

# Cape EMS Berhad Annual Report 2023

Reg No.: 199901026859 (501759-M)



## CAPE EMS BERHAD

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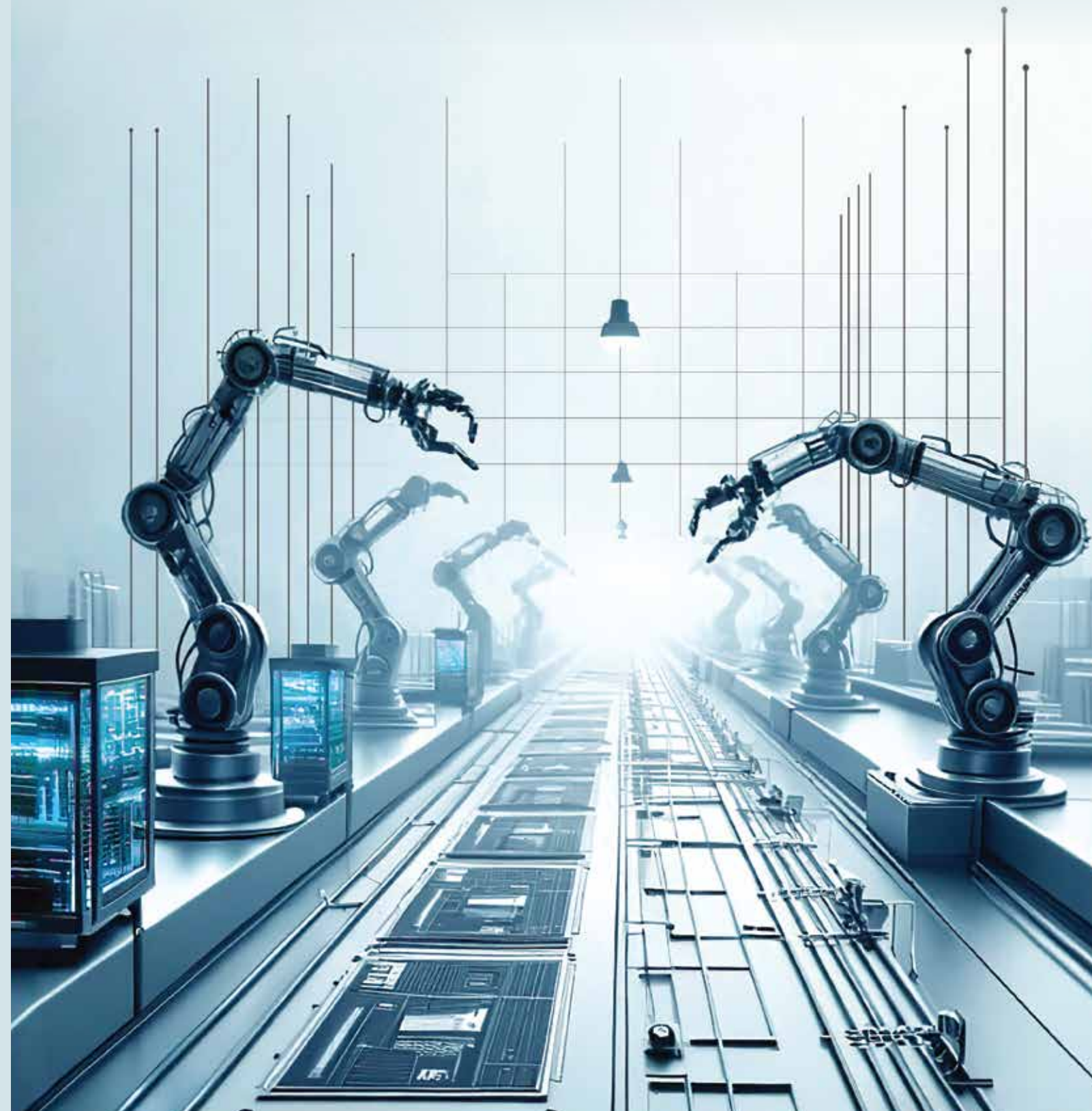
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CAPE EMS BERHAD

Annual Report 2023



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# OUR VISION, MISSION AND CORE VALUES



## OUR VISION

Global Thinking Organization - Committed to creating value for our customers.



## OUR MISSION

We constantly deliver quality products and services through the offering of efficient, flexible, and innovative manufacturing solutions at reasonable and competitive prices to maximize returns for all our stakeholders.



## OUR CORE VALUES

### Governance

We engage in conduct that enhances our reputation and are devoted to making a difference.

### Integrity

We respect the rights and dignity of all individuals and do not tolerate behaviors that can harm our organization.

### Accountability

We act in the highest ethical manner and deal fairly with our business associates.

### Transparency

We are transparent in our business dealings and take ownership of our actions.

# CORPORATE OVERVIEW

Since its inception in 2013, Cape EMS Berhad (“**Cape**”) has proudly evolved into a premier electronics manufacturing service (EMS) provider renowned for its expertise in producing and delivering electronic components and devices. Serving various industries, we offer a comprehensive range of contract manufacturing services with end-to-end solutions to ensure a seamless and efficient manufacturing process from design to global distribution. Our commitment to quality, industry compliance, and a customer-centric approach has established us as a trusted partner in the EMS industry.

Through our subsidiary, Cape Manufacturing (M) Sdn Bhd (“**CMM**”), we also excel in precision aluminium die casting, delivering high-quality components for in-house use and customized solutions for third-party clients. Additionally, we actively engage in the supply of electronic products and related activities through our subsidiary, Cape Holdings (S) Pte Ltd.

Aspiring to be a global thinking organization committed to creating value for our customers, our mission is to consistently deliver quality products and services by offering efficient, flexible, and innovative manufacturing solutions at reasonable and competitive prices to maximize returns for all our stakeholders. Guided by our core values of Governance, Integrity, Accountability, and Transparency (GIAT), Cape is committed to establishing an ethical corporate environment in the conduct of our business activities, dealings, relationships, and operations.

Recognizing the heightened expectations as a publicly listed company, we remain resolute in our mission to maximize returns for all stakeholders. As we chart new horizons, we are dedicated to incorporating sustainable and holistic business practices to reduce our environmental impact, ensure the well-being of our people and the surrounding communities, and contribute to financial growth while adhering to legal regulations and requirements.

Cape takes pride in being recognized as a leading electronics manufacturing service provider, supporting clients with their unique manufacturing requirements to meet their customers’ needs. Armed with diverse solutions and our dedication to sustainability, we stand firm with our clients, prioritizing their success while contributing to a greener, sustainable future. We sincerely thank our stakeholders for their steadfast support as we pursue excellence and sustainability. Together, let us forge a sustainable and resilient future.

# AWARDS

## Awards To The Company

| AWARD NAME                                                    | AWARD TYPE                                                            |
|---------------------------------------------------------------|-----------------------------------------------------------------------|
| Nanyang 100 <sup>th</sup> Anniversary Superb Brand Award 2023 | Winner of the Excellent Enterprise (Electronic Manufacturing Service) |
| Next Conservation Award 2023                                  |                                                                       |
| Export Excellence Award                                       | Best Mid-Tier Exporting Company 2022                                  |
| Malaysian International Chamber of Commerce & Industry        | Star Among Stars Award 2017                                           |
| Sin Chew Business Excellence Awards                           | Product and Service Excellence Award 2016                             |
| Sin Chew Business Excellence Awards                           | Product and Service Excellence Award 2013                             |

## Awards To The Group Chief Executive Officer

| AWARD NAME                                         | AWARD TYPE                                                           |
|----------------------------------------------------|----------------------------------------------------------------------|
| Johor Bahru Chinese Chamber of Commerce & Industry | Honorary Life President Award 2024                                   |
| World Women Economic & Business Summit             | World Outstanding Women Entrepreneur Lifetime Achievement Award 2023 |
| Global Chinese Economic & Technology Summit        | World Chinese Outstanding Woman Business Leader Award 2022           |
| World Women Economic & Business Summit             | Distinguished Women Entrepreneur Lifetime Achievement Award 2022     |
| Star Outstanding Business Awards (SOBA) 2021       | Outstanding Female Entrepreneur of The Year 2021                     |

# KEY EVENTS AND MILESTONES

|             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2013        | <ul style="list-style-type: none"> <li>Commencement of Cape EMS with the acquisition of Toyoplas EMS Manufacturing (M) Sdn Bhd</li> <li>Renamed to Cape EMS Manufacturing (M) Sdn Bhd</li> <li>Manufactured wireless communication equipment for Ruckus Wireless</li> </ul>                                                                                                                                                                                                                                                                                                                    |
| 2017 – 2018 | <ul style="list-style-type: none"> <li>2017 - Divestment of EMS for Ruckus Wireless Business Unit to Kaifa Technology Malaysia Sdn Bhd</li> <li>2018 - Acquisition of Senai 227 factory</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                             |
| 2019        | <ul style="list-style-type: none"> <li>Engaged our first EMS key customer Mimosa Networks and qualified to be an EMS provider for Mimosa Networks</li> <li>Expansion of customer portfolio and ventured into consumer electronics (Cordless Vacuum Cleaner for K&amp;Q)</li> </ul>                                                                                                                                                                                                                                                                                                             |
| 2020        | <ul style="list-style-type: none"> <li>Acquisition of Cape Manufacturing and Cape Singapore</li> <li>Expansion of customer portfolio:<br/> <b>Industrial:</b> POS terminals, digital vending machines, portable printer power desk<br/> <b>Consumer:</b> E-cigarettes         </li> </ul>                                                                                                                                                                                                                                                                                                      |
| 2021        | <ul style="list-style-type: none"> <li>Purchased Temenggong 22 and Kempas 6 factories and extension of Senai 227 factory</li> <li>Acquired 2 pieces of land - PLO226B and PLO227B</li> <li>Purchased 11 automated lines, 6 die-casting machines, 6 melting, and holding furnaces</li> </ul>                                                                                                                                                                                                                                                                                                    |
| 2022        | <ul style="list-style-type: none"> <li>Purchased Tebrau 6 factory</li> <li>Purchased 3 automated lines and 2 die-casting machines</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 2023        | <ul style="list-style-type: none"> <li>Listed on the Main Market of Bursa Securities</li> <li>Entered into Memorandum of Understanding for the acquisition of iConn Inc.</li> <li>Entered a Joint Venture Agreement with Vectrix Technology Pte. Ltd. on 6 October 2023; and subsequently entered a Supplementary Agreement on 1 April 2024, where Vectrix Technology Pte. Ltd. has been substituted by Vectrix Advance Technology Pte. Ltd. (Formerly known as Advance Vehicle Pte. Ltd.)</li> <li>Relocation of die casting facilities from Temenggong 22 to Tebrau 6 in December</li> </ul> |
| 2024        | <ul style="list-style-type: none"> <li>Completed acquisition of iConn Inc. on 26 January</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

# CERTIFICATION

## Cape

|                       |                                                                                                                      |
|-----------------------|----------------------------------------------------------------------------------------------------------------------|
| <b>ISO 9001:2015</b>  | Quality Management System for box build assembly for electrical and electronic industries.                           |
| <b>ISO 14001:2015</b> | Environmental Management System for box build assembly for electrical and electronic industries.                     |
| <b>ISO 27001:2013</b> | Information Security Management System for processes of box build assembly for electrical and electronic industries. |
| <b>ISO 37001:2016</b> | Anti-Bribery Management System for box build assembly for electrical and electronic industries.                      |

## CMM

|                       |                                                                                                                                     |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| <b>ISO 9001:2015</b>  | Quality Management System for provisions of aluminium die-casting, precision machining, sub-assembly and secondary processes.       |
| <b>ISO 14001:2015</b> | Environmental Management System for provisions of aluminium die-casting, precision machining, sub-assembly and secondary processes. |

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Datuk Mohd Rabin Bin Basir**  
Independent Non-Executive Chairman

**Tee Kim Chin**  
Non-Independent Managing Director/  
Group Chief Executive Officer

**Tee Kim Yok**  
Non-Independent Executive Director

**Alex Miranda Juntado**  
Non-Independent Executive Director

**Lim Chue Wan**  
Non-Independent Executive Director

**Tan Sik Hui**  
Senior Independent Non-Executive  
Director

**Yau Yin Wee**  
Independent Non-Executive Director

**Koh Beng San**  
Independent Non-Executive Director

**Chen Kok Seng**  
Independent Non-Executive Director

### Audit Committee

**Koh Beng San** *Chairman*  
Independent Non-Executive Director

**Yau Yin Wee** *Member*  
Independent Non-Executive Director

**Chen Kok Seng** *Member*  
Independent Non-Executive Director

### Nominating Committee

**Tan Sik Hui** *Chairperson*  
Senior Independent Non-Executive  
Director

**Yau Yin Wee** *Member*  
Independent Non-Executive Director

**Koh Beng San** *Member*  
Independent Non-Executive Director

### Remuneration Committee

**Yau Yin Wee** *Chairman*  
Independent Non-Executive Director

**Chen Kok Seng** *Member*  
Independent Non-Executive Director

**Koh Beng San** *Member*  
Independent Non-Executive Director

### Sustainability and Risk Management Committee (Redesignated with effect from 15 March 2023)

**Chen Kok Seng** *Chairman*  
Independent Non-Executive Director

**Koh Beng San** *Member*  
Independent Non-Executive Director

**Tee Kim Chin** *Member*  
Non-Independent Managing Director/  
Group Chief Executive Officer

### Company Secretaries

**Teo Soon Mei**  
(MAICSA 7018590)  
(SSM Practicing Certificate  
No. 201908000235)

**Lim Jia Huey**  
(MAICSA 7073258)  
(SSM Practicing Certificate  
No. 201908000929)

### Registered office

No. 7-1, Jalan 109F,  
Plaza Danau 2,  
Taman Danau Desa,  
58100 Kuala Lumpur,  
Wilayah Persekutuan Kuala Lumpur,  
Malaysia.  
**Tel. No. :** +603 7982 2010  
**Fax No. :** +603 7980 1242  
**Email address :**  
info@amerits.com.my

### Head office

PLO 227A, Jalan Cyber 1A,  
Kawasan Perindustrian Senai III,  
81400 Senai,  
Johor Darul Ta'zim, Malaysia.  
**Tel. No. :** +607 213 3333  
**Email address :**  
admin@cape-group.com.my  
**Website :** www.cape-group.com.my

### Share Registrar

**Tricor Investor & Issuing House  
Services Sdn Bhd**  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite,  
Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur, Malaysia.  
**Tel. No. :** +603 2783 9299  
**Fax No. :** +603 2783 9222  
**Email address :**  
is.enquiry@my.tricorglobal.com

### External Auditor

**Grant Thornton Malaysia PLT**  
(201906003682 & LLP0022494-LCA) &  
AF0737  
Suite 28.01, 28<sup>th</sup> Floor,  
Menara Zurich,  
No. 15, Jalan Dato' Abdullah Tahir,  
80300 Johor Bahru,  
Johor Darul Ta'zim, Malaysia.  
**Tel. No. :** +607 332 8335

### Principal Bankers

Hong Leong Bank Berhad  
AmBank (M) Berhad  
HSBC Bank Malaysia Berhad

### Stock Exchange Listing

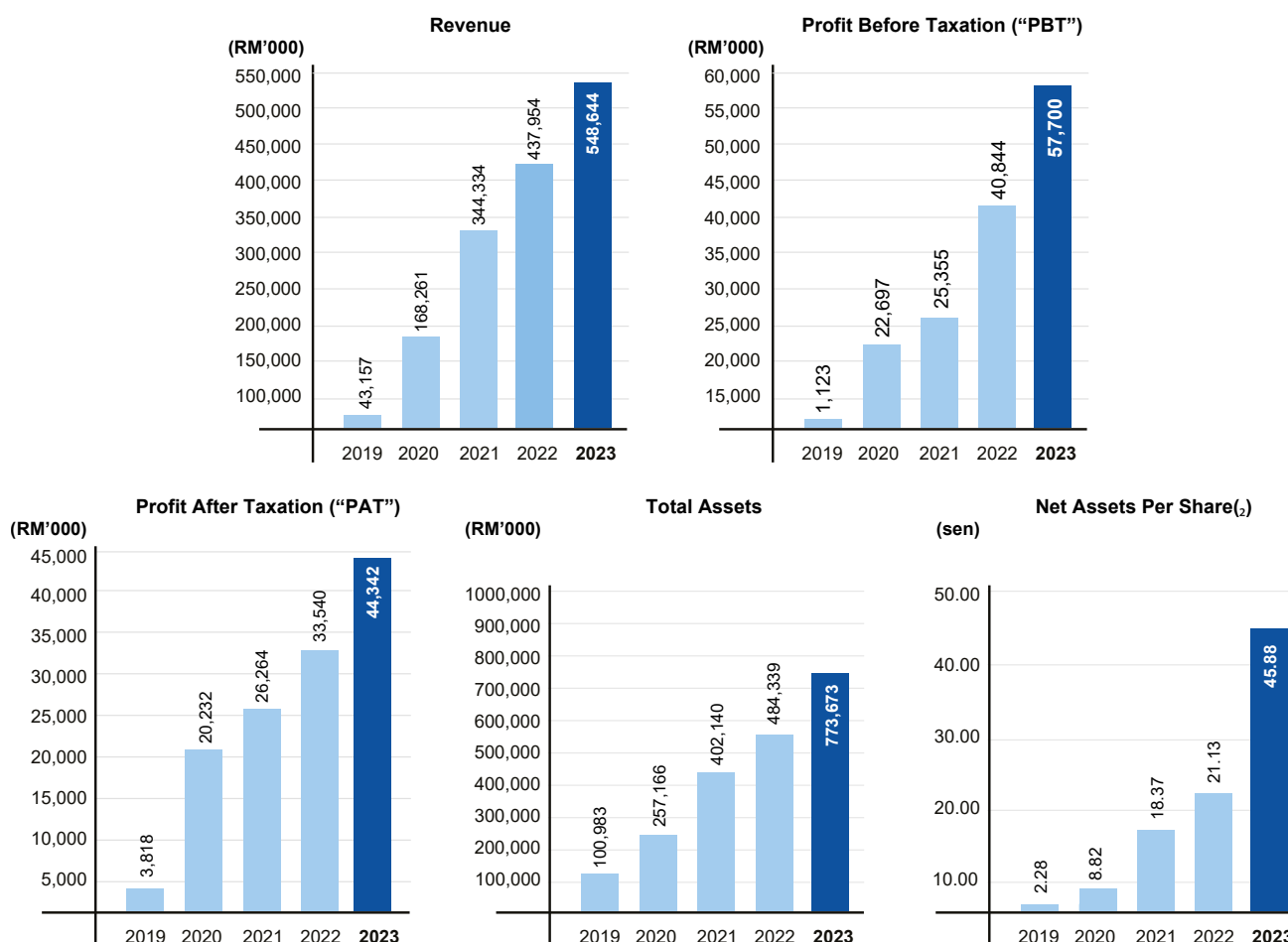
**Name of Stock Exchange:** Main Market  
**Stock Name:** CEB  
**Stock Code:** 5311  
**Sector:** Industrial Products & Services

# FIVE-YEARS GROUP FINANCIAL HIGHLIGHTS

| Financial Year Ended 31 December                     | 2023<br>RM<br>Group | 2022<br>RM<br>Group | 2021<br>RM<br>Group | 2020<br>RM<br>Company | 2019<br>RM<br>Company |
|------------------------------------------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|
| <b>FINANCIAL RESULTS</b>                             |                     |                     |                     |                       |                       |
| Revenue                                              | 548,644,355         | 437,954,093         | 344,334,423         | 168,261,089           | 43,156,931            |
| Profit Before Taxation ("PBT")                       | 57,700,499          | 40,843,536          | 25,354,932          | 22,696,960            | 1,123,346             |
| Profit After Taxation ("PAT")                        | 44,342,256          | 33,540,053          | 26,264,202          | 20,232,363            | 3,818,346             |
| Net Profit attributable to the Owners of the Company | 44,376,612          | 33,540,053          | 26,264,202          | 20,232,363            | 3,818,346             |
| <b>FINANCIAL POSITION</b>                            |                     |                     |                     |                       |                       |
| Total Assets                                         | 773,672,940         | 484,339,102         | 402,139,888         | 257,166,285           | 100,983,094           |
| Total Borrowings                                     | 178,547,266         | 191,894,320         | 156,327,044         | 94,218,512            | 20,696,894            |
| Total Equity                                         | 455,156,190         | 195,025,007         | 169,561,887         | 81,367,865            | 21,009,368            |
| <b>FINANCIAL RATIOS</b>                              |                     |                     |                     |                       |                       |
| PAT Margin (%)                                       | 8.1                 | 7.7                 | 7.6                 | 12.0                  | 8.8                   |
| Basic Earnings Per Share <sup>(1)</sup> (sen)        | 4.47                | 3.63                | 2.85                | 2.19                  | 0.41                  |
| Gearing Ratio (times)                                | 0.4                 | 1.0                 | 0.9                 | 1.2                   | 1.0                   |
| Net Assets Per Share <sup>(2)</sup> (sen)            | 45.88               | 21.13               | 18.37               | 8.82                  | 2.28                  |

## Notes

- (1) Calculated based on PAT over the issued share capital of 992,000,000 shares after considering the private placement of 69,000,000 new ordinary shares on 12 December 2023. The number of ordinary shares used in calculating the comparative figures have been restated to reflect the enlarged number of shares of 923,000,000 after the listing of Company on 10 March 2023.
- (2) Calculated based on Total Equity over the issued share capital of 992,000,000 shares after considering the private placement of 69,000,000 new ordinary shares on 12 December 2023. The number of ordinary shares used in calculating the comparative figures have been restated to reflect the enlarge number of 923,000,000 shares after the Company listed on 10 March 2023.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Overview of Business

Cape EMS Berhad ("**Cape EMS**") is principally an investment holding company and is involved in electronics manufacturing services. The businesses of Cape EMS and its subsidiaries ("**Cape EMS Group**" or the "**Group**") are categorised into 2 segments, namely the electronic manufacturing services ("**EMS**") and other related supporting goods and services segment ("**EMS Segment**") and the die casting and machining segment ("**DCM Segment**"). Through our 2 EMS facilities, 1 aluminium die cast manufacturing facility, and 1 testing facility, we serve our customers in regions across the world including the USA, UK, Sweden, Singapore, Malaysia, Hong Kong, Japan, Taiwan, Mongolia, Netherlands and India. With the global shift towards sustainability and the increasing demand for clean transportation solutions, Cape EMS has ventured into the burgeoning electric vehicles ("**EVs**") business under the EMS Segment.

Incorporated in 1999, the Company started to assemble and manufacture electronic components and printed circuit boards under the name Imptec Electronics Sdn Bhd. After close to 15 years, the Company evolved into Cape EMS Manufacturing (M) Sdn Bhd which eventually assumed its present name on 27 May 2022, while it continues to be involved in the business of EMS, aluminium die casting, and supply of electronic products and related activities.

Cape EMS made a debut on the Main Market on 10 March 2023 with plans to carry out a series of expansion plans to construct new warehouse and install automated storage facilities in the new warehouse, setting-up of new cleanroom facility and purchase of new automated production lines; and also purchase of new machinery and equipment to support the business expansion plans of the Group. Subsequently on 6 October 2023, Cape EMS acquired 60% of the shares in Vectrix Mobility Pte Ltd to establish a competitive presence in the EVs sector.



## Financial Review

For the financial year ended 31 December 2023 ("**FY2023**"), we recorded revenue of RM548.6 million, an increase of 25% compared to the RM438.0 million recorded for the financial year ended 31 December 2022 ("**FY2022**"). The double-digit improvement in FY2023's revenue was predominantly attributed by higher sales orders from EMS of wireless communication equipment and electronic cigarettes. Cape EMS has successfully secured a new customer during the financial year in the industrial electronic products sector, particularly for thermal energy devices, which has further contributed to the positive sales momentum.

It is noteworthy to mention that the gross profit was recorded at RM87.3 million, or 42% higher than the previous high of RM61.6 million achieved in FY2022. In addition to higher revenue, the gross profit was also supported by a slightly higher gross profit margin of 16%, compared to 14% in FY2022, due to a more favourable product mix arising from higher sales in higher margin products. After taking into account for other income, finance income, administration expenses, distribution costs, other expenses and finance costs, the Group reported a profit before tax of RM57.7 million, 41% higher than the RM40.8 million reported in FY2022. The Group's profit after tax for FY2023 was RM44.3 million, an increase of 32% from RM33.5 million in the previous financial year.

The Group's total assets registered a growth of 60% to RM773.7 million from RM484.3 million in the previous financial year, largely driven by higher trade receivables and inventories arising from stronger sales orders from our customers. Working capital is further supported by cash and cash equivalents amounting to RM202.9 million. Total liabilities stood at RM318.5 million, or 10% more than the RM289.3 million recorded in FY2022, mainly due to higher trade payables and existing bank borrowings to support the higher growth in revenue volume.

Total shareholders' equity increased drastically by 133% to RM455.2 million, from the RM195.0 million recorded for the previous year in conjunction with the enlarged share capital of 923 million shares upon listing on the Main Market on 10 March 2023 and the completion of private placement of 69 million new ordinary shares in Cape EMS ("**Placement Shares**") on 12 December 2023 during the financial year under review. Notwithstanding the higher borrowings, our gearing ratio improved to 0.4x in FY2023 from 1.0x as recorded in FY2022 given the larger equity base.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## Business and Operating Activities Overview

### EMS Segment

Generally, the EMS Segment currently represents the key business segment of the Group, representing more than 97% of the Group's revenue throughout FY2022 and FY2023. In tandem with the top-line improvement, overall FY2023 EMS Segment performed strongly contributed by increase in sales from EMS of wireless communication equipment and electronic cigarettes by y-o-y growth of 65%. The mass production of the both product segments mentioned earlier stood the test of time, recorded brisk sales and experienced robust growth in FY2023.

In FY2023, the USA represents a major market for the EMS Segment in Cape EMS, especially wireless communication equipment and electronic cigarettes which experienced booming sales during the year. The America market grew by 27% in FY2023 while the Asian market remained as the segment's second largest market.

Demand in these markets is expected to remain strong, especially for industrial electronic products such as wireless communication devices, which will be among the Group's focuses in FY2024. On top of our current existing industrial electronic products, the Group's focus will be on electric vehicles in FY2024 following the market penetration into the EVs sector.

Overall, the stronger USD and weaker MYR also contributed to the higher revenue recorded from the overseas market, but have also contributed to higher costs required for working capital and bank borrowings.

### DCM Segment

The DCM Segment provides die cast manufacturing services for the EMS Segment as well as external customers. During FY2023, revenue from the DCM Segment increased by 30% to RM12.2 million, from RM9.4 million in FY2022, as the production capacity of the DCM Segment was recovered on the improved demand to support the increased growth.

## Key Risks

In the course of driving the Group towards its long-term business objectives as well as performance in the short and long term, we undertake a structured approach towards managing various types of risks including strategic, sustainability, operational, technological and reputational risks, amongst others. Our risk-based management approach enables us to focus our resources on managing key risks which have a more significant impact on the business.

With the diverse range of products we offer, we source our supplies from both local and international markets. Common input materials include printed circuit board assembly, mechanical parts, packaging and related materials, and aluminium ingots. The volume of input materials we import may also vary depending on the products we are producing for our customers.

In addition, we also seek to enhance our supply chain management by strengthening our supplier profile, working with reliable and responsible suppliers and ensuring we are not dependent on sole suppliers to diversify our risks. We undertake stringent supplier assessment which considers the suppliers' integrity, quality of products and services, compliance including environmental and social compliance, timeliness of delivery, as well as pricing. We also maintain close engagement with suppliers to manage arising issues, such as any foreseeable market shortages or logistics challenges, to enable us to revise our production strategy and schedule and communicate with our customers as appropriate.

Cape EMS Group's top 5 major customers contribute to approximately 85.0% of the Group's revenue in FY2023. We have master supply agreements with most of our major customers, built upon the Group's capabilities and performance which were subject to regular assessments by our customers. Such a relationship enables us to support our customers' value chains and take part in their business growth.

In order to reduce risk concentration in a specific product or market, we have a diverse mix of products in our portfolio and will continue to develop new services for products that may leverage our existing production facilities.

The planned expansion of our facilities will also enable the Group to have a greater capacity to increase its portfolio mix and grow its customer base.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## Key Risks (Cont'd)

On the other hand, we have established strong customer relationship processes supported by well-trained or experienced teams to develop robust customer relationships anchored on the principles of openness, transparency, integrity, and trustworthiness. We keep our customers updated on the production and delivery schedule, as well as ensuring an effective communication and feedback mechanism between the customer and our production team is maintained to address any issues arising pertaining to product quality, delivery, and logistics. We also identify new business opportunities and new markets on an ongoing basis.

## FY2024 Outlook

Cape EMS Group achieved significant milestone in FY2023, via its debut on Bursa's Main Market, marking the beginning of a journey towards long-term capacity building and business growth. The international markets encountered deceleration of global trade, the global tech downcycle, geopolitical upheavals such as the Russia-Ukraine conflict and prolonged United States ("US") – China trade disputes, as well as the implementation of stricter monetary policies during the financial year. These challenges are not unique to Cape EMS Group and they represent global trends and issues which most businesses are required to deal with. In response to these challenges, the Group will remain vigilant, continuously monitor both external and internal environments to navigate the business challenges by adjusting our business plans and strategies.

The Group is actively working towards adopting an asset-light manufacturing approach, combining both online and offline capabilities. This strategic shift enhances operational efficiency, reduces capital expenditure, and positions the Company to quickly adapt to market changes.

The Group demonstrates a commitment to innovation through its internal innovation team. Our team, guided by professional expertise, focuses on developing intellectual property ("IP") from existing resources. The resulting IP not only enhances customer loyalty but also opens opportunities for licensing agreements with other contract manufacturers, providing an additional revenue stream through royalties.

The extension of the Group's capabilities into green technology solutions aligns with the growing demand for sustainable practices. This expansion, particularly in battery pack manufacturing, not only taps into an expanding market but also reflects a commitment to environmental responsibility.

Barring any unforeseen circumstances, the Board is optimistic about the Group's performance and leveraging on its competitive advantages expects the Group's expansion to contribute positively to its financial performance in the future.

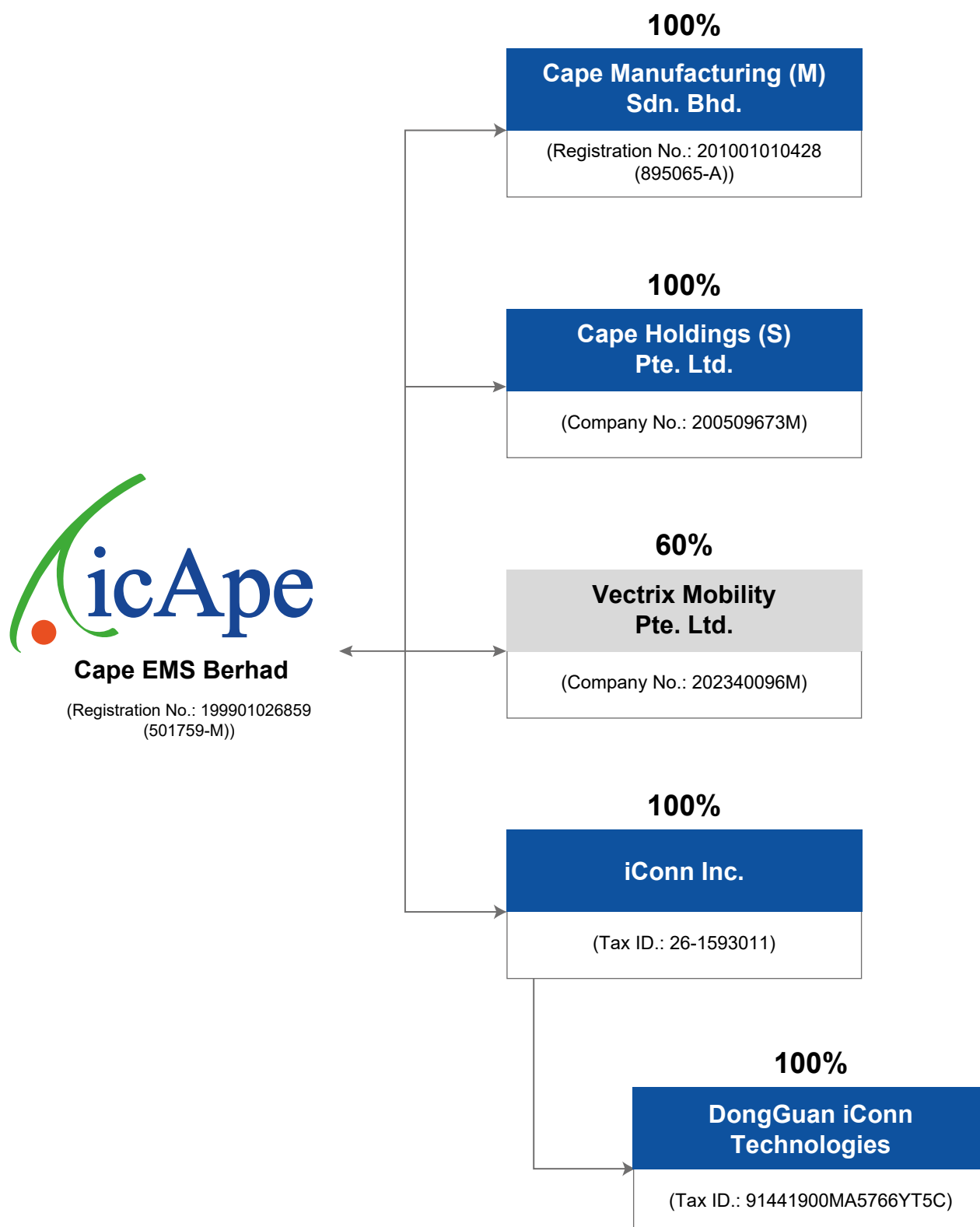
## Dividends

On 21 August 2023, the Company declared a first interim single-tier dividend of 0.55 sen per ordinary share in respect of the FY2023, amounting to RM5.1 million, which was paid on 29 September 2023 to the shareholders of the Company whose names appear in the Record of Depositors on 18 September 2023.

On 20 November 2023, the Company declared a second interim single-tier dividend of 0.55 sen per ordinary share in respect of the FY2023, amounting to RM5.5 million, which was paid on 2 February 2024 to the shareholders of the Company whose names appear in the Record of Depositors on 19 January 2024.

Moving forward, Cape EMS intends to distribute a dividend of up to 30.0% of our audited PAT of each financial year on a consolidated basis after taking into consideration anticipated future operating conditions, operating cash flow requirements, financing commitments, subject to any applicable law and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board.

# CORPORATE STRUCTURE



# BOARD OF DIRECTORS



**Datuk Mohd Rabin Bin Basir**

*Independent Non-Executive Chairman*



Male



62 years



Malaysian

Datuk Mohd Rabin Bin Basir ("**Datuk Mohd Rabin**") was appointed as Independent Non-Executive Chairman on 5 May 2022. He obtained his Master of Arts (Defence Studies) (Honours) at the Universiti Kebangsaan Malaysia in 2006.

He began his career in 1985 till 1986 at Asia Commercial Finance (M) Berhad in the Statistic Department.

He joined the Research Division of the Prime Minister's Department ("**PMD**") in 1988 as Assistant Director. From 1991 to 1993, he was posted to the Embassy of Malaysia in Phnom Penh, Cambodia as the Second Secretary. He returned to Malaysia and assumed his original designation as Assistant Director of the Research Division, PMD from 1993 to 1997.

In 1997, he was posted to Embassy of Malaysia in Yangon, Myanmar as the First Secretary. He returned to Malaysia in 2003 and was promoted to Deputy Director of the Research Division, PMD. In 2004, he was posted to Sydney, Australia as a Special Officer to the Embassy of Malaysia in Sydney.

After completing his Master's degree in 2006, Datuk Mohd Rabin was posted to the High Commission of Malaysia in New Delhi, India as the Consular. He returned to Malaysia in 2011 and was promoted to Principal Assistant director of the Research Division, PMD. He was promoted to Director of the Research Division, PMD in 2012.

In 2017, he was appointed as the Director of Strategic Communication Department under the Malaysia National Security Council, PMD. Subsequently, he was promoted to deputy Director General of the Malaysian National Security Council, PMD in 2018 and to Director General of the Malaysian National Security Council, PMD in 2019.

In 2021, he joined the Legal Affairs Department, PMD as the Director General. He retired from his position in April 2022 after over 34 years of governmental service.

He does not hold directorships in any other public companies and listed issuers.

He does not have any family relationship with any Directors and/or major shareholders of the Company. He also has no conflict of interest or potential conflict of interest, including the interest in any competing business with the Company and/or its subsidiaries.

He has not been convicted of any offences within the past five (5) years (other than traffic offences, if any) and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Attendance at Board Meetings in 2023: 6/6.

## BOARD OF DIRECTORS (CONT'D)



**Ms. Tee Kim Chin**

*Managing Director/Group Chief Executive Officer*



Female



57 years



Malaysian

Ms. Tee Kim Chin ("**Ms. Christina Tee**") has been a member of the Board since 31 May 2013, and currently serves as the Managing Director/Group Chief Executive Officer. Her primary responsibilities include overseeing the overall strategy and corporate direction of the Group, and she is a member of the Sustainability and Risk Management Committee. She attended the Research and Advanced Study on Leadership at the School of Continuing Education, Tsinghua University, China in 2014.

Ms. Christina Tee started her career as a management trainee at A&W (M) Sdn Bhd in 1988 and worked her way up to various roles till her position as Ipoh Outlet Assistant Manager before joining Jangta Electronics (M) Sdn Bhd in 1992 as a storekeeper. She rose in ranks and eventually became the General Manager in 1999, overseeing various aspects of the company, including production planning and business development.

In 2002, she became the General Manager at Crestar Printer (M) Sdn Bhd, responsible for operations and reporting to the board of directors. She later held positions at P.T Ultrakindo Crestec Indonesia and Toyoplas Holdings Pte Ltd, where she oversaw factory management and operations. In 2013, Ms. Christina Tee acquired equity interest in Toyoplas EMS Manufacturing (M) Sdn Bhd, which was later renamed Cape EMS Berhad and assumed the role of Chief Executive Officer of the Company. In 2021, she became the Managing Director/Group Chief Executive Officer.

She is currently the President of the Malaysian International Chamber of Commerce and Industry ("**MICCI**") and has won several awards for her achievements, such as the Star Outstanding Business Award (SOBA) in 2021, the World Chinese Outstanding Woman Business Leader Award in 2022, the World Outstanding Women Entrepreneur Lifetime Achievement Award in 2023, and the Honorary Life President Award in 2024.

She is also the Promoter and substantial shareholder of the Company. She is the elder sister of Ms. Tee Kim Yok, who is a Promoter, Non-Independent Executive Director and also a substantial shareholder of the Company.

She is a Director of Christee Vacation Club Berhad and MICCI, a public company limited by guarantee. Save as disclosed, she does not hold any other directorship in public companies and listed issuers.

She has no conflict of interest or potential conflict of interest, including the interest in any competing business with the Company and/or its subsidiaries.

She has not been convicted of any offences within the past five (5) years (other than traffic offences, if any) and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Attendance at Board Meetings in 2023: 6/6.

## BOARD OF DIRECTORS (CONT'D)



**Ms. Tee Kim Yok**

*Non-Independent Executive Director*



Female



47 years



Malaysian

Ms. Tee Kim Yok ("**Ms. Ivy Tee**") joined the Company on 23 November 2020 and is primarily responsible for government liaison, corporate social responsibility (CSR), and overseeing environmental, social, and governance (ESG) matters within the Group. She obtained a Malaysian Certificate of Education (SPM) in 1995.

Her career began in 1995 at Langkah Bersatu (M) Sdn Bhd, where she worked as an Administrative and Sales Coordinator. She then joined Ornapaper Industry (Perak) Sdn Bhd in 2000 as a Sales Executive, focusing on sales and marketing and expanding the company's customer base. In 2003, Ms. Ivy Tee left Ornapaper Industry (Perak) Sdn Bhd and joined Astin Resources Sdn Bhd as an Assistant Manager, where she led the sales team and handled sales and marketing activities. She took a career break in 2008 for personal reasons.

In 2010, she worked as a Sales Representative at Digital Innovation Technologies (M) Sdn Bhd, primarily responsible for sales and marketing. In 2012, she ventured into entrepreneurship by establishing her own business, Eyetech Solutions, selling office equipment. She closed her sole proprietorship business in 2021. Ms. Ivy Tee also entered the kindergarten business under Good Hope Edu Sdn Bhd (formerly Cape Smart Edu Sdn Bhd) in 2016, which she later sold in 2022.

In 2019, she joined Diamond Star Biotechnology Sdn Bhd as a Finance/Human Resource Manager, with responsibilities related to salary and payroll management. In the same year, she left Diamond Star Biotechnology and joined the Company as the Accounts Payable Manager. In 2020, she was appointed as our Director and also became a director of its subsidiary, Cape Manufacturing (M) Sdn Bhd.

She is also a Promoter and substantial shareholder of the Company. She is the younger sister of Ms. Tee Kim Chin, who is a Promoter, Managing Director/Group Chief Executive Officer and also a substantial shareholder of the Company.

She is a Director of Christee Vacation Club Berhad. Save as disclosed, she does not hold any other directorship in public companies and listed issuers.

She has no conflict of interest or potential conflict of interest, including the interest in any competing business with the Company and/or its subsidiaries.

She has not been convicted of any offences within the past five (5) years (other than traffic offences, if any) and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Attendance at Board Meetings in 2023: 6/6.

## BOARD OF DIRECTORS (CONT'D)



**Ms. Lim Chue Wan**

*Non-Independent Executive Director*



Female



57 years



Malaysian

Ms. Lim Chue Wan ("**Ms. Lim**") was appointed to our Board on 16 March 2022. Her primary responsibilities include overseeing corporate, finance, treasury, and accounting matters within the Group. She graduated with a Bachelor of Arts (Economics) (Honours) from the University of Malaya in 1994.

Ms. Lim began her career in 1994 as a Branch Officer with United Merchant Finance Berhad, where she managed daily branch operations, including customer account openings, loan documentation monitoring, and financial reporting. In 1996, she joined Bestwind Pte Ltd in Singapore as an Accounts and Administrative Executive, handling general administrative matters and preparing accounts for the company.

She then worked at various companies in Malaysia, such as Romewell (M) Sdn Bhd, Aiwa IPC (M) Sdn Bhd (later acquired by Sony Logistics), Gapsoft Nonwoven (Malaysia) Sdn Bhd, and TN-Richland Logistics Services Sdn Bhd, holding different positions related to finance, accounts, human resources and administration.

In 2008, Ms. Lim joined Toyoplas Manufacturing (Dongguan) Co. Ltd in China as Deputy General Manager, responsible for finance, accounting, human resources, administration, procurement, and environmental, safety, and health functions.

She later served as a director of Pen-M (M) Sdn Bhd, overseeing the accounting and administrative department, and returned to Toyoplas Manufacturing (M) Sdn Bhd as Deputy General Manager.

In 2020, she joined the current company as the Director of Corporate, Finance, and Accounts, and in 2022, she assumed her present role as an Executive Director of the Company.

She does not hold directorship in any public companies and listed issuers.

She does not have any family relationship with any director and/or major shareholders of the Company. She has no conflict of interest or potential conflict of interest, including the interest in any competing business with the Company and/or its subsidiaries.

She has not been convicted of any offences within the past five (5) years (other than traffic offences, if any) and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Attendance at Board Meetings in 2023: 6/6.

## BOARD OF DIRECTORS (CONT'D)



**Mr. Alex Miranda Juntado**

*Non-Independent Executive Director*



Male



61 years



American

Mr. Alex Miranda Juntado ("**Mr. Juntado**") joined the Company's Board on 31 May 2013, primarily responsible for the business development of the Group. He obtained a High School Equivalency Certificate in 1992.

Mr. Juntado's career began in 1985 at Seagate Technology Plc. USA as a Quality Inspector, where he was responsible for ensuring workmanship and product quality. He progressed through various roles, including Quality Leader, Production Supervisor, and Purchasing Officer.

In 1995, he was promoted to Production Manager, overseeing manufacturing management. He later became the Program Manager in 1997, responsible for managing product development and production schedules.

In 1999, Mr. Juntado left Seagate Technology Plc. USA and joined GSS Array Technology Inc. USA as a Program Manager, focusing on manufacturing management and customer service. He resigned from GSS Array Technology Inc. USA in the same year and joined Flextronics Ltd (now known as Flex Ltd) in USA as a Program Manager with similar responsibilities. In 2001, he moved to 2Wire Inc. USA as a Purchasing Officer, specialising in supply chain management.

In 2009, Mr. Juntado established 2COZ Technology, offering support to Toyoplas Manufacturing (M) Sdn Bhd and its U.S. customers. In 2010, he ceased his venture with 2COZ Technology and was appointed as the Director of Cape Manufacturing (M) Sdn Bhd. In 2013, he was appointed as our Director. Currently, he is also the Senior Vice President of Business Development of the Company.

He does not hold directorship in any public companies and listed issuers.

He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including the interest in any competing business with the Company and/or its subsidiaries.

He has not been convicted of any offences within the past five (5) years (other than traffic offences, if any) and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Attendance at Board Meetings in 2023: 6/6.

## BOARD OF DIRECTORS (CONT'D)



**Ms. Tan Sik Hui**

*Senior Independent Non-Executive Director*



Female



51 years



Malaysian

Ms. Tan Sik Hui was appointed as Senior Independent Non-Executive Director on 5 May 2022 and also our Chairperson of the Nominating Committee. She obtained her Bachelor of Commerce from The University of Western Australia in 1995. She has been working in the financial industry for more than 20 years. She started her career with Maybank.

Ms. Tan has also various working experience internationally in Singapore, Hong Kong and Beijing China with notable companies such as Merrill Lynch (Asia Pacific) and Canadian Imperial Bank of Commerce (CIBC).

In 2017, she decided to embark on a different career path. She co-founded M Academy China, an artist management company based in China and assumed the role of Chief Executive Officer. She was primarily responsible in planning and overseeing the business development of the company as well as handling the sourcing of artists and music ventures. She left M Academy China in 2020.

In 2020, Ms Tan returned to Malaysia, she joined Longhouse Films Sdn Bhd, a film investment and production company, as a Managing Director until June 2022. She is primarily responsible for planning and overseeing the corporate, financial and business development of the company.

Since December 2022, she runs her own consulting company under MFG Entertainment Sdn Bhd which does consulting work in entertainment for events and music.

She does not hold directorship in any public companies and listed issuers.

She does not have any family relationship with any director and/or major shareholders of the Company. She has no conflict of interest or potential conflict of interest, including the interest in any competing business with the Company and/or its subsidiaries.

She has not been convicted of any offences within the past five (5) years (other than traffic offences, if any) and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Attendance at Board Meetings in 2023: 6/6.

## BOARD OF DIRECTORS (CONT'D)



**Mr. Yau Yin Wee**

*Independent Non-Executive Director*



Male



67 years



Malaysian

Mr. Yau Yin Wee (“**Mr. Yau**”) is our Independent Non-Executive Director. He was appointed to our Board on 5 May 2022. He is also the Chairman of our Remuneration Committee and a member of our Nominating Committee and Audit Committee. He graduated with a Bachelor of Science from the University of South Alabama, College of Business and Management Studies, USA, in 1983.

His career began when he joined Hong Leong Finance Berhad as a Marketing and Credit Executive in 1983. He was promoted to Branch Manager in 1987. He was redesignated as Hire Purchase Centre Manager in 1991 and was promoted to Corporate and Commercial Manager (Senior Manager) in 1996.

In 2005, he served as Senior Manager at AmBank (M) Berhad before being transferred to the Corporate and Institutional Banking Department of AmInvestment Bank Berhad as an Associate Director. He then was transferred to AmBank (M) Berhad as Vice President of Corporate Banking in 2014.

He rejoined Hong Leong Bank Berhad in 2015 as the General Manager of Retail Community Business. In the same year, he was appointed as Senior Regional Head (Southern Region) until his retirement in 2021.

Mr. Yau has more than 30 years of experience in the banking industry. He was a committee member of Institute Bank-bank Malaysia (IBBM) (Perak and Johor chapter) from 1992 to 2014. For some of these years, he also served as the Chairman. In 2021, he was appointed as a general committee member for MICCI.

He is a Director of IREIT Managers Sdn Bhd, a wholly-owned subsidiary of AME Elite Consortium Berhad which was listed on the Main Market of Bursa Malaysia Securities Berhad. During the financial year, he was appointed as a Director and Independent Non-Executive Director of Smart Asia Chemical Bhd and Axteria Group Berhad which was listed on the Main Market of Bursa Malaysia Securities Berhad respectively. Save as disclosed, he does not hold any other directorship in public companies and listed issuers.

He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including the interest in any competing business with the Company and/or its subsidiaries.

He has not been convicted of any offences within the past five (5) years (other than traffic offences, if any) and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Attendance at Board Meetings in 2023: 6/6.

## BOARD OF DIRECTORS (CONT'D)



**Mr. Chen Kok Seng**

*Independent Non-Executive Director*



Male



70 years



Malaysian

Mr. Chen Kok Seng ("**Mr. Chen**"), who joined our Board on 5 May 2022 as our Independent Non-Executive Director, serves as the Chairman of our Sustainability and Risk Management Committee and also a member of our Audit Committee and Remuneration Committee. He completed his secondary education and his career began as an apprentice in 1971 within his family's business, Syarikat Lee Huat Plastics Industries, where he rose from an operator to a director by March 1981. The family business transitioned into Lee Huat Plastics Industries Sdn Bhd, later renamed LH Plus Sdn Bhd in 2011.

Since 1998, Mr. Chen has held the role of Chief Executive Officer at Lee Huat Plastics Industries Sdn Bhd. He has been an active contributor to the plastics industry, having served as President of the Malaysian Plastics Manufacturer Association ("**MPMA**") from 1998 to 2004, and as its Honorary President since 2004. He also holds the position of Chairman at the Malaysian Plastics Design Centre ("**MPDC**") since 1998 and was a Council Member/Director of the Human Resource Development Corporation from 1998 to 2006.

From 2000 to the present, he has been the Secretary General of the Asia Plastics Forum ("**APF**"), comprising 12 member countries, aimed at sharing information related to the plastics industry, including economic and industry-specific issues. APF's current focus includes carbon footprint, sustainability, the 3R's concept (reduce, reuse, and recycle), circular economy, and environmental, social, and governance matters. He represents APF in the Global Plastics Alliance, engaging with organizations such as the American Chemistry Council and Plastics Europe. Mr. Chen also held the position of Secretary General of the ASEAN Federation of Plastics Industries from 1992 to 1994.

Since 2017, Mr. Chen has served as the President of the Malaysian Consortium of Mid-Tier Companies ("**MCMTC**"). In this role, he represents MCMTC in dealings with external parties, including ministries, agencies, media, and other associations and chambers of commerce. He provides leadership and mobilizes the expertise and experience of members to foster strategic alliances for sustainable growth, transforming Mid-Tier Companies ("**MTCs**") into regional and global champions.

He is a Director of Malaysian Plastic Design Centre, a public company limited by guarantee. Save as disclosed, he does not hold any other directorship in public companies and listed issuers.

He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including the interest in any competing business with the Company and/or its subsidiaries.

He has not been convicted of any offences within the past five (5) years (other than traffic offences, if any) and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Attendance at Board Meetings in 2023: 6/6.

## BOARD OF DIRECTORS (CONT'D)



**Mr. Koh Beng San**

*Independent Non-Executive Director*



Male



50 years



Malaysian

Mr. Koh Beng San ("**Mr. Koh**") joined the Board on 5 May 2022. He holds the role of Chairman of the Audit Committee and is a member of the Sustainability and Risk Management Committee, Nominating Committee, and Remuneration Committee.

Mr. Koh's professional journey is marked by significant milestones. He became an Association of Chartered Certified Accountants (ACCA) Member in 2001 and a Fellow Member in 2006. In 2002, he was admitted as a member of the Malaysian Institute of Accountants (MIA), and in 2021, he became an ASEAN Chartered Public Accountant (ASEAN CPA). His career commenced in 1998 as a Trainee Audit Assistant at JPL Wong & Co, Singapore, and in 1999, he transitioned to BDO Binder as an Audit Assistant. In 2002, he joined Tru-Tech Engineering (M) Sdn Bhd as an Accountant, overseeing finance and accounting.

He then moved to Southern Industrial Gas Sdn Bhd in 2003, initially as Finance Manager, later redesignated as Manager (Finance, Accounts, Strategies Management & Audits) in 2004. His role in the company encompassed treasury, accounting, and finance functions. In 2015, he was promoted to Finance Director, with additional responsibilities for human resources, administration, procurement, and information technology. He also served on the board of Southern Nitrous Oxide Sdn Bhd, a related company of Southern Industrial Gas Sdn Bhd. He resigned from this position as a director of the company in 2019, and left Southern Industrial Gas Sdn Bhd in 2020.

In 2018, he founded Koh BS & Co, a firm providing company secretarial and accounting services, registered with the Malaysian Institute of Accountants (MIA). In 2021, he established Elitnity Sdn Bhd, offering business advisory and consultancy services.

He is presently the Non-Executive Independent Director and the Chairman of the Audit Committee of Renaissance United Limited, a company listed on the Main Market of Singapore Stock Exchange. Save as disclosed, he does not hold any other directorship in public companies and listed issuers.

He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including the interest in any competing business with the Company and/or its subsidiaries.

He has not been convicted of any offences within the past five (5) years (other than traffic offences, if any) and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Attendance at Board Meetings in 2023: 6/6.

# KEY SENIOR MANAGEMENT PROFILE



**Mr. Tan Zong Yuan**

*Group Chief Financial Officer*



Male



36 years



Malaysian

Mr. Tan Zong Yuan (“**Mr. Tan**”) became the Chief Financial Officer of the Group on 27 December 2021. He is responsible for overseeing the Accounting and Finance Department, which includes financial planning, cash flow management, and financial reporting. Mr. Tan holds a Bachelor’s degree in Applied Accounting from Oxford Brookes University. He is a Fellow of the Association of Chartered Certified Accountants (FCCA) since 2020, and a Chartered Accountant with the Malaysian Institute of Accountants (MIA) since 2021.

His career began in 2008 as an Account Assistant at Crescendo Corporation Berhad. He then worked as an Audit Assistant at Deloitte KassimChan in 2012 and later as a Senior Associate at PricewaterhouseCoopers LLP (Singapore) in 2014. During his time at PricewaterhouseCoopers LLP, he managed a diverse portfolio of multinational and local companies.

In 2018, he joined IFFCO (Malaysia) Sdn Bhd as an associate manager and later moved to MJK Group Sdn Bhd in 2019 as a financial controller. In these roles, he was responsible for budgeting, forecasting, management reporting, and internal control improvement. In 2020, he became the financial controller at Versa Manufacturing Sdn Bhd, managing finance, accounting, treasury, HR, and IT teams.

He assumed his role as Chief Financial Officer in our Company in 2021 and became the Group Chief Financial Officer in 2022. He does not hold directorship in any public companies and listed issuers.

He does not have any family relationship with any director and/or major shareholder of our Company.

He has no conflict of interest or potential conflict of interest, including the interest in any competing business with the Company and/or its subsidiaries.

He has not been convicted of any offences within the past five (5) years (other than traffic offenses, if any) and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

## KEY SENIOR MANAGEMENT PROFILE (CONT'D)



**Mr. Wu, Jung-Wai**  
*Chief Technology Officer*

Male 62 years Taiwanese

Mr. Wu, Jung-Wai (“**Mr. Wu**”) assumed the role of Chief Technology Officer at Cape EMS Berhad on 3 May 2023, and is responsible for enhancing product quality and performance through meticulous customer and internal product design reviews. He also oversees the Research and Development (R&D) and Engineering teams within the organisation. He holds a Bachelor of Science degree in Mechanical Engineering from Tamkang University and a Master of Science degree in Mechanical Engineering from Marquette University.

He started his career as an Engineer at Control Data Corporation in 1988 and joined China Electronics Corporation (CEC) in 1989 till 2001 where he held various roles within the organization, including Engineer, QA Manager, Engineering Manager, Director of Sales and Engineering, and Vice General Manager.

He then served as a Senior Director/VP at JDS Uniphase Corporation from 2001 to 2004, contributing to the establishment and oversight of Active Devices operations.

From 2004 to 2007, he was Chief Operating Officer at Global Lighting Technologies, where he managed high-performance Micro-Lens LCD modules for renowned clients like Apple and Honeywell.

In 2007 to 2014, he co-founded and managed Appotronics Corp. in Shenzhen, China, which specialize in Semiconductor Light Source technology for projectors and stage lamps. His leadership resulted in over 200 patents and a client base spanning USA, Europe, China, and Korea. The company’s success was underscored by the prestigious Champion Award at the 2010 China Entrepreneurship Competition and its subsequent public offering in Shenzhen.

Mr. Wu served as the Executive Director of Atron PTE LTD in Singapore from 2014 to 2016, focusing on developing medical modules. He executed a comprehensive overhaul of the business, improving engineering, quality assurance, manufacturing, and supply chain systems. He also introduced fresh talent to strengthen the company’s capabilities.

From 2017 to 2022, he transitioned to academia, serving as a professor at Tamkang University in Taiwan. During this time, he also contributed his expertise as a lecturer in Entrepreneurship and Corporate Management at Fu-Jen University.

In 2020, he co-founded Sounds Great Co. Ltd., a startup that revolutionized semiconductor speakers with innovative Motion Chip technology. His breakthrough allowed speakers to be significantly reduced in size, maintaining exceptional sound quality. As a major IP inventor with over 50 company patents, he led the company’s R&D and operational functions.

He is also a published author and actively participates in various industry associations. He is widely recognised as an Outstanding Alumni of Tamkang University.

He does not hold directorship in any public companies and listed issuers.

He does not have any family relationship with any director and/or major shareholder of our Company.

He has no conflict of interest or potential conflict of interest, including the interest in any competing business with the Company and/or its subsidiaries.

He has not been convicted of any offences within the past five (5) years (other than traffic offenses, if any) and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

## KEY SENIOR MANAGEMENT PROFILE (CONT'D)



**En. Salehaldin Bin Nasron**

*Senior Vice President*



Male



62 years



Malaysian

En. Salehaldin Bin Nasron was redesignated as the Senior Vice President in January 2024 and is primarily responsible for corporate affairs, human resource & administration, corporate governance & compliance, sustainability, and safety, security, health & environment within the Group. He holds a Master of Business Administration from the University of Manchester in the United Kingdom, earned in 2012.

His career began in 1985 as an Accountant in the Finance Division of Goodyear Malaysia Berhad. Over the years, he climbed the ranks, holding positions such as Manager of Treasury Operations, Accounting Manager, Corporate Accounting Manager, Comptroller, and General Manager of Finance and Information System Development. In these roles, he focused on accounting, financial, and company secretarial matters.

From 2003 to 2006, he served as the Financial Advisor and Controller for PT Goodyear Indonesia Terbuka, a subsidiary of The Goodyear Tire and Rubber Company, USA. There, he was responsible for financial accounting, costing, credit control, and budgeting.

Between 2006 and 2008, Salehaldin Bin Nasron became the Chief Financial Officer for the Asia Pacific region in Kuala Lumpur for Cognis Oleochemicals (M) Sdn Bhd, a joint venture between Cognis GmbH Germany and Malaysia's Golden Hope Plantations Berhad. His role encompassed finance, purchasing, and information technology matters.

In 2008, he joined PT Titan Kimia Nusantara Tbk (now known as PT Lotte Chemical Titan Nusantara) as the Finance Director, where he managed finance matters.

In 2009, he joined Titan Petchem (M) Sdn Bhd (currently known as Lotte Chemical Titan (M) Sdn Bhd) as Treasurer, focusing on treasury and credit control. Over the years, he held various roles in the company, including Vice President of Corporate Affairs (2010), Treasurer and Vice President of Corporate Affairs (2012), Treasurer and Vice President of Government Affairs (2014), and Treasurer and Vice President of Corporate Affairs (2015).

In 2017, he joined Lotte Chemical Titan Corporation Sdn Bhd as the Vice President of Corporate Affairs and Chief Information Officer, later being redesignated to oversee human resources, admin, IT, and plant government affairs in 2018. In 2020, he joined the current Company as Group Corporate Affairs Director and was subsequently redesignated as the Vice President of Corporate Affairs in 2021, responsible for corporate communications, government liaison, and corporate governance within the Group.

He does not hold directorship in any public companies and listed issuers.

He does not have any family relationship with any director and/or major shareholder of our Company.

He has no conflict of interest or potential conflict of interest, including the interest in any competing business with the Company and/or its subsidiaries.

He has not been convicted of any offences within the past five (5) years (other than traffic offenses, if any) and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

## KEY SENIOR MANAGEMENT PROFILE (CONT'D)



**Mr. Teo Hui Seng**

*Vice President of Operations*



Male



52 years



Malaysian

Mr. Teo Hui Seng (“**Mr. Teo**”) was appointed as Vice President of Operations in 2021 and is responsible for the operational functions of the Group. He holds a Diploma in Management from the Malaysian Institute of Management, earned in 2007. Mr. Teo’s career began in 1993 at Matsushita Audio Video (M) Sdn Bhd, where he started as a Purchasing Assistant and eventually progressed to roles like Supervisor and Junior Officer. He focused on sourcing, project development, and strategic planning for annual purchases during his time there.

In 2001, Mr. Teo joined Winsheng Plastic Industry Sdn Bhd as an Assistant Engineer and was subsequently promoted to Assistant Manager and Senior Manager in the Material Control Department. His responsibilities included project management contracts, production planning, material control, purchasing, shipping, and sales support.

He later joined DTP Manufacturing (HK) Co. Ltd in 2005 as the Deputy General Manager, overseeing operations in three factories. Afterward, in 2008, he became the Senior Manager of Program Management at Toyoplas Manufacturing (Malaysia) Sdn Bhd, where he handled sales, business development, and project management.

In 2013, Mr. Teo joined Cape Manufacturing (M) Sdn Bhd as General Manager and advanced to Vice President of Management and Business Development in 2019. In 2021, he assumed the role of Vice President of Operations.

He does not hold directorship in any public companies and listed issuers.

He does not have any family relationship with any director and/or major shareholder of our Company.

He has no conflict of interest or potential conflict of interest, including the interest in any competing business with the Company and/or its subsidiaries.

He has not been convicted of any offences within the past five (5) years (other than traffic offenses, if any) and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

# SUSTAINABILITY STATEMENT

## 1.0 Introduction

CAPE EMS Berhad ("**Cape**" or "**the Company**") and its subsidiaries (collectively known as "**the Group**") are committed to promoting and maintaining the Core Values of Governance, Integrity, Accountability, and Transparency ("**GIAT**") in all the Group business activities, dealings, relationships, and operations as a recognised and reputable Electronic Manufacturing Services ("**EMS**") contract manufacturer. Cape has a responsibility to put sustainability at the heart of the Group's business strategy through pioneering leadership roles, operations, and the EMS provided. The Board recognizes that Group operations can greatly contribute to creating a more sustainable world.

In this regard, the Board has established a Sustainability Policy which guides how we do business in the Group. The Sustainability Policy aims to set out broad policies on ESG to guide the Group's strategies, policies, and procedures. The implementation of the Sustainability Policy across the Group's business and operations is the responsibility of the Senior Management, and the Board shall oversee this. The Sustainability Policy is available on the corporate website of Cape.

### Reporting Framework, Scope, and Boundary

Cape is pleased to present its Sustainability Statement ("**Statement**") outlines the Group's Environmental, Social, and Governance ("**ESG**") principles, commitment, and performance of sustainability-related matters. This Statement communicates the Group's journey towards embedding sustainability in the business and daily operations whilst considering the interests of our stakeholders and business growth. This Statement also sets out Cape's approach towards sustainable development and management of ESG material matters, after considering the impact of our business endeavours on the ESG facets the Group interacts with.

Cape is principally involved in EMS and Aluminium Die-Cast manufacturing, supply of electronic products and related activities in Malaysia and Singapore. The scope of this Statement covers the sustainability practices of Cape and its wholly owned subsidiaries, namely Cape Manufacturing (M) Sdn Bhd ("**Cape Manufacturing**") and Cape Holdings (S) Pte Ltd ("**Cape Singapore**"), covering both financial and non-financial aspects for the period from 1 January 2023 to 31 December 2023 including comparative historical data where available.

Bursa Malaysia's Sustainability Reporting Guide (3rd Edition) and Global Reporting Initiative ("**GRI**") Standards were referenced in the preparation of our Sustainability Statement 2023.

### Report Quality and Assurance

This Statement has not been subjected to an assurance process. The data reported in this Statement has been internally sourced and verified by the respective business units or information owners. The Group shall continue to strengthen its data collection and analysis procedures to enhance the quality and accuracy of its data.

### Sustainability Governance

The Board of Directors ("**the Board**") holds the highest authority over the Group's sustainability strategy and governance, reviewing and approving all sustainability-related policies and initiatives. The Sustainability and Risk Management Committee ("**SRMC**") assists the Board in overseeing the Group's management of key sustainability matters, reviewing and highlighting key sustainability performance, progress, and challenges to the Board. In carrying out its responsibilities to oversee the identification and assessment of risks facing the business, the SRMC also considers sustainability matters including health and safety, data governance and privacy, and climate-related risks.

The Group Chief Executive Officer leads the implementation of sustainability strategies approved by the Board and works together with the Group Sustainability Oversight Committee ("**GSOC**") which is entrusted by the SRMC with the duty to execute the Group's sustainability strategies and initiatives covering economic as well as the three main pillars of sustainability which are environmental, social and governance as well as embedding sustainability practices into the Group.

# SUSTAINABILITY STATEMENT (CONT'D)

## 1.0 Introduction

### Sustainability Governance (Cont'd)

The diagram below highlights the key roles and responsibilities of Cape ESG matters:



Source: Cape EMS Berhad Governance Structure

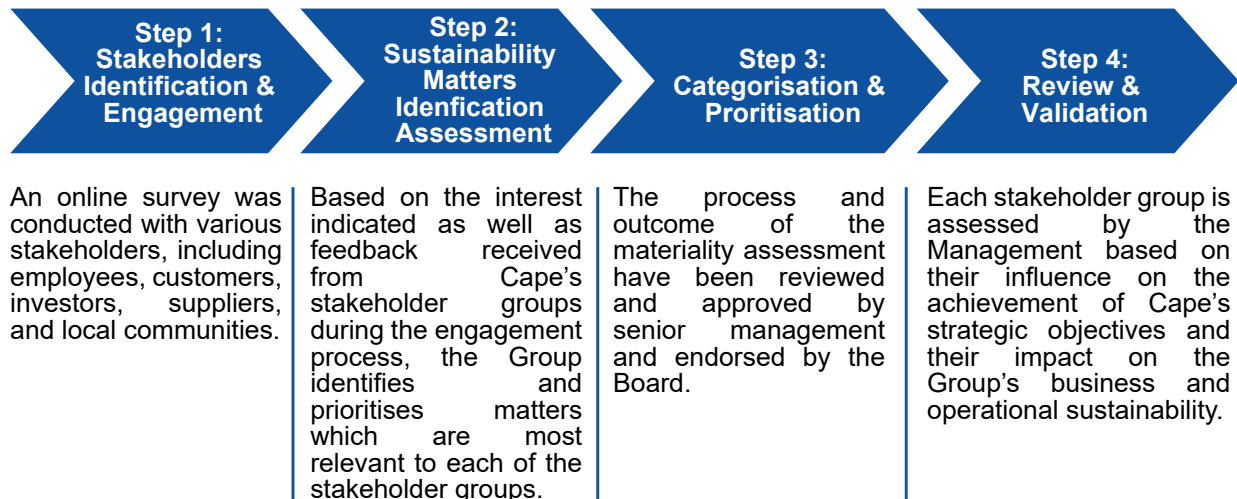
## 2. MATERIALITY ASSESSMENT

A materiality assessment is a process used by organizations to identify, prioritise, and understand the significance of ESG issues that may impact the business and stakeholders. The goal of a materiality assessment is to determine which issues are most relevant and significant to the organization and its stakeholders, helping the company focus its efforts on addressing the most important sustainability and corporate responsibility challenges.

## SUSTAINABILITY STATEMENT (CONT'D)

### 2. MATERIALITY ASSESSMENT (CONT'D)

We have adopted a 4-step materiality assessment approach in line with the guidance prescribed by Bursa Securities' Sustainability Reporting Guide 3rd Edition.



Going forward, the materiality assessment process will be reviewed annually to ensure its relevance and effectiveness.

### ENGAGING WITH OUR STAKEHOLDERS

Cape's stakeholders are parties who are impacted by our Group's business decisions and activities and the parties whose actions and decisions will influence Cape's business growth. We acknowledge the impact of our business operations on various stakeholders and their vested interest in our business activities. Therefore, we constantly enhance our engagement approach through multiple communication channels to ensure that we communicate with our stakeholders effectively, this enables the Group to identify and align their key priorities and concerns within the Group's business practices and strategies towards addressing material sustainability matters.



## SUSTAINABILITY STATEMENT (CONT'D)

### 2. MATERIALITY ASSESSMENT (CONT'D)

#### ENGAGING WITH OUR STAKEHOLDERS (CONT'D)

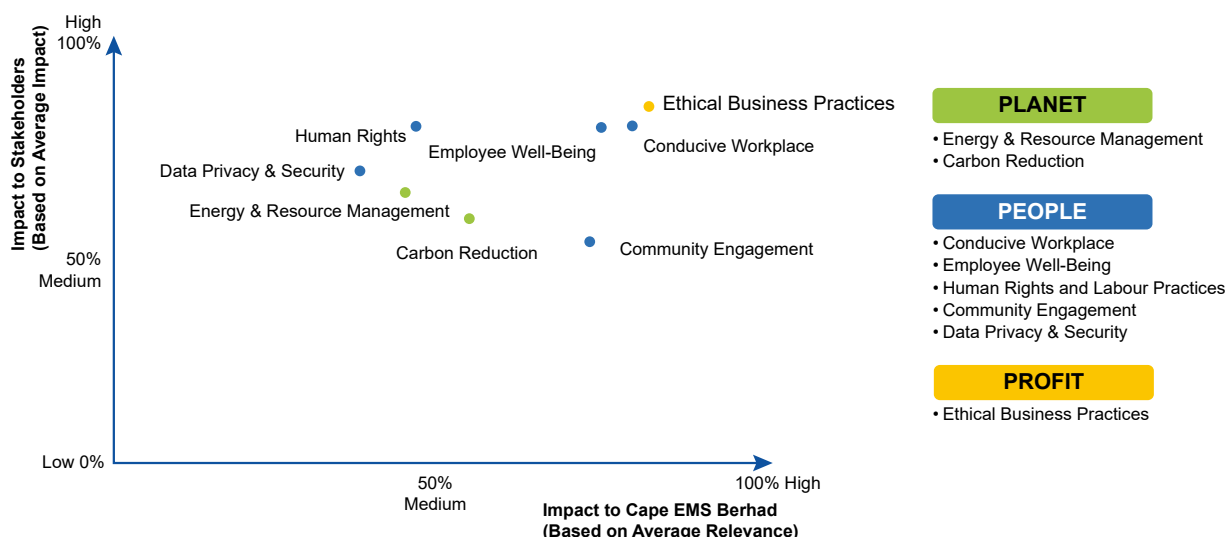
Set out below are the various types of stakeholder engagements as well as the focus areas identified together with the appropriate engagement approach to address such focus areas:

| Stakeholder Group               | Engagement Approaches                                                                                                                                                                                                          | Focus Areas                                                                                                                                                                                                                |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Employees                       | <ul style="list-style-type: none"> <li>Annual townhall briefing and review</li> <li>Employee surveys</li> <li>Orientation programmes (for new employees)</li> <li>Internship programmes (for prospective employees)</li> </ul> | <ul style="list-style-type: none"> <li>Business ethics and practices (including anti-corruption)</li> <li>Employee benefits</li> <li>Talent development and training</li> <li>Human rights and labour practices</li> </ul> |
| Customers                       | <ul style="list-style-type: none"> <li>Customer surveys</li> <li>Assessment conducted by customers</li> </ul>                                                                                                                  | <ul style="list-style-type: none"> <li>Product quality and services</li> <li>Supply chain management</li> </ul>                                                                                                            |
| Shareholders                    | <ul style="list-style-type: none"> <li>General meetings</li> </ul>                                                                                                                                                             | <ul style="list-style-type: none"> <li>Financial performance</li> <li>ESG performance</li> </ul>                                                                                                                           |
| Financiers                      | <ul style="list-style-type: none"> <li>Annual reviews by financial institutions</li> </ul>                                                                                                                                     | <ul style="list-style-type: none"> <li>Financial performance</li> <li>Supply chain management</li> <li>Climate change risk</li> <li>ESG performance</li> </ul>                                                             |
| Suppliers and Service Providers | <ul style="list-style-type: none"> <li>Annual supplier assessment</li> <li>Supplier audits on key material suppliers</li> </ul>                                                                                                | <ul style="list-style-type: none"> <li>Supply chain management</li> </ul>                                                                                                                                                  |
| Surrounding Community           | <ul style="list-style-type: none"> <li>Community investment activities</li> </ul>                                                                                                                                              | <ul style="list-style-type: none"> <li>Community investment and development</li> </ul>                                                                                                                                     |
| Industry and Market Peers       | <ul style="list-style-type: none"> <li>Industry exhibition – Semicon West USA</li> </ul>                                                                                                                                       | <ul style="list-style-type: none"> <li>Talent development and training</li> <li>Business development</li> <li>Technology and innovation</li> </ul>                                                                         |
| Authorities and Regulators      | <ul style="list-style-type: none"> <li>Compliance review and audits</li> </ul>                                                                                                                                                 | <ul style="list-style-type: none"> <li>Compliance (including environmental and social)</li> <li>ESG performance</li> </ul>                                                                                                 |

#### MANAGING MATERIAL SUSTAINABILITY MATTERS

Through stakeholder engagement assessment, we have identified our material topics in tandem with Cape's economic, environmental, governance, and social impacts and their significance, both from the perspective of our business and stakeholders. Throughout the reporting period, there were no material changes to our business operations, we therefore retain the eight (8) sustainability material topics. Ethical Business Practices, Employee Well-Being, and Conducive Workplace fall in the 'high materiality' segment which represents the greatest significance to Cape's long-term business value and stakeholders' interest.

The Group's material matrix is illustrated below.



# SUSTAINABILITY STATEMENT (CONT'D)

## 2. MATERIALITY ASSESSMENT (CONT'D)

### SUSTAINABILITY STRATEGIES AND UN SDG MAPPING

Cape strategic initiatives are closely aligned with the 17 Sustainable Development Goals (“SDGs”), focusing on areas where the Group can make a meaningful impact. The Group has mapped (9) nine SDGs according to the 3P sustainability pillars and has developed the corresponding sustainability strategies to address such opportunities and risks in FYE 2023:

|               | Material Topics                                                                                                                                                                                                  | Sustainability Strategies                                                                                                                                                                                                                                                                                                                                                       | SDGs                                                                                                                                                                                                                                                                                                                                                    |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Planet</b> | <ul style="list-style-type: none"> <li>Energy &amp; Resource Management</li> <li>Carbon Reduction</li> </ul>                                                                                                     | <ul style="list-style-type: none"> <li>Adopt energy-efficient manufacturing processes, such as lean manufacturing principles</li> <li>Invest in advanced technologies and equipment that optimize energy usage</li> </ul>                                                                                                                                                       |             |
| <b>People</b> | <ul style="list-style-type: none"> <li>Conducive Workplace</li> <li>Employee Well-Being</li> <li>Human Rights and Labour Practices</li> <li>Community Engagement</li> <li>Data Privacy &amp; Security</li> </ul> | <ul style="list-style-type: none"> <li>Provide regular training to employees on data privacy and security best practices</li> <li>Raise awareness about the importance of protecting sensitive information and recognizing potential threats</li> <li>Conduct thorough human rights due diligence throughout the supply chain, assessing potential risks and impacts</li> </ul> |         |
| <b>Profit</b> | <ul style="list-style-type: none"> <li>Ethical Business Practices</li> </ul>                                                                                                                                     | <ul style="list-style-type: none"> <li>Consider ethical considerations in product design, including the use of environmentally friendly materials and design features that enhance product durability and reparability</li> <li>Strive to actively promote and foster ethical behaviour at every level of organization in daily operations</li> </ul>                           |     |

## 3. SUSTAINABILITY INITIATIVES & PERFORMANCE

### 3.1 PLANET

#### 3.1.1 Energy and Resource Management

##### Energy Consumption

The use of electricity is essential in our manufacturing process. During FYE2023, the total energy consumption recorded was 43,127 GJ with a 7% increase from FYE2022, attributed to higher manufacturing output in the financial year.

| Indicator                | Unit       | FYE2021   | FYE2022   | FYE2023   |
|--------------------------|------------|-----------|-----------|-----------|
| Total energy consumption | Gigajoules | 33,747.06 | 40,346.10 | 43,126.89 |

As part of our efforts to support clean energy generation and achieve Zero emission goal by 2035, we plan to install a 1,108.96 kWp solar photovoltaic (“PV”) system at our PLO 227A operational facility to reduce our dependency on electricity consumption from the power grid. The planned solar PV is expected to reduce 864 tonnes of carbon dioxide equivalent in the first year. In October 2023 the Group awarded the installation of solar PV project which is expected to be completed by the 2nd quarter of 2024.

## SUSTAINABILITY STATEMENT (CONT'D)

### 3. SUSTAINABILITY INITIATIVES & PERFORMANCE (CONT'D)

#### 3.1 PLANET (CONT'D)

##### 3.1.1 Energy and Resource Management (Cont'd)

###### *Energy Consumption (Cont'd)*

The Group also plans to install a new energy-saving cooling system for our Senai 227 Factory in line with its cost-saving efforts and potential “green” contribution towards the environment. The installation of the new energy-saving cooling system can reduce energy consumption and carbon emissions. We have engaged an energy consultancy firm to assess our current cooling system to propose an optimal and cost-efficient solution. The planned energy-saving cooling system is expected to reduce energy consumption by approximately 1,000,000 kWh, which is equivalent to a reduction of 780 tonnes of carbon dioxide equivalent a year. The installation of new energy-saving cooling system is expected to commence in the first quarter of Year 2024.

###### *Water Management*

The issue of water scarcity is becoming increasingly alarming due to several factors, such as climate change, poor water management, and contamination. Although none of the Group operations are in water-stressed areas, Cape adopts a practical approach to water management, aiming to improve water efficiency and promote water conservation.

We have embarked on a rainwater catchment project to reduce the dependency on district water supplied by Syarikat Air Johor (“SAJ”) for cleaning and watering plant purposes at our rooftop office area.

The Group consumed approximately 62,521 m3 (equivalent to 62.521 megalitres) of water across operations during FYE2023. There is an increase in water consumption in FYE 2023 as compared to FYE 2022 due to higher manufacturing output in the financial year.

| Indicator                  | Unit       | FYE2021 | FYE2022 | FYE2023 |
|----------------------------|------------|---------|---------|---------|
| Total volume of water used | Megalitres | 57.539  | 59.319  | 62.521  |

###### *Waste Management*

The types of waste generated in the Group production operations include hazardous waste. The majority of the hazardous waste generated is:

| Code  | Details                                                                        |
|-------|--------------------------------------------------------------------------------|
| SW103 | Waste of batteries containing lithium                                          |
| SW104 | Aluminium dross                                                                |
| SW109 | Fluorescent light                                                              |
| SW110 | e-waste                                                                        |
| SW305 | Spent lubricating oil                                                          |
| SW307 | Coolant oil                                                                    |
| SW409 | Empty container contaminated with chemicals                                    |
| SW410 | Contaminated rag/gloves with chemical/scheduled wastes                         |
| SW422 | Aluminium oil/chip, and a mixture of scheduled wastes and non-scheduled wastes |
| SW429 | Discarded/Out of specification chemical                                        |
| SW430 | Obsolete chemical                                                              |

All hazardous waste is handled by regulated procedures and managed by licensed contractors approved by the Department of Environment (“DOE”). Most hazardous waste is incinerated through regulated processes and recovery processes i.e.: SW104, SW109, SW110, SW305, SW306, SW307, SW409, and SW422.

## SUSTAINABILITY STATEMENT (CONT'D)

### 3. SUSTAINABILITY INITIATIVES & PERFORMANCE (CONT'D)

#### 3.1 PLANET (CONT'D)

##### 3.1.1 Energy and Resource Management (Cont'd)

###### *Waste Management (Cont'd)*

| Hazardous Waste                    | Unit          | FYE2021 | FYE2022 | FYE2023 |
|------------------------------------|---------------|---------|---------|---------|
| Total waste generated              | Metric tonnes | 43.83   | 36.86   | 94.69   |
| Total waste diverted from disposal | Metric tonnes | 40.76   | 34.56   | 74.52   |
| Total waste directed to disposal   | Metric tonnes | Zero    | 6.32    | 13.22   |

Cape practices waste segregation when handling non-hazardous waste (i.e.: recyclable materials) generated from production. During FYE 2023, recyclable materials such as cartons/boxes, metal parts, and plastic parts, were sold to service providers who process and recycle them. The Group also practices segregation and recycling in the office operations where recycling bins for metals, paper, and plastics are provided at the premises.

| Non-Hazardous Waste                | Unit          | FYE2021 | FYE2022 | FYE2023 |
|------------------------------------|---------------|---------|---------|---------|
| Total waste generated              | Metric tonnes | 2.64    | 100.89  | 37.88   |
| Total waste diverted from disposal | Metric tonnes | 2.64    | 2.92    | 37.88   |
| Total waste directed to disposal   | Metric tonnes | zero    | 97.97   | zero    |

The total waste generated, waste diverted from disposal, and waste directed to disposal of Cape (including both hazardous and non-hazardous) are summarised below:

| Indicator                          | Unit          | FYE2021 | FYE2022 | FYE2023 |
|------------------------------------|---------------|---------|---------|---------|
| Total waste generated              | Metric tonnes | 46.47   | 137.75  | 132.57  |
| Total waste diverted from disposal | Metric tonnes | 43.40   | 37.48   | 112.40  |
| Total waste directed to disposal   | Metric tonnes | Zero    | 104.29  | 13.22   |

As a Group we strive to have a positive impact on the environment and are committed to reducing our waste output, we have conducted several initiatives to improve our waste management practices:

- ❖ Create awareness of environmental sustainability through internal training and the Safety, Health & Environmental (“SHE”) Bulletin.
- ❖ Onsite vendor assessment for Scheduled Wastes to ensure the appointed vendor complies with Scheduled Wastes Regulation.
- ❖ Engaging Scheduled Waste’s vendor that implements cradle-to-cradle concept (emphasize more on recycling and recovery process instead of incineration).
- ❖ Briefing on the 3R concept (i.e. Reduce, Reuse & Recycle).

Our effective practices saw overall waste generated to dispose reduced by 87% in FYE 2023 as compared to the previous year

## SUSTAINABILITY STATEMENT (CONT'D)

### 3. SUSTAINABILITY INITIATIVES & PERFORMANCE (CONT'D)

#### 3.1 PLANET (CONT'D)

##### 3.1.2 Carbon Reduction

Cape acknowledged that energy consumption and Greenhouse Gas (“GHG”) emissions contribute to climate change impacts. The Group recognises that as a corporate citizen, Cape is responsible for reducing its carbon footprint while also embracing opportunities that unfold while making the transition to a low-carbon economy.

The Group operations utilize energy in the forms of electricity from the power grid, diesel used in generator sets, and petrol and diesel used in vehicles owned. The breakdown of the Group's energy consumption during FYE2023 is as follows:

| Utility Categories        | Energy Consumption (kJ)  |
|---------------------------|--------------------------|
| Electricity               | 43,126,894,800.00        |
| Diesel in facilities      | 18.85                    |
| Diesel (company vehicles) | 1,234.40                 |
| Petrol (company vehicles) | 2,901.26                 |
| <b>Total</b>              | <b>43,126,898,954.51</b> |

The measurement of the Group's carbon emissions is currently focusing on Scope 1 (Direct) and Scope 2 (Indirect) emissions. The emission of each utility is calculated based on the emission factors as per the table below:

| Scope   | Details                                                        | Emission Factor                                                                                                                          |
|---------|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Scope 1 | Emissions from diesel and petrol consumption of owned vehicles | <ul style="list-style-type: none"> <li>3.14 kgCO<sub>2</sub>e/LT (for diesel)</li> <li>2.75 kgCO<sub>2</sub>e/LT (for petrol)</li> </ul> |
| Scope 2 | Purchased electricity                                          | <ul style="list-style-type: none"> <li>0.88 kgCO<sub>2</sub>e/kWh</li> </ul>                                                             |

The total emissions generated as of FYE 2023 are summarised below:

| Utilities                 | Usage          | Total emission KgCO <sub>2</sub> e | Reference                                                                       |
|---------------------------|----------------|------------------------------------|---------------------------------------------------------------------------------|
| Electricity               | 11,979,693 kWh | 10,542,130                         | ISCC 205                                                                        |
| Diesel in facilities      | 186 L          | 584                                | ISCC 205                                                                        |
| Diesel (company vehicles) | 12,182 L       | 38,253                             | ISCC 205                                                                        |
| Petrol (company vehicles) | 28,633 L       | 78,741                             | JRC Scientific and Technical Report (WTT Appendix 1) by JRC European Commission |

The total emissions by Scope 1 and Scope 2 as of FYE2023 are summarised below:

| Indicator                                                                                       | Unit                | FYE2021  | FYE2022  | FYE2023   |
|-------------------------------------------------------------------------------------------------|---------------------|----------|----------|-----------|
| Scope 1 emissions in tonnes of CO <sub>2</sub> e                                                | tCO <sub>2</sub> -e | 143.18   | 124.07   | 117.58    |
| Scope 2 emissions in tonnes of CO <sub>2</sub> e                                                | tCO <sub>2</sub> -e | 8,249.28 | 9,862.38 | 10,542.13 |
| Scope 3 emissions in tonnes of CO <sub>2</sub> e (i.e., business travel and employee commuting) | tCO <sub>2</sub> -e | N/A      | N/A      | N/A       |

The carbon emissions generated from production facilities increased in FYE 2023 as compared to the previous year were attributed to higher production output in the financial year.

The Group plans to install solar photovoltaic (“PV”) systems at our PLO 227A operational facility and a new energy-saving cooling system for our Senai 227 Factory, to reduce Scope 2 emissions and started gathering information to track employee commute and business travels for Scope 3 emissions reporting.

## SUSTAINABILITY STATEMENT (CONT'D)

### 3. SUSTAINABILITY INITIATIVES & PERFORMANCE (CONT'D)

#### 3.2 PEOPLE

##### 3.2.1 Conducive Workplace

Cape is committed to providing a conducive working environment for employees by ensuring a workplace that is safe and healthy, mitigating and managing possible occupational health and safety risks.

##### *Workplace Safety and Health*

All operations of Cape comply with the applicable safety and health laws and regulations. Management systems are in place to facilitate the identification and assessment of occupational health and safety risks, and this includes identifying personnel, and activities that are potentially exposed to any risks.

Health and safety committees are established to monitor and oversee all facilities' health and safety practices under the Group. The committees comprised representatives of management personnel and working-level employees to ensure the practicality of the initiative's controls, and decisions undertaken by the committees. In addition, members of the committees also include a certified safety and health officer whose role is to advise and provide dedicated focus to monitoring the compliance of safety and health-related matters in day-to-day operations.

During the financial year, the Group took below initiatives to promote a healthy and safe workplace:

- Improved visual management via the installation of a TV at the canteen to display video
- Implemented Permit to Work System
- Improved the first aid equipment by installing an Automated External Defibrillator (AED) at each production level
- Organised a Safety, Health, and Environment week from 14 November 2023 to 24 November 2023, a period of one week with the theme "A safe and healthy working environment is a fundamental right".

#### Safety, Health and Environment week



Activities conducted during the week are such as aerobics, gotong royong, health screening, blood donation, eye screening, and fire drill exercise.

## SUSTAINABILITY STATEMENT (CONT'D)

### 3. SUSTAINABILITY INITIATIVES & PERFORMANCE (CONT'D)

#### 3.2 PEOPLE (CONT'D)

##### 3.2.1 Conducive Workplace (Cont'd)

###### *Work-related injuries*

Occupational Health and Safety reports are submitted monthly to the Senior Vice President and Executive Director. Any incidents/accidents will be investigated to identify any potential weaknesses in the Group's operation and procedures. Remedial actions will be developed and implemented to avoid the recurrence and/or occurrence of the incidents/accidents.

The Group's safety and health performance during the period under review is summarised as follows.

| Indicator                         | Unit   | FYE2021 | FYE2022 | FYE2023 |
|-----------------------------------|--------|---------|---------|---------|
| Number of work-related fatalities | Number | Zero    | Zero    | Zero    |
| Lost Time Incident Rate ("LTIR")  | Rate   | Zero    | 0.22    | 0.58    |
| Total hours worked                | Hours  | 415,200 | 895,776 | 691,200 |
| Number of lost time injuries      | Number | Zero    | 1       | 2       |

###### *Health and safety training*

During the FYE2023, health and safety training was provided to employees, especially employees who are exposed to work-related risks. The Group also briefs employees on the procedures to remove themselves from hazards or potential hazards, prioritizing their safety and health and that of others. Policies and procedures addressing safety and health are also communicated to employees regularly.

As of December 2023, the number of employees who have received training on safety and health, which ranges from a briefing on the Group's safety measures and procedures to specific safety and health training programs, is summarised as follows.

| Indicator                                                  | Unit   | FYE2021 | FYE2022 | FYE2023 |
|------------------------------------------------------------|--------|---------|---------|---------|
| Number of employees trained on health and safety standards | Number | 99      | 138     | 615     |

##### 3.2.2 Human Rights and Labour Practices

As a responsible organisation, Cape is committed to upholding the highest standards of human and labour rights and complying with all laws and regulations on the protection of human and labour rights across all our business operations.

The Group believes that strong human rights practices coupled with fair and ethical treatment improve productivity and promote a healthy working culture, as such we have taken steps to identify and address any human rights and labour standards infringements and shall continually evaluate how best to strengthen our approach to addressing human rights and labour standards by conducting ongoing human rights and labour standards due diligence assessment to mitigate potential human rights and labour standards infringements. Cape is committed to acting on the due diligence findings, monitoring, and tracking our actions. If needed, we shall intensify our efforts to manage human rights to retain the achievement of zero substantiated complaints regarding human rights violations.

With our continuous effort to mitigate potential human rights and labour standards infringements, we are pleased to report that no substantiated complaints regarding human rights violations were received from FYE 2021 to FYE 2023.

| Indicator                                                             | Unit   | FYE2021 | FYE2022 | FYE2023 |
|-----------------------------------------------------------------------|--------|---------|---------|---------|
| Number of substantiated complaints concerning human rights violations | Number | Zero    | Zero    | Zero    |

## SUSTAINABILITY STATEMENT (CONT'D)

### 3. SUSTAINABILITY INITIATIVES & PERFORMANCE (CONT'D)

#### 3.2 PEOPLE (CONT'D)

##### 3.2.2 Human Rights and Labour Practices

###### *Forced or Involuntary Labour*

Human rights violations such as forced labour are not tolerated by us, and our business practices. These include bonded labour, slave labour, and human trafficking. All employment with the Group is voluntary. We also do not restrict our employees concerning their rights to freedom of association and collective bargaining, as per local laws and regulations.

###### *Forbidden of Deposit and Withholding Identification Paper*

The Group does not collect or take any deposit from the employee in any related form such as recruitment fees or any agency fees and does not retain any employee identification document such as identity card or Passport without employee consent and only can be requested for government application purposes such as ID checking and verification, work permit application, work permit renewal, and Passport renewal purposes.

###### *Child Labour*

We do not condone hiring of child labour under any circumstances. The Company abides and strictly complies with international child labour conventions and child labour laws and regulations.

###### *Worker's Accommodations*

We provide accommodation to our workers while meeting the requirements set out under the relevant regulations. These accommodations are issued with Certificates for Accommodation by the Department of Labour of Peninsular Malaysia.

###### *Grievances Procedure*

Employees are encouraged to address any grievances to our Human Resources department, superior, or management. Cape is committed to transparency and accountability in handling grievances.

##### 3.2.3 Employee Well-Being

Cape strives to foster a culture of work-life balance. The Group has an employee handbook in place that serves as a guide for employees, promotes legal compliance, and contributes to the overall well-functioning of an organization.

It plays a vital role in setting expectations, ensuring consistency, and providing valuable information to both employees and the organisation. Some key benefits include:

| Key Benefits                | Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Medical Fees                | <p>Employees are entitled to outpatient medical claims, including medical consultation and treatment by selected panel clinics.</p> <p>The Group has also introduced Health Metrics, a mobile application designed to connect employees with a network of trusted healthcare providers throughout Malaysia. With Health Metrics, employees have easy access to a range of healthcare services at their fingertips. Regardless of locating the nearest clinic, or appointments, or accessing health-related information and resources, the application empowers our employees to take control of their health conveniently.</p> |
| Optical and Dental Benefits | The group provides optical and dental benefits as part of the employee benefits package. These benefits are offered to attract and retain talent while promoting the overall health and well-being of employees.                                                                                                                                                                                                                                                                                                                                                                                                               |

## SUSTAINABILITY STATEMENT (CONT'D)

### 3. SUSTAINABILITY INITIATIVES & PERFORMANCE (CONT'D)

#### 3.2 PEOPLE (CONT'D)

##### 3.2.3 Employee Well-Being (Cont'd)

| Key Benefits                        | Details                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Annual Wage Supplement ("AWS")      | <p>The AWS is used as a form of recognition and reward for employees' hard work, dedication, and contributions throughout the year.</p> <p>It serves as a way for the Group to acknowledge and appreciate employees' efforts. It enhances the overall work experience and creates a positive work environment, fostering a sense of loyalty and commitment among employees.</p> |
| Maternity Leave and Paternity Leave | <p>The Group recognises that the availability of paid parental leave benefits has a positive impact on family development.</p> <p>Parental leave benefits for both male and female employees are provided with the prevailing labour regulations, comprising seven (7) days of paid paternity leave and ninety-eight (98) days of paid maternity leave respectively.</p>        |
| Marriage Leave                      | Employees are granted three (3) working days of paid marriage leave on the first marriage.                                                                                                                                                                                                                                                                                      |
| Birthday Leave                      | Birthday leave is granted to employees to celebrate their birthdays. It is a part of our employee benefits to promote work-life balance and enhance employee satisfaction.                                                                                                                                                                                                      |

##### *Employee Retention and attraction*

Cape is proud to have a highly engaged workforce, which is reflected in the longevity of employees' tenure. In FYE 2023, Cape had a turnover rate of approximately 24.2%.

| Indicator                                                     | Unit       | FYE2021 | FYE2022 | FYE2023 |
|---------------------------------------------------------------|------------|---------|---------|---------|
| <b>Total number of employee turnover by employee category</b> |            |         |         |         |
| Management                                                    | Number     | 17      | 11      | 21      |
| Executive                                                     | Number     | 37      | 77      | 46      |
| Non-Executive/Technical Staff                                 | Number     | 74      | 118     | 83      |
| <b>Turnover</b>                                               |            |         |         |         |
| Total new hires                                               | Number     | 319     | 282     | 458     |
| New hire rate                                                 | Percentage | 107.9%  | 65.7%   | 73.8%   |
| Turnover rate                                                 | Percentage | 43.3%   | 48.0%   | 24.2%   |

# SUSTAINABILITY STATEMENT (CONT'D)

## 3. SUSTAINABILITY INITIATIVES & PERFORMANCE (CONT'D)

### 3.2 PEOPLE (CONT'D)

#### 3.2.3 Employee Well-Being (Cont'd)

##### *Company Events*

Several events were organised in FYE2023 to strengthen the rapport between the employees, recognising and appreciating the efforts contributed by employees.

The events organised in FYE2023 were:

#### Festive celebration via decoration contests and complimentary lunch



Lunar New Year Decorations Contest in January 2023



Hari Raya Decorations Contest in April 2023



Badminton tournament in August 2023



Appreciation dinner in March 2023 - Long Service Award



Earth Day Earth Day Crossword Puzzle Contest



International Women's Day Trivia Quiz

## SUSTAINABILITY STATEMENT (CONT'D)

### 3. SUSTAINABILITY INITIATIVES & PERFORMANCE (CONT'D)

#### 3.2 PEOPLE (CONT'D)

##### 3.2.3 Employee Well-Being (Cont'd)

##### *Training and Development*

Training and development are crucial components of organizational success, contributing to both individual and collective growth. This ensures that individuals are better equipped to handle their current roles and can also prepare them for future responsibilities.

As of 31 December 2023, a total of 90 training/seminars have been conducted involving 765 employees and 9 members from the board of directors, equivalent to 8,481 training hours, and incurred a total of RM 296,990 in the training cost.

| Board of Director | Number of Attendees | Training Hours | Training Man Hours |
|-------------------|---------------------|----------------|--------------------|
| Director          | 22                  | 88             | 221                |

| Employees                         | Number of Attendees | Training Hours | Training Man Hours |
|-----------------------------------|---------------------|----------------|--------------------|
| Top Management                    | 18                  | 163            | 175                |
| Senior & Middle Management        | 200                 | 391            | 1,315              |
| Executive                         | 678                 | 770            | 4,838              |
| Non-Executive                     | 306                 | 399            | 1,932              |
| <b>Total</b>                      | <b>1,202</b>        | <b>1,723</b>   | <b>8,260</b>       |
| Total employees                   |                     |                | 765                |
| <b>Average Training Man Hours</b> |                     |                | <b>10.80</b>       |

The Group is committed to encouraging employees to upgrade themselves by attending training to enhance their capabilities and contribute to future development.

The average training hours per employee has increased from 7.53 hours/employee in FYE2022 to 10.80 hours/employee in FYE2023.

| Indicator                                           | Unit  | FYE2021 | FYE2022 | FYE2023 |
|-----------------------------------------------------|-------|---------|---------|---------|
| <b>Total hours of training by employee category</b> |       |         |         |         |
| Management                                          | Hours | Zero    | 777     | 1,490   |
| Executive                                           | Hours | Zero    | 1,797   | 4,838   |
| Non-Executive/Technical Staff                       | Hours | Zero    | 903     | 1,932   |
| <b>Average hours</b>                                |       |         |         |         |
| Average training hours per employee                 | Hours | Zero    | 7.53    | 10.80   |

Note: No training was conducted in FYE2021 due to the Movement Control Order ("MCO").

## SUSTAINABILITY STATEMENT (CONT'D)

### 3. SUSTAINABILITY INITIATIVES & PERFORMANCE (CONT'D)

#### 3.2 PEOPLE (CONT'D)

##### 3.2.3 Employee Well-Being (Cont'd)

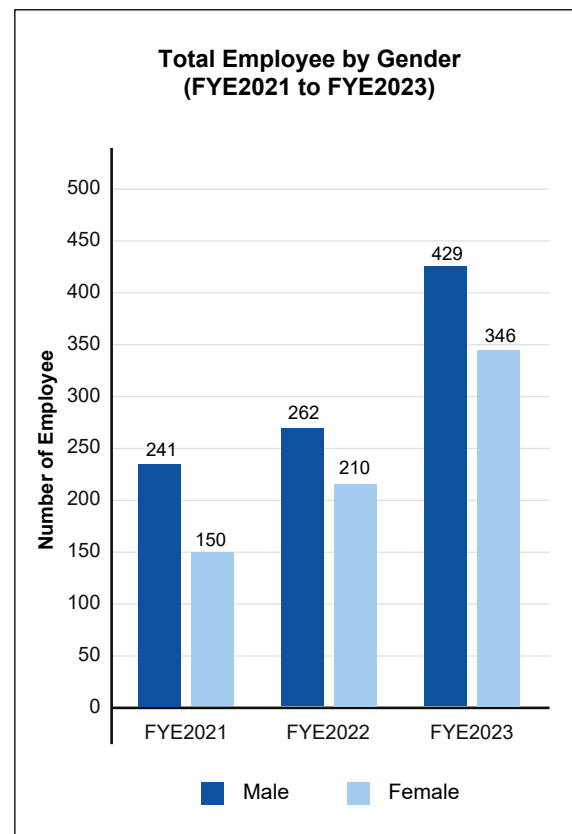
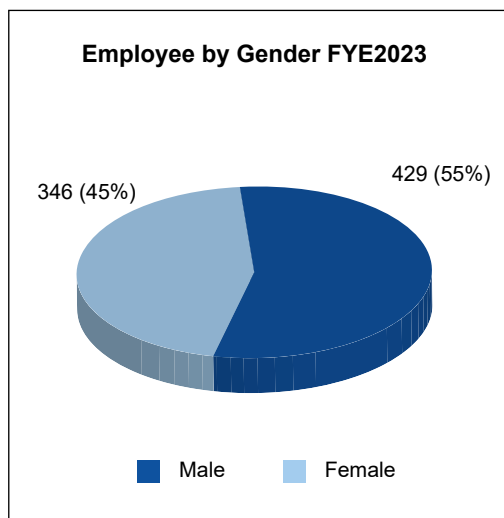
###### *Diversity and Inclusion*

The backbone of success in any organisation lies in the human capital of the organisation. Cape supports and promotes workplace equal opportunity, fair treatment, gender, and cultural diversity for both local and foreign employees.

The Group has a systematic appraisal process where employees are assessed based on their skillsets and capabilities. In addition, the headquarters facilities include a designated women's parking space for the safety of employees and nursing rooms to promote physical and mental wellness for nursing mothers.

As of 31 December 2023, the Group's workforce comprises 429 male employees and 346 female employees, which represents 55% and 45% of total employees respectively.

The gender diversity ratio of female employees has increased from 38% (FYE 2021) and 44% (FYE 2022) to 45% (FYE 2023).



# SUSTAINABILITY STATEMENT (CONT'D)

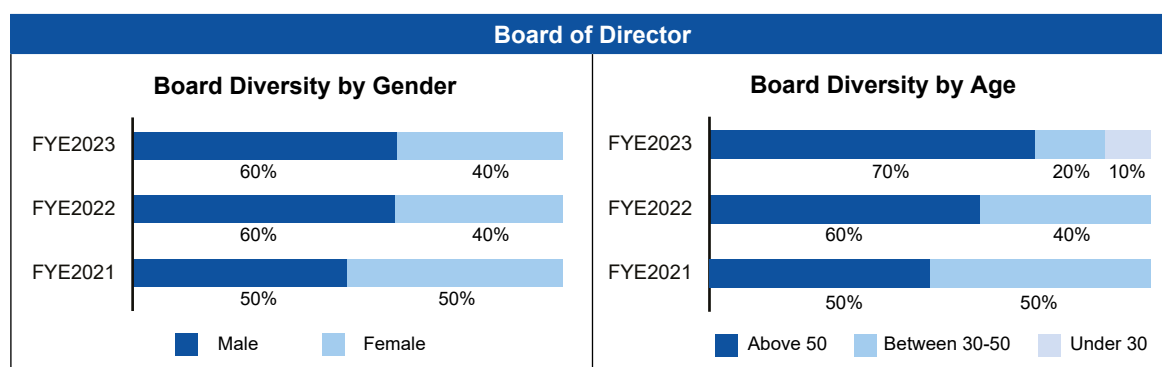
## 3. SUSTAINABILITY INITIATIVES & PERFORMANCE (CONT'D)

### 3.2 PEOPLE (CONT'D)

#### 3.2.3 Employee Well-Being (Cont'd)

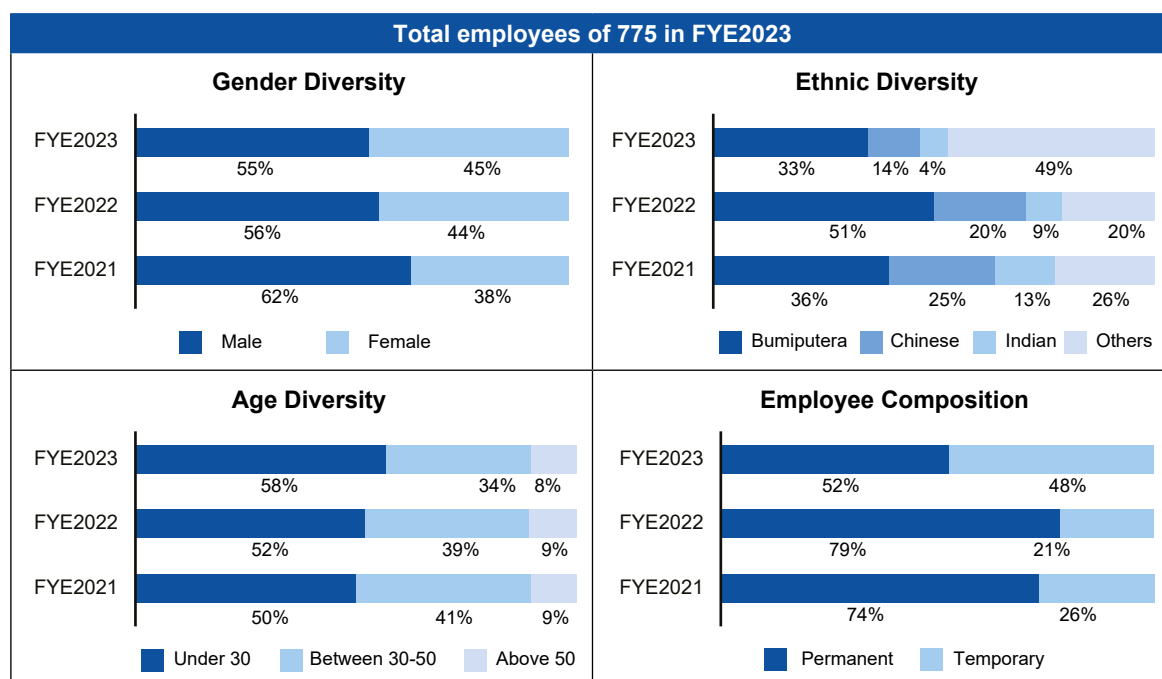
##### Board of Director Profile

Cape strongly advocates for equitable gender representation on the Board and ensures that a minimum of 30% women representation at the board level.



##### Workforce Profile

As of 31 December 2023, a total of 775 employees are coming from diverse backgrounds in terms of genders, age groups, and ethnicities.



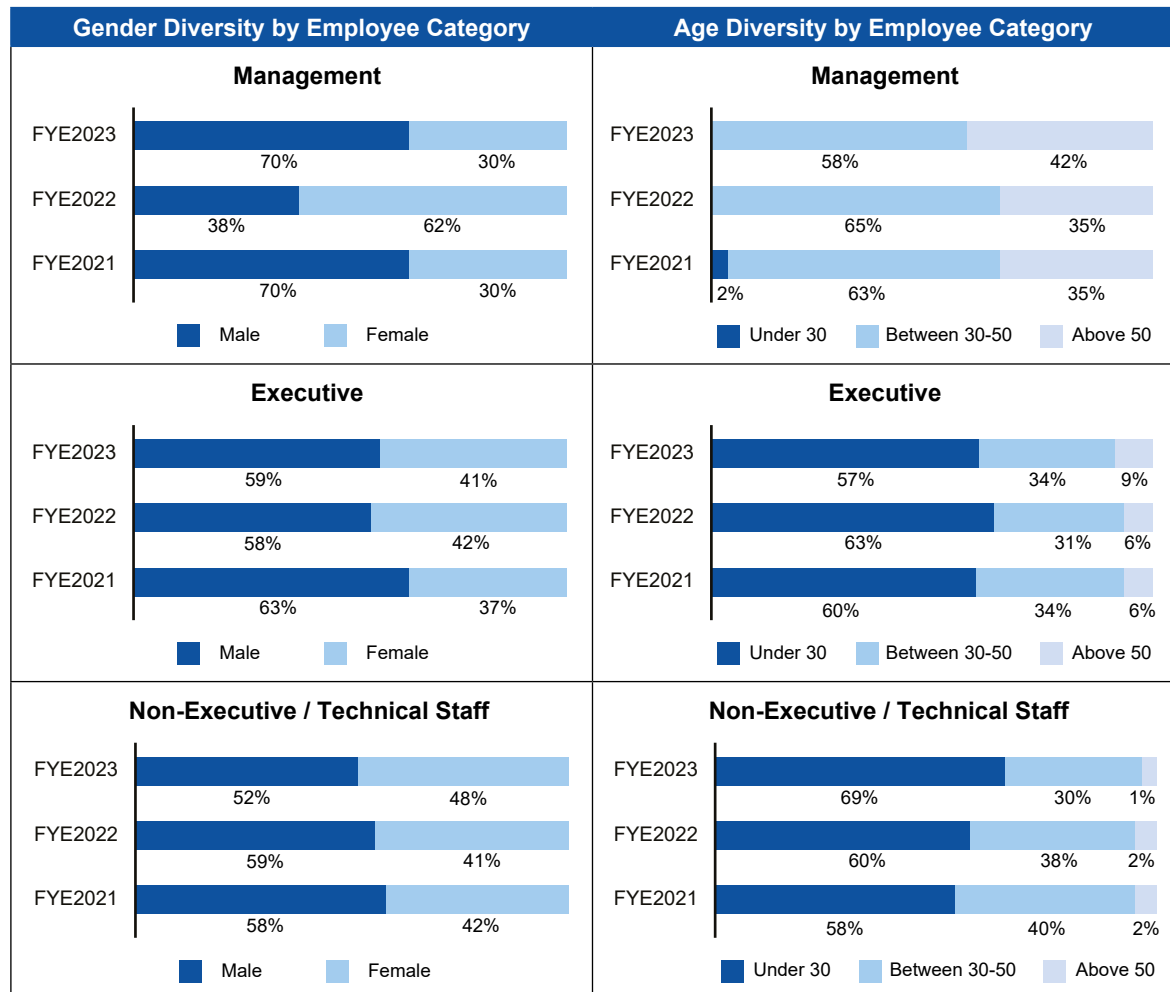
# SUSTAINABILITY STATEMENT (CONT'D)

## 3. SUSTAINABILITY INITIATIVES & PERFORMANCE (CONT'D)

### 3.2 PEOPLE (CONT'D)

#### 3.2.3 Employee Well-Being (Cont'd)

##### Workforce Profile (Cont'd)



# SUSTAINABILITY STATEMENT (CONT'D)

## 3. SUSTAINABILITY INITIATIVES & PERFORMANCE (CONT'D)

### 3.2 PEOPLE (CONT'D)

#### 3.2.4 Community Engagement

##### *Local Community*

As a responsible business, the Group is always supportive of the development and progress of the community and society. Contributions made towards the community in FYE 2023 are as below:

| Indicator                                                                                               | Unit   | FYE2021 | FYE2022 | FYE2023 |
|---------------------------------------------------------------------------------------------------------|--------|---------|---------|---------|
| Total amount invested in the community where the target beneficiaries are external to the listed issuer | MYR    | N/A     | 217,888 | 305,940 |
| Total number of beneficiaries of the investment in communities                                          | Number | N/A     | 4       | 9       |

N/A: Not Available

The Group believes that adopting a continuous CSR towards the community will create value and enhance the development of local society and community. We conducted multiple community engagements namely:

##### **Cash Donation to Badan Kebajikan Thalassaemia Malaysia**

In a bid to help sustain the activities and initiatives of Badan Kebajikan Thalassaemia Malaysia, the Group donated RM45,000 to provide financial assistance and support services for families affected by thalassemia which include covering medical treatments, transportation costs, and assisting with other practical needs.

##### **Walk For Hope Charity Walk**

Cape sponsored RM50,000 to a charity walk that took place at Sireh Park in Iskandar Puteri on 31 August 2023. Organized by Walk for Hope, the proceeds of the event will support Tongxin Waldorf in its expansion plans to accommodate the increase in student intake. Including 20 of our employees and their families, about 400 people participated in the event.



##### **Yayasan Pembangunan Keluarga Darul Tazim (YPKDT)**

A collaborative effort between the Group and Yayasan Pembangunan Keluarga Darul Tazim (YPKDT), a government agency with a mission of promoting family well-being and social development; The Group has since then created job opportunities for employees with disabilities at the Kempas 6 factory facility where they are given the same opportunities for career advancement, skill development, and professional growth.



## SUSTAINABILITY STATEMENT (CONT'D)

### 3. SUSTAINABILITY INITIATIVES & PERFORMANCE (CONT'D)

#### 3.2 PEOPLE (CONT'D)

##### 3.2.4 Community Engagement (Cont'd)

###### Community Outreach Project

The ESG Initiatives Committee members of Cape collaborated with Kechara Soup Kitchen (KSK) Johor to carry out door-to-door dry provisions delivery to twenty-six (26) marginalized families in Johor Bahru. Items such as rice, cooking oil, canned food, biscuits, and instant noodles were sponsored by Cape for the activity.

Such outreach project provides employees with opportunities to participate in meaningful and impactful activities, fostering a sense of pride, motivation, and fulfillment. The distribution of provisions can also be aligned with specific Sustainability Development Goals (SDGs) related to ending hunger, promoting good health and well-being, and achieving zero poverty, among others.



For the year 2023, we have also contributed to several other organizations as listed below:

| Beneficiary                                             | Amount (RM)    |
|---------------------------------------------------------|----------------|
| Dewan Perniagaan dan Perindustrian Kebangsaan Malaysia  | 50,000         |
| Malaysia International Chamber of Commerce and Industry | 22,300         |
| Tabung Bencana Kementerian Luar Negeri                  | 100,000        |
| Xiamen University                                       | 2,500          |
| Bulan Sabit Merah Malaysia                              | 30,000         |
| Pertubuhan Prihatin dan Kebajikan Ikatan Kasih          | 3,000          |
| Kechara Food Bank                                       | 3,140          |
| <b>Total</b>                                            | <b>210,940</b> |

During FYE2023, employees of Cape participated in community programs, i.e.: Blood Donation Drive and Kechara Food Bank Delivery.

| Indicator                                             | Unit   | FYE2021 | FYE2022 | FYE2023 |
|-------------------------------------------------------|--------|---------|---------|---------|
| Employees participated in community impact programmes | Number | N/A     | N/A     | 91      |
| Total hours spent on community impact programs        | Hours  | N/A     | N/A     | 9       |

N/A: Not Available



## SUSTAINABILITY STATEMENT (CONT'D)

### 3. SUSTAINABILITY INITIATIVES & PERFORMANCE (CONT'D)

#### 3.2 PEOPLE (CONT'D)

##### 3.2.4 Community Engagement (Cont'd)

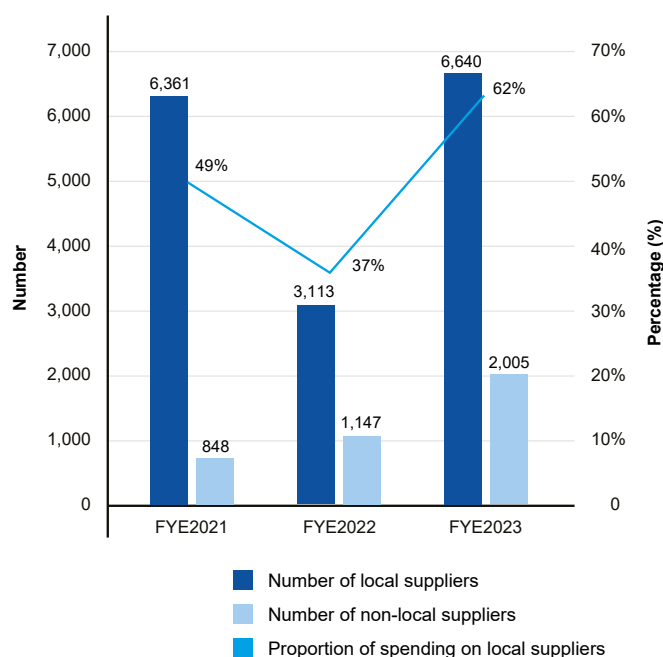
###### Local Procurement

As a corporate citizen of Malaysia, Cape aims to stand with the local community it operates in. Cape prides itself in the support of local society and shall prioritise sourcing from local vendors to supply the required items/ services for Cape whenever available. However, due to our customer's requirements, some of the components and parts are purchased directly from the customers themselves.

As of 31 December 2023, the proportion of spending on local suppliers has increased to 62% from 49% (in FYE2021) and 37% (in FYE2022).

| Indicator                                 | Unit       | FYE2021 | FYE2022 | FYE2023 |
|-------------------------------------------|------------|---------|---------|---------|
| Proportion of spending on local suppliers | Percentage | 49%     | 37%     | 62%     |
| Number of local suppliers                 | Number     | 6,361   | 3,113   | 6,640   |
| Number of non-local suppliers             | Number     | 848     | 1,147   | 2,005   |

Local VS Non-Local Suppliers by FYE



##### 3.2.5 Data Privacy and Security

Businesses are increasingly relying on Information Technology ("IT") systems and services such as cloud servers, remote access, virtual networks, etc. to enhance business capability and operational efficiency.

Thus, safeguarding cybersecurity has become more important to businesses, and the Group has an IT function responsible for developing and maintaining the integrity of the IT system, including ensuring appropriate controls such as firewalls, private networks, backup systems, and anti-virus and anti-malware systems are in place.

In addition to common sensitive business data and personal data, the operation of the Group may also have access to confidential information or intellectual property data of customers. Employees who are involved in handling customer data, assets, or IP are regularly reminded to act by the Group's policies and practices to protect our customers.

## SUSTAINABILITY STATEMENT (CONT'D)

### 3. SUSTAINABILITY INITIATIVES & PERFORMANCE (CONT'D)

#### 3.2 PEOPLE (CONT'D)

##### 3.2.5 Data Privacy and Security (Cont'd)

During the FYE2023, security enhancement carried out by the IT Department includes:

| Timeline     | Details                                                                                                                                                                                                                                                     |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| March 2023   | Lock Screen policy to securely lock out employee workstations after idling for a period to avoid unauthorized access.                                                                                                                                       |
| May 2023     | Implementation of HTML Mail Block policy as a countermeasure of malicious mail received by our employees.                                                                                                                                                   |
| June 2023    | Internet Policy and Wi-Fi security deployment, to restrict Wi-Fi only accessible by company personnel to improvise internet access control among users.                                                                                                     |
| July 2023    | Implementation of External Peripheral Media Storage Policy to prevent unapproved or potentially unsafe devices of Media Storage and USB Drive. Concurrently reduce the risk of sensitive data from being copied or transferred outside the company network. |
| October 2023 | Security Operation Centre ("SOC") deployment for Network Security Monitoring and Threat Detection with 24/7 service network monitoring and threat detection capability.                                                                                     |

As of 31 December 2023, Cape has not received any complaints concerning data privacy breaches, and the Group has not been alerted to any identified leaks, thefts, or losses of customer data.

| Indicator                                                                                             | Unit   | FYE2021 | FYE2022 | FYE2023 |
|-------------------------------------------------------------------------------------------------------|--------|---------|---------|---------|
| Number of substantiated complaints concerning breaches of customer privacy or losses of customer data | Number | Zero    | Zero    | Zero    |

### 3.3 PROFIT

#### 3.3.1 Ethical Business Practice

One of the most important elements in sustaining the Group business in the long term would be the upholding of ethics and integrity in our business and by our people. Cape's commitment to this core principle has helped to build trust with the stakeholders and become a responsible and trustworthy corporation.

Various policies and communication documents have been established to set out the Group's stances, commitments, or expectations for the stakeholders.

##### Anti-Bribery Management System ("ABMS")

Cape has been certified with ISO 37001: 2016 Anti-Bribery Management Systems ("ABMS") in June 2023. With this certification, all employees, personnel, suppliers, business associates, and third-party intermediaries who provide, or shall provide products and services and acting on behalf of the Group are set out to assure a culture of GIAT is instilled in Cape to prevent, detect, respond, and address potential bribery and corruption.

##### Anti-Bribery and Corruption ("ABC") Policy

Besides the certification, Cape has also established an Anti-Bribery and Corruption ("ABC") Policy since 1st April 2022 and revised on 15th March 2023, which sets out the Group's zero-tolerance policy towards bribery in all its businesses regardless of country of operations. The ABC Policy is not only applicable to Directors and employees but also the Group's suppliers and business associates to ensure all our operations, including those carried out by service providers, are conducted fairly.

##### Code of Conduct and Ethics ("CoCE")

The Group has also in place the Code of Conduct and Ethics ("CoCE") Policy to provide a systematic guideline for the Group's employees, business associates, suppliers, and third-party intermediaries who provide or shall provide goods and services and acting on behalf of the Group are aware of the CoCE Policy that set forth our core values, expectation, and standard of business conduct and ethics.

## SUSTAINABILITY STATEMENT (CONT'D)

### 3. SUSTAINABILITY INITIATIVES & PERFORMANCE (CONT'D)

#### 3.3 PROFIT (CONT'D)

##### 3.3.1 Ethical Business Practice (Cont'd)

###### Whistleblowing Policy

The ABC and CCE Policies are supported by the Whistleblowing Policy which provides a channel for all employees and stakeholders to report in good faith any illegal, unethical, questionable practices, wrongdoings, or improper conduct committed or about to be committed within the Group without fear of being subject to detrimental conduct including reprisal and retaliation.

Employees are expected to conduct themselves professionally and with integrity and shall not engage in any form of corrupt or illegal acts. Any allegation or suspicion of corruption or illegality is taken seriously, and every employee is to uphold its promulgated business ethics when carrying out their tasks and responsibilities.

In FYE 2023, there was no bribery and corruption case reported and our Group aims to maintain this record by promoting a positive culture of compliance. None of our employees was disciplined or dismissed due to non-compliance with the ABC policy. Cape remains committed to preserving this record and will continue to uphold high levels of integrity and ethical standards.

| Indicator                         | Unit   | FYE2021 | FYE2022 | FYE2023 |
|-----------------------------------|--------|---------|---------|---------|
| Confirmed incidents of corruption | Number | Zero    | Zero    | Zero    |

###### Corruption Risk Assessment and Training

The Group has procedures to communicate its ABC Policy and stance to stakeholders. The policy is communicated to all Directors and employees when they join the Group and at least once in three years. Training is also provided to all Directors and employees in positions and functions that are exposed to higher corruption risk.

| Indicator                                                      | Unit       | FYE2021 | FYE2022 | FYE2023 |
|----------------------------------------------------------------|------------|---------|---------|---------|
| Percentage of operations assessed for corruption-related risks | Percentage | N/A     | 90%     | 100%    |

N/A: Not Available

Cape's Directors and employees who have received training on anti-corruption are summarised as follows:

| Indicator                                                                                         | Unit       | FYE2021 | FYE2022 | FYE2023 |
|---------------------------------------------------------------------------------------------------|------------|---------|---------|---------|
| <b>Percentage of employees who have received training on anti-corruption by employee category</b> |            |         |         |         |
| Management                                                                                        | Percentage | N/A     | 79%     | 82%     |
| Executive                                                                                         | Percentage | N/A     | 23%     | 24%     |
| Non-Executive/ Technical Staff                                                                    | Percentage | N/A     | 8%      | 8%      |

N/A: Not Available

###### Supplier Due Diligence

We expect our suppliers to adhere to Cape's ethical business practices and values. Besides, implementing stringent supplier selection criteria, we also conduct regular supplier audits and assessments to evaluate supplier practices, processes, and documentation to ensure their compliance with applicable regulations and standards which is an essential tool for manufacturers to maintain consistent product quality, and not impact the materials supply due to quality rejects.

# SUSTAINABILITY STATEMENT (CONT'D)

## 4. PERFORMANCE DATA TABLE

| Indicator                                                                                                    | Unit       | FYE2021   | FYE2022   | FYE2023   | Target                     |
|--------------------------------------------------------------------------------------------------------------|------------|-----------|-----------|-----------|----------------------------|
| Anti-corruption                                                                                              |            |           |           |           |                            |
| Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category       |            |           |           |           |                            |
| Management                                                                                                   | Percentage | N/A       | 79%       | 81.7%     | 85%                        |
| Executive                                                                                                    | Percentage | N/A       | 23%       | 24.2%     | 25%                        |
| Non-executive/Technical Staff                                                                                | Percentage | N/A       | 8%        | 8.2%      | 10%                        |
| Bursa C1(b) Percentage of operations assessed for corruption-related risks                                   | Percentage | N/A       | 90%       | 100%      | 100%                       |
| Bursa C1(c) Confirmed incidents of corruption and action taken                                               | Number     | Zero      | Zero      | Zero      | Zero                       |
| Health & Safety                                                                                              |            |           |           |           |                            |
| Bursa C5(a) Number of work-related fatalities                                                                | Number     | Zero      | Zero      | Zero      | Zero fatality annually     |
| Bursa C5(b) Lost Time Incident Rate ("LTIR")                                                                 | Rate       | Zero      | 0.22      | 0.58      | 0.25                       |
| Bursa C5(c) Number of employees trained on health and safety standards                                       | Number     | 99        | 138       | 615       | 650                        |
| Total hours worked                                                                                           | Hours      | 415,200   | 895,776   | 691,200   | 600,000                    |
| Number of lost time injuries                                                                                 | Number     | 0         | 1         | 2         | 1                          |
| Cybersecurity & Data Protection                                                                              |            |           |           |           |                            |
| Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy or losses of customer | Number     | Zero      | Zero      | Zero      | Zero                       |
| Climate Change                                                                                               |            |           |           |           |                            |
| Bursa C4(a) Total energy consumption                                                                         | Gigajoules | 33,747.06 | 40,346.10 | 43,126.89 | Zero-emission by Year 2035 |
| Bursa C11(a) Scope 1 emissions in tonnes of CO2e                                                             | tCO2 -e    | 143.18    | 124.07    | 117.58    |                            |
| Bursa C11(b) Scope 2 emissions in tonnes of CO2e                                                             | tCO2 -e    | 8,249.28  | 9,862.38  | 10,542.13 |                            |
| Bursa C11 (c) Scope 3 emissions in tonnes of CO2e (i.e., business travel and employee commuting)             | tCO2 -e    | N/A       | N/A       | N/A       |                            |
| Employee Management                                                                                          |            |           |           |           |                            |
| Bursa C6(a) Total hours of training by employee category                                                     |            |           |           |           |                            |
| Management                                                                                                   | Hours      | Zero      | 777       | 1,490     | 1,500                      |
| Executive                                                                                                    | Hours      | Zero      | 1,797     | 4,838     | 5,000                      |
| Non-executive/Technical Staff                                                                                | Hours      | Zero      | 903       | 1,932     | 2,000                      |
| Bursa C6(c) Total number of employee turnover by employee category                                           |            |           |           |           |                            |
| Management                                                                                                   | Number     | 17        | 11        | 21        | 10                         |
| Executive                                                                                                    | Number     | 37        | 77        | 46        | 30                         |
| Non-executive/Technical Staff                                                                                | Number     | 74        | 118       | 83        | 75                         |
| Average training hours per employee                                                                          | Hours      | Zero      | 7.53      | 10.8      | 11                         |
| Total new hires                                                                                              | Number     | 319       | 282       | 458       | 370                        |
| New hire rate                                                                                                | Percentage | 107.9%    | 65.7%     | 73.8%     | 41%                        |
| Turnover rate                                                                                                | Percentage | 43.3%     | 48.0%     | 24.2%     | 17%                        |

## SUSTAINABILITY STATEMENT (CONT'D)

### 4. PERFORMANCE DATA TABLE (CONT'D)

| Indicator                                                                        | Unit       | FYE2021 | FYE2022 | FYE2023 | Target                                                                                     |
|----------------------------------------------------------------------------------|------------|---------|---------|---------|--------------------------------------------------------------------------------------------|
| <b>Diversity, Equity &amp; Inclusion</b>                                         |            |         |         |         |                                                                                            |
| Bursa C3(a) Percentage of employees by gender and age group by employee category |            |         |         |         | Increase participation of women in leadership roles at the management level to 30% by 2024 |
| Gender group by employee category                                                |            |         |         |         |                                                                                            |
| Management – Male                                                                | Percentage | 70%     | 38%     | 70%     | 70%                                                                                        |
| Management – Female                                                              | Percentage | 30%     | 62%     | 30%     | 30%                                                                                        |
| Executive – Male                                                                 | Percentage | 63%     | 58%     | 59%     | 60%                                                                                        |
| Executive - Female                                                               | Percentage | 37%     | 42%     | 41%     | 40%                                                                                        |
| Non-executive/Technical Staff - Male                                             | Percentage | 58%     | 59%     | 52%     | 40%                                                                                        |
| Non-executive/Technical Staff - Female                                           | Percentage | 42%     | 41%     | 48%     | 60%                                                                                        |
| Age group by employee category                                                   |            |         |         |         |                                                                                            |
| Management - Under 30                                                            | Percentage | 2%      | 0%      | 0%      | 0%                                                                                         |
| Management - Between 30-50                                                       | Percentage | 63%     | 65%     | 58%     | 56%                                                                                        |
| Management - Above 50                                                            | Percentage | 35%     | 35%     | 42%     | 44%                                                                                        |
| Executive - Under 30                                                             | Percentage | 60%     | 63%     | 57%     | 55%                                                                                        |
| Executive - Between 30-50                                                        | Percentage | 34%     | 31%     | 34%     | 35%                                                                                        |
| Executive - Above 50                                                             | Percentage | 6%      | 6%      | 9%      | 10%                                                                                        |
| Non-executive/Technical Staff - Under 30                                         | Percentage | 58%     | 60%     | 69%     | 77%                                                                                        |
| Non-executive/Technical Staff - Between 30-50                                    | Percentage | 40%     | 38%     | 30%     | 22%                                                                                        |
| Non-executive/Technical Staff - Above 50                                         | Percentage | 2%      | 2%      | 1%      | 1%                                                                                         |
| Bursa C3(b) Percentage of directors by gender and age group                      |            |         |         |         |                                                                                            |
| Male                                                                             | Percentage | 50%     | 60%     | 60%     | 60%                                                                                        |
| Female                                                                           | Percentage | 50%     | 40%     | 40%     | 40%                                                                                        |
| Under 30                                                                         | Percentage | 0%      | 0       | 10%     | 10%                                                                                        |
| Between 30-50                                                                    | Percentage | 50%     | 40%     | 20%     | 20%                                                                                        |
| Above 50                                                                         | Percentage | 50%     | 60%     | 70%     | 70%                                                                                        |
| Bursa C6(b) Percentage of employees that are contractors or temporary staff      |            |         |         |         |                                                                                            |
| Permanent                                                                        | Percentage | 74%     | 79%     | 52%     | 40%                                                                                        |
| Temporary                                                                        | Percentage | 26%     | 21%     | 48%     | 60%                                                                                        |
| Employee Percentage by category                                                  |            |         |         |         |                                                                                            |
| Gender diversity - Male                                                          | Percentage | 62%     | 56%     | 55%     | 45%                                                                                        |
| Gender diversity - Female                                                        | Percentage | 38%     | 44%     | 45%     | 55%                                                                                        |
| Age diversity - Under 30                                                         | Percentage | 50%     | 52%     | 58%     | 67%                                                                                        |
| Age diversity - Between 30-50                                                    | Percentage | 41%     | 39%     | 34%     | 27%                                                                                        |
| Age diversity - Above 50                                                         | Percentage | 9%      | 9%      | 8%      | 6%                                                                                         |
| Ethnic diversity - Bumiputera                                                    | Percentage | 36%     | 51%     | 33%     | 25%                                                                                        |
| Ethnic diversity - Chinese                                                       | Percentage | 25%     | 20%     | 14%     | 10%                                                                                        |
| Ethnic diversity - Indian                                                        | Percentage | 13%     | 9%      | 4%      | 3%                                                                                         |
| Ethnic diversity - Others                                                        | Percentage | 26%     | 20%     | 49%     | 62%                                                                                        |

## SUSTAINABILITY STATEMENT (CONT'D)

### 4. PERFORMANCE DATA TABLE (CONT'D)

| Indicator                                                                                                           | Unit          | FYE2021 | FYE2022    | FYE2023    | Target                                                                    |
|---------------------------------------------------------------------------------------------------------------------|---------------|---------|------------|------------|---------------------------------------------------------------------------|
| <b>Human Rights</b>                                                                                                 |               |         |            |            |                                                                           |
| Bursa C6(d) Number of substantiated complaints concerning human rights violations                                   | Number        | Zero    | Zero       | Zero       | Zero substantiated complaints concerning human rights violations annually |
| <b>Supply Chain Management</b>                                                                                      |               |         |            |            |                                                                           |
| Bursa C7(a) Proportion of spending on local suppliers                                                               | Percentage    | 49%     | 37%        | 62%        | 70%                                                                       |
| <b>Waste Management</b>                                                                                             |               |         |            |            |                                                                           |
| Bursa C10(a) Total waste generated                                                                                  | Metric tonnes | 46.47   | 137.75     | 132.57     | Reduce waste sent to landfill by 5% from 2023 baseline by 2025            |
| Bursa C10(a)(i) Total waste diverted from disposal                                                                  | Metric tonnes | 43.4    | 37.48      | 112.4      | Reduce waste sent to landfill by 5% from 2023 baseline by 2025            |
| Bursa C10(a)(ii) Total waste directed to disposal                                                                   | Metric tonnes | Zero    | 104.29     | 13.22      | Reduce waste sent to landfill by 5% from 2023 baseline by 2025            |
| <b>Community Investment</b>                                                                                         |               |         |            |            |                                                                           |
| Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer | MYR           | N/A     | 217,888.00 | 305,940.00 | 450,000                                                                   |
| Bursa C2(b) Total number of beneficiaries of the investment in communities                                          | Number        | N/A     | 4          | 9          | 10                                                                        |
| Employees participated in community impact programmes                                                               | Number        | N/A     | N/A        | 91         | 100                                                                       |
| Total hours spent on community impact programs                                                                      | Hours         | N/A     | N/A        | 9          | 12                                                                        |
| <b>Water Management</b>                                                                                             |               |         |            |            |                                                                           |
| Bursa C9(a) Total volume of water used                                                                              | Megalitres    | 57.539  | 59.319     | 62.521     | Reduce water consumption by 20% from 2023 baseline by 2025                |

N/A: Not Available

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the “**Board**”) of CAPE EMS Berhad (“**CAPE**” or “**the Company**”) recognises the importance of good corporate governance (“**CG**”) and is fully committed to practicing high standards of CG in the best interest of the Company and its stakeholders, and to protect and enhance shareholders’ value and the performance of the Company and its subsidiaries (the “**Group**”).

Though the Company was listed on the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) on 10 March 2023, the Board nevertheless wishes to present this CG Overview Statement (the “**Statement**”) to provide shareholders and investors with an overview of the CG practices adopted by the Company for the financial year ended 31 December 2023 (“**FYE 2023**”).

The Company may not be able to apply all the principles and practices as set out in Malaysian Code on Corporate Governance 2021 (“**MCCG**”) in accordance with Paragraph 15.25 of Main Market Listing Requirements (“**MMLR**”) of Bursa Securities as CAPE was only listed on 10 March 2023 and therefore, certain practices and processes are formalising.

This Statement should also be read in tandem with the CG Report 2023 of the Company (“**CG Report**”) which is available on the Company’s corporate website at [www.cape-group.com.my](http://www.cape-group.com.my) as well as the announcement made via Bursa Securities at <https://www.bursamalaysia.com/>.

The application of CG practices in this Statement was guided by the following three (3) key principles and practices to achieve the intended outcome to the extent of compliance with the recommendation of good CG as set out in the MCCG issued by the Securities Commission Malaysia on 28 April 2021 and CG Guide (4th Edition) issued by Bursa Malaysia Berhad.



## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

#### Intended Outcome 1.0

**Every company is headed by a board, which assumes responsibility for the company’s leadership and is collectively responsible for meeting the objectives and goals of the company.**

- 1.1 The Board recognises the key role it plays in charting the strategic direction of the Company for providing effective leadership to the Group and is accountable and responsible for the performance and affairs of the Company. The Board is also responsible for effective oversight over the Management of the Group’s businesses, financial performance, risk management, and internal control systems and ensures effective implementation of strategies, policies, processes, and systems to facilitate the setting of strategic direction, achievement of corporate goals for creating and delivering long-term sustainable value.

The Board has adopted a Charter for the Board of Directors (“**Board Charter**”) to delineate the roles and responsibilities of the Board, Board Committees and the Management in carrying out their stewardship role and discharging their duties towards the Group as well as boardroom activities.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

#### Intended Outcome 1.0 (Cont'd)

##### 1.1 (Cont'd)

The Management of the Company is led by the Managing Director/Group Chief Executive Officer ("**MD/GCEO**") with the assistance of the Executive Directors of the Company. The MD/GCEO provides reports to the Board on the overall business operations and strategic aims of the Company, ensuring that the Directors are informed of current operations, challenges and strategic plans of the Group. During the Audit Committee ("**AC**") meetings and Board meetings, the MD/GCEO briefs the Directors, issues encountered and the Group's strategy plans in order for the Board to be kept abreast on the conduct, business activities and developments. The Chairman of the Sustainability and Risk Management Committee ("**SRMC**") provides updates to the Board on the Group's risk management, sustainability strategies, business plans and key initiatives to achieve sustainability outcomes. The Board plays a key role in advising Management on formulation short-term and long-term business strategies in alignment with the Company's values and standards. The Group Chief Financial Officer and the Executive Directors also updates the Board on the Group's financial position, cash flow, and liquidity, facilitating discussions on resource deployment to meet the Company's objective. Overall, the Board's discussions and advice guide the Company in making well-informed decisions for its sustainable growth.

In the discharge of the Board's duties and responsibilities, the Board has delegated certain duties and authorities to four (4) Board Committees namely, the AC, Nominating Committee ("**NC**"), Remuneration Committee ("**RC**"), and SRMC to assist the Board in discharging its responsibilities, overseeing the Company's affairs and in deliberation of issues within their respective functions and terms of reference ("**TOR**"), which outlined clearly their objectives, duties and powers. The Chairman of each Committee will report to the Board on the outcome of the committee's meetings and resolutions, which would also include the key issues deliberated at the committee's meetings.

- 1.2 The Board is chaired by Datuk Mohd Rabin Bin Basir, who provides effective leadership, strategic direction, and necessary governance to the Group. During Board meetings, the Chairman plays an active role in ensuring that all Directors are given an opportunity and sufficient time to contribute to discussions, encourage active participation, and ensure that all matters on the agenda are addressed.
- 1.3 There is a clear segregation of duties and responsibilities between the Board Chairman and the MD/GCEO to ensure there is a balance of power, accountability and such that no individual has unfettered powers of decision-making, thereby protecting the shareholders' and other stakeholders' interests. The positions of the Chairman and MD/GCEO of the Company are held by two (2) different individuals. The Chairman is primarily responsible for instilling good CG practices, leadership, and effectiveness of the Board as a whole, while the MD/GCEO has overall responsibilities over the business operations and day-to-day management of the Group and the implementation of the Board's policies and decisions. These divisions of responsibilities are set out in the Company's Board Charter.
- 1.4 The Board Chairman is not a member of the AC, NC, RC, and SRMC of the Company in line with the best practices as advocated by the MCCG to ensure independence and objectivity during the Board meetings and Board Committee meetings.
- 1.5 The Company is supported by two (2) suitably qualified and competent Company Secretaries. Both Company Secretaries have requisite credentials and experiences while qualified to act as Company Secretaries pursuant to Section 235(2)(a) of the Companies Act 2016 ("**the Act**"). Both Company Secretaries are registered with the Companies Commission of Malaysia under Section 241 of the Act and holds a practicing certificate issued by the Registrar of Companies. With extensive knowledge and experience in public practice, both Company Secretaries actively assists the Management in preparing all necessary documentation, minutes and updates for Board and Board Committees' meetings. Throughout FYE 2023, the Company Secretaries and her representative attended all Board and Board Committees' meetings. Additionally, the Company Secretaries have provided valuable advice, updates and guidance to both the Board and Management on regulatory and company secretarial matters. By staying abreast of the latest regulatory and CG developments through continuous training and industry updates, the Company Secretaries have further enhanced their professional knowledge. They have participated in various relevant continuous professional development activities throughout FYE 2023. The Board is satisfied with the performance and support provided by the Company Secretaries in fulfilling their functions and duties.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

#### Intended Outcome 1.0 (Cont'd)

- 1.6 The agenda for the Board or Board Committees' meetings together with relevant reports and information on the Company's business operations, as well as the proposal papers for the Board or Board Committees' consideration, are circulated to all the Directors at least five (5) business days in advance to enable the Directors to have sufficient time to review the material and to obtain additional information or clarification as needed before the meeting. The Board papers comprising of due notice of issues to be discussed and supporting information and documentation are provided to the Board sufficiently in advance. The minutes of Board or Board Committees' meetings are circulated to the respective Chairman of the meetings on a timely manner for review before they are confirmed and adopted by members of the Board or Board Committee at their respective meetings.

During FYE 2023, the Board convened a total of six (6) Board Meetings to deliberate on the Company's acquisition of business, private placement, joint-venture, the audited financial statements, business plan and development, the internal auditors' report, the report from the Chairman of SRMC and discussing other strategic and important matters. During the Board Meetings, the Board reviewed the operations, budget, financial position, and performance of the Group and other strategic issues that may affect the Group's business. Relevant senior management members were invited to attend some of the Board Meetings to provide the Board with their views and clarifications on issues raised by the Directors. The NC was satisfied that the Directors, to the best of their ability, have devoted sufficient time and effort to attend Board and/or Board Committee meetings for FYE 2023.

The attendance of Directors for the Board and Board Committee meetings during FYE 2023 is set out below:-

| Directors                                             | Meeting Attendance |     |     |     |      |
|-------------------------------------------------------|--------------------|-----|-----|-----|------|
|                                                       | Board of Directors | AC  | NC  | RC  | SRMC |
| <b>MD/GCEO</b>                                        |                    |     |     |     |      |
| Tee Kim Chin                                          | 6/6                | -   | -   | -   | 3/3  |
| <b>Non-Independent Executive Director ("NIED")</b>    |                    |     |     |     |      |
| Tee Kim Yok                                           | 6/6                | -   | -   | -   | -    |
| Alex Miranda Juntado                                  | 6/6                | -   | -   | -   | -    |
| Lim Chue Wan                                          | 6/6                | -   | -   | -   | -    |
| <b>Independent Non-Executive Director ("INED")</b>    |                    |     |     |     |      |
| Datuk Mohd Rabin Bin Basir<br>(Chairman of the Board) | 6/6                | -   | -   | -   | -    |
| Tan Sik Hui<br>(Senior INED)                          | 6/6                | -   | 2/2 | -   | -    |
| Yau Yin Wee                                           | 6/6                | 6/6 | 2/2 | 1/1 | -    |
| Koh Beng San                                          | 6/6                | 6/6 | 2/2 | 1/1 | 3/3  |
| Chen Kok Seng                                         | 6/6                | 6/6 | -   | 1/1 | 3/3  |

Remark:-

(-) means not member.

The Board committee meetings for AC, NC, RC, and SRMC were conducted separately from the Board meeting during FYE 2023 to enable objective and independent discussion during the meetings.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

#### Intended Outcome 2.0

**There is a demarcation of responsibilities between the board, board committees, and management.**

**There is clarity in the authority of the board, its committees, and individual directors.**

- 2.1 The Company has adopted a Board Charter that has included a formal schedule of matters reserved for the Board, which is periodically reviewed. The Board Charter outlines the Board's strategic intent and the Board's roles and responsibilities. The Board Charter serves as a source of reference and primary induction literature to provide insights to prospective board members and senior management and to assist the Board in establishing operating procedures for the Board. It is also a policy document that the Board has decided upon to meet its statutory and other responsibilities and serves as a reminder for the Board of the statutory framework within which it operates. The said schedule details the responsibilities of the Board and Board-Management relationship, including management limitations.

With this, the respective functions, roles, and responsibilities of the Directors and Management are set out in the Board Charter as guidance and clarity to enable them to effectively discharge their duties. The Board Charter also includes an outline of the expectations in terms of commitment, roles, and responsibilities as a Board Member. The Board Charter is published and available on the Company's website at [www.cape-group.com.my](http://www.cape-group.com.my).

#### Intended Outcome 3.0

**The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency, and fairness.**

**The board, management, employees, and other stakeholders are clear on what is considered acceptable behaviour and practice in the Company.**

- 3.1 The Company has established the Code of Conduct and Ethics ("**COCE**") that applies to all Directors and employees of the Group, which set forth the general principles and standards of business conduct and ethical behavior for the Directors and employees of the Group. The Directors, Management, and employees are expected to observe high standards of behavior and integrity when representing the Group including the professionalism and trust expected from them. This includes areas concerning:-

- (a) Code of Conduct and Ethics
- (b) Environmental Sustainability – Fair Workplace with Health, Safety, Security and Environment Practices
- (c) Social Sustainability – Fair Labour and Employment Practices
- (d) Governance Sustainability – Fair Business Practices personal and family relationships;
- (e) Monitoring and Failure to Comply
- (f) Compliance to the Law
- (g) Supplementary to Code of Conduct and Ethics
- (h) Immunity and Disclaimer
- (i) Review of Whistleblowing Policy

In compliance with the amendments of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and guided by the principles of the Ministerial Guidelines and Paragraph 15.29 of MMLR of the Bursa Securities in relation to the anti-bribery, the Company has also established and implemented an Anti-Bribery and Corruption Policy ("**ABC Policy**") which governs the prevention of corruption and unethical practices within the Company. The channel for reporting unlawful or unethical behavior is available through the Anti-Money Laundering Policy ("**AML Policy**") and Whistle-blowing Policy ("**WB Policy**") of the Group. The Group's contractors, sub-contractors, consultants, agents, representatives, and any other parties performing work or services for or on behalf of the Group shall observe and comply with the COCE and the ABC Policy when performing such work or services. The COCE, the AML Policy, WB Policy and ABC Policy are available on the Company's website at [www.cape-group.com.my](http://www.cape-group.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

#### Intended Outcome 3.0 (Cont'd)

- 3.2 The Board adopted the WB Policy to aid in the detection and prevention of fraud and to facilitate the whistleblower, including all employees and Directors of the Group to report or disclose through established channels on any violations or wrongdoings they may observe in the Group without fear of retaliation should they act in good faith when reporting such concerns. Only genuine concerns should be reported under the whistleblowing procedures. The report should be made in good faith with a reasonable belief that the information and any allegations made are substantially true and the report is not made for personal gain. Malicious and false allegations will be viewed seriously and treated as gross misconduct and may lead to dismissal if proven. The AML Policy and WB Policy fosters an environment in which integrity and ethical behaviour are maintained through. The Board shall be apprised of any report which are serious in nature or of grave repercussions. During FYE 2023, the Group has not received any report made by any whistle-blower.

#### Intended Outcome 4.0

**The Company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.**

- 4.1 The Board together with the Management acknowledge their responsibility for governing sustainability within the Company, covering areas such as health, safety, environment, social and governance. They ensure that sustainability is integrated into the strategic direction of the Group and its operations, including settling the Company's strategies, priorities, and targets. The Board ensures that sustainability considerations are factored into their duties, which include developing and implementing company strategies, business plans, major action plans, and risk management.
- 4.2 During FYE 2023, the Group Sustainable Management Committee was renamed as the Group Sustainable Oversight Committee ("**GSOC**") to oversee sustainability performance across all departments. Reporting to higher governance levels such as the SRMC and the Board, the GSOC functions as an initiative committee responsible for implementing and driving the strategic management of material sustainability matters, and Environment, Social and Governance ("**ESG**") initiatives. The GSOC collaborates with MD/GCEO to establish implementation plans and targets for sustainable practices, reporting to the SRMC. The MD/GCEO, Executive Directors and the GSOC have been entrusted by the Board to oversee the formulation, implementation, and effective management of the Group's sustainability strategies and initiatives covering economic as well as the three main pillars of sustainability which are environmental, social and governance as well as embedding sustainability practices into the Group. This includes obtaining Board approval on these matters and strengthening the sustainability framework within the organisation through business operation reviews. Additionally, management has provided assurance to the Board that the Group's strategic plan aligns with long-term value creation and sustainability goals.

The GSOC representative presented internal practices to the SRMC, which conducts an annual material matters assessment with the Board to address sustainability risks and opportunities. This assessment helps prioritise risks and opportunities within the economic, environmental, social, and governance context and informs the formulation of a sustainable strategy aligned with targeted goals.

During FYE 2023, the Group conducted a materiality assessment involving internal and external stakeholders to identify sustainability matters important to the organisation and its stakeholders. This assessment identified 8 key areas that have an impact on the Group and stakeholders when developing sustainability strategies. Each material sustainability matter was assigned a respective target to work towards achieving sustainability goals. These matters include ethical business practices, data privacy and security, a healthy and safe workplace, equal employment opportunities and non-discrimination, human rights and labor practices, responsible energy and resource management, carbon reduction, and community contributions.

The Company recognises stakeholders' engagement as integral to its sustainability commitments in terms of building relationships and trust and implementing corporate sustainability strategies and programs. The feedback from stakeholders plays a valuable role in continuously improving sustainability measurement and reporting standards. The Group encourages all stakeholders to provide their feedback and comments.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

#### Intended Outcome 4.0 (Cont'd)

##### 4.2 (Cont'd)

While the Group has conducted assessments on sustainability issues, the Board acknowledges that there is room for further improvement in integrating practices and disclosing information. Detailed information on the Group's sustainability strategies and efforts in addressing material risks and opportunities can be found in the Sustainability Statement within the Annual Report 2023.

- 4.3 In order to ensure the Board is kept abreast on sustainability issues which are relevant to the Group's business and operations, the Directors and Management had attended several training programmes to gather more insights. The relevant trainings and programmes as shown in the following: -

| Date Attended           | Seminars/Courses/Training Programs                            |
|-------------------------|---------------------------------------------------------------|
| 1 March 2023            | MIDF Automation & Digitalisation Forum                        |
| 11 to 12 September 2023 | Introduction to Corporate Directorship in New Era of ESG      |
| 19 to 20 September 2023 | Accreditation Programme Part II: Leading for Impact           |
| 21 to 23 November 2023  | Transformative Innovations for Sustainable Business           |
| 5 December 2023         | Chairman's Masterclass: Driving Sustainability from The Chair |

To further strengthen ESG knowledge and expertise, the Board, in collaboration with the NC will continue to identify and recommend relevant sustainability-related training programmes for the Board and Management. By actively engaging in such initiatives, the Board ensures that its members are well-prepared to address and provide guidance on sustainability matters within the Company.

- 4.4 To further promote the Board's accountability towards the Group's sustainability management, NC has included the governance of sustainability as an additional performance evaluation criterion for the Board in FYE 2023 by setting sustainability-related questionnaire in the annual peer and self-assessment form. Such criteria encompass several considerations surrounding sustainability management, including the performance of the Board and Senior Management to oversee and support the implementation of sustainability strategies within ESG context, development of sustainability programme, monitoring of sustainability management progress, as well as knowledge in relation to the sustainability risks and opportunities that the Group exposes to. Based on the results of the performance assessment on sustainability, the Board and Management were proactively involved in the development of sustainability targets and addressing sustainability risk by implementing sustainability policy and plan during FYE 2023.
- 4.5 The Board does not appoint any Chief ESG Officer, however, the MD/GGEO led the management of sustainability during FYE 2023.

### II. BOARD COMPOSITION

#### Intended Outcome 5.0

**Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights.**

- 5.1 The Board Charter sets out that the NC of the Company is responsible to assist the Board in the development and implementation of the policies on the nomination and appointment of Directors to achieve long-term sustainability of the Group in accordance with the TOR of the NC. The NC is chaired by Senior Independent Non-Executive Director and the composition of the NC is as follows:-

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### Intended Outcome 5.0 (Cont'd)

##### 5.1 (Cont'd)

| Designation        | Name of NC Member | Directorship                              |
|--------------------|-------------------|-------------------------------------------|
| <b>Chairperson</b> | Tan Sik Hui       | Senior Independent Non-Executive Director |
| <b>Member</b>      | Koh Beng San      | Independent Non-Executive Director        |
| <b>Member</b>      | Yau Yin Wee       | Independent Non-Executive Director        |

The TOR of NC details the roles and responsibilities of the NC and is accessible on the Company's website at [www.cape-group.com.my](http://www.cape-group.com.my).

#### Summary activities of the NC

During FYE 2023, the NC has undertaken the following activities in the discharge of its duties:

- Annual assessment of the five (5) Independent Directors and their tenure;
- Annual Assessment on the mix of skills and experience and size of the Board, the contribution of the Board and Board Committees as well as the effectiveness of the Board as a whole, and assessment of the contribution of each individual director and the performance of the Board Committees;
- Review the term of office and performance of the AC and each of its members to determine whether the AC and its members have carried out their duties in accordance with the terms of reference of the AC;
- Reviewed and assessed the overall Board and the Board Committees' performance and effectiveness as a whole in addressing the Company's material sustainability risks and opportunities;
- Reviewed the training programs attended by the Directors and assessed Directors' training needed for FYE 2023;
- Reviewed and considered the current women representation in the Board;
- Reviewed the tenure of each Director and recommended to the Board for re-election of the three Independent Directors of the Company, namely Datuk Mohd Rabin Bin Basir, Ms. Tan Sik Hui, and Mr. Yau Yin Wee ("**Retiring Directors**") who are due for retirement by rotation in accordance with the provisions of the Constitution of the Company; and
- Reviewed the Succession Planning for the Senior Management of the Company

Under the MMLR of Bursa Securities, the Directors are mindful that they shall receive appropriate continuous training to broaden their perspectives and to keep abreast with the latest developments in statutory requirements and regulatory guidelines, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism for the furtherance of their duties to the Group. For the Group to remain competitive, the Board ensures that the Directors continuously enhance their skills and expand their knowledge to meet the challenges of the Board.

Upon assessing the training needs of the Directors, the Board recognised that continuing education would be the way forward in ensuring its members are continually equipped with the necessary skills and knowledge to meet the challenges ahead. During FYE 2023, the Directors have attended at least one (1) training programme.

The training programmes and seminars attended by the Directors during FYE 2023 were as follows:

| Directors                         | Seminars/Conferences/Training Programmes Attended                                                                                          | Date Attended           |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| <b>Datuk Mohd Rabin Bin Basir</b> | Training on Post-Listing Obligation under the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market on 28 February 2023 | 28 February 2023        |
|                                   | Finance Essentials for Non-Finance Directors                                                                                               | 25 July 2023            |
|                                   | Mandatory Accreditation Programme (" <b>MAP</b> ") Part II: Leading for Impact (LIP)                                                       | 19 to 20 September 2023 |
|                                   | Chairman's Masterclass: Driving Sustainability from The Chair                                                                              | 5 December 2023         |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### Intended Outcome 5.0 (Cont'd)

#### 5.1 (Cont'd)

#### Summary activities of the NC (Cont'd)

| Directors                   | Seminars/Conferences/Training Programmes Attended                                                                                          | Date Attended           |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| <b>Tee Kim Chin</b>         | Training on Post-Listing Obligation under the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market on 28 February 2023 | 28 February 2023        |
|                             | MAP Part II: Leading for Impact (LIP)                                                                                                      | 19 to 20 September 2023 |
|                             | Chairman's Masterclass: Driving Sustainability from The Chair                                                                              | 5 December 2023         |
| <b>Tee Kim Yok</b>          | Training on Post-Listing Obligation under the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market on 28 February 2023 | 28 February 2023        |
|                             | Sustainability Workshop                                                                                                                    | 30 May 2023             |
|                             | Modernising Data Governance – What Should Boards Focus on Now?                                                                             | 12 June 2023            |
|                             | MAP Part II: Leading for Impact (LIP)                                                                                                      | 19 to 20 September 2023 |
|                             | Dynamic Leadership Techniques                                                                                                              | 1 to 2 November 2023    |
|                             | Transformative Innovations for Sustainable Business                                                                                        | 21 to 23 November 2023  |
| <b>Alex Miranda Juntado</b> | Training on Post-Listing Obligation under the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market on 28 February 2023 | 28 February 2023        |
|                             | Introduction to Corporate Directorship in New Era of ESG                                                                                   | 11 to 12 September 2023 |
|                             | MAP Part II: Leading for Impact (LIP)                                                                                                      | 19 to 20 September 2023 |
| <b>Lim Chue Wan</b>         | Training on Post-Listing Obligation under the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market on 28 February 2023 | 28 February 2023        |
|                             | Modernising Data Governance – What Should Boards Focus on Now?                                                                             | 12 June 2023            |
|                             | MIA Webinar Series Valuation on Mergers and Acquisitions                                                                                   | 10 August 2023          |
|                             | MAP Part II: Leading for Impact (LIP)                                                                                                      | 19 to 20 September 2023 |
| <b>Tan Sik Hui</b>          | Training on Post-Listing Obligation under the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market on 28 February 2023 | 28 February 2023        |
|                             | Advocacy Session for Directors and CEOs of Main Market Listed Issuers                                                                      | 12 September 2023       |
|                             | MAP Part II: Leading for Impact (LIP)                                                                                                      | 19 to 20 September 2023 |
|                             | A Delicate Balance – Board & Management Relationship                                                                                       | 2 November 2023         |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### Intended Outcome 5.0 (Cont'd)

#### 5.1 (Cont'd)

#### Summary activities of the NC (Cont'd)

| Directors     | Seminars/Conferences/Training Programmes Attended                                                                                          | Date Attended           |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Yau Yin Wee   | Training on Post-Listing Obligation under the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market on 28 February 2023 | 28 February 2023        |
|               | Discover IR 4.0 & ESG                                                                                                                      | 11 May 2023             |
|               | BNM Regional Briefing on Economic Developments & Outlook (Southern Region)                                                                 | 23 May 2023             |
|               | MAP Part II: Leading for Impact (LIP)                                                                                                      | 19 to 20 September 2023 |
|               | A New Strategy & Risk Approach – Out with the Old, In with the New                                                                         | 12 October 2023         |
| Koh Beng San  | Seminar on “[SSM Webinar] SSM X BNM: Company Secretaries as Reporting Institution under AMLA 2001”                                         | 17 January 2023         |
|               | Training on Post-Listing Obligation under the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market on 28 February 2023 | 28 February 2023        |
|               | SBF - Subsidiary Board Director Fundamentals                                                                                               | 16 May 2023             |
|               | MIA Webinar Series: Stepping up your AMLA Compliance: Best Practice & Challenges in identifying the beneficial owner                       | 26 June 2023            |
|               | MAP Part II: Leading for Impact (LIP)                                                                                                      | 19 to 20 September 2023 |
|               | A New Strategy & Risk Approach – Out with the Old, In with the New                                                                         | 12 October 2023         |
| Chen Kok Seng | ACCA Virtual Seminar - Post Budget 2024 (Remote Online Learning)                                                                           | 6 November 2023         |
|               | Speaker for the webinar on Reaching International Business with Exim Bank                                                                  | 9 February 2023         |
|               | Workshop and briefing session on Exports and ESG, Relevance & Opportunity                                                                  | 14 February 2023        |
|               | Training on Post-Listing Obligation under the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market on 28 February 2023 | 28 February 2023        |
|               | MIDF Automation & Digitalisation Forum                                                                                                     | 1 March 2023            |
|               | Panellist for Green Conference 2023 : Building competitiveness with ESG Integration for Small and Medium Enterprises                       | 15 June 2023            |
|               | MAP Part II: Leading for Impact (LIP)                                                                                                      | 19 to 20 September 2023 |
|               | A New Strategy & Risk Approach – Out with the Old, In with the New                                                                         | 12 October 2023         |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### Intended Outcome 5.0 (Cont'd)

##### 5.1 (Cont'd)

During FYE 2023, the current Board comprises of nine (9) members with a majority of five (5) being INEDs. The current Board composition is in line with the MCCG's recommendation to have at least half of the Board to comprise INEDs. The presence of INEDs makes a positive contribution and development of the Company's strategy and policies through their independent, constructive, and informed judgment, safeguard the interest of the stakeholders in ensuring that the high standard of conduct and integrity are maintained as well as mitigate any potential conflict of interest in relation to related party transactions.

5.2 None of the INEDs of the Company have served beyond nine (9) years. Pursuant to the Board Charter, an Independent Director may continue to serve on the Board as a Non-Independent Director upon completion of the nine (9) years. If the Board intends to retain an Independent Director beyond nine (9) years, it should provide justification and seek annual shareholders' approval through a two-tier voting process as recommended in the MCCG.

5.3 The Board has set a policy that limits the tenure of its independent directors to nine (9) years. Pursuant to the Board Charter, an Independent Director may continue to serve on the Board as a Non-Independent Director upon completion of the nine (9) years. If the Board intends to retain an Independent Director beyond nine (9) years, it should provide justification and seek annual shareholders' approval through a two-tier voting process pursuant to the MCCG. The tenure of an Independent Director on the Board of the Company shall be limited to twelve (12) years in the Company and its subsidiaries. If any Independent Director had cumulatively served as an Independent Director of the Company or any one or more of the subsidiaries of the Company for more than twelve (12) years, such Independent Director may continue to serve on the Board as Non-Independent Director.

5.4 The Company practices a formal and transparent procedure for the appointment and re-election of Directors and the Board diversity. The Board is supported by a diverse Board and Senior Management. The appointment and re-election of Directors, Senior Management and the Board diversity are done in accordance with Paragraphs 6.3 and 15 of the Board Charter and also the TOR of NC of the Company governing the Board, both of which are available on the Company's website. The Board has adopted a Directors' Fit and Proper Policy. This policy outlines the prescribed criteria for consideration by NC and the Board for appointment and re-appointment of Directors. The fit and proper criteria of a Director include, but are not limited to, character, integrity, experience, competence as well as time, and commitment. The Directors' Fit and Proper Policy is made available on the Company's website at [www.cape-group.com.my](http://www.cape-group.com.my).

During FYE 2023, the Board has achieved the representation of approximately 44% women Directors in the Board composition having combination of skills, experience and strength in qualities which are relevant to the Company. The detailed of diversity in the age, gender, race/ethnicity and nationality of the existing Board and Key Senior Management as at 31 December 2023 are set out below:-

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### Intended Outcome 5.0 (Cont'd)

#### 5.4 (Cont'd)

##### Board Diversity FYE 2023

During the FYE 2023, the Board reviewed the board structure of the Company, particularly on the size and composition, to determine if the Board has sufficient diversity with independent elements and fits the Company's objectives and strategic goals. Below is the diversity in the age, gender, race/ethnicity, and nationality of the existing Board as of 31 December 2023:

|                     | Age Group |         |         | Gender |        |
|---------------------|-----------|---------|---------|--------|--------|
|                     | 40 - 50   | 51 - 60 | 61 - 70 | Male   | Female |
| Number of Directors | 2         | 3       | 4       | 5      | 4      |

|                     | Race/Ethnicity       |         |        | Nationality |           |
|---------------------|----------------------|---------|--------|-------------|-----------|
|                     | Malay/<br>Bumiputera | Chinese | Others | Malaysian   | Foreigner |
| Number of Directors | 1                    | 7       | 1      | 8           | 1         |

The Board has conducted the annual review of its size and composition in conjunction with the performance evaluation for the individual directors.

The appointment of Directors and Senior Management staff are based on fit and proper criteria which are in accordance with selection criteria set by the NC. The NC is responsible for leading the process for the nomination of new candidates for appointment and making the necessary recommendations to the Board for approval. In this respect, the role of the NC is detailed in its TOR, which is accessible on the Company's website.

The Board, through the NC, will consider all nominations to the Board, taking into consideration the mix of skills, competencies, experience, integrity, personal attributes, and time commitment required to effectively fulfill his/ her role as a director. Diversity in terms of age, gender, and cultural background is also considered during the selection process. The composition of the Board is well-balanced to address any business challenges and to drive the business of the Group to greater heights.

##### The Key Senior Management Diversity FYE 2023

The Key Senior Management of the Group comprises employees with qualifications, skills, and experience necessary to achieve the goals and objectives of the Group. All Key Senior Management are assessed on a yearly basis.

Below is the diversity in terms of age, gender, race/ethnicity, and nationality of the existing Key Senior Management as of 31 December 2023:

|               | Age Group |         |         | Gender |        |
|---------------|-----------|---------|---------|--------|--------|
|               | 35 - 45   | 46 - 55 | 56 - 65 | Male   | Female |
| Number of KSM | 1         | 1       | 2       | 4      | -      |

|               | Race/Ethnicity       |         |        | Nationality |           |
|---------------|----------------------|---------|--------|-------------|-----------|
|               | Malay/<br>Bumiputera | Chinese | Others | Malaysian   | Foreigner |
| Number of KSM | 1                    | 3       | -      | 3           | 1         |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### Intended Outcome 5.0 (Cont'd)

#### 5.4 (Cont'd)

##### The Key Senior Management Diversity FYE 2023 (Cont'd)

In line with Paragraph 15.06 of MMLR of Bursa Securities, none of the Board members holds more than five (5) directorships in listed companies to ensure that would not unduly affect their time commitment and responsibilities to the Board for the FYE 2023.

- 5.5 The TOR of the NC provides that the Board does not solely rely on recommendations from existing Board members, Management, or shareholders of the Company in identifying candidates for appointment of Directors. The Board shall endeavor to utilise independent sources or any other sources to identify a suitably qualified candidate to fulfill Board positions. The role of the NC is to assess their suitability based on the relevant criteria and skills matrix as may be set by the NC from time to time.

During the FYE 2023, there were no appointments of new directors to the board. During FYE 2023, the Company is a corporate member of the Institute of Corporate Directors Malaysia ("ICDM") and all Directors of the Company are the members of ICDM. In the future, the Board may utilise a variety of independent sources including directors' registry, industry and professional associations, open advertisements, and independent search firms as well as ICDM.

- 5.6 Pursuant to the provisions of the Constitution of the Company, the following Retiring Directors who are due for retirement and being eligible, have offered themselves for re-election according to Clause 84.1 of the Company's Constitution at the forthcoming 2024 annual general meeting ("2024 AGM"):-

- (a) Datuk Mohd Rabin Bin Basir;
- (b) Mr. Yau Yin Wee; and
- (c) Ms. Tan Sik Hui.

The NC has considered the performance and contribution of the Retiring Directors from the Board's effectiveness evaluation conducted following factors were taken into consideration:-

- (a) Fit and proper assessment
- (b) Contribution to interaction
- (c) Knowledge and caliber
- (d) Provision of quality of input to the Board
- (e) Understanding of role

Based on the outcome of the assessment reviewed by the NC, the NC was satisfied that three Retiring Directors had contributed effectively to the Board's deliberation as well as demonstrated their diligence and commitment. Upon recommendation by the NC, the Board resolved and approved to propose for the re-election and re-appointment of the Retiring Directors at the forthcoming 2024 AGM of the Company.

- 5.8 The NC is chaired by Ms. Tan Sik Hui, the Senior INED.

- 5.9 The Board comprises approximately 44% women directors for FYE 2023.

- 5.10 The Board has established its Diversity Policy in the Board Charter under Paragraph 15 of the Board Charter. The Board Charter is made available on the Company's website.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### Intended Outcome 6.0

**Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors.**

6.1 The Board through the NC on 20 November 2023 conducted the following annual assessments and evaluation of the performance to determine the effectiveness of the Board and Board Committees as well as each Director for FYE 2023. The process was carried out via digital self and peer assessment forms completed by the Directors on the following evaluations:-

(a) Performance Evaluation for the Board and Board Committees

All Directors participated in the assessment of the performance of the Board and Board Committees of the Company for the FYE 2023 comprising the following six (6) areas:

- (i) Board mix and composition
- (ii) Board's relationship with the Management
- (iii) Quality of information and decision-making
- (iv) Boardroom activities
- (v) Board Committees evaluation
- (vi) Governance of Sustainability

(b) Performance Evaluation for Individual Director

The scope of assessment comprising the Directors' contribution to interaction, knowledge, quality of input as well as their understanding of role and Sustainability Governance. In addition, the performance of the Board Chairman and the MD/GCEO were also assessed by all Directors in terms of their roles and responsibilities;

- (c) reviewed the size and composition of the Board and made recommendations to the Board as regards any changes that may, in their view, be beneficial to the Company and Group;
- (d) reviewed the effectiveness of the Board as a whole, Board Committees, and the contribution of individual Directors;
- (e) reviewed the terms of office and effectiveness of the AC as a whole and the performance of individual AC Members;
- (f) reviewed and assessed the independence of INED;
- (g) reviewed and recommended the re-election of retiring Directors at the forthcoming Annual General Meeting;
- (h) reviewed the training programmes attended by the Directors and Management;
- (j) reviewed the succession planning for the Senior Management; and
- (k) reviewed the TOR of NC.

Based on the performance evaluation for FYE2023, the overall performance of the Board, Board Committees, and individual directors is satisfactory. It was concluded that the Board, Board Committees, and all Directors have adequately and sufficiently discharged their duties and responsibilities.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### III. REMUNERATION

#### Intended Outcome 7.0

**The level and composition of remuneration of Directors and Senior Management take into account the Company's desire to attract and retain the right talent in the Board and Senior Management to drive the Company's long-term objectives.**

**Remuneration policies and decisions are made through a transparent and independent process.**

7.1 The RC is chaired by an INED and the composition of the RC are as follows:-

| Designation | Name of RC Member | Directorship                       |
|-------------|-------------------|------------------------------------|
| Chairman    | Yau Yin Wee       | Independent Non-Executive Director |
| Member      | Koh Beng San      | Independent Non-Executive Director |
| Member      | Chen Kok Seng     | Independent Non-Executive Director |

The RC has been entrusted by the Board to support and facilitate the remuneration affairs of the Group. The role of RC is to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of the Directors and Key Senior Management of the Group.

The Board also established the Remuneration Policy to determine the remuneration package of Directors and Key Senior Management, which takes into account the demands, complexities, and performance of the Company as well as the skills, and experience required. The said remuneration package shall be reviewed on an annual basis by considering various factors including the Directors' fiduciary duties, time commitments, current economic condition and expertise expected from them, and the Company's performance before making its recommendations to the Board for approval. The remuneration packages of the Executive Directors and Senior Management are tabled and reviewed by the RC based on the Key Performance Indicators ("KPI").

The Remuneration Policy is made to the Board for approval. The said Policy is available on the Company's website at [www.cape-group.com.my](http://www.cape-group.com.my).

7.2 The Board has established and adopted TOR of RC which deals with its authority and duties and is accessible at the Company's website at [www.cape-group.com.my](http://www.cape-group.com.my).

During FYE 2023, the RC had performed its duty to assess annually the remuneration package MD/GCEO, Executive Directors, and Key Senior Management as well as fees and benefits payable paid to Non-Executive Directors.

#### Intended Outcome 8.0

**Stakeholders are able to assess whether the remuneration of Directors and Senior Management commensurate with their individual performance, taking into consideration the Company's performance**

8.1 The detailed disclosure on named basis of the remuneration of individual Directors and the breakdown of the remuneration of each individual Directors from the Company for FYE 2023 is disclosed in the CG Report of the Company for FYE 2023.

8.2 The Company has disclosed the Key Senior Management's remuneration component in bands of RM50,000 but not on named basis as the Board considers the information is sensitive and proprietary since the Group's business operates in a competitive market. Besides, the issue of personal security is also taken into consideration and may be wrongly used or quoted by certain parties. The top five (5) Key Senior Management's remuneration in bands of RM50,000 is set out in the CG Report of the Company for FYE 2023.

8.3 The detailed remuneration of each key senior management on a named basis will not be disclosed for confidentiality purposes.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. AUDIT COMMITTEE

#### Intended Outcome 9.0

**There is an effective and independent AC.**

**The Board is able to objectively review the AC's findings and recommendations.**

**The Company's financial statement is a reliable source of information.**

- 9.1 The AC is chaired by Mr. Koh Beng San, who is an INED, while the Chairman of the Board is Datuk Mohd Rabin Bin Basir, an Independent Non-Executive Chairman. The positions of the Board Committee and AC Chairman are held by different individuals to uphold the integrity and ensure that the objectivity of the Board's review of the AC's findings and recommendations is not impaired.
- 9.2 None of the AC members was a former key audit partner of the Company's auditors. In line with the MCCG, the Board has adopted the TOR of AC that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC. The TOR of AC is available at the Company's website at [www.cape-group.com.my](http://www.cape-group.com.my).
- 9.3 The AC has in place procedures to continuously monitor and undertake an annual assessment of the suitability, objectivity and independence of the External Auditors as well as to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the External Auditors in compliance with its TOR. During the FYE 2023, the AC has conducted an assessment on the suitability, objectivity and independence of the External Auditors, of Grant Thornton Malaysia PLT ("GTM") and they were re-appointed as the External Auditors at the 2023 annual general meeting.

The AC met with GTM four (4) times during FYE 2023, in the absence of MD/GCEO, Executive Directors and Management. No significant issues requiring the AC's attention were raised.

Throughout the annual independence assessment of GTM, the AC was content with their suitability based on the external audit team's quality, performance, competency and resources sufficiency provided to the Group. Consequently, the AC recommended to the Board for its proposal of GTM's re-appointment as the External Auditors of the Company at the forthcoming 2024 AGM.

- 9.4 The AC comprises solely of INEDs.
- 9.5 The NC conducted the following reviews of the AC for FYE 2023:-
  - (a) its composition in accordance with MMLR;
  - (b) the terms of office of AC members; and
  - (c) the performance of AC and its members.

Mr. Koh Beng San is a Fellow of the Association of Chartered Certified Accountants (FCCA), a member of the Malaysian Institute of Accountants (MIA), and also an ASEAN Chartered Public Accountant (ASEAN CPA) member. With his qualifications and past experiences in finance and accounting-related services, he has fulfilled the requirements under Paragraph 7.1(a)(ii) of the Practice Note 13 of MMLR. Although the other two (2) members of the AC are not members of any professional accounting bodies, the Board believes that their vast experiences in other industries e.g.: banking and plastic would contribute to the financial reporting process and deliberation on financial matters and internal control system. All three (3) members of the AC kept abreast of developments in accounting and auditing standards, practices, and rules through updates from our External Auditors of changes in accounting and auditing standards. All members of AC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required.

Based on the outcome of the assessment, the Board is satisfied that the Chairman and all members of the AC possess the relevant skills, and competencies and also comprehend to effectively perform the assigned responsibilities and duties. The AC has reviewed and provided advice on the financial statements which provide a true and fair view of the Company's financial position and performance.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

#### Intended Outcome 10.0

**Company makes informed decisions about the level of risk they want to take and implements necessary controls to pursue their objectives.**

**The Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Company's objectives is mitigated and managed.**

- 10.1 The Board Charter sets out that the Board is responsible for the system internal control and risk management of the Group. The Board, through the SRMC, monitors risks and internal control. The Board has established a Risk Management Framework.
- 10.2 The Board, through the SRMC, monitors risks and internal control via an Enterprise Risk Management Framework, which is a comprehensive report tabling the current status, action taken and conclusion of the key risks identified at least twice a year.
- 10.3 The SRMC currently comprises the following members, of which the majority are Independent Non-Executive Directors:-

| Designation | Name of SRMC Member | Directorship                                                     |
|-------------|---------------------|------------------------------------------------------------------|
| Chairman    | Chen Kok Seng       | Independent Non-Executive Director                               |
| Member      | Koh Beng San        | Independent Non-Executive Director                               |
| Member      | Tee Kim Chin        | Non-Independent Managing Director/ Group Chief Executive Officer |

#### Intended Outcome 11.0

**Companies have an effective governance, risk management, and internal control framework and stakeholders are able to assess the effectiveness of such a framework.**

- 11.1 The Board has delegated the responsibility to review the adequacy and integrity of the Group's system of internal control and risk management to SRMC. The internal audit function of the Group is carried out by an outsourced professional service firm, Tricor Axcelasia Sdn Bhd ("Tricor Axcelasia"). The outsourced Internal Auditors reports directly to the AC on the internal audit findings and recommendations. The internal audit function is independent and the internal audit assignments are performed with impartiality, proficiency and due professional care. The internal audit review of the Group's operations encompasses an independent assessment of the Company's compliance with its internal controls and recommendations are made for further improvement. During FYE 2023, the AC had reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced internal auditors and that they have the necessary authority to carry out their work.
- 11.2 The outsourced internal audit function is headed by the Executive Director, Mr. Chang Ming Chew who is a Fellow of the Association of Chartered Certified Accountants, a member of the Malaysian Institute of Accountants, a Chartered Member of the Institute of Internal Auditors Malaysia, Certified Internal Auditor (USA) and Certification in Risk Management Assurance (USA). Mr. Chang Ming Chew has over 20 years of wide-ranging professional experiences that includes statutory audit, transaction reporting for IPO, share registration & IPO processing, internal audit, risk management, IT/cybersecurity advisory, operational risk and control review, financial due diligence, management consulting, and corporate governance advisory. He is also actively involved in providing training on corporate liability to companies of various sizes from publicly listed to small & medium enterprises. He was assisted by five (5) staffs in the internal audit reviews conducted in the FYE 2023. All the internal audit personnel involved are free from any relationships or conflicts of interest, which could impair their objectivity and independence as well as guided by International Professional Practices Framework issued by the Institute of Internal Auditors Malaysia in carrying out the internal audit function.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

#### 11.2 (Cont'd)

During FYE 2023, the AC had performed an evaluation on the competency that had been carried out before the engagement of the internal auditors and proposed the appointment for Board's approval on 16 January 2023. The AC is satisfied that the outsourced internal auditors have maintained a high degree of independence and professionalism in carrying out their duties.

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

### I. COMMUNICATION WITH STAKEHOLDERS

#### Intended Outcome 12.0

**There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.**

**Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment, and social responsibility.**

12.1 The Board recognises the importance of transparency and accountability to the Company's shareholders and regular communication in maintaining a good relationship with its shareholders, stakeholders, and investors on performance and major developments in the Group. As such, the Board is committed to disseminating all important information in the Group's performance to its stakeholders in a timely and adequate manner through a variety of communication channels as follows:-

(a) Primary Spokesperson

The Board has identified the Chairperson or Senior Independent Director or MD/GCEO or Group Chief Financial Officer as the authorised Spokesperson for communication to the investment community, regulators, and media as well as address any valid and appropriate issues raised by the shareholders.

(b) Corporate website

The Company's corporate website at <https://www.cape-group.com.my/> is a platform to provide convenient access the information on, amongst others, the Group's corporate profile, corporate milestones, products and services offered, Company's latest announcements such as material information, updates and periodic financial reports to the shareholders, investor and general public. Once relevant information is disclosed to the public and available to investors *i.e. announcement category in the Bursa Securities' website*, the Company has established a dedicated section for corporate disclosure on the Company's website for the respective announcements made.

The corporate website will dedicate the Investor Relations section and Corporate Governance section to provide relevant investor-related information. The information available on the corporate website includes corporate and financial information, annual reports, press releases, and regulatory announcements made to Bursa Securities.

(c) Announcement made to Bursa Securities

Quarterly announcements and material information disclosures are made to Bursa Securities, which are accessible on Bursa Securities' website at <https://www.bursamalaysia.com/>. The Company also issues press releases on Bursa Securities' website to communicate with its stakeholders on the corporate and business developments of the Group. The Company then disseminates its press releases through financial press, printed and electronic media for wider publicity and media coverage to keep the stakeholders informed of the progress and development of the CAPE group's businesses.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

### I. COMMUNICATION WITH STAKEHOLDERS (CONT'D)

#### Intended Outcome 12.0

##### 12.1 (Cont'd)

###### (d) Annual Report

Shareholders and investors can obtain our Group's latest announcements such as material information, updates, and periodic financial reports on the dedicated website of the Company. The Company's key channel of shareholder communication includes the Company's annual report which is the central means of communicating to the shareholders, amongst others, the Company's business operations and activities, the Group's financial performance, and the status of compliance with applicable rules and regulation i.e. corporate governance report shall be read together with Annual Report that provides comprehensive and up-to-date information about our Group in compliance with the MMLR of Bursa Securities.

###### (e) Annual General Meeting ("AGM")

The AGM is used as the main forum of dialogue with shareholders and investors to gather their views and raise any matters of concern about the Group. The shareholders are encouraged to participate in the question and answer session during the AGM to seek clarification regarding the Group's financial performance and business activities for effective and transparent communications. The MD/GCEO, Executive Directors, and Management will be present at the AGM to answer queries in person and ensure all information disclosed remains succinct, current, relevant, and accurate.

###### (f) Minutes of the General Meeting

Minutes of the general meeting including issues/concerns raised and responses by the Company (*summary of the key matters discussed at the AGM*) should be circulated to shareholders or make available at the Company's website no later than 30 business days after the general meeting.

###### (g) Briefing sessions with analysts

By conducting briefing sessions with analysts by the Company from time to time to provide updates on the Company's performance or address concerns raised by stakeholders, the Company can enhance communication with stakeholders, gain valuable feedback, and further investor relations efforts.

###### (h) Interviews

The MD/GCEO is our spokesperson be open to providing interviews when appropriate and she will address any inquiries promptly. This channel offer opportunity to disseminate information quickly, gather feedback, and demonstrate responsiveness.

12.2 The Company has not implemented integrated reporting due to lack of internal resources needed to develop and implement the necessary reporting processes and tools. The Company recognises the value of integrated reporting, but has determined that they need to focus their current resources on other strategic priorities at this time.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

### II. CONDUCT OF GENERAL MEETINGS

#### Intended Outcome 13.0

**Shareholders are able to participate, engage the Board and Senior Management effectively, and make informed voting decisions at general meetings.**

- 13.1 The AGM provides an opportunity for the shareholders to seek and clarify any issues pertaining to the Group and to have a better understanding of the Group's activities and performance. Both individuals and institutional shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. The Annual Report, which contains the Notice of 2023 annual general meeting which was scheduled on 27 June 2023 ("2023 AGM"), together with the explanatory notes on the proposed resolutions as contained in Annual Report 2023 were sent to the shareholders at least twenty-eight (28) days prior to the date of the 2023 AGM, so as to give sufficient time and enable the shareholders to make informed decisions in exercising their voting rights at the 2023 AGM, and to arrange for proxies to attend the 2023 AGM on their behalf, if so required. The Notice of the 2023 AGM, which sets out the businesses to be transacted at the 2023 AGM, was also published in a major local newspaper. The notes to the Notice of the 2023 AGM also provide the necessary explanation for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.
- 13.2 All the Directors of the Company had attended the 2023 AGM of the Company which was held on 27 June 2023 by way of fully virtual and entirely via Remote Participation and Voting ("RPV") facilities at Tricor Investor & Issuing House Services. In compliance with the MCCG, the Chair of the AC, NC, RC, and SRMC has provided meaningful responses to questions addressed to them. There were questions and clarification to the shareholders and/or proxies during the 2023 AGM.
- 13.3 Shareholders who wish to attend AGM/general meetings are given at least twenty-eight (28) days, to ensure that shareholders are able to make the necessary arrangements to attend general meetings, review the agenda, and formulate questions, if any. Where they are not able to attend, they may appoint proxies to attend on their behalf to vote and represent them. At its fully virtual 2023 AGM, the Company has leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on the resolution. A short video by the Poll Administrator has been played to demonstrate to the members, corporate representatives or proxies who has presented at the 2023 AGM on the process for online voting. The voting session has commenced from the time as announced by the Chairman until the close of the voting session as announced by the Chairman later. The scrutineers have verified and announced the poll results for each resolution with the details of votes for in favour and against. The Chairman thereafter declared the poll results and the same has been made available at the Company's website for the benefit of all shareholders.
- 13.4 Chairman of the Board, all the Directors, and the Chairman of the Board Committees attended the 2023 AGM of the Company, which was held by way of fully virtual and entirely via RPV facilities at Tricor Investor & Issuing House Services on 27 June 2023 as well as the External Auditors and where applicable, other advisers of the Company committed themselves to presents at the AGM. The Administrative Guide for the 2023 AGM was circulated to all shareholders of the Company and made available at the Company's website for the procedures to register, participate and vote remotely at the 2023 AGM through the RPV facilities. Shareholders can raise their questions or issues or seek explanation from the Board or Management at the 2023 AGM.
- 13.5 The 2023 AGM of the Company was held on 27 June 2023 as fully virtual meeting through live streaming and online remote voting from the broadcast venue to ensure safe distancing requirement is observed. The Board has appointed a Poll Administrator to verify the eligibility of shareholders/corporate representatives/proxies to attend the 2023 AGM based on the AGM's Record of Depositors and upon the cut-off date and time for proxy form submission. The shareholders who are not able to attend the 2023 AGM can appoint their proxy or appoint the Chairman as their proxy to attend and vote on his/her behalf provided that the relevant proxy forms were lodged at the Company's Share Registrar's office at least forty-eight (48) hours before the 2023 AGM. Shareholders who participated at the 2023 AGM virtually (including posing questions to the Board via real time submission of typed texts) and also voted remotely via the RPV facilities. Whilst the MD/GCEO and/or the Group Financial Officer of the Company replied the questions posed by shareholders prior and during the 2023 AGM and such questions have been made visible to all meeting participants during the meeting via the remote participating online platform to ensure to be more transparent and effective.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

### II. CONDUCT OF GENERAL MEETINGS (CONT'D)

#### Intended Outcome 13.0 (Cont'd)

##### 13.5 (Cont'd)

Hence, in order uphold integrity of voting process, the voting result was verified by the Independent Scrutineer appointed by the Company.

- 13.6 After 2023 AGM, the Company has uploaded the list of questions posed by shareholders via the RPV facilities together with the answers responded by the Board and Management on the Company's website within thirty (30) business days. To uphold the best practice as per MCCG, the Company has published the 2023 AGM minutes no later than thirty (30) business days after the 2023 AGM on the Company's website.

The CG Overview Statement and the CG Report are made in accordance with a resolution of the Board of Directors that was approved via the Board Meeting held on 16 April 2024.

# AUDIT COMMITTEE REPORT

The Board of Directors (“**the Board**”) of CAPE EMS Berhad (“**CAPE**” or “**the Company**”) is pleased to present the Audit Committee Report which provides insights as to the manner the Audit Committee discharged its functions for the Company and its subsidiaries (“**Group**”) during the financial year ended 31 December 2023 (“**FYE 2023**”). This report is prepared in compliance with Paragraph 15.15(1) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) as well as adopted the best practices as advocated in the Malaysian Code on Corporate Governance 2021 (“**MCCG**”).

The principle objectives of the Audit Committee (“**AC**”) are to assist the Board in discharging its statutory duties and responsibilities concerning corporate governance, internal control systems, accounting, audit process and financial reporting practices of the Group, and to ensure proper disclosure to the shareholders of the Company.

## COMPOSITION OF AC

The Company’s AC consists of three (3) members who are exclusively of Independent Non-Executive Directors (“**Independent NEDs**”). The AC meets the requirements of Paragraph 15.09(1)(a) and (b) of the MMLR of Bursa Securities and Practice 9.4 under Principle B of the MCCG. All of the Independent NEDs satisfied the test of independence under MMLR of Bursa Securities.

As at the date of this AC Report, the AC comprises the following members:-

| Name of AC Members * | Designation | Directorship                       |
|----------------------|-------------|------------------------------------|
| Koh Beng San         | Chairman    | Independent Non-Executive Director |
| Yau Yin Wee          | Member      | Independent Non-Executive Director |
| Chen Kok Seng        | Member      | Independent Non-Executive Director |

### Note:-

\*: The profile of AC Members can be found in “Board of Directors” as set out on pages 19 to 21 of this Annual Report.

The AC Chairman, Mr. Koh Beng San is a Fellow of the Association of Chartered Certified Accountants (FCCA), a member of ASEAN Chartered Public Accountant (ASEAN CPA), and a member of the Malaysian Institute of Accountants, thereby fulfilling the financial expertise requisite pursuant to Paragraph 15.09(1)(c)(i) of the MMLR of Bursa Securities. The Company also complies with Paragraph 15.10 of the MMLR of Bursa Securities in which the AC’s Chairman is an Independent NED and Practice 1.4 under Principle A of the MCCG in which the AC’s Chairman is not the Chairman of the Board. In addition, no alternate Director is appointed as a member of the AC members pursuant to its terms of reference. The other AC members possess a wide range of necessary skills and they are also financially literate and competent by leveraging on their past experiences and on-going training and development programme to discharge their duties as AC members.

## MEETINGS AND ATTENDANCE

During FYE 2023, the AC had convened six (6) AC meetings. Details of the attendance of the AC members are as follows:

| Name of Audit Committee Members | No. of Meetings Attended |
|---------------------------------|--------------------------|
| Koh Beng San                    | 6/6                      |
| Yau Yin Wee                     | 6/6                      |
| Chen Kok Seng                   | 6/6                      |

## AUDIT COMMITTEE REPORT (CONT'D)

### MEETINGS AND ATTENDANCE (CONT'D)

The Group Managing Director/Group Chief Executive Officer, Executive Directors and Group Chief Financial Officer were invited to attend all the AC meetings to provide clarification and information on the financial performance, audit issues and relevant issues pertaining to the Group's operations.

The External Auditors and/or Internal Auditors, where necessary, were invited to the AC meetings to present their reports and provide explanations and answer queries, with the Company Secretary in attendance. Throughout the FYE 2023, the AC met with the External Auditors at five (5) meetings to present the Audit Planning Memorandum, Audit Status Memorandum, their reports and Audited Financial Statements for FYE 2022 as well as financial and tax due diligence review for the proposed acquisition of new subsidiary, iConn Inc.. The Internal Auditors, Tricor Axcelasia Sdn. Bhd., attended three (3) meetings during FYE 2023 to present the internal audit plan, internal audit findings, and follow-up review reports.

Minutes of each AC Meeting were recorded and tabled for confirmation at the next meetings. All deliberations and recommendations contained in the AC minutes were subsequently presented to the Board for discussions and decisions.

### TERMS OF REFERENCE

The authority as well as the duties and responsibilities of the AC are set out in its Terms of Reference ("TOR") and the AC is guided by its TOR to discharge their responsibilities and duties. The TOR will be periodically reviewed by the AC and the Board to ensure it is aligned with the updated and latest regulatory requirement. The TOR of the AC, is made available on the Company's website at [www.cape-group.com.my](http://www.cape-group.com.my) pursuant to Paragraph 15.11 of the MMLR of Bursa Securities.

### SUMMARY OF ACTIVITIES

In line with the terms of reference of the AC, the following activities were carried out by the AC during FYE 2023 in discharging their oversight roles, duties, and responsibilities:-

#### (i) Financial Reporting

- (a) Reviewed and ensured that the Group's financial reporting and disclosures requirements are in compliance with:-
  - Provision of Companies Act 2016;
  - MMLR of Bursa Securities;
  - Malaysian Financial Reporting Standards;
  - IFRS Accounting Standards; and
  - Other legal and regulatory requirements.
- (b) Reviewed the draft unaudited quarterly financial results as well as audited annual financial statements of the Company and the Group as well as the audit findings and issues arising from the audits with the external auditors before recommending to the Board for approval and releasing the announcement to Bursa Securities focusing particularly on:
  - Any changes in or implementation of major accounting policy;
  - Significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters were addressed;
  - Any significant adjustments arising from the audit; and
  - Compliance with all applicable accounting standards and legal requirements.

# AUDIT COMMITTEE REPORT (CONT'D)

## SUMMARY OF ACTIVITIES (CONT'D)

In line with the terms of reference of the AC, the following activities were carried out by the AC during FYE 2023 in discharging their oversight roles, duties, and responsibilities:- (Cont'd)

### (ii) Oversight of Internal Audit

- (a) Appointed the Internal Auditors to undertake the internal audit function of the Group;
- (b) Reviewed and assessed the suitability of the Internal Auditors for appointment, taking into consideration their independence, performance, competence and experience and their resources to ensure the effectiveness of internal audit function. The AC was satisfied with the competence and independence of Internal Auditors in performing its scope of duties in FYE 2023;
- (c) Reviewed internal audit plan and ensured that appropriate actions were undertaken to conduct the audit engagements based on the approved plan; and
- (d) Assisted and ensured that the outsourced Internal Auditors had full, free and unrestricted access to all activities, records, properties and personnel necessary to perform their duties.

### (iii) Oversight of External Audit

- (a) Reviewed the Audit Planning Memorandum, covering the scope and nature of the statutory audit of the Company's and the Group's financial statements prior to the audit engagements;
- (b) Reviewed and discussed with External Auditors for the Audit Review Memorandum in understanding and considering significant accounting adjustment and auditing issues arising from audits, in particular recommendations and appropriate actions to be taken by our Management;
- (c) Conducted four (4) private sessions with External Auditors to discuss any issues arising from audits without the presence of the Management and Executive Directors;
- (d) Reviewed and deliberated the draft independent auditors' report by External Auditors, and significant matters and/or management letter highlighted for improvement measures that Management should consider pertaining to weaknesses or deficiencies in the internal control systems as well as Management's response to the management letter;
- (e) Conducted annual performance assessment to evaluate the External Auditors, taking into consideration their independence, performance, competence and experience as well as provision of non-audit services and audit fees, and recommended to the Board for re-appointment.

### (iv) Related Party Transactions

- (a) Reviewed the inter-company transactions and any related party transactions on quarterly basis that may arise within Group or the Company including any transaction, procedure, or course of conduct that raises questions of management integrity.
- (b) Reviewed the procedures and processes to ensure that transactions to be entered into are carried out at arm's length in line with the Transfer Pricing Guidelines 2012 of Inland Revenue Board, and on transaction prices and terms not more favourable to the related parties than those generally available to the public, fair and not detrimental to the minority shareholders of the Company. Amongst others, the related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations on the transactions.
- (c) Supervise and monitor any recurrent related party transaction as well as subject for AC's review on quarterly basis and the terms thereof and report to the Board for further action. Where necessary, the AC proposes to make the appropriate disclosure in our annual report with regards to any recurrent related party transaction entered into by the Group and the Company; and
- (d) Reviewed the conflict of interest ("COI") and/or potential COI situations that may arise or persist with the Board and key senior management by reviewing all Directors' confirmation and declaration on their COI and/or potential COI via Letter of Declaration on quarterly basis. As of FYE 2023, the AC concluded that none of the Directors and key senior management has any COI and/or potential COI with the Group and the Company.

# AUDIT COMMITTEE REPORT (CONT'D)

## SUMMARY OF ACTIVITIES (CONT'D)

In line with the terms of reference of the AC, the following activities were carried out by the AC during FYE 2023 in discharging their oversight roles, duties, and responsibilities:- (Cont'd)

### (v) Annual Report

- (a) Reviewed and recommended to the Board the following reports and/or statements for inclusion in the Annual Report for release of announcement in Bursa Securities:-
  - i) AC Report;
  - ii) Sustainability Statement; and
  - iii) Statement on Risk Management and Internal Control.
- (b) Reviewed the Letter of Representation on the Review of the Statement on Internal Control and Risk Management from the Sustainability and Risk Management Committee to the External Auditors.

### (vi) Others

- (a) Reviewed and updated the TOR of the AC to incorporate the recent amendments made to the MMLR of Bursa Securities.
- (b) Reviewed the proposed declaration of the first and second interim single-tier dividend for the FYE2023 ("**First and Second Single-Tier Dividend**") and recommended to the Board for approval on 21 August 2023 and 20 November 2023 respectively, after having considered the satisfaction of the solvency tests on the Company's Financial Position and the Financial Projections undertaken by the Management.
- (c) Reviewed the legal, financial and tax due diligence reports prepared by the professional firms on the proposed new investment in subsidiary and any other investment proposal(s) prepared by the Management.
- (d) Reviewed and recommended the proposals for the acquisition of 50,072 common stock in iConn Inc. to become a wholly-owned subsidiary of the Company and the Private Placement for Board's approval.
- (e) Reviewed any whistle-blower reports and there were no whistle-blower reports during the FYE 2023.

## TRAINING

During the financial year under review, all of the AC members have attended various seminars, training programs, and conferences. The list of training attended was disclosed in the Corporate Governance Overview Statement of this Annual Report.

## AUDIT AND NON-AUDIT SERVICES

The total amount of audit and non-audit fees paid and payable to the External Auditors, its member firm and local affiliate for the audit and non-audit services rendered to the Group are as follows:-

| Audit services rendered | Group (RM)       | Company (RM)     |
|-------------------------|------------------|------------------|
| Statutory audit         | 251,265          | 168,000          |
| Non-audit services*     | 1,757,932        | 1,694,078        |
| <b>Total</b>            | <b>2,009,197</b> | <b>1,862,078</b> |

### Note:-

\*:Non-audit services include the following:

- i) tax compliance and advisory services;
- ii) limited review services;
- iii) due diligence in relation to corporate exercises; and
- iv) accountants' reports for the Group's Initial Public offering ("IPO") exercise.

# AUDIT COMMITTEE REPORT (CONT'D)

## INTERNAL AUDIT FUNCTION

The purpose of the internal audit function is to provide the Board, through the AC, with an independent assessment for adequacy and effectiveness of the Group's internal control system; and to assess compliance with the Company's policies and procedures.

The internal auditors are mandated to report directly to the AC. The primary responsibility is to support the Board and the AC in reviewing and assessing management systems of internal control and procedures. The AC plays a crucial role in reviewing and approving the internal audit engagement and fees to uphold the independence and objectivity of the internal auditors.

The Group has outsourced its internal audit function to Tricor Axcelasia Sdn. Bhd. ("**Tricor Axcelasia**"), a professional services company, to conduct internal audits based on the approved risk-based internal audit plan for years 2023 and 2024. This plan was presented to the AC on 28 February 2023 for deliberation and approval. The Internal Auditors reports to the AC directly and supports the AC in evaluating the effectiveness of the internal control systems across the Group, ensuring a balance between controls and risks to achieve business objectives. Through their review, remedial actions have been implemented to address in the internal control systems of the respective operating units. The outsourced internal audit function operates independently, performing audit assignments with impartiality, proficiency and due professional care.

The internal audit was carried out by 5 staff members of Tricor Axcelasia, led by its Executive Director, Mr. Chang Ming Chew, a Certified Internal Auditor and Certified Information Systems Auditor; and a Fellow of the Association of Chartered Certified Accountants (FCCA), Professional Member of the Institute of Internal Auditors Malaysia, and Member of Malaysian Institute of Accountant, who brings extensive experience and expertise in the field of the internal audit.

The Internal Auditors conducted their review as guided by a recognised framework of internal auditing, encompassing audit planning, execution, documentations, communication of findings, and consultation with key stakeholders on the audit concerns.

Prior to presenting reports and findings to the AC, feedback from the Management were solicited and integrated into the internal audit findings and reports. The Internal Audit Reports also included a follow-up review on the implementation status of recommendations from prior reports.

The Internal Auditors participated in three (3) AC meetings for FYE2023. The functional areas and operating processes examined by the Internal Auditors include:-

- Sustainability Management (group wide); and
- Supply Chain Management – Warehousing & Inventory (Cape EMS Berhad).

Follow-up reviews of previous internal audit reviews were conducted to ensure the timely implementation of agreed-upon recommendations, with feedback provided to the AC by the Internal Auditors on the implementation status.

The total costs associated with the outsourced internal audit function for FYE2023 amounted to RM42,000.

## REVIEW OF THE PERFORMANCE OF THE AC

The Board through its Nominating Committee had performed an annual review and assessment of the term of office and performance of AC to assess the AC's effectiveness in carrying out its duties as set out in the terms of reference. The Board was satisfied that the AC has effectively discharged its duties in accordance with the TOR for the FYE2023.

This AC report is made in accordance with the resolution of the Board of Directors that was approved via the Board meeting held on 16 April 2024.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Statement on Risk Management and Internal Control

The Board of Directors ("**Board**") of Cape EMS Berhad ("**Cape EMS**" or the "**Company**") is pleased to present this Statement on Risk Management and Internal Control (this "**Statement**") which is prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), Malaysian Code of Corporate Governance 2021 and has considered the mandatory contents outlined in the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" published by Bursa Securities.

This Statement outlines the risk management and internal control systems of Cape EMS and its subsidiaries ("**Cape EMS Group**" or the "**Group**") during the financial year ended 31 December 2023 ("**FYE2023**") and up to the date of approval of this Statement.

## Governance for Risk Management and Internal Control

The Board acknowledges its role to maintain a system of internal control that will provide a reasonable assurance that the assets of the Group and the Company are safeguarded against loss from unauthorised sale or disposition and to give a proper account of the assets and that all transactions are properly authorised and that the transactions are recorded as necessary to enable the preparation of true and fair view of the financial statements of the Company. In this regard, Cape EMS Group has a risk management and internal control framework, and the Board is ultimately responsible for its effectiveness and adequacy. Given the inherent limitations in any system of risk management and internal control. Such a system can only manage and minimise risk to an acceptable level, but not eliminate all risks. Accordingly, the Group's risk management and internal control system can only provide reasonable but not absolute assurance against material misstatements, losses, or malpractices.

The Board is responsible for reviewing the adequacy and operating effectiveness of the risk management and internal control system. This includes ensuring that there are processes for the systematic identification, analysis, evaluation, management, monitoring, and reporting of the significant financial and non-financial risks facing the Group. The Board is also responsible for ensuring that there is an annual review of the framework.

The Board sets the risk appetite within which the Board expects Management to operate as Management carries out the processes of the Group's risk management framework, including managing and monitoring risks. The Board also reviews the Group's principal business risks and ensures appropriate internal controls and mitigating measures are in place to manage these risks.

With regard to risk management, the Board is assisted by the Sustainability and Risk Management Committee ("**SRMC**") which is a Board Committee comprising a majority of Independent Directors. The Board delegates certain authority and responsibilities to the SRMC, including the responsibility to oversee and recommend risk management strategies, policies, and appetite to the Board for its approval.

The SRMC oversees the risk management process, including the identification, assessment, management, monitoring, and reporting of risks facing the Group, including business risks, risks relating to major acquisitions or divestments, as well as environmental, social, and governance-related risks (such as health and safety, data governance and privacy, and climate-related risks). It is also the role of the SRMC to ensure key risk registers and risk dashboards are maintained for significant risks and that they remain relevant and have considered the latest developments in the Group's internal business processes, business strategies, or external environment.

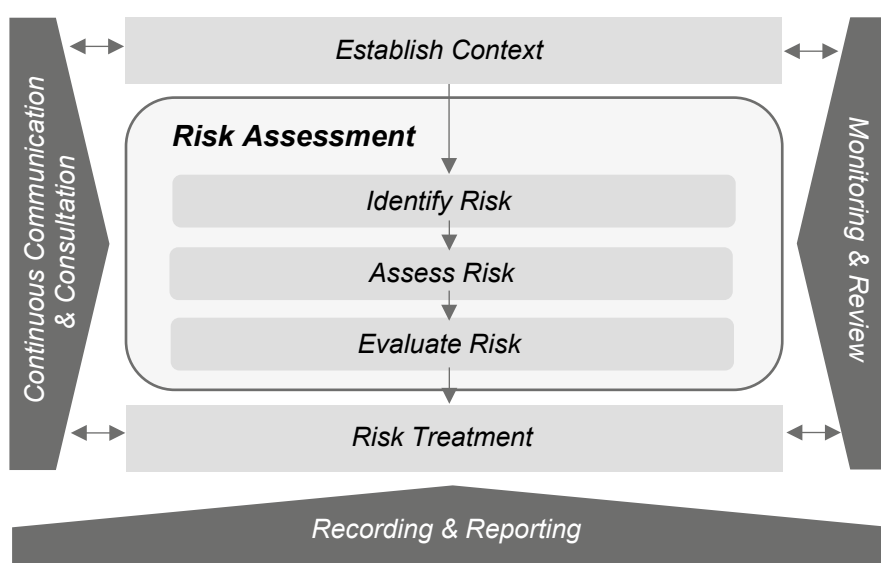
The Senior Management, led by the Managing Director/Group Chief Executive Officer and the Executive Directors, leads the Group's various business functions and operations in executing risk strategies and policies and managing risks within the risk appetite approved by the Board. The Senior Management is responsible for the periodic identification and assessment, as well as reviews and updates, of risks facing the Group and its business and operations. In addition to providing regular updates to the Board and the SRMC on the Group's overall risk positions through risk registers and risk dashboards, Senior Management also highlights any significant risks or emerging risks to the Board, as appropriate.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

## Risk Management Processes

Cape EMS has a risk management process that guides the systematic identification, assessment, management, monitoring, and reporting of risks facing the Group. The risk management process enables a risk-based approach towards prioritising internal controls and management of risks that have more significant risk levels to the Group which may include risks with higher likelihood or impact or both. This also enables informed decision-making by the Board and Management and more efficient resource allocation in relation to managing risks and carrying out business activities.

Designed and adapted as reasonably practicable from the ISO 31000:2018 Risk Management Guidelines, the Group's risk management process is aimed at establishing a robust risk management process across the Group and ensured that all business risks are prudently identified, analysed and effectively management.



As illustrated, while implementing risk identification and assessment, Senior Management takes into account the short, medium, and long-term business objectives, strategies, and plans, considering broad risk categories of, amongst others, strategic risks, operational risks, sustainability risks including environmental and social risks, and financial risks. Risk mitigation and management plans, which may include risk targets, are developed with reference to the Board-approved risk appetites. The risks identified, the risk ratings (i.e. risk likelihood, impact, and levels), and their respective mitigation and management plans are documented in risk registers to facilitate risk monitoring across time. Key risks are reported to the Board and the SRMC via risk dashboards which present the overview position and performance of the Group's risk management.

## Summary of risk management activities during the financial year

- Management implemented the Group's risk management framework, which was reviewed by SRMC and approved by the Board.
- The Board, supported by the SRMC, deliberated and set the Group's risk appetite.
- Senior Management performed annual risk assessment on the Group's business, considering the industry the Group operates in, its business and operations, as well as the risks relating to Cape EMS's publicly listed company status. These risks were reviewed by SRMC and the Board.
- Management implemented strategies and action plans addressing key risks identified, including developing or enhancing relevant policies and controls based on the approved risk appetite.
- Management managed and monitored key risks affecting business operations in the day-to-day business and updated Senior Management on their progress and status, together with business management performance.
- The Board reviews the performance relating to the management of key risks identified, including via a review of key risk indicators.

Key risks of the Group's business, including any emerging or current risks, are disclosed in Cape EMS's Management Discussion and Analysis in this Annual Report.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

## Internal Control System

The Group has established internal controls which were developed and enhanced on an ongoing basis considering the Group's risk management process and outcome. Key features of the Group's internal control system are highlighted as follows:

- **Business Directions and Strategies**

The Group's overall business direction is guided by its short and long-term business objectives. The Group's company strategy, business plans, and budget are generally developed by Management on an annual basis and proposed to the Board for review and approval. The responsibility to carry out the approved company strategy and business plans in accordance with the budget lies with the Senior Management who leads the Group's respective functions and departments in the implementation of relevant activities and initiatives in the day-to-day business operations.

The Board reviews the performance against the Company strategies and business plans during quarterly Board meetings, deliberates on the progress, and intervenes with the development of remedial actions where necessary. The Board, through the Audit Committee ("AC"), also reviews the Group's financial position and performance quarterly.

- **Governance and Organisation Structure**

The Group has an established organisation structure, supported by a corporate governance structure that specifies clear lines of roles and responsibilities for the respective governance bodies namely the Board and the Board Committees, including AC, SRMC, Nominating Committee, and Remuneration Committee. The roles and responsibilities of the Board and Board Committees are stipulated in the formalised Board Charter and Terms of Reference ("TOR") for the respective Board Committees.

The Board provides stewardship in the management of the Company's affairs including setting the company strategy considering long-term business sustainability. The Board is supported by the Board Committees whose responsibilities and authorities are mainly delegated by the Board while the Board remains ultimately responsible. The Managing Director/Group Chief Executive Officer and the Executive Directors are primarily responsible and accountable to the Board with respect to the day-to-day management and operations of the Group's business, including driving the implementation of company strategies and achievement of business targets as approved by the Board.

- **Delegation of Authority and Limits**

The Group has a set of delegation of authority and limits to clearly delineate the boundaries of the authority and powers of the respective bodies and functions within the Group's governance structure. The delegation of authority and limits have also considered elements such as checking, balancing and separation of powers to ensure there is a balance between effective business operations and risk controls.

- **Core Values, Code of Ethics, and Governance Policies**

The Group has established a set of Core Values surrounding the key topics of governance, integrity, accountability, and transparency which guide how the Group does business. To provide further guidance on the business practices and conduct of the Directors and employees of Cape EMS Group, the Board has established and formalised a Code of Conduct and Ethics.

The Code of Conduct and Ethics addresses topics including corporate responsibility and social responsibility, ethics and integrity, quality services, as well as compliance obligations. It also covers issues on good governance and ethics such as managing conflict of interest, anti-bribery and anti-corruption, guidance on the use of gifts, hospitality, and entertainment, anti-money laundering, prohibition of insider trading and fraud, protecting the Company's assets and data confidentiality, no abuse of authority or power, and others. In addition, the Code of Conduct and Ethics also covers social and environmental elements including ensuring workplace safety and health and the effective use of natural resources.

Other governance policies such as the Anti-Bribery and Corruption Policy, Anti-Money Laundering Policy, and Sustainability Policy are also in place to provide more detailed guidance to the Group's business and employees on specific topics.

All Directors and employees are communicated on the Code of Conduct and Ethics and other key policies upon their employment with Cape EMS Group.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

## Internal Control System (Cont'd)

The Group has established internal controls which were developed and enhanced on an ongoing basis considering the Group's risk management process and outcome. Key features of the Group's internal control system are highlighted as follows: (Cont'd)

- **Operational Policies and Procedures**

The Group has established and formalised relevant standard operating policies and procedures for its key operations and function. Amongst others, the standard operating policies and procedures help the Group to achieve the following:

- enable efficiency in the implementation of processes by employees, such as production, sales and marketing, quality control, procurement, and others, through guided procedures;
- standardise processes to achieve optimal outcomes, particularly the quality of products and services the Group delivers to its customers; and
- address risks including financial risks, operational risks, compliance risks, environmental risks, and safety and health risks, via internal controls built into the procedures.

The internal policies and standard operating procedures are appropriately communicated, clearly documented in manuals and are assessed and revised only when necessary by independent control functions such as risk management, compliance and internal audit to ensure improvements and in consideration of emerging or changing risk profile, new products or services, as well as, new or updated regulatory requirements. These will also be enhanced where appropriate to address any weaknesses identified through actual occurrence, changes in risk levels determined via the risk management process, as well as gaps highlighted by stakeholders including quality control, auditors, or customers.

- **Assurance and audit**

Cape EMS Group has various functions to provide different levels of assurance over the Group's products, services, and processes. With respect to the Group's production, quality control and assurance, processes are in place to perform checking on finished products and adherence to standard operating policies and procedures, safeguarding the Group's product safety and quality.

An outsourced internal audit function has been engaged by the Group to provide independent and objective assurance to the Board that established internal controls, risk management and governance processes are adequate and are operating effectively and efficiently. To ensure independence and objectivity, Internal Auditors report independently to the AC and have no responsibilities or authority over any of the activities they review. Their scope of work and activities are guided by the annual audit plan based on the appropriate risk-based methodology approved by the AC.

On the other hand, statutory audits are carried out by External Auditors to provide independent assurance that the financial statements fairly present, in all material aspects, the Group's financial position and performance.

Both internal and external audits are conducted at least annually, and reports are made directly to the AC which oversees the audit activities and findings and makes relevant recommendations to the Board. Internal control weaknesses, where found, will be highlighted to the AC, and relevant remedial action plans will be devised, implemented, followed up, and reported. Senior Management remains responsible for the implementation of the remedial action plans. Relevant key outcomes and progress are reported to the Board.

- **Whistle-Blowing Policy**

The Group has established and formalised a Whistle-Blowing Policy through which internal and external parties, including the general public, can make a whistleblowing report when they become aware or genuinely suspects on a reasonable belief that the Group's Director, employee, or a third party who has a business relationship with the Group has engaged or is likely to engage in any improper conduct or wrongdoing. The improper conduct or wrongdoing may include but is not limited to, fraud, manipulation of financial records, corruption, bribery, blackmailing, misappropriation of the Group's assets, abuse of power, criminal breach of trust, endangerment of employees' or public health and safety, significant breaches of the Group's policies or code of ethics, and others.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

## Internal Control System (Cont'd)

The Group has established internal controls which were developed and enhanced on an ongoing basis considering the Group's risk management process and outcome. Key features of the Group's internal control system are highlighted as follows: (Cont'd)

- **Whistle-Blowing Policy (cont'd)**

The whistleblowing mechanism functions based on strict confidentiality which also protects the identity of the whistleblower, and it does not prohibit anonymous reporting. The whistleblowing channel provides various independent reporting channels, including to the Chairperson of the AC who is also an Independent Director, to ensure objectivity and independence are upheld in the process of managing whistleblowing reports. A whistleblower who makes a report in good faith is also protected from any reprisal by the Group or its personnel as a direct consequence of the disclosure.

The Whistle-Blowing Policy is publicly available on Cape EMS's corporate website.

## Review of risk management and internal control system

During the financial year under review, in addition to the Board's review of the Group's risk management reports, the Board has, via the AC, reviewed the works and findings of the internal audit reports and External Auditors including their assessment of the Group's internal controls system.

The Board has also received assurance from the Managing Director/Group Chief Executive Officer and the Group Chief Financial Officer that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, during the financial year ended 31 December 2023.

Considering the risk management activities conducted by the SRMC, the AC's review of outcomes of the external audits and the internal control review, the assurance obtained from the Managing Director/Group Chief Executive Officer and the Group Chief Financial Officer, and input from the relevant parties including reports, findings, and feedback from the External Auditors and internal control reviewer, the Board is of the view that the system of risk management and internal control is adequate and operating effectively, in all material aspects, to achieve its objective and there were no significant weaknesses which resulted in material losses, contingencies, or uncertainties that would require separate disclosure in the audited financial statements. The Board is committed to ensuring the ongoing adequacy and operating effectiveness of the Group's system of risk management and internal control.

## Review of Statement on Risk Management and Internal Control by External Auditors

As required by Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3") – Guidance for Auditors on Engagement to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA"). The External Auditors have reported to the Board that based on the procedures performed and evidence obtained, nothing has come to its attention that causes the External Auditors to believe that this Statement intended to be included in Cape EMS's Annual Report FYE2023, 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 Statement 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. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This Statement is approved by the Board on 16 April 2024.

# STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required to take reasonable steps to ensure that the financial statements of the Company are drawn up in accordance with the Malaysian Financial Reporting Standards, IFRS Accounting Standards, and the requirements of the Companies Act 2016, to give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the financial performance and cash flows of the Group and of the Company for the financial year.

In addition, pursuant to Paragraph 15.26(a) of the MMLR of Bursa Securities, the Board of Directors must ensure that an additional statement is included in the Company's annual report explaining the Board of Directors' responsibilities for preparing the annual audited financial statements.

In preparing the financial statements, the Directors have:-

- adopted the appropriate accounting policies and applied them consistently throughout the year;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable approved accounting standards in Malaysia have been followed and if there are any material departures, to disclose and explain in the financial statements; and
- prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are also responsible for ensuring that proper accounting records are maintained and kept which disclose with reasonable accuracy at any time, the financial position of the Group and of the Company, to ensure that the financial statements are in compliance with the Companies Act 2016.

The Directors have overall responsibilities for taking such steps as are reasonably available to them to safeguard the assets of the Group and of the Company and have taken reasonable steps for the prevention and detection of fraud, material misstatements and other irregularities. Such systems, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

This statement has been made in accordance with a resolution of the Board of Directors that was approved via the Board meeting held on 16 April 2024.

# ADDITIONAL COMPLIANCE INFORMATION

## OTHER DISCLOSURE REQUIREMENTS PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("MMLR OF BURSA SECURITIES")

### UTILISATION OF PROCEEDS

#### Proceeds from the Initial Public Offering ("IPO")

Cape EMS Berhad was listed on the MMLR of Bursa Securities on 10 March 2023. In conjunction with the Listing, the Company undertook a public issue of 173,000,000 new ordinary shares at an issue price of RM0.90 per share, raising a total gross proceeds of RM155.7 million ("IPO Proceeds") with a total issued shares of 923,000,000 ordinary shares on 10 March 2023.

The status of the utilisation of IPO Proceeds up to the date of this report is set out as follows:-

| Details of use of proceeds                                                                             | Estimated timeframe for the use of proceeds | Proposed utilisation as disclosed in IPO prospectus (RM'000) | Re-allocation (RM'000)   | Actual utilisation up to date of report (RM'000) | Unutilised Amount (RM'000) |
|--------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------------------------|--------------------------|--------------------------------------------------|----------------------------|
| Construction of New Senai 226 Warehouse and installation of automated storage facilities               | Within 48 months                            | 53,105                                                       | -                        | (74)                                             | 53,031                     |
| Setting-up of new cleanroom facility and purchase of new automated production lines for EMS operations | Within 24 months                            | 62,810                                                       | -                        | -                                                | 62,810                     |
| Installation of energy saving cooling system                                                           | Within 24 months                            | 3,688                                                        | -                        | -                                                | 3,688                      |
| Purchase of new machinery and equipment for die cast manufacturing related services                    | Within 12 months                            | 4,599                                                        | (768) <sup>(2)</sup>     | (3,831)                                          | -                          |
| Working capital                                                                                        | Within 12 months                            | 20,498                                                       | 2,247 <sup>(1) (2)</sup> | (22,745)                                         | -                          |
| Estimated listing expenses                                                                             | Within 3 months                             | 11,000                                                       | (1,479) <sup>(1)</sup>   | (9,521)                                          | -                          |
| <b>Total</b>                                                                                           |                                             | <b>155,700</b>                                               | <b>-</b>                 | <b>(36,171)</b>                                  | <b>119,529</b>             |

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 16 February 2023.

#### Notes:

<sup>(1)</sup> The unutilised balance of RM1.5 million allocated for estimated listing expenses was allocated to working capital.

<sup>(2)</sup> The unutilised balance of RM0.8 million allocated for the purchase of new machinery and equipment for die cast manufacturing related services was allocated to working capital.

## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

### OTHER DISCLOSURE REQUIREMENTS PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("MMLR OF BURSA SECURITIES") (CONT'D)

#### Proceeds from the Private Placement

The Company had completed the listing and quotation for the Private Placement of 69,000,000 shares ("**Placement Share**") on 12 December 2023, representing approximately 7.5% of the total number of existing shares in the Company (excluding treasury shares) to independent third-party investor at the issue price of RM1.07 per Placement Share ("**Private Placement**").

The status of the utilisation of the proceeds for a total of RM73,830,000.00 raised from the Private Placement up to the date of this report is set out as follows: -

| Details of use of proceeds                                             | Estimated timeframe for the use of proceeds | Actual Proceeds (RM'000) | Actual utilisation up to date of report (RM'000) | Unutilised Amount (RM'000) |
|------------------------------------------------------------------------|---------------------------------------------|--------------------------|--------------------------------------------------|----------------------------|
| Settlement of Purchase Consideration for the Acquisition of iConn Inc. | Within 3 months                             | 73,830                   | 73,830                                           | -                          |
| <b>Total</b>                                                           |                                             | <b>73,830</b>            | <b>73,830</b>                                    | <b>-</b>                   |

As at the date of this Report, the Company has fully utilised the proceeds raised from the Private Placement.

#### **MATERIAL CONTRACTS**

There was no material contract entered into by the Group involving the interest of the Directors and/or major shareholders which was either still subsisting at the end of the financial year ended 31 December 2023 ("**FYE 2023**") or entered into since the end of the previous financial year.

#### **RELATED PARTY TRANSACTIONS ("RPT") AND/OR RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE OR TRADING NATURE**

There were no material RPT or RRPT of a revenue or trading nature entered by the Group which involves the interest of Directors, chief executive and/or major shareholders during the FYE2023 other than those disclosed in Note 29 to the Audited Financial Statements of the Group. Those RPT or RRPT did not exceed the threshold prescribed under Paragraph 10.09(1) of the MMLR of Bursa Securities.

# DIRECTORS' REPORT

The Directors of Cape EMS Berhad have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and electronic manufacturing services.

The principal activities of the subsidiary companies are disclosed in Note 5 to the Financial Statements.

## RESULTS

|                               | Group<br>RM | Company<br>RM |
|-------------------------------|-------------|---------------|
| Profit for the financial year | 44,342,256  | 23,013,325    |
| Attributable to:-             |             |               |
| Owners of the Company         | 44,376,612  | 23,013,325    |
| Non-controlling interest      | (34,356)    | -             |
|                               | 44,342,256  | 23,013,325    |

## RESERVES AND PROVISIONS

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

## DIVIDENDS

Dividends paid, declared or proposed by the Company since the end of the last financial year were as follows:-

|                                                                                                                                                         | RM         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| First interim single-tier dividend of 0.55 sen per ordinary share in respect of the financial year ended 31 December 2023 and paid on 29 September 2023 | 5,076,500  |
| Second interim single-tier dividend of 0.55 sen per ordinary share in respect of the financial year ended 31 December 2023 and paid on 2 February 2024  | 5,456,000  |
|                                                                                                                                                         | 10,532,500 |

The Directors do not propose any final dividend in respect of the financial year ended 31 December 2023.

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS

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

Datuk Mohd Rabin Bin Basir  
 Tee Kim Chin\*  
 Tee Kim Yok\*  
 Alex Miranda Juntado\*  
 Lim Chue Wan  
 Tan Sik Hui  
 Yau Yin Wee  
 Koh Beng San  
 Chen Kok Seng

\* Directors of the Company and certain subsidiary company(ies).

The Directors of subsidiary companies who held office during the financial year and up to the date of this report, not including those Directors listed above is as follows:-

Francis Chai Sir Liang (Appointed on 13 March 2023)  
 Chong Kah Zin (Appointed on 6 October 2023)  
 Lim Kok Wai (Resigned on 13 March 2023)

### DIRECTORS' INTEREST

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the beneficial interests of those who were Directors at the end of the financial year in shares of the Company and its related corporations are as follows:-

|                            | As at<br>1.1.2023 | Number of ordinary shares |               | As at<br>31.12.2023 |
|----------------------------|-------------------|---------------------------|---------------|---------------------|
|                            |                   | Bought                    | Sold          |                     |
| Datuk Mohd Rabin Bin Basir | -                 | 420,000                   | -             | 420,000             |
| Tee Kim Chin               | 450,000,000       | 194,500,000               | (270,000,000) | 374,500,000         |
| Tee Kim Yok                | 138,750,000       | 127,550,000               | (200,806,100) | 65,493,900          |
| Lim Chue Wan               | -                 | 1,450,000                 | (600,000)     | 850,000             |
| Tan Sik Hui                | -                 | 400,000                   | (349,400)     | 50,600              |
| Yau Yin Wee                | -                 | 400,000                   | (400,000)     | -                   |
| Koh Beng San               | -                 | 480,000                   | (400,000)     | 80,000              |
| Chen Kok Seng              | -                 | 400,000                   | (240,000)     | 160,000             |

Except as disclosed above, none of the Directors of the Company at the end of the financial year held any interest in shares of the Company and its related corporations during the financial year.

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS' REMUNERATION

During the financial year, the fees and other benefits received and receivable by the Directors of the Company are as follows:-

|                           | Incurred by<br>the Company<br>RM | Incurred<br>by the<br>Subsidiaries<br>RM | Total<br>RM |
|---------------------------|----------------------------------|------------------------------------------|-------------|
| Directors' fees           | 363,700                          | 529,404                                  | 893,104     |
| Directors' other benefits | 3,497,156                        | 285,639                                  | 3,782,795   |
|                           | 3,860,856                        | 815,043                                  | 4,675,899   |

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling the Directors of the Company to acquire any benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued the following shares:

- (a) 173,000,000 ordinary shares as part of the Initial Public Offering at RM0.90 per ordinary share.
- (b) Private placement of 69,000,000 ordinary shares at RM1.07 per placement share.

There were no other issues of shares or debentures during the financial year.

### OTHER STATUTORY INFORMATION

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

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts to be written off and no provision for doubtful debts was required; and
- (b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had 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:-

- (a) which would render it necessary to write off any bad debts or make any provision for doubtful debts in the financial statements of the Group and of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

## DIRECTORS' REPORT (CONT'D)

### OTHER STATUTORY INFORMATION (CONT'D)

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

- (a) no contingent liability or other liability 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 affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

### INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The amount of indemnity coverage and insurance premium paid for Directors and Officers of the Group and the Company during the financial year are amounted to RM10,000,000 and RM19,090 respectively.

### AUDITORS' REMUNERATION

The total amount paid to or receivable by the auditor, its member firm and local affiliate as remuneration for their services as auditors, inclusive of all fees, percentages or other payments or consideration given by or from the Group and the Company are as follows:

|                                          | Group<br>RM | Company<br>RM |
|------------------------------------------|-------------|---------------|
| Statutory audit                          | 251,265     | 168,000       |
| Assurance related and non-audit services | 1,757,932   | 1,694,078     |
|                                          | 2,009,197   | 1,862,078     |

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT to the extent permissible under the provision of the Companies Act 2016 in Malaysia. However, no payment has been made arising from this indemnity for the financial year ended 31 December 2023.

# DIRECTORS' REPORT (CONT'D)

## AUDITORS

The Auditors, Grant Thornton Malaysia PLT have expressed their willingness to continue in office.

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

|              |   |           |
|--------------|---|-----------|
| .....        | ) |           |
| TEE KIM CHIN | ) |           |
|              | ) |           |
|              | ) |           |
|              | ) |           |
|              | ) | DIRECTORS |
|              | ) |           |
|              | ) |           |
|              | ) |           |
|              | ) |           |
|              | ) |           |
| .....        | ) |           |
| TEE KIM YOK  | ) |           |

Johor Bahru  
16 April 2024

# STATEMENT BY DIRECTORS

In the opinion of the Directors, the accompanying financial statements together with the notes thereto are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 at 31 December 2023 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 Board of Directors.

.....  
TEE KIM CHIN

.....  
TEE KIM YOK

Johor Bahru  
16 April 2024

# STATUTORY DECLARATION

I, Tee Kim Chin, being the Director primarily responsible for the financial management of Cape EMS Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements together with the notes attached thereto are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared )  
by the abovenamed at Johor Bahru )  
in the State of Johor this day of )  
16 April 2024 )

.....  
TEE KIM CHIN

Before me:

Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAPE EMS BERHAD

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Cape EMS Berhad ("the Company"), which comprise the statements of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including material accounting information, as set out on pages 94 to 169.

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 2023, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting 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 ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

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

#### *Impairment of trade receivables*

### The risk

As at 31 December 2023, trade receivables are a significant element of statement of financial position amounting to RM177.6 million. The details of the trade receivables are disclosed in Notes 9 and 31(c) to the Financial Statements.

Management judgement is required in estimating the allowance for impairment losses on trade receivables. The Group and the Company apply a simplified approach in calculating provision for expected credit losses using a provision matrix based on the following:

- customer payment profiles of past sales and corresponding historical credit losses;
- specific known facts or circumstances on customers' ability to pay;
- calculating the probability of default based groupings of various customer segments with similar risk of default (by product type and customer type); and
- adjusting for forward-looking factors specific to the debtors and the economic environment.

The basis of management's judgement over the recoverability of billed trade receivables are disclosed in Note 31(c) to the Financial Statements.

# INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF CAPE EMS BERHAD

## Key Audit Matters (Cont'd)

### *Impairment of trade receivables (Cont'd)*

#### **Our response**

Our procedures included, amongst others:-

- Obtained an understanding of:-
  - the Group's controls over the receivable collection process;
  - how the Group identifies and assesses the impairment of receivables; and
  - how the Group calculates the expected credit losses ("ECL") for impairment of trade receivables.
- Reviewed the ageing of receivables and tested the integrity of ageing by calculating the due date for a sample of invoices.
- Evaluated management's judgement of groupings by various customers segments with similar risk of default.
- Reviewed the recoverability of outstanding receivables through subsequent cash receipts.

### *Revenue recognition*

#### **The risk**

Referring to Note 21 to the Financial Statements, revenue recognition is considered as a key audit matter because revenues are a key financial performance measure which could create an incentive for revenues to be recognised prematurely. Relevant areas from the revenue recognition perspective are accuracy of the recognised amounts and timing of the revenue recognised.

The Group's and the Company's accounting policy and other related disclosures of revenue recognition are disclosed in Note 21 to the Financial Statements.

#### **Our response**

Our procedures included, amongst others:-

- Obtained an understanding of the Group's revenue recognition policies and internal controls over the point when the Group recognises revenue upon the transfer of promised goods to customers.
- On a sampling basis, we:-
  - Inspected contracts or purchases orders to understand the terms of the contract to determine the point of transfer of control and assessed whether revenue was recognised in accordance with these terms;
  - Reviewed documentation evidencing the transfer of control to customers; and
  - Performed cut-off test by reviewing sales documentation before and after the financial year end as well as reviewed debit and credit note issued subsequent to year end to assess whether the transactions were recorded in the correct accounting period.

## Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

# INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF CAPE EMS BERHAD

## Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSS, IFRS Accounting 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 Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional 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 Group's and of the Company's internal control.
- 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 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 Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 communicated 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 identified during our audit.

# INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF CAPE EMS BERHAD

## 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 Auditor, are disclosed in Note 5 to the Financial Statements.

## Other Matters

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

GRANT THORNTON MALAYSIA PLT  
(201906003682 & LLP0022494-LCA)  
CHARTERED ACCOUNTANTS (AF 0737)

WONG WEN TAK  
(NO: 03043/04/2025 J)  
CHARTERED ACCOUNTANT

Johor Bahru  
16 April 2024

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2023

|                                                    | Note | 2023<br>RM  | Group<br>2022<br>RM | Company<br>2023<br>RM | 2022<br>RM  |
|----------------------------------------------------|------|-------------|---------------------|-----------------------|-------------|
| <b>ASSETS</b>                                      |      |             |                     |                       |             |
| <b>Non-current assets</b>                          |      |             |                     |                       |             |
| Property, plant and equipment                      | 3    | 239,438,444 | 217,420,399         | 184,788,266           | 177,201,329 |
| Investment properties                              | 4    | -           | 9,800,000           | 6,200,000             | 16,055,690  |
| Investment in subsidiary companies                 | 5    | -           | -                   | 24,660,117            | 14,658,030  |
| Goodwill on acquisition                            | 6    | 6,243,746   | 6,243,746           | -                     | -           |
| Deferred tax assets                                | 7    | -           | 839,000             | -                     | 839,000     |
| Total non-current assets                           |      | 245,682,190 | 234,303,145         | 215,648,383           | 208,754,049 |
| <b>Current assets</b>                              |      |             |                     |                       |             |
| Inventories                                        | 8    | 65,503,242  | 38,615,516          | 61,025,697            | 33,756,403  |
| Trade receivables                                  | 9    | 177,583,624 | 144,344,993         | 155,055,413           | 121,393,458 |
| Other receivables                                  | 10   | 74,730,519  | 16,123,875          | 70,785,093            | 12,270,230  |
| Amount due from subsidiary companies               | 5    | -           | -                   | 3,071,950             | 4,491,022   |
| Current tax assets                                 |      | 572,408     | 797,218             | -                     | -           |
| Fixed deposits with licensed banks                 | 11   | 31,180,438  | 9,240,070           | 27,745,689            | 8,272,570   |
| Other investments                                  | 12   | 101,832,016 | -                   | 101,832,016           | -           |
| Cash and bank balances                             |      | 76,588,503  | 32,095,844          | 47,630,208            | 30,069,751  |
|                                                    |      | 527,990,750 | 241,217,516         | 467,146,066           | 210,253,434 |
| Non-current assets held for sale                   | 13   | -           | 8,818,441           | -                     | 8,818,441   |
| Total current assets                               |      | 527,990,750 | 250,035,957         | 467,146,066           | 219,071,875 |
| Total assets                                       |      | 773,672,940 | 484,339,102         | 682,794,449           | 427,825,924 |
| <b>EQUITY AND LIABILITIES</b>                      |      |             |                     |                       |             |
| <b>EQUITY</b>                                      |      |             |                     |                       |             |
| Share capital                                      | 14   | 324,021,070 | 100,000,000         | 324,021,070           | 100,000,000 |
| Exchange translation reserve                       |      | 1,217,101   | 419,501             | -                     | -           |
| Revaluation reserve                                | 15   | 26,649,646  | 25,683,200          | 26,622,167            | 25,655,721  |
| Retained profits                                   |      | 103,301,338 | 68,922,306          | 68,223,794            | 55,208,049  |
| Total equity attributable to owners of the Company |      | 455,189,155 | 195,025,007         | 418,867,031           | 180,863,770 |
| Non-controlling interests                          |      | (32,965)    | -                   | -                     | -           |
| Total equity                                       |      | 455,156,190 | 195,025,007         | 418,867,031           | 180,863,770 |

# STATEMENTS OF FINANCIAL POSITION (CONT'D)

## AS AT 31 DECEMBER 2023

|                                     | Note | 2023<br>RM         | Group<br>2022<br>RM | Company<br>2023<br>RM | 2022<br>RM         |
|-------------------------------------|------|--------------------|---------------------|-----------------------|--------------------|
| <b>LIABILITIES</b>                  |      |                    |                     |                       |                    |
| <b>Non-current liabilities</b>      |      |                    |                     |                       |                    |
| Lease liabilities                   | 16   | 9,204,060          | 43,159,907          | 6,874,634             | 41,243,934         |
| Loans and borrowings                | 17   | 100,905,355        | 74,246,365          | 79,039,855            | 57,563,994         |
| Deferred tax liabilities            | 7    | 14,017,516         | 9,260,751           | 14,017,096            | 8,105,903          |
| Total non-current liabilities       |      | 124,126,931        | 126,667,023         | 99,931,585            | 106,913,831        |
| <b>Current liabilities</b>          |      |                    |                     |                       |                    |
| Trade payables                      | 18   | 102,531,348        | 72,847,847          | 94,158,484            | 61,733,834         |
| Other payables                      | 19   | 17,680,574         | 13,326,691          | 12,495,362            | 10,814,779         |
| Amount due to a related party       | 20   | 74,000             | 10,754              | 74,000                | 10,616             |
| Amount due to subsidiary companies  | 5    | -                  | -                   | 5,213,936             | 1,190,853          |
| Lease liabilities                   | 16   | 4,809,781          | 10,126,511          | 3,591,192             | 9,139,304          |
| Loans and borrowings                | 17   | 63,628,070         | 64,361,537          | 48,393,859            | 55,441,769         |
| Current tax liabilities             |      | 5,666,046          | 1,973,732           | 69,000                | 1,717,168          |
| Total current liabilities           |      | 194,389,819        | 162,647,072         | 163,995,833           | 140,048,323        |
| <b>Total liabilities</b>            |      | <b>318,516,750</b> | <b>289,314,095</b>  | <b>263,927,418</b>    | <b>246,962,154</b> |
| <b>Total equity and liabilities</b> |      | <b>773,672,940</b> | <b>484,339,102</b>  | <b>682,794,449</b>    | <b>427,825,924</b> |

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

|                                                                                 | Note | 2023<br>RM    | Group<br>2022<br>RM | Company<br>2023<br>RM | 2022<br>RM    |
|---------------------------------------------------------------------------------|------|---------------|---------------------|-----------------------|---------------|
| Revenue                                                                         | 21   | 548,644,355   | 437,954,093         | 396,985,109           | 371,576,755   |
| Cost of sales                                                                   |      | (461,302,299) | (376,324,899)       | (343,106,011)         | (320,894,905) |
| Gross profit                                                                    |      | 87,342,056    | 61,629,194          | 53,879,098            | 50,681,850    |
| Other income                                                                    | 22   | 4,751,071     | 7,143,540           | 5,989,786             | 6,628,965     |
| Finance income                                                                  | 23   | 3,063,114     | 96,872              | 3,317,369             | 96,802        |
| Administration expenses                                                         |      | (25,747,109)  | (14,527,774)        | (21,765,392)          | (11,042,398)  |
| Distribution costs                                                              |      | (728,370)     | (373,475)           | (118,218)             | 165,742       |
| Other expenses                                                                  |      | -             | (4,024,526)         | -                     | (3,527,739)   |
| Finance costs                                                                   | 23   | (10,980,263)  | (9,100,295)         | (9,042,712)           | (8,144,376)   |
| Profit before tax                                                               | 24   | 57,700,499    | 40,843,536          | 32,259,931            | 34,858,846    |
| Income tax expense                                                              | 25   | (13,358,243)  | (7,303,483)         | (9,246,606)           | (5,320,242)   |
| Profit for the financial year                                                   |      | 44,342,256    | 33,540,053          | 23,013,325            | 29,538,604    |
| <b>Other comprehensive income, net of tax</b>                                   |      |               |                     |                       |               |
| <b>Items that will not be reclassified subsequently to profit or loss</b>       |      |               |                     |                       |               |
| Revaluation of land and factory buildings                                       |      | 1,975,482     | 5,923,622           | 1,975,482             | 5,923,622     |
| Tax effect on item that will not be reclassified subsequently to profit or loss | 25   | (474,116)     | (1,421,669)         | (474,116)             | (1,421,669)   |
| Realisation of revaluation reserve upon depreciation of revalued assets         |      | 534,920       | 425,485             | 534,920               | 425,485       |
| Transfer of revaluation reserve to retained profits                             |      | (534,920)     | (425,485)           | (534,920)             | (425,485)     |
| Foreign currency translation differences for foreign operation, net of tax      |      | 797,600       | 385,781             | -                     | -             |
| <b>Other comprehensive income for the financial year</b>                        |      | 2,298,966     | 4,887,734           | 1,501,366             | 4,501,953     |
| <b>Total comprehensive income for the financial year</b>                        |      | 46,641,222    | 38,427,787          | 24,514,691            | 34,040,557    |
| <b>Profit attributable to:-</b>                                                 |      |               |                     |                       |               |
| Owners of the Company                                                           |      | 44,376,612    | 33,540,053          | 23,013,325            | 29,538,604    |
| Non-controlling interests                                                       |      | (34,356)      | -                   | -                     | -             |
| Net profit for the financial year                                               |      | 44,342,256    | 33,540,053          | 23,013,325            | 29,538,604    |
| <b>Total comprehensive income attributable to:-</b>                             |      |               |                     |                       |               |
| Owners of the Company                                                           |      | 46,675,578    | 38,427,787          | 24,514,691            | 34,040,557    |
| Non-controlling interests                                                       |      | (34,356)      | -                   | -                     | -             |
| Total comprehensive income for the financial year                               |      | 46,641,222    | 38,427,787          | 24,514,691            | 34,040,557    |
| <b>Earnings per share</b>                                                       |      |               |                     |                       |               |
| - Basic (sen)                                                                   | 26   | 4.96          | 6.39                |                       |               |
| - Diluted (sen)                                                                 | 26   | 4.96          | 6.39                |                       |               |

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| Group                                                                   | Note | Share capital<br>RM | Exchange translation reserve<br>RM | Revaluation reserve<br>RM | Retained profits<br>RM | Total<br>RM  | Non-controlling interests<br>RM | Total equity<br>RM |
|-------------------------------------------------------------------------|------|---------------------|------------------------------------|---------------------------|------------------------|--------------|---------------------------------|--------------------|
| Balance at 1 January 2022                                               |      | 100,000,000         | 33,720                             | 21,606,732                | 47,921,435             | 169,561,887  | -                               | 169,561,887        |
| <b>Transaction with owners:</b>                                         |      |                     |                                    |                           |                        |              |                                 |                    |
| Dividends to owner of the Company                                       | 27   | -                   | -                                  | -                         | (12,964,667)           | (12,964,667) | -                               | (12,964,667)       |
| Total transaction with owners                                           |      | -                   | -                                  | -                         | (12,964,667)           | (12,964,667) | -                               | (12,964,667)       |
| Profit for the financial year                                           |      | -                   | -                                  | -                         | 33,540,053             | 33,540,053   | -                               | 33,540,053         |
| Realisation of revaluation reserve upon depreciation of revalued assets |      | -                   | -                                  | (425,485)                 | 425,485                | -            | -                               | -                  |
| Other comprehensive income for the financial year                       |      | -                   | 385,781                            | 4,501,953                 | -                      | 4,887,734    | -                               | 4,887,734          |
| Total comprehensive income for the financial year                       |      | -                   | 385,781                            | 4,076,468                 | 33,965,538             | 38,427,787   | -                               | 38,427,787         |
| Balance at 31 December 2022/<br>1 January 2023                          |      | 100,000,000         | 419,501                            | 25,683,200                | 68,922,306             | 195,025,007  | -                               | 195,025,007        |
| <b>Transaction with owners:</b>                                         |      |                     |                                    |                           |                        |              |                                 |                    |
| Acquisition of a subsidiary                                             |      | -                   | -                                  | -                         | -                      | -            | 1,391                           | 1,391              |
| Dividends to owner of the Company                                       | 27   | -                   | -                                  | -                         | (10,532,500)           | (10,532,500) | -                               | (10,532,500)       |
| Issued for initial public offering                                      | 14   | 155,700,000         | -                                  | -                         | -                      | 155,700,000  | -                               | 155,700,000        |
| Issued for private placement                                            | 14   | 73,830,000          | -                                  | -                         | -                      | 73,830,000   | -                               | 73,830,000         |
| Shares issuance expenses                                                | 14   | (5,508,930)         | -                                  | -                         | -                      | (5,508,930)  | -                               | (5,508,930)        |
| Total transaction with owners                                           |      | 224,021,070         | -                                  | -                         | (10,532,500)           | 213,488,570  | 1,391                           | 213,489,961        |
| Profit for the financial year                                           |      | -                   | -                                  | -                         | 44,376,612             | 44,376,612   | (34,356)                        | 44,342,256         |
| Realisation of revaluation reserve upon depreciation of revalued assets |      | -                   | -                                  | (534,920)                 | 534,920                | -            | -                               | -                  |
| Other comprehensive income for the financial year                       |      | -                   | 797,600                            | 1,501,366                 | -                      | 2,298,966    | -                               | 2,298,966          |
| Total comprehensive income for the financial year                       |      | -                   | 797,600                            | 966,446                   | 44,911,532             | 46,675,578   | (34,356)                        | 46,641,222         |
| Balance at 31 December 2023                                             |      | 324,021,070         | 1,217,101                          | 26,649,646                | 103,301,338            | 455,189,155  | (32,965)                        | 455,156,190        |

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| Company                                                                 | Note | Share capital<br>RM | Revaluation reserve<br>RM | Retained profits<br>RM | Total equity<br>RM |
|-------------------------------------------------------------------------|------|---------------------|---------------------------|------------------------|--------------------|
| Balance at 1 January 2022                                               |      | 100,000,000         | 21,579,253                | 38,208,627             | 159,787,880        |
| <b>Transaction with owners:</b>                                         |      |                     |                           |                        |                    |
| Dividends to owner of the Company                                       | 27   | -                   | -                         | (12,964,667)           | (12,964,667)       |
| Total transaction with owners                                           |      | -                   | -                         | (12,964,667)           | (12,964,667)       |
| Profit for the financial year                                           |      | -                   | -                         | 29,538,604             | 29,538,604         |
| Realisation of revaluation reserve upon depreciation of revalued assets |      | -                   | (425,485)                 | 425,485                | -                  |
| Other comprehensive income for the financial year                       |      | -                   | 4,501,953                 | -                      | 4,501,953          |
| Total comprehensive income for the financial year                       |      | -                   | 4,076,468                 | 29,964,089             | 34,040,557         |
| Balance at 31 December 2022/1 January 2023                              |      | 100,000,000         | 25,655,721                | 55,208,049             | 180,863,770        |
| <b>Transaction with owners:</b>                                         |      |                     |                           |                        |                    |
| Dividends to owner of the Company                                       | 27   | -                   | -                         | (10,532,500)           | (10,532,500)       |
| Issued for initial public offering                                      | 14   | 155,700,000         | -                         | -                      | 155,700,000        |
| Issued for private placement                                            | 14   | 73,830,000          | -                         | -                      | 73,830,000         |
| Shares issuance expenses                                                | 14   | (5,508,930)         | -                         | -                      | (5,508,930)        |
| Total transaction with owners                                           |      | 224,021,070         | -                         | (10,532,500)           | 213,488,570        |
| Profit for the financial year                                           |      | -                   | -                         | 23,013,325             | 23,013,325         |
| Realisation of revaluation reserve upon depreciation of revalued assets |      | -                   | (534,920)                 | 534,920                | -                  |
| Other comprehensive income for the financial year                       |      | -                   | 1,501,366                 | -                      | 1,501,366          |
| Total comprehensive income for the financial year                       |      | -                   | 966,446                   | 23,548,245             | 24,514,691         |
| Balance at 31 December 2023                                             |      | 324,021,070         | 26,622,167                | 68,223,794             | 418,867,031        |

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

|                                                                                  | Note | Group<br>2023<br>RM | 2022<br>RM   | Company<br>2023<br>RM | 2022<br>RM   |
|----------------------------------------------------------------------------------|------|---------------------|--------------|-----------------------|--------------|
| <b>OPERATING ACTIVITIES</b>                                                      |      |                     |              |                       |              |
| Profit before tax                                                                |      | 57,700,499          | 40,843,536   | 32,259,931            | 34,858,846   |
| <b>Adjustments for:-</b>                                                         |      |                     |              |                       |              |
| Depreciation of property, plant and equipment                                    |      | 14,806,023          | 9,867,315    | 12,458,050            | 7,934,851    |
| Depreciation of right-of-use assets                                              |      | 5,388,882           | 8,426,278    | 4,625,222             | 7,973,690    |
| Fair value gain on financial assets carried at fair value through profit or loss |      | (1,241,564)         | -            | (1,241,564)           | -            |
| (Gain)/Loss on disposal of property, plant and equipment                         |      | (10,606)            | 133          | -                     | -            |
| Gain on disposal of non-current assets held for sale                             |      | -                   | (148,688)    | -                     | (148,688)    |
| Property, plant and equipment written off                                        |      | -                   | 7,029        | -                     | 3,125        |
| Interest expense                                                                 |      | 9,535,248           | 5,980,499    | 7,828,072             | 5,117,494    |
| Interest income                                                                  |      | (3,063,114)         | (96,872)     | (3,317,369)           | (96,802)     |
| Lease liabilities interest expense                                               |      | 1,445,015           | 3,119,796    | 1,214,640             | 3,026,882    |
| Fair value (gain)/loss on investment properties                                  |      | -                   | (1,000,000)  | 55,690                | (1,000,000)  |
| Unrealised (gain)/loss on foreign exchange                                       |      | (2,101,085)         | 4,024,526    | (1,985,965)           | 3,527,739    |
| Operating profit before working capital changes                                  |      | 82,459,298          | 71,023,552   | 51,896,707            | 61,197,137   |
| <b>Changes in working capital:-</b>                                              |      |                     |              |                       |              |
| Inventories                                                                      |      | (26,887,726)        | (4,638,898)  | (27,269,294)          | (4,495,582)  |
| Receivables                                                                      |      | (42,981,680)        | (62,063,152) | (41,766,045)          | (56,548,525) |
| Payables                                                                         |      | 28,619,293          | 20,449,288   | 28,791,468            | 23,094,376   |
| Related party                                                                    |      | 63,246              | 12,590       | 63,384                | 12,662       |
| Subsidiary companies                                                             | A    | -                   | -            | 1,948,398             | 5,788,998    |
| Cash flows generated from operations                                             |      | 41,272,431          | 24,783,380   | 13,664,618            | 29,049,066   |
| Tax refund                                                                       |      | 736,355             | 93,341       | -                     | -            |
| Tax paid                                                                         |      | (5,282,112)         | (3,917,668)  | (4,618,698)           | (2,736,437)  |
| Net cash flows from operating activities                                         |      | 36,726,674          | 20,959,053   | 9,045,920             | 26,312,629   |
| <b>INVESTING ACTIVITIES</b>                                                      |      |                     |              |                       |              |
| Advance payment for acquisition of a subsidiary                                  |      | (49,980,300)        | -            | (49,980,300)          | -            |
| Acquisition of a subsidiary                                                      |      | -                   | -            | (2,087)               | -            |
| Fair value gain on financial assets carried at fair value through profit or loss |      | 1,241,564           | -            | 1,241,564             | -            |
| Increase in investment in a subsidiary                                           |      | -                   | -            | (5,589,979)           | -            |
| Interest received                                                                |      | 3,063,114           | 6,517        | 3,317,369             | 6,447        |
| Proceeds from disposal of property, plant and equipment                          |      | 16,023              | 1,200        | -                     | -            |
| Purchase of property, plant and equipment                                        | B    | (15,012,728)        | (16,011,354) | (3,051,286)           | (11,697,598) |
| Proceeds from disposal of non-current assets held for sale                       | C    | -                   | 3,240,800    | -                     | 3,240,800    |
| Net cash flows used in investing activities                                      |      | (60,672,327)        | (12,762,837) | (54,064,719)          | (8,450,351)  |

# STATEMENTS OF CASH FLOWS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

|                                                         | Note | Group<br>2023<br>RM | 2022<br>RM   | Company<br>2023<br>RM | 2022<br>RM   |
|---------------------------------------------------------|------|---------------------|--------------|-----------------------|--------------|
| <b>FINANCING ACTIVITIES</b>                             |      |                     |              |                       |              |
| Advance to subsidiary companies                         |      | -                   | -            | (924,964)             | (6,227,750)  |
| Decrease in fixed deposit pledged with a licensed bank  |      | 8,272,570           | -            | 8,272,570             | -            |
| Dividends paid                                          |      | (5,076,500)         | (12,964,667) | (5,076,500)           | (12,964,667) |
| Interest paid                                           |      | (9,535,248)         | (5,980,499)  | (7,828,072)           | (5,117,494)  |
| Lease liabilities interest paid                         |      | (1,445,015)         | (3,119,796)  | (1,214,640)           | (3,026,882)  |
| Drawdown of short term borrowings                       |      | 116,640,022         | 107,076,381  | 97,999,631            | 93,800,598   |
| Drawdown of term loans                                  |      | 8,650,918           | 7,333,873    | 500,000               | 2,403,513    |
| Payment of listing expenses                             |      | -                   | (3,324,067)  | -                     | (3,324,067)  |
| Placement of a fixed deposit pledged to a licensed bank |      | (2,467,249)         | (3,134,171)  | -                     | (2,166,671)  |
| Proceeds from issuance of share capital                 |      | 224,021,070         | -            | 224,021,070           | -            |
| Proceeds from lease liabilities                         |      | -                   | 118,000      | -                     | -            |
| Repayment of short-term borrowings                      |      | (121,765,936)       | (88,141,384) | (107,439,114)         | (75,466,531) |
| Repayment of term loans                                 |      | (11,223,068)        | (6,103,094)  | (8,540,294)           | (4,526,234)  |
| Repayment of lease liabilities - principal portion      |      | (5,748,022)         | (11,987,755) | (4,600,836)           | (11,263,249) |
| Finance service reserve account                         |      | (166,287)           | (257,028)    | -                     | -            |
| Net cash flows from/(used in) financing activities      |      | 200,157,255         | (20,484,207) | 195,168,851           | (27,879,434) |
| <b>CASH AND CASH EQUIVALENTS</b>                        |      |                     |              |                       |              |
| Net changes                                             |      | 176,211,602         | (12,287,991) | 150,150,052           | (10,017,156) |
| Effect of exchange rate changes                         |      | 1,306,070           | (113,120)    | 353,377               | (614,500)    |
| At beginning of financial year                          |      | 25,408,453          | 37,809,564   | 26,704,484            | 37,336,140   |
| At end of financial year                                | D    | 202,926,125         | 25,408,453   | 177,207,913           | 26,704,484   |

### NOTES TO THE STATEMENTS OF CASH FLOWS

#### A. NON-CASH TRANSACTIONS

During the financial year, the investment in a subsidiary company was increased by RM10,000,000 (2022: RM7,500,000). This increase was facilitated through the subscription of 10,000,000 (2022: 7,500,000) new ordinary shares in the subsidiary, comprising of 4,410,021 (2022: 7,500,000) new ordinary shares were acquired by way of contra against the subsidiary company's outstanding accounts and 5,589,979 (2022: NIL) new ordinary shares were purchased through cash consideration, with all shares issued at a conversion price of RM1 per ordinary share.

# STATEMENTS OF CASH FLOWS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

#### B. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

|                                                                          | Group       |              | Company     |             |
|--------------------------------------------------------------------------|-------------|--------------|-------------|-------------|
|                                                                          | 2023<br>RM  | 2022<br>RM   | 2023<br>RM  | 2022<br>RM  |
| Total additions                                                          | 21,679,736  | 37,334,436   | 4,076,286   | 18,544,680  |
| Amount financed through lease arrangement                                | (2,322,600) | (7,123,082)  | (1,025,000) | (6,847,082) |
| Amount financed through term loans                                       | (1,964,187) | (14,200,000) | -           | -           |
| Addition to right-of-use assets arising from increased lease liabilities | (494,421)   | -            | -           | -           |
| Deposits and advances paid in prior financial year                       | (1,885,800) | -            | -           | -           |
| Cash payment                                                             | 15,012,728  | 16,011,354   | 3,051,286   | 11,697,598  |

#### C. PROCEEDS FROM DISPOSAL OF NON-CURRENT ASSETS HELD FOR SALE

|                                                         | Group      |            | Company    |            |
|---------------------------------------------------------|------------|------------|------------|------------|
|                                                         | 2023<br>RM | 2022<br>RM | 2023<br>RM | 2022<br>RM |
| Sales consideration of non-current assets held for sale | -          | 4,051,000  | -          | 4,051,000  |
| Amount offset against outstanding balance from customer | -          | (810,200)  | -          | (810,200)  |
| Net proceeds from non-current assets held for sale      | -          | 3,240,800  | -          | 3,240,800  |

# STATEMENTS OF CASH FLOWS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

#### D. CASH AND CASH EQUIVALENTS

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

|                                                                       | Group       |             | Company     |             |
|-----------------------------------------------------------------------|-------------|-------------|-------------|-------------|
|                                                                       | 2023<br>RM  | 2022<br>RM  | 2023<br>RM  | 2022<br>RM  |
| Cash and bank balances                                                | 76,588,503  | 32,095,844  | 47,630,208  | 30,069,751  |
| Fixed deposits with licensed banks                                    | 31,180,438  | 9,240,070   | 27,745,689  | 8,272,570   |
| Other investments (Note 12)                                           | 101,832,016 | -           | 101,832,016 | -           |
| Bank overdraft (Note 17)                                              | (2,816,768) | (6,430,363) | -           | (3,365,267) |
|                                                                       | 206,784,189 | 34,905,551  | 177,207,913 | 34,977,054  |
| Less: Fixed deposits with licensed banks<br>pledged to bank (Note 11) | (3,434,749) | (9,240,070) | -           | (8,272,570) |
| Less: Finance service reserve account                                 | (423,315)   | (257,028)   | -           | -           |
|                                                                       | 202,926,125 | 25,408,453  | 177,207,913 | 26,704,484  |

Included in cash and bank balances of the Group is an amount of RM423,315 (2022: RM257,028) held in a Finance Service Reserve Account ("FSRA") with a bank. In accordance with the terms agreed with the bank, the FSRA is restricted in use and is required to maintain a balance sufficient to cover estimated principal and profit payments for the next three months for term loan facilities provided to the Group. The FSRA is operated solely by the bank and is intended to ensure the Group's compliance with its financial covenants. This restricted cash is not available for general business purposes.

#### E. CASH OUTFLOWS FOR LEASES AS A LESSEE

|                                                            | Group      |            | Company    |            |
|------------------------------------------------------------|------------|------------|------------|------------|
|                                                            | 2023<br>RM | 2022<br>RM | 2023<br>RM | 2022<br>RM |
| <b>Included in net cash from operating activities:-</b>    |            |            |            |            |
| Payment relating to short-term leases                      | 989,270    | 638,903    | 673,689    | 447,740    |
| <b>Included in net cash used in financing activities:-</b> |            |            |            |            |
| Interest paid in relation to lease liabilities             | 1,445,015  | 3,119,796  | 1,214,640  | 3,026,882  |
| Payment of lease liabilities                               | 5,748,022  | 11,987,755 | 4,600,836  | 11,263,249 |
|                                                            | 8,182,307  | 15,746,454 | 6,489,165  | 14,737,871 |

# STATEMENTS OF CASH FLOWS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

#### Reconciliation of liabilities arising from financing activities

|                                                                         | Lease<br>liabilities<br>RM | Term loans<br>RM | Short-term<br>borrowings<br>RM | Total<br>RM   |
|-------------------------------------------------------------------------|----------------------------|------------------|--------------------------------|---------------|
| <b>Group</b>                                                            |                            |                  |                                |               |
| At 1 January 2022                                                       | 56,585,091                 | 65,652,292       | 31,530,698                     | 153,768,081   |
| Additions                                                               | 8,689,082                  | 21,533,873       | 107,076,381                    | 137,299,336   |
| Repayment                                                               | (11,987,755)               | (6,103,094)      | (88,141,384)                   | (106,232,233) |
| Foreign exchange movement                                               | -                          | -                | 628,773                        | 628,773       |
| At 31 December 2022/1 January 2023                                      | 53,286,418                 | 81,083,071       | 51,094,468                     | 185,463,957   |
| Additions                                                               | 2,817,021                  | 10,615,105       | 116,640,022                    | 130,072,148   |
| Repayment                                                               | (5,748,022)                | (11,223,068)     | (121,765,936)                  | (138,737,026) |
| Full settlement of lease liabilities through<br>conversion to term loan | (36,341,576)               | 36,341,576       | -                              | -             |
| Foreign exchange movement                                               | -                          | -                | (1,068,581)                    | (1,068,581)   |
| At 31 December 2023                                                     | 14,013,841                 | 116,816,684      | 44,899,973                     | 175,730,498   |
| <b>Company</b>                                                          |                            |                  |                                |               |
| At 1 January 2022                                                       | 54,799,405                 | 64,566,926       | 28,233,451                     | 147,599,782   |
| Additions                                                               | 6,847,082                  | 2,403,513        | 93,800,598                     | 103,051,193   |
| Repayment                                                               | (11,263,249)               | (4,526,234)      | (75,466,531)                   | (91,256,014)  |
| Foreign exchange movement                                               | -                          | -                | 628,773                        | 628,773       |
| At 31 December 2022/1 January 2023                                      | 50,383,238                 | 62,444,205       | 47,196,291                     | 160,023,734   |
| Additions                                                               | 1,025,000                  | 500,000          | 97,999,631                     | 99,524,631    |
| Repayment                                                               | (4,600,836)                | (8,540,294)      | (107,439,114)                  | (120,580,244) |
| Full settlement of lease liabilities through<br>conversion to term loan | (36,341,576)               | 36,341,576       | -                              | -             |
| Foreign exchange movement                                               | -                          | -                | (1,068,581)                    | (1,068,581)   |
| At 31 December 2023                                                     | 10,465,826                 | 90,745,487       | 36,688,227                     | 137,899,540   |

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 1. GENERAL INFORMATION

The principal activities of the Company are investment holding and electronic manufacturing services.

The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

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

**Principal place of business**

PLO 227A, Jalan Cyber 1A,  
Kawasan Perindustrian Senai III,  
81400 Senai, Johor Darul Ta'zim.

**Registered office**

No 7-1, Jalan 109F, Plaza Danau 2,  
Taman Danau Desa,  
58100 Kuala Lumpur, W.P. Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 16 April 2024.

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

#### 2.1 Statement of compliance

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

#### 2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under historical cost convention, except for land and factory buildings that are measured at revalued amount.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

#### 2.2 Basis of measurement (Cont'd)

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

The Group and the Company have established control framework in respect of measurement of fair values of financial instruments. The Board of Directors has overall responsibility for overseeing all significant fair value measurements. The Board of Directors regularly reviews significant unobservable inputs and valuation adjustments.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

#### 2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to the nearest RM unless otherwise stated.

#### 2.4 MFRSs

##### 2.4.1 Adoption of new standards/amendments/improvements to MFRSs

At the beginning of current financial year, the Group and the Company adopted the following new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2023.

- MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts
- Amendments to MFRS 17 – *Initial Application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101 – *Presentation of Financial Statements – Disclosure 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*
- Amendments to MFRS 112 – *Income Taxes – International Tax Reform: Pillar Two Model Rules.*

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

#### 2.4 MFRSs (Cont'd)

##### 2.4.1 Adoption of new standards/amendments/improvements to MFRSs (Cont'd)

Initial application of the new standards/amendments/improvements to MFRSs did not have material impact on the financial statements of the Group and the Company except for those explanation disclosed below.

##### Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments change the requirements in MFRS 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant' with 'material'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in MFRS 101 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The MASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in MFRS Practice Statement 2.

The material accounting policy information is disclosed in the respective notes to the financial statements where relevant. The amendments have had an impact on the Group's disclosures of accounting policies but not on the measurement, recognition or presentation of any items in the Group's financial statements.

##### 2.4.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards and interpretations, if applicable, when they become effective.

##### Effective for financial period beginning on or after 1 January 2024

- Amendments to MFRS 16 – *Leases – Lease liability in a Sale and Leaseback*
- Amendments to MFRS 101 – *Presentation of Financial Statements – Non-Current Liabilities with Covenants*
- Amendments to MFRS 101 – *Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current*
- Amendments to MFRS 107 – *Statement of Cash Flows* and MFRS 7 – *Financial Instruments: Disclosures – Supplier Finance Arrangements*

##### Effective for financial period beginning on or after 1 January 2025

- Amendments to MFRS 121 – *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

##### Amendments effective for 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 initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the financial statements of the Group and the Company upon their first adoption.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

#### 2.5 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

##### 2.5.1 Key sources of estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

##### Useful lives of depreciable assets other than right-of-use assets

Depreciable assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment other than right-of-use assets to be within 3 to 50 years and reviews the useful lives of these depreciable assets at each reporting date. At 31 December 2023 management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. Actual results, however, may vary due to changes in the expected level of usage and technological developments, which resulting adjustment to the Group's and the Company's assets.

The carrying amounts of the Group's and the Company's depreciable assets at the end of the reporting period are disclosed in Note 3 to the financial statements.

##### Provision for expected credit losses ("ECLs") for trade receivables

The Group and the Company use a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns such as customer type and rating and other forms of credit insurance.

The provision matrix is initially based on the Group's and Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about ECLs on the Group's and the Company's trade receivables is disclosed in Notes 9 and 31(c) to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

#### 2.5 Significant accounting estimates and judgements (Cont'd)

##### 2.5.1 Key sources of estimation uncertainty (Cont'd)

###### Fair value measurement and valuation processes

Some of the Group's and the Company's assets are measured at fair value for financial reporting. Significant judgement is involved in determining the appropriate valuation techniques and inputs for fair value measurements where active market quotes are not available.

In estimating the fair value of an asset or a liability, the Group and the Company use market-observable data to the extent it is available. Management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in measuring the assets and liabilities. Where Level 1 inputs are not available, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting date. For the valuation of land and buildings, the Group and the Company engage third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed in the Notes 3 and 4 to the financial statements.

###### Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, the management consider the most reliable evidence available at the time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

The carrying amount of the Group's and the Company's inventories at the end of the reporting period is disclosed in Note 8 to the financial statements.

###### Income taxes/Deferred tax liabilities

Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

The information about deferred tax liabilities and income tax expenses are disclosed in Notes 7 and 25 to the financial statements.

###### Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed tax losses, unutilised capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unabsorbed tax losses, unutilised capital allowances and unused tax credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

#### 2.5 Significant accounting estimates and judgements (Cont'd)

##### 2.5.1 Key sources of estimation uncertainty (Cont'd)

###### Deferred tax assets (Cont'd)

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The information about deferred tax assets is disclosed in Note 7 to the financial statements.

###### Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Further details of the carrying values, key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 6 to the financial statements.

##### 2.5.2 Significant management judgement

There is no significant area of critical judgement in applying accounting policies of the Group and the Company that have significant effect on the amounts recognised in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 3. PROPERTY, PLANT AND EQUIPMENT

| Group                                      | At valuation     |                   |                      |                             | At cost   |                    |                        |                                      |                                           |                   |                             |             | Total |
|--------------------------------------------|------------------|-------------------|----------------------|-----------------------------|-----------|--------------------|------------------------|--------------------------------------|-------------------------------------------|-------------------|-----------------------------|-------------|-------|
|                                            | Freehold land RM | Leasehold land RM | Factory buildings RM | Leased factory buildings RM | Hostel RM | Office premises RM | Plant and machinery RM | Equipment, furniture and fittings RM | Renovation and electrical installation RM | Motor vehicles RM | Capital work in progress RM |             |       |
| Cost/Valuation                             |                  |                   |                      |                             |           |                    |                        |                                      |                                           |                   |                             |             |       |
| At 1 January 2022                          | 6,364,175        | 30,630,000        | 54,030,807           | 481,880                     | 151,861   | -                  | 108,495,925            | 6,914,875                            | 7,757,404                                 | 2,447,507         | 4,792,679                   | 222,067,113 |       |
| Additions                                  | -                | 7,512,020         | 10,230,138           | -                           | -         | -                  | 13,463,921             | 2,768,964                            | 2,493,365                                 | 303,357           | 562,671                     | 37,334,436  |       |
| Disposals                                  | -                | -                 | -                    | -                           | -         | -                  | -                      | (7,375)                              | -                                         | (40,000)          | -                           | (47,375)    |       |
| Written off                                | -                | -                 | -                    | -                           | -         | -                  | -                      | (3,750)                              | -                                         | -                 | (3,904)                     | (7,654)     |       |
| Revaluation                                | -                | (600,000)         | 4,206,471            | -                           | -         | -                  | -                      | -                                    | -                                         | -                 | -                           | 3,606,471   |       |
| Reclassification from assets held for sale | -                | (8,980,000)       | -                    | -                           | -         | -                  | -                      | -                                    | -                                         | -                 | -                           | (8,980,000) |       |
| Transfer from/(to)                         | -                | -                 | 437,791              | -                           | -         | -                  | 4,327,569              | -                                    | 23,415                                    | -                 | (4,788,775)                 | -           |       |
| Exchange translation difference            | -                | -                 | -                    | -                           | -         | -                  | -                      | 1,672                                | 1,498                                     | -                 | -                           | 3,170       |       |
| At 31 December 2022                        | 6,364,175        | 28,562,020        | 68,905,207           | 481,880                     | 151,861   | -                  | 126,287,415            | 9,674,386                            | 10,275,682                                | 2,710,864         | 562,671                     | 253,976,161 |       |
| Additions                                  | -                | -                 | -                    | -                           | -         | 494,421            | 14,541,044             | 1,058,505                            | 2,708,934                                 | 1,144,218         | 1,732,614                   | 21,679,736  |       |
| Derecognition of right-of-use asset        | -                | -                 | -                    | (481,880)                   | -         | -                  | -                      | -                                    | -                                         | -                 | -                           | (481,880)   |       |
| Disposals                                  | -                | -                 | -                    | -                           | -         | -                  | (365,632)              | -                                    | -                                         | -                 | -                           | (365,632)   |       |
| Revaluation                                | -                | 1,431,560         | -                    | -                           | -         | -                  | -                      | -                                    | -                                         | -                 | -                           | 1,431,560   |       |
| Reclassification from assets held for sale | -                | 8,818,441         | -                    | -                           | -         | -                  | -                      | -                                    | -                                         | -                 | -                           | 8,818,441   |       |
| Transfer from/(to)                         | -                | -                 | -                    | -                           | -         | -                  | 562,671                | -                                    | -                                         | -                 | (562,671)                   | -           |       |
| Transfer from investment properties        | -                | 2,600,000         | 7,200,000            | -                           | -         | -                  | -                      | -                                    | -                                         | -                 | -                           | 9,800,000   |       |
| Exchange translation difference            | (110,373)        | -                 | 54,683               | -                           | -         | 192,856            | -                      | 1,598                                | 1,572                                     | -                 | -                           | 140,336     |       |
| At 31 December 2023                        | 6,253,802        | 41,412,021        | 76,159,890           | -                           | 151,861   | 687,277            | 141,025,498            | 10,734,489                           | 12,986,188                                | 3,855,082         | 1,732,614                   | 294,998,722 |       |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Group (Cont'd)                           | At valuation           |                         |                            |                                      | At cost      |                          |                              |                                                  |                                                       |                         |                                      |             | Total<br>RM |
|------------------------------------------|------------------------|-------------------------|----------------------------|--------------------------------------|--------------|--------------------------|------------------------------|--------------------------------------------------|-------------------------------------------------------|-------------------------|--------------------------------------|-------------|-------------|
|                                          | Freehold<br>land<br>RM | Leasehold<br>land<br>RM | Factory<br>buildings<br>RM | Leased<br>factory<br>buildings<br>RM | Hostel<br>RM | Office<br>premises<br>RM | Plant and<br>machinery<br>RM | Equipment,<br>furniture<br>and<br>fittings<br>RM | Renovation<br>and<br>electrical<br>installation<br>RM | Motor<br>vehicles<br>RM | Capital<br>work in<br>progress<br>RM |             |             |
| Accumulated depreciation                 |                        |                         |                            |                                      |              |                          |                              |                                                  |                                                       |                         |                                      |             |             |
| At 1 January 2022                        | -                      | 251,258                 | 861,527                    | 481,880                              | 91,994       | -                        | 13,653,290                   | 2,149,057                                        | 2,114,260                                             | 1,136,971               | -                                    | 20,740,237  |             |
| Charge for the financial year            | -                      | 687,403                 | 1,234,295                  | -                                    | 46,112       | -                        | 13,006,670                   | 1,398,126                                        | 1,591,410                                             | 329,577                 | -                                    | 18,293,593  |             |
| Disposals                                | -                      | -                       | -                          | -                                    | -            | -                        | -                            | (7,375)                                          | -                                                     | (38,667)                | -                                    | (46,042)    |             |
| Written off                              | -                      | -                       | -                          | -                                    | -            | -                        | -                            | (625)                                            | -                                                     | -                       | -                                    | (625)       |             |
| Revaluation                              | -                      | (502,518)               | (1,814,633)                | -                                    | -            | -                        | -                            | -                                                | -                                                     | -                       | -                                    | (2,317,151) |             |
| Reclassification to assets held for sale | -                      | (161,559)               | -                          | -                                    | -            | -                        | -                            | -                                                | -                                                     | -                       | -                                    | (161,559)   |             |
| Exchange translation difference          | -                      | -                       | -                          | -                                    | -            | -                        | -                            | 1,631                                            | 1,499                                                 | -                       | -                                    | 3,130       |             |
| At 31 December 2022                      |                        |                         |                            |                                      |              |                          |                              |                                                  |                                                       |                         |                                      |             |             |
| Charge for the financial year            | -                      | 849,755                 | 1,673,452                  | -                                    | 13,755       | 95,312                   | 13,504,188                   | 1,557,285                                        | 2,068,884                                             | 432,274                 | -                                    | 20,194,905  |             |
| Derecognition of right-of-use asset      | -                      | -                       | -                          | (481,880)                            | -            | -                        | -                            | -                                                | -                                                     | -                       | -                                    | (481,880)   |             |
| Disposals                                | -                      | -                       | -                          | -                                    | -            | -                        | (360,215)                    | -                                                | -                                                     | -                       | -                                    | (360,215)   |             |
| Revaluation                              | -                      | (543,922)               | -                          | -                                    | -            | -                        | -                            | -                                                | -                                                     | -                       | -                                    | (543,922)   |             |
| Exchange translation difference          | -                      | -                       | -                          | -                                    | -            | 192,458                  | -                            | 1,597                                            | 1,573                                                 | -                       | -                                    | 195,628     |             |
| At 31 December 2023                      |                        |                         |                            |                                      |              |                          |                              |                                                  |                                                       |                         |                                      |             |             |
|                                          | -                      | 580,417                 | 1,954,641                  | -                                    | 151,861      | 287,770                  | 39,803,933                   | 5,099,696                                        | 5,777,626                                             | 1,860,155               | -                                    | 55,516,099  |             |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
31 DECEMBER 2023

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Group (Cont'd)              | At valuation  |            |                |    | At cost           |    |                          |           |                 |           |                  |             |                                                                   |    | Total<br>RM |                |    |                          |        |
|-----------------------------|---------------|------------|----------------|----|-------------------|----|--------------------------|-----------|-----------------|-----------|------------------|-------------|-------------------------------------------------------------------|----|-------------|----------------|----|--------------------------|--------|
|                             | Freehold land |            | Leasehold land |    | Factory buildings |    | Leased factory buildings |           | Hostel premises |           | Office machinery |             | Renovation and furniture and electrical fittings and installation |    |             | Motor vehicles |    | Capital work in progress |        |
|                             | RM            | RM         | RM             | RM | RM                | RM | RM                       | RM        | RM              | RM        | RM               | RM          | RM                                                                | RM |             | RM             | RM | RM                       | RM     |
| Accumulated impairment loss |               |            |                |    |                   |    |                          |           |                 |           |                  |             |                                                                   |    |             |                |    |                          |        |
| At 1 January 2022/          |               |            |                |    |                   |    |                          |           |                 |           |                  |             |                                                                   |    |             |                |    |                          |        |
| 31 December 2022/           |               |            |                |    |                   |    |                          |           |                 |           |                  |             |                                                                   |    |             |                |    |                          |        |
| 1 January 2023/             |               |            |                |    |                   |    |                          |           |                 |           |                  |             |                                                                   |    |             |                |    |                          |        |
| 31 December 2023            | -             | -          | -              | -  | -                 | -  | -                        | -         | -               | -         | -                | -           | -                                                                 | -  | -           | -              | -  | -                        | 44,179 |
|                             |               |            |                |    |                   |    |                          |           |                 |           |                  |             |                                                                   |    |             |                |    |                          |        |
| Net carrying amount         |               |            |                |    |                   |    |                          |           |                 |           |                  |             |                                                                   |    |             |                |    |                          |        |
| At 31 December 2022         | 6,364,175     | 28,287,436 | 68,624,018     | -  | 13,755            | -  | 99,627,455               | 6,133,572 | 6,568,513       | 1,238,804 | 562,671          | 217,420,399 |                                                                   |    |             |                |    |                          |        |
|                             |               |            |                |    |                   |    |                          |           |                 |           |                  |             |                                                                   |    |             |                |    |                          |        |
| At 31 December 2023         | 6,253,802     | 40,831,604 | 74,205,249     | -  | -                 | -  | 101,221,565              | 5,634,793 | 7,208,562       | 1,950,748 | 1,732,614        | 239,438,444 |                                                                   |    |             |                |    |                          |        |



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
31 DECEMBER 2023

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

|                                          | ← At valuation →     |                         |                                |                           | ← At cost →                             |                                              |                      |                                |             |
|------------------------------------------|----------------------|-------------------------|--------------------------------|---------------------------|-----------------------------------------|----------------------------------------------|----------------------|--------------------------------|-------------|
| Company (Cont'd)                         | Leasehold land<br>RM | Factory buildings<br>RM | Leased factory buildings<br>RM | Plant and machinery<br>RM | Equipment, furniture and fittings<br>RM | Renovation and electrical installation<br>RM | Motor vehicles<br>RM | Capital work in progress<br>RM | Total<br>RM |
| <b>Accumulated depreciation</b>          |                      |                         |                                |                           |                                         |                                              |                      |                                |             |
| At 1 January 2022                        | 251,258              | 790,421                 | 481,880                        | 9,010,164                 | 1,631,023                               | 1,421,974                                    | 848,952              | -                              | 14,435,672  |
| Charge for the financial year            | 624,009              | 1,024,212               | -                              | 11,455,578                | 1,298,553                               | 1,303,448                                    | 202,741              | -                              | 15,908,541  |
| Written off                              | -                    | -                       | -                              | -                         | (625)                                   | -                                            | -                    | -                              | (625)       |
| Revaluation                              | (502,518)            | (1,814,633)             | -                              | -                         | -                                       | -                                            | -                    | -                              | (2,317,151) |
| Reclassification to assets held for sale | (161,559)            | -                       | -                              | -                         | -                                       | -                                            | -                    | -                              | (161,559)   |
| At 31 December 2022                      | 211,190              | -                       | 481,880                        | 20,465,742                | 2,928,951                               | 2,725,422                                    | 1,051,693            | -                              | 27,864,878  |
| Charge for the financial year            | 596,180              | 1,203,459               | -                              | 11,952,226                | 1,436,686                               | 1,602,319                                    | 292,402              | -                              | 17,083,272  |
| Derecognition of right-of-use asset      | -                    | -                       | (481,880)                      | -                         | -                                       | -                                            | -                    | -                              | (481,880)   |
| Revaluation                              | (543,922)            | -                       | -                              | -                         | -                                       | -                                            | -                    | -                              | (543,922)   |
| At 31 December 2023                      | 263,448              | 1,203,459               | -                              | 32,417,968                | 4,365,637                               | 4,327,741                                    | 1,344,095            | -                              | 43,922,348  |
| <b>Accumulated impairment loss</b>       |                      |                         |                                |                           |                                         |                                              |                      |                                |             |
| At 1 January 2022/31 December 2022/      |                      |                         |                                |                           |                                         |                                              |                      |                                |             |
| 1 January 2023/31 December 2023          | -                    | -                       | -                              | -                         | -                                       | -                                            | 44,179               | -                              | 44,179      |
| <b>Net carrying amount</b>               |                      |                         |                                |                           |                                         |                                              |                      |                                |             |
| At 31 December 2022                      | 20,838,810           | 52,700,000              | -                              | 91,446,247                | 5,852,692                               | 5,686,530                                    | 677,050              | -                              | 177,201,329 |
| At 31 December 2023                      | 33,636,553           | 58,696,541              | -                              | 80,340,475                | 5,276,691                               | 5,074,186                                    | 1,528,866            | 234,954                        | 184,788,266 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### 3.1 Right-of-use assets

Included in the property, plant and equipment is right-of-use assets as follows:-

|                                            | Leasehold<br>land<br>RM | Hostel<br>RM | Office<br>premises*<br>RM | Equipment,<br>furniture<br>and<br>fittings<br>RM | Plant and<br>machinery<br>RM | Motor<br>vehicles<br>RM | Total<br>RM  |
|--------------------------------------------|-------------------------|--------------|---------------------------|--------------------------------------------------|------------------------------|-------------------------|--------------|
| <b>Group</b>                               |                         |              |                           |                                                  |                              |                         |              |
| <b>Net carrying amount</b>                 |                         |              |                           |                                                  |                              |                         |              |
| At 1 January 2022                          | 30,378,742              | 59,867       | -                         | 123,116                                          | 62,670,310                   | 1,048,988               | 94,281,023   |
| Additions                                  | 7,512,020               | -            | -                         | -                                                | 7,656,595                    | 441,357                 | 15,609,972   |
| Depreciation charges                       | (687,402)               | (46,112)     | -                         | (12,450)                                         | (7,390,140)                  | (290,174)               | (8,426,278)  |
| Revaluation                                | (97,483)                | -            | -                         | -                                                | -                            | -                       | (97,483)     |
| Reclassification to assets held for sale   | (8,818,441)             | -            | -                         | -                                                | -                            | -                       | (8,818,441)  |
| Full settlement of lease liabilities       | -                       | -            | -                         | (110,666)                                        | (192,000)                    | (84,247)                | (386,913)    |
| At 31 December 2022                        | 28,287,436              | 13,755       | -                         | -                                                | 62,744,765                   | 1,115,924               | 92,161,880   |
| Additions                                  | -                       | -            | 494,421                   | -                                                | 3,424,000                    | 1,144,218               | 5,062,639    |
| Depreciation charges                       | (849,755)               | (13,755)     | (95,312)                  | -                                                | (4,071,161)                  | (358,899)               | (5,388,882)  |
| Revaluation                                | 1,975,482               | -            | -                         | -                                                | -                            | -                       | 1,975,482    |
| Reclassification from assets held for sale | 8,818,441               | -            | -                         | -                                                | -                            | -                       | 8,818,441    |
| Transfer from investment properties        | 2,600,000               | -            | -                         | -                                                | -                            | -                       | 2,600,000    |
| Full settlement of lease liabilities       | -                       | -            | -                         | -                                                | (42,954,860)                 | -                       | (42,954,860) |
| Exchange translation difference            | -                       | -            | 398                       | -                                                | -                            | -                       | 398          |
| At 31 December 2023                        | 40,831,604              | -            | 399,507                   | -                                                | 19,142,744                   | 1,901,243               | 62,275,098   |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### 3.1 Right-of-use assets (Cont'd)

Included in the property, plant and equipment is right-of-use assets as follows:- (Cont'd)

| Company                                    | Leasehold land<br>RM | Equipment,<br>furniture and<br>fittings<br>RM | Plant and<br>machinery<br>RM | Motor<br>vehicles<br>RM | Total<br>RM  |
|--------------------------------------------|----------------------|-----------------------------------------------|------------------------------|-------------------------|--------------|
| <b>Net carrying amount</b>                 |                      |                                               |                              |                         |              |
| At 1 January 2022                          | 30,378,742           | 123,116                                       | 61,118,819                   | 803,888                 | 92,424,565   |
| Additions                                  | -                    | -                                             | 7,656,595                    | -                       | 7,656,595    |
| Depreciation charges                       | (624,008)            | (12,450)                                      | (7,171,761)                  | (165,471)               | (7,973,690)  |
| Revaluation                                | (97,483)             | -                                             | -                            | -                       | (97,483)     |
| Reclassification to assets held for sale   | (8,818,441)          | -                                             | -                            | -                       | (8,818,441)  |
| Full settlement of lease liabilities       | -                    | (110,666)                                     | -                            | (84,247)                | (194,913)    |
| At 31 December 2022                        | 20,838,810           | -                                             | 61,603,653                   | 554,170                 | 82,996,633   |
| Additions                                  | -                    | -                                             | -                            | 1,144,218               | 1,144,218    |
| Depreciation charges                       | (596,180)            | -                                             | (3,810,015)                  | (219,027)               | (4,625,222)  |
| Revaluation                                | 1,975,482            | -                                             | -                            | -                       | 1,975,482    |
| Reclassification from assets held for sale | 8,818,441            | -                                             | -                            | -                       | 8,818,441    |
| Transfer from investment properties        | 2,600,000            | -                                             | -                            | -                       | 2,600,000    |
| Full settlement of lease liabilities       | -                    | -                                             | (42,954,860)                 | -                       | (42,954,860) |
| At 31 December 2023                        | 33,636,553           | -                                             | 14,838,778                   | 1,479,361               | 49,954,692   |

\* The Group leased office premises for terms of 3 years with extension option of 1 year. Other than the leasehold land where revaluation model is applied, the Group and the Company has elected to apply the cost model to all right-of-use assets.

Equipment, furniture and fittings, plant and machinery and motor vehicles under right-of-use assets are acquired by hire purchase creditors and pledged as security for the related lease liabilities.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### 3.2 Assets pledged as securities to financial institutions

The carrying amount of assets pledged as securities for bank borrowings as disclosed in Note 17 to the financial statements are:-

|                     | Group       |             | Company     |            |
|---------------------|-------------|-------------|-------------|------------|
|                     | 2023<br>RM  | 2022<br>RM  | 2023<br>RM  | 2022<br>RM |
| Freehold land       | 6,253,802   | 6,364,175   | -           | -          |
| Leasehold land      | 40,831,604  | 28,287,436  | 33,636,553  | 20,838,810 |
| Factory buildings   | 74,205,249  | 68,624,018  | 58,696,541  | 52,700,000 |
| Plant and machinery | 46,040,404  | 7,453,621   | 46,040,404  | 7,453,621  |
|                     | 167,331,059 | 110,729,250 | 138,373,498 | 80,992,431 |

#### 3.3 Revaluation of land and factory buildings

The Group's and the Company's land and factory buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses.

During the financial year ended 2022 and 2023, the Directors have revalued the land and factory buildings based on professional valuations by external independent professionally qualified property valuers having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued. These valuations were incorporated in the financial statements as at 31 December 2022 and 31 December 2023 respectively.

The Group and the Company measure fair values using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table provides the fair value measurement hierarchy of the Group's and Company's land and factory buildings:-

|                   | Level 3<br>Group |             | Level 3<br>Company |            |
|-------------------|------------------|-------------|--------------------|------------|
|                   | 2023<br>RM       | 2022<br>RM  | 2023<br>RM         | 2022<br>RM |
| Freehold land     | 6,253,802        | 6,364,175   | -                  | -          |
| Leasehold land    | 41,412,021       | 28,562,020  | 33,900,001         | 21,050,000 |
| Factory buildings | 76,159,890       | 68,905,207  | 59,900,000         | 52,700,000 |
|                   | 123,825,713      | 103,831,402 | 93,800,001         | 73,750,000 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### 3.3 Revaluation of land and factory buildings (Cont'd)

##### Level 3 Fair Value of Land and Factory Buildings

Level 3 fair value of freehold and leasehold land and factory buildings has been generally derived using the comparison approach and cost approach respectively.

The comparison/cost method of valuation entails separate valuations of the land and factory buildings to arrive at the market value of the subject property.

Under the comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer would not pay more for the property than it would cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

The land is valued by reference to transactions of similar lands with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions, if any and other relevant characteristics.

The factory buildings are valued by reference to the current estimates on construction costs to erect equivalent buildings, taking into consideration of similar accommodation in terms of size, construction, finishes contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of obsolescence and existing physical condition of the factory buildings.

The following table shows the valuation techniques used in the determination of fair value within Level 3, as well as the key unobservable inputs used in the valuation model.

| Description        | Valuation           | Significant unobservable inputs            | Range of unobservable inputs  | Relationship of significant unobservable inputs to fair value |
|--------------------|---------------------|--------------------------------------------|-------------------------------|---------------------------------------------------------------|
| <b>Group</b>       |                     |                                            |                               |                                                               |
| <b><u>2023</u></b> |                     |                                            |                               |                                                               |
| Freehold land      | Comparison approach | Difference in size                         | RM70 to RM80 per square feet  | Higher the differential value, higher fair value              |
| Leasehold land     | Comparison approach | Different in tenure and size               | RM28 to RM41 per square feet  | Higher the differential value, lower fair value               |
| Factory buildings  | Cost approach       | Estimated replacement cost per square feet | RM53 to RM161 per square feet | Higher estimated replacement cost, higher fair value          |
|                    |                     | Depreciation rate                          | 2% - 10%                      | Higher depreciation rate, lower fair value                    |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### 3.3 Revaluation of land and factory buildings (Cont'd)

The following table shows the valuation techniques used in the determination of fair value within Level 3, as well as the key unobservable inputs used in the valuation model. (Cont'd)

| Description       | Valuation           | Significant unobservable inputs                                                           | Range of unobservable inputs   | Relationship of significant unobservable inputs to fair value |
|-------------------|---------------------|-------------------------------------------------------------------------------------------|--------------------------------|---------------------------------------------------------------|
| <b>Group</b>      |                     |                                                                                           |                                |                                                               |
| <u>2022</u>       |                     |                                                                                           |                                |                                                               |
| Freehold land     | Comparison approach | Difference in size                                                                        | RM70 to RM80 per square feet   | Higher the differential value, higher fair value              |
| Leasehold land    | Comparison approach | Difference in size, location, time factor, site improvement, land usage, shape and tenure | RM30 to RM80 per square feet   | Higher the differential value, lower fair value               |
| Factory buildings | Cost approach       | Estimated replacement cost per square feet                                                | RM50 to RM237 per square feet  | Higher estimated replacement cost, higher fair value          |
|                   |                     | Depreciation rate                                                                         | 2% - 10%                       | Higher depreciation rate, lower fair value                    |
| <b>Company</b>    |                     |                                                                                           |                                |                                                               |
| <u>2023</u>       |                     |                                                                                           |                                |                                                               |
| Leasehold land    | Comparison approach | Different in tenure and land size.                                                        | RM28 to RM41 per square feet   | Higher the differential value, lower fair value               |
| Factory buildings | Cost approach       | Estimated replacement cost per square feet                                                | RM53 to RM155 per square feet  | Higher estimated replacement cost, higher fair value          |
|                   |                     | Depreciation rate                                                                         | 2%                             | Higher depreciation rate, lower fair value                    |
| <u>2022</u>       |                     |                                                                                           |                                |                                                               |
| Leasehold land    | Comparison approach | Difference in size, location, site improvement, infrastructure and tenure                 | RM32 to RM59 per square feet   | Higher the differential value, lower fair value               |
| Factory buildings | Cost approach       | Estimated replacement cost per square feet                                                | RM153 to RM237 per square feet | Higher estimated replacement cost, higher fair value          |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### 3.4 Revalued land and factory buildings at cost

At the reporting date, had the revalued land and factory buildings of the Group and the Company been carried under the cost model, the carrying amount would have been as follows:-

|                                            | Freehold<br>land<br>RM | Leasehold<br>land<br>RM | Factory<br>buildings<br>RM |
|--------------------------------------------|------------------------|-------------------------|----------------------------|
| <b>Group</b>                               |                        |                         |                            |
| <b>Cost</b>                                |                        |                         |                            |
| At 1 January 2022                          | 6,364,175              | 22,805,315              | 35,415,031                 |
| Additions                                  | -                      | 7,512,020               | 10,667,929                 |
| Reclassification to assets held for sale   | -                      | (8,195,086)             | -                          |
| At 31 December 2022                        | 6,364,175              | 22,122,249              | 46,082,960                 |
| Transfer from investment properties        | -                      | 2,600,000               | 7,200,000                  |
| Reclassification from assets held for sale | -                      | 8,818,441               | -                          |
| At 31 December 2023                        | 6,364,175              | 33,540,690              | 53,282,960                 |
| <b>Accumulated depreciation</b>            |                        |                         |                            |
| At 1 January 2022                          | -                      | 213,264                 | 557,859                    |
| Charge for the financial year              | -                      | 522,768                 | 774,652                    |
| Transfer to investment properties          | -                      | (171,497)               | -                          |
| At 31 December 2022                        | -                      | 564,535                 | 1,332,511                  |
| Charge for the financial year              | -                      | 633,771                 | 1,214,751                  |
| At 31 December 2023                        | -                      | 1,198,306               | 2,547,262                  |
| <b>Net carrying amount</b>                 |                        |                         |                            |
| 31 December 2022                           | 6,364,175              | 21,557,714              | 44,750,449                 |
| 31 December 2023                           | 6,364,175              | 32,342,384              | 50,735,698                 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### 3.4 Revalued land and factory buildings at cost (Cont'd)

At the reporting date, had the revalued land and factory buildings of the Group and the Company been carried under the cost model, the carrying amount would have been as follows (Cont'd):-

|                                            | Leasehold<br>land<br>RM | Factory<br>buildings<br>RM |
|--------------------------------------------|-------------------------|----------------------------|
| <b>Company</b>                             |                         |                            |
| <b>Cost</b>                                |                         |                            |
| At 1 January 2022                          | 22,805,315              | 29,242,713                 |
| Additions                                  | -                       | 635,040                    |
| Reclassification to assets held for sale   | (8,195,086)             | -                          |
| At 31 December 2022                        | 14,610,229              | 29,877,753                 |
| Transfer from investment properties        | 2,600,000               | 7,200,000                  |
| Reclassification from assets held for sale | 8,818,441               | -                          |
| At 31 December 2023                        | 26,028,670              | 37,077,753                 |
| <b>Accumulated depreciation</b>            |                         |                            |
| At 1 January 2022                          | 213,264                 | 456,221                    |
| Charge for the financial year              | 459,374                 | 635,675                    |
| Transfer to investment properties          | (171,497)               | -                          |
| At 31 December 2022                        | 501,141                 | 1,091,896                  |
| Charge for the financial year              | 380,196                 | 673,652                    |
| At 31 December 2023                        | 881,337                 | 1,765,548                  |
| <b>Net carrying amount</b>                 |                         |                            |
| 31 December 2022                           | 14,109,088              | 28,785,857                 |
| 31 December 2023                           | 25,147,333              | 35,312,205                 |

#### 3.5 Material accounting policy information

##### (a) Recognition and measurement

##### Property, plant and equipment

All property, plant and equipment, except for land and factory buildings, are measured at cost less any accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefit associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### 3.5 Material accounting policy information (Cont'd)

##### (a) Recognition and measurement (Cont'd)

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

Land and factory buildings are measured at fair value less accumulated depreciation on buildings and impairment loss recognised after the date of the revaluation. Valuations are performed with sufficient regularity, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land is recognised in other comprehensive income and credited to the 'revaluation reserve' in equity.

##### Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying assets is available for use). Right-of-use assets, except for leasehold land, are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. For leasehold land, the revaluation model is applied.

##### (b) Depreciation

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. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

##### Property, plant and equipment

|                                        |                 |
|----------------------------------------|-----------------|
| Factory buildings                      | 28.9 – 50 years |
| Plant and machinery                    | 5 – 10 years    |
| Equipment, furniture and fittings      | 3 – 10 years    |
| Renovation and electrical installation | 5 – 10 years    |
| Motor vehicles                         | 5 – 6.67 years  |

##### Right-of-use assets

|                     |                   |
|---------------------|-------------------|
| Leasehold land      | 28.9 – 47.4 years |
| Hostel              | 3 – 4 years       |
| Plant and machinery | 10 years          |
| Motor vehicles      | 5 – 6.67 years    |
| Office premises     | 4 years           |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 4. INVESTMENT PROPERTIES

|                                              | Leasehold<br>land<br>RM | Leasehold<br>building<br>RM | Freehold<br>land<br>RM | Freehold<br>building<br>RM | Total<br>RM |
|----------------------------------------------|-------------------------|-----------------------------|------------------------|----------------------------|-------------|
| <b>Group</b>                                 |                         |                             |                        |                            |             |
| <b>At fair value</b>                         |                         |                             |                        |                            |             |
| At 1 January 2022                            | 3,150,000               | 5,650,000                   | -                      | -                          | 8,800,000   |
| Fair value adjustments                       | (540,000)               | 1,540,000                   | -                      | -                          | 1,000,000   |
| At 31 December 2022                          | 2,610,000               | 7,190,000                   | -                      | -                          | 9,800,000   |
| Fair value adjustments                       | (10,000)                | 10,000                      | -                      | -                          | -           |
| Transfer to property, plant<br>and equipment | (2,600,000)             | (7,200,000)                 | -                      | -                          | (9,800,000) |
| At 31 December 2023                          | -                       | -                           | -                      | -                          | -           |
| <b>Company</b>                               |                         |                             |                        |                            |             |
| <b>At fair value</b>                         |                         |                             |                        |                            |             |
| At 1 January 2022                            | 3,150,000               | 5,650,000                   | 2,700,373              | 3,555,317                  | 15,055,690  |
| Fair value adjustments                       | (540,000)               | 1,540,000                   | -                      | -                          | 1,000,000   |
| At 31 December 2022                          | 2,610,000               | 7,190,000                   | 2,700,373              | 3,555,317                  | 16,055,690  |
| Fair value adjustments                       | (10,000)                | 10,000                      | (110,373)              | 54,683                     | (55,690)    |
| Transfer to property, plant<br>and equipment | (2,600,000)             | (7,200,000)                 | -                      | -                          | (9,800,000) |
| At 31 December 2023                          | -                       | -                           | 2,590,000              | 3,610,000                  | 6,200,000   |

During the financial year ended 31 December 2022, the lease agreement with the third party was terminated and since no usage is currently assigned, the property is deemed to be held for capital appreciation and therefore continues to be classified under investment property. During the financial year ended 31 December 2023, the Company opted to utilise the property for its internal operation. Consequently, this led to its reclassification to property, plant and equipment.

The investment properties have been pledged to a licensed bank for credit facilities granted to the Group and the Company as disclosed in Note 17 to the financial statements.

Included in the investment properties is a right-of-use asset as follows:-

|                      | <b>Group</b>       |                    | <b>Company</b>     |                    |
|----------------------|--------------------|--------------------|--------------------|--------------------|
|                      | <b>2023<br/>RM</b> | <b>2022<br/>RM</b> | <b>2023<br/>RM</b> | <b>2022<br/>RM</b> |
| <b>At fair value</b> |                    |                    |                    |                    |
| Leasehold land       | -                  | 2,610,000          | -                  | 2,610,000          |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 4. INVESTMENT PROPERTIES (CONT'D)

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

|                                           | Group      |            | Company    |            |
|-------------------------------------------|------------|------------|------------|------------|
|                                           | 2023<br>RM | 2022<br>RM | 2023<br>RM | 2022<br>RM |
| Rental income                             | -          | 960,000    | 312,000    | 1,272,000  |
| Direct operating expense                  | -          | -          | -          | -          |
| - Income generating investment properties | -          | 79,760     | 12,321     | 89,940     |

The operating lease payments to be received are as follows:-

|                                   | Group      |            | Company    |            |
|-----------------------------------|------------|------------|------------|------------|
|                                   | 2023<br>RM | 2022<br>RM | 2023<br>RM | 2022<br>RM |
| Less than one year                | -          | -          | 156,000    | 156,000    |
| Total undiscounted lease payments | -          | -          | 156,000    | 156,000    |

#### 4.1 Fair value information

The investment properties consist of land and buildings are valued annually at fair value, comprising market value, by an external independent professionally qualified property valuer having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

The market value is defined as the estimated amount for which an asset or an interest in a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion. The market value of the investment properties was determined based on the comparison approach and cost approach.

The Group and the Company measure fair values using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table provides the fair value measurement hierarchy of the Group's and Company's investment properties:-

|                    | Level 3<br>Group |            | Level 3<br>Company |            |
|--------------------|------------------|------------|--------------------|------------|
|                    | 2023<br>RM       | 2022<br>RM | 2023<br>RM         | 2022<br>RM |
| Freehold land      | -                | -          | 2,590,000          | 2,700,373  |
| Leasehold land     | -                | 2,610,000  | -                  | 2,610,000  |
| Freehold building  | -                | -          | 3,610,000          | 3,555,317  |
| Leasehold building | -                | 7,190,000  | -                  | 7,190,000  |
|                    | -                | 9,800,000  | 6,200,000          | 16,055,690 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 4. INVESTMENT PROPERTIES (CONT'D)

#### 4.1 Fair value information (Cont'd)

##### Level 3 Fair Value of Land and Buildings

| Description    | Valuation           | Significant unobservable inputs            | Range of unobservable inputs  | Relationship of significant unobservable inputs to fair value |
|----------------|---------------------|--------------------------------------------|-------------------------------|---------------------------------------------------------------|
| <b>Group</b>   |                     |                                            |                               |                                                               |
| <u>2022</u>    |                     |                                            |                               |                                                               |
| Leasehold land | Comparison approach | Difference in size and tenure              | RM28 to RM33 per square feet  | Higher differential value, lower fair value                   |
| Building       | Cost approach       | Estimated replacement cost per square feet | RM53 to RM155 per square feet | Higher estimated replacement cost, higher fair value          |
|                |                     | Depreciation rate                          | 2%                            | Higher depreciation rate, lower fair value                    |
| <b>Company</b> |                     |                                            |                               |                                                               |
| <u>2023</u>    |                     |                                            |                               |                                                               |
| Freehold land  | Comparison approach | Difference in size                         | RM70 to RM80 per square feet  | Higher differential value, higher fair value                  |
| Buildings      | Cost approach       | Estimated replacement cost per square feet | RM80 to RM161 per square feet | Higher estimated replacement cost, higher fair value          |
|                |                     | Depreciation rate                          | 10%                           | Higher depreciation rate, lower fair value                    |
| <u>2022</u>    |                     |                                            |                               |                                                               |
| Freehold land  | Comparison approach | Difference in size                         | RM70 to RM80 per square feet  | Higher differential value, higher fair value                  |
| Leasehold land | Comparison approach | Difference in size and tenure              | RM28 to RM33 per square feet  | Higher differential value, lower fair value                   |
| Buildings      | Cost approach       | Estimated replacement cost per square feet | RM53 to RM161 per square feet | Higher estimated replacement cost, higher fair value          |
|                |                     | Depreciation rate                          | 2% - 10%                      | Higher depreciation rate, lower fair value                    |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 4. INVESTMENT PROPERTIES (CONT'D)

#### 4.2 Material accounting policy information

Investment properties are measured subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise.

A property is transferred from investment property to property, plant and equipment only when there is a change of use.

When a investment property carried at fair value is transferred to property, plant and equipment, the property's deemed cost shall be its fair value at the date of change in use.

### 5. INVESTMENT IN SUBSIDIARY COMPANIES

#### 5.1 Investment in subsidiary companies

|                                    | Company    |            |
|------------------------------------|------------|------------|
|                                    | 2023<br>RM | 2022<br>RM |
| Unquoted shares, at cost           |            |            |
| - Cape Manufacturing (M) Sdn. Bhd. | 23,074,588 | 13,074,588 |
| - Cape Holdings (S) Pte. Ltd.      | 1,583,442  | 1,583,442  |
| - Vectrix Mobility Pte. Ltd.       | 2,087      | -          |
|                                    | 24,660,117 | 14,658,030 |

The particulars of the subsidiary companies are as follows:-

| Name of company                          | Principal place of business | Effective interest |           | Principal activities                                                                        |
|------------------------------------------|-----------------------------|--------------------|-----------|---------------------------------------------------------------------------------------------|
|                                          |                             | 2023<br>%          | 2022<br>% |                                                                                             |
| Cape Manufacturing (M) Sdn. Bhd.         | Malaysia                    | 100                | 100       | Aluminium die cast manufacturing and electronics manufacturing services                     |
| Cape Holdings (S) Pte. Ltd. <sup>#</sup> | Singapore                   | 100                | 100       | Supply of electronics products and related activities                                       |
| Vectrix Mobility Pte. Ltd. <sup>*</sup>  | Singapore                   | 60                 | -         | Selling and distribution of electrical vehicles and related accessories and infrastructures |

<sup>#</sup> Audited by a member firm of Grant Thornton International Ltd.

<sup>\*</sup> The financial statements were not required to be audited based on the regulations of its country of incorporation. The Company has not commenced its operation during the financial year ended 31 December 2023.

#### 5.2 Acquisition of a subsidiary

On 6 October 2023, the Company acquired 60% of the shares in Vectrix Mobility Pte. Ltd. for SGD600 equivalents to RM2,087, satisfied in cash. Vectrix Mobility Pte. Ltd. has not commenced its operation during the financial year ended.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

#### 5.3 Amount due from subsidiary companies

|                   | Note  | Company<br>2023<br>RM | 2022<br>RM |
|-------------------|-------|-----------------------|------------|
| Trade related     | 5.3.1 | -                     | 17,435     |
| Non-trade related | 5.3.2 | 3,071,950             | 4,473,587  |
|                   |       | 3,071,950             | 4,491,022  |

5.3.1 The trade related balances are unsecured and bear no interest and are generally on terms of 30 days.

5.3.2 The non-trade related balances are unsecured, bear no interest and repayable upon demand.

#### 5.4 Amount due to subsidiary companies

|                   | Note  | Company<br>2023<br>RM | 2022<br>RM |
|-------------------|-------|-----------------------|------------|
| Trade related     | 5.4.1 | 4,744,936             | 1,190,853  |
| Non-trade related | 5.4.2 | 469,000               | -          |
|                   |       | 5,213,936             | 1,190,853  |

5.4.1 The trade related balances are unsecured, bear no interest and are generally on terms of 60 days (2022: 60 days).

5.4.2 The non-trade related balances are unsecured, bear no interest and repayable upon demand.

#### 5.5 Material accounting policy information

##### 5.5.1 Investment in subsidiaries

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

##### 5.5.2 Acquisition of subsidiary with non-controlling interests

The Group elects to measure the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 6. GOODWILL ON ACQUISITION

|                              | Group<br>2023<br>RM | 2022<br>RM |
|------------------------------|---------------------|------------|
| <b>Cost</b>                  |                     |            |
| At 1 January and 31 December | 6,243,746           | 6,243,746  |

The goodwill arose from the acquisition of subsidiary companies.

#### Impairment tests for goodwill

##### (a) Allocation of goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units ("CGU") identified as follows:-

|                                  | Group<br>2023<br>RM | 2022<br>RM |
|----------------------------------|---------------------|------------|
| <b>Subsidiary companies</b>      |                     |            |
| Cape Manufacturing (M) Sdn. Bhd. | 5,609,949           | 5,609,949  |
| Cape Holdings (S) Pte. Ltd.      | 633,797             | 633,797    |
|                                  | 6,243,746           | 6,243,746  |

##### (b) Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a period of not more than five years. Key assumptions and management's approach to determine the values assigned to each key assumption are as follows:-

##### (i) Growth rate

The average growth rates used are based on management's estimate of average growth rate based on the past and current trends of the industry.

##### (ii) Discount rate

The pre-tax discount rate of 11.81% and 10.22% (2022: 8.57% and 8.82%) for Cape Manufacturing (M) Sdn. Bhd. and Cape Holdings (S) Pte. Ltd. respectively was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the weighted average cost of capital of the respective subsidiaries.

The Directors believe that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount except for the changes in prevailing operating environment which is not ascertainable.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 7. DEFERRED TAX ASSETS/(LIABILITIES)

Movement in deferred tax assets/(liabilities) during the financial year is as follows:-

|                                    | At 1 January 2022 | Recognised in other comprehensive income (Note 25) | Recognised in profit or loss (Note 25) | At 31 December 2022/ 1 January 2023 | Recognised in other comprehensive income (Note 25) | Recognised in profit or loss (Note 25) | At 31 December 2023 |
|------------------------------------|-------------------|----------------------------------------------------|----------------------------------------|-------------------------------------|----------------------------------------------------|----------------------------------------|---------------------|
|                                    | RM                | RM                                                 | RM                                     | RM                                  | RM                                                 | RM                                     | RM                  |
| <b>Group</b>                       |                   |                                                    |                                        |                                     |                                                    |                                        |                     |
| Property, plant and equipment      | (5,296,746)       | -                                                  | (1,678,049)                            | (6,974,795)                         | -                                                  | (2,779,572)                            | (9,754,367)         |
| Revaluation of land and buildings  | (6,821,650)       | (1,421,669)                                        | 134,363                                | (8,108,956)                         | (474,116)                                          | 168,923                                | (8,414,149)         |
| Unabsorbed tax losses              | -                 | -                                                  | -                                      | -                                   | -                                                  | 285,000                                | 285,000             |
| Unrealised foreign exchange        | 49,000            | -                                                  | (779,000)                              | (730,000)                           | -                                                  | 239,000                                | (491,000)           |
| Unutilised capital allowances      | 232,000           | -                                                  | (232,000)                              | -                                   | -                                                  | 1,339,000                              | 1,339,000           |
| Unutilised reinvestment allowances | 7,571,000         | -                                                  | (179,000)                              | 7,392,000                           | -                                                  | (4,374,000)                            | 3,018,000           |
|                                    | (4,266,396)       | (1,421,669)                                        | (2,733,686)                            | (8,421,751)                         | (474,116)                                          | (5,121,649)                            | (14,017,516)        |
| <b>Company</b>                     |                   |                                                    |                                        |                                     |                                                    |                                        |                     |
| Property, plant and equipment      | (4,253,000)       | -                                                  | (1,226,000)                            | (5,479,000)                         | -                                                  | (2,019,000)                            | (7,498,000)         |
| Revaluation of land and buildings  | (6,818,597)       | (1,421,669)                                        | 134,363                                | (8,105,903)                         | (474,116)                                          | 168,923                                | (8,411,096)         |
| Unrealised foreign exchange        | 47,000            | -                                                  | (906,000)                              | (859,000)                           | -                                                  | 403,000                                | (456,000)           |
| Unutilised reinvestment allowances | 6,756,000         | -                                                  | 421,000                                | 7,177,000                           | -                                                  | (4,829,000)                            | 2,348,000           |
|                                    | (4,268,597)       | (1,421,669)                                        | (1,576,637)                            | (7,266,903)                         | (474,116)                                          | (6,276,077)                            | (14,017,096)        |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 7. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The balances in the deferred tax assets/(liabilities) are made up of temporary differences arising from:-

|                                    | Assets      |             | Liabilities  |              | Net          |             |
|------------------------------------|-------------|-------------|--------------|--------------|--------------|-------------|
|                                    | 2023<br>RM  | 2022<br>RM  | 2023<br>RM   | 2022<br>RM   | 2023<br>RM   | 2022<br>RM  |
| <b>Group</b>                       |             |             |              |              |              |             |
| Property, plant and equipment      | -           | -           | (9,754,367)  | (6,974,795)  | (9,754,367)  | (6,974,795) |
| Revaluation of land and buildings  | -           | -           | (8,414,149)  | (8,108,956)  | (8,414,149)  | (8,108,956) |
| Unabsorbed tax losses              | 285,000     | -           | -            | -            | 285,000      | -           |
| Unrealised foreign exchange        | -           | 129,000     | (491,000)    | (859,000)    | (491,000)    | (730,000)   |
| Unutilised capital allowances      | 1,339,000   | -           | -            | -            | 1,339,000    | -           |
| Unutilised reinvestment allowances | 3,018,000   | 7,392,000   | -            | -            | 3,018,000    | 7,392,000   |
| Tax assets/(liabilities)           | 4,642,000   | 7,521,000   | (18,659,516) | (15,942,751) | (14,017,516) | (8,421,751) |
| Set off of tax                     | (4,642,000) | (6,682,000) | 4,642,000    | 6,682,000    | -            | -           |
| Net tax assets/(liabilities)       | -           | 839,000     | (14,017,516) | (9,260,751)  | (14,017,516) | (8,421,751) |
| <b>Company</b>                     |             |             |              |              |              |             |
| Property, plant and equipment      | -           | -           | (7,498,000)  | (5,479,000)  | (7,498,000)  | (5,479,000) |
| Revaluation of land and buildings  | -           | -           | (8,411,096)  | (8,105,903)  | (8,411,096)  | (8,105,903) |
| Unrealised foreign exchange        | -           | -           | (456,000)    | (859,000)    | (456,000)    | (859,000)   |
| Unutilised reinvestment allowances | 2,348,000   | 7,177,000   | -            | -            | 2,348,000    | 7,177,000   |
| Tax assets/(liabilities)           | 2,348,000   | 7,177,000   | (16,365,096) | (14,443,903) | (14,017,096) | (7,266,903) |
| Set off of tax                     | (2,348,000) | (6,338,000) | 2,348,000    | 6,338,000    | -            | -           |
| Net tax assets/(liabilities)       | -           | 839,000     | (14,017,096) | (8,105,903)  | (14,017,096) | (7,266,903) |

The unutilised capital allowances are available indefinitely for offset against future taxable profits of the Group in which those items arose.

The unabsorbed tax losses can be carried forward for a maximum period of ten (10) consecutive years of year of assessment ("YA"), which is specifically until YA2033. Any such amount that would not be fully utilised after YA2033 shall be disregarded.

The unutilised reinvestment allowances can only be carried forward up to seven (7) consecutive years of year of assessment ("YA") upon expiry of the qualifying period of that reinvestment allowances, which is specifically until YA 2031 for the Company and YA 2041 for a subsidiary. Any such amount that would not be fully utilised after YA 2031 and YA 2041 shall be disregarded.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 7. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

#### 7.1 Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following item (stated as gross) due to uncertainty of future taxable income of the Group. The deductible temporary differences are available for offset against future taxable profits of the Group.

|                                    | Group      |            |
|------------------------------------|------------|------------|
|                                    | 2023<br>RM | 2022<br>RM |
| Unutilised reinvestment allowances | 4,752,000  | -          |

The remaining unutilised reinvestment allowances that would not be fully utilised after YA 2041 shall be disregarded.

#### 7.2 Material accounting policy information

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the asset and liabilities, using tax rates enacted or substantively enacted at the reporting date.

### 8. INVENTORIES

|                                         | Group       |             | Company     |             |
|-----------------------------------------|-------------|-------------|-------------|-------------|
|                                         | 2023<br>RM  | 2022<br>RM  | 2023<br>RM  | 2022<br>RM  |
| Raw materials                           | 61,527,462  | 36,377,860  | 59,271,981  | 33,226,119  |
| Work-in-progress                        | 2,210,793   | 1,472,234   | -           | -           |
| Finished goods                          | 11,271      | 235,138     | -           | -           |
| Goods-in-transit                        | 1,753,716   | 530,284     | 1,753,716   | 530,284     |
| Total inventories                       | 65,503,242  | 38,615,516  | 61,025,697  | 33,756,403  |
| <b>Recognised in profit or loss:-</b>   |             |             |             |             |
| Inventories recognised in cost of sales | 461,302,299 | 376,324,899 | 343,106,011 | 320,894,905 |

#### 8.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of raw materials is determined on a first-in-first-out method. Cost of finished goods and work-in-progress include raw materials, direct labour and appropriate proportion of production overheads (based on normal operating capacity).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 9. TRADE RECEIVABLES

The credit terms granted on sales of goods of the Group and the Company ranged from 30 days to 180 days (2022: 30 days to 180 days) and 30 days to 90 days (2022: 30 days to 180 days) respectively.

An impairment analysis is performed at each reporting date using a provision matrix to measure Expected Credit Losses ("ECLs"). Information regarding the Group's and the Company's exposure to the credit risk and ECLs for trade receivables is disclosed Note 31(c) to the financial statements.

#### 9.1 Offsetting of financial assets and financial liabilities

The following table provides information of financial assets and liabilities that have been set off for presentation purpose:

|                   | Note | Gross amount<br>RM | Balances that<br>are set off<br>RM | Net carrying<br>amount<br>in the<br>statement of<br>financial<br>position<br>RM |
|-------------------|------|--------------------|------------------------------------|---------------------------------------------------------------------------------|
| <b>Group</b>      |      |                    |                                    |                                                                                 |
| <b>2023</b>       |      |                    |                                    |                                                                                 |
| Trade receivables |      | 193,369,469        | (15,785,845)                       | 177,583,624                                                                     |
| Trade payables    | 18   | (118,317,193)      | 15,785,845                         | (102,531,348)                                                                   |
| <b>2022</b>       |      |                    |                                    |                                                                                 |
| Trade receivables |      | 163,719,876        | (19,374,883)                       | 144,344,993                                                                     |
| Trade payables    | 18   | (92,222,730)       | 19,374,883                         | (72,847,847)                                                                    |
| <b>Company</b>    |      |                    |                                    |                                                                                 |
| <b>2023</b>       |      |                    |                                    |                                                                                 |
| Trade receivables |      | 170,841,258        | (15,785,845)                       | 155,055,413                                                                     |
| Trade payables    | 18   | (109,944,329)      | 15,785,845                         | (94,158,484)                                                                    |
| <b>2022</b>       |      |                    |                                    |                                                                                 |
| Trade receivables |      | 140,768,341        | (19,374,883)                       | 121,393,458                                                                     |
| Trade payables    | 18   | (81,108,717)       | 19,374,883                         | (61,733,834)                                                                    |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 10. OTHER RECEIVABLES

|                                                                          | Group      |            | Company    |            |
|--------------------------------------------------------------------------|------------|------------|------------|------------|
|                                                                          | 2023<br>RM | 2022<br>RM | 2023<br>RM | 2022<br>RM |
| Non-trade receivables                                                    | 77,943     | 384,763    | -          | 374,371    |
| Advance payment to suppliers                                             | 1,268,552  | 3,140,539  | 512,850    | 2,766,738  |
| Deposit to secure bank guarantees                                        | -          | 100,000    | -          | -          |
| Deposits paid for the acquisition of a new subsidiary                    | 49,980,300 | -          | 49,980,300 | -          |
| Deposits and advances paid for purchase of property, plant and equipment | 2,016,219  | 1,885,800  | -          | 41,400     |
| Prepayments                                                              | 20,080,860 | 8,630,684  | 18,434,891 | 7,474,578  |
| Other deposits                                                           | 1,303,089  | 1,977,633  | 1,857,052  | 1,613,143  |
| Goods and service tax receivables                                        | 3,556      | 4,456      | -          | -          |
|                                                                          | 74,730,519 | 16,123,875 | 70,785,093 | 12,270,230 |

### 11. FIXED DEPOSITS WITH LICENSED BANKS

#### Group and Company

Fixed deposits with licensed banks amounted to RM3,434,749 (2022: RM9,240,070) and RM NIL (2022: RM8,272,570) are pledged to banks for bank guarantee facility granted to the Group and the Company respectively, and hence, are not available for general use.

The fixed deposits with licensed banks are on fixed rate basis and mature within 1 to 12 months (2022: 1 to 12 months) and 1 month (2022: 1 month) period for the Group and the Company respectively.

The effective interest rates on fixed deposits with licensed banks ranged from 2.10% to 2.92% (2022: 1.38% to 2.65%) and 2.10% to 2.25% (2022: 1.38% to 2.10%) per annum for the Group and the Company respectively.

### 12. OTHER INVESTMENTS

|                                               | Group       |            | Company     |            |
|-----------------------------------------------|-------------|------------|-------------|------------|
|                                               | 2023<br>RM  | 2022<br>RM | 2023<br>RM  | 2022<br>RM |
| <b>At fair value through profit or loss:-</b> |             |            |             |            |
| Money market funds                            | 101,832,016 | -          | 101,832,016 | -          |

Investment in money market funds are highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The fair value measurement of money market funds is categorised within Level 2 of the fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 13. NON-CURRENT ASSETS HELD FOR SALE

|                                             | Leasehold<br>land<br>RM | Plant and<br>machinery<br>RM | Total<br>RM |
|---------------------------------------------|-------------------------|------------------------------|-------------|
| <b>Group and Company</b>                    |                         |                              |             |
| At 1 January 2022                           | -                       | 3,902,312                    | 3,902,312   |
| Disposal                                    | -                       | (3,902,312)                  | (3,902,312) |
| Transfer from property, plant and equipment | 8,818,441               | -                            | 8,818,441   |
| At 31 December 2022                         | 8,818,441               | -                            | 8,818,441   |
| Transfer to property, plant and equipment   | (8,818,441)             | -                            | (8,818,441) |
| At 31 December 2023                         | -                       | -                            | -           |

On 22 June 2022, the Group and the Company entered into a non-binding letter of intent with a third party for the proposed sale of a leasehold land and subsequent leaseback of a single storey industrial building that will be constructed on the said leasehold land by the third party. An extension letter was signed on 2 September 2022 to extend the duration of the letter of intent to 20 December 2022. Another extension letter was signed on 16 December 2022 to extend the duration of the letter of intent further to 20 March 2023.

On 14 August 2023, the management had decided not to proceed with the sale and leaseback arrangement and the leasehold land will be used for the Group's and the Company's internal operation. Consequently the leasehold land previously classified as held for sale was transferred to property, plant and equipment.

Assets held for sale transferred to property, plant and equipment during the reporting period was measured at the lower of its carrying amount before the asset was classified as held for sale adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale and its recoverable amount at the time of reclassification.

### 14. SHARE CAPITAL

#### Group and Company

|                                                          | 2023<br>Unit | 2023<br>RM  | 2022<br>Unit | 2022<br>RM   |
|----------------------------------------------------------|--------------|-------------|--------------|--------------|
| <b>Ordinary shares</b>                                   |              |             |              |              |
| Issued and fully paid-up with no par value:-             |              |             |              |              |
| At beginning of the financial year                       | 750,000,000  | 100,000,000 | 40,000,000   | 40,000,000   |
| Conversion of irredeemable convertible preference shares | -            | -           | 10,000,000   | 60,000,000   |
| Issued for initial public offering                       | 173,000,000  | 155,700,000 | -            | -            |
| Issued for private placement                             | 69,000,000   | 73,830,000  | -            | -            |
| Share issuance expenses                                  | -            | (5,508,930) | -            | -            |
| Share split                                              | -            | -           | 700,000,000  | -            |
| At end of the financial year                             | 992,000,000  | 324,021,070 | 750,000,000  | 100,000,000  |
| <b>Irredeemable convertible preference shares</b>        |              |             |              |              |
| At beginning of the financial year                       | -            | -           | 60,000,000   | 60,000,000   |
| Conversion of irredeemable convertible preference shares | -            | -           | (60,000,000) | (60,000,000) |
| At end of the financial year                             | -            | -           | -            | -            |
| Total of ordinary shares                                 | 992,000,000  | 324,021,070 | 750,000,000  | 100,000,000  |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 14. SHARE CAPITAL (CONT'D)

#### Ordinary shares

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company residual assets.

#### Issued for initial public offering

On 10 March 2023, the Company undertook an initial public offering comprising the public issue of 173,000,000 new ordinary shares in the Company at price of RM0.90 per ordinary share.

#### Issued for private placement

On 12 December 2023, the Company had undertaken private placement of 69,000,000 new ordinary shares at price of RM1.07 per placement share.

#### Share split

On 27 April 2022, the Company had undertaken a subdivision of every 1 existing share held into 15 shares. The share split had not resulted in any change to the Company's cumulative value of issued share capital.

#### Irredeemable convertible preference shares

On 20 April 2022, ICPS holders had converted all of the existing ICPS into new ordinary shares in the Company. Upon completion of the conversion of all ICPS, the Company's resultant issued share capital had changed from RM40,000,000 comprising 40,000,000 ordinary shares to RM100,000,000 comprising 50,000,000 ordinary shares.

### 15. REVALUATION RESERVE

The revaluation reserve arises from the revaluation of land and buildings and is not available for distribution as dividends.

### 16. LEASE LIABILITIES

#### 16.1 Group and Company as lessee

##### 16.1.1 Nature of leasing activities

Lease liabilities of the Group and the Company arise from the rental of hostels, office premises and acquisition of motor vehicles, plant and machinery and equipment, furniture and fittings under hire purchase contracts.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 16. LEASE LIABILITIES (CONT'D)

#### 16.1 Group and Company as lessee (Cont'd)

##### 16.1.1 Nature of leasing activities (Cont'd)

The table below describes the nature of the Group's and the Company's leasing activities:-

| Type                | Number of right-of-use assets leased | Range of remaining term | Number of lease with extension options |
|---------------------|--------------------------------------|-------------------------|----------------------------------------|
| <b>Group</b>        |                                      |                         |                                        |
| <u>2023</u>         |                                      |                         |                                        |
| Office premises     | 1                                    | 44 months               | 1                                      |
| Plant and machinery | 6                                    | 15 - 50 months          | -                                      |
| Motor vehicles      | 11                                   | 33 - 56 months          | -                                      |
| <u>2022</u>         |                                      |                         |                                        |
| Hostel              | 1                                    | 6 months                | 1                                      |
| Plant and machinery | 18                                   | 27 - 77 months          | -                                      |
| Motor vehicles      | 6                                    | 45 - 51 months          | -                                      |
| <b>Company</b>      |                                      |                         |                                        |
| <u>2023</u>         |                                      |                         |                                        |
| Plant and machinery | 3                                    | 32 - 34 months          | -                                      |
| Motor vehicles      | 8                                    | 33 - 56 months          | -                                      |
| <u>2022</u>         |                                      |                         |                                        |
| Plant and machinery | 14                                   | 44 - 77 months          | -                                      |
| Motor vehicles      | 3                                    | 45 - 50 months          | -                                      |

Each lease generally imposes a restriction that the right-of-use asset can only be used by the Group and the Company. For leases over properties, the Group and the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

##### 16.1.2 Lease liabilities are presented in the statements of financial position as follows:-

|             | Group      |            | Company    |            |
|-------------|------------|------------|------------|------------|
|             | 2023<br>RM | 2022<br>RM | 2023<br>RM | 2022<br>RM |
| Current     | 4,809,781  | 10,126,511 | 3,591,192  | 9,139,304  |
| Non-current | 9,204,060  | 43,159,907 | 6,874,634  | 41,243,934 |
|             | 14,013,841 | 53,286,418 | 10,465,826 | 50,383,238 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 16. LEASE LIABILITIES (CONT'D)

#### 16.1 Group and Company as lessee (Cont'd)

16.1.3 Set out below are the carrying amounts of lease liabilities and the movements during the period:-

|                                                                               | Office<br>premises<br>RM | Hostel<br>RM | Equipment,<br>furniture<br>and fittings<br>RM | Plant and<br>machinery<br>RM | Motor<br>vehicles<br>RM | Total<br>RM  |
|-------------------------------------------------------------------------------|--------------------------|--------------|-----------------------------------------------|------------------------------|-------------------------|--------------|
| <b>Group</b>                                                                  |                          |              |                                               |                              |                         |              |
| At 1 January 2022                                                             | -                        | 62,061       | 89,010                                        | 55,457,037                   | 976,983                 | 56,585,091   |
| Additions                                                                     | -                        | -            | -                                             | 8,295,082                    | 394,000                 | 8,689,082    |
| Accretion of interest                                                         | -                        | 1,654        | 7,587                                         | 3,060,850                    | 49,705                  | 3,119,796    |
| Payments                                                                      | -                        | (49,200)     | (96,597)                                      | (14,618,560)                 | (343,194)               | (15,107,551) |
| At 31 December 2022                                                           | -                        | 14,515       | -                                             | 52,194,409                   | 1,077,494               | 53,286,418   |
| Additions                                                                     | 494,421                  | -            | -                                             | 1,297,600                    | 1,025,000               | 2,817,021    |
| Accretion of interest                                                         | 5,135                    | 185          | -                                             | 1,376,402                    | 63,293                  | 1,445,015    |
| Full settlement of<br>lease liabilities<br>through conversion<br>to term loan | -                        | -            | -                                             | (36,341,576)                 | -                       | (36,341,576) |
| Payments                                                                      | (96,226)                 | (14,700)     | -                                             | (6,670,092)                  | (412,019)               | (7,193,037)  |
| At 31 December 2023                                                           | 403,330                  | -            | -                                             | 11,856,743                   | 1,753,768               | 14,013,841   |
|                                                                               |                          |              |                                               |                              |                         |              |
|                                                                               |                          |              | Equipment,<br>furniture<br>and fittings<br>RM | Plant and<br>machinery<br>RM | Motor<br>vehicles<br>RM | Total<br>RM  |
| <b>Company</b>                                                                |                          |              |                                               |                              |                         |              |
| At 1 January 2022                                                             |                          |              | 89,010                                        | 53,979,764                   | 730,631                 | 54,799,405   |
| Additions                                                                     |                          |              | -                                             | 6,847,082                    | -                       | 6,847,082    |
| Accretion of interest                                                         |                          |              | 7,587                                         | 2,992,721                    | 26,574                  | 3,026,882    |
| Payments                                                                      |                          |              | (96,597)                                      | (13,978,089)                 | (215,445)               | (14,290,131) |
| At 31 December 2022                                                           |                          |              | -                                             | 49,841,478                   | 541,760                 | 50,383,238   |
| Additions                                                                     |                          |              | -                                             | -                            | 1,025,000               | 1,025,000    |
| Accretion of interest                                                         |                          |              | -                                             | 1,172,171                    | 42,469                  | 1,214,640    |
| Full settlement of lease liabilities<br>through conversion to term loan       |                          |              | -                                             | (36,341,576)                 | -                       | (36,341,576) |
| Payments                                                                      |                          |              | -                                             | (5,548,717)                  | (266,759)               | (5,815,476)  |
| At 31 December 2023                                                           |                          |              | -                                             | 9,123,356                    | 1,342,470               | 10,465,826   |

The maturity analysis of lease liabilities is disclosed in Note 31(d) to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 16. LEASE LIABILITIES (CONT'D)

#### 16.1 Group and Company as lessee (Cont'd)

##### 16.1.4 Lease payments not recognised as a liability

The Group and the Company have certain leases of hostel and factory buildings with lease terms of 12 months or less. The Group and the Company elected not to recognise lease liability for short-term leases (leases with an expected term of 12 months or less). Payments made under such leases are expensed on a straight-line basis.

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

|                                                | Group      |            | Company    |            |
|------------------------------------------------|------------|------------|------------|------------|
|                                                | 2023<br>RM | 2022<br>RM | 2023<br>RM | 2022<br>RM |
| Lease payments not recognised as liabilities:- |            |            |            |            |
| Short-term leases                              | 989,270    | 638,903    | 673,689    | 447,740    |

#### 16.2 Material accounting policy information

##### Recognition exemption

The Group and the Company 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 and the Company recognise the lease payments associated with these leases as an expenses on a straight-line basis over the lease term.

### 17. LOANS AND BORROWINGS

|                            | Group       |             | Company     |             |
|----------------------------|-------------|-------------|-------------|-------------|
|                            | 2023<br>RM  | 2022<br>RM  | 2023<br>RM  | 2022<br>RM  |
| <u>Secured:-</u>           |             |             |             |             |
| <u>Current</u>             |             |             |             |             |
| Term loans                 | 15,911,329  | 6,836,706   | 11,705,632  | 4,880,211   |
| Bank overdrafts            | 2,816,768   | 6,430,363   | -           | 3,365,267   |
| Short-term financing       | 44,899,973  | 51,094,468  | 36,688,227  | 47,196,291  |
|                            | 63,628,070  | 64,361,537  | 48,393,859  | 55,441,769  |
| <u>Non-current</u>         |             |             |             |             |
| Term loans                 | 100,905,355 | 74,246,365  | 79,039,855  | 57,563,994  |
| Total loans and borrowings | 164,533,425 | 138,607,902 | 127,433,714 | 113,005,763 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 17. LOANS AND BORROWINGS (CONT'D)

The loans and borrowings of the Group and the Company are secured by:-

- i) Principal instrument in facilities agreement;
- ii) Legal charge over the land and buildings held by the Group and the Company (Note 3);
- iii) Fixed deposits of the Group as disclosed in Note 11 to the financial statements;
- iv) Jointly and severally guaranteed by the Directors of the Company and third parties;
- v) Personal guarantee by certain Directors of the Group and the Company;
- vi) Corporate guarantee by the Company and subsidiary company;
- vii) Assignment of life assurance policy by the Director;
- viii) First fixed charge over machineries and equipment; and
- ix) Specific debenture over machineries and equipment.

### 18. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases. The credit terms granted to the Group and the Company ranged from 30 days to 120 days (2022: 30 days to 120 days).

### 19. OTHER PAYABLES

|                    | Group      |            | Company    |            |
|--------------------|------------|------------|------------|------------|
|                    | 2023<br>RM | 2022<br>RM | 2023<br>RM | 2022<br>RM |
| Accruals           | 4,771,058  | 4,172,462  | 3,770,079  | 3,352,660  |
| Deposit received   | 1,430,942  | 2,905,343  | 675,361    | 2,318,981  |
| Non-trade payables | 6,022,574  | 6,248,886  | 2,593,922  | 5,143,138  |
| Dividend payable   | 5,456,000  | -          | 5,456,000  | -          |
|                    | 17,680,574 | 13,326,691 | 12,495,362 | 10,814,779 |

### 20. AMOUNT DUE TO A RELATED PARTY

Related party refer to company in which certain Directors of the Company have substantial financial interest.

The amount due to a related party is non-trade in-nature, unsecured, bears no interest and repayable upon demand.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 21. REVENUE

Revenue for the Group and the Company comprise of revenue from contracts with customers.

#### 21.1 Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated by major products, primary geographical markets of the customers and timing of revenue recognition as follows:-

|                                                      | 2023<br>RM  | 2022<br>RM  |
|------------------------------------------------------|-------------|-------------|
| <b>Group</b>                                         |             |             |
| <b>Major products and services</b>                   |             |             |
| Industrial electronic products                       | 360,617,622 | 274,208,803 |
| Consumer electronic products                         | 174,053,603 | 151,775,128 |
| Die casting manufacturing                            | 12,179,254  | 9,352,514   |
| Supply of parts and components                       | 1,793,876   | 2,617,648   |
|                                                      | 548,644,355 | 437,954,093 |
| <b>Primary geographical markets of the customers</b> |             |             |
| Asia                                                 | 179,182,561 | 127,542,910 |
| America                                              | 358,762,393 | 281,680,525 |
| Europe                                               | 10,699,401  | 28,730,658  |
|                                                      | 548,644,355 | 437,954,093 |
| <b>Timing of revenue recognition</b>                 |             |             |
| Goods transferred at a point in time                 | 548,644,355 | 437,954,093 |
| <b>Company</b>                                       |             |             |
| <b>Major products and services</b>                   |             |             |
| Industrial electronic products                       | 222,923,726 | 218,050,104 |
| Consumer electronic products                         | 174,053,603 | 151,775,128 |
| Supply of parts and components                       | 7,780       | 1,751,523   |
|                                                      | 396,985,109 | 371,576,755 |
| <b>Primary geographical markets of the customers</b> |             |             |
| Asia                                                 | 73,065,991  | 122,814,509 |
| America                                              | 319,658,201 | 220,893,466 |
| Europe                                               | 4,260,917   | 27,868,780  |
|                                                      | 396,985,109 | 371,576,755 |
| <b>Timing of revenue recognition</b>                 |             |             |
| Goods transferred at a point in time                 | 396,985,109 | 371,576,755 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 21. REVENUE (CONT'D)

#### 21.2 Nature of goods and services

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

| Nature of goods                                                                                                               | Timing of recognition or method used to recognise revenue                           | Significant payment terms       | Warranty                                                               |
|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|---------------------------------|------------------------------------------------------------------------|
| Industrial electronic products and consumer electronic products, die casting manufacturing and supply of parts and components | Revenue is recognised when the goods are delivered and/or accepted by the customers | Credit period of 30 to 180 days | Assurance warranties of 12 to 24 months are given to certain customers |

The revenue from contracts with customers of the Group and the Company are not subject to variable element in the consideration and obligation for returns or refunds.

The Group and the Company apply the practical expedients for exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

### 22. OTHER INCOME

|                                                                                  | Group      |            | Company    |            |
|----------------------------------------------------------------------------------|------------|------------|------------|------------|
|                                                                                  | 2023<br>RM | 2022<br>RM | 2023<br>RM | 2022<br>RM |
| Fair value gain on financial assets carried at fair value through profit or loss | 1,241,564  | -          | 1,241,564  | -          |
| Fair value (loss)/gain on investment properties                                  | -          | 1,000,000  | (55,690)   | 1,000,000  |
| Gain on disposal of property, plant and equipment                                | 10,606     | -          | -          | -          |
| Gain on disposal of non-current assets held for sale                             | -          | 148,688    | -          | 148,688    |
| Management fee                                                                   | -          | -          | 857,756    | -          |
| Miscellaneous income                                                             | 92,484     | 258,860    | 42,888     | 101,578    |
| Rental income - factory                                                          | 468,797    | 960,000    | 780,797    | 1,272,000  |
| Realised gain on foreign exchange                                                | 836,535    | 4,739,392  | 1,136,506  | 4,106,699  |
| Unrealised gain on foreign exchange                                              | 2,101,085  | -          | 1,985,965  | -          |
| Wages subsidies*                                                                 | -          | 36,600     | -          | -          |
|                                                                                  | 4,751,071  | 7,143,540  | 5,989,786  | 6,628,965  |

\* The Group received financial assistance from Wage Subsidy Program ("PSU") implemented by Malaysia Social Security Organisation ("SOCSO").

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 23. FINANCE INCOME AND FINANCE COSTS

Finance income for the financial year consist of the following:

|                                                 | Group      |            | Company    |            |
|-------------------------------------------------|------------|------------|------------|------------|
|                                                 | 2023<br>RM | 2022<br>RM | 2023<br>RM | 2022<br>RM |
| Bank interest                                   | 2,198,584  | 4,514      | 2,197,278  | 4,463      |
| Fixed deposit interest                          | 274,078    | 92,358     | 212,647    | 92,339     |
| Interest income on amount due from subsidiaries | -          | -          | 316,992    | -          |
| Interest income on other investments            | 590,452    | -          | 590,452    | -          |
|                                                 | 3,063,114  | 96,872     | 3,317,369  | 96,802     |

Finance costs for the financial year consist of the following:

|                               | Group      |            | Company    |            |
|-------------------------------|------------|------------|------------|------------|
|                               | 2023<br>RM | 2022<br>RM | 2023<br>RM | 2022<br>RM |
| Bank charges                  | 272,765    | 312,129    | 190,905    | 220,056    |
| Bank guarantee commission     | 15,346     | -          | 15,346     | -          |
| Bank overdraft interest       | 350,384    | 495,576    | 137,584    | 309,736    |
| Bank overdraft commitment fee | 108,627    | -          | 108,627    | -          |
| Lease liabilities interest    | 1,445,015  | 3,119,796  | 1,214,640  | 3,026,882  |
| Letter of credit interest     | -          | 93,287     | -          | -          |
| Short-term financing interest | 2,848,592  | 1,877,641  | 2,630,445  | 1,784,383  |
| Term loans interest           | 5,939,534  | 3,201,866  | 4,745,165  | 2,803,319  |
|                               | 10,980,263 | 9,100,295  | 9,042,712  | 8,144,376  |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 24. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting), amongst others, the following items:-

|                                                          | Group       |             | Company     |             |
|----------------------------------------------------------|-------------|-------------|-------------|-------------|
|                                                          | 2023<br>RM  | 2022<br>RM  | 2023<br>RM  | 2022<br>RM  |
| Auditors' remuneration related to:                       |             |             |             |             |
| <u>Statutory audits</u>                                  |             |             |             |             |
| - Grant Thornton Malaysia PLT                            |             |             |             |             |
| - current year                                           | 211,000     | 158,000     | 168,000     | 126,000     |
| - prior year                                             | 1,600       | (4,300)     | (320)       | (4,300)     |
| - Member firm of Grant Thornton International Limited    |             |             |             |             |
| - current year                                           | 40,265      | -           | -           | -           |
| - Other auditor                                          |             |             |             |             |
| - current year                                           | -           | 19,174      | -           | -           |
| - prior year                                             | 20,385      | 22,369      | -           | -           |
| <u>Assurance-related services</u>                        |             |             |             |             |
| - Grant Thornton Malaysia PLT                            | 1,331,075   | 10,000      | 1,331,075   | 10,000      |
| <u>Non-assurance-related services</u>                    |             |             |             |             |
| - Grant Thornton Malaysia PLT                            | 31,800      | -           | 31,800      | -           |
| <u>Other services</u>                                    |             |             |             |             |
| - Local affiliate of Grant Thornton Malaysia PLT         | 253,069     | 86,255      | 189,215     | 62,410      |
| - Other auditor – prior year                             | -           | 7,117       | -           | -           |
| Depreciation of right-of-use assets                      | 5,388,882   | 8,426,278   | 4,625,222   | 7,973,690   |
| Depreciation of property, plant and equipment            | 14,806,023  | 9,867,315   | 12,458,050  | 7,934,851   |
| Expenses relating to short-term leases                   | 989,270     | 638,903     | 673,689     | 447,740     |
| (Gain)/Loss on disposal of property, plant and equipment | (10,606)    | 133         | -           | -           |
| Property, plant and equipment written off                | -           | 7,029       | -           | 3,125       |
| Foreign exchange (gain)/ loss:-                          |             |             |             |             |
| - realised                                               | (836,535)   | (4,739,392) | (1,136,506) | (4,106,699) |
| - unrealised                                             | (2,101,085) | 4,024,526   | (1,985,965) | 3,527,739   |

### 25. INCOME TAX EXPENSE

Recognised in profit or loss

|                                                               | Group      |            | Company    |            |
|---------------------------------------------------------------|------------|------------|------------|------------|
|                                                               | 2023<br>RM | 2022<br>RM | 2023<br>RM | 2022<br>RM |
| <u>In Malaysia</u>                                            |            |            |            |            |
| <u>Current tax expense</u>                                    |            |            |            |            |
| Current year's tax expense                                    | 2,819,000  | 4,361,324  | 2,819,000  | 4,043,000  |
| Under/(Over) provision of tax expense in prior financial year | 105,766    | 70,594     | 151,529    | (299,395)  |
|                                                               | 2,924,766  | 4,431,918  | 2,970,529  | 3,743,605  |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 25. INCOME TAX EXPENSE (CONT'D)

|                                                                            | Group      |            | Company    |            |
|----------------------------------------------------------------------------|------------|------------|------------|------------|
|                                                                            | 2023<br>RM | 2022<br>RM | 2023<br>RM | 2022<br>RM |
| <u>Deferred tax expense</u>                                                |            |            |            |            |
| Realisation of deferred tax upon depreciation of revalued assets           | (168,923)  | (134,364)  | (168,923)  | (134,364)  |
| Transferred from deferred tax                                              | 5,525,296  | 1,209,917  | 6,525,724  | 37,868     |
| (Over)/Under provision of deferred tax liabilities in prior financial year | (234,724)  | 1,658,133  | (80,724)   | 1,673,133  |
|                                                                            | 5,121,649  | 2,733,686  | 6,276,077  | 1,576,637  |
| Total income tax expense in Malaysia                                       | 8,046,415  | 7,165,604  | 9,246,606  | 5,320,242  |
| <u>Outside Malaysia</u>                                                    |            |            |            |            |
| <u>Current tax expense</u>                                                 |            |            |            |            |
| Current year's tax expense                                                 | 5,311,828  | 250,370    | -          | -          |
| Over provision of tax expense in prior financial year                      | -          | (112,491)  | -          | -          |
| Total income tax expense outside Malaysia                                  | 5,311,828  | 137,879    | -          | -          |
| Total income tax expense                                                   | 13,358,243 | 7,303,483  | 9,246,606  | 5,320,242  |

Recognised in other comprehensive income

|                                   | Group      |            | Company    |            |
|-----------------------------------|------------|------------|------------|------------|
|                                   | 2023<br>RM | 2022<br>RM | 2023<br>RM | 2022<br>RM |
| Revaluation of land and buildings | 474,116    | 1,421,669  | 474,116    | 1,421,669  |

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profit for the financial year.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 25. INCOME TAX EXPENSE (CONT'D)

The reconciliations of income tax expense applicable to profit before tax at the statutory tax rate to the income tax expense at the effective tax rate of the Group and of the Company are as follows:-

|                                                                            | Group       |             | Company     |             |
|----------------------------------------------------------------------------|-------------|-------------|-------------|-------------|
|                                                                            | 2023<br>RM  | 2022<br>RM  | 2023<br>RM  | 2022<br>RM  |
| Profit before tax                                                          | 57,700,499  | 40,843,536  | 32,259,931  | 34,858,846  |
| Tax expense at Malaysian statutory tax rate of 24%                         | 13,848,120  | 9,802,449   | 7,742,383   | 8,366,123   |
| Tax effects in respect of:-                                                |             |             |             |             |
| Expenses not deductible for tax purposes                                   | 3,711,397   | 3,513,663   | 2,791,372   | 3,087,283   |
| Income not subject to tax                                                  | (1,295,296) | (519,237)   | (1,189,031) | (490,454)   |
| Effect of tax rates in foreign jurisdiction                                | (2,091,433) | (93,180)    | -           | -           |
| Under/(Over) provision of tax expense in prior financial year              | 105,766     | (41,897)    | 151,529     | (299,395)   |
| (Over)/Under provision of deferred tax liabilities in prior financial year | (234,724)   | 1,658,133   | (80,724)    | 1,673,133   |
| Realisation of deferred tax upon depreciation of revalued assets           | (168,923)   | (134,364)   | (168,923)   | (134,364)   |
| Recognition of deferred tax assets on reinvestment allowances              | (516,664)   | (6,882,084) | -           | (6,882,084) |
| Total income tax expense                                                   | 13,358,243  | 7,303,483   | 9,246,606   | 5,320,242   |

### 26. EARNINGS PER SHARE

#### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit for the financial year attributable to ordinary equity holders of the Company and a weighted average number of ordinary shares issued calculated as follows:-

|                                              | Group      |            |
|----------------------------------------------|------------|------------|
|                                              | 2023<br>RM | 2022<br>RM |
| Profit attributable to owners of the Company | 44,376,612 | 33,540,053 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 26. EARNINGS PER SHARE (CONT'D)

#### Basic earnings per ordinary share (Cont'd)

Weighted average number of ordinary shares in issue:-

|                                                                           | 2023<br>Unit | Group<br>2022<br>Unit |
|---------------------------------------------------------------------------|--------------|-----------------------|
| Issued ordinary shares at 1 January                                       | 750,000,000  | 40,000,000            |
| Effect of conversion of irredeemable convertible preference shares        | -            | 12,904,110            |
| Effect of share split                                                     | -            | 471,643,835           |
| Effect of ordinary shares issued for initial public offering              | 140,295,890  | -                     |
| Effect of ordinary shares issued for private placement                    | 3,591,781    | -                     |
| Weighted average number of ordinary shares for the financial year (basic) | 893,887,671  | 524,547,945           |
| Basic earnings per share (sen)                                            | 4.96         | 6.39                  |

#### Diluted earnings per ordinary share

The diluted earnings per ordinary share is the same as basic earnings per ordinary share as there are no dilutive potential ordinary shares outstanding.

### 27. DIVIDENDS

During the financial year, the following dividends have been paid by the Company to the owners of the Company.

|                                                                                                                                                         | RM         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>2023</b>                                                                                                                                             |            |
| First interim single-tier dividend of 0.55 sen per ordinary share in respect of the financial year ended 31 December 2023 and paid on 29 September 2023 | 5,076,500  |
| Second interim single-tier dividend of 0.55 sen per ordinary share in respect of the financial year ended 31 December 2023 and paid on 2 February 2024  | 5,456,000  |
|                                                                                                                                                         | 10,532,500 |
| <b>2022</b>                                                                                                                                             |            |
| Single-tier dividend of 0.26 sen per ordinary share in respect of the financial year ended 31 December 2022 and paid on 26 April 2022                   | 12,964,667 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 28. EMPLOYEE BENEFITS EXPENSE

|                                      | Group      |            | Company    |            |
|--------------------------------------|------------|------------|------------|------------|
|                                      | 2023<br>RM | 2022<br>RM | 2023<br>RM | 2022<br>RM |
| Salaries, wages and other emoluments | 33,816,256 | 24,074,641 | 25,984,848 | 18,708,828 |
| Defined contribution plans           | 2,662,775  | 2,146,264  | 2,125,985  | 1,721,928  |
| Social security contributions        | 381,172    | 265,134    | 292,711    | 207,523    |
| Other staff costs and benefits       | 1,464,583  | 970,256    | 1,370,856  | 908,123    |
|                                      | 38,324,786 | 27,456,295 | 29,774,400 | 21,546,402 |

Included in the employee benefits expenses are aggregate amount of remuneration received and receivable by the Directors of the Group and the Company during the financial year as below:-

|                                             | Group      |            | Company    |            |
|---------------------------------------------|------------|------------|------------|------------|
|                                             | 2023<br>RM | 2022<br>RM | 2023<br>RM | 2022<br>RM |
| <b>Existing Directors of the Company:</b>   |            |            |            |            |
| <u>Executive directors</u>                  |            |            |            |            |
| Salaries                                    | 3,290,500  | 1,793,500  | 3,036,500  | 1,577,500  |
| Defined contribution plan                   | 363,660    | 215,220    | 333,180    | 189,300    |
| Fees                                        | 529,404    | 498,511    | -          | -          |
| Social security contribution                | 4,635      | 3,853      | 3,476      | 2,852      |
|                                             | 4,188,199  | 2,511,084  | 3,373,156  | 1,769,652  |
| <u>Non-executive directors</u>              |            |            |            |            |
| Fees                                        | 363,700    | 180,833    | 363,700    | 180,833    |
| Meeting allowances                          | 124,000    | 48,000     | 124,000    | 48,000     |
|                                             | 487,700    | 228,833    | 487,700    | 228,833    |
| <b>Past Director of the Company:</b>        |            |            |            |            |
| <u>Non-executive director</u>               |            |            |            |            |
| Fees                                        | -          | 12,500     | -          | 12,500     |
| Meeting allowances                          | -          | 10,000     | -          | 10,000     |
|                                             | -          | 22,500     | -          | 22,500     |
| <b>Existing Director of the subsidiary:</b> |            |            |            |            |
| <u>Executive director</u>                   |            |            |            |            |
| Salaries                                    | 187,232    | 153,388    | -          | -          |
| Defined contribution plan                   | 31,831     | 26,459     | -          | -          |
|                                             | 219,063    | 179,847    | -          | -          |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 29. RELATED PARTY DISCLOSURES

(a) The transactions of the Company with the related parties were as follows:-

|                                                    | Group      |            | Company    |            |
|----------------------------------------------------|------------|------------|------------|------------|
|                                                    | 2023<br>RM | 2022<br>RM | 2023<br>RM | 2022<br>RM |
| <b>Related parties</b>                             |            |            |            |            |
| Purchase of goods                                  | 94,629     | -          | 93,589     | -          |
| Prepayment to                                      | 74,000     | -          | 74,000     | -          |
| Services received from                             | -          | 48,313     | -          | 48,313     |
| <b>Subsidiary companies</b>                        |            |            |            |            |
| Advance payment made on behalf                     | -          | -          | 2,739,100  | -          |
| Expenses paid on behalf for                        | -          | -          | 575,910    | 573,633    |
| Expenses paid on behalf by                         | -          | -          | (58,735)   | (6,179)    |
| Interest income on amount due<br>from subsidiaries | -          | -          | (316,992)  | -          |
| Management fee                                     | -          | -          | (857,756)  | -          |
| Net advances to                                    | -          | -          | 924,964    | 6,227,750  |
| Prepayment to                                      | -          | -          | 671,111    | 483,503    |
| Purchase of goods                                  | -          | -          | 13,875,738 | 7,190,704  |
| Rental received                                    | -          | -          | (312,000)  | (312,000)  |

- (b) The term of outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 5 and 20 to the financial statements.
- (c) Key management personnel are defined as the person having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly and entity that provides key management personnel services to the Group. Key management includes all the Directors of the Company and its subsidiaries and certain members of senior management of the Group and the Company.

The remuneration of the Directors is disclosed in Note 28 to the financial statements.

The remuneration of other key management personnel is as follows:-

|                                                    | Group      |            | Company    |            |
|----------------------------------------------------|------------|------------|------------|------------|
|                                                    | 2023<br>RM | 2022<br>RM | 2023<br>RM | 2022<br>RM |
| <b>Other key management personnel remuneration</b> |            |            |            |            |
| Salaries, wages and other emoluments               | 1,133,799  | 986,000    | 1,010,799  | 776,000    |
| Defined contribution plans                         | 107,923    | 118,320    | 93,163     | 93,120     |
| Social security contributions                      | 4,362      | 4,088      | 3,783      | 3,085      |
|                                                    | 1,246,084  | 1,108,408  | 1,107,745  | 872,205    |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 30. COMMITMENTS

Capital expenditure in respect of the following is not provided for in the financial statements:-

|                                          | Group      |            | Company    |            |
|------------------------------------------|------------|------------|------------|------------|
|                                          | 2023<br>RM | 2022<br>RM | 2023<br>RM | 2022<br>RM |
| Authorised and contracted for:-          |            |            |            |            |
| - Acquisition of a new subsidiary        | 27,540,000 | -          | 27,540,000 | -          |
| - Equipment, furniture and fittings      | 227,624    | -          | 227,624    | -          |
| - Motor vehicles                         | 301,830    | -          | 301,830    | -          |
| - Plant and machinery                    | 721,850    | 11,280,513 | 100,850    | -          |
| - Renovation and electrical installation | 3,849,821  | 177,600    | 2,704,929  | 96,600     |
|                                          | 32,641,125 | 11,458,113 | 30,875,233 | 96,600     |

### 31. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

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

- Amortised cost ("AC")
- Fair value through profit or loss ("FVTPL")

|                                    | Carrying<br>amount<br>RM | AC<br>RM    | FVTPL<br>RM |
|------------------------------------|--------------------------|-------------|-------------|
| <b>Group</b>                       |                          |             |             |
| <b>2023</b>                        |                          |             |             |
| <b>Financial assets</b>            |                          |             |             |
| Trade receivables                  | 177,583,624              | 177,583,624 | -           |
| Other receivables                  | 74,730,519               | 1,381,032   | -           |
| Fixed deposits with licensed banks | 31,180,438               | 31,180,438  | -           |
| Other investments                  | 101,832,016              | -           | 101,832,016 |
| Cash and bank balances             | 76,588,503               | 76,588,503  | -           |
|                                    | 461,915,100              | 286,733,597 | 101,832,016 |
| <b>Financial liabilities</b>       |                          |             |             |
| Trade payables                     | 102,531,348              | 102,531,348 | -           |
| Other payables                     | 17,680,574               | 16,193,175  | -           |
| Amount due to a related party      | 74,000                   | 74,000      | -           |
| Loans and borrowings               | 164,533,425              | 164,533,425 | -           |
|                                    | 284,819,347              | 283,331,948 | -           |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments categorised as follows (Cont'd):-

- Amortised cost ("AC")
- Fair value through profit or loss ("FVTPL")

|                                      | Carrying<br>amount<br>RM | AC<br>RM    | FVTPL<br>RM |
|--------------------------------------|--------------------------|-------------|-------------|
| <b>Group</b>                         |                          |             |             |
| <b>2022</b>                          |                          |             |             |
| <b>Financial assets</b>              |                          |             |             |
| Trade receivables                    | 144,344,993              | 144,344,993 | -           |
| Other receivables                    | 16,123,875               | 2,462,396   | -           |
| Fixed deposit with licensed banks    | 9,240,070                | 9,240,070   | -           |
| Cash and bank balances               | 32,095,844               | 32,095,844  | -           |
|                                      | 201,804,782              | 188,143,303 | -           |
| <b>Financial liabilities</b>         |                          |             |             |
| Trade payables                       | 72,847,847               | 72,847,847  | -           |
| Other payables                       | 13,326,691               | 10,421,348  | -           |
| Amount due to a related party        | 10,754                   | 10,754      | -           |
| Loans and borrowings                 | 138,607,902              | 138,607,902 | -           |
|                                      | 224,793,194              | 221,887,851 | -           |
| <b>Company</b>                       |                          |             |             |
| <b>2023</b>                          |                          |             |             |
| <b>Financial assets</b>              |                          |             |             |
| Trade receivables                    | 155,055,413              | 155,055,413 | -           |
| Other receivables                    | 70,785,093               | 1,857,052   | -           |
| Amount due from subsidiary companies | 3,071,950                | 3,071,950   | -           |
| Fixed deposits with licensed banks   | 27,745,689               | 27,745,689  | -           |
| Other investments                    | 101,832,016              | -           | 101,832,016 |
| Cash and bank balances               | 47,630,208               | 47,630,208  | -           |
|                                      | 406,120,369              | 235,360,312 | 101,832,016 |
| <b>Financial liabilities</b>         |                          |             |             |
| Trade payables                       | 94,158,484               | 94,158,484  | -           |
| Other payables                       | 12,495,362               | 11,820,001  | -           |
| Amount due to a related party        | 74,000                   | 74,000      | -           |
| Amount due to subsidiary companies   | 5,213,936                | 5,213,936   | -           |
| Loans and borrowings                 | 127,433,714              | 127,433,714 | -           |
|                                      | 239,375,496              | 238,700,135 | -           |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments categorised as follows (Cont'd):-

- Amortised cost ("AC")
- Fair value through profit or loss ("FVTPL")

|                                      | Carrying<br>amount<br>RM | AC<br>RM    | FVTPL<br>RM |
|--------------------------------------|--------------------------|-------------|-------------|
| <b>Company (Cont'd)</b>              |                          |             |             |
| <u>2022</u>                          |                          |             |             |
| <b>Financial assets</b>              |                          |             |             |
| Trade receivables                    | 121,393,458              | 121,393,458 | -           |
| Other receivables                    | 12,270,230               | 1,987,514   | -           |
| Amount due from subsidiary companies | 4,491,022                | 4,491,022   | -           |
| Fixed deposits with licensed banks   | 8,272,570                | 8,272,570   | -           |
| Cash and bank balances               | 30,069,751               | 30,069,751  | -           |
|                                      | 176,497,031              | 166,214,315 | -           |
| <b>Financial liabilities</b>         |                          |             |             |
| Trade payables                       | 61,733,834               | 61,733,834  | -           |
| Other payables                       | 10,814,779               | 8,495,798   | -           |
| Amount due to a related party        | 10,616                   | 10,616      | -           |
| Amount due to a subsidiary company   | 1,190,853                | 1,190,853   | -           |
| Loans and borrowings                 | 113,005,763              | 113,005,763 | -           |
|                                      | 186,755,845              | 184,436,864 | -           |

#### Net gains/(losses) arising from financial instruments

|                                      | Group        |             | Company      |             |
|--------------------------------------|--------------|-------------|--------------|-------------|
|                                      | 2023<br>RM   | 2022<br>RM  | 2023<br>RM   | 2022<br>RM  |
| Financial assets measured at AC      | 18,481,785   | 3,345,141   | 18,546,061   | 2,795,211   |
| Financial assets measured at FVTPL   | 1,832,016    | -           | 1,832,016    | -           |
| Financial liabilities measured at AC | (22,389,309) | (8,201,773) | (20,333,839) | (7,016,887) |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Categories of financial instruments (Cont'd)

Included in gains/(losses) on financial instruments are:-

|                                                                  | Group       |             | Company     |             |
|------------------------------------------------------------------|-------------|-------------|-------------|-------------|
|                                                                  | 2023<br>RM  | 2022<br>RM  | 2023<br>RM  | 2022<br>RM  |
| Total interest income for financial assets measured at AC        | 2,472,662   | 96,872      | 2,726,917   | 96,802      |
| Total interest income for financial assets measured at FVTPL     | 590,452     | -           | 590,452     | -           |
| Total interest expenses for financial liabilities measured at AC | (9,262,483) | (5,668,370) | (7,637,167) | (4,897,438) |

#### Risk management objectives and policies

The Group and the Company are exposed to various risks in relation to financial instruments. The main types of risks are foreign currency risk, interest rate risk, credit risk and liquidity risk.

Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's and the Company's business whilst managing its foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The following sections explain key risks faced by the Group and the Company and its management.

#### (a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company are exposed to foreign currency risk mostly on their sales and purchases that are denominated in a currency other than the functional currency of the Group and the Company. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Chinese Yuan ("CNY"), Singapore Dollar ("SGD") and Great Britain Pound ("GBP").

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Risk management objectives and policies (Cont'd)

##### (a) Foreign currency risk (Cont'd)

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and financial liabilities which exposed the Group and the Company to foreign currency risk are disclosed below:-

|                              | USD<br>RM     | CNY<br>RM | SGD<br>RM | GBP<br>RM |
|------------------------------|---------------|-----------|-----------|-----------|
| <b>Group</b>                 |               |           |           |           |
| <b>2023</b>                  |               |           |           |           |
| <b>Financial assets</b>      |               |           |           |           |
| Trade receivables            | 174,979,435   | -         | -         | 1,003,635 |
| Other receivables            | 14,869,897    | -         | 31,189    | -         |
| Cash and bank balances       | 44,586,327    | -         | 1,078,444 | 50,343    |
|                              | 234,435,659   | -         | 1,109,633 | 1,053,978 |
| <b>Financial liabilities</b> |               |           |           |           |
| Trade payables               | (95,225,350)  | -         | (3,047)   | -         |
| Other payables               | (1,010,232)   | (226,752) | (210,344) | (18,072)  |
| Loans and borrowings         | (23,668,036)  | -         | -         | -         |
|                              | (119,903,618) | (226,752) | (213,391) | (18,072)  |
| Net exposure                 | 114,532,041   | (226,752) | 896,242   | 1,035,906 |
| <b>2022</b>                  |               |           |           |           |
| <b>Financial assets</b>      |               |           |           |           |
| Trade receivables            | 143,835,192   | -         | -         | 157,705   |
| Other receivables            | 371,283       | -         | 680,547   | -         |
| Cash and bank balances       | 29,819,264    | -         | 526,212   | 21,471    |
|                              | 174,025,739   | -         | 1,206,759 | 179,176   |
| <b>Financial liabilities</b> |               |           |           |           |
| Trade payables               | (66,109,524)  | -         | (4,518)   | -         |
| Other payables               | (1,802,093)   | (760,730) | (794,508) | (827)     |
| Loans and borrowings         | (29,782,372)  | -         | -         | -         |
|                              | (97,693,989)  | (760,730) | (799,026) | (827)     |
| Net exposure                 | 76,331,750    | (760,730) | 407,733   | 178,349   |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Risk management objectives and policies (Cont'd)

##### (a) Foreign currency risk (Cont'd)

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and financial liabilities which expose the Group and the Company to foreign currency risk are disclosed below (Cont'd):-

|                                    | USD<br>RM     | CNY<br>RM | SGD<br>RM | GBP<br>RM |
|------------------------------------|---------------|-----------|-----------|-----------|
| <b>Company</b>                     |               |           |           |           |
| <b>2023</b>                        |               |           |           |           |
| <b>Financial assets</b>            |               |           |           |           |
| Trade receivables                  | 154,288,324   | -         | -         | -         |
| Amount due from subsidiary         | 1,273,092     | -         | 627,642   | -         |
| Cash and bank balances             | 20,866,786    | -         | 376       | -         |
|                                    | 176,428,202   | -         | 628,018   | -         |
| <b>Financial liabilities</b>       |               |           |           |           |
| Trade payables                     | (89,753,987)  | -         | (3,047)   | -         |
| Other payables                     | (282,091)     | (226,752) | (12,175)  | -         |
| Loans and borrowings               | (23,668,036)  | -         | -         | -         |
| Amount due to subsidiary companies | (471,754)     | -         | -         | -         |
|                                    | (114,175,868) | (226,752) | (15,222)  | -         |
| Net exposure                       | 62,252,334    | (226,752) | 612,796   | -         |
| <b>2022</b>                        |               |           |           |           |
| <b>Financial assets</b>            |               |           |           |           |
| Trade receivables                  | 121,280,929   | -         | -         | -         |
| Other receivables                  | 371,283       | -         | -         | -         |
| Cash and bank balances             | 28,727,489    | -         | 376       | -         |
|                                    | 150,379,701   | -         | 376       | -         |
| <b>Financial liabilities</b>       |               |           |           |           |
| Trade payables                     | (57,795,418)  | -         | (4,518)   | -         |
| Other payables                     | (1,691,600)   | (760,730) | -         | -         |
| Loans and borrowings               | (29,782,372)  | -         | -         | -         |
| Amount due to subsidiary companies | (53,569)      | -         | -         | -         |
|                                    | (89,322,959)  | (760,730) | (4,518)   | -         |
| Net exposure                       | 61,056,742    | (760,730) | (4,142)   | -         |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Risk management objectives and policies (Cont'd)

##### (a) Foreign currency risk (Cont'd)

##### *Foreign currency sensitivity analysis*

The following table illustrates the sensitivity of profit in regards to the Group's and the Company's financial assets and financial liabilities and the RM/USD exchange rate, RM/CNY exchange rate, RM/SGD exchange rate and RM/GBP exchange rate with 'all other things are being equal'.

It assumes a +/- 2% (2022: +/- 2%) change of the RM/USD, RM/CNY, RM/SGD and RM/GBP exchange rates respectively. The percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's and the Company's foreign currency denominated financial instruments held at each reporting date.

If the RM had strengthened against the USD, CNY, SGD and GBP by 2% (2022: 2%) respectively, this would have the following impact:-

| Group                                                | USD<br>RM   | CNY<br>RM | SGD<br>RM | GBP<br>RM | Total<br>RM |
|------------------------------------------------------|-------------|-----------|-----------|-----------|-------------|
| <u>2023</u>                                          |             |           |           |           |             |
| (Decrease)/Increase in profit for the financial year | (2,290,641) | 4,535     | (17,925)  | (20,718)  | (2,324,749) |
| <u>2022</u>                                          |             |           |           |           |             |
| (Decrease)/Increase in profit for the financial year | (1,526,635) | 15,215    | (8,155)   | (3,567)   | (1,523,142) |
| <b>Company</b>                                       |             |           |           |           |             |
| <u>2023</u>                                          |             |           |           |           |             |
| (Decrease)/Increase in profit for the financial year | (1,245,047) | 4,535     | (12,256)  | -         | (1,252,768) |
| <u>2022</u>                                          |             |           |           |           |             |
| (Decrease)/Increase in profit for the financial year | (1,221,135) | 15,215    | 83        | -         | (1,205,837) |

If the RM had weakened against the USD, CNY, SGD and GBP by 2% (2022: 2%) respectively, then the impact to profit for the financial year would be the opposite effect.

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's and the Company's exposures to foreign currency risk.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Risk management objectives and policies (Cont'd)

##### (b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

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

The Group's and the Company's interest rate management objective are to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

##### *Interest rate sensitivity*

The Group and the Company are exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the Group's and the Company's short-term placement is considered immaterial.

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 is as follows:-

|                                 | <b>Group</b>       |                    | <b>Company</b>     |                    |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                 | <b>2023<br/>RM</b> | <b>2022<br/>RM</b> | <b>2023<br/>RM</b> | <b>2022<br/>RM</b> |
| <b>Fixed rate instruments</b>   |                    |                    |                    |                    |
| Financial assets                | 31,180,438         | 9,240,070          | 27,745,689         | 8,272,570          |
| Financial liability             | (7,508,099)        | -                  | (7,508,099)        | -                  |
| <b>Floating rate instrument</b> |                    |                    |                    |                    |
| Financial liabilities           | (157,025,326)      | (138,607,902)      | (119,925,615)      | (113,005,763)      |

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 25 (2022: +/- 25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rates for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

|                | <b>(Decrease)/Increase<br/>on profit for the financial year</b> |                       |
|----------------|-----------------------------------------------------------------|-----------------------|
|                | <b>+ 25 bp<br/>RM</b>                                           | <b>- 25 bp<br/>RM</b> |
| <b>Group</b>   |                                                                 |                       |
| 2023           | (392,563)                                                       | 392,563               |
| 2022           | (346,520)                                                       | 346,520               |
| <b>Company</b> |                                                                 |                       |
| 2023           | (299,814)                                                       | 299,814               |
| 2022           | (282,514)                                                       | 282,514               |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Risk management objectives and policies (Cont'd)

##### (c) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's and the Company's exposure to credit risk is monitored on an ongoing basis. The credit risk is controlled by monitoring procedures. An internal credit review is conducted if the credit risk is material. The Group and the Company do not require collateral in respect of financial assets.

The Group's and the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:-

|                                      | Group       |             | Company     |             |
|--------------------------------------|-------------|-------------|-------------|-------------|
|                                      | 2023<br>RM  | 2022<br>RM  | 2023<br>RM  | 2022<br>RM  |
| <b>Classes of financial assets</b>   |             |             |             |             |
| Trade receivables                    | 177,583,624 | 144,344,993 | 155,055,413 | 121,393,458 |
| Other receivables                    | 1,381,032   | 2,462,396   | 1,857,052   | 1,987,514   |
| Amount due from subsidiary companies | -           | -           | 3,071,950   | 4,491,022   |
| Fixed deposits with licensed banks   | 31,180,438  | 9,240,070   | 27,745,689  | 8,272,570   |
| Other investments                    | 101,832,016 | -           | 101,832,016 | -           |
| Cash and bank balances               | 76,588,503  | 32,095,844  | 47,630,208  | 30,069,751  |
| Carrying amount                      | 388,565,613 | 188,143,303 | 337,192,328 | 166,214,315 |

The Group and the Company continuously monitor defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into their credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's and the Company's policy is to deal only with creditworthy counterparties.

The Group's and the Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

#### **Receivables**

Receivables are monitored on an ongoing basis to mitigate risk of bad debts. The Group's and the Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Risk management objectives and policies (Cont'd)

##### (c) Credit risk (Cont'd)

#### Receivables (Cont'd)

The ageing analysis of trade receivables of the Group and of the Company are as follows:-

| Group                       | Gross<br>RM | ← Allowance for impairment loss →                           |                                                             | Total<br>RM | Net<br>RM   |
|-----------------------------|-------------|-------------------------------------------------------------|-------------------------------------------------------------|-------------|-------------|
|                             |             | Expected<br>credit loss<br>(individually<br>impaired)<br>RM | Expected<br>credit loss<br>(collectively<br>impaired)<br>RM |             |             |
| <u>2023</u>                 |             |                                                             |                                                             |             |             |
| Within terms                | 96,694,029  | -                                                           | -                                                           | -           | 96,694,029  |
| Past due 1 to 30 days       | 55,354,279  | -                                                           | -                                                           | -           | 55,354,279  |
| Past due 31 to 60 days      | 10,668,838  | -                                                           | -                                                           | -           | 10,668,838  |
| Past due 61 to 90 days      | 633,416     | -                                                           | -                                                           | -           | 633,416     |
| Past due 91 to 120 days     | 1,190,718   | -                                                           | -                                                           | -           | 1,190,718   |
| Past due 121 to 150 days    | 1,161,613   | -                                                           | -                                                           | -           | 1,161,613   |
| Past due 151 to 180 days    | 6,484,987   | -                                                           | -                                                           | -           | 6,484,987   |
| Past due more than 180 days | 5,395,744   | -                                                           | -                                                           | -           | 5,395,744   |
|                             | 177,583,624 | -                                                           | -                                                           | -           | 177,583,624 |
| <u>2022</u>                 |             |                                                             |                                                             |             |             |
| Within terms                | 114,456,850 | -                                                           | -                                                           | -           | 114,456,850 |
| Past due 1 to 30 days       | 6,582,711   | -                                                           | -                                                           | -           | 6,582,711   |
| Past due 31 to 60 days      | 13,637,039  | -                                                           | -                                                           | -           | 13,637,039  |
| Past due 61 to 90 days      | 6,306,382   | -                                                           | -                                                           | -           | 6,306,382   |
| Past due 91 to 120 days     | 958,395     | -                                                           | -                                                           | -           | 958,395     |
| Past due 121 to 150 days    | 63,075      | -                                                           | -                                                           | -           | 63,075      |
| Past due 151 to 180 days    | 485,574     | -                                                           | -                                                           | -           | 485,574     |
| Past due more than 180 days | 1,854,967   | -                                                           | -                                                           | -           | 1,854,967   |
|                             | 144,344,993 | -                                                           | -                                                           | -           | 144,344,993 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Risk management objectives and policies (Cont'd)

##### (c) Credit risk (Cont'd)

#### Receivables (Cont'd)

The ageing analysis of trade receivables of the Group and of the Company are as follows (Cont'd):-

| Company                     | Gross<br>RM | ← Allowance for impairment loss →                           |                                                             | Total<br>RM | Net<br>RM   |
|-----------------------------|-------------|-------------------------------------------------------------|-------------------------------------------------------------|-------------|-------------|
|                             |             | Expected<br>credit loss<br>(individually<br>impaired)<br>RM | Expected<br>credit loss<br>(collectively<br>impaired)<br>RM |             |             |
| <u>2023</u>                 |             |                                                             |                                                             |             |             |
| Within terms                | 92,894,199  | -                                                           | -                                                           | -           | 92,894,199  |
| Past due 1 to 30 days       | 37,775,785  | -                                                           | -                                                           | -           | 37,775,785  |
| Past due 31 to 60 days      | 10,275,194  | -                                                           | -                                                           | -           | 10,275,194  |
| Past due 61 to 90 days      | 423,008     | -                                                           | -                                                           | -           | 423,008     |
| Past due 91 to 120 days     | 1,042,530   | -                                                           | -                                                           | -           | 1,042,530   |
| Past due 121 to 150 days    | 763,966     | -                                                           | -                                                           | -           | 763,966     |
| Past due 151 to 180 days    | 6,484,987   | -                                                           | -                                                           | -           | 6,484,987   |
| Past due more than 180 days | 5,395,744   | -                                                           | -                                                           | -           | 5,395,744   |
|                             | 155,055,413 | -                                                           | -                                                           | -           | 155,055,413 |
| <u>2022</u>                 |             |                                                             |                                                             |             |             |
| Within terms                | 107,977,966 | -                                                           | -                                                           | -           | 107,977,966 |
| Past due 1 to 30 days       | 2,564,691   | -                                                           | -                                                           | -           | 2,564,691   |
| Past due 31 to 60 days      | 8,348,149   | -                                                           | -                                                           | -           | 8,348,149   |
| Past due 61 to 90 days      | 136,784     | -                                                           | -                                                           | -           | 136,784     |
| Past due 91 to 120 days     | 288,862     | -                                                           | -                                                           | -           | 288,862     |
| Past due 121 to 150 days    | 23,725      | -                                                           | -                                                           | -           | 23,725      |
| Past due 151 to 180 days    | 262,074     | -                                                           | -                                                           | -           | 262,074     |
| Past due more than 180 days | 1,791,207   | -                                                           | -                                                           | -           | 1,791,207   |
|                             | 121,393,458 | -                                                           | -                                                           | -           | 121,393,458 |

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type and customer type).

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group and the Company do not hold collateral as security.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Risk management objectives and policies (Cont'd)

##### (c) Credit risk (Cont'd)

##### *Concentration of credit risk*

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. The Group's and the Company's portfolio of financial instrument is broadly diversified along geographical lines and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

The credit risk concentration profile of the Group's and of the Company's trade receivables as at the reporting date are as follows:-

|                      | 2023<br>RM  | %  | 2022<br>RM  | %  |
|----------------------|-------------|----|-------------|----|
| <b>Group</b>         |             |    |             |    |
| Top 3 counterparties | 124,853,353 | 70 | 104,303,837 | 72 |
| <b>Company</b>       |             |    |             |    |
| Top 3 counterparties | 121,926,572 | 79 | 104,303,837 | 86 |

The net carrying amount of receivables is considered a reasonable approximate of its fair value.

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, the management has taken reasonable steps to ensure that receivables are stated at their realisable values. A significant portion of the receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

#### **Other receivables**

In respect of other receivables, the Group and the Company are not exposed to any significant credit risk exposure to any single counterparty or a group of counterparties having similar characteristics. Based on historical information about customer default rates, the management considers the credit quality of other receivables that are not past due or impaired to be good.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Risk management objectives and policies (Cont'd)

##### (c) Credit risk (Cont'd)

#### Intercompany receivables, loans and advances

The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Generally, the Company considers amounts owing by subsidiary companies and related party to be of low credit risk as subsidiary companies and related party have a strong capacity to meet contractual cash flows. The Company also provides unsecured loans and advances to a subsidiary company and monitors the results of the subsidiary company regularly.

As at end of the reporting period, there was no indication that the intercompany receivables, loans and advances to the subsidiary company are not recoverable.

#### Financial guarantee

The maximum exposure to credit risk in relation to the financial corporate guarantees given of the Group and the Company are amounted to RM NIL and RM31,215,613 (2022: RM NIL and RM27,871,138 respectively) as at the end of the reporting period representing the outstanding banking facilities of the subsidiary company and related party which certain Directors have interest in as at the end of financial year.

The financial guarantees of the Group and Company have not been recognised since the fair value of the credit enhancement provided by the corporate guarantees are not material.

The Company monitors on an ongoing basis the result of the subsidiary and related party and repayments made by the subsidiary company and related party. As at the end of the reporting year, there was no indication that any of the subsidiary or related party would default on repayment.

#### Cash and bank balances

The credit risk for cash and bank balances including fixed deposits with licensed banks is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

##### (d) Liquidity risk

Liquidity risk is the risk arising from the Group and the Company not being able to meet their obligations due to shortage of funds.

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

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Risk management objectives and policies (Cont'd)

##### (d) Liquidity risk (Cont'd)

The following table shows the areas where the Group and the Company are exposed to liquidity risk:-

|                                                                   | Carrying<br>amount<br>RM | Contractual<br>interest rate | Contractual<br>cash flows<br>RM | Current<br>Less than<br>1 year<br>RM | Non-current<br>Between<br>1 to 5 years<br>RM | More than<br>5 years<br>RM |
|-------------------------------------------------------------------|--------------------------|------------------------------|---------------------------------|--------------------------------------|----------------------------------------------|----------------------------|
| <b>Group</b>                                                      |                          |                              |                                 |                                      |                                              |                            |
| <b>2023</b>                                                       |                          |                              |                                 |                                      |                                              |                            |
| <b>Non-derivative financial liabilities and lease liabilities</b> |                          |                              |                                 |                                      |                                              |                            |
| Trade payables                                                    | 102,531,348              |                              | 102,531,348                     | 102,531,348                          | -                                            | -                          |
| Other payables                                                    | 16,193,175               |                              | 16,193,175                      | 16,193,175                           | -                                            | -                          |
| Amount due to a related party                                     | 74,000                   |                              | 74,000                          | 74,000                               | -                                            | -                          |
| Lease liabilities                                                 | 14,013,841               | 3.39% to 6.00%               | 15,010,690                      | 5,370,858                            | 9,639,832                                    | -                          |
| Term loans                                                        | 116,816,684              | 4.00% to 7.89%               | 150,210,597                     | 22,083,552                           | 75,526,491                                   | 52,600,554                 |
| Bank overdrafts                                                   | 2,816,768                | 5.95% to 7.20%               | 2,816,768                       | 2,816,768                            | -                                            | -                          |
|                                                                   | 252,445,816              |                              | 286,836,578                     | 149,069,701                          | 85,166,323                                   | 52,600,554                 |
| <b>Short-term financing</b>                                       |                          |                              |                                 |                                      |                                              |                            |
| Bankers' acceptance                                               | 13,664,030               | 3.46% to 6.16%               | 13,664,030                      | 13,664,030                           | -                                            | -                          |
| Onshore foreign currency loans                                    | 19,655,765               | 4.49% to 6.50%               | 19,655,765                      | 19,655,765                           | -                                            | -                          |
| Receivables finance                                               | 6,580,178                | 5.27% to 6.92%               | 6,580,178                       | 6,580,178                            | -                                            | -                          |
| Revolving credit                                                  | 5,000,000                | 4.63%                        | 5,000,000                       | 5,000,000                            | -                                            | -                          |
|                                                                   | 44,899,973               |                              | 44,899,973                      | 44,899,973                           | -                                            | -                          |
| <b>Total undiscounted financial liabilities</b>                   | <b>297,345,789</b>       |                              | <b>331,736,551</b>              | <b>193,969,674</b>                   | <b>85,166,323</b>                            | <b>52,600,554</b>          |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Risk management objectives and policies (Cont'd)

##### (d) Liquidity risk (cont'd)

The following table shows the areas where the Group and the Company are exposed to liquidity risk (Cont'd):-

|                                                                       | Carrying<br>amount<br>RM | Contractual<br>interest rate | Contractual<br>cash flows<br>RM | Current<br>Less than<br>1 year<br>RM | Non-current                   |                            |
|-----------------------------------------------------------------------|--------------------------|------------------------------|---------------------------------|--------------------------------------|-------------------------------|----------------------------|
|                                                                       |                          |                              |                                 |                                      | Between<br>1 to 5 years<br>RM | More than<br>5 years<br>RM |
| <b>Group (Cont'd)</b>                                                 |                          |                              |                                 |                                      |                               |                            |
| <b>2022</b>                                                           |                          |                              |                                 |                                      |                               |                            |
| <b>Non-derivative financial liabilities<br/>and lease liabilities</b> |                          |                              |                                 |                                      |                               |                            |
| Trade payables                                                        | 72,847,847               |                              | 72,847,847                      | 72,847,847                           | -                             | -                          |
| Other payables                                                        | 10,421,348               |                              | 10,421,348                      | 10,421,348                           | -                             | -                          |
| Amount due to a related party                                         | 10,754                   |                              | 10,754                          | 10,754                               | -                             | -                          |
| Lease liabilities                                                     | 53,286,418               | 3.39% to 8.96%               | 60,731,091                      | 12,787,276                           | 43,601,240                    | 4,342,575                  |
| Term loans                                                            | 81,083,071               | 4.00% to 7.14%               | 109,582,258                     | 10,762,528                           | 40,451,369                    | 58,368,361                 |
| Bank overdrafts                                                       | 6,430,363                | 5.95% to 7.74%               | 6,430,363                       | 6,430,363                            | -                             | -                          |
|                                                                       | 224,079,801              |                              | 260,023,661                     | 113,260,116                          | 84,052,609                    | 62,710,936                 |
| <b>Short-term financing</b>                                           |                          |                              |                                 |                                      |                               |                            |
| Bankers' acceptance                                                   | 11,756,342               | 1.00% to 6.43%               | 11,756,342                      | 11,756,342                           | -                             | -                          |
| Onshore foreign currency loans                                        | 8,266,739                | 1.45% to 6.20%               | 8,266,739                       | 8,266,739                            | -                             | -                          |
| Receivables finance                                                   | 13,691,879               | 2.08% to 6.60%               | 13,691,879                      | 13,691,879                           | -                             | -                          |
| Shipment buyer loans                                                  | 17,379,508               | 1.69% to 6.11%               | 17,379,508                      | 17,379,508                           | -                             | -                          |
|                                                                       | 51,094,468               |                              | 51,094,468                      | 51,094,468                           | -                             | -                          |
| <b>Total undiscounted financial liabilities</b>                       | <b>275,174,269</b>       |                              | <b>311,118,129</b>              | <b>164,354,584</b>                   | <b>84,052,609</b>             | <b>62,710,936</b>          |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Risk management objectives and policies (Cont'd)

##### (d) Liquidity risk (cont'd)

The following table shows the areas where the Group and the Company are exposed to liquidity risk (Cont'd):-

|                                                                   | Carrying<br>amount<br>RM | Contractual<br>interest rate | Contractual<br>cash flows<br>RM | Current<br>Less than<br>1 year<br>RM | Non-current<br>Between<br>1 to 5 years<br>RM | More than<br>5 years<br>RM |
|-------------------------------------------------------------------|--------------------------|------------------------------|---------------------------------|--------------------------------------|----------------------------------------------|----------------------------|
| <b>Company</b>                                                    |                          |                              |                                 |                                      |                                              |                            |
| <b>2023</b>                                                       |                          |                              |                                 |                                      |                                              |                            |
| <b>Non-derivative financial liabilities and lease liabilities</b> |                          |                              |                                 |                                      |                                              |                            |
| Trade payables                                                    | 94,158,484               |                              | 94,158,484                      | 94,158,484                           | -                                            | -                          |
| Other payables                                                    | 11,820,001               |                              | 11,820,001                      | 11,820,001                           | -                                            | -                          |
| Amount due to a related party                                     | 74,000                   |                              | 74,000                          | 74,000                               | -                                            | -                          |
| Amount due to subsidiary companies                                | 5,213,936                |                              | 5,213,936                       | 5,213,936                            | -                                            | -                          |
| Lease liabilities                                                 | 10,465,826               | 3.70% to 4.48%               | 11,100,594                      | 3,962,404                            | 7,138,190                                    | -                          |
| Term loans                                                        | 90,745,487               | 4.00% to 7.89%               | 115,175,368                     | 16,317,095                           | 61,232,223                                   | 37,626,050                 |
|                                                                   | 212,477,734              |                              | 237,542,383                     | 131,545,920                          | 68,370,413                                   | 37,626,050                 |
| <b>Short-term financing</b>                                       |                          |                              |                                 |                                      |                                              |                            |
| Bankers' acceptance                                               | 5,452,284                | 4.51% to 4.69%               | 5,452,284                       | 5,452,284                            | -                                            | -                          |
| Onshore foreign currency loans                                    | 19,655,765               | 4.49% to 6.50%               | 19,655,765                      | 19,655,765                           | -                                            | -                          |
| Receivables finance                                               | 6,580,178                | 5.27% to 6.92%               | 6,580,178                       | 6,580,178                            | -                                            | -                          |
| Revolving credit                                                  | 5,000,000                | 4.63%                        | 5,000,000                       | 5,000,000                            | -                                            | -                          |
|                                                                   | 36,688,227               |                              | 36,688,227                      | 36,688,227                           | -                                            | -                          |
| <b>Total undiscounted financial liabilities</b>                   | 249,165,961              |                              | 274,230,610                     | 168,234,147                          | 68,370,413                                   | 37,626,050                 |
| <b>Financial guarantees*</b>                                      | -                        |                              | 82,965,324                      | 82,965,324                           | -                                            | -                          |

\* This represents the maximum amount that is required to be settled in the event of default of loan repayment by a subsidiary. The exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### Risk management objectives and policies (Cont'd)

##### (d) Liquidity risk (cont'd)

The following table shows the areas where the Group and the Company are exposed to liquidity risk (Cont'd):-

| Company (Cont'd)                                                  | Carrying amount<br>RM | Contractual interest rate | Contractual cash flows<br>RM | Current<br>Less than<br>1 year<br>RM | Non-current                   |                            |
|-------------------------------------------------------------------|-----------------------|---------------------------|------------------------------|--------------------------------------|-------------------------------|----------------------------|
|                                                                   |                       |                           |                              |                                      | Between<br>1 to 5 years<br>RM | More than<br>5 years<br>RM |
| <b>2022</b>                                                       |                       |                           |                              |                                      |                               |                            |
| <b>Non-derivative financial liabilities and lease liabilities</b> |                       |                           |                              |                                      |                               |                            |
| Trade payables                                                    | 61,733,834            |                           | 61,733,834                   | 61,733,834                           | -                             | -                          |
| Other payables                                                    | 8,495,798             |                           | 8,495,798                    | 8,495,798                            | -                             | -                          |
| Amount due to a related party                                     | 10,616                |                           | 10,616                       | 10,616                               | -                             | -                          |
| Amount due to a subsidiary company                                | 1,190,853             |                           | 1,190,853                    | 1,190,853                            | -                             | -                          |
| Lease liabilities                                                 | 50,383,238            | 3.70% to 8.96%            | 57,466,002                   | 11,597,020                           | 41,526,407                    | 4,342,575                  |
| Term loans                                                        | 62,444,205            | 4.00% to 7.14%            | 83,743,601                   | 7,964,767                            | 33,035,669                    | 42,743,165                 |
| Bank overdrafts                                                   | 3,365,267             | 6.64% to 7.74%            | 3,365,267                    | 3,365,267                            | -                             | -                          |
|                                                                   | 187,623,811           |                           | 216,005,971                  | 94,358,155                           | 74,562,076                    | 47,085,740                 |
|                                                                   |                       |                           |                              |                                      |                               |                            |
| <b>Short-term financing</b>                                       |                       |                           |                              |                                      |                               |                            |
| Bankers' acceptance                                               | 7,858,165             | 4.90% to 6.43%            | 7,858,165                    | 7,858,165                            | -                             | -                          |
| Onshore foreign currency loans                                    | 8,266,739             | 1.45% to 6.20%            | 8,266,739                    | 8,266,739                            | -                             | -                          |
| Receivables finance                                               | 13,691,879            | 2.08% to 6.60%            | 13,691,879                   | 13,691,879                           | -                             | -                          |
| Shipment buyer loans                                              | 17,379,508            | 1.69% to 6.11%            | 17,379,508                   | 17,379,508                           | -                             | -                          |
|                                                                   | 47,196,291            |                           | 47,196,291                   | 47,196,291                           | -                             | -                          |
|                                                                   |                       |                           |                              |                                      |                               |                            |
| Total undiscounted financial liabilities                          | 234,820,102           |                           | 263,202,262                  | 141,554,446                          | 74,562,076                    | 47,085,740                 |
|                                                                   |                       |                           |                              |                                      |                               |                            |
| Financial guarantees*                                             | -                     |                           | 74,091,000                   | 74,091,000                           | -                             | -                          |

\* This represents the maximum amount that is required to be settled in the event of default of loan repayment by a subsidiary and a related party which certain Directors have interest in. The exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting period.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the financial liabilities at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 32. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of current financial assets and financial liabilities are reasonable approximation of their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting date.

The fair value of non-current financial liabilities, which bear interest at floating rates, are determined by the present value of future cash flow estimated and discounted using the current interest rates for similar instruments as of the end of the reporting period. There is no material difference between the fair values and carrying values of these liabilities as of the end of the reporting year.

#### Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

|                         | Quoted<br>in active<br>markets<br>for identical<br>instruments<br>Level 1<br>RM | Significant<br>other<br>observable<br>inputs<br>Level 2<br>RM | Significant<br>unobservable<br>inputs<br>Level 3<br>RM | Total<br>RM |
|-------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------|-------------|
| <b>Group</b>            |                                                                                 |                                                               |                                                        |             |
| <b>2023</b>             |                                                                                 |                                                               |                                                        |             |
| <b>Financial assets</b> |                                                                                 |                                                               |                                                        |             |
| Money market funds      | -                                                                               | 101,832,016                                                   | -                                                      | 101,832,016 |
| <b>2022</b>             |                                                                                 |                                                               |                                                        |             |
| <b>Financial assets</b> |                                                                                 |                                                               |                                                        |             |
| Money market funds      | -                                                                               | -                                                             | -                                                      | -           |
| <b>Company</b>          |                                                                                 |                                                               |                                                        |             |
| <b>2023</b>             |                                                                                 |                                                               |                                                        |             |
| <b>Financial assets</b> |                                                                                 |                                                               |                                                        |             |
| Money market funds      | -                                                                               | 101,832,016                                                   | -                                                      | 101,832,016 |
| <b>2022</b>             |                                                                                 |                                                               |                                                        |             |
| <b>Financial assets</b> |                                                                                 |                                                               |                                                        |             |
| Money market funds      | -                                                                               | -                                                             | -                                                      | -           |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 33. OPERATING SEGMENT - GROUP

#### Business segments

The Group is principally involved in electronics manufacturing services and other related supporting goods and services. The Managing Director/Group Chief Executive Officer, who is the Group's chief operating decision maker monitors the segment performance of electronics manufacturing services and other related supporting goods and services in aggregate due to the inter-related nature of the two revenue streams. Segmental information is not prepared as the die casting and machining segment has not met the quantitative thresholds for reporting segment in 2023 and 2022.

#### Geographical information

Revenue information based on geographical location of customers are disclosed in Note 21 to the financial statements.

The Group's non-current assets located outside Malaysia are not material and therefore not separately disclosed.

#### Information of major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:-

|              | Revenue     |             |
|--------------|-------------|-------------|
|              | 2023<br>RM  | 2022<br>RM  |
| <b>Group</b> |             |             |
| Customer A   | 162,699,829 | 60,664,612  |
| Customer B   | *           | 63,929,309  |
| Customer C   | 102,909,025 | *           |
| Customer D   | 155,810,321 | 116,056,703 |
| Customer E   | *           | 45,890,381  |
|              | 421,419,175 | 286,541,005 |

\* The revenue is not represented equal or more than 10% of the Group's total revenue for respective financial years.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 34. CAPITAL MANAGEMENT OBJECTIVE

The primary capital management objective of the Group and the Company is to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern, so as to sustain future development of the business. There is no change to the objectives in the financial year ended 31 December 2023 and 31 December 2022.

The Group and the Company manage its capital by regularly monitoring its current and expected liquidity requirement and modify the combination of equity and borrowings from time to time to meet the needs. Shareholders' equity and gearing ratio of the Group and of the Company are as follows:-

|                                | Group       |             | Company     |             |
|--------------------------------|-------------|-------------|-------------|-------------|
|                                | 2023<br>RM  | 2022<br>RM  | 2023<br>RM  | 2022<br>RM  |
| Lease liabilities (Note 16)    | 14,013,841  | 53,286,418  | 10,465,826  | 50,383,238  |
| Loans and borrowings (Note 17) | 164,533,425 | 138,607,902 | 127,433,714 | 113,005,763 |
| Total debt                     | 178,547,266 | 191,894,320 | 137,899,540 | 163,389,001 |
| Total equity                   | 455,156,190 | 195,025,007 | 418,867,031 | 180,863,770 |
| Debt-to-equity ratio           | 0.39        | 0.98        | 0.33        | 0.90        |

### 35. ACQUISITION OF A SUBSIDIARY

On 18 September 2023, the Company entered into a conditional stock purchase agreement ("SPA") for the acquisition of 50,072 common shares in iConn Inc. ("iConn"), which constitutes the entire issued share capital of the iConn, for a total consideration of USD 16.5 million (approximately RM76.6 million).

On 15 December 2023, all the conditions precedent under the SPA has been fulfilled or waived. Accordingly, the SPA has become unconditional in accordance with its terms and conditions. The acquisition was subsequently completed and control was obtained on 26 January 2024 by the execution of a completion letter in accordance with the terms and conditions of the SPA.

The acquisition of iConn, which specialises in virtual manufacturing services such as design for manufacturing, engineering, and sourcing, complements and enhances Group's EMS operations. This integration broadens the Group's service offerings and is expected to strengthen Group's market position by increasing attractiveness to current and prospective customers.

As of the financial report date, the measurement of the fair value of identifiable assets acquired and liabilities assumed is ongoing and the initial accounting is incomplete as the review of completion accounts is currently being carried out. Therefore, the amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed and the goodwill to be recognised has not been disclosed. Any recognised goodwill is not expected to be deductible for tax purposes.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2023

### 36. COMPARATIVE FIGURES

The comparative figures of the Group and the Company have been prepared for the financial year from 1 January 2022 to 31 December 2022. Accordingly, the comparative amounts for the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows and related notes are not comparable.

Certain comparative figures have been reclassified to conform with the current financial year's presentation of the financial statements.

|                                                                   | Original<br>31.12.2022<br>RM | Reclassification<br>31.12.2022<br>RM | Restated<br>31.12.2022<br>RM |
|-------------------------------------------------------------------|------------------------------|--------------------------------------|------------------------------|
| <b>Group</b>                                                      |                              |                                      |                              |
| <b>Statement of Profit or Loss and Other Comprehensive Income</b> |                              |                                      |                              |
| Cost of sales                                                     | 375,855,089                  | 469,810                              | 376,324,899                  |
| Other income                                                      | 7,099,871                    | 43,669                               | 7,143,540                    |
| Administration expenses                                           | 15,305,907                   | (778,133)                            | 14,527,774                   |
| Distribution costs                                                | 333,612                      | 39,863                               | 373,475                      |
| Finance costs                                                     | 8,788,166                    | 312,129                              | 9,100,295                    |
| <b>Statement of Cash Flows</b>                                    |                              |                                      |                              |
| Net cash flows from operating activities                          | 20,646,924                   | 312,129                              | 20,959,053                   |
| Net cash flows from/(used in) financing activities                | (19,915,050)                 | (569,157)                            | (20,484,207)                 |
| <b>Company</b>                                                    |                              |                                      |                              |
| <b>Statement of Profit or Loss and Other Comprehensive Income</b> |                              |                                      |                              |
| Administration expenses                                           | 11,382,454                   | (340,056)                            | 11,042,398                   |
| Distribution costs                                                | (285,742)                    | 120,000                              | (165,742)                    |
| Finance costs                                                     | 7,924,320                    | 220,056                              | 8,144,376                    |
| <b>Statement of Cash Flows</b>                                    |                              |                                      |                              |
| Net cash flows from operating activities                          | 26,092,573                   | 220,056                              | 26,312,629                   |
| Net cash flows from/(used in) financing activities                | (27,659,378)                 | (220,056)                            | (27,879,434)                 |

# LIST OF PROPERTIES OWNED BY THE GROUP

## A. Properties registered under Cape EMS Berhad

| Location / Title No.                                                                                             | Existing Usage                                                                                                                                | Age of Building (Years) | Land Area (sq. feet) | Built-Up Area (sq. feet) | Tenure                                                                                                 | Net book value/ Carrying Amount as at 31 December 2023 (RM) | Year of Acquisition | Last valuation was performed |
|------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------------|--------------------------|--------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|---------------------|------------------------------|
| PLO 227A, Jalan Cyber 1A, Kawasan Perindustrian Senai III, 81400 Senai, Johor Darul Ta'zim, Malaysia.            | A 3-storey detached factory / Headquarters of Cape EMS Berhad for the purpose of carrying out EMS manufacturing activities & Corporate office | 21                      | 210,757.37 sq feet   | 313,963.28 sq feet       | Leasehold PLO 226D: 60 years (expired on 17.03.2068)<br><br>PLO 227A: 60 years (expired on 31.05.2069) | 62,583,220.10                                               | 2018                | 6 October 2022               |
| HS(D) 71183, PTD 112659 (PLO226D) and HS(D) 53987, PTD 87571 (PLO227A), both in Mukim Senai, Daerah Kulai, Johor | 1 unit of a single storey detached factory annexed with a storey office/warehouse and manufacturing.                                          | 16                      | 87,123.09 sq feet    | 60,450.62 sq feet        | Leasehold 60 years (expired on 30.05.2056)                                                             | 9,749,872.12                                                | 2019                | 31 October 2023              |
| PLO 103, Jalan Cyber 5, Kawasan Perindustrian Senai III, 81400 Senai, Johor Darul Ta'zim, Malaysia.              |                                                                                                                                               |                         |                      |                          |                                                                                                        |                                                             |                     |                              |
| HS(D) 50668, PTD 8857, Mukim Senai, District of Kulai, State of Johor                                            |                                                                                                                                               |                         |                      |                          |                                                                                                        |                                                             |                     |                              |

## LIST OF PROPERTIES OWNED BY THE GROUP (CONT'D)

## A. Properties registered under Cape EMS Berhad (Cont'd)

| Location / Title No.                                                                                                                                                                              | Existing Usage                                                                                                                       | Age of Building (Years) | Land Area (sq. feet) | Built-Up Area (sq. feet) | Tenure                                     | Net book value/ Carrying Amount as at 31 December 2023 (RM) | Year of Acquisition | Last valuation was performed |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------------|--------------------------|--------------------------------------------|-------------------------------------------------------------|---------------------|------------------------------|
| No.6, Jalan Belati, Taman Perindustrian Maju Jaya, 81300 Johor Bahru, Johor Darul Ta'zim, Malaysia.<br><br>Geran 74497, Lot 37585 in the Mukim of Tebrau, District of Johor Bahru, State of Johor | 1 ½ storey detached factory/manufacturing used by Cape Manufacturing (M) Sdn Bhd for EMS of smart utility data collection equipment. | 26                      | 34,530.62 sq feet    | 18,807.83 sq feet        | Freehold                                   | 6,200,000.00                                                | 2021                | 31 December 2023             |
| PLO 226B, Jalan Cyber 1A, Kawasan Perindustrian Senai III, 81400 Senai, Johor Darul Ta'zim, Malaysia.<br><br>HS(D) 71181, PTD 11267 (PLO 226B) in Mukim Senai, Daerah Kulai, Johor                | Industrial land: Construction of new warehouse for future expansion.                                                                 | N/A                     | 278,462.36 sq feet   | N/A                      | Leasehold 60 years (expired on 17.03.2068) | 9,963,414.79                                                | 2021                | 31 December 2023             |
| PLO 227B, Jalan Cyber 1A, Kawasan Perindustrian Senai III, 81400 Senai, Johor Darul Ta'zim, Malaysia.<br><br>HS(D) 71069, PTD 87572 (PLO 227B) in Mukim Senai, Daerah Kulai, Johor                | Industrial land: Vacant land for future expansion.                                                                                   | N/A                     | 280,507.51 sq feet   | N/A                      | Leasehold 60 years (expired on 21.08.2077) | 10,036,585.21                                               | 2021                | 31 December 2023             |

## LIST OF PROPERTIES OWNED BY THE GROUP (CONT'D)

## B. Properties registered under Cape Manufacturing (M) Sdn Bhd, the wholly-owned subsidiary

| Location / Title No.                                                                                                                                                                                                                                 | Existing Usage                                                                                                                                                                | Age of Building (Years) | Land Area (sq. feet)                                                                      | Built-Up Area (sq. feet) | Tenure                                                                                                                                                                                                | Net book value/ Carrying Amount As at 31 December 2023 (RM) | Year of Acquisition | Last valuation was performed |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------------------------------------------------------------------------|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|---------------------|------------------------------|
| No.22, Jalan Temenggong 2, Kawasan Perindustrian Temenggong, 81100 Johor Bahru, Johor Darul Ta'zim, Malaysia.<br><br>Geran 128424, Lot 1582, Mukim Tebrau, District of Johor Bahru, State of Johor.                                                  | A 1 storey detached factory / manufacturing annexed with 2 storey office used by Cape Manufacturing (M) Sdn Bhd for aluminium die cast manufacturing.                         | 27                      | 46,995.23 sq feet                                                                         | 39,385.37 sq feet        | Freehold                                                                                                                                                                                              | 6,176,122.72                                                | 2021                | 12 January 2022              |
| No.6, Jalan Firma 1/5, Kawasan Perindustrian Tebrau, 81100 Johor Bahru, Johor, Malaysia.<br><br>HS(D) 177898 (PTD 53893), HS(D) 177899 (PTD53894) and HS(D) 177900 (PTD 53895), all in the Mukim of Tebrau, District of Johor Bahru, State of Johor. | A 1 storey detached, factory annexed with 3 storey office and Single storey warehouse For Cape Manufacturing (M) Sdn Bhd to setting up of aluminum die casting manufacturing. | 30                      | PTD 53893: 65,340.2 sq feet<br>PTD 53894: 65,340.2 sq feet<br>PTD 53895: 88,571.0 sq feet | 100,641.30 sq feet       | Leasehold<br>PTD 53893: 30 years (expired on 5 Sep 2051)<br>PTD 53894: 30 years (expired on 5 Sep 2051)<br>PTD 53895: 30 years (expired on 5 Sep 2051)<br>PTD 53895:30 years (expired on 17 Jun 2053) | 16,794,756.06                                               | 2022                | 22 September 2022            |

# ANALYSIS OF SHAREHOLDINGS

## AS AT 29 MARCH 2024

|                               |   |                                 |
|-------------------------------|---|---------------------------------|
| Total Number of Issued Shares | : | 992,000,000                     |
| Class of Shares               | : | Ordinary Shares                 |
| Voting Rights                 | : | One (1) vote per Ordinary Share |

### DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings     | No. of Shareholders | % of Shareholders | No. of Shares      | % of Shares    |
|---------------------------|---------------------|-------------------|--------------------|----------------|
| Less than 100             | 10                  | 0.299             | 43                 | 0.000          |
| 100 - 1,000               | 335                 | 10.026            | 189,817            | 0.019          |
| 1,001 - 10,000            | 1,533               | 45.884            | 8,579,510          | 0.864          |
| 10,001 - 100,000          | 1,114               | 33.343            | 38,302,484         | 3.861          |
| 100,001 – 49,599,999 (*)  | 347                 | 10.386            | 819,928,146        | 82.654         |
| 49,600,000 and above (**) | 2                   | 0.059             | 125,000,000        | 12.600         |
|                           | <b>3,341</b>        | <b>100.000</b>    | <b>992,000,000</b> | <b>100.000</b> |

#### Remarks:-

(\*) Less than 5% of the total number of issued shares

(\*\*) 5% and above the total number of issued shares

### SUBSTANTIAL SHAREHOLDERS (BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

| No. | Name         | Direct<br>No. of Shares    | %      | Indirect<br>No. of Shares | % |
|-----|--------------|----------------------------|--------|---------------------------|---|
| 1.  | Tee Kim Chin | 377,500,000 <sup>(1)</sup> | 38.054 | -                         | - |
| 2.  | Tee Kim Yok  | 67,533,900 <sup>(2)</sup>  | 6.808  | -                         | - |

#### NOTES:-

<sup>(1)</sup> The direct shareholdings of 377,500,000 ordinary shares are held as follows:-

- 34,650,000 shares are registered in the name of Tee Kim Chin
- 46,150,000 shares are registered in the name of CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Tee Kim Chin (PB)
- 65,000,000 shares are registered in the name of AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank Islamic Berhad for Tee Kim Chin
- 60,000,000 shares are registered in the name of Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Kim Chin
- 46,000,000 shares are registered in the name of Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kim Chin
- 45,500,000 shares are registered in the name of RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kim Chin
- 39,200,000 shares are registered in the name of Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kim Chin (7007085)
- 36,000,000 shares are registered in the name of CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Kim Chin (MY4671)
- 5,000,000 shares are registered in the name of Cartaban Nominees (Tempatan) Sdn Bhd Exempt An for Standard Chartered Bank Malaysia Berhad (Wealth Management) (Tempatan)

<sup>(2)</sup> The direct shareholdings of 67,533,900 ordinary shares are held as follows:-

- 22,493,900 shares are registered in the name of Tee Kim Yok
- 27,040,000 shares are registered in the name of Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kim Yok (E-TSA)
- 13,000,000 shares are registered in the name of Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kim Yok (7000833)
- 5,000,000 shares are registered in the name of Cartaban Nominees (Tempatan) Sdn Bhd Exempt An for Standard Chartered Bank Malaysia Berhad (Wealth Management) (Tempatan)

# ANALYSIS OF SHAREHOLDINGS (CONT'D)

## AS AT 29 MARCH 2024

### DIRECTORS' SHAREHOLDINGS (BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDING)

| Name                       | Direct<br>No. of Shares    | %      | Indirect<br>No. of Shares | % |
|----------------------------|----------------------------|--------|---------------------------|---|
| Datuk Mohd Rabin Bin Basir | 420,000                    | 0.042  | -                         | - |
| Tee Kim Chin*              | 377,500,000 <sup>(1)</sup> | 38.054 | -                         | - |
| Tee Kim Yok                | 67,533,900 <sup>(2)</sup>  | 6.808  | -                         | - |
| Alex Miranda Juntado       | -                          | -      | -                         | - |
| Lim Chue Wan               | 1,850,000                  | 0.186  | -                         | - |
| Tan Sik Hui                | 50,600                     | 0.005  | -                         | - |
| Yau Yin Wee                | 22,000                     | 0.002  | -                         | - |
| Koh Beng San               | 100,000                    | 0.010  | -                         | - |
| Chen Kok Seng              | 660,000                    | 0.067  | -                         | - |

#### NOTES:-

<sup>(1)</sup> The direct shareholdings of 377,500,000 ordinary shares are held as follows:-

- 34,650,000 shares are registered in the name of Tee Kim Chin
- 46,150,000 shares are registered in the name of CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Tee Kim Chin (PB)
- 65,000,000 shares are registered in the name of AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank Islamic Berhad for Tee Kim Chin
- 60,000,000 shares are registered in the name of Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Kim Chin
- 46,000,000 shares are registered in the name of Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kim Chin
- 45,500,000 shares are registered in the name of RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kim Chin
- 39,200,000 shares are registered in the name of Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kim Chin (7007085)
- 36,000,000 shares are registered in the name of CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Kim Chin (MY4671)
- 5,000,000 shares are registered in the name of Cartaban Nominees (Tempatan) Sdn Bhd Exempt An for Standard Chartered Bank Malaysia Berhad (Wealth Management) (Tempatan)

<sup>(2)</sup> The direct shareholdings of 67,533,900 ordinary shares are held as follows:-

- 22,493,900 shares are registered in the name of Tee Kim Yok
- 27,040,000 shares are registered in the name of Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kim Yok (E-TSA)
- 13,000,000 shares are registered in the name of Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kim Yok (7000833)
- 5,000,000 shares are registered in the name of Cartaban Nominees (Tempatan) Sdn Bhd Exempt An for Standard Chartered Bank Malaysia Berhad (Wealth Management) (Tempatan)

(\*) Tee Kim Chin is also the Managing Director/Group Chief Executive Officer

# ANALYSIS OF SHAREHOLDINGS (CONT'D)

## AS AT 29 MARCH 2024

### LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS

| No. | Name of Shareholders                                                                                                             | Total No. of Shares Held | %     |
|-----|----------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------|
| 1.  | AMSEC Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account – Ambank Islamic Berhad for Tee Kim Chin                         | 65,000,000               | 6.552 |
| 2.  | Affin Hwang Nominees (Tempatan) Sdn. Bhd.<br>Pledged Securities Account for Tee Kim Chin                                         | 60,000,000               | 6.048 |
| 3.  | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB for Tee Kim Chin (PB)                                                                 | 46,150,000               | 4.652 |
| 4.  | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tee Kim Chin                                               | 46,000,000               | 4.637 |
| 5.  | RHB Capital Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tee Kim Chin                                           | 45,500,000               | 4.587 |
| 6.  | Citigroup Nominees (Tempatan) Sdn Bhd<br>Exempt An for AIA Bhd.                                                                  | 44,887,900               | 4.524 |
| 7.  | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tee Kim Chin (7007085)                               | 39,200,000               | 3.952 |
| 8.  | Kenanga Investment Bank Berhad<br>IVT NAGA 8                                                                                     | 36,823,600               | 3.712 |
| 9.  | CGS International Nominees Malaysia (Tempatan) Sdn. Bhd.<br>Pledged Securities Account for Tee Kim Chin (MY4671)                 | 36,000,000               | 3.629 |
| 10. | Tee Kim Chin                                                                                                                     | 34,650,000               | 3.493 |
| 11. | Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tee Kim Yok (E-TSA)                                         | 27,040,000               | 2.726 |
| 12. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (LEEF)                                   | 24,419,000               | 2.461 |
| 13. | Tee Kim Yok                                                                                                                      | 22,493,900               | 2.268 |
| 14. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board (RHB INV)                                                | 16,000,000               | 1.612 |
| 15. | Cartaban Nominees (Tempatan) Sdn Bhd<br>Exempt An for Standard Chartered Bank Malaysia Berhad<br>(Wealth Management) (Tempatan)  | 15,307,375               | 1.543 |
| 16. | HSBC Nominees (Tempatan) Sdn Bhd<br>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)                        | 14,280,700               | 1.439 |
| 17. | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tee Kim Yok (7000833)                                | 13,000,000               | 1.310 |
| 18. | Hong Leong Assurance Berhad<br>As Beneficial Owner (Unitlinked BCF)                                                              | 12,891,100               | 1.299 |
| 19. | Citigroup Nominees (Asing) Sdn Bhd<br>Exempt An for Citibank New York (Norges Bank 19)                                           | 12,486,000               | 1.258 |
| 20. | Citigroup Nominees (Asing) Sdn Bhd<br>CBNY for Norges Bank (FI 17)                                                               | 11,200,000               | 1.129 |
| 21. | DB (Malaysia) Nominee (Tempatan) Sendirian Berhad<br>Deutsche Trustees Malaysia Berhad for Eastspring Investments small-Cap Fund | 11,000,000               | 1.108 |
| 22. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board (CIMB PRIN)                                              | 9,205,500                | 0.927 |
| 23. | Malaysian Technology Development Corporation Sdn Bhd                                                                             | 9,001,700                | 0.907 |
| 24. | Yee Fook Leong                                                                                                                   | 8,622,500                | 0.869 |
| 25. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board (AM INV)                                                 | 7,972,900                | 0.803 |
| 26. | Maybank Securities Nominees (Tempatan) Sdn Bhd<br>One IFC Residence Sdn Bhd                                                      | 7,500,000                | 0.756 |
| 27. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (LPF)                                    | 7,350,500                | 0.740 |
| 28. | Hong Leong Assurance Berhad<br>As Beneficial Owner (Life PAR)                                                                    | 7,136,000                | 0.719 |
| 29. | Maybank Securities Nominees (Tempatan) Sdn Bhd<br>CMY Incubator Sdn Bhd                                                          | 6,960,000                | 0.701 |
| 30. | Citigroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (LGF)                                    | 6,433,800                | 0.648 |

# NOTICE OF 2024 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 2024 Annual General Meeting (“**2024 AGM**”) of the Company will be held virtually through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (“**Broadcast Venue**”) using the Remote Participation and Voting (“**RPV**”) facilities provided by Tricor Investor & Issuing House Services Sdn Bhd (“**TIIH**”) via its TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain Registration No. with MYNIC: D1A 282781) on Wednesday, 12 June 2024, at 10:00 a.m. to transact the following businesses:-

## AGENDA

### AS ORDINARY BUSINESS

- To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. *[Please refer to Explanatory Note 1]*
- To approve the payment of Non-Executive Directors’ fees for an amount of up to RM399,600.00 payable to Non-Executive Directors on a monthly basis for the period from 13 June 2024 until the next Annual General Meeting of the Company, in such proportions and manner as the Directors may determine as follows:- *[Please refer to Explanatory Note 2]*  
*[Ordinary Resolution 1]*

| No.          | Type of Director                          | Non-Executive Directors’ fees (RM) |                           |            |
|--------------|-------------------------------------------|------------------------------------|---------------------------|------------|
|              |                                           | the Company                        | the Board of subsidiaries | Total      |
| 1.           | Chairman of the Board                     | 87,600.00                          | -                         | 87,600.00  |
| 2.           | Senior Independent Non-Executive Director | 78,000.00                          | -                         | 78,000.00  |
| 3.           | Independent Non-Executive Directors       | 234,000.00                         | -                         | 234,000.00 |
| <b>Total</b> |                                           |                                    |                           | 399,600.00 |

**AND THAT** to approve the Non-Executive Directors’ benefits (excluding Directors’ fees) for an amount of up to RM150,000.00 payable to Non-Executive Directors for the period from 13 June 2024 until the next Annual General Meeting of the Company, in such manner as the Directors may determine:-

| No.          | Type of Director                          | Non-Executive Directors’ benefits (RM) |                           |            |
|--------------|-------------------------------------------|----------------------------------------|---------------------------|------------|
|              |                                           | the Company                            | the Board of subsidiaries | Total      |
| 1.           | Chairman of the Board                     | 30,000.00                              | -                         | 30,000.00  |
| 2.           | Senior Independent Non-Executive Director | 30,000.00                              | -                         | 30,000.00  |
| 3.           | Independent Non-Executive Directors       | 90,000.00                              | -                         | 90,000.00  |
| <b>Total</b> |                                           |                                        |                           | 150,000.00 |

- To approve the payment of Executive Directors’ fees for an amount of up to RM546,000.00 payable to an Executive Director on a monthly basis for the period from 13 June 2024 until the next Annual General Meeting of the Company. *[Please refer to Explanatory Note 2]*  
*[Ordinary Resolution 2]*
- To re-elect the following Directors who retire pursuant to Clause 84.1 of the Company’s Constitution and being eligible, have offered themselves for re-election:-
  - Datuk Mohd Rabin Bin Basir; *[Ordinary Resolution 3]*
  - Ms. Tan Sik Hui; and *[Ordinary Resolution 4]*
  - Mr. Yau Yin Wee. *[Ordinary Resolution 5]*

## NOTICE OF 2024 ANNUAL GENERAL MEETING (CONT'D)

5. To re-appoint Messrs. Grant Thornton Malaysia PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **[Ordinary Resolution 6]**

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolution:-

6. **ORDINARY RESOLUTION** **[Please refer to Explanatory Note 3]**  
 - **PROPOSED SHARE BUY-BACK OF UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY AT ANY GIVEN POINT IN TIME ("PROPOSED SHARE BUY-BACK")** **[Ordinary Resolution 7]**

*"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and approvals of the relevant government and/or regulatory authorities, where such approval is required, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company on the Main Market of Bursa Securities and/or hold from upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that:-*

- (i) *the aggregate number of ordinary shares in the Company purchased ("**Purchased Share(s)**") and/or held as treasury shares pursuant to this ordinary resolution shall not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities at any point in time; and*
- (ii) *the maximum funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the total retained earnings of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase.*

***THAT** upon purchase by the Company, the Board of Directors of the Company shall have the absolute discretion to decide whether such Purchased Shares are to be cancelled and/or retained as treasury shares, or dealt with in such manner as provided under Section 127(7) of the Act.*

***THAT** the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until:-*

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

*whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company of its own shares before the aforesaid expiry date and made in any event, in accordance with the provisions of the Act, the MMLR and any applicable laws, rules, regulations, guidelines, requirements and/or orders issued by any other relevant government and/or regulatory authorities.*

## NOTICE OF 2024 ANNUAL GENERAL MEETING (CONT'D)

**THAT** the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, MMLR and/or any applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:-

- (i) To cancel all or part of the Purchased Shares;
- (ii) To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- (iii) To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- (iv) To resell all or part of the treasury shares;
- (v) To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- (vi) To transfer all or part of the treasury shares as purchase consideration; and/or
- (vii) To sell, transfer or otherwise use the shares for such other purposes as permitted by the Act.

**AND THAT** the Board be and is hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to give effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Share Buy-Back."

7. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and/or the Act.

BY ORDER OF THE BOARD

**TEO SOON MEI** (SSM PC No. 201908000235) (MAICSA 7018590)

**LIM JIA HUEY** (SSM PC No. 201908000929) (MAICSA 7073258)

Company Secretaries

Kuala Lumpur

Dated: 30 April 2024

### Explanatory Notes on Ordinary and Special Businesses:

#### 1. Item 1 of the Agenda

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not requires a formal approval of the shareholders for the Audited Financial Statements. As such, this Agenda item is not put forward for voting.

#### 2. Items 2 and 3 of the Agenda

Section 230(1) of the Act provides that the fees of the Directors and any benefits payable to the Directors including any compensation for loss of employment of a Director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting.

## NOTICE OF 2024 ANNUAL GENERAL MEETING (CONT'D)

The shareholders had, at the 2023 AGM held on 27 June 2023 approved the following fees and benefits payable to the Non-Executive Directors and an Executive Director for the period from 1 January 2023 until the upcoming 2024 AGM:-

- a) Non-Executive Directors' fees for an amount up to RM554,500.00 and Non-Executive Directors' benefits for an amount up to RM170,000.00 payable to the Non-Executive Directors on a monthly basis; and

| No.                                                   | Type of Director                          | Non-Executive Directors' fees (RM) |                           |            |
|-------------------------------------------------------|-------------------------------------------|------------------------------------|---------------------------|------------|
|                                                       |                                           | the Company                        | the Board of subsidiaries | Total      |
| 1.                                                    | Chairman of the Board                     | 122,500.00                         | -                         | 122,500.00 |
| 2.                                                    | Senior Independent Non-Executive Director | 108,000.00                         | -                         | 108,000.00 |
| 3.                                                    | Independent Non-Executive Directors       | 324,000.00                         | -                         | 324,000.00 |
| <b>Total for Non-Executive Directors ("Column I")</b> |                                           |                                    |                           | 554,500.00 |

| No.                                                    | Type of Director                          | Non-Executive Directors' benefits (RM) |                           |            |
|--------------------------------------------------------|-------------------------------------------|----------------------------------------|---------------------------|------------|
|                                                        |                                           | the Company                            | the Board of subsidiaries | Total      |
| 1.                                                     | Chairman of the Board                     | 34,000.00                              | -                         | 34,000.00  |
| 2.                                                     | Senior Independent Non-Executive Director | 34,000.00                              | -                         | 34,000.00  |
| 3.                                                     | Independent Non-Executive Directors       | 102,000.00                             | -                         | 102,000.00 |
| <b>Total for Non-Executive Directors ("Column II")</b> |                                           |                                        |                           | 170,000.00 |

- b) Executive Directors' fees for an amount up to RM765,789.00 payable to an Executive Director.

The actual benefits paid to the Non-Executive Directors and the actual Fees and paid to the Executive Director for abovesaid period did not exceed the amounts approved by the shareholders at the 2023 AGM.

The Company is seeking shareholders' approval for the payment of:-

- a) Ordinary Resolution 1 - Non-Executive Directors' fees for an amount up to RM399,600.00 and Non-Executive Directors' benefits (excluding Directors' Fees) for an amount up to RM150,000.00 payable to the Non-Executive Directors on a monthly basis for the period from 13 June 2024 until the next Annual General Meeting of the Company; and
- b) Ordinary Resolution 2 - Executive Directors' fees for an amount up to RM546,000.00 payable to an Executive Director for the period from 13 June 2024 until the next Annual General Meeting of the Company.

The estimated Directors' fees proposed for the financial period from 13 June 2024 until the next Annual General Meeting of the Company are derived based on the current Board size. The benefits payable to the Directors comprising of meetings allowances based on actual attendance of meetings by the Directors and other claimable benefits including reimbursable expenses incurred in the course of carrying out their duties as Directors. The payment of benefits to the Directors will be made by the Company on a monthly basis and/or as and when incurred.

Ordinary Resolutions 1 and 2 are to facilitate payment of Directors' fees and benefits for the financial year 2024/2025.

In the event that the proposed Directors' fees and benefits payable are insufficient due to the enlarged Board size, the Company will seek shareholders' approval at the next annual general meeting of the Company for the additional Directors' fees and benefits payable to meet the shortfall.

# NOTICE OF 2024 ANNUAL GENERAL MEETING (CONT'D)

## 3. Item 6 of the Agenda

The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to purchase up to 10% of the total number of issued shares of the Company, as the Directors may deem fit in the best interest of the Company, by utilising the funds available which shall not exceed the retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

For further information, please refer to the Share Buy-Back Statement dated 30 April 2024 accompanying the Company's Annual Report for the financial year ended 31 December 2023.

### Notes:-

- (1) *The 2024 AGM of the Company will be held virtually through live streaming from the **Broadcast Venue** and online remote voting using RPV facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") via its TIIH Online website at <https://tiah.online>. Please refer to the Administrative Guide for the 2024 AGM which is available at the Company's website at [www.cape-group.com.my](http://www.cape-group.com.my) for the procedures to register, participate and vote remotely at the 2024 AGM through the RPV facilities.*
- (2) *Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) (collectively, "**participate**") and vote remotely at the 2024 AGM using the RPV facilities.*
- (3) *The Broadcast Venue of the 2024 AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairperson of the meeting to be at the main venue of the meeting. The Broadcast Venue is to inform shareholders where the electronic AGM production and streaming would be conducted from the public will be physically present at the meeting venue on the day of the 2024 AGM.*
- (4) *A member who is entitled to attend and vote at the 2024 AGM shall be entitled to appoint not more than two (2) proxies to attend, participate and vote on his/her behalf at the 2024 AGM. A proxy may but need not be a member of the Company, and need also not be an advocate, an approved company auditor or a person approved by the registrar of the Company. Where a member appoints two (2) proxies to attend the 2024 AGM, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which the appointment shall be invalid.*
- (5) *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, he/she may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*
- (6) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of two (2) or more proxies in respect of any particular omnibus account shall be invalid unless the exempt authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*
- (7) *The instrument appointing a proxy and the power of attorney or other authority, if any, shall be in writing under the hand of appointer or of his attorney duly authorised in writing or a copy of that power of attorney, certified by an advocate and solicitor, or where the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. Any alteration in the Form of Proxy must be initialled.*
- (8) *A member who has appointed a proxy or attorney or authorised representative to participate at the 2024 AGM via RPV facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPV facilities via TIIH Online at <https://tiah.online>. Procedures for RPV can be found in the Administrative Guide for the 2024 AGM.*

## NOTICE OF 2024 ANNUAL GENERAL MEETING (CONT'D)

- (9) *The instrument appointing a proxy may be made via hardcopy or by electronic means in the following manner and must be received by the Company **not less than forty-eight (48) hours before the time appointed for holding the 2024 AGM or at any adjournment thereof:-***
- (i) *In Hard Copy Form*  
*The Form of Proxy shall be deposited by hand or post to the Share Registrar's office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.*
  - (ii) *By Electronic Means*  
*The Form of Proxy can be lodged electronically via Tricor's TIH Online website at <https://tiah.online>. Kindly refer to the Procedure for Electronic Submission of Form of Proxy as set out in the Administrative Guide for the 2024 AGM.*
- (10) *Pursuant to Paragraph 8.29A of the MMLR of Bursa Securities, all the resolutions set out in this Notice of 2024 AGM will be put to vote by poll.*
- (11) *In respect of deposited securities, only members whose names appear in the Record of Depositors on 5 June 2024 (General Meeting Record of Depositors) shall be entitled to attend, participate and vote at the 2024 AGM, or to appoint proxy(ies) to attend, participate and vote on their behalf.*
- (12) *Those forms of proxy which are indicated with "X" in the spaces provided to show how the votes are to be cast will also be accepted. Any alteration in the form of proxy must be initialled.*

### **Personal data privacy:**

*By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, participate and vote at the 2024 AGM and/or any adjournment thereof, a member of the Company:*

- (i) *consents to the collection, use and disclose of the member's personal data by the Company (or its agents) for the purpose of processing and the administration by the Company (or its agents) of proxies and representatives appointed for the 2024 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 2024 AGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");*
- (ii) *warrants that the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclose of the proxy(ies) and/or representative(s) personal data by the Company 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.*

# STATEMENT ACCOMPANYING THE NOTICE OF THE 2024 ANNUAL GENERAL MEETING (“2024 AGM”)

## 1. **STATEMENT RELATING TO THE RE-ELECTION OF DIRECTOR**

(Pursuant to Paragraph 8.27(2) of the MMLR of Bursa Securities)

### A. Director standing for election or appointment

There is no individual seeking election or appointment as a Director at the 2024 AGM.

### B. Directors standing for re-election

The following Directors who retire pursuant to Clause 84.1 of the Company's Constitution and being eligible, have offered themselves for re-election at the 2024 AGM (the “**Retiring Directors**”) under Ordinary Resolutions 3 to 5: -

- (i) Datuk Mohd Rabin Bin Basir;
- (ii) Ms. Tan Sik Hui; and
- (iii) Mr. Yau Yin Wee.

Pursuant to Paragraph 8.27(2) of the MMLR of Bursa Securities, the details of the Retiring Directors are as set out in their respective Directors' Profile of the Company's 2023 Annual Report. The details of their interest in the securities of the Company can be found in the Company's 2023 Annual Report.

The Nominating Committee (“**NC**”) has reviewed the performance and contribution of the abovesaid Retiring Directors based on the Board Effectiveness Evaluation conducted, which encompassed several factors including:-

- (a) Fit and proper assessment
- (b) Contribution to interaction
- (c) Knowledge and caliber
- (d) Provision of quality of input to the Board
- (e) Understanding of role

The NC and Board have also evaluated the tenure of the Directors and the Board's composition to ensure the Board has an appropriate mix of skills and experience for the business requirements. Additionally, the NC and Board have assessed the Retiring Directors' compliance with Paragraph 2.20A of the MMLR of Bursa Securities in terms of their quality and integrity.

Based on the results of the Board's annual assessment and the fit and proper assessment conducted for financial year ended 31 December 2023, it was found that the Retiring Directors' performance and fit and properness were satisfactory.

The Retiring Directors who are Independent Non-Executive Directors have provided their confirmation that they have fulfilled the independence criteria prescribed by the Listing Requirements of Bursa Securities. They have also confirmed that they do not have any existing or potential conflict of interest, including the interest in any competing business with the Company and/or its subsidiaries or family that could affect the execution of their role as Directors.

## 2. **STATEMENT RELATING TO PROPOSED SHARE BUY-BACK OF UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY AT ANY GIVEN POINT IN TIME (“PROPOSED SHARE BUY-BACK”)**

Ordinary Resolution 7 on the Proposed Share Buy-Back

Statement relating to Proposed Share Buy-Back in accordance with Paragraph 12 of the MMLR of Bursa Securities.

Please refer to the Explanatory Note 3 of the Notice of the 2024 AGM set out on Page 180.



**CAPE EMS BERHAD**  
[Registration No.: 199901026859 (501759-M)]  
("the Company")  
(Incorporated in Malaysia)

## FORM OF PROXY

(before completing this Form of Proxy, please refer to the notes below)

|                       |  |
|-----------------------|--|
| Number of Shares Held |  |
| CDS Account No.       |  |

\*I/We \_\_\_\_\_ NRIC No./Passport No./Registration No. \_\_\_\_\_  
(FULL NAME IN BLOCK LETTER)

of \_\_\_\_\_  
(FULL ADDRESS)

with email \_\_\_\_\_ and mobile phone no. \_\_\_\_\_,

being a \*member/members of **CAPE EMS BERHAD**, do hereby appoint(s):-

| Full Name (in Block) [Proxy 1] | NRIC/Passport No. | Proportion of shareholding |   |
|--------------------------------|-------------------|----------------------------|---|
|                                |                   | No. of shares              | % |
| Address:                       |                   |                            |   |
| Email Address:                 |                   |                            |   |
| Mobile Phone No.:              |                   |                            |   |

and (If more than one (1) proxy)/or failing \*him/her

| Full Name (in Block) [Proxy 2] | NRIC/Passport No. | Proportion of shareholding |   |
|--------------------------------|-------------------|----------------------------|---|
|                                |                   | No. of shares              | % |
| Address:                       |                   |                            |   |
| Email Address:                 |                   |                            |   |
| Mobile Phone No.:              |                   |                            |   |

or failing \*him/her, the Chairman of the Meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the 2024 Annual General Meeting ("2024 AGM") of the Company to be held as virtually through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") using the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("TIIH") via its TIIH Online website at <https://tiah.online> or <https://tiah.com.my> (Domain Registration No. with MYNIC: D1A 282781) on Wednesday, 12 June 2024, at 10:00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy(ies) will vote or abstain for voting at his(her) discretion.

| ORDINARY BUSINESS (ORDINARY RESOLUTION) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | FOR | AGAINST |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|---------|
| 1.                                      | Approval of the payment of Non-Executive Directors' fees for an amount of up to RM399,600 payable to Non-Executive Directors on a monthly basis for the period from 13 June 2024 until the next Annual General Meeting of the Company, in such proportions and manner as the Directors may determine <b>AND THAT</b> to approve the Non-Executive Directors' benefits (excluding Directors' fees) for an amount of up to RM150,000 payable to Non-Executive Directors for the period from 13 June 2024 until the next Annual General Meeting of the Company, in such manner as the Directors may determine. |     |         |
| 2.                                      | Approval of the payment of Executive Directors' fees for an amount of up to RM546,000.00 payable to an Executive Director on a monthly basis for the period from 13 June 2024 until the next Annual General Meeting of the Company.                                                                                                                                                                                                                                                                                                                                                                         |     |         |
| 3.                                      | Re-election of Datuk Mohd Rabin Bin Basir as Director of the Company pursuant to the Company's Constitution.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |     |         |
| 4.                                      | Re-election of Ms. Tan Sik Hui as Director of the Company pursuant to the Company's Constitution.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |     |         |
| 5.                                      | Re-election of Mr. Yau Yin Wee as Director of the Company pursuant to the Company's Constitution.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |     |         |
| 6.                                      | Re-appointment of Messrs. Grant Thornton Malaysia PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.                                                                                                                                                                                                                                                                                                                                                                                                                                         |     |         |
| SPECIAL BUSINESS (ORDINARY RESOLUTION)  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |     |         |
| 7.                                      | Proposed Share Buy-Back of up to ten percent (10%) of the total number of issued shares of the Company at any given point in time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |     |         |

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024

Signature of Member/Common Seal

\*Strike out whichever is not desired.

Please fold here

**Notes:-**

- (1) The 2024 AGM of the Company will be held virtually through live streaming from the **Broadcast Venue** and online remote voting using Remote Participation and Voting ("**RPV**") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") via its TIH Online website at <https://tiah.online>. Please refer to the Administrative Guide for the 2024 AGM which is available at the Company's website at [www.cape-group.com.my](http://www.cape-group.com.my) for the procedures to register, participate and vote remotely at the 2024 AGM through the RPV facilities.
- (2) Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) (collectively, "**participate**") and vote remotely at the 2024 AGM using the RPV facilities.
- (3) The Broadcast Venue of the 2024 AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be at the main venue of the meeting. The Broadcast Venue is to inform shareholders where the electronic AGM production and streaming would be conducted from the public will be physically present at the meeting venue on the day of the 2024 AGM.
- (4) A member who is entitled to attend and vote at the 2024 AGM shall be entitled to appoint not more than two (2) proxies to attend, participate and vote on his/her behalf at the 2024 AGM. A proxy may but need not be a member of the Company, and need also not be an advocate, an approved company auditor or a person approved by the registrar of the Company. Where a member appoints two (2) proxies to attend the 2024 AGM, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which the appointment shall be invalid.
- (5) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, he/she may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- (6) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of two (2) or more proxies in respect of any particular omnibus account shall be invalid unless the exempt authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- (7) The instrument appointing a proxy and the power of attorney or other authority, if any, shall be in writing under the hand of appointer or of his attorney duly authorised in writing or a copy of that power of attorney, certified by an advocate and solicitor, or where the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. Any alteration in the Form of Proxy must be initialled.
- (8) A member who has appointed a proxy or attorney or authorised representative to participate at the 2024 AGM via RPV facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPV facilities via TIH Online at <https://tiah.online>. Procedures for RPV can be found in the Administrative Guide for the 2024 AGM.
- (9) The instrument appointing a proxy may be made via hardcopy or by electronic means in the following manner and must be received by the Company **not less than forty-eight (48) hours before the time appointed for holding the 2024 AGM or at any adjournment thereof:-**
  - (i) In Hard Copy Form  
The Form of Proxy shall be deposited by hand or post to the Share Registrar's office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - (ii) By Electronic Means  
The Form of Proxy can be lodged electronically via Tricor's TIH Online website at <https://tiah.online>. Kindly refer to the Procedure for Electronic Submission of Form of Proxy as set out in the Administrative Guide for the 2024 AGM.
- (10) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities, all the resolutions set out in this Notice of 2024 AGM will be put to vote by poll.
- (11) In respect of deposited securities, only members whose names appear in the Record of Depositors on 5 June 2024 (General Meeting Record of Depositors) shall be entitled to attend, participate and vote at the 2024 AGM, or to appoint proxy(ies) to attend, participate and vote on their behalf.
- (12) Those forms of proxy which are indicated with "X" in the spaces provided to show how the votes are to be cast will also be accepted. Any alteration in the form of proxy must be initialled.

**Personal data privacy:**

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, participate and vote at the 2024 AGM and/or any adjournment thereof, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of 2024 AGM dated 30 April 2024.

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AFFIX  
STAMP

The Share Registrar of  
**CAPE EMS BERHAD**  
[Registration No.: 199901026859 (501759-M)]  
**c/o: TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD**  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite,  
Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur,  
Malaysia.

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