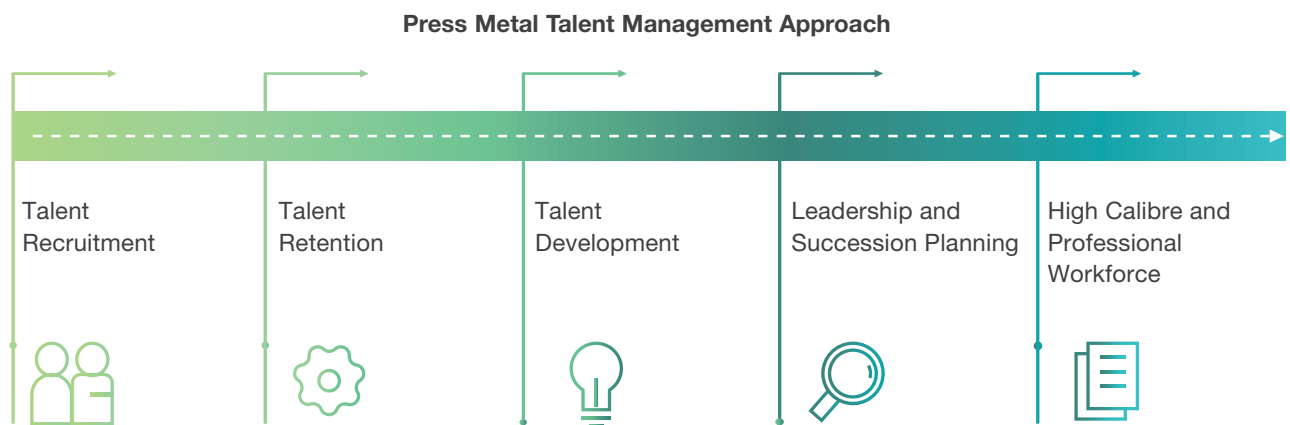
Why is this important?

Press Metal recognises the importance of talent management. To cultivate a high-performing and positive work culture, we require an effective talent management approach and excellent labour relations. In addition, higher employee satisfaction will lead to greater employee engagement, motivation, and productivity.

Succession planning is also an essential component of leadership development as it ensures that Press Metal has a pipeline of grooming strong leaders to take on leadership roles. This enables us to remain competitive and adapt to changing market conditions by cultivating a highly skilled and motivated workforce.

Our Approach

The Group's strategy for talent management comprises talent recruitment, talent development, leadership and succession planning as well as talent retention to provide a steady stream of high calibre and professional workforce. Therefore, we strive for an inclusive workplace that creates leaders, supports high performance, and nurtures competent and adaptable people. At a minimum, we ensure that fair and competitive benefits are offered to retain our talents.



Talent Recruitment

Our Human Resource Department ("HRD") has created comprehensive recruitment policies and procedures to guide the hiring of candidates which based solely on their skills and abilities, irrespective of their race, skin colour, gender, age, nationality, religion, marital status, family circumstances, cultural background, social origins, caste, or any other personal attribute.

Furthermore, when we recruit foreign talents, we follow strict guidelines to uphold transparency and fairness. We do not impose any deposit, recruitment fee, cost, charges or equipment advances from potential foreign candidates. These terms are clearly stated in the recruitment contract and are made known to the candidates either directly or through the recruitment agencies. The recruitment contract is prepared in lingua franca for clarity and understanding of the terms and conditions of employment prior to signing up with Press Metal. The Group complies with the Malaysian Employment Act 1955, as well as any other applicable labour regulations in Malaysia and the People's Republic of China.

All new hires are onboarded and briefed on their rights as per the local law provisions during the mandatory induction programme. The induction programmes include socialisation of the Group policies such as Press Metal's CoC that cover areas of human rights and good governance as well as health and safety of our workplace.

New hires are given a probationary period during which they receive additional support e.g. Buddy Programme; to assist them in adjusting to their new work environment and culture.

Remuneration and Benefits

Press Metal's remuneration and benefits packages include:

Work + Life Integration



Healthcare



Volunteer opportunity



Recreational activities



Festive celebrations



Performance award

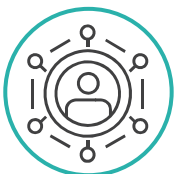


Educational assistance

Insurance



Healthcare Insurance



Personal Accident Insurance



Compassionate leave



Examination/ Study leave



Parental leave

Subsidy



Meal Subsidy



Housing and utility subsidy



Transportation



Accommodation

Press Metal supports equal pay for equal work enshrined in various international treaties and national laws. It is a basic tenet of fairness and justice and is essential for promoting economic and social development.

Press Metal continues to offer competitive remuneration to all employees to attract and retain our talents. Remuneration packages provided comprise both financial and non-financial compensation, which include salaries and benefits benchmarked against present market standards. Performance bonuses and annual increments are also provided based on employee's overall job performance and contribution for the financial year as a means to incentivise employees towards achieving their potential. Performance appraisals are conducted for all employees annually.

Employees' Statutory Contributions

Press Metal contributes to employees' retirement accounts as mandated by law. Depending on the location of operation, the Group contributes 12% to 15% of the employee's monthly income to statutory pension funds. While the contribution to employees' retirement accounts is mandatory, the employees may choose the contribution rate from 8% to 11% at their own discretion.


The Employment Insurance System, an insurance programme in accordance with Malaysia's legislative requirements, and the Social Security Organisation are registered for all employees in Malaysia.

Maintaining a Work-life Balance

In the post-pandemic world, employees value and provide greater emphasise on work-life balance. Press Metal understand the significance of employee well-being, particularly mental health, as a key factor to foster a positive work environment which may lead to increased retention rates. We actively encourage employees to participate in recreational activities and social engagements organised by Press Metal.

In addition, we extend invitations to family members to join social events such as sports, fun, health, and family-oriented activities. These events promote camaraderie and foster closer employee relationships in a relaxed and enjoyable environment.

Each of our entities has established a dedicated team responsible for overseeing employee well-being. For example, we have the Sports, Welfare, Recreational & Culture ("SWRC") Committee, which organises regular recreational activities and programme for employees.

 Read more on our work-life balance initiatives in the Our Performance (Employment) section of this Report

Parental Leave

Press Metal provides parental leave to demonstrate our commitment to social responsibility and support for our employees' families.

Our Initiatives

Our Initiatives in Recruiting Talents

The table below shows the key recruitment initiatives undertaken to build Press Metal's talent pool:

Initiatives	Description
Memorandum of Understanding ("MoU") with universities	<p>PMBtu signed MoU with Curtin University Malaysia ("Curtin Malaysia") Sarawak Campus for several initiatives namely: collaboration in research and academia, student and staff development, human resource capacity building, including the offering of financial aid and scholarships to Curtin Malaysia students, joint organising of community engagement activities, and more.</p> <p>PMBA signed MoU with Monash University Malaysia, University Malaya ("UM"), University Sains Malaysia ("USM"), University of Technology Malaysia ("UTM"), Multimedia University ("MMU") and University Tunku Abdul Rahman ("UTAR") for a "University-Industry" collaboration. These collaborations offer Press Metal access to a wider pool of talent and recruitment opportunities.</p> <p>Material of collaborative efforts/ initiatives:</p> <ol style="list-style-type: none"> R&D Collaboration <ul style="list-style-type: none"> Final Year Projects and Integrated Design Projects Research collaboration and grant application Knowledge-Based Collaboration <ul style="list-style-type: none"> Industry Advisory Panel ("IAP") for USM Postgraduate co-supervision PMBA employees act as industrial supervisors for Industrial-Based projects Development of new course structure Online guest lecture Industrial Training and Recruitment <ul style="list-style-type: none"> Internship Short-term industrial placement Recruitment through career fair Others <ul style="list-style-type: none"> Industry visit Scholarship

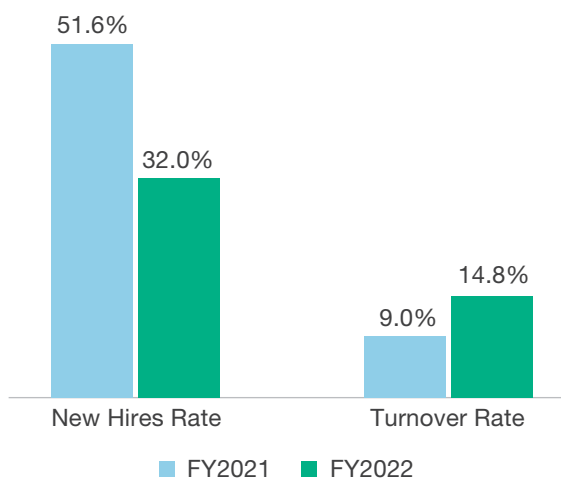
Initiatives	Description
Local Recruitment Programmes	Temu Duga Pertubuhan Keselamatan Social ("PERKESO") Our Sarawak Operations organised recruitment sessions to promote employment of the local community and diversify our applicant pool through a career carnival by collaborating with Jabatan Tenaga Kerja and PERKESO Sarawak.
	Plant Open-Interview/ Online Open-Interview PMBtu actively recruits talents through job postings and open interviews at our operation plant every Friday and Saturday.
	Career Fair/ Career Talk Press Metal conducts career fair and career talks to connect and collaborate with local talents of communities around our operations.

Our Performance

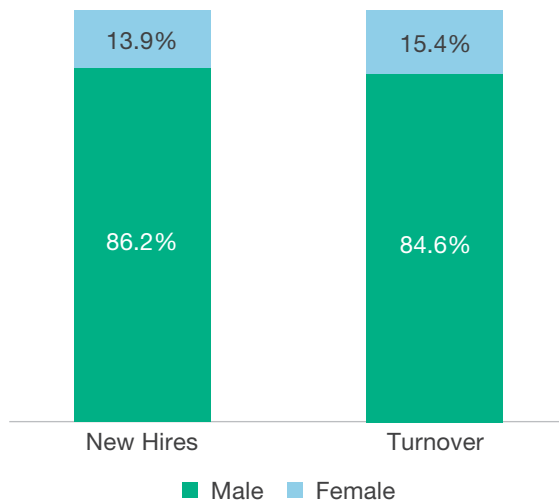
Talent Recruitment

Press Metal offers attractive compensation and benefits packages, opportunities for career growth and development, and encourages well-being by providing work-life balance. Despite these efforts made by Press Metal to retain employees, the turnover rate increased by 5.8 percentage points compared to FY2021. The majority of employees who leave the Group are males comprising two (2) age groups: those below 30 and those between 30-50. To address this issue, the Group will further analyse and make necessary changes to improve employee retention.

New Hires and Turnover Rates

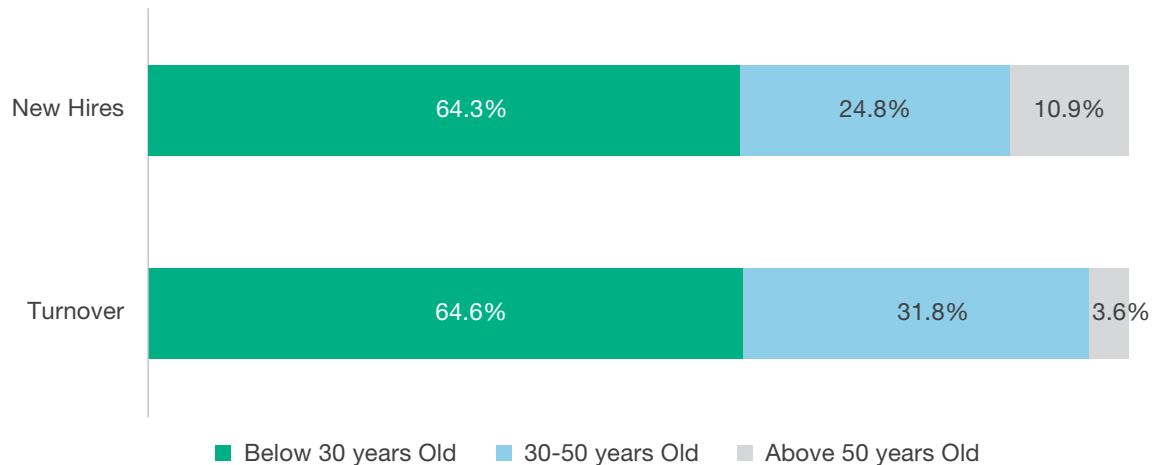


New Hires and Turnover Rates by Gender in FY2022



Note: Data aggregated from our manufacturing facilities (i.e. PMBtu, PMS, PMAR, PMBA, PMI and PMIT) and our corporate headquarters (PMAH).

New Hires and Turnover Rates by Age Group in FY2022



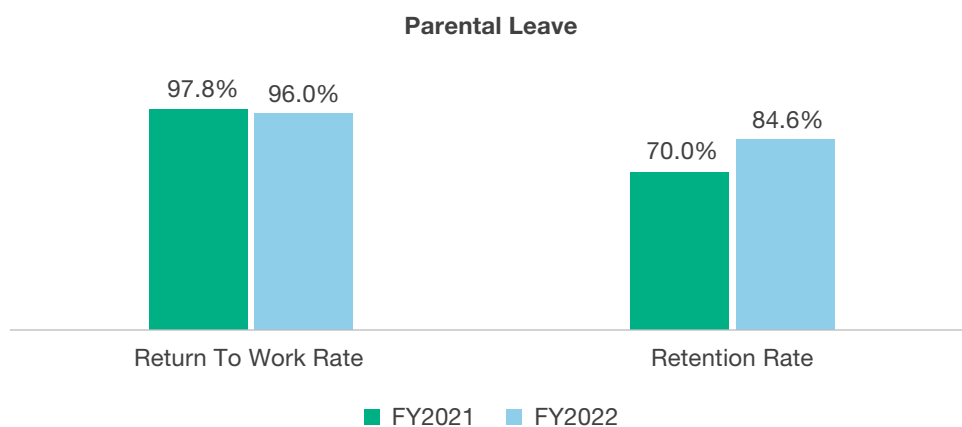
Note: Data aggregated from our manufacturing facilities (i.e. PMBtu, PMS, PMAR, PMBA, PMI and PMIT) and our corporate headquarters (PMAH).

Remuneration and Benefits

We extend our responsibilities to our employees' well-being when they are in need. FY2022, we have contributed RM40,100 to 16 employees who were impacted by the flood.

Parental Leave

During FY2022, a total of 176 employees at Press Metal, comprising 131 male and 45 female employees, took parental leave. It is noteworthy that 99.2% of male employees and 86.7% of female employees returned to work after their parental leave ended.



Note: Data aggregated from our manufacturing facilities (i.e. PMBtu, PMS, PMAR, PMBA, PMI and PMIT) and our corporate headquarters (PMAH).

Parental Leave	Male	Female
Total employees entitled to parental leave	2,688	463
Total employees took parental leave	131	45
Total employees returned to work, after parental leave ended	130	39
Total employees returned to work after parental leave ended that were still employed 12 months after their return to work	115	28
Return to work rate	99.2%	86.7%
Retention rate	88.5%	71.8%

Note: Data aggregated from our manufacturing facilities (i.e. PMBtu, PMS, PMAR, PMBA, PMI and PMIT) and our corporate headquarters (PMAH).

Maintaining Work-Life Balance

Press Metal invested a total of RM525,440 to encourage work-life balance and eliminate barriers to social cohesion and inclusion between employees in FY2022.

SWRC Approach	Events organised in FY2022	Number of activities organised	Number of participants ¹⁰
Sports	<ul style="list-style-type: none"> FIFA World Cup Football Fever Sepak Takraw Tournament 	32	39,996
Welfare	<ul style="list-style-type: none"> Motorcycle Safety Awareness and Jacket Distribution Women's Day Celebration 	44	
Recreational	<ul style="list-style-type: none"> Hari Gawai Dayak Shopping Trip Hui Chun Learning and Contest 	7	
Culture	<ul style="list-style-type: none"> In-house Bazaar Ramadhan Gawai Charity 	38	

Note: Aggregated data from our midstream (PMBtu, PMS, PMAR) and downstream (PMBA, PMI, PMIT) facilities.

TRAINING AND DEVELOPMENT

Our Approach

We understand the importance of personal and professional growth and believe that learning and development are essential for individuals to reach their full potential. Press Metal places significant emphasis on staff upskilling through training and development as a cornerstone of our talent management strategy. Training is a means of enhancing job performance, developing competencies and skills, and promoting career progression for employees as integral to the Group's succession planning programme.

Press Metal offers training for Board and employees, covering technical competencies, professional qualifications, soft skills development, leadership skills, and other areas deemed necessary, including human rights. Each of Press Metal entities has its own training programme, and during the annual performance appraisal, a personalised training plan is developed for each individual based on their training requirements.

¹⁰ Number of accumulated participants

Training Evaluation

Training evaluations aim to assess the effectiveness of training programmes based on four (4) criteria:

- **Reaction:** Participants' feedback to the training that was delivered
- **Knowledge:** Learning skills and concepts taught
- **Behaviour:** The capacity to use the information that has been taught in their profession or tasks
- **Results:** Performance-based results

The effectiveness of the training, on the other hand, is assessed based on two (2) levels:

Level 1: **Participants' assessment:** Participants are required to complete training evaluation feedback form

Level 2: **Supervisory evaluation:** Post-Superior Evaluation Form will be filled up by the participant's supervisor. Once the participant's needs are met through the training, the competency gap will be closed

Our Initiatives

Our training programmes are designed to equip individuals with the skills and knowledge needed to excel in their careers.

Career Development Programmes

High-performing employees will be put through a 12-month career progression programme where successful candidates will be promoted to relevant positions across Press Metal.

The following are intended to accelerate the career development of our employees:

Programme	Description
Leadership Tea Talk ("Leadership")	A series of discussions on various topics, workshop and informal drop-ins for our employees with position of Executive and Managerial levels. This programme allows employees to learn directly from our leaders through their sharing.
Engineer Development Programme ("EngDP")	Provides a channel to develop qualified engineers.
Executive Development Programme ("ExDP")	Develops competent executives across the Group.
Supervisory Development Programme ("SupDP")	Career development opportunities for employees at supervisory-level. Supervisory-level employees are able to sharpen their analytical and problem-solving skills in managing operational teams.

Youth Development Programmes

Press Metal strives to address skill gaps within the Group by attracting high-potential talents through MoU with local universities. Press Metal provides training and employment opportunities to unemployed as well as underprivileged youths. Press Metal supports/ participates in the following programmes:

- Fresh Graduate Programme (Aluminium Smelting Programme) – 1-year programme
- Practical Trainee/ Internship Programme – 6-month internship programme
- Penjana Programme – Training polytechnic graduates to become process controllers

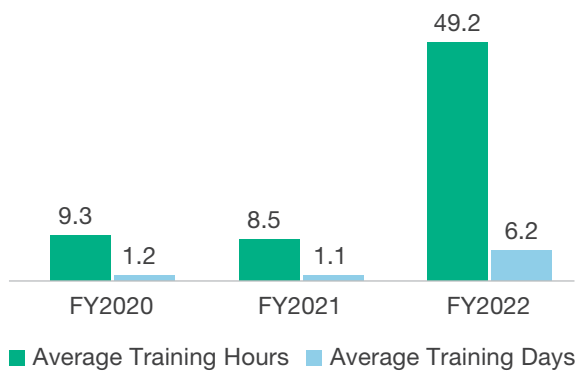
Our internship and management trainee programmes are designed to provide hands-on experience and mentorship from experienced professionals who are passionate about their work. These programmes develop local talents while providing employment opportunities and developing useful skills. Ultimately, Press Metal contributes to a thriving local economy and a sense of purpose among community members by investing in the skills and abilities of local youths.

Our Performance

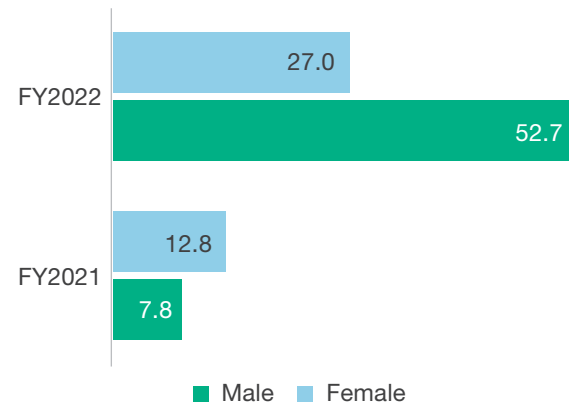
Training and Development

In FY2022, Press Metal invested RM1.2 million in our employees' and contractors' training programmes and recorded a total of 359,303 training hours across manufacturing facilities. In FY2022, we recorded an average of 49.2 training hours per employee, a sixfold increase compared to FY2021.

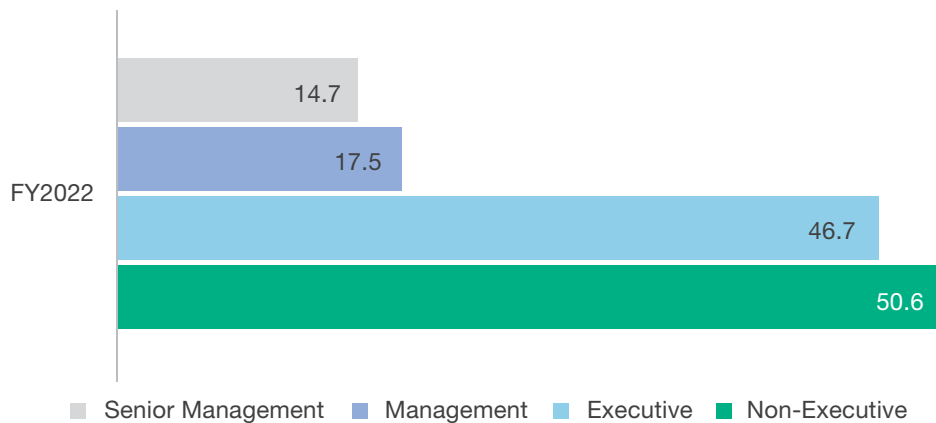
Average Training Received by Employees



Average Training Hours per Employee by Gender

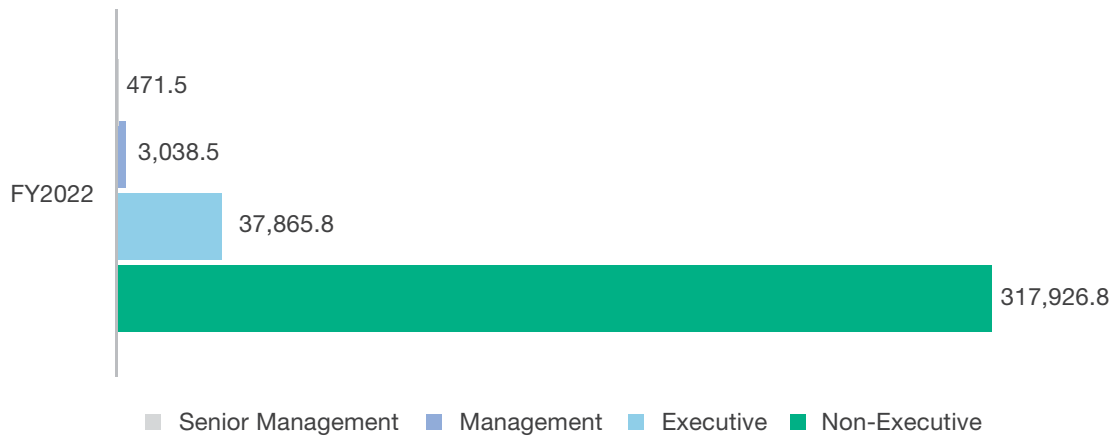


Average Training Hours per Employee Category in FY2022



Note: The above charts were developed using aggregated data from our manufacturing facilities (i.e. PMBtu, PMS, PMAR, PMBA, PMI and PMIT) and our corporate headquarters (PMAH).

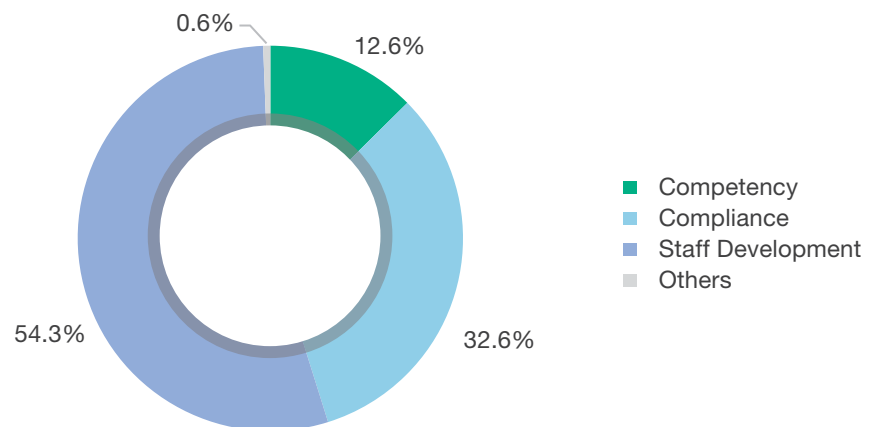
Total Training Hours by Employee Category in FY2022



Note: Data aggregated from our manufacturing facilities (i.e. PMBtu, PMS, PMAR, PMBA, PMI and PMIT) and our corporate headquarters (PMAH).

Over half the training programmes provided focused on staff development, followed by compliance and competency training.

Types of Training Provided in FY2022



Note: Data aggregated from our manufacturing facilities (i.e. PMBtu, PMS, PMAR, PMBA, PMI and PMIT) and our corporate headquarters (PMAH).

Career Development Programmes

We believe that our development programmes will provide our employees with the opportunity to develop their skills and build their professional network. In FY2022, our employees spent a cumulative total of 13,709 hours under the career development program, with engineering development programs achieving the highest number of training hours.

Career Development Programme	Number of trainings	Training hours
Leadership	5	141
EngDp	45	6,811
ExDp	14	3,269
SupDp	36	3,488

Note: Aggregated data from our midstream (PMBtu).

Youth Development Programmes

In FY2022, we have provided a total of 99 internships and management trainee opportunities and retained 46 management trainees and eight (8) interns.

Internship and Management Trainee Programmes	FY2022
Number of Internships Provided	51
Number of Interns Retained by Press Metal/ Operating Companies	8
Number of Management Trainees	48
Number of Management Trainees Retained by Press Metal/ Operating Companies	46

Note: Aggregated data from our midstream (PMBtu) and downstream (PMBA and PMI) facilities.

LABOUR RELATIONS

Our Approach

Press Metal is committed to minimising any potential negative impact resulting from significant organisational or operational changes. We achieve this by conducting thorough risk assessments and providing advance notice to our employees, at a minimum of one (1) month notice. Any changes to benefits or working conditions are communicated to our employees at least one (1) month in advance for transparency and clarity.

At Press Metal, we understand the importance of making our employees feel valued, heard, and connected to their workplace as it positively impacts their productivity and job commitment. To facilitate this, we have established a direct line of communication with elected worker representatives for employees to express their concerns. Our CoC emphasises our management's commitment to non-retaliation, which stipulated that our employees have unfettered access to file complaints and voice their concerns about working conditions without fear of reprisal. This approach is vital in protecting the well-being and rights of our employees.

Additionally, we take proactive steps to engage with employees effectively and meaningfully through various communication channels.

Platform	Implementation
Town Hall	<ul style="list-style-type: none"> HRD hosts town halls to discuss issues and provide inputs on the areas for improvement. Town halls are participated by employee representatives. Information shared is transparent.
Employee Representative Meeting	<ul style="list-style-type: none"> At our Sarawak Operations, this meeting is held monthly with the involvement of foreign employees. Issues raised during the session are brought to Management's attention for further action.

We have implemented a comprehensive procedure, such as Sarawak Operations' Employee and Industrial Relation SOP, which provides clear guidance on various matters related to employer-employee relations. This includes promoting employee engagement and dialogues, protecting the rights of both employers and employees, including freedom of association, and outlining the procedures for employment services and termination.

Our SOP also defines the different types of disciplinary offences and misconduct, as well as the disciplinary actions that may be taken against an employee who has committed an offense. All submissions related to disciplinary actions are thoroughly reviewed by an elected Board of Appeal, similar to a Board of Domestic Inquiry, to examine the disciplinary actions imposed on the accused employee. This ensures that all decisions related to disciplinary actions are fair and equitable.

To gauge our employees' satisfaction, Employee Engagement Survey will be performed periodically which assesses employees' satisfaction with working conditions, benefits and compensation, learning and development, leadership and any other matters that concern them.

Our Performance

In FY2022, a total of 1,237 employees participated in the Employee Engagement Survey. From the feedback, 76.2% of employees gave positive ratings to the Group.

MARKET PRESENCE

Our Approach

Press Metal understands the importance of hiring local talents, providing competitive remuneration and prioritising local suppliers as part of our socio-economic support for the local community. We abide by Malaysia government's minimum wages requirement as well as the People's Republic of China. This is outlined in the Group's Human Rights Policy, compliant with all applicable labour laws governing minimum wage, working hours and overtime.

Achieving equality in wages and remuneration is depicted in our Human Rights Policy, Recruitment Policy, and CoC and there is no discrimination based on gender, ethnicity, marital status or other socio-demographic factors. Our employees are aware that overtime work is voluntary and are informed of the applicable overtime wage rates.

To attract and retain talented employees, Press Metal offers competitive compensation and benefits packages that align with industry standards and the expectations of job seekers. This is especially important in a competitive job market, where candidates have multiple options to choose from.

 *Read more on our tax practices and supporting local suppliers in the Economic section of this Report*

Our Performance

In FY2022, 84.3% of our senior management employees are hired locally, which is a testament to our commitment to supporting and investing in the communities in which we operate.

DIVERSITY AND INCLUSIVITY

GRI 3-3, GRI 405-1, GRI 405-2

Why is this important?

Press Metal values the inherent worth of every individual and is committed to treating everyone with respect, dignity, and equality, regardless of their background. Press Metal recognises that achieving diversity, inclusivity and equality requires coordinated efforts among the stakeholders. Therefore, Press Metal strives to create a welcoming and inclusive workplace that embraces the diversity of the communities we serve.

Our Approach

To foster an inclusive workplace, we have established a Diversity Policy that embraces diversity of all races, ethnicities, genders, sexual orientations, ages, religions, disabilities, and socio-economic statuses. We are dedicated to creating spaces where all individuals feel valued, their voices are heard, and their contributions are recognised.

The Diversity Policy is accessible on our corporate website: <https://www.pressmetal.com/investor-relations/corporate-governance.php>.

Diversity encourages the emergence of new ideas and approaches to problem-solving. In addition, workforce diversity also creates employment opportunities for minority groups or those with physical or other types of disabilities.

At Press Metal, we are attentive to the welfare and well-being of our employees and strive to comply with relevant labour laws, standards, and practices. The Board regularly assesses and evaluates our policies to ensure they align with our evolving business requirements. Additionally, Press Metal organises and sponsors social, recreational, and sporting events for the benefits of our employees to cultivate diversity and inclusivity.

We have established two (2) targets to improve gender diversity in Press Metal. We aim to have 20% of women in our workforce and increase the participation of women in managerial roles to 30%.

 *Read more on our work-life balance approach in the Our Approach (Employment) section of this Report*

Our Initiatives

Empowering the Female Workforce

Undoubtedly, achieving our gender diversity targets is a challenge for Press Metal due to the nature of the smelting operations that is particularly male-dominant. Nevertheless, we remain optimistic and will continue to pursue talent recruitment and management strategies to promote overall gender diversity and equality at our workplace.

In FY2022, we introduced and implemented several initiatives with the aim of improving gender diversity at our workplace, which includes:

- PressNita, a women's committee founded by our female employees to oversee women's rights and promote women empowerment
- PressSafe, a PressFan mobile application feature that allows female employees to report emergencies and issues pertaining to their safety
- Hiring of women for relevant jobs such as office-based jobs, suited production tasks, female forklift drivers, female bus drivers, auxiliary police and coordinator
- Female parking spots and nursing rooms
- Provision of female doctor consultation visits
- Introducing recreational activities that encourage female participation such as makeup tutorial class, garage sales, Women's Day Cooking Contest

Our Effort Against Harassment and Bullying

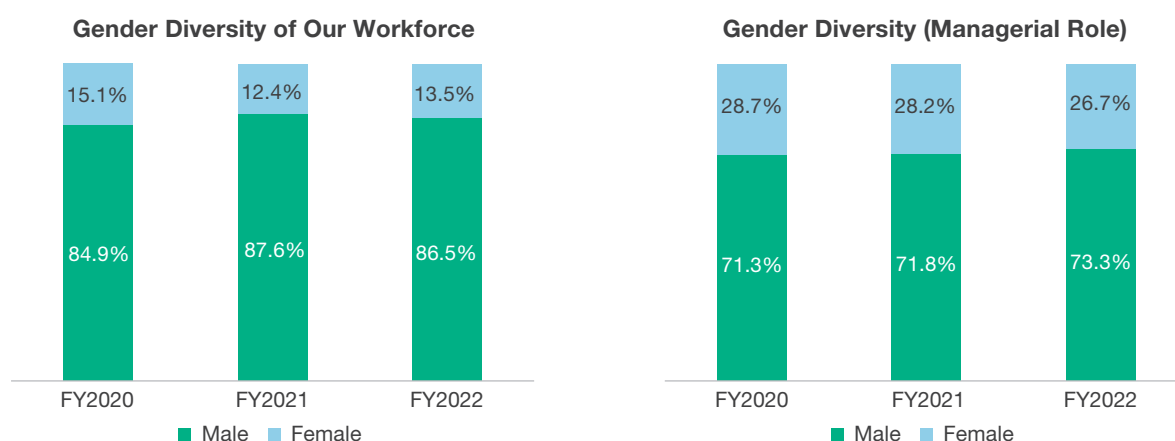
Press Metal implemented measures to train and prepare our managers to effectively handle incidents of harassment and bullying. It is crucial for managers to possess the necessary knowledge and abilities to recognise and manage such situations and offer practical advice and solutions to those affected. The emotional and psychological impacts on the victims should be taken into account and addressed appropriately.

Press Metal has developed a Harassment and Bullying Prevention programme. The programme aims to equip managerial level employees with skills to manage harassment and bullying cases.

Our Performance

Female Workforce

In FY2022, our workforce comprised 13.5% women, marking an increase of 1.1 percentage points from FY2021. We are proud of our proactive efforts in recruiting women for underrepresented positions and providing equitable learning and development opportunities, which have contributed to this increase. However, there is still room for improvement, as the percentage of women in leadership roles has decreased by 1.5 percentage points from FY2021, with women holding 26.7% of managerial positions.



Note: The charts above were developed using data aggregated from our manufacturing facilities (i.e. PMBtu, PMS, PMAR, PMBA, PMI and PMIT) and our corporate headquarters (PMAH).

Age Group and Gender of Employees by Employment Category

Employee Category	Below 30 years old		30-50 years old		Above 50 years old	
	Male	Female	Male	Female	Male	Female
Senior Management	0	0	13	1	17	1
Management	1	2	91	42	29	9
Executive	148	121	360	145	34	3
Non-Executive	3,287	217	2,173	434	160	12
Total	3,436	340	2,637	622	240	25

Locality of Employees by Employment Category

Employee Category	Local Employee		Foreign Employee	
	Male	Female	Male	Female
Senior Management	26	1	4	1
Management	101	49	20	4
Executive	478	243	64	26
Non-Executive	4,506	485	1,114	178
Total	5,111	778	1,202	209

Note: The tables above were developed using data aggregated from our manufacturing facilities (i.e. PMBtu, PMS, PMAR, PMBA, PMI and PMIT) and our corporate headquarters (PMAH).

People with Disabilities

The Group has three (3) disabled employees which represent 0.04% of our workforce.

Our Effort Against Harassment and Bullying

In FY2022, a total of 28 managerial level employees attended the Harassment and Bullying Prevention programme. Preventing discrimination is an ongoing effort that requires a combination of legal measures and education.

COMMUNITY MANAGEMENT

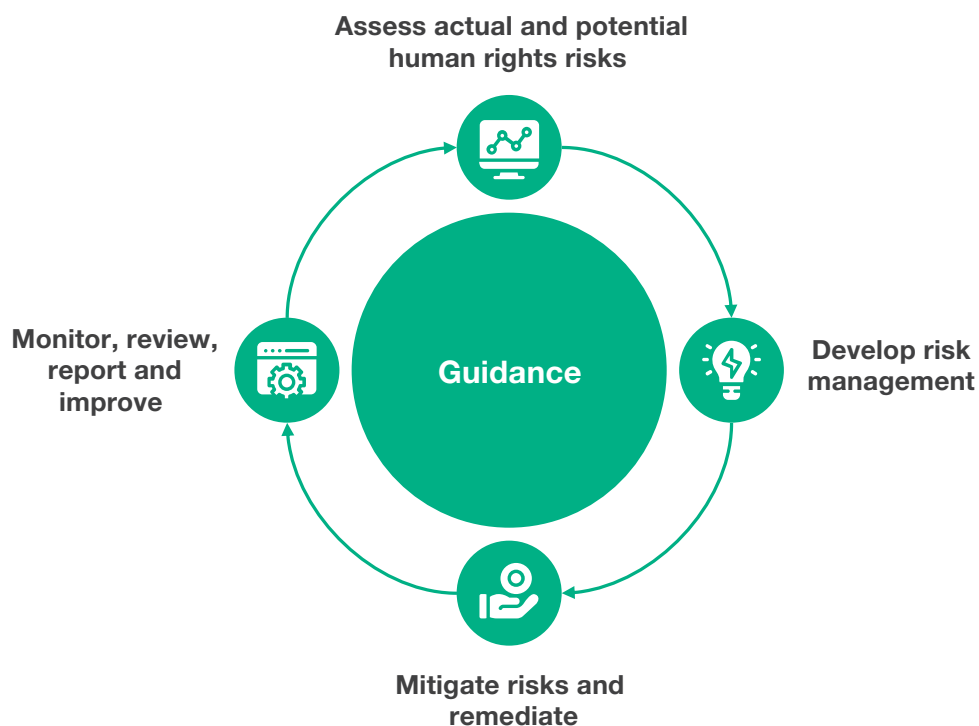
GRI 3-3, GRI 203-1, GRI 203-2, GRI 411-1, GRI 413-1, GRI 413-2

Why is this important?

Press Metal is committed to supporting the growth and progress of the local communities in which we operate. We understand that our success is closely linked with the development of the communities. By investing in community development, we can yield significant benefits, such as improving infrastructure and increasing the availability of talented individuals. We recognise that achieving our goal of contributing to the socio-economic development of the nation and state requires a collaborative, integrated, and well-coordinated effort from the stakeholders of the local community.

Our Approach

Press Metal has implemented a set of rigorous procedures and control measures that go beyond supervising and managing compliance for matters relating to local communities. These measures are designed to identify potential impacts on the communities including human rights matters.



Press Metal has established an SOP for Local Community Grievance Management. This approach enables community members to report their concerns, which are promptly and satisfactorily reviewed, investigated, and resolved. This SOP promotes transparency and accountability in decision-making.

Community Development

Sarawak Operations developed a Local Community Communication SOP to engage and communicate with various stakeholders effectively. This procedure outlines our corporate social responsibility ("CSR") and the programmes that focus on societal development including:

- Contributes to quality education
- Promotes decent work and economic growth
- Strengthens local communities and institutions
- Incorporates priorities into the core of the culture of the people to support organisational success
- Respects rights of indigenous people

Press Metal has established a volunteering platform to encourage our employees to participate in social welfare activities. We have established the Communications and Public Relations Department ("CPRD") to oversee and manage our CSR programmes and volunteering activities and facilitate community engagement sessions.

Our Initiatives

Community Development

Press Metal takes great pride in our unwavering commitment to supporting and strengthening local communities through a range of charitable and corporate social responsibility programmes. In FY2022, Press Metal contributed to the local communities by organising charity and CSR programmes that include various activities to support the local communities. With a focus on promoting education, sports, health, and providing assistance to underprivileged, Press Metal hopes to bring significant impact to the communities it serves.

In the domain of sports, we have committed to promoting local athletic talent through sponsorship of the construction of a new wing at the Sarawak Badminton Association's ("SBA") court. This new wing enables SBA to host more intensive training for a larger group of players. During the inaugural opening of the new wing which was officiated by the Premier of Sarawak, Datuk Patinggi Tan Sri (Dr) Abang Haji Abdul Rahman Zohari Bin Tun Datuk Abang Haji Openg, the Abang Jo Junior Badminton Tournament 2022 was held for young talents to compete. Press Metal gifted racquets and jerseys to the players to reward their participation. Press Metal has also donated through in-kind contributions such as hampers to winners of events such as the Kejohanan Olahraga MSSR Daerah Bintulu, Mukah's Pejabat Belia & Sukan's Mini Carnival Hari Belia 2022, and Kelab Paintball Kidurong's Sarawak Paintball League Competition.



In social welfare, Press Metal has made several monetary contributions to support different causes to aid the needy and uplift the community. We demonstrated our commitment to disaster relief efforts by contributing to various flood relief funds, enabling aid organisations to support their relief efforts. Press Metal also contributed to the restoration of the Similajau National Park chalets to support the promotion of tourism activities. This was done by providing new furniture and electrical appliances and repainting the premises through the efforts of 49 employees. We have supported the enhancement of Masjid Darul Saadah's facilities in Kampung Kuala Nyalau through Project Sahabat Maritim 2022, underscoring our commitment to working closely with and supporting local stakeholders.



Press Metal has participated in an activity focused on indigenous people and nature conservation. This initiative enabled us to understand the cultures of the indigenous people. The employees who have participated in the activity learnt invaluable skills such as making fire with sawdust and cane.

Press Metal has made contributions to the health and education sectors as well. In support of the reopening of SMK Kemena, Press Metal donated PPE and thermometers to support the safety of students and staff. Besides, we provided financial rewards to outstanding students through awards such as College Vocational Bintulu Student Excellent Award and Excellent Student Award. To improve the studying environment of the students, Press Metal also made contributions in the form of electronic equipment such as Smart TVs and projectors. This initiative supported the establishment of a digital classroom for Science, Technology, Engineering And Mathematics ("STEM") education efforts. We have also replaced old furniture to create a more conducive environment for students.



SMK Kemena on 19th July 2022



SMK Baru on 20th July 2022



SMK Assyakirin on 26th July 2022



SMK Bintulu on 29th July 2022



SMK Kidurong on 25th July 2022

Press Metal supports several initiatives as part of our commitment to promote environmental sustainability. We funded Sarawak Forestry Corporation with RM39,000 for the rewilding and tree-planting project to promote environmental sustainability. Besides, we have also donated RM65,340 for the Alashan SEE Foundation programme, which supports environmental organisations and projects with sustainable funding.

Volunteerism

Press Metal places great emphasis on the value of volunteering. Our employees can enrich their personal and professional lives through such efforts. By participating in volunteer activities, they can forge meaningful relationships, experience deep job satisfaction, and promote inclusivity. In FY2022, we organised 56 volunteer activities that resulted in 3,407 volunteer hours, contributed by 1,658 of our employees.

One of our key volunteer events was the Similajau National Park's Chalet Restoration volunteer event, where we saw 49 employees contributed time and energy to improve the chalets. The project demanded 392 hours of hard work, but the results were rewarding.



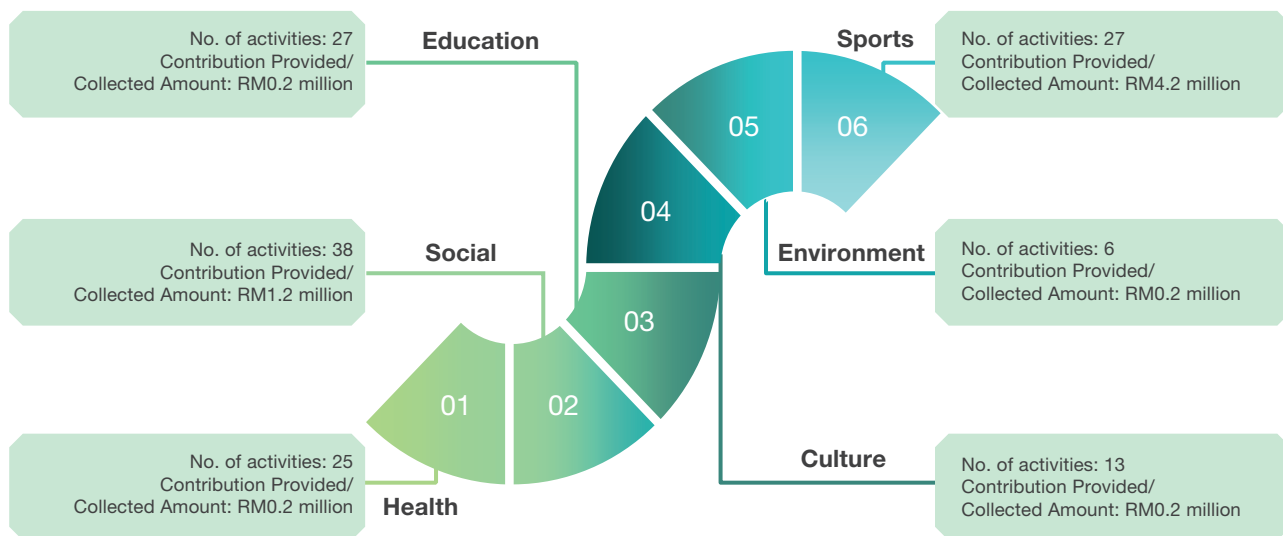
We are also proud to note that 15 of our employees organised a career talk programme to provide insights into heavy industries among the younger generation. This programme exposed roughly 5,000 students to the diverse range of skills and professions required in this field. By volunteering their time and knowledge, our employees have played an important role in shaping the future of our community.

Our Performance

Community Development

We contributed RM6.2 million to the community in FY2022, with a total of 136 activities held.

Press Metal's Contribution to the Local Communities



Note: Data aggregated from our manufacturing facilities (i.e. PMBtu, PMS, PMAR, PMBA, PMI and PMIT) and our corporate headquarters (PMAH).

Volunteerism

In FY2022, 1,658 of our employees volunteered in 56 volunteer programmes benefitted approximately 166,391 people.

Employee Volunteerism



Note: Data aggregated from our manufacturing facilities (i.e. PMBtu, PMS, PMAR, PMBA, PMI and PMIT) and our corporate headquarters (PMAH).

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Last year, Press Metal embarked on climate-related disclosures to enhance transparency and provide insight into our actions to address climate change. We have adopted the TCFD Recommendations issued by the Financial Stability Board Recommendation ("FSB"). This includes disclosure on governance, strategy, risk management, as well as performance metrics and targets implemented to address the impacts of climate change.

Pillar	Recommended Disclosure	Press Metal's Approach	Reference
Governance	Describe the board's oversight of climate-related risks and opportunities	<p>The Board takes on a crucial role in overseeing Press Metal's efforts to manage the effects of climate change, including developing and guiding the Group's climate strategies and priorities, and setting performance objectives.</p> <p>The RMC provides support to the Board in managing the enterprise risk framework, which is being progressively updated to incorporate risks associated with climate change.</p> <p>Currently, the ESG metrics are tied to the incentive component of the compensation structure for assigned Management personnel (covering C-Suite members and Heads of Divisions/ Departments) of the Group.</p> <p>Moving forward, this remuneration mechanism will be cascaded to employee groups, taking into consideration the variability of their compensation and level of accountability.</p>	<p>Sustainability Governance, pg. 100-101</p> <p>Corporate Governance Overview Statement, pg. 41-43, 46-48</p> <p>Climate Change Governance pg. 117</p>
	Describe the management's role in assessing and managing climate-related risks and opportunities	<p>The Sustainability Committee (SC) is chaired by the Group CEO, leading and driving sustainability initiatives including advising, discussing, reviewing and monitoring the progress of sustainability projects. The committee's main responsibilities include developing climate strategies and policies, reviewing performance, and ensuring adequate resource allocation for the implementation of Press Metal's climate initiatives. The committee is supported by the CSD Team and plant-level SWGs, which are responsible for the execution, monitoring, and reporting of approved sustainability initiatives at the operational level.</p> <p>Additionally, the Head of Group Sustainability is tasked with the assessment and identification of sustainability matters, determination of action plans, and reporting on the progress to the Group CEO. Sustainability meetings are scheduled monthly with the management, comprising Division Heads, Head of R&D, and Head of Group Sustainability to ensure continuous progress of the Group's sustainability targets.</p> <p>In the event of any underperformance across operations, action plans are promptly developed to address and rectify the issue. These plans are discussed during the monthly meetings and will be elevated to the SC and RMC for further deliberation at the Board level, if required.</p>	<p>Sustainability Governance, pg. 100-101</p> <p>Statement on Risk Management and Internal Controls, pg. 72-75</p>
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short-, medium-, and long-term	<p>In FY2022, we conducted a comprehensive climate change scenario analysis with the help of an external consultant. This analysis revealed a variety of potential transition risks, such as updated regulations, market changes, and technological advancements, which may affect our ability to sustain profitability and growth. Additionally, the analysis highlighted the potential impact of physical risks, such as extreme weather conditions, on our operations and assets.</p> <p>Kindly refer to Table X for identified climate-related risks and opportunities.</p>	<p>Climate Change, pg. 116-126, 183-184</p>

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES *cont'd*

Pillar	Recommended Disclosure	Press Metal's Approach	Reference
Strategy <i>Cont'd</i>	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	<p>We recognise climate change as a major business risk within our ERM framework and are committed to mitigating risk exposure through the implementation of effective risk management strategies and internal controls, including the use of appropriate performance indicators.</p> <p>We acknowledge that our susceptibility to the impacts of climate change extends beyond just the physical effects. The potential disruptions to our customers and markets, which could have a material impact on our value chain, have been taken into consideration in our climate change scenario analysis.</p> <p>The key focus of our Climate Change Strategy is to enhance our resilience to climate risk, decrease our carbon impact throughout our operations and value chain, and introduce innovative low-carbon products. We have set ambitious group-wide targets for reducing GHG emissions.</p> <p>We are dedicated to ongoing evaluation and monitoring of financial risks and opportunities related to climate change and will implement measures to mitigate them. Our supply chain interdependencies, including the availability of raw alumina, variations in transportation costs, and fluctuations in renewable and non-renewable energy markets, will also be carefully monitored to assess their impact on our business operations.</p>	Climate Change, pg. 116-126, 183-184
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<p>Press Metal remains dedicated to strengthening the climate resiliency of our business by setting targets towards carbon mitigation and environmental protection. The scenario analysis conducted this year allowed us to gain better insight into climate-related risks and their potential impact on our business under 2°C and 4°C warming scenarios. Please refer to Scenario analysis: two (2) plausibles scenarios in 2050 for potential business impacts.</p> <p>With the adoption of sustainable practices across our production processes, we are in a promising position as there is increasing demand from consumers for low-carbon aluminium products. Our products are comparatively lower in carbon footprint, thus making us a preferred choice for aluminium supply.</p> <p>Furthermore, we have implemented thorough measures to address both physical and transition risks, which include conducting a flood impact assessment and allocating budgets for R&D to enable investments in the latest low-carbon technologies.</p> <p>We will also continue to develop strategies and explore solutions that will enable us to better mitigate the climate-related risks and capitalise on the opportunities as identified through our scenario analysis.</p> <p>Kindly refer to Table Y for a comprehensive list of both physical and transition risks identified along with their potential implications on our business operations under the two warming scenarios.</p>	Climate Change, pg. 116-126, 185-187

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES *cont'd*

Pillar	Recommended Disclosure	Press Metal's Approach	Reference
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks	<p>We have embarked on scenario analysis which enabled us to identify physical and transition risks that may potentially impact Press Metal. Each of the risks identified through this analysis was assigned an impact level rating:</p> <ul style="list-style-type: none"> Low – Low chance of occurrence of having either a moderate impact on Press Metal's objectives or possible chance of occurrence of having a minor or moderate impact on Press Metal's objectives Medium – Likely to occur but with either a minor or moderate impact to Press Metal's objectives or low chance of occurrence with a major impact to Press Metal's objectives High – Likely to occur with a major or substantial impact to Press Metal's objectives <p>The Group's risk management framework, based on ISO 31000:2018 Risk Management Guidelines, takes into consideration sustainability and climate-related risks. These risks are evaluated based on the likelihood and the magnitude of their impact. The Risk Management Team is in the process of creating a Climate Risk Register, which will offer a comprehensive understanding of the identified risks and associated opportunities.</p>	<p>Statement on Risk Management and Internal Controls, pg. 72-75</p> <p>Risk Management, pg. 113</p>
	Describe the organisation's processes for managing climate-related risks	<p>The RMC oversees the Group's risks, supported by RMT which executes the ERM framework by identifying, assessing, and managing risks throughout the Group.</p> <p>Press Metal's materiality assessment process which involves internal and external stakeholders includes ESG-related risks such as climate change.</p> <p>We have developed a Climate Change Strategy that is aimed at protecting our business against climate-related risks and achieving our long-term goals and objective of achieving carbon neutrality.</p>	<p>Statement on Risk Management and Internal Controls, pg. 72-75</p> <p>Materiality Matrix, pg. 95-97</p> <p>Risk Management, pg. 113-114</p> <p>Climate Change, pg. 116-126</p>
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	<p>Press Metal's risk management is governed by the Enterprise Risk Management ("ERM") Framework based on ISO 31000:2018 Risk Management framework.</p> <p>The RMC is tasked to oversee the overall risk escalation process including climate-related risks. The Risk Management Team ("RMT") and Sustainability Committee ("SC") collaborate to identify, assess, manage, and incorporate climate-related risks within its ERM.</p> <p>Identification and assessment of climate-related risks specific to Press Metal's business are conducted from both quantitative and qualitative perspectives based on the ERM framework.</p> <p>The ERM risk integration exercise is carried out to incorporate emerging climate risks (transition and physical risks) into Press Metal's current risk assessment process.</p> <p>Additionally, Press Metal expands the qualitative ERM risk parameters to include climate-related impacts. Parameters in the ERM Climate Risk Register include technology, reputation, and social risks.</p>	<p>Statement on Risk Management and Internal Controls, pg. 72-75</p> <p>Risk Management, pg. 113-114</p>

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES *cont'd*

Pillar	Recommended Disclosure	Press Metal's Approach	Reference
Metrics and Targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	<p>At Press Metal, we track and annually report climate-related performance using the following metrics:</p> <ul style="list-style-type: none"> • Absolute measurement of Scope 1, 2 and 3 GHG emissions • GHG emissions intensity • Air emissions • Energy consumption • Energy intensity • Waste generated • Waste diverted from disposal • Waste diverted to disposal • Internal dross recovery rate • Total buyback aluminium scrap • Recycled aluminium intensity • Water withdrawal • Water withdrawal intensity • Water consumption • Water discharge <p>In response to the growing need for reducing carbon emissions, Press Metal has decided to implement an internal carbon pricing mechanism starting next year.</p> <p>Currently, the ESG metrics are tied to the incentive component of the compensation structure for assigned Management personnel (covering C-Suite members and Heads of Divisions/ Departments) of the Group.</p> <p>Moving forward, this remuneration mechanism will be cascaded to employee groups, taking into consideration the variability of their compensation and level of accountability.</p>	<p>Sustainability Governance, pg. 100-101</p> <p>Climate Change, pg. 116-126</p> <p>Air Emissions, pg. 127-128</p> <p>Energy, pg. 129-131</p> <p>Waste, pg. 132-136</p> <p>Material Stewardship, pg. 137-138</p> <p>Water and Effluents, pg. 139-142</p>
	Describe Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	<p>This year, Press Metal's GHG emissions were calculated using the 'operational control' approach, which accounts for 100% of GHG emissions from all of Press Metal's manufacturing operations; generated from the on-site manufacturing processes in the midstream and downstream operations. Our Scope 1 and Scope 2 emissions were primarily generated from midstream and downstream operations and were calculated using the WBCSD/ WRI GHG Protocol and the IAI Aluminium Sector Addendum to the GHG Protocol.</p> <p>Our total emissions for the year amounted to 2,162.0 ktCO₂-eq in Scope 1 and 1,065.5 ktCO₂-eq in Scope 2, representing a 6.7% increase in total GHG emissions from the previous year.</p> <p>Scope 3 GHG emissions calculation is based on the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and The Technical Guidance for Calculating Scope 3 Emissions (Version 1.0). We have revised the calculation methodologies by replacing the spend-based method with the average-data method and distance-based method to represent a higher level of maturity and accuracy in the Scope 3 GHG emissions reporting.</p>	Climate Change, pg. 116-126

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES *cont'd*

Pillar	Recommended Disclosure	Press Metal's Approach	Reference
Metrics and Targets <i>Cont'd</i>	Describe the targets used to manage climate-related risks and opportunities against targets	<p>Press Metal has set climate-related targets such as those related to GHG emissions, water usage, and waste generation, in line with regulatory and voluntary requirements are disclosed in our annual Sustainability Report:</p> <ul style="list-style-type: none"> • Reduce GHG emissions intensity (Scope 1 and Scope 2) by 15% from the 2020 baseline by 2025 • Reduce GHG emissions intensity (Scope 1 and Scope 2) by 30% from the 2020 baseline by 2030 • Achieve carbon neutrality by 2050 • Achieve 95% waste diversion rate by 2026 • Zero landfill waste by 2030 • Reduce water withdrawal intensity by 5% from the 2016 baseline by 2023 • Reduce water withdrawal intensity by 10% from the 2016 baseline by 2030 	<p>Sustainability Targets, pg. 93</p> <p>Climate Change, pg. 115-126</p> <p>Air Emissions, pg. 127-128</p> <p>Energy, pg. 129-131</p> <p>Waste, pg. 132-136</p> <p>Material Stewardship, pg. 137-138</p> <p>Water and Effluents, pg. 139-142</p>

Table X. Identified climate-related risks and opportunities for Press Metal

Type of Risk	Risks	Opportunities
Physical Risk	<p>Extreme weather events (Acute)</p> <ul style="list-style-type: none"> • Physical damage to assets and higher worker absenteeism • Increased disruption to value chain which may incur cost, operation disruption and delivery delay <p>Changes in climate patterns (Chronic)</p> <ul style="list-style-type: none"> • Increased maintenance costs, manpower, and resources to implement mitigation plans • Climate-related disease occur more frequently posing threat to employees' health 	<p>Improved business resiliency and adaptability by incorporating the unpredictable climate change events into Business Continuity Plan</p> <p>Circular economy strategy – Reduce dependency on primary raw material sources by diversifying into high quality secondary aluminium</p>
Regulatory	<p>Environmental Regulations</p> <ul style="list-style-type: none"> • Greater regulatory scrutiny and reporting on operations affects ease of business • Incidences of non-compliance could lead to suspension of operations, fines and penalties <p>Carbon Pricing</p> <ul style="list-style-type: none"> • Direct/ indirect exposure to carbon pricing regulations influence the prices of energy and materials hence lower EBITDA margins • Business strategy affected by carbon pricing/ carbon taxes 	<p>Shift towards renewable energy sources</p> <p>Better adaptability of the business to manage climate change impact and compliance with environmental regulations</p> <p>Internal carbon pricing (ICP) mechanism will help Press Metal to be in a better position to manage the impact of carbon taxes</p>

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES *cont'd*Table X. Identified climate-related risks and opportunities for Press Metal *cont'd*

Type of Risk		Risks	Opportunities
Market	Shift in Customer Preference	<ul style="list-style-type: none"> Increased pressure for Press Metal to refine products and/ or changes in production to cater for higher demand of low-carbon products in the market Potential loss of revenue in the event that specification of customer's demand for lower carbon products that are not met 	<ul style="list-style-type: none"> Development of business opportunities leveraging on the customer preferences for sustainability products to increase sales
Market <i>cont'd</i>	Overall Changes in the Market	<ul style="list-style-type: none"> Increased expenditure to implement emissions reduction technology in the production to suit the climate change regulations and requirements Increase in demand of recycled aluminium for producing carbon free aluminium in the market affects the supply of recycled aluminium 	<ul style="list-style-type: none"> Additional revenue streams from exploring sector specific initiatives and climate related initiative Development of new products with potentially higher revenue
Technological	Low-Carbon Technologies	<ul style="list-style-type: none"> Increased cost of investment and research in emerging decarbonisation technologies Increased disruptions in existing work processes when implementing new technologies 	<ul style="list-style-type: none"> Exploring new methods of aluminium production such as inert-anodes to reduce emissions in the production process Reduced risk of non-compliance and fines from emerging climate regulations
	Product changes and effects	<ul style="list-style-type: none"> Potential loss of market share due to increasing competition between industry players to be forerunner in developing the low carbon products 	<ul style="list-style-type: none"> Increased capabilities in low-carbon products by researching and investing in technologies. Increased revenue and market share when customers expectation is met
Reputation	Litigations, fines and non-compliance	<ul style="list-style-type: none"> Increased delays or risks of refusals for projects that do not comply with environmental regulations Increased costs to settle litigation cases and fines arising from non-compliance with environmental regulations 	<ul style="list-style-type: none"> Better readiness of Press Metal's business operations for compliance with climate-related regulations and expectations
	Negative investors and public perception	<ul style="list-style-type: none"> Potential reputational damage in the event of lacking transparency and action on climate issues Delayed permit approvals on any expansion plans due to negative perception by investors and the public 	<ul style="list-style-type: none"> Reposition branding and company image in a positive manner by leveraging on Press Metal's efforts to significantly contribute towards climate change
Social	Talent retention and attraction	<ul style="list-style-type: none"> Increased costs associated with recruitment and branding efforts to reposition as a contributor towards climate action Expectations of future workforces on companies to meet sustainable operations 	<ul style="list-style-type: none"> Elevate climate-related awareness among employees as engagement in knowledge sharing sessions with employees increases
	Social changes arising from climate change	<ul style="list-style-type: none"> Risk of disruptions to operations arising from shortages of human resources cause by climate changes, leading to loss of revenue and delays in fulfilling customer contracts Shifts in low carbon lifestyle create indirect pressure for companies to adapt 	<ul style="list-style-type: none"> Greater employee contribution and participation by increasing awareness among employees on climate change

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES *cont'd*

Scenario Analysis: Two plausible scenarios in 2050

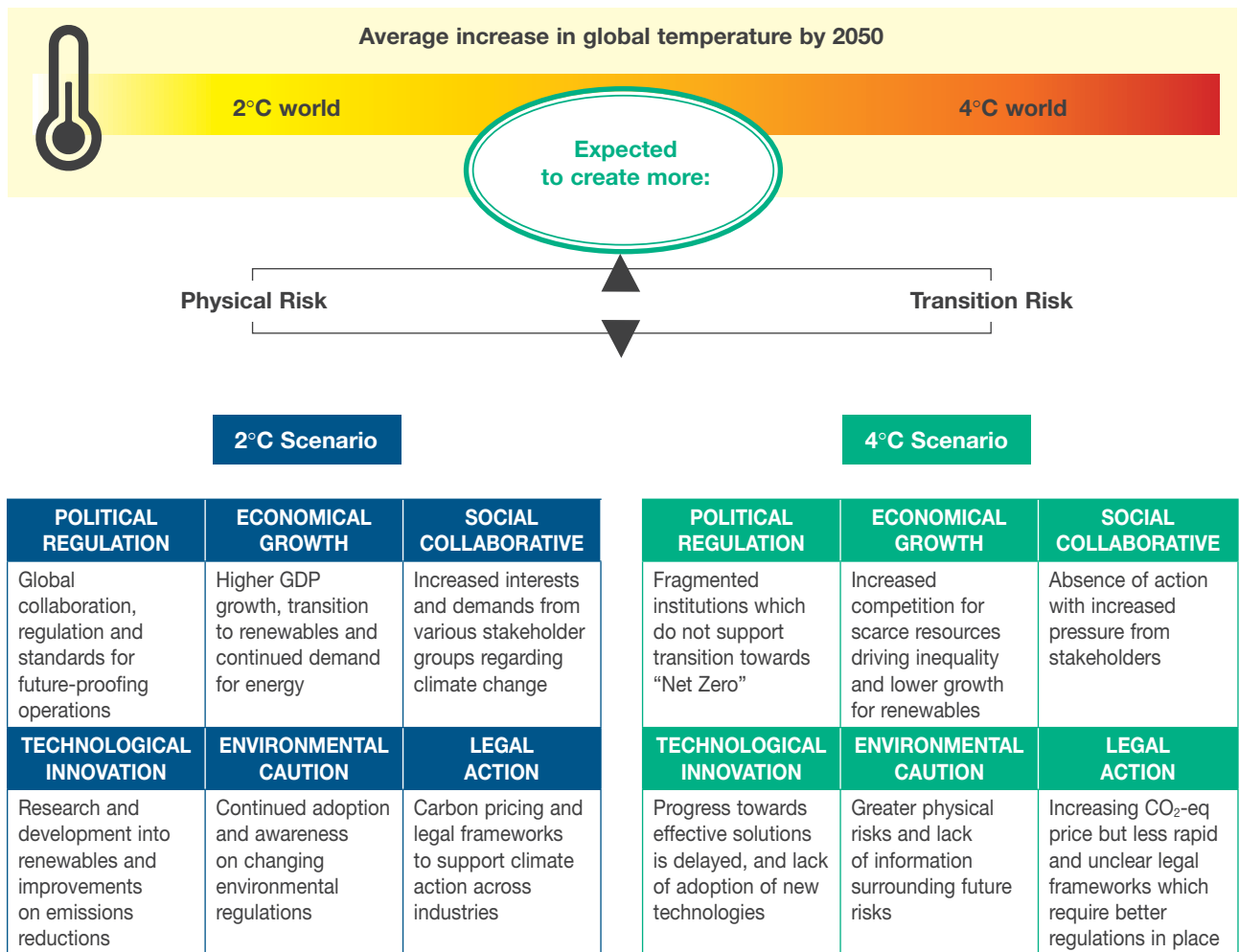


Table Y. Implications of physical and transition risks identified by Press Metal

Type of Risk	Risk	Implications	
		2°C Scenario	4°C Scenario
Physical	Extreme weather events (acute)	<ul style="list-style-type: none"> Medium risk in view of disruption on operations, but there are internal climate mitigation plans to accommodate the arising risks from extreme weather events 	<ul style="list-style-type: none"> High risk due to the increased frequency and severity of extreme weather events that affects infrastructure, supply chain and operations of the factories High risk associated with unavailability of insurance renewal
Physical	Changes in climate patterns (chronic)	<ul style="list-style-type: none"> Medium risk in view of the existing factories on higher ground are not affected but the operational delays are expected Medium risk in environmental related compliance/litigation issues in view of the strategies and planning by the company to mitigate risks arise 	<ul style="list-style-type: none"> High risk due to the potential relocation of factories thus the increase in OPEX and CAPEX

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES *cont'd*Table Y. Implications of physical and transition risks identified by Press Metal *cont'd*

Type of Risk	Risk	Implications	
		2°C Scenario	4°C Scenario
Regulatory	Environmental regulations	<ul style="list-style-type: none"> High risk arising from the expectations and commitments to comply the stringent policies and regulations – more investment in low-carbon technology, more monitoring and analysis of climate related risks 	<ul style="list-style-type: none"> Medium risk associated with climate change policy and legislation in view of a lenient approach by the regulators towards the climate-related issues
Regulatory	Carbon pricing	<ul style="list-style-type: none"> High risk associated with wide adoption of carbon pricing mechanism in the market as it impacted the supply chain and increased the OPEX e.g. increasing raw material price, extreme logistics cost etc High risk of unable to export to EU due to non-compliance of the Carbon Border Adjustment Mechanism (CBAM) 	<ul style="list-style-type: none"> Medium risk associated with less pressure and urgency to develop internal carbon price, less competitive bidding and interest towards carbon pricing in the market
Market	Shift in customer preferences	<ul style="list-style-type: none"> High risk associated with changing customer's demands for low carbon products which requires the company to invest in low-carbon technology thus increased in CAPEX and OPEX 	<ul style="list-style-type: none"> High risk due to customer's demand for cheaper products than low-carbon products, it gives lower profit/sales thus affect the business sustainability
Market	Overall changes in the market	<ul style="list-style-type: none"> High risk associated with rising demand of selling or buying low-carbon products by bigger players in the market, therefore, more compliance and resources required to source and produce low-carbon products to meet the market's demand 	<ul style="list-style-type: none"> High risk due to low demand of low-carbon products in the market and this has reduced Press Metal's market competitiveness given that they have embarked the decarbonisation journey to produce low-carbon products
Technology	Low-carbon technologies	<ul style="list-style-type: none"> High risk associated with deploying technology at premium due to limited in-house decarbonisation R&D technology. Press Metal focuses more on process optimisation e.g. replacement of machinery to increase efficiency. Press Metal placed more emphasis on the economic viability and technology maturity hence taking a wait-and-see approach but actively searching of new decarbonisation technology in the market such as carbon capture and inert anode 	<ul style="list-style-type: none"> Low risk associated with low motivation in deploying decarbonisation technology to achieve carbon neutrality targets and underdevelopment of R&D in the market thus low impact to the CAPEX

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES *cont'd*

Table Y. Implications of physical and transition risks identified by Press Metal *cont'd*

Type of Risk	Risk	Implications	
		2°C Scenario	4°C Scenario
Technology	Product changes and effects	<ul style="list-style-type: none"> High risk associated with increased demand of recycled aluminium by customers with the growing regulatory requirement in climate actions, drives the shortage of secondary or recycled aluminium in the scrap market High risk associated with diverged fundamental criteria of low-carbon aluminium in the market. There are different requirements by customers from different countries and the requirements will vary following the changes in the market's perspective 	<ul style="list-style-type: none"> Low risk associated with low demand of recycled aluminium by customers and low-carbon aluminium in the market
Reputation	Litigations, fines and non-compliance	<ul style="list-style-type: none"> Low risk in view of there are mitigation controls such as strategies, plans and actions to comply the climate-change regulatory requirements 	<ul style="list-style-type: none"> Low risk due to absence of comprehensive climate control, low compliance requirements and slow development of climate-related regulations
Reputation	Negative investor and public perception	<ul style="list-style-type: none"> Low risk in view of Press Metal consistently engaging the stakeholder and update the climate-related strategies and progress with them 	<ul style="list-style-type: none"> Low risk due to low public awareness and less pressure from stakeholder to implement the climate-change strategy
Social	Talent retention and attraction	<ul style="list-style-type: none"> Medium risk due to people view remuneration higher than the climate-change responsibility and social concern. Effort has been put to retain talent and recruit qualified personnel, but the impacts are not significant 	<ul style="list-style-type: none"> Low risk given that social concern and climate-change awareness are not emphasised in talent retention and attraction hence recruitment and retention following the normal operating procedures
Social	Social changes arising from climate change	<ul style="list-style-type: none"> Medium risk associated with social changes created by product makers of end-user, with the marketing strategies and branding to create public awareness in living a less carbon-footprint lifestyle e.g. low carbon label. Low carbon products are essential to fulfil the demand of the market 	<ul style="list-style-type: none"> Medium risk associated with slow but increasing public awareness of climate change risks in society. The modern societal system might be affected due to the warmer temperature

GRI CONTENT INDEX

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	2-13	Delegation of responsibility for managing impacts	
	2-14	Role of the highest governance body in sustainability reporting	
	2-15	Conflicts of interest	102-106 (Business Ethics and Corporate Governance)
	2-16	Communication of critical concerns	97-99 (Stakeholder Engagement)
	2-17	Collective knowledge of the highest governance body	100-101 (Sustainability Governance)
	2-18	Evaluation of the performance of the highest governance body	101 (Linking ESG to Remuneration)
	2-19	Remuneration policies	
	2-20	Process to determine remuneration	
	2-21	Annual total compensation ratio	
		Information on the Board of Directors' fees are provided in the Corporate Governance Report	

GRI CONTENT INDEX *cont'd*

GRI Standard	GRI Indicator	Page Number	
	STRATEGY, POLICIES AND PRACTICES		
	2-22	Statement on sustainable development strategy	81-82 (Message from the Group CEO)
	2-23	Policy commitments	
	2-24	Embedding policy commitments	
	2-25	Processes to remediate negative impacts	88-91 (Approach to Sustainability)
			18-19 (Risk Factors & Risk Management)
			72-75 (Statement on Risk Management and Internal Controls)
			113-114 (Risk Management)
	2-26	Mechanisms for seeking advice and raising concerns	105 (Whistle-Blowing Mechanism)
	2-27	Compliance with laws and regulations	107 (Regulatory Compliance)
	2-28	Membership associations	84-85 (Membership of Associations)
	STAKEHOLDER ENGAGEMENT		
	2-29	Approach to stakeholder engagement	97-99 (Stakeholder Engagement)
2-30	Collective bargaining agreements	157-159 (Freedom of Association and Collective Bargaining)	
GRI 3: Material Topics 2021	3-1	Process to determine material topics	94 (Material Matters)
	3-2	List of material topics	95-97 (Materiality Matrix)
GRI 200: ECONOMIC			
ECONOMIC PERFORMANCE			
GRI 3: Material Topics 2021	3-3	Management of material topics	106-107 (Economic Performance) 183-184 (Table X. Identified climate-related risks and opportunities for Press Metal)
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	
	201-2	Financial implications and other risks and opportunities due to climate change	
	201-4	Financial assistance received from government	
MARKET PRESENCE			
GRI 3: Material Topics 2021	3-3	Management of material topics	171 (Market Presence)
GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from the local community	172-173 (Diversity & Inclusivity)
INDIRECT ECONOMIC IMPACTS			
GRI 3: Material Topics 2021	3-3	Management of material topics	174-178 (Community Management)
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	
	203-2	Significant indirect economic impacts	
PROCUREMENT PRACTICES			
GRI 3: Material Topics 2021	3-3	Management of material topics	109-111 (Responsible Sourcing)
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	

GRI CONTENT INDEX *cont'd*

GRI Standard	GRI Indicator	Page Number	
ANTI-CORRUPTION			
GRI 3: Material Topics 2021	3-3	Management of material topics	102-106 (Business Ethics and Corporate Governance)
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	
	205-2	Communication and training about anti-corruption policies and procedures	
	205-3	Confirmed incidents of corruption and actions taken	
TAX			
GRI 3: Material Topics 2021	3-3	Management of material topics	106-107 (Economic Performance)
GRI 207: Tax 2019	207-1	Approach to tax	
	207-2	Tax governance, control, and risk management	
GRI 300: ENVIRONMENTAL			
MATERIALS			
GRI 3: Material Topics 2021	3-3	Management of material topics	137-138 (Material Stewardship)
GRI 301: Materials 2016	301-2	Recycled input materials used	
	301-3	Reclaimed products and their packaging materials	
ENERGY			
GRI 3: Material Topics 2021	3-3	Management of material topics	129-131 (Energy)
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	
	302-2	Energy consumption outside of the organisation	
	302-3	Energy intensity	
	302-4	Reduction of energy consumption	
WATER AND EFFLUENTS			
GRI 3: Material Topics 2021	3-3	Management of material topics	139-142 (Water and Effluents)
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	
	303-2	Management of water discharge-related impacts	
	303-3	Water withdrawal	
	303-4	Water discharge	
	303-5	Water consumption	
BIODIVERSITY			
GRI 3: Material Topics 2021	3-3	Management of material topics	143-144 (Biodiversity)
GRI 304: Biodiversity 2016	304-2	Significant impacts of activities, products and services on biodiversity	
	304-3	Habitats protected or restored	

GRI CONTENT INDEX *cont'd*

GRI Standard	GRI Indicator	Page Number	
EMISSIONS			
GRI 3: Material Topics 2021	3-3	Management of material topics	116-126 (Climate Change) 127-128 (Air Emissions)
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	116-126 (Climate Change)
	305-2	Energy indirect (Scope 2) GHG emissions	
	305-3	Other indirect (Scope 3) GHG emissions	
	305-4	GHG emissions intensity	
	305-5	Reduction of GHG emissions	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	127-128 (Air Emissions)
WASTE			
GRI 3: Material Topics 2021	3-3	Management of material topics	132-136 (Waste)
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	
	306-2	Management of significant waste-related impacts	
	306-3	Waste generated	
	306-4	Waste diverted from disposal	
	306-5	Waste directed to disposal	
SUPPLIER ENVIRONMENTAL ASSESSMENT			
GRI 3: Material Topics 2021	3-3	Management of material topics	109-111 (Responsible Sourcing)
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	
GRI 400: SOCIAL			
EMPLOYMENT			
GRI 3: Material Topics 2021	3-3	Management of material topics	160-166 (Talent and Labour Management)
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3	Parental leave	
LABOR AND MANAGEMENT RELATIONS			
GRI 3: Material Topics 2021	3-3	Management of material topics	170-171 (Labour Relation)
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	

GRI CONTENT INDEX *cont'd*

GRI Standard	GRI Indicator	Page Number	
OCCUPATIONAL HEALTH AND SAFETY			
GRI 3: Material Topics 2021	3-3	Management of material topics	145-156 (Occupational Health and Safety)
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	
	403-2	Hazard identification, risk assessment, and incident investigation	
	403-3	Occupational health services	
	403-4	Worker participation, consultation, and communication on occupational health and safety	
	403-5	Worker training on occupational health and safety	
	403-6	Promotion of worker health	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	403-8	Workers covered by an occupational health and safety management system	
	403-9	Work-related injuries	
403-10	Work-related ill health		
TRAINING AND EDUCATION			
GRI 3: Material Topics 2021	3-3	Management of material topics	166-170 (Training and Development)
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	
	404-2	Programs for upgrading employee skills and transition assistance programs	
	404-3	Percentage of employees receiving regular performance and career development reviews	
DIVERSITY AND EQUAL OPPORTUNITY			
GRI 3: Material Topics 2021	3-3	Management of material topics	172-173 (Diversity and Inclusivity)
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	
	405-2	Ratio of basic salary and remuneration of women to men	
NON-DISCRIMINATION			
GRI 3: Material Topics 2021	3-3	Management of material topics	157-160 (Human Rights) 172-173 (Diversity and Inclusivity)
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
GRI 3: Material Topics 2021	3-3	Management of material topics	157-160 (Human Rights)
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	

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GRI Standard	GRI Indicator	Page Number	
CHILD LABOR			
GRI 3: Material Topics 2021	3-3	Management of material topics	157-160 (Human Rights)
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	
FORCED OR COMPULSORY LABOR			
GRI 3: Material Topics 2021	3-3	Management of material topics	157-160 (Human Rights)
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	
SECURITY PRACTICES			
GRI 3: Material Topics 2021	3-3	Management of material topics	157-160 (Human Rights)
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	
RIGHTS OF INDIGENOUS PEOPLES			
GRI 3: Material Topics 2021	3-3	Management of material topics	157-160 (Human Rights)
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	
LOCAL COMMUNITIES			
GRI 3: Material Topics 2021	3-3	Management of material topics	174-178 (Community Management)
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	
	413-2	Operations with significant actual and potential negative impacts on local communities	
SUPPLIER SOCIAL ASSESSMENT			
GRI 3: Material Topics 2021	3-3	Management of material topics	109-111 (Responsible Sourcing)
GRI 414: Supplier Social Assessment 2016	414-2	Negative social impacts in the supply chain and actions taken	
PUBLIC POLICY			
GRI 3: Material Topics 2021	3-3	Management of material topics	102-106 (Business Ethics and Corporate Governance)
GRI 415: Public Policy 2016	415-1	Political contributions	
MARKETING AND LABELLING			
GRI 3: Material Topics 2021	3-3	Management of material topics	108-109 (Product Quality and Customer Satisfaction)
GRI 417: Marketing and Labelling 2016	417-1	Requirements for product and service information and labelling	

GRI CONTENT INDEX *cont'd*

GRI Standard	GRI Indicator	Page Number	
CUSTOMER PRIVACY			
GRI 3: Material Topics 2021	3-3	Management of material topics	114 (Customer Data Privacy)
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	

SASB FOR EXTRACTIVES & MINERALS PROCESSING SECTOR

Topic	Accounting Metric	Code	Page Number
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	EM-MM-110a.1	116-126 (Climate Change)
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	EM-MM-110a.2	
Air Quality	Air emissions of the following pollutants: (1) CO, (2) NOx (excluding N ₂ O), (3) SOx, (4) particulate matter (PM ₁₀), (5) mercury (Hg), (6) lead (Pb), and (7) volatile organic compounds (VOCs)	EM-MM-120a.1	127-128 (Air Emissions)
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	EM-MM-130a.1	129-131 (Energy)
Water Management	(1) Total fresh water withdrawn, (2) total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	EM-MM-140a.1	139-142 (Water and Effluents)
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	EM-MM-140a.2	
Waste & Hazardous Materials Management	Total weight of hazardous waste generated	EM-MM-150a.7	132-136 (Waste)
	Total weight of hazardous waste recycled	EM-MM-150a.8	
	Number of significant incidents associated with hazardous materials and waste management	EM-MM-150a.9	
	Description of waste and hazardous materials management policies and procedures for active and inactive operations	EM-MM-150a.10	
Biodiversity Impacts	Description of environmental management policies and practices for active sites	EM-MM-160a.1	143-144 (Biodiversity)
Community Relations	Discussion of process to manage risks and opportunities associated with community rights and interests	EM-MM-210b.1	174-178 (Community Management)
Labour Relations	Percentage of active workforce covered under collective bargaining agreements, broken down by U.S. and foreign employees	EM-MM-310a.1	157-159 (Human Rights) 160-166 (Talent and Labour Management)
Workforce Health & Safety	(1) MSHA all-incidence rate, (2) fatality rate, (3) near miss frequency rate (NMFR) and (4) average hours of health, safety, and emergency response training for (a) full-time employees and (b) contract employees	EM-MM-320a.1	145-156 (Occupational Health and Safety)
Business Ethics & Transparency	Description of the management system for prevention of corruption and bribery throughout the value chain	EM-MM-510a.1	102-106 (Business Ethics and Corporate Governance)



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DIRECTORS' REPORT

For the year ended 31 December 2022

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 7 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 7 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	1,406,770	501,028
Non-controlling interests	359,771	-
	1,766,541	501,028

RESERVES AND PROVISIONS

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

DIVIDENDS

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

- i) In respect of the financial year ended 31 December 2021 as reported in the Directors' Report of that year, a fourth interim ordinary dividend of 1.00 sen per ordinary share totalling RM80,762,000 declared on 25 February 2022 and paid on 31 March 2022.
- ii) In respect of the financial year ended 31 December 2022:
 - a first interim ordinary dividend of 1.50 sen per ordinary share totalling RM123,594,000 declared on 30 May 2022 and paid on 27 June 2022.
 - a second interim ordinary dividend of 1.75 sen per ordinary share totalling RM144,193,000 declared on 25 August 2022 and paid on 29 September 2022.
 - a third interim ordinary dividend of 1.75 sen per ordinary share totalling RM144,193,000 declared on 29 November 2022 and paid on 30 December 2022.

Subsequent to the end of the current financial year, the Directors declared a fourth interim ordinary dividend of 1.75 sen per ordinary share totalling RM144,193,000 on 24 February 2023 in respect of the financial year ended 31 December 2022, which was paid on 31 March 2023.

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

DIRECTORS OF THE COMPANY

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

Datuk Yvonne Chia P.M.W. (Yau Ah Lan @ Fara Yvonne)
Koon Poh Ming
Tan Sri Dato' Koon Poh Keong
Dato' Koon Poh Tat
Koon Poh Kong
Koon Poh Weng
Lim Hun Soon @ David Lim
Noor Alina Binti Mohamad Faiz
Susan Yuen Su Min
Chong Kin Leong

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			
	At 1.1.2022	Bought/ Transferred	Sold/ Transferred	At 31.12.2022
Interests in the Company:				
Datuk Yvonne Chia P.M.W. (Yau Ah Lan @ Fara Yvonne)	50,000	-	-	50,000
Tan Sri Dato' Koon Poh Keong				
- own	274,125,022	9,000,000	(51,590,000)	231,535,022
- spouse	22,161,145	-	-	22,161,145
Koon Poh Ming				
- own	548,734,516	130,000	(30,000,000)	518,864,516
- spouse	100,920,000	-	-	100,920,000
Dato' Koon Poh Tat				
- own	249,278,760	100,000	(25,000,000)	224,378,760
- spouse	8,528,604	-	-	8,528,604

DIRECTORS' INTERESTS IN SHARES *cont'd*

	At 1.1.2022	Number of ordinary shares		At 31.12.2022
		Bought/ Transferred	Sold/ Transferred	
Interests in the Company (continued):				
Koon Poh Kong				
- own	126,001,372	10,500,000	(20,000,000)	116,501,372
- spouse	1,960,240	-	-	1,960,240
- children	28,100,000	-	-	28,100,000
Koon Poh Weng				
- own	336,759,736	32,215,400	(38,000,000)	330,975,136
- spouse	146,912,160	2,300,000	-	149,212,160
- children	109,760	-	-	109,760

Deemed interests in the Company:

Tan Sri Dato' Koon Poh Keong *	2,826,676,677	-	(20,000,000)	2,806,676,677
Koon Poh Ming **	30,000,000	-	-	30,000,000
Koon Poh Kong ***	30,000,000	-	-	30,000,000
Koon Poh Weng ****	30,000,000	-	(30,000,000)	-

* Deemed interested in Paul Koon Foundation, the holding entity of Paul Koon Pte. Ltd, by virtue of Paul Koon Pte. Ltd's 100% direct equity interest in KPK Holdings (L) Ltd., the holding company of Alpha Milestone Sdn. Bhd.

** Deemed interested by virtue of the Director's interests in 7G Holdings Pte. Ltd.

*** Deemed interested by virtue of the Director's interests in TK Capital Investment Ltd.

**** Deemed interested by virtue of the Director's interests in Roy Koon Holding Pte. Ltd.

In accordance with the Companies Act, the interests and deemed interests of the spouses and children of the Directors in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall also be treated as the interests of the Directors.

By virtue of their interests in the shares of the Company, Tan Sri Dato' Koon Poh Keong, Dato' Koon Poh Tat, Koon Poh Ming, Koon Poh Kong and Koon Poh Weng are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Press Metal Aluminium Holdings Berhad has an interest.

None of the other Directors holding office at 31 December 2022 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) 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.

DIRECTORS' BENEFITS *cont'd*

The directors' benefits paid to or receivable by directors in respect of the financial year ended 31 December 2022 are as follows:

	From the Company RM'000	From the subsidiary companies RM'000
Directors of the Company:		
Fees	839	-
Remuneration	9,434	2,498
Total short-term employee benefits	10,273	2,498
Short-term lease payments	-	210
	10,273	2,708

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

ISSUE OF SHARES AND DEBENTURES

On 21 March 2022, the Company proposed to undertake a private placement of up to 163,398,700 new ordinary shares ("Placement"). The issue price was fixed at RM5.94 per share on 28 March 2022 and the Placement was completed on 8 April 2022 following the listing and quotation of the 163,398,700 new ordinary shares on the Main Market of Bursa Malaysia Securities Berhad. The total gross proceeds raised was RM970,588,000.

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

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity sum insured and premium paid for Directors and officers of the Company are RM30,000,000 and RM177,000 respectively. This sum exclude coverage for the auditors of the Company.

QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS

The auditors' report on the audit of the financial statements of the Company's subsidiaries did not contain any qualification.

OTHER STATUTORY INFORMATION

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENT

In March 2022, the Group, via its 92.4%-owned subsidiary, Press Metal International Limited, completed the acquisition of entire equity interest in Foshan Baiwen New Energy Co., Ltd. for a total cash consideration of RMB6,779,000 (equivalent to approximately RM4,500,000).

AUDITORS

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

The auditors' remuneration of the Group and of the Company during the year are as follows:

	Group RM'000	Company RM'000
KPMG PLT	1,512	315
Overseas affiliates of KPMG PLT	91	-
Other auditors	848	-
	2,451	315

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

Tan Sri Dato' Koon Poh Keong
Director

Petaling Jaya, Selangor

Date: 19 April 2023

Koon Poh Ming
Director

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Assets					
Property, plant and equipment	3	7,164,885	7,108,872	31	44
Right-of-use assets	4	521,484	499,105	-	-
Investment properties	5	52,805	59,326	-	-
Intangible assets	6	66,907	63,506	-	-
Investments in subsidiaries	7	-	-	1,197,234	1,204,362
Investments in associates	8	1,543,596	1,341,665	1,207,691	1,175,477
Other investments	9	1,803	1,803	-	-
Derivative financial assets	10	391,109	85,690	17,226	14,887
Deferred tax assets	11	715	23,667	-	22,171
Trade and other receivables	12	-	-	1,444,633	2,079,714
Prepayments and other assets		6,829	8,254	-	-
Total non-current assets		9,750,133	9,191,888	3,866,815	4,496,655
Inventories	13	2,794,089	2,733,527	-	-
Contract assets	14	-	115	-	-
Trade and other receivables	12	1,987,868	1,731,200	1,860,472	624,977
Prepayments and other assets		37,331	68,985	-	-
Current tax assets		18,461	9,965	-	317
Derivative financial assets	10	124,398	16,729	1,438	72
Cash and bank balances	15	604,002	458,501	80,351	18,664
Total current assets		5,566,149	5,019,022	1,942,261	644,030
Total assets		15,316,282	14,210,910	5,809,076	5,140,685
Equity					
Share capital		2,052,744	1,088,487	2,052,744	1,088,487
Reserves		177,542	(693,859)	(219,221)	(219,388)
Retained earnings		4,406,758	3,477,930	371,670	363,384
Equity attributable to owners of the Company	16	6,637,044	3,872,558	2,205,193	1,232,483
Non-controlling interests		1,368,306	1,047,295	-	-
Total equity		8,005,350	4,919,853	2,205,193	1,232,483

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Liabilities					
Loans and borrowings	17	3,300,985	3,573,239	2,985,471	3,353,902
Lease liabilities		214,799	192,058	-	-
Provisions	18	170,517	185,347	-	-
Deferred tax liabilities	11	468,350	372,294	1,428	-
Derivative financial liabilities	10	12,214	393,838	2,120	67,705
Total non-current liabilities		4,166,865	4,716,776	2,989,019	3,421,607
Loans and borrowings	17	1,553,185	2,582,968	543,941	416,913
Lease liabilities		24,344	21,942	-	-
Provisions	18	9,416	9,164	-	-
Trade and other payables	19	1,344,432	1,390,648	63,648	32,814
Contract liabilities	14	-	286	-	-
Current tax liabilities		9,947	41,872	673	-
Derivative financial liabilities	10	202,743	527,401	6,602	36,868
Total current liabilities		3,144,067	4,574,281	614,864	486,595
Total liabilities		7,310,932	9,291,057	3,603,883	3,908,202
Total equity and liabilities		15,316,282	14,210,910	5,809,076	5,140,685

The notes on pages 215 to 311 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	20	15,682,941	10,995,236	574,794	255,172
Cost of sales		(12,801,141)	(8,934,294)	-	-
Gross profit		2,881,800	2,060,942	574,794	255,172
Other income		64,942	45,212	78,205	2,254
Distribution expenses		(526,143)	(302,977)	-	-
Administrative expenses		(310,624)	(239,323)	(45,182)	(37,177)
Net loss on impairment of financial instruments and contract assets	23	(273)	(2,880)	-	-
Other expenses		(100,210)	(35,390)	(72,986)	(172,595)
Results from operating activities		2,009,492	1,525,584	534,831	47,654
Finance income	21	9,921	5,807	130,962	88,042
Finance costs	22	(241,990)	(170,799)	(138,679)	(96,500)
Net finance costs		(232,069)	(164,992)	(7,717)	(8,458)
Share of profit of equity-accounted associates, net of tax		174,405	82,230	-	-
Profit before tax	23	1,951,828	1,442,822	527,114	39,196
Tax expense	24	(185,287)	(147,658)	(26,086)	16,181
Profit for the year		1,766,541	1,295,164	501,028	55,377
Other comprehensive income/(expense), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Cash flow hedge		1,009,225	(983,320)	167	(41,867)
Foreign currency translation differences for foreign operations		(23,884)	21,684	-	-
Other comprehensive income/(expense) for the year, net of tax	25	985,341	(961,636)	167	(41,867)
Total comprehensive income for the year		2,751,882	333,528	501,195	13,510

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit attributable to:					
Owners of the Company		1,406,770	1,001,885	501,028	55,377
Non-controlling interests		359,771	293,279	-	-
Profit for the year		1,766,541	1,295,164	501,028	55,377
Total comprehensive income attributable to:					
Owners of the Company		2,278,171	157,151	501,195	13,510
Non-controlling interests		473,711	176,377	-	-
Total comprehensive income for the year		2,751,882	333,528	501,195	13,510
Basic earnings per ordinary share (sen)	26	17.16	12.41		

The notes on pages 215 to 311 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

Group	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Non-distributable		Distributable				
		Share capital	Translation reserve	Hedging reserve	Retained earnings	Total		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021		1,088,487	51,002	99,873	2,755,663	3,995,025	894,864	4,889,889
Cash flow hedge		-	-	(876,092)	-	(876,092)	(107,228)	(983,320)
Foreign currency translation differences for foreign operations:								
- Gains arising during the year		-	31,358	-	-	31,358	(9,674)	21,684
Total other comprehensive expense for the year		-	31,358	(876,092)	-	(844,734)	(116,902)	(961,636)
Profit for the year		-	-	-	1,001,885	1,001,885	293,279	1,295,164
Total comprehensive income for the year		-	31,358	(876,092)	1,001,885	157,151	176,377	333,528
Contributions by and distributions to owners of the Group								
Dividends to owners of the Company	27	-	-	-	(272,572)	(272,572)	-	(272,572)
Dividends to non-controlling interests		-	-	-	-	-	(57,400)	(57,400)
Partial disposal of interest in a subsidiary	33.2	-	-	-	(272,572)	(272,572)	(57,400)	(329,972)
Adjustment in purchase consideration on partial disposal of a subsidiary in previous years	7.2	-	-	-	14,400	14,400	(14,400)	-
Total transactions with owners of the Group		-	-	-	(279,618)	(279,618)	(23,946)	(303,564)
At 31 December 2021		1,088,487	82,360	(776,219)	3,477,930	3,872,558	1,047,295	4,919,853

		Attributable to owners of the Company						
		Non-distributable			Distributable			
Group	Note	Share capital	Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interests	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022		1,088,487	82,360	(776,219)	3,477,930	3,872,558	1,047,295	4,919,853
Cash flow hedge		-	-	897,271	-	897,271	111,954	1,009,225
Foreign currency translation differences for foreign operations:								
- Losses arising during the year		-	(25,870)	-	-	(25,870)	1,986	(23,884)
Total other comprehensive income for the year		-	(25,870)	897,271	-	871,401	113,940	985,341
Profit for the year		-	-	-	1,406,770	1,406,770	359,771	1,766,541
Total comprehensive income for the year		-	(25,870)	897,271	1,406,770	2,278,171	473,711	2,751,882
<i>Contributions by and distributions to owners of the Group</i>								
Dividends to owners of the Company	27	-	-	-	(492,742)	(492,742)	-	(492,742)
Distribution to NCI in relation to share capital reduction in a subsidiary	7.3	-	-	-	-	-	(2,000)	(2,000)
Dividends to non-controlling interests		-	-	-	-	-	(135,900)	(135,900)
Issue of ordinary shares	16	964,257	-	-	-	964,257	-	964,257
Adjustment in purchase consideration on partial disposal of a subsidiary in previous years	7.2	-	-	-	14,800	14,800	(14,800)	-
Total transactions with owners of the Group		964,257	-	-	(477,942)	486,315	(152,700)	333,615
At 31 December 2022		2,052,744	56,490	121,052	4,406,758	6,637,044	1,368,306	8,005,350

The notes on pages 215 to 311 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

Company	Note	Non-distributable			Distributable	Total equity RM'000
		Share capital RM'000	Reorganisation reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000	
At 1 January 2021		1,088,487	(230,702)	53,181	580,579	1,491,545
Cash flow hedge		-	-	(41,867)	-	(41,867)
Total other comprehensive expense for the year		-	-	(41,867)	-	(41,867)
Profit for the year		-	-	-	55,377	55,377
Total comprehensive income for the year		-	-	(41,867)	55,377	13,510
<i>Contributions by and distributions to owners of the Company</i>						
Dividends to owners of the Company	27	-	-	-	(272,572)	(272,572)
Total transactions with owners of the Company		-	-	-	(272,572)	(272,572)
At 31 December 2021/1 January 2022		1,088,487	(230,702)	11,314	363,384	1,232,483
Cash flow hedge		-	-	167	-	167
Total other comprehensive expense for the year		-	-	167	-	167
Profit for the year		-	-	-	501,028	501,028
Total comprehensive income for the year		-	-	167	501,028	501,195
<i>Contributions by and distributions to owners of the Company</i>						
Dividends to owners of the Company	27	-	-	-	(492,742)	(492,742)
Issue of ordinary shares	16	964,257	-	-	-	964,257
Total transactions with owners of the Company		964,257	-	-	(492,742)	471,515
At 31 December 2022		2,052,744	(230,702)	11,481	371,670	2,205,193

The notes on pages 215 to 311 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2022

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	1,951,828	1,442,822	527,114	39,196
<i>Adjustments for:</i>				
Depreciation of investment properties	2,141	2,609	-	-
Depreciation of property, plant and equipment	551,384	401,617	13	13
Depreciation of right-of-use assets	30,555	33,125	-	-
Dividend income	-	-	(545,748)	(230,030)
Finance costs	241,990	170,799	138,679	96,500
Finance income	(9,921)	(5,807)	(130,962)	(88,042)
Impairment loss on investment in a subsidiary	-	-	7,128	3,500
Gain on disposal of right-of-use assets	-	(30)	-	-
Gain on derecognition of right-of-use assets	(60)	(1,958)	-	-
Gain on disposal of property, plant and equipment	(228)	(444)	-	-
Others	383	2,983	-	-
Property, plant and equipment written off	18,035	6,813	-	-
Share of profit of equity-accounted associates, net of tax	(174,405)	(82,230)	-	-
Unrealised derivative loss/(gain)	619	(7)	(78,030)	83,815
Unrealised foreign exchange (gain)/loss	(927)	7,244	49,264	33,581
Operating profit/(loss) before changes in working capital	2,611,394	1,977,536	(32,542)	(61,467)
Change in derivatives	(56,053)	(46,041)	-	-
Change in inventories	(60,562)	(1,171,049)	-	-
Change in trade and other payables and provisions	(43,955)	383,499	5,581	(16,433)
Change in trade and other receivables and prepayments	(233,541)	(705,052)	(1,306,632)	33,570
Change in contract assets	115	674	-	-
Change in contract liabilities	(286)	(4)	-	-
Cash generated from/(used in) operations	2,217,112	439,563	(1,333,593)	(44,330)
Tax paid	(158,937)	(31,691)	(1,550)	(2,821)
Net cash from/(used in) operating activities	2,058,175	407,872	(1,335,143)	(47,151)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Acquisition of a subsidiary, net of cash and cash equivalents acquired (Note 33.1)	(4,444)	-	-	-
Acquisition of property, plant and equipment	(652,092)	(1,049,131)	-	-
Acquisition of right-of-use assets	(924)	(155)	-	-
Change in pledged deposits	(128,578)	120,505	(60,249)	120,505
Dividends received from subsidiaries	-	-	543,600	229,600
Dividends received from an associate	4,688	430	2,148	430
Decrease/(Increase) in amounts due from subsidiaries	-	-	267,732	(97,761)
Increase in investment in an associate	(32,214)	(284,469)	(32,214)	(284,469)
Interest received from Irredeemable Convertible Secured Loan Stocks of an associate	1,765	1,765	1,765	1,765
Interest received from short-term deposits	8,156	4,042	1,812	32
Loans to a subsidiary	-	-	-	(112,126)
Proceeds from disposal of property, plant and equipment	2,651	4,946	-	-
Proceeds from disposal of right-of-use assets	61	136	-	-
Proceeds from disposal of investment property	3,146	-	-	-
Repayment of loan to a subsidiary	-	-	544,826	-
Net cash (used in)/generated from investing activities	(797,785)	(1,201,931)	1,269,420	(142,024)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Increase/(Decrease) in amounts due to subsidiaries	-	-	7,760	(124,286)
Dividends paid to non-controlling interests of subsidiaries	(135,900)	(57,400)	-	-
Dividends paid to owners of the Company	(492,742)	(312,953)	(492,742)	(312,953)
Drawdown of bank loans	495,246	251,734	131,700	249,940
Drawdown of bankers' acceptances	5,050,895	5,010,893	-	-
Drawdown of revolving credits	-	800,660	-	-
Interest paid in relation to lease liabilities	(9,643)	(10,935)	-	-
Interest paid on loans and borrowings	(232,347)	(207,761)	(121,186)	(78,981)
Proceeds from issuance of shares	970,588	-	970,588	-
Transaction costs paid on issue of shares	(6,331)	-	(6,331)	-
Payment of lease liabilities	(35,046)	(32,047)	-	-
Proceeds from disposal of interest in a subsidiary	-	26,408	-	-
Proceeds from issuance of Islamic Medium-Term Notes	-	600,000	-	600,000
Repayment of bank loans	(820,366)	(434,666)	(422,628)	(184,985)
Repayment of bankers' acceptances	(5,902,269)	(4,353,229)	-	-
Repayment of revolving credits	(145,763)	(670,140)	-	-
Net cash (used in)/from financing activities	(1,263,678)	610,564	67,161	148,735
Net cash flows (used in)/from operating, investing and financing activities	(3,288)	(183,495)	1,438	(40,440)
Effect of foreign currency translation differences	2,309	69,149	-	-
Net (decrease)/increase in cash and cash equivalents	(979)	(114,346)	1,438	(40,440)
Effect of exchange rate fluctuations on cash held	15,445	(3,609)	-	-
Cash and cash equivalents at 1 January	435,429	553,384	580	41,020
Cash and cash equivalents at 31 December	449,895	435,429	2,018	580

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	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Deposits	15	288,177	31,317	78,333	18,084
Less: Pledged deposits	15	(146,662)	(18,084)	(78,333)	(18,084)
		141,515	13,233	-	-
Cash and bank balances	15	315,825	427,184	2,018	580
Bank overdrafts	17	(7,445)	(4,988)	-	-
		449,895	435,429	2,018	580

Acquisition of right-of-use assets

During the financial year ended 31 December 2022, the Group recognised right-of-use assets amounting to RM64,426,000 (2021: RM10,807,000) of which RM924,000 (2021: RM155,000) were down payments made in cash.

Cash outflows for leases as a lessee

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases	23	18,671	19,580	695	700
Included in net cash from financing activities:					
Interest paid in relation to lease liabilities	22	9,643	10,935	-	-
Payment of lease liabilities		35,046	32,047	-	-
Total cash outflows for leases		63,360	62,562	695	700

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

	At 1.1.2021 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Dividends declared RM'000	Foreign exchange movements RM'000	Other changes RM'000	At 31.12.2021 RM'000
Group							
Bank loans	2,196,282	(182,932)	-	-	39,338	(5,621)	2,047,067
Dividends payable	40,381	(312,953)	-	272,572	-	-	-
Lease liabilities	244,474	(32,047)	10,652	-	761	(9,840)	214,000
Islamic Medium-Term Notes	1,700,000	600,000	-	-	-	-	2,300,000
Bankers' acceptances	791,224	657,664	-	-	8,545	-	1,457,433
Revolving credits	216,199	130,520	-	-	-	-	346,719
Total liabilities from financing activities	5,188,560	860,252	10,652	272,572	48,644	(15,461)	6,365,219

	At 1.1.2022 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Dividends declared RM'000	Foreign exchange movements RM'000	Other changes RM'000	At 31.12.2022 RM'000
Group							
Bank loans	2,047,067	(325,120)	-	-	(2,550)	10,913	1,730,310
Dividends payable	-	(492,742)	-	492,742	-	-	-
Lease liabilities	214,000	(35,046)	63,502	-	(2,362)	(951)	239,143
Islamic Medium-Term Notes	2,300,000	-	-	-	-	-	2,300,000
Bankers' acceptances	1,457,433	(851,374)	-	-	9,400	-	615,459
Revolving credits	346,719	(145,763)	-	-	-	-	200,956
Total liabilities from financing activities	6,365,219	(1,850,045)	63,502	492,742	4,488	9,962	5,085,868

Reconciliation of movements of liabilities to cash flows arising from financing activities *cont'd*

	At 1.1.2021 RM'000	Net changes from financing cash flows RM'000	Dividends declared RM'000	Foreign exchange movements RM'000	At 31.12.2021 RM'000
Company					
Amounts due to subsidiaries	135,046	(124,286)	-	(3)	10,757
Bank loans	1,372,104	64,955	-	33,756	1,470,815
Dividends payable	40,381	(312,953)	272,572	-	-
Islamic Medium-Term Notes	1,700,000	600,000	-	-	2,300,000
Total liabilities from financing activities	3,247,531	227,716	272,572	33,753	3,781,572

	At 1.1.2022 RM'000	Net changes from financing cash flows RM'000	Dividends declared RM'000	Foreign exchange movements RM'000	At 31.12.2022 RM'000
Company					
Amounts due to subsidiaries	10,757	7,760	-	-	18,517
Bank loans	1,470,815	(290,928)	-	49,525	1,229,412
Dividends payable	-	(492,742)	492,742	-	-
Islamic Medium-Term Notes	2,300,000	-	-	-	2,300,000
Total liabilities from financing activities	3,781,572	(775,910)	492,742	49,525	3,547,929

The notes on pages 215 to 311 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

Principal place of business

Suite 61 & 62, Setia Avenue
No. 2, Jalan Setia Prima S U13/S
Setia Alam, Seksyen U13
40170 Shah Alam
Selangor Darul Ehsan

Registered office

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2022 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 financial statements of the Company as at and for the financial year ended 31 December 2022 also include a joint operation.

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 19 April 2023.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

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

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

1. BASIS OF PREPARATION *cont'd***(a) Statement of compliance** *cont'd****MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

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

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

- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and amendments to MFRS 17 which are not applicable to the Group and to the Company.
- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

The initial application of the abovementioned accounting standards, interpretations and amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Company.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

- Note 6 - measurement of the recoverable amounts of cash-generating units
- Note 11 - measurement of deferred tax assets and liabilities
- Note 18 - provisions

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd***(a) Basis of consolidation** *cont'd***(iv) Acquisitions from entities under common control**

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group's equity and any resulting gain or loss is recognised directly in equity.

(v) Loss of control

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

(vi) Associates

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of consolidation *cont'd*

(vii) Joint arrangements

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

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

(viii) 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 owners of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company.

Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and total comprehensive income for the year between non-controlling interests and owners of the Company.

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

(ix) 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 which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd***(b) Foreign currency** *cont'd***(i) Foreign currency transactions** *cont'd*

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

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

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

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

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

(c) Financial instruments**(i) 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.

(ii) Financial instrument categories and subsequent measurement***Interest rate benchmark reform***

The Group and the Company will apply the practical expedients provided in the 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* in future periods if they become applicable.

As at 31 December 2022, the Group and Company have no transaction for which the benchmark rate has been replaced with an alternative benchmark rate and therefore have not applied the practical expedients provided in the amendments.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial instruments *cont'd*

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

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.

(a) Amortised cost

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

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

(b) Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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

Financial liabilities

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

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd***(c) Financial instruments** *cont'd***(ii) Financial instrument categories and subsequent measurement** *cont'd***Financial liabilities** *cont'd***(a) Fair value through profit or loss** *cont'd*

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- (c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in other comprehensive income and remaining amount of the change in fair value in profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) 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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial instruments *cont'd*

(iv) Hedge accounting

At inception of a designated hedging relationship, the Group and the Company document the risk management objective and strategy for undertaking the hedge. The Group and the Company also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedged item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

The Group has elected to account for the entire forward contract/swap as a hedging instrument in its entirety. The forward element of these forward contracts/swaps is not separately accounted for from its spot element. Accordingly, the change in fair value of the entire forward contract/swap is recognised in the hedging reserve in equity.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(v) Derecognition

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd***(c) Financial instruments** *cont'd***(v) Derecognition** *cont'd*

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.

(vi) Offsetting

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

(d) Property, plant and equipment**(i) Recognition and measurement**

Freehold land and capital work-in-progress are measured at cost. Other 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. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly). The Group recognises the proceeds from selling any such items, and the cost of those items, in profit or loss.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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

(ii) Subsequent costs

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

(iii) Depreciation

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

• mine, conveying, refining and port facilities	4 - 65 years
• buildings and renovation	10 - 50 years
• plant and machinery	5 - 25 years
• office equipment	10 years
• motor vehicles	5 - 10 years
• furniture and fittings	10 years
• moulds and dies	3 - 6 years

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 assesses 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.

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 allocates 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 is a lessee, it has 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 recognises 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;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

The Group has 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 recognises 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 acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes 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.

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 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 recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

(f) Intangible assets

(i) Goodwill

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

(ii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

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

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life for the current and comparative periods for other intangible assets is 7 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(g) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are initially and subsequently measured at cost and are accounted for similarly to property, plant and equipment.

(ii) Reclassification to/from investment property

When an item of property, plant and equipment or right-of-use assets is transferred to investment property following a change in its use, the carrying amount of the item immediately prior to transfer is recognised as the deemed cost of the investment property for subsequent accounting.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its carrying amount at the date of reclassification becomes its deemed cost for subsequent accounting.

(h) Inventories

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

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

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

(i) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(k)(i)).

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.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value, and are used by the Group and by the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(k) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. 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 debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities 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 and contract assets 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.

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 recovering the amounts due.

(ii) Other assets

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd***(k) Impairment** *cont'd***(ii) Other assets** *cont'd*

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 (or a 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.

(l) Equity instruments

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

Ordinary shares

Ordinary shares are classified as equity.

(m) Employee benefits**(i) Short-term employee benefits**

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group 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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(n) Provisions

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

(i) Employee entitlements

The long service leave provision is measured at the present value of expected future payments in respect of services provided by the employees up to the end of the reporting period. Forecast future salary levels, experience of employees, turnover and periods of service are considered in determining the liability.

(ii) Restoration and rehabilitation

Provision for restoration and rehabilitation is recognised in respect of the obligation such as decommissioning and demolition of all industrial and support infrastructure from the site and revegetation of the land. The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology. Future restoration costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the reporting period.

(o) Revenue and other income

(i) Revenue

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

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

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

(ii) Rental income

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd***(o) Revenue and other income** *cont'd***(iii) Dividend income**

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

(iv) Interest income

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

(p) Borrowing costs

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

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

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

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

(q) Income tax

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

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

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(q) Income tax *cont'd*

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 investment tax 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 which the unutilised tax incentive can be utilised.

(r) Earnings per ordinary 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, for the effects of all dilutive potential ordinary shares.

(s) Operating segments

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

(t) 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 is categorised into different levels in a fair value hierarchy based on the inputs 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.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land RM'000	Mine, conveying, refining and port facilities RM'000	Buildings renovation RM'000	Plant and machinery RM'000	Office equipment RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Moulds and dies RM'000	Capital work-in- progress RM'000	Total RM'000
Cost										
At 1 January 2021	28,211	950,054	1,810,116	4,163,301	78,401	103,003	18,864	226,249	1,490,562	8,868,761
Additions	-	-	11,861	309,682	7,904	8,563	2,718	2,336	706,067	1,049,131
Borrowing costs capitalised at 0.8% to 3.7% per annum	-	-	-	-	-	-	-	-	47,897	47,897
Disposals	-	(636)	(624)	(6,261)	(1,992)	(2,477)	(42)	-	-	(12,032)
Written off	-	-	(221)	(76,370)	(55)	(94)	(903)	(5)	(32)	(77,680)
Remeasurement of provision for restoration and rehabilitation (Note 18)	-	(21,940)	-	-	-	-	-	-	-	(21,940)
Transfers	-	11,896	399,333	1,690,463	2,000	6,773	2,292	-	(2,112,757)	-
Transfer from right-of-use assets (Note 4)	-	-	-	900	41	5,071	-	-	-	6,012
Effect of movements in exchange rates	(66)	(18,930)	12,886	17,749	1,405	186	27	14,757	487	28,501
At 31 December 2021	28,145	920,444	2,233,351	6,099,464	87,704	121,025	22,956	243,337	132,224	9,888,650
At 1 January 2022	28,145	920,444	2,233,351	6,099,464	87,704	121,025	22,956	243,337	132,224	9,888,650
Additions	-	-	83,553	410,414	11,615	8,343	5,192	9,635	123,340	652,092
Acquisition through business combination (Note 33.1)	-	-	-	6,480	7	-	-	-	-	6,487
Disposals	-	(616)	-	(4,783)	(30)	(1,543)	(21)	-	-	(6,993)
Written off	-	-	(71)	(112,818)	(1,410)	(2,533)	(361)	(1,800)	-	(118,993)
Remeasurement of provision for restoration and rehabilitation (Note 18)	-	(18,060)	-	-	-	-	-	-	-	(18,060)
Transfers	-	9,343	2,571	114,942	1,191	-	46	-	(128,093)	-
Transfer from right-of-use assets (Note 4)	-	-	-	-	-	3,900	-	-	-	3,900
Effect of movements in exchange rates	(40)	(10,815)	(8,237)	(6,782)	(894)	(101)	(86)	(8,451)	(1,535)	(36,941)
At 31 December 2022	28,105	900,296	2,311,167	6,506,917	98,183	129,091	27,726	242,721	125,936	10,370,142

3. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Group	Land RM'000	Mine, conveying, refining and port facilities RM'000	Buildings and renovation RM'000	Plant and machinery RM'000	Office equipment RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Moulds and dies RM'000	Capital work-in- progress RM'000	Total RM'000
Depreciation and impairment loss										
At 1 January 2021										
Accumulated depreciation	-	63,307	318,232	1,661,713	36,827	72,331	8,012	202,404	-	2,362,826
Accumulated impairment loss	-	-	38,168	16,761	2,558	135	-	-	-	57,622
Depreciation for the year	-	63,307	356,400	1,678,474	39,385	72,466	8,012	202,404	-	2,420,448
Disposals	-	39,300	43,374	292,642	4,371	9,471	1,859	10,600	-	401,617
Written off	-	(550)	(24)	(3,756)	(918)	(2,254)	(28)	-	-	(7,530)
Transfer from right-of-use assets (Note 4)	-	-	(153)	(70,206)	(52)	(94)	(361)	(1)	-	(70,867)
Effect of movements in exchange rates	-	-	-	825	21	2,347	-	-	-	3,193
At 31 December 2021	-	(1,729)	8,706	11,019	931	168	15	13,807	-	32,917
Accumulated depreciation	-	100,328	367,611	1,891,129	41,011	81,961	9,497	226,810	-	2,718,347
Accumulated impairment loss	-	-	40,692	17,869	2,727	143	-	-	-	61,431
	-	100,328	408,303	1,908,998	43,738	82,104	9,497	226,810	-	2,779,778

3. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Group	Land RM'000	Mine, conveying, refining and port facilities RM'000	Buildings and renovation RM'000	Plant and machinery RM'000	Office equipment RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Moulds and dies RM'000	Capital work-in- progress RM'000	Total RM'000
Depreciation and impairment loss <i>cont'd</i>										
At 1 January 2022	-	100,328	367,611	1,891,129	41,011	81,961	9,497	226,810	-	2,718,347
Accumulated depreciation	-	-	40,692	17,869	2,727	143	-	-	-	61,431
Accumulated impairment loss	-	100,328	408,303	1,908,998	43,738	82,104	9,497	226,810	-	2,779,778
Depreciation for the year	-	38,400	52,363	432,116	8,568	11,272	2,113	6,552	-	551,384
Disposals	-	(505)	-	(2,646)	(28)	(1,372)	(19)	-	-	(4,570)
Written off	-	-	(27)	(96,943)	(1,239)	(2,481)	(263)	(5)	-	(100,958)
Transfer from right-of-use assets (Note 4)	-	-	-	-	-	2,129	-	-	-	2,129
Effect of movements in exchange rates	-	(1,304)	(5,573)	(6,758)	(603)	(87)	(55)	(8,126)	-	(22,506)
At 31 December 2022	-	136,919	415,772	2,217,512	47,803	91,427	11,273	225,231	-	3,145,937
Accumulated depreciation	-	-	39,294	17,255	2,633	138	-	-	-	59,320
Accumulated impairment loss	-	136,919	455,066	2,234,767	50,436	91,565	11,273	225,231	-	3,205,257
Carrying amounts										
At 1 January 2021	28,211	886,747	1,453,716	2,484,827	39,016	30,537	10,852	23,845	1,490,562	6,448,313
At 31 December 2021/ 1 January 2022	28,145	820,116	1,825,048	4,190,466	43,966	38,921	13,459	16,527	132,224	7,108,872
At 31 December 2022	28,105	763,377	1,856,101	4,272,150	47,747	37,526	16,453	17,490	125,936	7,164,885

3. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Company	Office equipment RM'000	Motor vehicle RM'000	Total RM'000
Cost			
At 1 January 2021/31 December 2021/1 January 2022/ 31 December 2022	38	45	83
Depreciation			
At 1 January 2021	3	23	26
Depreciation for the year	3	10	13
At 31 December 2021/1 January 2022	6	33	39
Depreciation for the year	9	4	13
At 31 December 2022	15	37	52
Carrying amounts			
At 1 January 2021	35	22	57
At 31 December 2021/1 January 2022	32	12	44
At 31 December 2022	23	8	31

3.1 Security

At 31 December 2022, property, plant and equipment of the Group with an aggregate carrying amount of RM12,928,000 (2021: RM13,656,000) was pledged as security and as fixed and floating charges to secure bank facilities granted to its subsidiaries (see Note 17).

4. RIGHT-OF-USE ASSETS

Group	Land RM'000	Buildings RM'000	Plant, machinery, office equipment, and motor vehicles RM'000	Multi-fuel cogeneration facility RM'000	Total RM'000
At 1 January 2021	286,107	15,488	47,872	186,838	536,305
Additions	-	9,011	1,796	-	10,807
Depreciation	(9,066)	(8,869)	(6,019)	(9,171)	(33,125)
Derecognition *	(7,518)	(134)	(230)	-	(7,882)
Disposals	-	-	(106)	-	(106)
Transfer to property, plant and equipment (Note 3)	-	-	(2,819)	-	(2,819)
Transfer to investment properties (Note 5)	(11,994)	-	-	-	(11,994)
Effect of movements in exchange rates	11,437	(57)	34	(3,495)	7,919
At 31 December 2021/ 1 January 2022	268,966	15,439	40,528	174,172	499,105
Additions	11,655	12,278	30,431	10,062	64,426
Depreciation	(5,860)	(8,838)	(6,241)	(9,616)	(30,555)
Derecognition *	-	(492)	(399)	-	(891)
Disposals	-	-	(61)	-	(61)
Transfer to property, plant and equipment (Note 3)	-	-	(1,771)	-	(1,771)
Effect of movements in exchange rates	(5,968)	45	(696)	(2,150)	(8,769)
At 31 December 2022	268,793	18,432	61,791	172,468	521,484

* Derecognition of the right-of-use assets was a result of early termination of certain lease arrangements.

The Group leases a number of properties, machinery and facility that run between 1 year and 25 years and in some cases, with an option to renew the lease after that date.

4.1 Extension options

Some leases of buildings contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where applicable, 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.

The extension options of all leases are currently included in the lease term as the Group assessed that it is reasonably certain to exercise the extension options, which is supported by the high historical rate of extensions exercised by the Group. Hence, as at 31 December 2022 and 31 December 2021, there were no potential future lease payments not included in lease liabilities.

4. RIGHT-OF-USE ASSETS *cont'd*

4.2 Judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying 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.

5. INVESTMENT PROPERTIES

	Note	Group RM'000
Cost		
At 1 January 2021		59,801
Transfer from right-of-use assets	4	15,944
At 31 December 2021/1 January 2022		75,745
Disposal		(3,528)
Effect of movements in exchange rates		(1,743)
At 31 December 2022		70,474
Depreciation and impairment loss		
At 1 January 2021		9,860
Depreciation for the year		2,609
Transfer from right-of-use assets	4	3,950
At 31 December 2021/1 January 2022		16,419
Depreciation for the year		2,141
Disposal		(382)
Effect of movements in exchange rates		(509)
At 31 December 2022		17,669
Carrying amounts		
At 1 January 2021		49,941
At 31 December 2021/1 January 2022		59,326
At 31 December 2022		52,805

5. INVESTMENT PROPERTIES *cont'd*

	Group	
	2022	2021
	RM'000	RM'000
Included in the above are:		
Land owned	180	180
Land leased	33,840	36,569
Buildings	18,785	17,871
	52,805	54,620
Properties under construction	-	4,706
	52,805	59,326

As at 31 December 2022, the Group has an accumulated impairment loss of RM200,000 (2021: RM200,000).

Investment properties comprise land and a number of residential properties and commercial properties that are leased to third parties or are currently vacant.

Investment properties of the Group amounting to RM5,080,000 (2021: RM5,194,000) have been charged to secure banking facilities granted to the Group (see Note 17).

As at 31 December 2021, 9 residential properties were under construction and the estimated fair values were likely to approximate their costs.

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

	Group	
	2022	2021
	RM'000	RM'000
Lease income	2,491	5,348
Direct operating expenses:		
- income generating investment properties	(2,053)	(1,733)
- non-income generating investment properties	(438)	(522)

Fair value information

Fair value of investment properties is categorised as follows:

	Group	
	2022	2021
	RM'000	RM'000
Level 3		
Land	89,764	41,806
Buildings	25,869	24,824
	115,633	66,630

5. INVESTMENT PROPERTIES *cont'd*

Fair value information *cont'd*

Valuation process applied by the Group for Level 3 fair value

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

6. INTANGIBLE ASSETS

Group	Goodwill RM'000	Others RM'000	Total RM'000
Cost			
At 1 January 2021	67,582	675	68,257
Effect of movements in exchange rates	(297)	(16)	(313)
At 31 December 2021/1 January 2022	67,285	659	67,944
Acquisition through business combination (Note 33.1)	3,687	-	3,687
Effect of movements in exchange rates	(176)	(9)	(185)
At 31 December 2022	70,796	650	71,446
Amortisation and impairment loss			
At 1 January 2021			
Accumulated amortisation	-	204	204
Accumulated impairment loss	4,131	-	4,131
	4,131	204	4,335
Amortisation for the year	-	103	103
At 31 December 2021/1 January 2022			
Accumulated amortisation	-	307	307
Accumulated impairment loss	4,131	-	4,131
	4,131	307	4,438
Amortisation for the year	-	101	101
At 31 December 2022			
Accumulated amortisation	-	408	408
Accumulated impairment loss	4,131	-	4,131
	4,131	408	4,539
Carrying amounts			
At 1 January 2021	63,451	471	63,922
At 31 December 2021/1 January 2022	63,154	352	63,506
At 31 December 2022	66,665	242	66,907

6. INTANGIBLE ASSETS *cont'd***6.1 Impairment testing for cash-generating units containing goodwill**

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

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

	Group	
	2022	2021
	RM'000	RM'000
Press Metal International Limited	9,219	9,219
Press Metal Aluminium Rods Sdn. Bhd.	28,628	28,628
Japan Alumina Associates (Australia) Pty. Ltd.	7,677	7,852
PMB Central Sdn. Bhd.	6,763	6,763
	52,287	52,462
Multiple units without significant goodwill	14,378	10,692
	66,665	63,154

The recoverable amount of each unit was based on its value in use.

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

- Cash flows were projected based on past experience, actual operating results and a 5-year business plan. A terminal growth rate of 2% (2021: 2%) was then applied. Management believes that this terminal growth rate was justified due to the long-term nature of the aluminium business.
- The anticipated annual revenue growth included in the cash flow projections was between 1% to 3% (2021: 1% to 3%), which is lower than the average growth rate experienced in the past 3 years.
- The aluminium price was assumed to be similar to the average prices for the current financial year.
- Cost growth, based on past experience, was estimated to be between 1% to 3% (2021: 1% to 3%), which is in line with revenue growth.
- Pre-tax discount rates of 8% - 10% (2021: 8% - 10%) were applied in determining the recoverable amount of the units. The discount rates were estimated based on an industry weighted average cost of capital.

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

The above estimates are not particularly sensitive in any areas.

7. INVESTMENTS IN SUBSIDIARIES

	Note	Company	
		2022 RM'000	2021 RM'000
Cost of investment		1,946,967	1,946,967
Less: Impairment loss	7.4	(749,733)	(742,605)
		1,197,234	1,204,362

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2022 %	2021 %
Direct subsidiaries of the Company:				
Press Metal Bintulu Sdn. Bhd. (“PMBTU”)	Malaysia	Manufacturing and trading of aluminium products and marketing of share of alumina produced	80.0	80.0
Press Metal Sarawak Sdn. Bhd.	Malaysia	Manufacturing and trading of aluminium products	80.0	80.0
Press Metal (Labuan) Ltd.	Malaysia	Investment holding and to acquire or hold any securities	100.0	100.0
PMIM Extrusion Sdn. Bhd. (“PMIM”)	Malaysia	Investment holding	100.0	100.0
Angkasa Jasa Sdn. Bhd.	Malaysia	Contracting and fabrication of aluminium and stainless steel products	100.0	100.0
Press Metal (HK) Limited (“PMHK”) *	Hong Kong	Investment holding	100.0	100.0
Direct subsidiary of PMBTU:				
Press Metal Aluminium Rods Sdn. Bhd.	Malaysia	Manufacturing and trading of aluminium products	80.0	80.0
Direct subsidiary of PMIM:				
Press Metal Berhad (“PMB”)	Malaysia	Manufacturing and trading of aluminium products and investment holding	100.0	100.0
Direct subsidiary of PMHK:				
Press Metal International Limited (“PMI”) *	China	Manufacturing and trading of aluminium products and investment holding	92.4	92.4

7. INVESTMENTS IN SUBSIDIARIES *cont'd*

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2022	2021
			%	%
Direct subsidiaries of PMI:				
Press Metal International Technology Ltd. *	China	Manufacturing and trading of aluminium products	92.4	92.4
Press Metal Glomag Precision Technology Co. Ltd. *	China	Manufacturing of moulds and dies	92.4	92.4
Press Metal International (HK) Limited (“PMIHK”) *	Hong Kong	Investment holding	92.4	92.4
Foshan Baiwen New Energy Co., Ltd. * #	China	Marketing and trading of photovoltaic generation system and supply of electricity	92.4	-
Direct subsidiaries of PMIHK:				
Press Metal UK Limited *	United Kingdom	Marketing of aluminium products	92.4	92.4
Press Metal Aluminium (Australia) Pty. Ltd. *	Australia	Marketing of aluminium products	92.4	92.4
Press Metal North America Inc. *	United States of America	Marketing of aluminium products	92.4	92.4
PMB Aluminium Sdn. Bhd. (“PMBA”)	Malaysia	Manufacturing and trading of aluminium products and investment holding	92.4	92.4
Direct subsidiaries of PMBA:				
PMB Central Sdn. Bhd.	Malaysia	Marketing of gypsum boards, aluminium extrusion and other related products	92.4	92.4
PMB Northern Sdn. Bhd.	Malaysia	Marketing of aluminium and other related products	92.4	92.4
PMB Eastern Sdn. Bhd.	Malaysia	Marketing of gypsum boards and other related products	92.4	92.4
PMB Aluminium Sabah Sdn. Bhd.	Malaysia	Marketing of all types of aluminium sections, gypsum boards and other related products	92.4	92.4

7. INVESTMENTS IN SUBSIDIARIES *cont'd*

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2022	2021
			%	%
Direct subsidiaries of PMB:				
PMB Development Sdn. Bhd. and its subsidiary,	Malaysia	Dormant	100.0	100.0
PMB Spectrum Sdn. Bhd. ("PMBS")	Malaysia	Dormant	60.0	60.0
Wesama Sdn. Bhd. and its subsidiary,	Malaysia	Investment holding	100.0	100.0
Ace Extrusion Sdn. Bhd.	Malaysia	Dormant	100.0	100.0
PMB Marketing Sdn. Bhd. ®	Malaysia	Dissolved	-	100.0
Hubei Press Metal Huasheng Aluminium & Electric Co. Ltd. *	China	Investment holding	100.0	100.0
and its subsidiary,				
Press Metal International (Hubei) Ltd. *	China	Dormant	100.0	100.0
PT Press Metal Indonesia **	Indonesia	Dormant	100.0	-

* Not audited by KPMG PLT.

@ In January 2022, PMB Marketing Sdn. Bhd. received a notice pursuant to Section 551(3) of the Companies Act 2016 from the Companies Commission of Malaysia ("CCM") that its name had been struck-off from the registrar of companies of CCM.

In March 2022, the Group, via its 92.4%-owned subsidiary, Press Metal International Limited, completed the acquisition of entire equity interest in Foshan Baiwen New Energy Co., Ltd. for a total cash consideration of RMB6,779,000 (equivalent to approximately RM4,500,000).

^ In January 2022, the Group, via its wholly-owned subsidiary, Press Metal Berhad, incorporated a wholly-owned subsidiary known as PT Press Metal Indonesia with an authorised share capital of USD1,000,000 divided into 1,000 ordinary shares of USD1,000 each. The total issued and paid-up share capital was USD250,000 comprising 250 ordinary shares of USD1,000 each.

7. INVESTMENTS IN SUBSIDIARIES *cont'd***7.1 Non-controlling interests in subsidiaries**

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

	2022				
	Press Metal Sarawak Sdn. Bhd. RM'000	Press Metal Bintulu Sdn. Bhd. RM'000	Press Metal International Limited RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	20.0%	20.0%	7.6%		
Carrying amount of NCI	254,480	1,055,675	39,777	18,374	1,368,306
Profit allocated to NCI	28,377	319,600	13	11,781	359,771
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	694,055	6,778,049	510,075		
Current assets	827,130	4,700,572	479,028		
Non-current liabilities	(104,397)	(2,333,709)	(68,575)		
Current liabilities	(144,387)	(3,866,536)	(398,518)		
Net assets	1,272,401	5,278,376	522,010		
Year ended 31 December					
Revenue	1,575,236	11,701,668	986,130		
Profit for the year	141,885	1,597,999	169		
Total comprehensive income	161,030	1,598,536	-		
Cash flows from operating activities	242,492	2,760,929	182,248		
Cash flows from investing activities	(34,780)	(467,214)	(66,519)		
Cash flows from financing activities	(214,359)	(2,394,937)	(116,040)		
Net decrease in cash and cash equivalents	(6,647)	(101,222)	(311)		
Dividends paid to NCI	15,100	120,800	-		

7. INVESTMENTS IN SUBSIDIARIES *cont'd*

7.1 Non-controlling interests in subsidiaries *cont'd*

	2021				
	Press Metal Sarawak Sdn. Bhd. RM'000	Press Metal Bintulu Sdn. Bhd. RM'000	Press Metal International Limited RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	20.0%	20.0%	7.6%		
Carrying amount of NCI	237,374	763,948	40,724	5,249	1,047,295
Profit/(Loss) allocated to NCI	30,208	263,240	(3,394)	3,225	293,279
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	694,862	6,491,018	492,906		
Current assets	947,029	3,482,993	639,180		
Non-current liabilities	(102,313)	(3,002,103)	(49,629)		
Current liabilities	(352,706)	(3,152,166)	(548,026)		
Net assets	1,186,872	3,819,742	534,431		
Year ended 31 December					
Revenue	1,308,924	7,958,066	1,037,433		
Profit for the year	151,041	1,316,201	(44,539)		
Total comprehensive income	124,694	780,018	-		
Cash flows from operating activities	(39,578)	1,023,792	(207,378)		
Cash flows from investing activities	(16,512)	(982,870)	361		
Cash flows from financing activities	30,564	(42,417)	141,013		
Net decrease in cash and cash equivalents	(25,526)	(1,495)	(66,004)		
Dividends paid to NCI	7,000	50,400	-		

7.2 Transactions with non-controlling interests

In April 2014, the Group disposed 20% of its equity interest in PMBTU to the existing non-controlling interests holder ("NCI") for a cash consideration of RM522,699,000. A gain on partial disposal amounting to RM405,962,000 was recognised in equity as the change in ownership interest did not result in a loss of control to the Group.

7. INVESTMENTS IN SUBSIDIARIES *cont'd***7.2 Transactions with non-controlling interests** *cont'd*

During the current and previous financial years, both parties had agreed to further settlements on the previous cash consideration as follows:

2022 and 2021

The NCI was not entitled to a preference dividend declared and paid to Press Metal Berhad ("PMB"), the former holding company of PMBTU amounted to RM74,000,000 (2021: RM72,000,000), which resulted in a dilution of its interest in PMBTU by RM14,800,000 (2021: RM14,400,000).

7.3 Share capital reduction of PMBS

On 19 January 2022, PMBS, a 60%-owned subsidiary of PMB, reduced its ordinary share capital from RM5,000,000 comprising 5,000,000 ordinary shares to RM10 comprising 10 ordinary shares at an issue price of RM1.00 each via cancellation of RM5,000,000 ordinary shares at an issue price of RM1.00 each. The reduction in the issued share capital is effected by the repayment of paid up share capital to the shareholders, which is in excess of the needs of the Company. This has resulted in a decrease in NCI by RM2,000,000.

7.4 Impairment loss

During the current and previous financial years, decline in business activities of a subsidiary caused the Company to assess the recoverable amount of investment in the subsidiary. The Company has estimated the recoverable amount of the investment in the subsidiary to be lower than its carrying amount. Arising from the above, an impairment loss of RM7,128,000 (2021: RM3,500,000) was recognised in profit or loss.

The recoverable value of the investment in the subsidiary was based on the estimated value in use, determined by discounting future cash flows to be generated from the subsidiary.

8. INVESTMENTS IN ASSOCIATES

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Investments in:					
- Quoted shares	8.1	44,026	11,812	44,026	11,812
- Irredeemable convertible unsecured loan stocks ("ICULS") together with free detachable warrants	8.1	58,844	58,844	58,844	58,844
- Unquoted shares		1,137,261	1,137,261	1,104,821	1,104,821
Share of post-acquisition reserves		303,465	133,748	-	-
Group's share of net assets		1,543,596	1,341,665	1,207,691	1,175,477
Level 1 fair value of quoted instruments:					
- Quoted shares		947,091	527,450	947,091	527,450
- ICULS		376,074	274,892	376,074	274,892
- warrants	8.1	-	96,749	-	96,749

8. INVESTMENTS IN ASSOCIATES *cont'd*

8.1 ICULS together with free detachable warrants

In June 2018, the Company subscribed in full its 27.72% entitlement on the Rights Issue of ICULS together with free detachable warrants issued by PMB Technology Berhad ("PMBT") for a total cash consideration of RM58,844,000.

The salient features of the ICULS together with free detachable warrants are as follows:

- i) The ICULS will be maturing in 2023 and the coupon rate for the ICULS is 3% per annum;
- ii) The ICULS has a nominal value of RM2.74 each and is convertible to ordinary shares of PMBT at a price of RM2.74 per share;
- iii) The ICULS has a conversion ratio of 1:1, convertible any time from the date of issuance up to the maturity date. Any ICULS not converted by maturity date will be mandatorily converted to ordinary shares of PMBT upon maturity; and
- iv) The exercise price of the warrants is RM3.01, exercisable from the date of issuance up to market day falling immediately before the fifth anniversary of the date of the issuance of the warrants.

The Directors have assessed that the ICULS together with free detachable warrants form part of the investment in PMBT as they give current access to the returns associated with the associate.

During the current financial year, 53,689,895 warrants were exercised by the Company at the price of RM0.60. This has resulted in an increase of the investments in PMBT by RM32,214,000.

No ICULS were converted by the Company during the financial year.

8.2 Security

At 31 December 2022, 3,452,783 shares (2021: 3,452,783 shares) of PT BAI were pledged as security to secure bank facilities granted to the Company (see Note 17).

Details of the material associates are as follows:

Name of entity	Principal place of business/ Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest	
			2022 %	2021 %
PMB Technology Berhad ("PMBT")	Malaysia	Trading of aluminium products with the Group	22	20
Shandong Sunstone & PMB Carbon Ltd., Co. ("Sunstone")	China	Manufacturing of pre-baked carbon anodes for consumption of the Group	20	20
PT Bintan Alumina Indonesia ("PT BAI")	Indonesia	Manufacturing of alumina for consumption of the Group	25	25

8. INVESTMENTS IN ASSOCIATES *cont'd*

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the summarised financial information to the carrying amount of the Group's interest in the associates.

	2022			
	PMBT RM'000	Sunstone RM'000	PT BAI RM'000	Total RM'000
Summarised financial information				
As at 31 December				
Non-current assets	1,006,566	355,370	4,024,680	
Current assets	714,734	698,490	1,686,963	
Non-current liabilities	(259,036)	(84,396)	(1,660)	
Current liabilities	(547,009)	(613,610)	(548,767)	
Net assets	915,255	355,854	5,161,216	
Year ended 31 December				
Total profit and other comprehensive income for the year	118,198	79,765	543,504	
Included in the total comprehensive income is:				
Revenue	1,182,214	1,367,208	2,053,757	
Reconciliation of net assets to carrying amount as at 31 December				
Group's share of net assets	199,526	71,171	1,290,304	
Elimination of unrealised profits	(2,401)	(3,379)	(11,625)	
Carrying amount in the statement of financial position	197,125	67,792	1,278,679	1,543,596
Group's share of results for the year ended 31 December				
Group's share of profit and other comprehensive income	22,616	15,913	135,876	174,405
Other information				
Dividends received by the Group	2,148	2,540	-	

8. INVESTMENTS IN ASSOCIATES *cont'd*

	2021			
	PMBT RM'000	Sunstone RM'000	PT BAI RM'000	Total RM'000
Summarised financial information				
As at 31 December				
Non-current assets	829,224	373,989	3,518,553	
Current assets	628,498	518,893	1,318,834	
Non-current liabilities	(284,591)	(95,472)	(5,061)	
Current liabilities	(448,270)	(517,665)	(199,411)	
Net assets	724,861	279,745	4,632,915	
Year ended 31 December				
Profit for the year	170,275	83,647	198,799	
Other comprehensive income	-	-	-	
Total comprehensive income	170,275	83,647	198,799	
Included in the total comprehensive income is:				
Revenue	913,195	1,055,636	711,015	
Reconciliation of net assets to carrying amount as at 31 December				
Group's share of net assets	146,422	55,949	1,158,229	
Elimination of unrealised profits	(1,980)	(1,530)	(15,425)	
Carrying amount in the statement of financial position	144,442	54,419	1,142,804	1,341,665
Group's share of results for the year ended 31 December				
Group's share of profit or loss	32,756	15,199	34,275	82,230
Group's share of other comprehensive income	-	-	-	-
Group's share of total comprehensive income	32,756	15,199	34,275	82,230
Other information				
Dividends received by the Group	430	-	-	

9. OTHER INVESTMENTS

	Group	
	2022	2021
	RM'000	RM'000
Non-current		
Unquoted shares		
Fair value through profit or loss	1,803	1,803

10. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Nominal value RM'000	Assets RM'000	Liabilities RM'000
Group			
2022			
Non-current			
Commodity swaps and options	1,065,941	40,496	(7,570)
Forward exchange contracts	11,552,613	318,187	(2,524)
Cross currency swaps	2,300,000	32,426	(2,120)
	14,918,554	391,109	(12,214)
Current			
Commodity swaps and options	4,991,977	85,249	(151,854)
Forward exchange contracts	3,302,504	39,149	(39,358)
Cross currency swaps	250,000	-	(11,531)
	8,544,481	124,398	(202,743)
Derivatives held for trading at fair value through profit or loss	146,079	3,183	(343)
Derivatives used for hedging	23,316,956	512,324	(214,614)
	23,463,035	515,507	(214,957)
2021			
Non-current			
Commodity swaps and options	3,187,479	-	(387,067)
Forward exchange contracts	10,285,641	70,803	(1,000)
Cross currency swaps	2,800,000	14,887	(5,771)
	16,273,120	85,690	(393,838)
Current			
Commodity swaps and options	5,197,822	101	(521,512)
Forward exchange contracts	2,866,899	16,628	(5,889)
	8,064,721	16,729	(527,401)
Derivatives held for trading at fair value through profit or loss	23,054	101	(94)
Derivatives used for hedging	24,314,787	102,318	(921,145)
	24,337,841	102,419	(921,239)

10. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) *cont'd*

	Nominal value RM'000	Assets RM'000	Liabilities RM'000
Company			
2022			
Non-current			
Cross currency swaps	1,500,000	17,226	(2,120)
Current			
Commodity swaps and options	397,734	1,438	(6,602)
Derivatives held for trading at fair value through profit or loss	397,734	1,438	(6,602)
Derivatives used for hedging	1,500,000	17,226	(2,120)
	1,897,734	18,664	(8,722)
2021			
Non-current			
Commodity swaps and options	641,406	-	(67,705)
Cross currency swaps	1,880,000	14,887	-
	2,521,406	14,887	(67,705)
Current			
Commodity swaps and options	205,201	72	(36,868)
Derivatives held for trading at fair value through profit or loss	846,607	72	(104,573)
Derivatives used for hedging	1,880,000	14,887	-
	2,726,607	14,959	(104,573)

Commodity swaps and options are used to lock in aluminium prices while forward exchange contracts are used to manage the foreign currency exposures arising from the monetary assets and liabilities denominated in currencies other than the functional currencies of Group entities. Some of the derivative contracts have maturities of more than five years after the end of the reporting period. Where necessary, the derivatives are rolled over at maturity.

The Group and the Company also entered into cross currency swaps to swap their RM denominated loan to USD. The swap was performed to manage the Group's exposure to USD and RM within the Group's policy.

11. DEFERRED TAX ASSETS/(LIABILITIES)**Recognised deferred tax assets/(liabilities)**

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property, plant and equipment	95	31	(460,299)	(427,215)	(460,204)	(427,184)
Right-of-use assets	-	-	(54,678)	(53,398)	(54,678)	(53,398)
Lease liabilities	55,502	56,628	-	-	55,502	56,628
Provisions	60,691	59,213	-	-	60,691	59,213
Capital allowance carry-forwards	232	86	-	-	232	86
Investment tax allowance carry-forwards	-	58	-	-	-	58
Derivatives	65	22,073	(39,351)	(5,472)	(39,286)	16,601
Other items	-	-	(29,892)	(631)	(29,892)	(631)
Tax assets/(liabilities)	116,585	138,089	(584,220)	(486,716)	(467,635)	(348,627)
Set off of tax	(115,870)	(114,422)	115,870	114,422	-	-
Net tax assets/(liabilities)	715	23,667	(468,350)	(372,294)	(467,635)	(348,627)
Company						
Provisions	929	633	-	-	929	633
Derivatives	-	21,507	(2,386)	-	(2,386)	21,507
Other items	29	31	-	-	29	31
Tax assets/(liabilities)	958	22,171	(2,386)	-	(1,428)	22,171
Set off of tax	(958)	-	958	-	-	-
Net tax assets/(liabilities)	-	22,171	(1,428)	-	(1,428)	22,171

11. DEFERRED TAX ASSETS/(LIABILITIES) cont'd

Movement in temporary differences during the year

Group	At 1.1.2021 RM'000	Recognised in profit or loss (Note 24) RM'000	Recognised in other comprehensive income/ (expense) (Note 25) RM'000	Effect of movements in exchange rates RM'000	At 31.12.2021/ 1.1.2022 RM'000	Recognised in profit or loss (Note 24) RM'000	Recognised in other comprehensive income/ (expense) (Note 25) RM'000	Effect of movements in exchange rates RM'000	At 31.12.2022 RM'000
Property, plant and equipment	(399,575)	(26,201)	-	(1,408)	(427,184)	(33,929)	-	909	(460,204)
Right-of-use assets	(67,831)	14,433	-	-	(53,398)	(1,280)	-	-	(54,678)
Lease liabilities	75,731	(19,103)	-	-	56,628	(1,126)	-	-	55,502
Provisions	52,978	6,233	-	2	59,213	1,478	-	-	60,691
Tax loss carry-forwards	12,809	(12,809)	-	-	-	-	-	-	-
Capital allowance	2	84	-	-	86	146	-	-	232
Investment tax allowance	51,285	(51,227)	-	-	58	(58)	-	-	-
Derivatives	(41,383)	(919)	58,903	-	16,601	(1,167)	(54,720)	-	(39,286)
Other items	(221)	(410)	-	-	(631)	(29,261)	-	-	(29,892)
	(316,205)	(89,919)	58,903	(1,406)	(348,627)	(65,197)	(54,720)	909	(467,635)
Company									
Provisions	850	(217)	-	-	633	296	-	-	929
Derivatives	(9,508)	17,794	13,221	-	21,507	(23,840)	(53)	-	(2,386)
Other items	51	(20)	-	-	31	(2)	-	-	29
	(8,607)	17,557	13,221	-	22,171	(23,546)	(53)	-	(1,428)

11. DEFERRED TAX ASSETS/(LIABILITIES) *cont'd***Estimation uncertainty and significant judgements**

In October 2013, PMBTU was awarded Pioneer Status by the Malaysian Investment Development Authority ("MIDA"), which entitled PMBTU exemption from tax for a period of 15 years from 1 January 2013 to 31 December 2027 on 100% of statutory income derived from the production of aluminium products.

The measurement of the net deferred tax liabilities of PMBTU amounting to RM270,700,000 (2021: RM189,404,000) is based on the assumptions below:

- (i) PMBTU will continuously achieve the conditions imposed in the MIDA's approval to enjoy the Pioneer Status till the maturity on 31 December 2027;
- (ii) there will not be any substantial changes to the estimated useful lives of the property, plant and equipment of PMBTU nor will there be any significant disposals/write-off of existing property, plant and equipment up to 31 December 2027; and
- (iii) there will not be any substantial changes to the currently enacted tax rates.

Unrecognised deferred tax assets

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

	Group	
	2022	2021
	RM'000	RM'000
Tax loss carry-forwards	363,980	240,226
Capital allowance carry-forwards	367	-
	364,347	240,226

Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which these assets can be utilised. The tax loss carry-forwards of Group entities (other than foreign subsidiaries) of RM302,078,000 (2021: RM163,870,000) can be carried forward up to 10 consecutive years of assessment ("YA") following the enactment of the Finance Act 2021 from the YAs as shown below:

	Group	
	2022	2021
	RM'000	RM'000
YA2018 and prior YAs	4,728	4,728
YA2021	83,896	159,142
YA2022	213,454	-
	302,078	163,870

The other deductible temporary differences do not expire under current tax legislation.

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

12. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current					
Non-trade					
Amounts due from subsidiaries	12.1	-	-	88	31,605
Loans to a subsidiary	12.1	-	-	1,444,545	2,048,109
		-	-	1,444,633	2,079,714
Current					
Trade					
Trade receivables from contracts with customers		1,563,082	1,417,295	-	-
Less: Individual impairment allowance		(10,601)	(12,139)	-	-
		1,552,481	1,405,156	-	-
Amounts due from subsidiaries	12.1	-	-	1,458,160	28,490
Amount due from an associate	12.1	11,529	10,950	-	-
		1,564,010	1,416,106	1,458,160	28,490
Non-trade					
Amounts due from subsidiaries	12.1	-	-	93,536	329,402
Amount due from an associate	12.1	-	846	-	-
Loans to a subsidiary	12.1	-	-	308,650	250,000
Other receivables	12.2	414,229	300,006	-	16,986
Deposits		9,629	14,242	126	99
		423,858	315,094	402,312	596,487
		1,987,868	1,731,200	1,860,472	624,977
		1,987,868	1,731,200	3,305,105	2,704,691

12.1 Related party balances

The non-current non-trade balances due from subsidiaries are unsecured, interest free and are unlikely to be realised within twelve months after the end of the reporting period.

Loans to a subsidiary are unsecured, subject to interest ranging from 3.0% to 5.0% (2021: 3.0% to 5.0%) per annum repayable from year 2021 to 2029.

The current non-trade balances due from subsidiaries and an associate are unsecured, interest free and are expected to be realised within twelve months after the end of the reporting period.

12.2 Other receivables

Included in other receivables of the Group are advances made to purchasing agents for the procurement of capital work-in-progress, spare parts and materials on behalf of the Group entities amounting to RM350,353,000 (2021: RM147,165,000).

13. INVENTORIES

	Group	
	2022	2021
	RM'000	RM'000
Raw materials	1,206,296	1,289,535
Work-in-progress	421,931	400,853
Finished goods	604,913	507,570
Consumable parts	420,257	245,884
Goods in transit	140,692	289,685
	2,794,089	2,733,527
Recognised in profit or loss:		
Inventories recognised as cost of sales	12,686,024	8,864,997

14. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2022	2021
	RM'000	RM'000
Contract assets	-	115
Contract liabilities	-	(286)

15. CASH AND BANK BALANCES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	288,177	31,317	78,333	18,084
Cash and bank balances	315,825	427,184	2,018	580
	604,002	458,501	80,351	18,664

Deposits placed with licensed banks of the Group and of the Company comprise deposits pledged for bank facilities granted to the Group and to the Company of RM146,662,000 (2021: RM18,084,000) and RM78,333,000 (2021: RM18,084,000) respectively (see Note 17).

16. CAPITAL AND RESERVES

Share capital

	Group and Company			
	Amount	Number of shares	Amount	Number of shares
	2022 RM'000	2022 '000	2021 RM'000	2021 '000
Ordinary shares with no par value, issued and fully paid:				
At 1 January	1,088,487	8,076,220	1,088,487	4,038,110
Issue of bonus shares	-	-	-	4,038,110
Issue of ordinary shares	970,588	163,399	-	-
Transaction costs for issued share capital	(6,331)	-	-	-
At 31 December	2,052,744	8,239,619	1,088,487	8,076,220

Ordinary shares

In March 2021, the Company proposed to undertake a bonus issue of 4,038,109,539 bonus shares on the basis of one (1) bonus share for every one (1) existing share of the Company held on the entitlement date. The bonus issue was subsequently approved by the shareholders via an Extraordinary General Meeting and completed in April 2021 following the listing and quotation of the 4,038,109,539 bonus shares on the Main Market of Bursa Malaysia Securities Berhad.

On 21 March 2022, the Company proposed to undertake a private placement of up to 163,398,700 new ordinary shares ("Placement"). The issue price was fixed at RM5.94 per share on 28 March 2022 and the Placement was completed on 8 April 2022 following the listing and quotation of the 163,398,700 new ordinary shares on the Main Market of Bursa Malaysia Securities Berhad. The total gross proceeds raised was RM970,588,000.

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.

Reorganisation reserve

The reorganisation reserve in the separate financial statements of the Company represents the difference between the value of the shares issued by the Company in exchange with the shareholders of PMB and the total equity of PMB at the date of exchange.

Translation reserve

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

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

17. LOANS AND BORROWINGS

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Non-current					
Bank loans:					
- secured	17.1	620,107	812,878	612,421	803,902
- unsecured	17.1	380,878	460,361	73,050	250,000
Islamic Medium-Term Notes					
- unsecured	17.2	2,300,000	2,300,000	2,300,000	2,300,000
		3,300,985	3,573,239	2,985,471	3,353,902
Current					
Bank loans:					
- secured	17.1	236,689	168,167	235,291	166,913
- unsecured	17.1	492,636	605,661	308,650	250,000
Bankers' acceptances:					
- unsecured	17.3	615,459	1,457,433	-	-
Revolving credits:					
- unsecured	17.4	200,956	346,719	-	-
Bank overdrafts:					
- unsecured	17.5	7,445	4,988	-	-
		1,553,185	2,582,968	543,941	416,913
		4,854,170	6,156,207	3,529,412	3,770,815

17. LOANS AND BORROWINGS *cont'd*

17.1 Bank loans

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Loan 1 – unsecured	104,743	106,781	-	-
Loan 2 – secured	145	188	-	-
Loan 3 – secured	1,115	1,559	-	-
Loan 4 – unsecured	-	5,000	-	-
Loan 5 – unsecured	-	187,425	-	-
Loan 6 – secured	847,712	970,815	847,712	970,815
Loan 7 – unsecured	150,000	300,000	150,000	300,000
Loan 8 – unsecured	100,000	200,000	100,000	200,000
Loan 9 – unsecured	-	265,061	-	-
Loan 10 – secured	7,824	8,483	-	-
Loan 11 – unsecured	44,167	1,755	-	-
Loan 12 – unsecured	131,700	-	131,700	-
Loan 13 – unsecured	261,205	-	-	-
Loan 14 – unsecured	46,193	-	-	-
Loan 15 – unsecured	32,503	-	-	-
Loan 16 – unsecured	3,003	-	-	-
	1,730,310	2,047,067	1,229,412	1,470,815

Securities and guarantees

Loan 1	Guaranteed by the Company
Loan 2	Secured over a building of a subsidiary with a carrying amount of RM517,000 (2021: RM528,000) and guaranteed by a Director of the Company
Loan 3	Secured over buildings of a subsidiary with a carrying amount of RM5,080,000 (2021: RM5,194,000) and guaranteed by a subsidiary
Loan 4	Guaranteed by the Company
Loan 5	Guaranteed by the Company
Loan 6	Secured over 3,452,783 shares (2021: 3,452,783 shares) of an associate and deposits pledged with a licensed bank of RM146,662,000 (2021: RM18,084,000)
Loan 7	No security or guarantee
Loan 8	No security or guarantee
Loan 9	Guaranteed by the Company
Loan 10	Secured over land and building of a subsidiary with carrying amounts of RM2,805,000 (2021: RM2,845,000) and RM9,606,000 (2021: RM10,283,000) respectively.

17. LOANS AND BORROWINGS *cont'd***17.1 Bank loans** *cont'd***Securities and guarantees** *cont'd*

Loan 11	Guaranteed by the Company
Loan 12	No security or guarantee
Loan 13	Guaranteed by the Company
Loan 14	Guaranteed by the Company
Loan 15	Guaranteed by a subsidiary
Loan 16	No security or guarantee

Significant covenants

In connection with the significant bank loan facilities of Press Metal Bintulu Sdn. Bhd., the Company and the subsidiary have agreed on the following significant covenants with the lenders:

Press Metal Bintulu Sdn. Bhd. (Loan 13)

- i) The subsidiary shall maintain a maximum net debt to tangible net worth of not more than 1.50 times, net debt-to-earnings before interest, taxes, depreciation and amortisation ("EBITDA") of not more than 3.00 times and minimum DSCR of 1.25 times;
- ii) The consolidated financial statements of the Group shall maintain a maximum net debt to tangible net worth of not more than 1.50 times and net debt-to-EBITDA of not more than 3.50 times; and
- iii) The existing shareholders shall maintain their shareholdings in the subsidiary.

Press Metal Aluminium Holdings Berhad (Loans 6, 7, 8 and 12)

The consolidated financial statements of the Group shall maintain a maximum gross debt to tangible net worth of not more than 1.50 times and a minimum debt service coverage ratio ("DSCR") of 1.25 times.

17.2 Islamic Medium-Term Notes

In August 2019, the Company made a lodgement with the Securities Commission Malaysia for the establishment of Islamic Medium-Term Notes of RM5.0 billion in nominal value based on the Shariah Principle of Wakalah Bi Al-Istithmar ("Sukuk Programme"), for a tenure of up to thirty (30) years.

In October 2019, the Company made its first issuance of the Sukuk Programme for an aggregate nominal value of RM1.0 billion with tenures ranging from 5 to 10 years repayable as follows:

- RM550 million due in 2024
- RM200 million due in 2026
- RM250 million due in 2029

In August 2020, the Company made its second issuance of the Sukuk Programme for an aggregate nominal value of RM700 million with a tenure of 5 years repayable in 2025.

In December 2021, the Company made its third issuance of the Sukuk Programme for an aggregate nominal value of RM600 million with tenures of 6 years and 7 years.

The Group utilised the proceeds from the issuance to restructure and pay off its existing financing and borrowings and for general corporate purposes.

The transaction costs arising from these issuances have been back charged to Press Metal Bintulu Sdn. Bhd. as part of the loans to the subsidiary (Note 12.1).

17. LOANS AND BORROWINGS *cont'd*

17.2 Islamic Medium-Term Notes *cont'd*

Significant covenants

- i) The consolidated financial statements of the Group shall maintain a maximum Finance to Equity Ratio of not more than 1.75 times; and
- ii) The Company shall maintain its existing shareholdings in Press Metal Sarawak Sdn. Bhd. and Press Metal Bintulu Sdn. Bhd. (collectively known as "material subsidiaries").

The Company and/or its material subsidiaries are, subject to certain thresholds, limitations, exceptions and qualifications, limited from:

- issuing guarantees;
- entering into transactions with shareholders or affiliates;
- creating any liens;
- selling assets;
- reducing of share capital;
- lending or advancing any money to any other parties;
- entering into partnership;
- changing of proceeds utilisation;
- substantially changing the nature or scope of its business; and
- effecting a consolidation, merger or reorganisation.

17.3 Bankers' acceptances

	Group	
	2022	2021
	RM'000	RM'000
Guaranteed by the Company	615,459	1,457,203
Guaranteed by a Director of the Company	-	230
	615,459	1,457,433

17.4 Revolving credits

	Group	
	2022	2021
	RM'000	RM'000
Guaranteed by the Company	200,956	327,212
Guaranteed by a subsidiary	-	19,507
	200,956	346,719

17.5 Bank overdrafts

	Group	
	2022	2021
	RM'000	RM'000
Guaranteed by the Company	5,444	-
Guaranteed by a subsidiary	-	4,988
Guaranteed by a director	2,001	-
	7,445	4,988

18. PROVISIONS

	Employee entitlements (Note 18.1) RM'000	Restoration and rehabilitation (Note 18.2) RM'000	Total RM'000
Group			
At 1 January 2021	9,296	206,521	215,817
Provisions reversed during the year	(40)	(21,940)	(21,980)
Unwinding of discount	-	3,678	3,678
Effect of movements in exchange rates	(210)	(2,794)	(3,004)
At 31 December 2021/1 January 2022	9,046	185,465	194,511
Provisions made during the year	285	-	285
Provisions reversed during the year	-	(18,060)	(18,060)
Unwinding of discount	-	5,403	5,403
Effect of movements in exchange rates	(132)	(2,074)	(2,206)
At 31 December 2022	9,199	170,734	179,933
2022			
Non-current	830	169,687	170,517
Current	8,369	1,047	9,416
	9,199	170,734	179,933
2021			
Non-current	719	184,628	185,347
Current	8,327	837	9,164
	9,046	185,465	194,511

18.1 Employee entitlements

The long service leave provision is measured at the present value of expected future payments in respect of services provided by the employees up to the end of the reporting period. Forecast future salary levels, experience of employees, turnover and periods of service are considered in determining the liability.

18.2 Restoration and rehabilitation

The provision for restoration and rehabilitation relates to the estimated costs associated with the joint operation's obligation for decommissioning and demolition of all industrial and support infrastructure from the site and revegetation of the land. The rehabilitation is expected to occur in the next 60 years. Because of the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred.

The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology. The provision has been calculated using a nominal discount rate of 3.7% (2021: 2.9%). Future restoration costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the reporting period. The unwinding of the effect of discounting on provision is recognised as a finance cost.

19. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade					
Trade payables		826,024	740,068	-	-
Amounts due to associates	19.1	126,584	154,030	-	-
		952,608	894,098	-	-
Non-trade					
Amounts due to subsidiaries	19.1	-	-	18,517	10,757
Amounts due to associates	19.1	3,292	3,324	-	-
Other payables		171,575	295,781	1,125	1,494
Accrued expenses		216,957	197,445	44,006	20,563
		391,824	496,550	63,648	32,814
		1,344,432	1,390,648	63,648	32,814

19.1 Related party balances

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

20. REVENUE

		Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers		15,682,941	10,995,236	29,046	25,142
Other revenue					
- Dividend income		-	-	545,748	230,030
Total revenue		15,682,941	10,995,236	574,794	255,172

20.1 Disaggregation of revenue

Revenue from contracts with customers of the Company consists of management and consultancy fee income received/receivable from certain subsidiaries based in Malaysia which is recognised in profit or loss over time when services are rendered. Payment is generally received within a month from invoice date.

20. REVENUE cont'd

20.1 Disaggregation of revenue cont'd

Group	Reportable segments						All other segments				Total	
	Smelting and extrusion		Trading		Refinery		2022		2021		2022	
	2022	2021	2022	2021	2022	2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Primary geographical markets												
Malaysia	1,006,535	521,948	258,731	156,028	-	-	9,149	23,659	1,274,415	701,635		
Asia	7,622,713	6,561,455	77	-	372,410	359,161	13,660	14,144	8,008,860	6,934,760		
Oceania	89,872	70,621	127,428	97,275	-	-	-	-	217,300	167,896		
Europe	5,293,079	2,206,919	442,718	398,361	-	-	-	-	5,735,797	2,605,280		
America	8,556	197,921	422,948	264,550	-	-	-	-	431,504	462,471		
Africa	15,065	123,194	-	-	-	-	-	-	15,065	123,194		
	14,035,820	9,682,058	1,251,902	916,214	372,410	359,161	22,809	37,803	15,682,941	10,995,236		
Major products and services lines												
Smelting aluminium products	12,995,855	9,020,859	-	-	-	-	-	-	12,995,855	9,020,859		
Extrusion aluminium products	1,039,965	661,199	1,251,902	916,214	-	-	-	-	2,291,867	1,577,413		
Alumina products	-	-	-	-	372,410	359,161	-	-	372,410	359,161		
Contracting and fabrication	-	-	-	-	-	-	9,149	23,659	9,149	23,659		
Others	-	-	-	-	-	-	13,660	14,144	13,660	14,144		
	14,035,820	9,682,058	1,251,902	916,214	372,410	359,161	22,809	37,803	15,682,941	10,995,236		
Timing and recognition												
At a point in time	14,035,820	9,682,058	1,251,902	916,214	372,410	359,161	13,660	14,144	15,673,792	10,971,577		
Over time	-	-	-	-	-	-	9,149	23,659	9,149	23,659		
	14,035,820	9,682,058	1,251,902	916,214	372,410	359,161	22,809	37,803	15,682,941	10,995,236		

20. REVENUE *cont'd*

20.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Smelting aluminium products	Revenue is recognised when the goods are shipped on board evidenced by bill of lading.	Credit period of 0-30 days from invoice date.	Not applicable.	The Group allows returns only for exchange with new goods (i.e. no cash refunds are offered).	Not applicable.
Extrusion aluminium products	Revenue is recognised when the goods are delivered and accepted by the customers at their premises or shipped on board evidenced by bill of lading.	Credit period of 90 days from invoice date.	Not applicable.	The Group allows returns only for exchange with new goods (i.e. no cash refunds are offered).	Not applicable.
Alumina products	Revenue is recognised when the goods are shipped on board evidenced by bill of lading.	Credit period of 7 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Contracting and fabrication	Revenue is recognised over time using the cost incurred method.	Based on agreed milestones, certified by architects.	Not applicable.	Not applicable.	Generally, defect liability period of 2 years is given to the customer.

20. REVENUE *cont'd***20.3 Transaction price allocated to the remaining performance obligations**

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

Group	2023 RM'000
2022	
Contracting and fabrication	-
2021	
Contracting and fabrication	14,396

The above revenue does not include variable consideration which has not been approved/acknowledged by customers.

The Group applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

20.4 Judgements and assumptions arising from revenue recognition

The Group applied the following judgements and assumptions that affect the determination of the amount and timing of revenue recognised from contracts with customers:

- For contracting and fabrication, the Group measured the performance of work done by comparing the actual costs incurred with the estimated total costs required to complete the contracting and fabrication work. Judgements are required to estimate the total contract costs to complete. In making these estimates, management relied on professionals' estimates and also on past experience of completed projects. A change in the estimates will directly affect the revenue to be recognised.
- For smelting aluminium, extrusion aluminium and alumina products, control of the goods is transferred to the customers when the goods are shipped on board evidenced by bill of lading. The Group estimates that the revenue from the additional performance obligation, arising from shipping and handling activities provided to be recognised over time, is immaterial for separate recognition from the sale of products.

21. FINANCE INCOME

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest income of financial assets calculated using the effective interest method that are at amortised cost	6,847	4,042	107,712	76,602
Other finance income	3,074	1,765	23,250	11,440
	9,921	5,807	130,962	88,042

22. FINANCE COSTS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- amortisation of transaction costs	5,217	5,621	1,770	1,770
- interest paid and payable	201,187	147,739	136,900	94,722
	206,404	153,360	138,670	96,492
Interest expense on lease liabilities	9,643	10,935	-	-
Other finance costs	25,943	54,401	9	8
	241,990	218,696	138,679	96,500
Recognised in profit or loss	241,990	170,799	138,679	96,500
Capitalised on qualifying assets:				
- property, plant and equipment (Note 3)	-	47,897	-	-
	241,990	218,696	138,679	96,500

23. PROFIT BEFORE TAX

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/ crediting:				
Auditors' remunerations				
Audit fees:				
- KPMG PLT	1,512	1,438	315	305
- Overseas affiliates of KPMG PLT	91	88	-	-
- Other auditors	848	726	-	-
Non-audit fees:				
- KPMG PLT	128	55	20	20
- Local affiliates of KPMG PLT	645	615	-	-
- Other professional audit firms	615	-	-	-
Material expenses				
Additional tax assessments with penalties	-	26,738	-	-
Bad debts written off	2,037	-	-	-
Depreciation of property, plant and equipment	551,384	401,617	13	13
Depreciation of right-of-use assets	30,555	33,125	-	-
Depreciation of investment properties	2,141	2,609	-	-
Impairment loss on investment in a subsidiary	-	-	7,128	3,500
Personnel expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	25,474	21,077	2,456	2,251
- Wages, salaries and others (Note a)	467,243	430,726	28,955	15,416
Property, plant and equipment written off	18,035	6,813	-	-
Realised derivative loss	-	-	11,097	51,699
Net realised foreign exchange loss	43,619	6,463	4,865	-
Unrealised derivative loss	619	-	-	83,815
Net unrealised foreign exchange loss	-	7,244	49,264	33,581
Material income				
Dividend income from subsidiaries	-	-	543,600	229,600
Dividend income from an associate	-	-	2,148	430
Net realised foreign exchange gain	-	-	-	1,447
Unrealised derivative gain	-	7	78,030	-
Net unrealised foreign exchange gain	927	-	-	-
Expenses arising from leases				
Expenses relating to short-term leases (Note b)	18,671	19,580	695	700
Net loss on impairment of financial instruments and contract assets				
Financial assets at amortised cost	273	2,880	-	-

23. PROFIT BEFORE TAX *cont'd*

Note a

Certain subsidiaries of the Group were entitled to a wage subsidy programme introduced by the government of Malaysia in response to the Covid-19 pandemic during the previous financial year.

Note b

The Group or the Company leases a number of properties, machineries and forklifts with contract terms of not more than 1 year. The Group or the Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

24. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Income tax expense	185,287	147,658	26,086	(16,181)
Share of tax of equity-accounted associates	12,321	14,115	-	-
Total income tax expense	197,608	161,773	26,086	(16,181)
Major components of income tax expense include:				
Current tax expense				
Current year	115,311	32,571	2,046	1,325
Prior year	4,779	25,168	494	51
Total current tax recognised in profit or loss	120,090	57,739	2,540	1,376
Deferred tax expense				
Origination and reversal of temporary differences	65,095	87,160	23,586	(17,542)
Under/(Over) provision in prior year	102	2,759	(40)	(15)
Total deferred tax recognised in profit or loss (Note 11)	65,197	89,919	23,546	(17,557)
Share of tax of equity-accounted associates	12,321	14,115	-	-
Total income tax expense	197,608	161,773	26,086	(16,181)

24. TAX EXPENSE *cont'd***Reconciliation of tax expense**

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit for the year	1,766,541	1,295,164	501,028	55,377
Total income tax expense	197,608	161,773	26,086	(16,181)
Profit excluding tax	1,964,149	1,456,937	527,114	39,196
Income tax calculated using Malaysian tax rate of 24% (2021: 24%)	471,396	349,665	126,507	9,407
Effect of income subject to prosperity tax	11,114	-	-	-
Effect of tax rates in foreign jurisdictions	431	3,340	-	-
Non-deductible expenses	59,540	48,692	30,104	30,007
Non-taxable income	(43,619)	(20,436)	(130,979)	(55,631)
Tax incentives	(335,924)	(295,195)	-	-
Movement of unrecognised deferred tax assets	29,789	47,780	-	-
Under provision in prior years	4,881	27,927	454	36
	197,608	161,773	26,086	(16,181)

Non-taxable income

The non-taxable income of the Company for the financial year ended 31 December 2022 mainly relate to dividend income from subsidiaries and an associate (2021: dividend income from subsidiaries and an associate, gain on disposal of subsidiaries and unrealised derivative gain).

Tax incentives

As disclosed in Note 11, PMBTU was awarded Pioneer Status by the MIDA, which entitled PMBTU exemption from tax for a period of 15 years from 1 January 2013 to 31 December 2027 on 100% of statutory income derived from the production of aluminium products.

Under provision in prior years - Additional assessments with penalties issued by Director General of Inland Revenue

On 25 November 2021, Press Metal Bintulu Sdn. Bhd., an 80%-owned subsidiary of the Company was served with notices of additional assessments with penalties by the Director General of Inland Revenue ("DGIR") for years of assessment 2014 to 2019. The additional assessments and penalties imposed amounted to approximately RM106,000,000.

The said notices of additional assessments were raised by the DGIR among others, based on its view that certain income does not fall under pioneer status exemption approved by MIDA.

Subsequent to the issuance of said notices of additional assessments, Inland Revenue Board had further extended the years of assessment under review to 2020. On 21 April 2022, the Group and the DGIR have mutually reached an out of court settlement to settle the additional assessments and penalties for years of assessment 2014 to 2020 at RM26,738,000, and this amount was recorded in the profit or loss for the financial year ended 31 December 2021.

25. OTHER COMPREHENSIVE INCOME/(EXPENSE)

	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
Group			
2022			
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge			
- Gains during the year	641,418	(54,720)	586,698
- Reclassification adjustments for losses included in profit or loss	422,527	-	422,527
	1,063,945	(54,720)	1,009,225
Foreign currency translation differences for foreign operations			
- Losses during the year	(23,884)	-	(23,884)
	1,040,061	(54,720)	985,341
2021			
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge			
- Losses during the year	(1,650,261)	58,903	(1,591,358)
- Reclassification adjustments for losses included in profit or loss	608,038	-	608,038
	(1,042,223)	58,903	(983,320)
Foreign currency translation differences for foreign operations			
- Gains during the year	21,684	-	21,684
	(1,020,539)	58,903	(961,636)
	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
Company			
2022			
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge			
- Gains during the year	220	(53)	167
2021			
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge			
- Losses during the year	(55,088)	13,221	(41,867)

26. EARNINGS PER ORDINARY SHARE**Basic earnings per ordinary share**

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

	Group	
	2022	2021
	RM'000	RM'000
Profit attributable to ordinary shareholders	1,406,770	1,001,885

	Group	
	2022	2021
	'000	'000
Weighted average number of ordinary shares at 31 December	8,196,641	8,076,218

	Group	
	2022	2021
	Sen	sen
Basic earnings per ordinary share	17.16	12.41

Diluted earnings per ordinary share

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

27. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2022			
Fourth interim 2021 ordinary	1.00	80,762	31 March 2022
First interim 2022 ordinary	1.50	123,594	27 June 2022
Second interim 2022 ordinary	1.75	144,193	29 September 2022
Third interim 2022 ordinary	1.75	144,193	30 December 2022
Total amount		492,742	
2021			
Fourth interim 2020 ordinary *	0.62	50,476	31 March 2021
First interim 2021 ordinary	0.75	60,572	2 July 2021
Second interim 2021 ordinary	1.00	80,762	29 September 2021
Third interim 2021 ordinary	1.00	80,762	30 December 2021
Total amount		272,572	

* Dividends per share are adjusted to reflect bonus issue on the basis of one (1) bonus share for every one (1) existing share of the Company which was completed in April 2021.

27. DIVIDENDS *cont'd*

After the end of the reporting period, the following dividend was declared by the Directors on 24 February 2023 and paid on 31 March 2023. This dividend will be recognised in subsequent financial year.

	Sen per share	Total amount RM'000
Fourth interim 2022 ordinary	1.75	144,193

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

28. OPERATING SEGMENTS

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

- *Smelting and Extrusion* Includes manufacturing and trading of smelting and extrusion products
- *Trading* Includes marketing of aluminium and other related products
- *Refinery* Includes refinery of alumina
- *Investment holding* Includes investment holding

The manufacturing and trading of smelting and extrusion products are managed by two different segments within the Group. These operating segments are aggregated to form a reportable segment as Smelting and Extrusion due to the similar nature and economic characteristics of the products. The nature and methods of distribution of the products for these divisions are similar. The type of customers for the products are similar, which consist of industrial customers.

Other non-reportable segments comprise operations related to contracting and fabrication, manufacturing of moulds and dies and dormant companies. None of these segments met the quantitative thresholds for reporting segments in 2022 and 2021.

There are varying levels of integration between Smelting and Extrusion, Trading and Refinery reportable segments. This integration includes transfers of raw materials and shared distribution services respectively. Inter-segment pricing is determined on negotiated basis.

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

Segment assets

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

Segment liabilities

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

28. OPERATING SEGMENTS *cont'd***Segment capital expenditure**

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, right-of-use assets, investment properties and other investments other than goodwill.

Group	Smelting and extrusion		Trading		Refinery		Investment holding		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit	1,882,819	1,450,528	156,638	45,947	33,872	76,490	(120,618)	70,349	2,193,947	1,643,314
<i>Included in the measure of segment profit are:</i>										
Revenue from external customers	14,035,820	9,682,058	1,251,902	916,214	372,410	359,161	-	-	15,660,132	10,957,433
Inter-segment revenue	632,011	703,146	2,202,173	1,383,339	-	125,740	-	-	2,834,184	2,212,225
Property, plant and equipment written off	16,435	6,802	66	11	-	-	-	-	16,501	6,813
Share of profit or loss of associates	-	-	15,913	15,199	-	-	158,492	67,031	174,405	82,230
Unrealised foreign exchange gain/(loss)	(1,415)	(8,249)	7,796	830	-	-	(5,454)	175	927	(7,244)
Depreciation and amortisation	526,005	377,403	8,067	7,988	48,180	48,639	516	515	582,768	434,545
<i>Not included in the measure of segment profit but provided to CODM:</i>										
Finance costs	80,733	44,658	2,863	2,980	16,130	14,721	138,762	99,322	238,488	161,681
Finance income	6,303	2,438	517	172	195	1,380	2,893	1,801	9,908	5,791
Tax expense	160,139	108,344	16,564	14,951	6,275	17,976	2,264	6,103	185,242	147,374
Segment assets	12,456,336	11,383,969	319,365	533,720	1,042,941	1,086,779	1,850,099	1,413,478	15,668,741	14,417,946
<i>Included in the measure of segment assets are:</i>										
Investments in associates	-	-	67,792	54,419	-	-	1,475,804	1,287,246	1,543,596	1,341,665
Additions to non-current assets other than financial instruments and deferred tax assets	679,887	1,040,542	8,287	6,540	28,289	12,574	-	-	716,463	1,059,656

28. OPERATING SEGMENTS *cont'd*

Reconciliation of reportable segment revenues, profit or loss, assets and other material items

Group	2022 RM'000	2021 RM'000
Revenue		
Total external revenue for reportable segments	15,660,132	10,957,433
Other non-reportable segments	22,809	37,803
Consolidated total	15,682,941	10,995,236
Profit or loss		
Total profit or loss for reportable segments	2,193,947	1,643,314
Other non-reportable segments	(7,814)	(21,645)
Elimination of inter-segment profits	(2,236)	(13,855)
Finance income	9,921	5,807
Finance costs	(241,990)	(170,799)
Tax expense	(185,287)	(147,658)
Consolidated total	1,766,541	1,295,164
Total assets		
Total assets for reportable segments	15,668,741	14,417,946
Other non-reportable segments	92,153	267,451
Elimination of inter-segment balances	(444,612)	(474,487)
Consolidated total	15,316,282	14,210,910
Depreciation and amortisation		
Total depreciation and amortisation for reportable segments	582,768	434,545
Other non-reportable segments	1,413	2,909
Consolidated total	584,181	437,454
Finance costs		
Total finance costs for reportable segments	238,488	161,681
Other non-reportable segments	3,502	9,118
Consolidated total	241,990	170,799

28. OPERATING SEGMENTS *cont'd***Reconciliation of reportable segment revenues, profit or loss, assets and other material items** *cont'd*

Group	2022 RM'000	2021 RM'000
Finance income		
Total finance income for reportable segments	9,908	5,791
Other non-reportable segments	13	16
Consolidated total	9,921	5,807
Tax expense		
Total tax expense for reportable segments	185,242	147,374
Other non-reportable segments	45	284
Consolidated total	185,287	147,658
Property, plant and equipment written off		
Total property, plant and equipment written off for reportable segments	16,501	6,813
Other non-reportable segments	1,534	-
Consolidated total	18,035	6,813
Additions to non-current assets		
Total additions to non-current assets for reportable segments	716,463	1,059,656
Other non-reportable segments	55	282
Consolidated total	716,518	1,059,938

Geographical segments

The Smelting and Extrusion, Trading, Refinery and the Investment Holding segments are managed mainly in Malaysia (country of domicile), countries in Oceania, Asia and Europe.

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

28. OPERATING SEGMENTS *cont'd*

Geographical information

Group	External revenue		Non-current assets	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,274,415	701,635	8,324,391	7,739,488
Asia:				
- China	880,965	870,406	469,505	421,192
- India	391,709	455,634	-	-
- Singapore	2,995,924	2,526,014	-	-
- Taiwan	422,399	771,230	-	-
- South Korea	1,402,432	754,708	-	-
- Vietnam	636,703	750,412	-	-
- Others	1,278,728	806,356	-	-
Europe:				
- Switzerland	5,071,530	2,011,040	-	-
- United Kingdom	442,718	398,361	9,451	9,913
- Others	221,549	195,879	-	-
Oceania				
- Australia	188,619	136,208	944,241	1,018,687
- Others	28,681	31,688	-	-
Other countries	446,569	585,665	2,545	2,608
	15,682,941	10,995,236	9,750,133	9,191,888

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

Group	Revenue		Segment
	2022	2021	
	RM'000	RM'000	
All common control companies of:			
Glencore International AG	3,647,376	1,856,026	Smelting and Extrusion
Sumitomo Corporation Asia and Oceania Pte. Ltd.	3,216,598	2,511,328	Smelting and Extrusion

29. FINANCIAL INSTRUMENTS

29.1 Categories of financial instruments

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

- (a) Amortised cost ("AC")
- (b) Fair value through profit or loss ("FVTPL")
 - Mandatorily required by MFRS 9

	Carrying amount RM'000	AC RM'000	FVTPL RM'000	Derivatives used for hedging RM'000
2022				
Financial assets				
Group				
Other investments	1,803	-	1,803	-
Trade and other receivables *	1,637,515	1,637,515	-	-
Derivative financial assets	515,507	-	3,183	512,324
Cash and cash equivalents	604,002	604,002	-	-
	2,758,827	2,241,517	4,986	512,324
Company				
Trade and other receivables	3,305,105	3,305,105	-	-
Derivative financial assets	18,664	-	1,438	17,226
Cash and cash equivalents	80,351	80,351	-	-
	3,404,120	3,385,456	1,438	17,226
Financial liabilities				
Group				
Loans and borrowings	(4,854,170)	(4,854,170)	-	-
Trade and other payables	(1,344,432)	(1,344,432)	-	-
Derivative financial liabilities	(214,957)	-	(343)	(214,614)
	(6,413,559)	(6,198,602)	(343)	(214,614)
Company				
Loans and borrowings	(3,529,412)	(3,529,412)	-	-
Trade and other payables	(63,648)	(63,648)	-	-
Derivative financial liabilities	(8,722)	-	(6,602)	(2,120)
	(3,601,782)	(3,593,060)	(6,602)	(2,120)

* Excluded advances made to purchasing agents

29. FINANCIAL INSTRUMENTS *cont'd*

29.1 Categories of financial instruments *cont'd*

	Carrying amount RM'000	AC RM'000	FVTPL RM'000	Derivatives used for hedging RM'000
2021				
Financial assets				
Group				
Other investments	1,803	-	1,803	-
Trade and other receivables *	1,584,035	1,584,035	-	-
Derivative financial assets	102,419	-	101	102,318
Cash and cash equivalents	458,501	458,501	-	-
	2,146,758	2,042,536	1,904	102,318
Company				
Trade and other receivables	2,704,691	2,704,691	-	-
Derivative financial assets	14,959	-	72	14,887
Cash and cash equivalents	18,664	18,664	-	-
	2,738,314	2,723,355	72	14,887
Financial liabilities				
Group				
Loans and borrowings	(6,156,207)	(6,156,207)	-	-
Trade and other payables	(1,390,648)	(1,390,648)	-	-
Derivative financial liabilities	(921,239)	-	(94)	(921,145)
	(8,468,094)	(7,546,855)	(94)	(921,145)
Company				
Loans and borrowings	(3,770,815)	(3,770,815)	-	-
Trade and other payables	(32,814)	(32,814)	-	-
Derivative financial liabilities	(104,573)	-	(104,573)	-
	(3,908,202)	(3,803,629)	(104,573)	-

* Excluded advances made to purchasing agents

29. FINANCIAL INSTRUMENTS *cont'd***29.2 Net gains and losses arising from financial instruments**

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Financial assets at fair value through profit or loss:				
- Mandatorily required by MFRS 9	-	101	78,030	(51,699)
Financial liabilities at fair value through profit or loss:				
- Mandatorily required by MFRS 9	(628)	(94)	(11,097)	(83,815)
Financial assets at amortised cost	(11,282)	7,400	140,632	91,265
Financial liabilities at amortised cost	(265,780)	(178,044)	(202,478)	(131,857)
Derivatives used for hedging				
- Recognised in other comprehensive income	1,009,225	(983,320)	167	(41,867)
	731,535	(1,153,957)	5,254	(217,973)

29.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

29.4 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 the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables and contract assets***Risk management objectives, policies and processes for managing the risk***

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

At each reporting date, the Group or the Company assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when 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. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

29. FINANCIAL INSTRUMENTS *cont'd*

29.4 Credit risk *cont'd*

Trade receivables and contract assets *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 and contract assets are represented by the carrying amounts in the statement of financial position.

The Group does not normally receive financial guarantees given by banks, shareholders or directors of customers as the Group transacts with a small pool of customers which have been dealing with the Group for a long period of time. Nevertheless, the Directors use ageing analysis to monitor the credit quality of the receivables in managing exposure to credit risks.

Concentration of credit risk

The exposure of credit risk for non-related party trade receivables and contract assets as at the end of the reporting period by geographic region was:

	Group	
	2022	2021
	RM'000	RM'000
Domestic	181,017	198,608
Asia	1,016,377	778,791
Oceania	70,684	46,230
Europe	269,192	360,112
America	15,211	21,530
	1,552,481	1,405,271

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 180 days. The Group's debt recovery process is as follows:

- Above 90 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team; and
- The Group will commence a legal proceeding against the customer who fails to pay after the Group initiates the debt recovery process.

As the Group does not deal with a large pool of customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default, except for those which have been credit impaired.

29. FINANCIAL INSTRUMENTS *cont'd***29.4 Credit risk** *cont'd***Trade receivables and contract assets** *cont'd***Recognition and measurement of impairment loss** *cont'd*

The following table provides information about the exposure to credit risk and expected credit losses for non-related party trade receivables and contract assets which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2022			
Current (not past due)	1,419,787	-	1,419,787
1 - 90 days past due	119,612	-	119,612
More than 90 days past due	13,082	-	13,082
	1,552,481	-	1,552,481
Credit impaired			
Individually impaired	10,601	(10,601)	-
	1,563,082	(10,601)	1,552,481
Trade receivables	1,563,082	(10,601)	1,552,481
	1,563,082	(10,601)	1,552,481
2021			
Current (not past due)	1,043,966	-	1,043,966
1 - 90 days past due	329,134	-	329,134
More than 90 days past due	29,307	-	29,307
	1,402,407	-	1,402,407
Credit impaired			
Individually impaired	15,003	(12,139)	2,864
	1,417,410	(12,139)	1,405,271
Trade receivables	1,417,295	(12,139)	1,405,156
Contract assets	115	-	115
	1,417,410	(12,139)	1,405,271

29. FINANCIAL INSTRUMENTS *cont'd*

29.4 Credit risk *cont'd*

Trade receivables and contract assets *cont'd*

Recognition and measurement of impairment loss *cont'd*

The movements in the allowance for impairment in respect of non-related party trade receivables and contract assets during the year are shown below:

Group	Trade receivables credit impaired RM'000	Contract assets RM'000	Total RM'000
Balance at 1 January 2021	9,495	-	9,495
Amounts written off	(169)	-	(169)
Net remeasurement of loss allowance	2,880	-	2,880
Effect of movements in exchange rate	(67)	-	(67)
Balance at 31 December 2021/1 January 2022	12,139	-	12,139
Amounts written off	(1,591)	-	(1,591)
Net remeasurement of loss allowance	273	-	273
Effect of movements in exchange rate	(220)	-	(220)
Balance at 31 December 2022	10,601	-	10,601

Decrease in Group's impairment loss allowance was mainly contributed by the decrease in credit impaired balance in the contracting and fabrication business.

As at 31 December 2022, all of the trade receivables written off are still subject to enforcement activity.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. 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.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Investments and derivative financial instruments

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities. Transactions involving derivative financial instruments are with approved financial institutions.

29. FINANCIAL INSTRUMENTS *cont'd***29.4 Credit risk** *cont'd***Investments and derivative financial instruments** *cont'd****Exposure to credit risk, credit quality and collateral***

As at the end of the reporting period, the Group has only invested in domestic securities. The derivative contracts were entered into with approved financial institutions. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. The Group is of the view that the loss allowance is not material and hence, it is not provided for.

The investments are unsecured.

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 and credit terms granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to fulfill the contracts and service their repayments on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk of the Company amounts to RM1,272,723,000 (2021: RM2,350,437,000) 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 unlikely to repay its amounts owing to the supplier 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 subsidiary would default on repayment.

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

Inter-company receivables and loans and advances***Risk management objectives, policies and processes for managing the risk***

The Group trades with an associate and provides unsecured advances to an associate. The Company provides unsecured loans and advances to subsidiaries. The Group and the Company monitor the ability of the subsidiaries and associates to repay the loans and advances on an individual basis.

29. FINANCIAL INSTRUMENTS *cont'd*

29.4 Credit risk *cont'd*

Inter-company receivables and loans and advances *cont'd*

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.

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

Recognition and measurement of impairment loss

Generally, the Group and the Company consider receivables and loans and advances to subsidiaries and associates to have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when a subsidiary's and associate's financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the subsidiaries' and associates' loans and advances when they are payable, the Group and the Company consider the loans and advances to be in default when the subsidiaries and associates are not able to pay when demanded. The Group and the Company consider a subsidiary's and associate's loan or advance to be credit impaired when:

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

The Group and the Company determine the probability of default for these loans and advances individually using internal information available.

As at the end of the reporting period, there was no indication that the receivables and loans and advances to subsidiaries and associates are not recoverable. As these amounts are considered to have low credit risk, the Group and the Company are of the view that the loss allowance is not material and hence, they are not provided for.

29.5 Liquidity risk

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

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by 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.

29. FINANCIAL INSTRUMENTS *cont'd***29.5 Liquidity risk** *cont'd**Maturity analysis*

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

Group	Carrying amount RM'000	Contractual interest rate/ coupon/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2022							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	1,344,432	-	1,344,432	1,344,432	-	-	-
Bank loans	1,730,310	*	1,848,979	806,148	413,510	601,362	27,959
Islamic Medium-Term Notes	2,300,000	2.69 - 4.07	2,640,870	77,305	627,305	1,304,725	631,535
Revolving credits	200,956	4.30 - 4.88	200,956	200,956	-	-	-
Bankers' acceptances	615,459	3.23 - 6.20	615,459	615,459	-	-	-
Bank overdrafts	7,445	2.90 - 3.80	7,445	7,445	-	-	-
Lease liabilities	239,143	1.80 - 3.98	296,959	35,194	30,563	70,083	161,119
	6,437,745		6,955,100	3,086,939	1,071,378	1,976,170	820,613
<i>Derivatives</i>							
Commodity swaps and options	159,424	-	159,424	151,854	7,570	-	-
Forward exchange contracts (gross settled):							
Outflow	-	-	14,539,663	3,302,713	2,358,267	6,212,777	2,665,906
Inflow	(315,454)	-	(14,855,117)	(3,302,504)	(2,401,180)	(6,373,962)	(2,777,471)
Cross currency swaps (gross settled):							
Outflow	-	-	2,531,225	261,531	551,340	1,140,338	578,016
Inflow	(18,775)	-	(2,550,000)	(250,000)	(550,000)	(1,150,000)	(600,000)
	6,262,940		6,780,295	3,250,533	1,037,375	1,805,323	687,064

* Represents lenders' cost of funds ranging from a margin of +1.30% to +6.37% per annum.

29. FINANCIAL INSTRUMENTS *cont'd*

29.5 Liquidity risk *cont'd*

Maturity analysis cont'd

Group	Carrying amount RM'000	Contractual interest rate/ coupon/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2021							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	1,390,648	-	1,390,648	1,390,648	-	-	-
Bank loans	2,047,067	*	2,159,240	821,653	717,805	619,782	-
Islamic Medium-Term Notes	2,300,000	2.69 - 4.07	2,693,395	77,305	52,525	1,646,120	917,445
Revolving credits	346,719	1.96 - 4.45	346,719	346,719	-	-	-
Bankers' acceptances	1,457,433	0.85 - 3.53	1,457,433	1,457,433	-	-	-
Bank overdrafts	4,988	5.45 - 5.57	4,988	4,988	-	-	-
Lease liabilities	214,000	1.98 - 8.00	264,473	27,130	17,811	49,253	170,279
	7,760,855		8,316,896	4,125,876	788,141	2,315,155	1,087,724
<i>Derivatives</i>							
Commodity swaps and options	908,579	-	908,579	521,512	380,070	6,997	-
Forward exchange contracts (gross settled):							
Outflow	-	-	13,071,998	2,856,160	1,851,354	4,996,238	3,368,246
Inflow	(80,542)	-	(13,152,540)	(2,866,899)	(1,881,008)	(5,037,201)	(3,367,432)
Cross currency swaps (gross settled):							
Outflow	-	-	2,790,884	-	474,890	1,456,603	859,391
Inflow	(9,116)	-	(2,800,000)	-	(500,000)	(1,450,000)	(850,000)
	8,579,776		9,135,817	4,636,649	1,113,447	2,287,792	1,097,929

* Represents lenders' cost of funds ranging from a margin of -2.30% to +3.00% per annum.

29. FINANCIAL INSTRUMENTS *cont'd***29.5 Liquidity risk** *cont'd**Maturity analysis cont'd*

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2022							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	63,648	-	63,648	63,648	-	-	-
Bank loans	1,229,412	*	1,281,948	569,817	322,383	389,748	-
Islamic Medium-Term Notes	2,300,000	2.69 - 4.07	2,640,870	77,305	627,305	1,304,725	631,535
Financial guarantees	-	-	1,272,723	1,272,723	-	-	-
	3,593,060		5,259,189	1,983,493	949,688	1,694,473	631,535
<i>Derivative financial liabilities</i>							
Commodity swaps and options	6,602	-	6,602	6,602	-	-	-
Cross currency swaps (gross settled):							
Outflow	-	-	1,484,894	-	551,340	696,353	237,201
Inflow	(15,106)	-	(1,500,000)	-	(550,000)	(700,000)	(250,000)
	3,584,556		5,250,685	1,990,095	951,028	1,690,826	618,736
2021							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	32,814	-	32,814	32,814	-	-	-
Bank loans	1,470,815	*	1,550,807	449,147	496,364	605,296	-
Islamic Medium-Term Notes	2,300,000	2.69 - 4.07	2,693,395	77,305	52,525	1,646,120	917,445
Financial guarantees	-	-	2,350,437	2,350,437	-	-	-
	3,803,629		6,627,453	2,909,703	548,889	2,251,416	917,445
<i>Derivative financial liabilities</i>							
Commodity swaps and options	104,573	-	104,573	36,868	67,705	-	-
Cross currency swaps (gross settled):							
Outflow	-	-	1,865,113	-	-	1,426,829	438,284
Inflow	(14,887)	-	(1,880,000)	-	-	(1,450,000)	(430,000)
	3,893,315		6,717,139	2,946,571	616,594	2,228,245	925,729

* Represents lenders' cost of funds ranging from a margin of +1.40% to +3.00% per annum.

29. FINANCIAL INSTRUMENTS *cont'd*

29.6 Market risk

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

29.6.1 Currency risk

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

Risk management objectives, policies and processes for managing the risk

The Group actively monitors its exposure to foreign currency risk and uses forward exchange contracts and cross currency swaps to mitigate the risk when the need arises. Some of the forward exchange contracts and cross currency swaps have maturities of less than five years after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

29. FINANCIAL INSTRUMENTS cont'd

29.6 Market risk cont'd

29.6.1 Currency risk cont'd

Exposure to foreign currency risk

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

Group	Functional currency	Foreign currency	RM AUD	RM USD	RM SGD	RM EUR	RM USD	RM EUR	RM GBP	RM SGD	AUD USD	HKD USD	HKD RMB
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022													
Balances recognised in the statement of financial position													
Trade and other receivables	41,634	12,184	-	765,685	-	17,529	-	-	-	-	-	-	-
Cash and cash equivalents	140,525	11,809	3,223	175,189	271	8,847	1,225	16,512	1,602	-	-	2,147	468
Loans and borrowings	-	(299,053)	-	(1,646,887)	(46,846)	(55,107)	-	(37,859)	-	-	-	-	-
Trade and other payables	(78,099)	-	-	(259,669)	(18)	-	-	(9,101)	-	-	-	-	-
	104,060	(275,060)	3,223	(965,682)	(29,064)	(46,260)	1,225	(30,448)	1,602	-	-	2,147	468
Forecast transaction													
Net derivative assets - Cross currency swaps	-	-	-	2,550,000	-	-	-	-	-	-	-	-	-
Forecast loan repayment	-	-	-	(2,550,000)	-	-	-	-	-	-	-	-	-
Net derivative liabilities - Commodity swaps and options	-	-	-	6,057,918	-	-	-	-	-	-	-	-	-
Net derivative assets - Forward exchange contracts on forecast sales	5,741	-	-	14,085,772	-	453,011	-	-	-	-	310,593	-	-
Forecast sales	(5,741)	-	-	(19,997,611)	-	(453,011)	-	-	-	-	(310,593)	-	-
	-	-	-	146,079	-	-	-	-	-	-	-	-	-
Net exposure	104,060	(275,060)	3,223	(819,603)	(29,064)	(46,260)	1,225	(30,448)	1,602	-	-	2,147	468

29. FINANCIAL INSTRUMENTS cont'd

29.6 Market risk cont'd

29.6.1 Currency risk cont'd

Exposure to foreign currency risk cont'd

Group	Functional currency	RM AUD	RM RMB	RM SGD	RM USD	RM EUR	RM USD	RM EUR	RM GBP	RM SGD	AUD USD	HKD USD	HKD RMB
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2021													
Balances recognised in the statement of financial position													
Trade and other receivables		93	10,067	3,991	818,990	444	51,799	4,554	12,928	-	-	-	-
Cash and cash equivalents		109,083	9	2,927	122,757	8	16,239	1,058	10,185	1	-	2,051	444
Loans and borrowings		-	-	-	(1,954,795)	-	-	-	(76,091)	-	-	-	-
Trade and other payables		(18)	(324,572)	-	(213,501)	(25)	(2,265)	(1,303)	-	(2,126)	-	-	-
		109,158	(314,496)	6,918	(1,226,549)	427	65,773	4,309	(52,978)	(2,125)	-	2,051	444
Forecast transaction													
Net derivative assets - Cross currency swaps		-	-	-	2,800,000	-	-	-	-	-	-	-	-
Forecast loan repayment		-	-	-	(2,800,000)	-	-	-	-	-	-	-	-
Net derivative liabilities - Commodity swaps and options		-	-	-	8,385,301	-	-	-	-	-	-	-	-
Net derivative assets -Forward exchange contracts on forecast sales		-	-	-	12,771,609	-	-	-	-	-	380,931	-	-
Forecast sales		-	-	-	(21,133,856)	-	-	-	-	-	(380,931)	-	-
		-	-	-	23,054	-	-	-	-	-	-	-	-
Net exposure		109,158	(314,496)	6,918	(1,203,495)	427	65,773	4,309	(52,978)	(2,125)	-	2,051	444

29. FINANCIAL INSTRUMENTS *cont'd***29.6 Market risk** *cont'd***29.6.1 Currency risk** *cont'd***Exposure to foreign currency risk** *cont'd*

Company	2022 RM'000	2021 RM'000
Denominated in USD		
Balances recognised in the statement of financial position		
Cash and cash equivalents	79,783	18,084
Loans and borrowings	(979,412)	(970,815)
Net derivative liabilities - Commodity swaps and options	(6,602)	(104,501)
	(906,231)	(1,057,232)
Forecast transaction		
Net derivative assets - Cross currency swaps	1,500,000	1,880,000
Forecast loan repayment	(1,500,000)	(1,880,000)
	-	-
Net exposure	(906,231)	(1,057,232)

Currency risk sensitivity analysis

Foreign currency risk mainly arises from USD and RMB against RM. The exposure to other currencies is not material and hence, sensitivity analysis is not presented.

A 10% (2021: 10%) strengthening of RM against the following currencies 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 is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted transactions.

	Equity			
	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
USD against RM	84,816	88,192	64,964	-
Profit of loss				
	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
USD and RMB against RM				
- USD	(11,424)	5,026	3,910	80,350
- RMB	20,905	23,902	-	-
	9,481	28,928	3,910	80,350

29. FINANCIAL INSTRUMENTS *cont'd*

29.6 Market risk *cont'd*

29.6.1 Currency risk *cont'd*

Currency risk sensitivity analysis *cont'd*

A 10% (2021: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

29.6.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

Interest rate exposure arising from the Group's borrowings is managed through the use of fixed and floating rate debts. The Group will consider entering into derivative financial instruments where necessary to achieve an appropriate mix of fixed and floating rate exposure within the Group's policy.

The Group and the Company are also exposed to the ongoing interbank offered rates ("IBOR") reforms on its financial instruments that will be replaced or reformed as part of the market-wide initiatives.

The Group's and the Company's IBOR exposures are indexed to USD LIBOR which will be discontinued on 30 June 2023. The alternative reference rate is Secured Overnight Financing Rate. The Group's treasury team monitors and manages the transition to alternative rate with an aim to achieve economically equivalent transactions and minimal impact upon transition. As at 31 December 2022, transitional activity is currently ongoing, and the Group and the Company have no transaction for which the benchmark rate has been replaced with an alternative benchmark rate.

As at 31 December 2022, the contract values of financial instruments indexed to USD LIBOR that have not been replaced with an alternative benchmark rate for the Group and the Company amounted to RM1,240,617,000 and RM979,412,000 respectively.

29. FINANCIAL INSTRUMENTS *cont'd***29.6 Market risk** *cont'd***29.6.2 Interest rate risk** *cont'd***Exposure to interest rate risk**

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

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	141,515	31,317	78,333	2,316,193
Financial liabilities	(2,539,143)	(2,514,000)	(2,300,000)	(2,300,000)
	(2,397,628)	(2,482,683)	(2,221,667)	16,193
Floating rate instruments				
Financial liabilities	(2,554,170)	(3,856,207)	(1,097,712)	(1,470,815)

Interest rate risk sensitivity analysis**Fair value sensitivity analysis for fixed rate instruments**

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

Cash flow sensitivity analysis for variable rate instruments

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

	Profit or loss			
	2022		2021	
	30 bp increase	30 bp decrease	30 bp increase	30 bp decrease
	RM'000	RM'000	RM'000	RM'000
Group				
Floating rate instruments	(5,824)	5,824	(8,792)	8,792
Company				
Floating rate instruments	(2,503)	2,503	(3,353)	3,353

29. FINANCIAL INSTRUMENTS *cont'd***29.6 Market risk** *cont'd***29.6.3 Other price risk**

Other price risk arises from price fluctuation risk mainly on aluminium related products. The Group is exposed to commodity price risk due to fluctuations in aluminium prices. The Group's aluminium products are generally priced with reference to the London Metal Exchange ("LME") aluminium rates. The Group has entered into commodity swaps and options to manage its exposure to movements in LME aluminium rates (see Note 29.7.2).

Risk management objectives, policies and processes for managing the risk

The Group mitigates its risk to the price volatility through establishing fixed price level that the Group considers acceptable and where deemed prudent, entering into commodity fixed price contracts.

Commodity price risk sensitivity analysis

A 10% (2021: 10%) increase in LME aluminium rates at the end of the reporting period would have decreased equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	Equity Group		Profit or loss Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
10% increase in LME aluminium rates	2,560	69,044	392	7,942

A 10% (2021: 10%) decrease in LME aluminium rates would have had equal but opposite effect to the amounts shown above, on the basis that all other variables remained constant.

29.7 Hedging activities**29.7.1 Currency risk – Transactions in foreign currency**

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currency in which sales are denominated and the respective functional currencies of the Group. The functional currencies of Group entities are primarily the Malaysian Ringgit ("MYR"). The currency in which these sales transactions are primarily denominated is U.S. Dollars ("USD").

The Group's risk management policy is to hedge up to 30% of its estimated foreign currency exposure in respect of forecast sales collection over the following 12 to 120 months at any point in time. The Group purchases forward foreign exchange contracts and borrows in USD to hedge foreign sales transactions. The Group designates the forward foreign exchange contracts and foreign currency loans and borrowings in their entirety to hedge its currency risk and applies a hedge ratio of 1:1. Some of these contracts have a maturity of more than 5 years from the reporting date while the term of the foreign currency loans and borrowings ranges from 4 to 5 years. The Group determines the critical terms of the forward exchange contracts and foreign currency loans and borrowings to align with the hedged items.

The Group and the Company also entered into cross currency swaps to swap their RM denominated loan to USD. The swap was performed to manage the Group's exposure to USD and RM within the Group's policy.

29. FINANCIAL INSTRUMENTS *cont'd***29.7 Hedging activities** *cont'd***29.7.1 Currency risk – Transactions in foreign currency** *cont'd*

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivatives and foreign currency loans and borrowings designated in each hedging relationship are expected to be and have been effective in offsetting changes in cash flows of the hedged item.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing of the hedged transactions.

29.7.2 Commodity price risk

The Group is exposed to commodity price risk due to fluctuations in aluminium prices. The Group's aluminium products are generally priced with reference to the LME aluminium rates.

The Group adopts a policy of ensuring that up to 65% of its commodity price risk exposure is at a fixed rate. This is achieved by entering into commodity swaps and options as hedges of the variability in cash flows attributable to movements in commodity prices. The Group adjusts its hedge ratio for each commodity contract entered to minimise the potential ineffectiveness arising from such contracts.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference commodity prices, tenors, maturities and the notional or par amounts. The Group assesses whether the derivatives designated in each hedging relationship are expected to be and have been effective in offsetting changes in cash flows of the hedged item.

In these hedge relationships, the main sources of ineffectiveness are:

- the differences in grades of aluminium produced by the Group and those provided in derivative contracts by financial institutions for the Group to enter into; and
- changes in the timing of the hedged transactions.

29. FINANCIAL INSTRUMENTS *cont'd*

29.7 Hedging activities *cont'd*

29.7.3 Cash flow hedge

At as the end of the reporting period, the Group held the following instruments to hedge exposures to changes in foreign currency and commodity prices.

Group	Maturity			
	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2022				
Foreign currency risk				
Loans and borrowings	298,520	298,520	518,955	-
Forward exchange contracts				
Net exposure	3,158,559	2,401,180	6,373,961	2,777,472
Average MYR:USD forward contract	4.368	4.423	4.465	4.557
Average AUD:USD forward contract	0.674	0.664	-	-
Average AUD:MYR forward contract	3.106	-	-	-
Average CNY:USD forward contract	7.010	-	-	-
Cross currency swaps				
Net exposure	250,000	550,000	1,150,000	600,000
Average MYR:USD cross currency swaps	4.297	4.176	4.178	4.226
Commodity price risk				
Commodity swaps and options				
Net exposure	4,989,843	1,065,941	-	-
Average USD/MT commodity swaps and options	2,554	2,791	-	-
2021				
Foreign currency risk				
Loans and borrowings	249,022	325,335	586,070	-
Forward exchange contracts				
Net exposure	2,847,246	1,881,008	5,037,201	3,367,432
Average MYR:USD forward contract	4.274	4.312	4.391	4.428
Average AUD:USD forward contract	0.676	0.671	0.666	-
Average CNY:USD forward contract	6.592	-	-	-
Cross currency swaps				
Net exposure	-	500,000	1,450,000	850,000
Average MYR:USD cross currency swaps	-	4.102	4.191	4.222
Commodity price risk				
Commodity swaps and options				
Net exposure	5,194,421	3,058,978	128,501	-
Average USD/MT commodity swaps and options	2,274	2,417	2,943	-

29. FINANCIAL INSTRUMENTS *cont'd***29.7 Hedging activities** *cont'd***29.7.3 Cash flow hedge** *cont'd*

Company	Maturity			
	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2022				
Foreign currency risk				
Loans and borrowings	237,060	237,060	380,670	-
Cross currency swaps				
Net exposure	-	550,000	700,000	250,000
Average MYR:USD cross currency swaps	-	4.176	4.238	4.469
2021				
Foreign currency risk				
Cross currency swaps				
Net exposure	-	-	1,450,000	430,000
Average MYR:USD cross currency swaps	-	-	4.191	4.214

The amounts at the reporting date relating to items designated as hedged items were as follows:

	Cash flow hedge reserve RM'000	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000
Group		
2022		
Foreign currency risk		
Forecast sales – Loans and borrowings	(91,955)	(2,268)
Forecast sales – Forward exchange contracts	278,652	-
Forecast loan repayments – Cross currency swaps	12,946	-
Commodity price risk		
Forecast sales – Commodity swaps and options	(32,482)	-
Total hedging reserve	167,161	
Non-controlling interests share of hedging reserve	(46,109)	
Hedging reserve attributable to owners of the Company	121,052	

29. FINANCIAL INSTRUMENTS *cont'd*

29.7 Hedging activities *cont'd*

29.7.3 Cash flow hedge *cont'd*

	Cash flow hedge reserve RM'000	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000
Group		
2021		
Foreign currency risk		
Forecast sales – Loans and borrowings	(39,338)	(1,377)
Forecast sales – Forward exchange contracts	84,070	-
Forecast loan repayments – Cross currency swaps	5,292	-
Commodity price risk		
Forecast sales – Commodity swaps and options	(892,088)	-
Total hedging reserve	(842,064)	
Non-controlling interests share of hedging reserve	65,845	
Hedging reserve attributable to owners of the Company	(776,219)	
Company		
Foreign currency risk		
2022		
Forecast loan repayments – Cross currency swaps	11,481	-
Company		
Foreign currency risk		
2021		
Forecast loan repayments – Cross currency swaps	11,314	-

29. FINANCIAL INSTRUMENTS *cont'd***29.7 Hedging activities** *cont'd***29.7.3 Cash flow hedge** *cont'd*

The amounts relating to items designated as hedging instruments are as follows:

Group	Nominal amount RM'000	Carrying amount		Line item in the statement of financial position where the hedging instrument is included
		Assets	Liabilities	
		RM'000	RM'000	
2022				
Foreign currency risk				
Loans and borrowings	1,115,995	-	(89,687)	Loans and borrowings
Forward exchange contracts	14,711,172	354,153	(41,567)	Derivative financial assets/(liabilities)
Cross currency swaps	2,550,000	32,426	(13,651)	Derivative financial assets/(liabilities)
Commodity price risk				
Commodity swaps and options	6,055,784	125,745	(159,396)	Derivative financial assets/(liabilities)
2021				
Foreign currency risk				
Loans and borrowings	1,160,427	-	(37,961)	Loans and borrowings
Forward exchange contracts	13,132,887	87,359	(6,795)	Derivative financial assets/(liabilities)
Cross currency swaps	2,800,000	14,887	(5,771)	Derivative financial assets/(liabilities)
Commodity price risk				
Commodity swaps and options	8,381,900	72	(908,579)	Derivative financial assets/(liabilities)
Company				
Foreign currency risk				
2022				
Cross currency swaps	1,500,000	17,226	(2,120)	Derivative financial assets/(liabilities)
Foreign currency risk				
2021				
Cross currency swaps	1,880,000	14,887	-	Derivative financial assets

29. FINANCIAL INSTRUMENTS *cont'd*

29.7 Hedging activities *cont'd*

29.7.3 Cash flow hedge *cont'd*

Group	Changes in the value of hedging instrument recognised in other comprehensive income RM'000	Amount reclassified from hedge reserve to profit or loss RM'000	Line item in profit or loss affected by the reclassification
2022			
Foreign currency risk			
Loans and borrowings	(78,100)	25,483	Revenue
Forward exchange contracts	134,760	87,463	Revenue
Cross currency swaps	9,911	-	Other expenses
Commodity price risk			
Commodity swaps and options	574,847	309,581	Revenue
2021			
Foreign currency risk			
Loans and borrowings	(42,504)	(1,301)	Revenue
Forward exchange contracts	(315,350)	581	Revenue
Cross currency swaps	(69,220)	-	Other expenses
Commodity price risk			
Commodity swaps and options	(1,223,187)	608,758	Revenue

The hedge ineffectiveness arising from the above items is immaterial to be recognised in profit or loss for both the current and previous financial years.

29. FINANCIAL INSTRUMENTS *cont'd***29.7 Hedging activities** *cont'd***29.7.3 Cash flow hedge** *cont'd*

The following table provides reconciliation by risk category of components of equity and analysis of OCI items, resulting from cash flow hedge accounting.

Group	Hedging reserve	
	2022 RM'000	2021 RM'000
Balance at 1 January	(842,064)	141,256
Cash flow hedge		
Net hedging gain/(loss):		
Foreign currency risk	66,571	(427,074)
Commodity price risk	574,847	(1,223,187)
Amount reclassified to profit or loss:		
Foreign currency risk	112,946	(720)
Commodity price risk	309,581	608,758
Share of gain of hedging reserve of an equity-accounted associate	-	-
Tax on movements on reserve during the year (Note 11)	(54,720)	58,903
Balance at 31 December	167,161	(842,064)
Hedging reserve attributable to:		
Owners of the Company	121,052	(776,219)
Non-controlling interests	46,109	(65,845)
Balance at 31 December	167,161	(842,064)
Company		
Balance at 1 January	11,314	53,181
Cash flow hedge		
Net hedging gain/(loss):		
Foreign currency risk	220	(55,088)
Tax on movements on reserve during the year (Note 11)	(53)	13,221
Balance at 31 December	11,481	11,314

29. FINANCIAL INSTRUMENTS cont'd

29.8 Fair value information

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

The table below analyses other financial instruments at fair value.

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2022										
Financial assets										
Unquoted shares	-	-	1,803	1,803	-	-	-	-	1,803	1,803
Derivatives	-	515,507	-	515,507	-	-	-	-	515,507	515,507
	-	515,507	1,803	517,310	-	-	-	-	517,310	517,310
Financial liabilities										
Derivatives	-	(214,957)	-	(214,957)	-	-	-	-	(214,957)	(214,957)
IMTN	-	-	-	-	-	-	(2,222,997)	(2,222,997)	(2,222,997)	(2,300,000)
Bank loans	-	-	-	-	-	-	(1,730,310)	(1,730,310)	(1,730,310)	(1,730,310)
	-	(214,957)	-	(214,957)	-	-	(3,953,307)	(3,953,307)	(4,168,264)	(4,245,267)
2021										
Financial assets										
Unquoted shares	-	-	1,803	1,803	-	-	-	-	1,803	1,803
Derivatives	-	102,419	-	102,419	-	-	-	-	102,419	102,419
	-	102,419	1,803	104,222	-	-	-	-	104,222	104,222
Financial liabilities										
Derivatives	-	(921,239)	-	(921,239)	-	-	-	-	(921,239)	(921,239)
IMTN	-	-	-	-	-	-	(2,300,738)	(2,300,738)	(2,300,738)	(2,300,000)
Bank loans	-	-	-	-	-	-	(2,047,067)	(2,047,067)	(2,047,067)	(2,047,067)
	-	(921,239)	-	(921,239)	-	-	(4,347,805)	(4,347,805)	(5,269,044)	(5,268,306)

29. FINANCIAL INSTRUMENTS cont'd

29.8 Fair value information cont'd

Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000	
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000			
2022											
Financial assets											
Loans to a subsidiary	-	-	-	-	-	-	1,444,545	1,444,545	1,444,545	1,444,545	1,444,545
Amounts due from subsidiaries	-	-	-	-	-	-	88	88	88	88	88
Derivatives	-	18,664	-	18,664	-	-	-	-	18,664	18,664	18,664
	-	18,664	-	18,664	-	-	1,444,633	1,444,633	1,463,297	1,463,297	1,463,297
Financial liabilities											
Derivatives	-	(8,722)	-	(8,722)	-	-	-	-	(8,722)	(8,722)	(8,722)
IMTN	-	-	-	-	-	-	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)
Bank loans	-	-	-	-	-	-	(1,229,412)	(1,229,412)	(1,229,412)	(1,229,412)	(1,229,412)
	-	(8,722)	-	(8,722)	-	-	(3,529,412)	(3,529,412)	(3,538,134)	(3,538,134)	(3,538,134)
2021											
Financial assets											
Loans to a subsidiary	-	-	-	-	-	-	2,377,511	2,377,511	2,377,511	2,298,109	2,298,109
Amounts due from subsidiaries	-	-	-	-	-	-	31,605	31,605	31,605	31,605	31,605
Derivatives	-	14,959	-	14,959	-	-	-	-	14,959	14,959	14,959
	-	14,959	-	14,959	-	-	2,409,116	2,409,116	2,424,075	2,344,673	2,344,673
Financial liabilities											
Derivatives	-	(104,573)	-	(104,573)	-	-	-	-	(104,573)	(104,573)	(104,573)
IMTN	-	-	-	-	-	-	(2,300,738)	(2,300,738)	(2,300,738)	(2,300,000)	(2,300,000)
Bank loans	-	-	-	-	-	-	(1,470,815)	(1,470,815)	(1,470,815)	(1,470,815)	(1,470,815)
	-	(104,573)	-	(104,573)	-	-	(3,771,553)	(3,771,553)	(3,876,126)	(3,875,388)	(3,875,388)

29. FINANCIAL INSTRUMENTS *cont'd*

29.8 Fair value information *cont'd*

Level 2 fair value

Derivatives

The fair value of derivatives is determined by reference to statements provided by the respective financial institutions with which these contracts were entered into.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2021: no transfer in either direction).

Level 3 fair value

Valuation process applied by the Group for Level 3 fair value

For financial instruments not carried at fair value, the Group has applied discounted cash flows valuation technique using a rate based on the current market rate of borrowings of the respective Group entities at the reporting date in the determination of fair values within Level 3. The Group's treasury team has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

30. CAPITAL MANAGEMENT

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

The debt-to-equity ratios at 31 December 2022 and 31 December 2021 were as follows:

	Note	Group	
		2022	2021
		RM'000	RM'000
Loans and borrowings	17	4,854,170	6,156,207
Lease liabilities		239,143	214,000
Less: Cash and bank balances	15	(604,002)	(458,501)
Net debt		4,489,311	5,911,706
Total equity		8,005,350	4,919,853
Debt-to-equity ratio		0.56	1.20

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

The Group has not breached any of the loan covenants disclosed in Note 17.

31. CAPITAL AND OTHER COMMITMENTS

	Group	
	2022	2021
	RM'000	RM'000
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	180,685	224,869

32. RELATED PARTIES**Identity of related parties**

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

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

The Group has related party relationship with its significant investors, subsidiaries, associates and key management personnel. In the context of these financial statements, associates also include the subsidiaries of the associates.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Notes 12 and 19.

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
A. Subsidiaries				
Dividend income	-	-	(543,600)	(229,600)
Management fee income	-	-	(29,046)	(25,142)
Interest income on loans	-	-	(106,078)	(76,566)
Back charge of transactions costs of Islamic Medium-Term Notes	-	-	-	(1,494)
Short-term lease payments	-	-	659	659

32. RELATED PARTIES *cont'd*

Significant related party transactions *cont'd*

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
B. Associates				
Dividend received	(4,688)	(430)	(2,148)	(430)
Interest income on ICULS	(1,765)	(1,765)	(1,765)	(1,765)
Lease payments	114	394	-	-
Sale of goods	(31,909)	(13,178)	-	-
Purchase of goods	1,901,563	1,238,341	-	-
Reimbursement of lease payments	-	(245)	-	-
C. Directors				
Fees	839	605	839	605
Remuneration	11,932	11,466	9,434	8,966
Total short-term employee benefits	12,771	12,071	10,273	9,571
Short-term lease payments	210	720	-	-
Gratuity payments:				
- Directors who retired/resigned in 2021	-	1,095	-	1,095
- Director who resigned in 2020	-	385	-	385
	12,981	14,271	10,273	11,051

33. BUSINESS COMBINATIONS

2022

33.1 Acquisition of subsidiary

In March 2022, the Group, via its 92.4%-owned subsidiary, Press Metal International Limited, completed the acquisition of entire equity interest in Foshan Baiwen New Energy Co., Ltd. ("FBNE") for a total cash consideration of RMB6,779,000 (equivalent to approximately RM4,500,000).

The following summarised the major classes of consideration transferred, and the recognised amounts of assets and liabilities assumed at the acquisition date:

	Group 2022 RM'000
Fair value of consideration transferred	
Cash and cash equivalents	4,500

33. BUSINESS COMBINATIONS *cont'd***2022** *cont'd***33.1 Acquisition of subsidiary** *cont'd*

	Note	Group 2022 RM'000
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment	3	6,487
Trade and other receivables		11
Current tax assets		1,574
Cash and cash equivalents		56
Loans and borrowings		(6,708)
Trade and other payables		(607)
Total identifiable net assets		813
Net cash outflow arising from acquisition of subsidiaries		
Purchase consideration settled in cash and cash equivalents		(4,500)
Cash and cash equivalents acquired		56
		(4,444)
Goodwill		
Goodwill was recognised as a result of the acquisition as follows:		
Total consideration transferred		4,500
Fair value of identifiable net assets		(813)
Goodwill		3,687

The goodwill is attributable mainly to the skills and technical talent of FBNE. None of the goodwill recognised was expected to be deductible for income tax purposes.

Acquisition-related costs

The Group incurred acquisition-related costs of RM24,000 related to external legal fees. The legal fees had been included in administrative expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

33. BUSINESS COMBINATIONS *cont'd*

2021

33.2 Partial disposal of interest in a subsidiary

In June 2021, the Group, via its wholly-owned subsidiary, Press Metal (HK) Limited disposed of 7.6% equity interest in a subsidiary, Press Metal International Limited ("PMI") to third parties for a total cash consideration of RMB40,190,000 (equivalent to approximately RM26,408,000), decreasing its ownership in PMI and its direct subsidiaries ("collectively known as PMI subgroup") from 100.0% to 92.4%. The carrying amount of PMI subgroup's net assets in the Group's financial statements on the date of disposal was RM629,658,000.

The Group recognised an increase in non-controlling interests of RM47,854,000 and a decrease in retained earnings of RM21,446,000.

34. INTEREST IN JOINT OPERATION

The Group has a 50% (2021: 50%) ownership interest in a joint operation, Japan Alumina Associates (Australia) Pty. Ltd. ("JAA") with Sojitz Corporation. JAA's principal place of business is in Australia. JAA markets the share of alumina produced through its participation in a bauxite mine and an alumina refinery and is strategic for the Group in ensuring its long-term access to raw material which reduces its exposure and reliance on third party suppliers. The Group and Sojitz Corporation have equal board representatives in JAA and all relevant decisions require unanimous votes from the shareholders. Based on the shareholders' agreement, the Group and Sojitz Corporation are entitled to the outputs produced by JAA in proportion to their respective shareholdings in JAA. In view that the Group has rights to the assets, and obligations for the liabilities relating to JAA, therefore the investment in JAA is accounted for as a joint operation.

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 202 to 311 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

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

Tan Sri Dato' Koon Poh Keong
Director

Petaling Jaya, Selangor

Date: 19 April 2023

Koon Poh Ming
Director

STATUTORY DECLARATION

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

I, **Loo Tai Choong**, the officer primarily responsible for the financial management of Press Metal Aluminium Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 202 to 311 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Loo Tai Choong, NRIC: 681119-08-5045, at Kuala Lumpur in the Federal Territory on 19 April 2023.

Loo Tai Choong

Before me:

Rajeev Saigal A/L Ramlabaya Saigal W681
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

To the Members of Press Metal Aluminium Holdings Berhad

(Registration No. 201601027232 (1198171-H))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Press Metal Aluminium Holdings Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 202 to 311.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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.

Hedge accounting

Refer to Note 2(c)(iv) – Significant accounting policy: Hedge accounting – Cash flow hedge and Note 29.7 – Financial instruments – Hedging activities.

The key audit matter

The Group and the Company are exposed to transactional foreign currency risk to the extent that there is a mismatch between the currency in which sales are denominated and the respective functional currencies of the Group entities. The Group is also exposed to commodity price risk due to fluctuations in aluminium prices.

Derivative financial instruments are used to manage and hedge foreign currency risk and commodity price risk. The Group entities then applied hedge accounting to hedge its cash flows arising from highly probable forecast sale transactions.

We focused on this area because applying hedge accounting is a complex and judgemental area, particularly in assessing the appropriateness of the designation of the hedge relationship and documentation, the effectiveness of the hedge and the probability of forecast transactions. The complexity of the application of hedge accounting and the number of hedge contracts the Group entered into required us to involve senior members and spend considerable time and effort to audit this area.

KEY AUDIT MATTERS *cont'd***How the matter was addressed in our audit**

We performed the following audit procedures, among others:

- We evaluated whether the Group's designations of the loans and borrowings, forward exchange contracts, cross currency swaps and commodity swaps form valid hedging relationships with the forecast sale transactions and loan repayments;
- We assessed whether there are formal designations and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge at the inception;
- We determined whether the hedging relationship met the criteria of the accounting standards;
- We evaluated the probability of the forecast sale transactions by assessing the historical accuracy of management's forecasts, checking to secured sales contracts and verifying sales transacted subsequent to the end of the financial year; and
- We involved our financial risk management specialists in assessing the cash flow changes to hedged items and hedging instruments, and the hedge effectiveness.

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 going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER 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

Petaling Jaya, Selangor

Date: 19 April 2023

Ong Beng Seng

Approval Number: 02981/05/2024 J
Chartered Accountant

LIST OF PROPERTIES

Held by the Group as at 31 December 2022

Proprietor	Location	Description/ Age (Year)	Existing Use	Tenure	Area (Square feet)	Net Book Value as at 31/12/2022 RM '000
Press Metal Bintulu Sdn Bhd	Lot 36, Block 1 Samalaju Industrial Park Kemena Land District 97000 Samalaju, Sarawak	Leasehold land and buildings 12 years	Factory cum office	Leasehold for 60 years expiring 10 July 2071	20,946,570	1,437,445
Press Metal Sarawak Sdn Bhd	Lot 211 & 212, Block 293 Mukah Land District, KM38 Jalan Mukah - Balingian 96400 Mukah, Sarawak	Leasehold land and buildings 15 years	Factory cum office	Leasehold for 99 years expiring 6 April 2107	44,913,337	338,470
Press Metal International Limited	Area C Sanshui Industrial Park Sanshui District Foshan City Guangdong Province China	Leasehold land and building 17 Years	Factory cum office	Leasehold for 48 & 50 years expiring 12 July 2055 & 30 December 2056	5,092,976	224,054
Press Metal Berhad	Lot 6486, Mukim Kapar Daerah Klang Selangor	Freehold land and building 29 years	Factory cum office	Freehold	417,348	27,973
PMB Aluminium Sdn Bhd	PT1653 & PT1656 Mukim Setul Daerah Seremban Negeri Sembilan	Leasehold land and buildings 32 years	Factory cum office	Leasehold for 99 years expiring 17 January 2090	473,612	15,947
Press Metal Berhad	Lot 6464, Mukim Kapar Daerah Klang Selangor	Freehold land and building 29 years	Factory cum office	Freehold	217,000	14,545
Press Metal Aluminium (Australia) Pty Ltd	32, Southeast Boulevard Pakenham Victoria Australia	Freehold land and building 3 years	Warehouse	Freehold	32,000	12,412
Press Metal Bintulu Sdn Bhd	Lot 412 & 413, Block 1 Samalaju Industrial Park Kemena Land District 97000 Samalaju, Sarawak	Leasehold land 7 months	Staff accommodation	Leasehold for 60 years expiring 18 May 2082	3,143,923	10,398
Press Metal UK Limited	Beldray Road Mount Pleasant, Bilston West Midlands WV14 7NH	Freehold land and buildings 17 years	Warehouse	Freehold	74,418	7,688
Press Metal Aluminium Rods Sdn Bhd	Lot 47242 Mukim Johor Bahru Daerah Johor Bahru Johor	Leasehold land and buildings 52 years	Factory cum office	Leasehold for 60 years expiring 16 November 2030	244,212	5,500

ANALYSIS OF SHAREHOLDINGS

As at 30 March 2023

Issued Shares : 8,239,617,778 Ordinary Shares
 Class of Shares : Ordinary Shares
 Voting Rights : One vote per share

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
Less than 100	170	1.74	4,966	0.00
100 to 1,000	2,275	23.30	1,578,356	0.02
1,001 to 10,000	3,783	38.74	16,346,813	0.20
10,001 to 100,000	2,138	21.89	77,506,957	0.94
100,001 to less than 5% of issued shares	1,397	14.31	6,323,307,371	76.74
5% and above of issued shares	2	0.02	1,820,873,315	22.10
Total	9,765	100.00	8,239,617,778	100.00

DIRECTORS' SHAREHOLDINGS

as per Register of Directors' Shareholdings as at 30 March 2023

Name	Direct		Indirect	
	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
Datuk Yvonne Chia (Yau Ah Lan @ Fara Yvonne)	50,000	0.00	0	0.00
Koon Poh Ming	512,864,516	6.22	130,920,000 ⁽¹⁾	1.59
Tan Sri Dato' Koon Poh Keong	225,535,022	2.74	2,807,837,822 ⁽²⁾	34.08
Dato' Koon Poh Tat	222,378,760	2.70	8,528,604 ⁽³⁾	0.10
Koon Poh Weng	320,975,136	3.90	149,321,920 ⁽⁴⁾	1.81
Koon Poh Kong	111,501,372	1.35	60,060,240 ⁽⁵⁾	0.73
Noor Alina Binti Mohamad Faiz	0	0.00	0	0.00
Lim Hun Soon @ David Lim	0	0.00	0	0.00
Susan Yuen Su Min	0	0.00	0	0.00
Chong Kin Leong	0	0.00	0	0.00

⁽¹⁾ Deemed interested in the shares held by his spouse, Ong Soo Fan in the Company and his direct interest in 7G Holdings Pte. Ltd. pursuant to Section 8 of the Companies Act 2016.

⁽²⁾ Deemed interested in the shares held by his spouse, Puan Sri Datin Khoo Ee Pheng in the Company and deemed interested in Paul Koon Foundation, the holding entity of Paul Koon Pte. Ltd., by virtue of Paul Koon Pte. Ltd.'s 100% direct equity interest in KPK Holdings (L) Ltd., the holding company of Alpha Milestone Sdn Bhd, which in turn holds shares in the Company pursuant to Section 8 of the Companies Act 2016.

⁽³⁾ Deemed interested in the shares held by his spouse, Datin Chan Hean Heoh in the Company.

⁽⁴⁾ Deemed interested in the shares held by his spouse, Chan Poh Choo and his daughter, Koon Sim Ee in the Company.

⁽⁵⁾ Deemed interested in the shares held by his spouse, Lee Sook Ching and his children Koon Hoi Chun and Koon Xin Hui in the Company and his direct interest in TK Capital Investment Ltd pursuant to Section 8 of the Companies Act 2016.

SUBSTANTIAL SHAREHOLDERS

as per Register of Substantial Shareholders as at 30 March 2023

Name	Direct		Indirect	
	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
Tan Sri Dato' Koon Poh Keong	225,535,022	2.74	2,807,837,822 ⁽¹⁾	34.08
Koon Poh Ming	512,864,516	6.22	130,920,000 ⁽²⁾	1.59
Koon Poh Weng	320,975,136	3.90	149,321,920 ⁽³⁾	1.81
Alpha Milestone Sdn Bhd	2,785,676,677	33.81	0	0.00
Ong Soo Fan	100,920,000	1.22	542,864,516 ⁽⁴⁾	6.59
Chan Poo Choo	149,212,160	1.81	321,084,896 ⁽⁵⁾	3.90
KPK Holdings (L) Ltd.	0	0.00	2,785,676,677 ⁽⁶⁾	33.81
Paul Koon Pte. Ltd.	0	0.00	2,785,676,677 ⁽⁷⁾	33.81
Paul Koon Foundation	0	0.00	2,785,676,677 ⁽⁸⁾	33.81

⁽¹⁾ Deemed interested in the shares held by his spouse, Puan Sri Datin Khoo Ee Pheng in the Company and deemed interested in Paul Koon Foundation, the holding entity of Paul Koon Pte. Ltd., by virtue of Paul Koon Pte. Ltd.'s 100% direct equity interest in KPK Holdings (L) Ltd., the holding company of Alpha Milestone Sdn Bhd, which in turn holds shares in the Company pursuant to Section 8 of the Companies Act 2016.

⁽²⁾ Deemed interested in the shares held by his spouse, Ong Soo Fan in the Company and his direct interest in 7G Holdings Pte. Ltd. pursuant to Section 8 of the Companies Act 2016.

⁽³⁾ Deemed interested in the shares held by his spouse, Chan Poh Choo and his daughter, Koon Sim Ee in the Company.

⁽⁴⁾ Deemed interested in the shares held by her spouse, Koon Poh Ming in the Company and by virtue of her interest in 7G Holdings Pte. Ltd. pursuant to Section 8 of the Companies Act 2016.

⁽⁵⁾ Deemed interested in the shares held by her spouse, Koon Poh Weng and her daughter, Koon Sim Ee in the Company.

⁽⁶⁾ Deemed interested by virtue of its 100% direct equity interest in Alpha Milestone Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

⁽⁷⁾ Deemed interested in the Company by virtue of being the holding company of KPK Holdings (L) Ltd., which in turn owns shares in Alpha Milestone Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

⁽⁸⁾ Paul Koon Foundation, being the holding entity of Paul Koon Pte. Ltd., is deemed interested in the Company by virtue of Paul Koon Pte. Ltd.'s 100% direct equity interest in KPK Holdings (L) Ltd., the holding company of Alpha Milestone Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

THIRTY LARGEST SHAREHOLDERS

as at 30 March 2023

	Name of Shareholders	No. of Shares	% of Issued Capital
1	ALPHA MILESTONE SDN BHD	1,245,673,315	15.12
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>UBS AG Singapore for Alpha Milestone Sdn Bhd</i>	575,200,000	6.98
3	KOON POH MING	353,385,108	4.29
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB for Koon Poh Weng</i>	298,485,136	3.62
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>Bank of Singapore Limited for Alpha Milestone Sdn Bhd</i>	250,000,000	3.03
6	HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA for Alpha Milestone Sdn Bhd</i>	200,000,000	2.43
7	HSBC NOMINEES (TEMPATAN) SDN BHD <i>MSIP for Alpha Milestone Sdn Bhd</i>	200,000,000	2.43
8	ALPHA MILESTONE SDN BHD	150,003,362	1.82
9	CHAN POH CHOO	148,212,160	1.80
10	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	145,885,800	1.77
11	CITIGROUP NOMINEES (ASING) SDN BHD <i>CBHK for Glencore International Investment Limited</i>	123,590,000	1.50
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>UBS AG Singapore for Tan Sri Dato' Koon Poh Keong</i>	120,000,000	1.46
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>Employees Provident Fund Board</i>	102,361,500	1.24
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>Bank of Singapore Limited for Tan Sri Dato' Koon Poh Keong</i>	100,000,000	1.21
15	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HBAP for Alpha Milestone Sdn Bhd</i>	100,000,000	1.21
16	KOON POH MING	83,379,408	1.01
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>Exempt AN for AIA Bhd</i>	77,790,200	0.94
18	CARTABAN NOMINEES (ASING) SDN BHD <i>Exempt AN for State Street Bank & Trust Company</i>	77,521,400	0.94
19	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Dato' Koon Poh Tat</i>	70,180,160	0.85
20	TAN MEW LAN	63,331,312	0.77
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>Great Eastern Life Assurance (Malaysia) Berhad</i>	61,995,900	0.75
22	ONG SOO FAN	60,040,000	0.73
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB for Alpha Milestone Sdn Bhd</i>	60,000,000	0.73
24	KOON PUI LING	58,502,700	0.71

THIRTY LARGEST SHAREHOLDERS *cont'd*
as at 30 March 2023

	Name of Shareholders	No. of Shares	% of Issued Capital
25	HSBC NOMINEES (ASING) SDN BHD <i>TNTC for Federated Hermes Global Emerging Markets Equity Fund</i>	56,571,900	0.69
26	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB for Dato' Koon Poh Tat</i>	55,011,400	0.67
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>UBS AG Singapore for Koon Poh Kong</i>	55,000,000	0.67
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>Maybank Trustees Berhad for Public Ittikal Fund</i>	55,000,000	0.67
29	PEGGY NG SEANG PHENG	52,340,000	0.63
30	HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA for Vanguard Emerging Markets Stock Index Fund</i>	49,364,140	0.60
	Total	5,048,824,901	61.27

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting (“7th AGM”) of Press Metal Aluminium Holdings Berhad (“the Company”) will be conducted on a virtual basis through live streaming from the broadcast venue at Suite 61 & 62, Setia Avenue, No. 2, Jalan Setia Prima S U13/S, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia (“Broadcast Venue”) on **Wednesday, 14 June 2023 at 10.30 a.m.** for the purpose of considering and if thought fit, passing with or without modifications the resolutions set out in this notice:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. *[Please refer to Explanatory Note 1]*
2. To approve the payment of Directors’ fees to the Non-Executive Directors for an amount of up to RM1,100,000.00 for the financial year ending 31 December 2023 (2022: RM830,000.00). **Ordinary Resolution 1**
[Please refer to Explanatory Note 2]
3. To approve the payment of benefits payable to the Non-Executive Directors for an amount of up to RM111,000 from the date of the forthcoming Annual General Meeting until the conclusion of the next Annual General Meeting of the Company. **Ordinary Resolution 2**
[Please refer to Explanatory Note 2]
4. To re-elect the following Directors who retire by rotation in accordance with Clause 95 of the Constitution of the Company and being eligible, have offered themselves for re-election:
 - (i) Dato’ Koon Poh Tat **Ordinary Resolution 3**
 - (ii) Mr. Koon Poh Kong **Ordinary Resolution 4**
 - (iii) Mr. Koon Poh Weng **Ordinary Resolution 5**
[Please refer to Explanatory Note 3]
5. To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

As Special Business

To consider and if thought fit, to pass the following resolutions with or without modifications:

6. **Proposed Renewal of Authority under Sections 75 and 76 of the Companies Act 2016 (“the Act”) and the Constitution of the Company for the Directors to allot and issue shares** **Ordinary Resolution 7**
[Please refer to Explanatory Note 4]

“**THAT** pursuant to Sections 75 and 76 of the Act, the Directors be and are hereby authorised and empowered to allot and issue shares in the Company at any time until the conclusion of the next AGM of the Company and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) at the time of issue, subject always to the Constitution of the Company and approval of all relevant regulatory bodies being obtained for such allotment and issuance.

THAT in connection with the above, pursuant to Section 85 of the Act and Clause 59 of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings of such price and at such terms to be offered arising from any issuance of new shares above by the Company.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.”

7. **Proposed Renewal of Shareholders’ Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature (“RRPT”) and Proposed New Shareholders’ Mandate for Additional RRPT (“Proposed Shareholders’ Mandate”)**

Ordinary Resolution 8

[Please refer to Explanatory Note 5]

“THAT approval be and is hereby given to the Company and its subsidiaries (“PMAH Group”) to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.4 of the Circular to Shareholders dated 28 April 2023 (“Circular”) which are necessary for the PMAH Group’s day-to-day operations subject to the following:

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

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

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

whichever is the earlier.

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

8. **Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares ("Proposed Renewal of Share Buy-Back Authority")**

Ordinary Resolution 9

*[Please refer to
Explanatory Note 6]*

"**THAT** subject to the Act, the provisions of the Constitution of the Company, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the best interest of the Company, provided that:

- (a) the maximum aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time of the said purchase(s); and
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements of the Company (where applicable) available at the time of the purchase(s).

THAT the authority conferred by this resolution will commence immediately upon passing of this Ordinary Resolution 9 and shall continue to be in force until:

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

whichever occurs first.

THAT upon completion of the purchase by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:

- (a) distribute the shares as share dividends to the shareholders;
- (b) resell the shares or any of the shares on Bursa Securities;
- (c) transfer the shares or any of the shares for the purposes of or under an employees' shares scheme (if any);
- (d) transfer the shares or any of the shares as purchase consideration;
- (e) cancel all the ordinary shares so purchased; and/or
- (f) sell, transfer or otherwise use the shares for such other purposes as allowed by the Act.

AND THAT the Directors of the Company be authorised to take all such steps as are necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the purchase by the Company of its own shares with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Directors may in their discretion deem necessary and to do all such acts and things as the Directors may deem fit and expedient in the best interests of the Company.”

9. To transact any other business for which due notice shall have been given in accordance with the Act.

BY ORDER OF THE BOARD

TAI YIT CHAN (SSM PC No. 202008001023) (MAICSA 7009143)
TAN AI NING (SSM PC No. 202008000067) (MAICSA 7015852)
Company Secretaries

Selangor Darul Ehsan
Date: 28 April 2023

NOTES:

1. The 7th AGM of the Company will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting (“RPV”) facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd’s (“Tricor”) TIH Online website at <https://tiih.online>. Please follow the procedures provided in the Administrative Details for the 7th AGM to register, participate and vote remotely via the RPV facilities.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act, which stipulates that the Chairman of the meeting shall be present at the main venue of the AGM and in accordance with Clause 64 of the Company’s Constitution which allows a meeting of members to be held at more than one venue, using any technology or method that enables the members of the Company to participate and exercise their right to speak and vote at the general meeting. Member(s), proxy(ies), corporate representative(s) or attorney(s) from the public will not be allowed to be physically present at the Broadcast Venue on the day of the 7th AGM.
3. In respect of deposited securities, only members whose names appear on the Record of Depositors as at **1 June 2023** (General Meeting Record of Depositors) shall be eligible to participate in the 7th AGM or appoint proxy(ies) to attend and/or vote on his/her behalf.
4. A member entitled to attend and vote at the 7th AGM is entitled to appoint more than one (1) proxy to attend and vote in his/her stead at the same meeting. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy appointed to participate and vote at the 7th AGM shall have the same rights as the member to participate and vote at the 7th AGM.
5. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing, executed by the appointor or of his/her attorney duly authorised in writing or via electronic submission. If the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised.

7. The appointment of proxy(ies) for the 7th AGM may be made in a hard copy form or by electronic means. Proxy form(s) shall be deposited or submitted in the following manner not later than **10.30 a.m. on Monday, 12 June 2023**:
- (a) In Hard copy form
- Deposit the duly executed Proxy Form at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia; OR
- (b) By Electronic form via TIIH Online
- Submit the Proxy Form electronically via TIIH Online website. Kindly refer to procedures for electronic submission of Proxy Form in the Administrative Details for the 7th AGM.
8. Appointed corporate representative(s) of corporate shareholder(s) **MUST** deposit their **Original** or **Duly Certified** certificate of appointment of corporate representative at Tricor's office **not later than 10.30 a.m. on Monday, 12 June 2023** to participate in the 7th AGM.
- Attorney(s) appointed by Power of Attorney **MUST** deposit their **Original** Power of Attorney at Tricor's office **not later than 10.30 a.m. on Monday, 12 June 2023** to participate in the 7th AGM.
9. Member(s), proxy(ies), corporate representative(s) or attorney(s) may submit question(s) in relation to the agenda items for the 7th AGM via TIIH Online website at <https://tiah.online> by selecting "e-Services" to login, pose question(s) and submit electronically not later than **10.30 a.m. on Friday, 9 June 2023**; or alternatively, use the Query Box to transmit question(s) to the Board of Directors via RPV facilities during live streaming.
10. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities, all the resolutions set out in the Notice of the 7th AGM of the Company will be put to vote by way of poll. Poll administrator and independent scrutineer will be appointed to conduct the polling process and verify the results of the poll respectively.

EXPLANATORY NOTES

1. Item 1 of the Agenda - Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval from the shareholders for the Audited Financial Statements. Hence, this agenda item is not put forward for voting.

2. Ordinary Resolutions 1 and 2 - Payment of Directors' Fees and Benefits Payable to Non-Executive Directors

Section 230(1) of the Act provides amongst others, that the Directors' fees and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at this 7th AGM on the Directors' remuneration in two (2) separate resolutions as below:

- Ordinary Resolution 1 on payment of Directors' fees to the Non-Executive Directors for the financial year ending 31 December 2023.
- Ordinary Resolution 2 on payment of Directors' benefits to the Non-Executive Directors for the period from the date of the forthcoming Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.

Directors' Fees

To ensure that the current remuneration for the members of the Board and Board Committees of the Company remains competitive and appropriate to attract, retain and motivate individuals with strong credentials and high calibre to serve on the Board of the Company, an external consultant was engaged in 2021 to undertake the benchmarking analysis and recommend the appropriate remuneration taking into account the demands, complexities and performance of the Company.

The proposed remuneration review was comprehensively deliberated by the Remuneration Committee. The Board approved the Remuneration Committee's recommendation for the proposed increase in Directors' fees of the Independent Non-Executive Chairman and Independent Non-Executive Directors in the range of 50% to 55% over a two (2) years period for the financial year ended 31 December 2022 and financial year ending 31 December 2023 upon taking into account of the benchmarking analysis report presented by external consultant, the ever-increasing demands on the Directors, such as escalating legal compliance, including the corporate liabilities they entail and exceedingly onerous duties of the Directors. The Directors' fees of the Independent Non-Executive Chairman and Independent Non-Executive Directors are proposed to be increased as set out in the fee structure below:

Directors' Fees	Fees for the financial year ended 31 December 2022		Proposed revised fees for the financial year ending 31 December 2023	
	Non-Executive Chairman	Non-Executive Director	Non-Executive Chairman	Non-Executive Director
Structure	(RM per director per annum)	(RM per director per annum)	(RM per director per annum)	(RM per director per annum)
Board of Directors	181,675	106,350	220,000	130,000
Audit Committee	23,825	15,525	30,000	20,000
Risk Management Committee	23,825	15,525	30,000	20,000
Nomination and Corporate Governance Committee	3,650	2,600	4,000	3,000
Remuneration Committee	3,650	2,600	4,000	3,000

Directors' Benefits

There is no change in the fee structure of the proposed Directors' benefits payable to the Non-Executive Directors of the Company since the preceding financial year, as summarised in the table below:

	Non-Executive Chairman	Non-Executive Director
Meeting allowance	(RM per director per meeting)	(RM per director per meeting)
Board of Directors	1,500	1,200
Audit Committee	1,200	1,000
Risk Management Committee	1,200	1,000
Nomination and Corporate Governance Committee	1,000	800
Remuneration Committee	1,000	800

The proposed Directors' benefits payable comprises meeting allowance. The total estimated amount of Directors' benefits payable is calculated based on the number of scheduled meetings for the Board and Board Committee as well as the number of Non-Executive Directors involved in these meetings.

Any Non-Executive Directors who are shareholders of the Company will abstain from voting on Resolutions 1 to 2 concerning remuneration to the Non-Executive Directors at the 7th AGM.

In the event that the proposed Non-Executive Directors' fees and benefit payable are insufficient due to the enlarged Board size, the Company will seek Shareholders' approval at the 8th AGM of the Company for the additional Directors' fees and benefits payable to meet the shortfall.

3. Ordinary Resolutions 3 to 5 - Re-election of Directors

The profile of the Directors who are standing for re-election as per item no. 4 of the Agenda is set out in the Profile of Directors section of the Annual Report 2022.

The Nomination and Corporate Governance Committee ("NCGC") has considered the performance and contribution of each of the retiring Directors for seeking re-election. In addition, the NCGC has also conducted an assessment on the fitness and propriety of the retiring Directors including the review of their fit and proper declarations and results of their background checks in accordance with the Directors' Fit and Proper Policy. The said retiring Directors have abstained from deliberations and decision on their own eligibility and suitability to stand for re-election. Based on the recommendation of the NCGC, the Board is satisfied with the performance and contributions of the retiring Directors and supports their re-election based on the following justifications:-

(a) Ordinary Resolution 3 – Re-election of Dato' Koon Poh Tat as Executive Director

Dato' Koon Poh Tat has been actively involved in PMAH Group's operations including forming new business outlets both domestically and overseas to enlarge PMAH Group's network and market share. His hard work and dedication have led PMAH Group to be the pioneer in the aluminium industry. He exercised his due care and carried out his professional duties proficiently during his tenure as an Executive Director of the Company.

(b) Ordinary Resolution 4 – Re-election of Mr. Koon Poh Kong as Executive Director

Mr. Koon Poh Kong has been responsible for managing various prominent projects involving aluminium applications. His expertise and knowledge in business development and aluminium applications had been instrumental to the growth and development of PMAH Group. He exercised his due care and carried out his professional duties proficiently during his tenure as an Executive Director of the Company.

(c) Ordinary Resolution 5 – Re-election of Mr. Koon Poh Weng as Executive Director

Mr. Koon Poh Weng was pivotal to PMAH Group's aluminium façade and curtain wall business. He has been widely involved in the design, engineering and development of cost-effective, innovative and versatile system solutions for both local and international projects. He exercised his due care and carried out his professional duties proficiently during his tenure as an Executive Director of the Company.

4. **Ordinary Resolution 7 - Proposed Renewal of Authority under Sections 75 and 76 of the Act and the Constitution of the Company for the Directors to allot and issue shares**

The Company had, during its 6th AGM held on 17 June 2022, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Act. As of the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

Ordinary Resolution 7 proposed under item 6 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Act. The mandate, if passed, serves as a measure to meet the Company's immediate working capital needs in the short term without relying on conventional debt financing (which will result in higher finance costs to be incurred) for the purpose of funding investment project(s), working capital and/or acquisition(s). This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The waiver of pre-emptive rights pursuant to Section 85 of the Act and Clause 59 of the Constitution of the Company will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer new shares to all the existing shareholders of the Company prior to issuance of new shares in the Company under the general mandate.

If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect thereof.

5. **Ordinary Resolution 8 - Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT") and Proposed New Shareholders' Mandate for Additional RRPT ("Proposed Shareholders' Mandate")**

Ordinary Resolution 8 proposed under item no. 7 of the Agenda, if passed, will allow PMAH Group to enter into the RRPT under the Proposed Shareholders' Mandate pursuant to the provisions of the MMLR of Bursa Securities without the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPT occur. This will reduce substantially the expenses associated with the convening of general meetings on ad hoc basis, improve administrative efficiency considerably and allow manpower resources and time to be focused on attaining the Group's corporate objectives and business opportunities. The Proposed Shareholders' Mandate is subject to renewal on an annual basis.

For further information on Ordinary Resolution 8, please refer to Part A of the Circular/Statement to Shareholders dated 28 April 2023.

6. **Ordinary Resolution 9 - Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares ("Proposed Renewal of Share Buy Back Authority")**

The proposed Ordinary Resolution 9, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. The authority will, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM of the Company is required by law to be held.

For further information on Ordinary Resolution 9, please refer to Part B of the Circular/Statement to Shareholders dated 28 April 2023.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

[Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities]

1. Details of individuals who are standing for election (excluding directors standing for re-election) as Directors

There are no individuals who are standing for election as Directors at the 7th AGM of the Company.

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Securities

Details of the general mandate to issue securities pursuant to Sections 75 and 76 of the Act are set out in Explanatory Note 4 of this Notice.

Personal data privacy:

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

NOTES

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PROXY FORM

PRESS METAL ALUMINIUM HOLDINGS BERHAD

Registration No. 201601027232 (1198171-H)
Incorporated in Malaysia

No. of Shares held	
CDS Account No.	

*I/We, _____ NRIC/Passport/Company No. _____
(Full name in block letters)

of _____
(Full Address)

and telephone no./email address _____ being a member/members of

PRESS METAL ALUMINIUM HOLDINGS BERHAD, hereby appoint _____
(Full name in block letters)

NRIC/Passport No. _____ of _____
(Full Address)

_____ or failing *him/her, _____
(Full name in block letters)

NRIC/Passport No. _____ of _____
(Full Address)

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the Seventh Annual General Meeting ("7th AGM") of the Company to be conducted on a virtual basis through live streaming from the broadcast venue at Suite 61 & 62, Setia Avenue, No. 2, Jalan Setia Prima S U13/S, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Wednesday, 14 June 2023 at 10.30 a.m. or at any adjournment thereof.

*My/our proxy is to vote as indicated below:

NO.	RESOLUTIONS		FOR	AGAINST
1.	To approve the payment of Directors' fees to the Non-Executive Directors for an amount of up to RM1,100,000.00 for the financial year ending 31 December 2023 (2022: RM830,000.00).	Ordinary Resolution 1		
2.	To approve the payment of benefits payable to the Non-Executive Directors for an amount of up to RM111,000 from the date of the forthcoming Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.	Ordinary Resolution 2		
3.	Re-election of Dato' Koon Poh Tat as Director.	Ordinary Resolution 3		
4.	Re-election of Mr. Koon Poh Kong as Director.	Ordinary Resolution 4		
5.	Re-election of Mr. Koon Poh Weng as Director.	Ordinary Resolution 5		
6.	Re-appointment of KPMG PLT as Auditors of the Company.	Ordinary Resolution 6		
7.	Proposed Renewal of Authority under Sections 75 and 76 of the Companies Act 2016 and the Constitution of the Company for the Directors to allot and issue shares.	Ordinary Resolution 7		
8.	Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT") and Proposed New Shareholders' Mandate for Additional RRPT.	Ordinary Resolution 8		
9.	Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares.	Ordinary Resolution 9		

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

**Strikeout whichever is not applicable.*

Dated this _____ day of _____ 2023

Signature of Member(s) or Common Seal

The proportion of my/our shareholdings to be represented by my/our proxies are as follows:	
	Percentage
First Proxy	%
Second Proxy	%
Total	100%

Fold this flap for sealing

Notes:

1. The 7th AGM of the Company will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIH Online website at <https://tthh.online>. Please follow the procedures provided in the Administrative Details for the 7th AGM to register, participate and vote remotely via the RPV facilities.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, which stipulates that the Chairman of the meeting shall be present at the main venue of the AGM and in accordance with Clause 64 of the Company's Constitution which allows a meeting of members to be held at more than one venue, using any technology or method that enables the members of the Company to participate and exercise their right to speak and vote at the general meeting. Member(s), proxy(ies), corporate representative(s) or attorney(s) from the public will not be allowed to be physically present at the Broadcast Venue on the day of the 7th AGM.
3. In respect of deposited securities, only members whose names appear on the Record of Depositor as at **1 June 2023** (General Meeting Record of Depositors) shall be eligible to participate in the 7th AGM or appoint proxy(ies) to attend and/or vote on his/her behalf.
4. A member entitled to attend and vote at the 7th AGM is entitled to appoint more than one (1) proxy to attend and vote in his/her stead at the same meeting. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy appointed to participate and vote at the 7th AGM shall have the same rights as the member to participate and vote at the 7th AGM.
5. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing, executed by the appointor or of his/her attorney duly authorised in writing or via electronic submission. If the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised.
7. The appointment of proxy(ies) for the 7th AGM may be made in a hard copy form or by electronic means. Proxy form(s) shall be deposited or submitted in the following manner not later than **10.30 a.m. on Monday, 12 June 2023:-**
 - (a) In Hard copy form
Deposit the duly executed Proxy Form at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia; OR
 - (b) By Electronic form via TIH Online
Submit the Proxy Form electronically via TIH Online website. Kindly refer to the procedures for electronic submission of Proxy Form in the Administrative Details for the 7th AGM.

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AFFIX
STAMP

The Share Registrar

PRESS METAL ALUMINIUM HOLDINGS BERHAD

Registration No. 201601027232 (1198171-H)

c/o TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD

Registration No. 197101000970 (11324-H)

Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No.8, Jalan Kerinchi,
59200 Kuala Lumpur,
Malaysia.

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8. Appointed corporate representative(s) or corporate shareholder(s) **MUST** deposit their **Original** or **Duly Certified** certificate of appointment of corporate representative at Tricor's office not later than **10.30 a.m. on Monday, 12 June 2023** to participate in the 7th AGM.
Attorney(s) appointed by Power of Attorney **MUST** deposit their **Original** Power of Attorney at Tricor's office not later than **10.30 a.m. on Monday, 12 June 2023** to participate in the 7th AGM.
9. Member(s), proxy(ies), corporate representative(s) or attorney(s) may submit question(s) in relation to the agenda items for the 7th AGM via TIH Online website at <https://tthh.online> by selecting "e-Services" to login, pose question(s) and submit electronically not later than **10.30 a.m. on Friday, 9 June 2023**; or alternatively, use the Query Box to transmit question(s) to the Board of Directors via RPV facilities during live streaming.
10. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 7th AGM of the Company will be put to vote by way of poll. Poll administrator and independent scrutineer will be appointed to conduct the polling process and verify the results of the poll respectively.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the 7th AGM dated 28 April 2023.



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