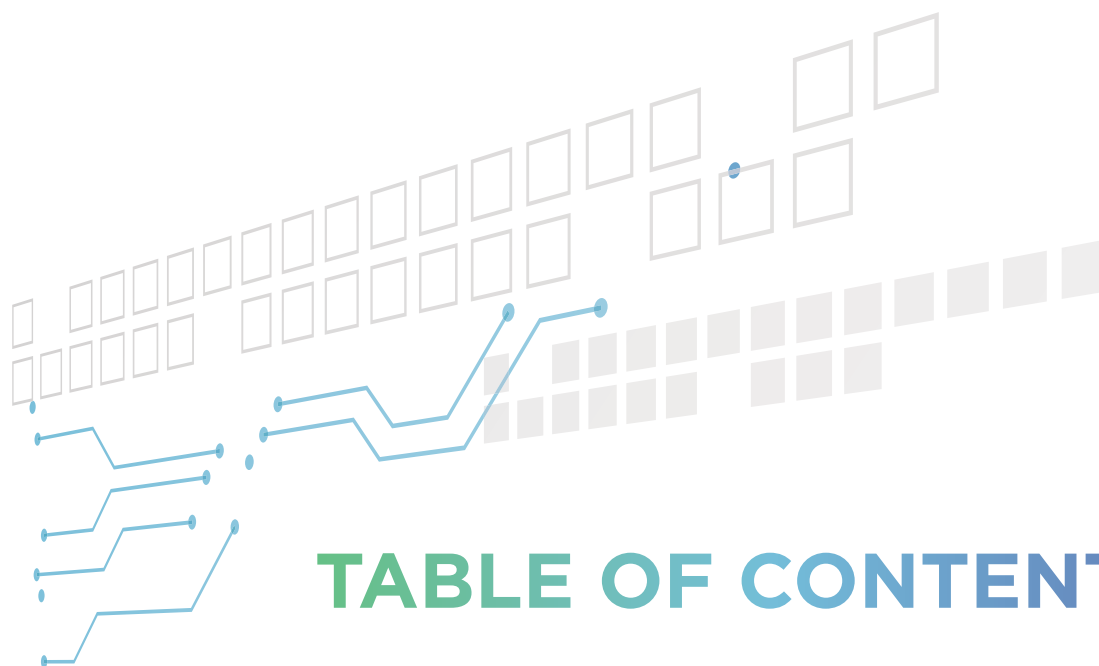




ACO Group

**ACO GROUP BERHAD**

ANNUAL REPORT 2023



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# CORPORATE PROFILE

ACO Group Berhad ("ACO" or the "Company") is an investment holding company, and through its subsidiaries ("ACO Group" or "the Group"), is principally involved in the distribution of a wide range of electrical products and accessories, specialising in cables, wires and accessories; electrical distribution, protection and control devices; as well as electrical appliances and accessories.

Other products include water plumbing materials, power tools and accessories, in addition to CCTV and alarm systems.

Operating from our headquarters in Johor Bahru, the Group has sales outlets and distribution centres across Johor, Melaka and Selangor with a lighting concept store, "UR Home Light", in Johor Bahru. Meanwhile our associate company, Focus Electrical Malaysia Sdn. Bhd. ("FEMSB") has theirs strategically located in Selangor, Pahang and Terengganu.

To meet the diverse needs of our residential, commercial and industrial customers, we distribute a wide range of own brands as well as third party brands, of which we are the authorised distributor for 8 established global brands.





## CORPORATE PROFILE (Cont'd)

Our customers include:-

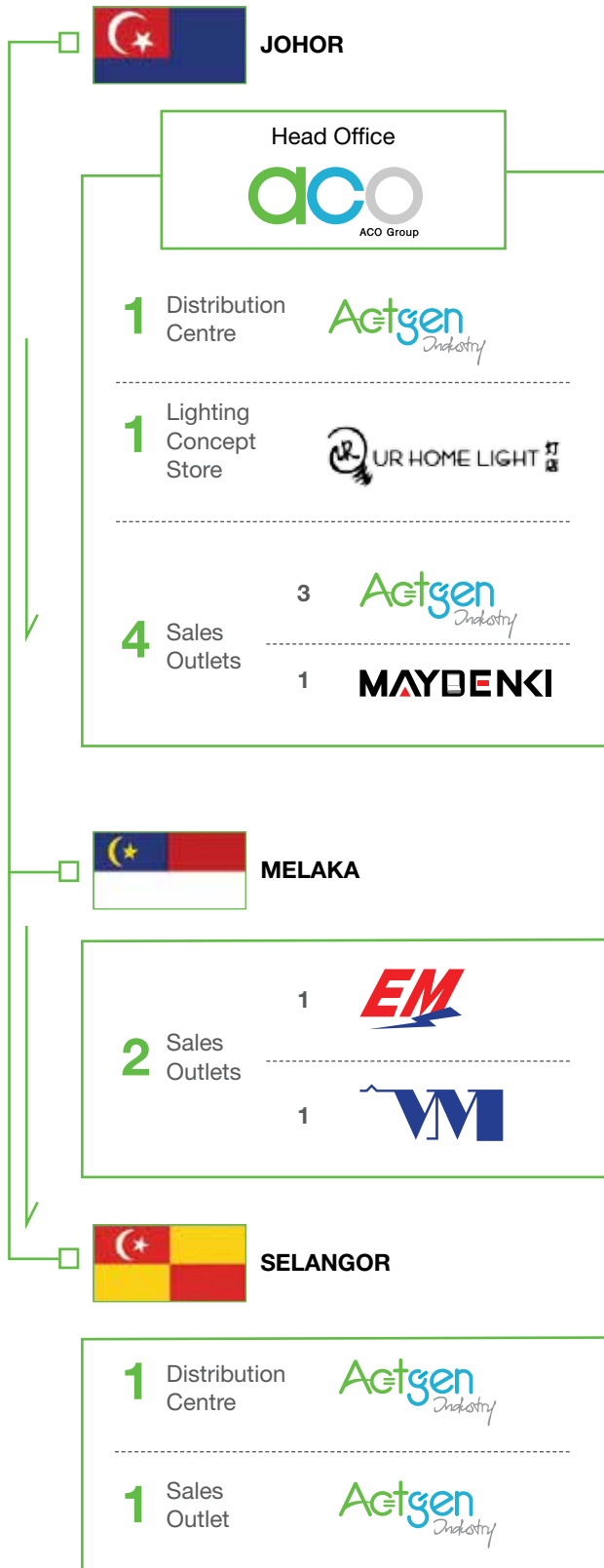
- Distributors and retailers
- Electrical contractors
- Electrical product manufacturers
- Factory and business owners
- Architects
- Interior designers
- Equipment and machinery repair and maintenance service providers

ACO was listed on the ACE Market of Bursa Malaysia Securities Berhad under the Industrial Products & Services sector on 18 March 2020.

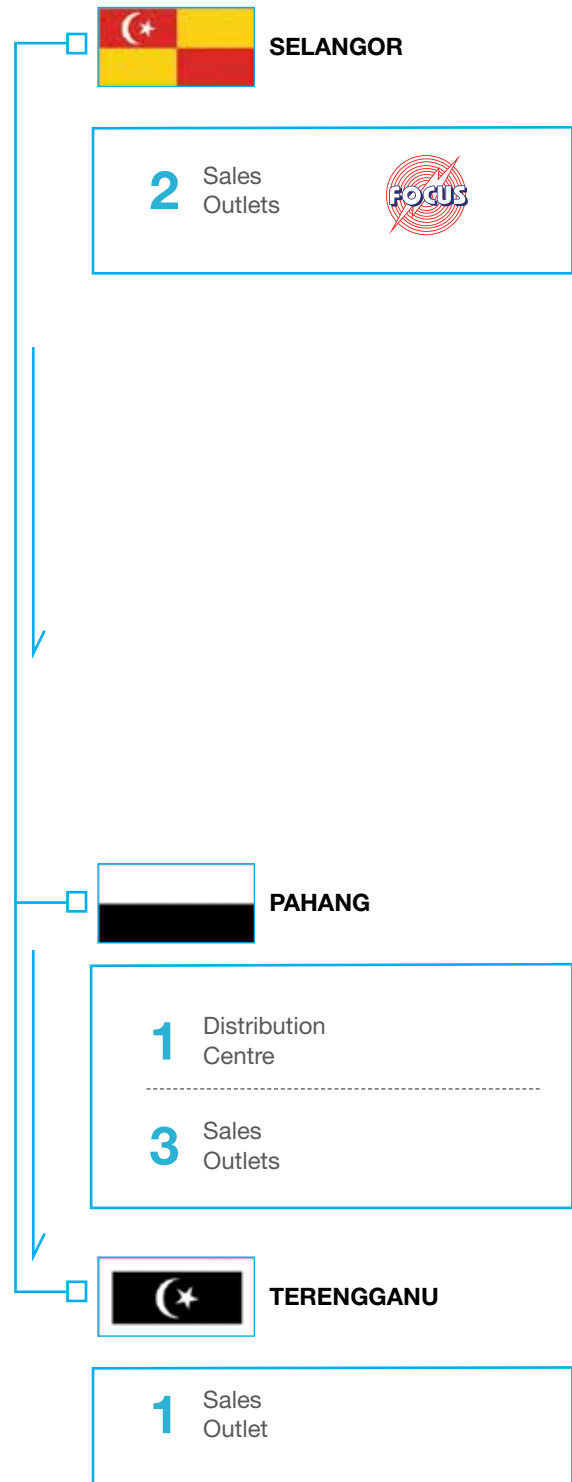


## DISTRIBUTION OF OFFICES

### ACO Group of Companies



### Associate Company



## VISION, MISSION & BUSINESS MODEL

### VISION

To be the leading distributor of electrical products and accessories in Malaysia, by constantly evolving to the demands of the market and offering quality solutions and high value to our suppliers, dealers and customers.

### CORE VALUES

- Creating customer value through better energy management
- Respect for the environment and health and safety of employees
- Adding value through innovation and continuous improvement
- Creating sustainable shareholder value through quality operations

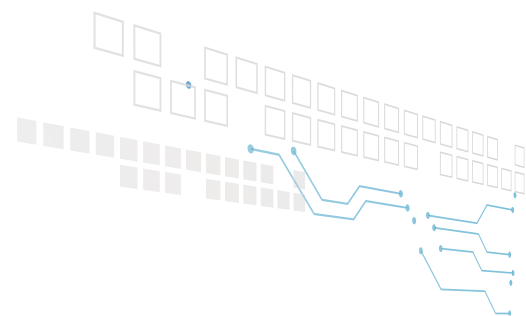
### BUSINESS MODEL

Distribution of Electrical Products and Accessories

- Cables, wires and accessories
- Electrical distribution, protection and control devices
- Electrical appliances and accessories
- Others include water plumbing materials, power tools and accessories, CCTV and alarm systems



## CORPORATE INFORMATION



### BOARD OF DIRECTORS

#### Yap Koon Roy

(Independent Non-Executive Chairman)

#### Tang Pee Tee @ Tan Chang Kim

(Group Managing Director)

#### Tan Yushan

(Non-Independent Executive Director)

#### Dr. Teh Chee Ghee

(Independent Non-Executive Director)

#### Ir. Dr. Ng Kok Chiang

(Independent Non-Executive Director)

#### Nor Syahirah Binti Abu Baker

(Independent Non-Executive Director)

### AUDIT AND RISK MANAGEMENT COMMITTEE

**Dr. Teh Chee Ghee** (Chairman)

**Ir. Dr. Ng Kok Chiang**

**Nor Syahirah Binti Abu Baker**

### REMUNERATION COMMITTEE

**Ir. Dr. Ng Kok Chiang** (Chairman)

**Dr. Teh Chee Ghee**

**Nor Syahirah Binti Abu Baker**

### NOMINATION COMMITTEE

**Nor Syahirah Binti Abu Baker** (Chairman)

**Dr. Teh Chee Ghee**

**Ir. Dr. Ng Kok Chiang**

### COMPANY SECRETARIES

**Wong Wai Foong** (MAICSA 7001358)

(SSM PC NO. 202008001472)

**Fong Seah Lih** (MAICSA 7062297)

(SSM PC NO. 202008000973)

### PRINCIPAL BANKERS

**HSBC Amanah Malaysia Berhad**

**Hong Leong Islamic Bank Berhad**

**Alliance Bank Malaysia Berhad**

### SPONSOR

#### Alliance Islamic Bank Berhad

Level 3, Menara Multi-Purpose,

Capital Square,

8, Jalan Munshi Abdullah,

50100 Kuala Lumpur,

Wilayah Persekutuan Kuala Lumpur.

**Telephone No.** : (03) 2604 3333

**Facsimile No.** : (03) 2697 2929

### HEAD OFFICE

PLO 264, No. 14, Jalan Firma 3,

Kawasan Perindustrian Tebrau 4,

81100 Johor Bahru,

Johor Darul Takzim.

**Telephone No.** : (07) 361 9399

**E-mail** : [ir@acogroup.com.my](mailto:ir@acogroup.com.my)

**Website** : <http://www.acogroup.com.my>

### REGISTERED OFFICE

Unit 30-01, Level 30,

Tower A, Vertical Business Suite,

Avenue 3, Bangsar South,

No. 8, Jalan Kerinchi,

59200 Kuala Lumpur,

Wilayah Persekutuan Kuala Lumpur.

**Telephone No.** : (03) 2783 9191

**Facsimile No.** : (03) 2783 9111

### AUDITORS

#### RSM Malaysia

5th Floor, Penthouse, Wisma RKT, Block A,

Off Jalan Sultan Ismail,

50300 Kuala Lumpur,

Wilayah Persekutuan Kuala Lumpur.

**Telephone No.** : (03) 2610 2888

**Facsimile No.** : (03) 2698 6600

### SHARE REGISTRAR

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

Unit 32-01, Level 32,

Tower A, Vertical Business Suite,

Avenue 3, Bangsar South,

No. 8, Jalan Kerinchi,

59200 Kuala Lumpur,

Wilayah Persekutuan Kuala Lumpur.

**Telephone No.** : (03) 2783 9299

**Facsimile No.** : (03) 2783 9222

### STOCK EXCHANGE LISTING

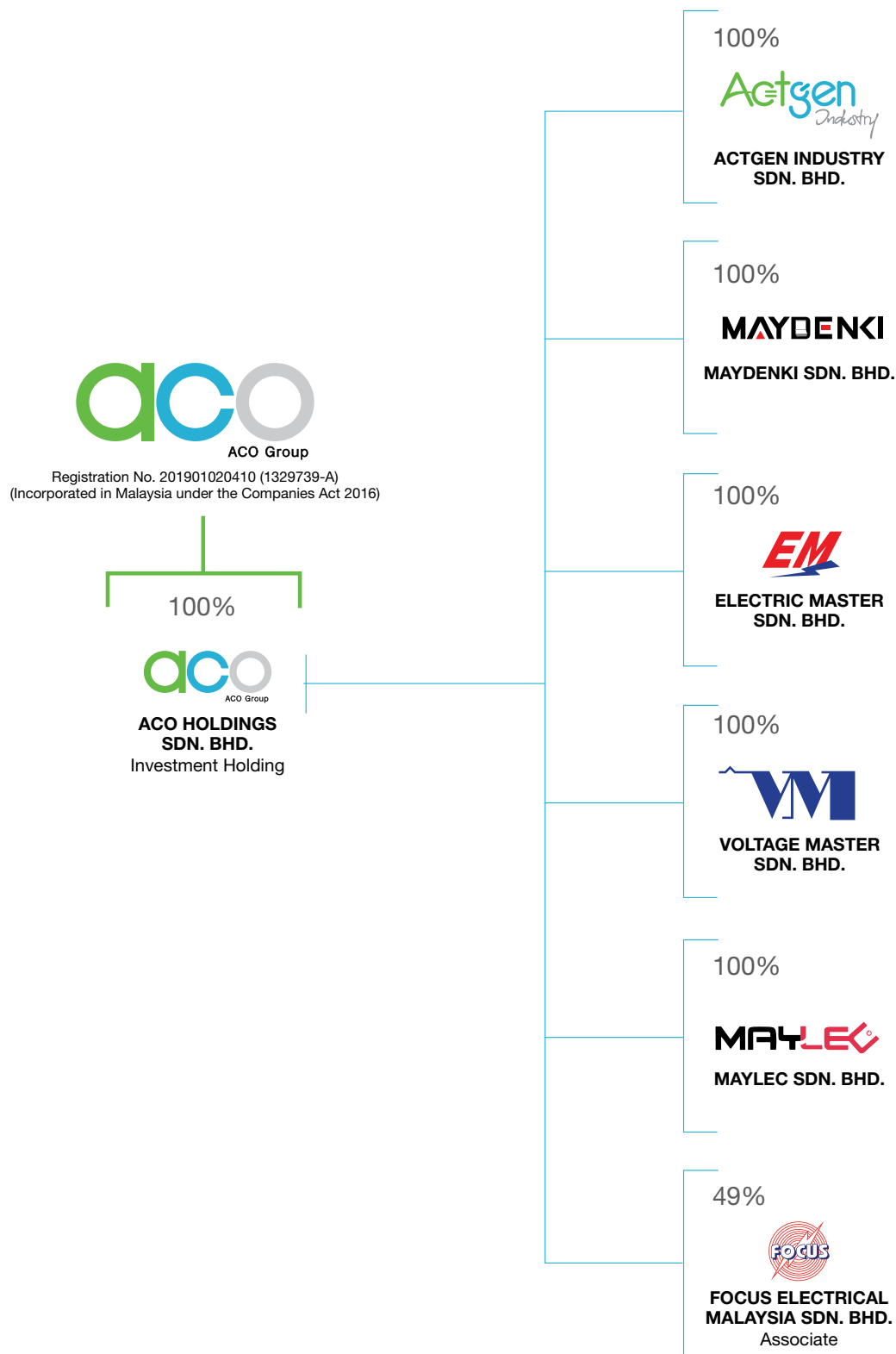
#### ACE Market of Bursa Malaysia Securities Berhad

Stock Name : **ACO**

Stock Code : **0218**

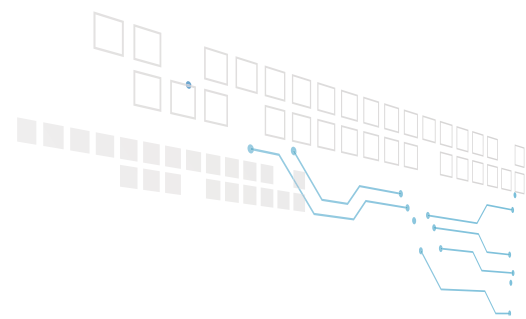
Listed on : **18 March 2020**

# GROUP CORPORATE STRUCTURE





## FINANCIAL HIGHLIGHTS

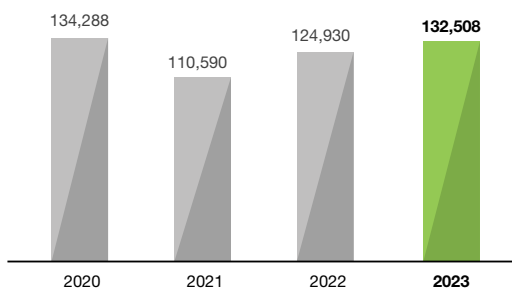


Financial Year Ended	2020	2021	2022	2023
<b>Revenue (RM'000)</b>	134,288	110,590	124,930	132,508
<b>Gross Profit (RM'000)</b>	25,966	18,751	19,913	18,663
<b>Profit from Operations (RM'000)</b>	11,286	5,545	7,904	5,986
<b>Net Profit (RM'000)</b>	7,835	2,846	7,063	5,741
<b>Total Equity (RM'000)</b>	44,129	72,642	84,417	89,463
<b>Net Assets Per Share (Sen)*</b>	18.24	21.96	24.30	25.75
<b>Basic Earnings Per Share (Sen)**</b>	3.17	0.86	2.03	1.65

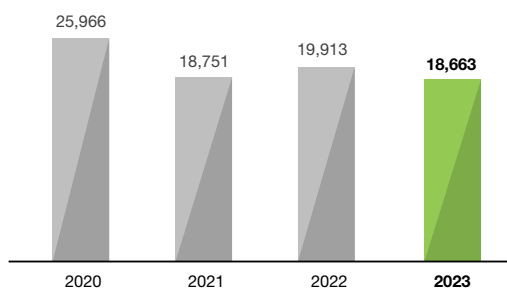
\* For Financial Year Ended 28 February 2023, this is based on net assets attributable to owners of the Group divided by 347,371,000 shares.

\*\* For Financial Year Ended 28 February 2023, this is based on the net profit attributable to owners of the Group divided by 347,371,000 shares.

**Revenue (RM'000)**



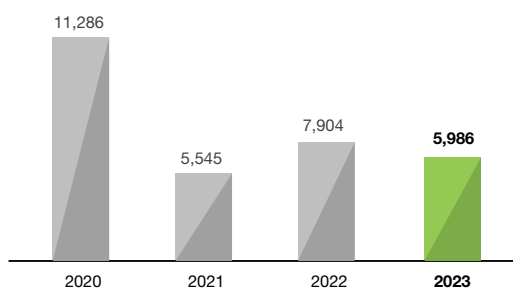
**Gross Profit (RM'000)**



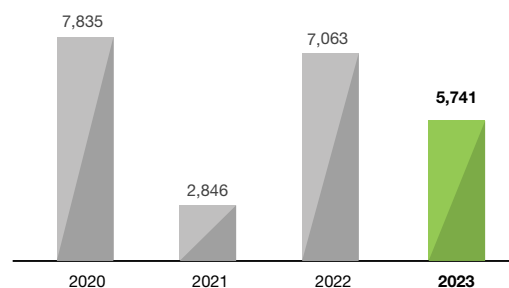
# FINANCIAL HIGHLIGHTS

(Cont'd)

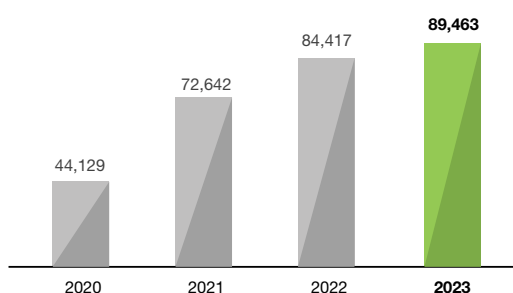
**Profit from Operations** (RM'000)



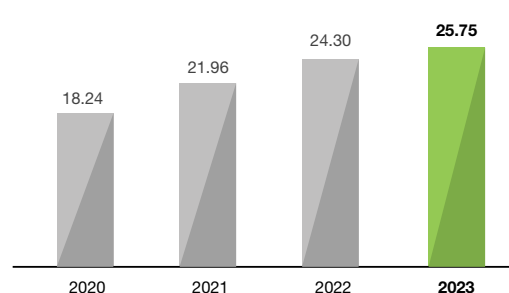
**Net Profit** (RM'000)



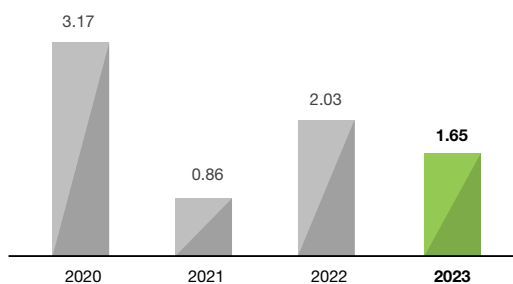
**Total Equity** (RM'000)

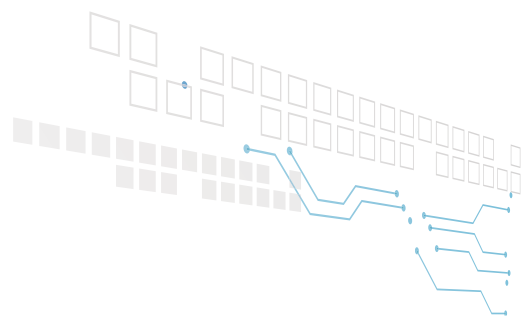


**Net Assets Per Share** (Sen)



**Basic Earnings Per Share** (Sen)





# BOARD OF DIRECTORS



**Yap Koon Roy**

(Independent Non-Executive Chairman)

**Tang Pee Tee @ Tan Chang Kim**

(Group Managing Director)

**Tan Yushan**

(Non-Independent Executive Director)

## BOARD OF DIRECTORS (Cont'd)



**Dr. Teh Chee Ghee**  
(Independent Non-Executive Director)



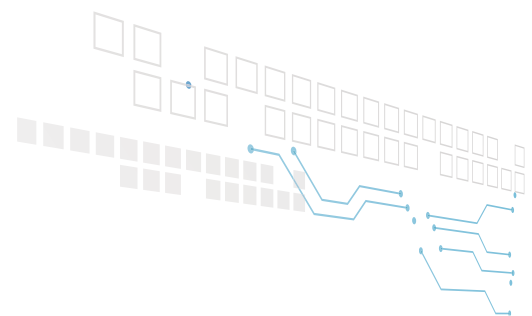
**Ir. Dr. Ng Kok Chiang**  
(Independent Non-Executive Director)



**Nor Syahirah Binti Abu Baker**  
(Independent Non-Executive Director)



## BOARD OF DIRECTORS' PROFILE



### YAP KOON ROY

Independent Non-Executive Chairman

Age		61
Gender		Male
Nationality		Malaysian

Mr. Yap Koon Roy was appointed to the Board on 5 August 2019. He was the Chairman of the Nomination Committee and a member of both the Audit and Risk Management Committee and Remuneration Committee up until October 2022.

Mr. Yap obtained his Bachelor of Laws Honours from the University of Malaya, Malaysia in 1986. He also holds an Associate Qualification in Islamic Finance from the Islamic Banking & Finance Institute of Malaysia.

Mr. Yap started his career in 1987 when he joined the legal firm Messrs. Nordin & Phua and was made partner of the firm in 1991. He then left the firm in 1997 to set up his own practice, Messrs. Yap Koon Roy & Associates in the same year.

He has more than 31 years of experience in legal practice, mainly advising on commercial, estate, property and banking matters.

Mr. Yap was previously an Independent Non-Executive Director of DFCITY Group Berhad (formerly known as Hock Heng Stone Industries Berhad) from 2009 to 2022. He had also served as an Independent Non-Executive Director of Perfect Food Industries Berhad (presently known as MK Land Holdings Berhad) from 1994 to 1999 and Golsta Synergy Berhad (presently known as HCK Capital Group Berhad) from 1999 to 2004.

Mr. Yap does not have any family relationships with any Director or major shareholders of the Company, nor does he have any conflict of interest with the Company. He has no conviction of any offences within the past five years (other than traffic offences, if any), and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

### TANG PEE TEE @ TAN CHANG KIM

Group Managing Director

Age		76
Gender		Male
Nationality		Malaysian

Mr. Tang Pee Tee @ Tan Chang Kim was appointed to the Board on 5 August 2019.

Mr. Tang graduated from University of Malaya, Malaysia with a Bachelor of Electrical Engineering in 1972. He was a registered member of the Board of Engineers Malaysia as a Professional Engineer and Professional Engineer with Practising Certificate (Electrical).

Mr. Tang has extensive experience in electrical products industry with a career that started in 1972 as an Electrical Engineer with the Public Works Department in Johor. In 1979, he left the Public Works Department as a Senior Electrical Engineer and went into the business of distribution of electrical products.

In 1990, he founded ACO Group with the establishment of its first sales outlet in Johor. Over the years, he has been instrumental in expanding the Group's overall operations within Peninsular Malaysia with the opening of multiple stores across Johor, Selangor and Melaka.

As the Group Managing Director, he is responsible for the overall strategic direction of ACO Group and development of the Group's business strategy.

Mr. Tang is the father of Tan Yushan and spouse of Jin Siew Yen, who is a substantial shareholder. He does not have any conflict of interest with the Company. He has no conviction of any offences within the past five years (other than traffic offences, if any), and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## BOARD OF DIRECTORS' PROFILES (Cont'd)

### TAN YUSHAN

Executive Director

<b>Age</b>		<b>38</b>
<b>Gender</b>		<b>Male</b>
<b>Nationality</b>		<b>Malaysian</b>

Mr. Tan Yushan was appointed to the Board on 5 August 2019.

He obtained a Bachelor of Commerce from The University of Western Australia in 2007. He also serves as a full member of Certified Practising Accountant Australia and Chartered Accountant of the Malaysian Institute of Accountants.

As Executive Director, Mr. Tan is responsible for managing the overall day-to-day operations and business development of the Group, as well as implementation of the Group's business strategy. He is also currently the Acting Chief Financial Officer.

Mr. Tan started his career in KPMG Malaysia in 2007 as an Audit Associate where he was involved in various statutory and special audits of companies in a wide spectrum of industries.

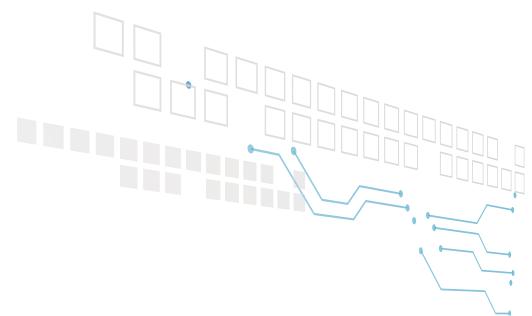
In 2010, he left KPMG Malaysia and joined the Group as Finance Manager in one of the Group's subsidiaries, where he was mainly responsible for finance related matters as well as budget planning and supporting the executive management team. He was also involved in assisting the management to review and assess potential business opportunities.

Over the years, he was involved in various functions, holding senior leadership roles in finance and accounting, marketing and business development as well as operations management across the Group.

Tan Yushan is the son of Mr. Tang Pee Tee and Jin Siew Yen, both of whom are substantial shareholders. Tan Yushan has no conviction of any offences within the past five years (other than traffic offences, if any), and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## BOARD OF DIRECTORS' PROFILES

(Cont'd)



### DR. TEH CHEE GHEE

Independent Non-Executive Director

Age		57
Gender		Male
Nationality		Malaysian

Dr. Teh Chee Ghee was appointed to the Board on 5 August 2019. He is the Chairman of the Audit and Risk Management Committee and a member of both the Nomination Committee and the Remuneration Committee.

Dr. Teh Chee Ghee obtained his Doctor of Philosophy degree in Credit Management, Master of Business Administration degree and a Bachelor of Accounting (Honours) degree from the University of Malaya. He is an ex-Council Member of the Malaysian Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, a member of the Chartered Tax Institute of Malaysia and a member of the Malaysian Institute of Accountants. He is currently the Chief Operating Officer of Engtex Group Berhad ("Engtex").

Dr. Teh commenced his career in 1990 in Arthur Andersen-HRM (Management Services) Sdn Bhd as an Associate Consultant. He then served in the audit and business advisory division of Arthur Andersen & Co. from 1990 to 1994. He then joined CWS Hygiene Sdn Bhd ("CWS") as the Finance & Administration Manager in 1994 and when the Zuellig Group acquired CWS in 1995, he was appointed as the Regional Financial Controller of Gold Coin Feedmills (M) Sdn Bhd. In 1996, he joined Engtex Sdn Bhd as the Group Financial Controller and also was appointed as the Personal Assistant ("PA") to the Group Managing Director and Company Secretary of Engtex between January 2000 and May 2006.

After leaving Engtex, he served TH Group Berhad from June 2006 to October 2010 as the PA to the Group Managing Director. He was also the Acting Chief Operating Officer of Nilai Medical Centre (formerly known as NCI Hospital owned by Asiaprise Biotech Sdn Bhd, a wholly-owned subsidiary of TH Group Berhad) from February 2010 to October 2010. He was the General Manager - Strategic Planning and Operations of TSH Resources Berhad from October 2010 to October 2012.

Subsequently, he joined Monash University Malaysia in October 2012 as a Senior Lecturer in Accounting and Finance in the School of Business. He was also the Deputy Director of Research of the School of Business in Monash University Malaysia from January 2013 to January 2014, the Deputy Director of MBA Programme from 2017 to 2018, and the Deputy Director - Development & External Engagement of the Entrepreneurship and Innovation Hub (eiHub) of the School of Business since 2018 to July 2019. Dr. Teh was also appointed as the Head of Research of the Socio-Economic Research Centre, operating under SERC Sdn Bhd, an independent think tank initiated by the Associated Chinese Chambers of Commerce and Industry of Malaysia under a paid outside work retainer arrangement with Monash University Malaysia from January 2014 to February 2016. He retired from academia in January 2022 after reaching the age of 55.

In February 2022, Dr. Teh re-joined Engtex as its Chief Operating Officer.

He has also held directorships in various public listed companies such as being an Independent Non-Executive Director of Fiamma Holdings Berhad from the year 2001 until 2018, Cybertowers Berhad (now known as Parlo Berhad) from the year 2015 until 2018, Engtex Group Berhad from the year 2009 and later as Engtex's Chairman – Senior Independent Non-Executive Director from the year 2018 to 2021, and as an Independent Non-Executive Director of K. Seng Seng Corporation Berhad from the year 2021 until 2022.

Dr. Teh is currently the Independent Non-Executive Chairman of Orgabio Holdings Berhad (since March 2021), and the Independent Non-Executive Director of LGMS Berhad (since September 2021).

Dr. Teh does not have any family relationships with any director or major shareholders of the Company, nor does he have any conflict of interest with the Company. He has no conviction of any offences within the past five years (other than traffic offences, if any), and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## BOARD OF DIRECTORS' PROFILES

(Cont'd)

### IR. DR. NG KOK CHIANG

(Independent Non-Executive Director)

Age		41
Gender		Male
Nationality		Malaysian

Ir. Dr. Ng Kok Chiang was appointed to the Board on 5 August 2019. He is the Chairman of the Remuneration Committee and a member of both the Audit and Risk Management Committee and the Remuneration Committee.

Ir. Dr. Ng obtained his Bachelor of Engineering (Electrical and Electronic Engineering) with first class honours and Bachelor of Commerce majoring in Accounting, Finance (Investment), and Managerial Accounting from The University of Western Australia, Australia. He also holds a Doctorate of Philosophy in Engineering (Research) from The University of Nottingham, United Kingdom.

Ir. Dr. Ng is a Professional Engineer with Practicing Certificate (Electrical) registered with the Board of Engineers Malaysia since 2011, a Corporate Member (Electrical) of The Institution of Engineers Malaysia since 2011. He is also a Chartered Engineer registered with the Engineering Council of United Kingdom since 2014, and a Chartered Engineer with The Institution of Engineering and Technology, United Kingdom since 2014. Since 2012, he has been a Professional Member of the Malaysia Green Building Confederation (now known as the Malaysia Green Building Council) and registered as a Green Building Index Facilitator with the Green Building Index Accreditation Panel of Malaysia.

He has extensive experience in research and project management of properties and projects in a wide range of areas which include electrical engineering and implementation of new innovations. He took up the role of Consulting Engineer in ZED-G&P Sdn Bhd, an engineering consultancy company involved in green technology and building consultancy from 2010 to 2011. Thereafter, he joined MyBig Sdn Bhd, an engineering research company. As Chief Technology Officer of MyBig Sdn Bhd, a position he still holds to-date, he is responsible for the management of research projects, creation and protection of the company's intellectual properties, implementation of new innovations in the development of prototypes, and supervision of engineers and researchers under his care.

He is also a director of two engineering consultancy companies, Wee Engineers (registered with the Board of Engineers Malaysia) and Wee Consulting Engineers Sdn Bhd, where he where he oversees the consultancy for engineering projects.

From 2017 to 2018, he was the Chairman of the Consulting Engineers Special Interest Group in the Institution of Engineers, Malaysia and the Honorary Auditor of the Institution of Engineering and Technology United Kingdom from 2016 to 2018. He is also an Industrial Advisory Board Member of the Heriot Watt University, Malaysia Campus, and the University of Nottingham, Malaysia Campus. Dr. Ng was the Assistant Honorary Secretary of The Electrical and Electronics Association of Malaysia ("TEEAM") for the term 2019 to 2021 and the Honorary Secretary for the term 2021 to 2023 before being elected as the Vice President for the term 2023 to 2025.

Dr. Ng is also an Independent Non-Executive Director of a public company principally involved in electrical engineering service provider.

Dr. Ng does not have any family relationships with any director or major shareholders of the Company, nor does he have any conflict of interest with the Company. He has no conviction of any offences within the past five years (other than traffic offences, if any), and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



## BOARD OF DIRECTORS' PROFILES

(Cont'd)

### NOR SYAHIRAH BINTI ABU BAKER

Independent Non-Executive Director

Age		41
Gender		Female
Nationality		Malaysian

Puan Nor Syahirah Binti Abu Baker was appointed to the Board on 3 October 2022. She is the Chairman of the Nomination Committee and a member of both the Audit and Risk Management Committee and Remuneration Committee.

Puan Syahirah obtained her Bachelor of Honours in Accounting and Finance from Dublin Business School – Liverpool John Moores University in 2004. She commenced her career with KPMG Malaysia in 2005 as an Audit Associate and was subsequently promoted to an Assistant Manager. During her tenure with KPMG Malaysia, she was involved in various statutory and audit assignments across a wide spectrum of industries, as well as special engagements relating to acquisitions and takeovers.

Puan Syahirah is presently a director of SCS Global Consulting (IDR) Sdn Bhd, a position she has held since 2012. Her primary responsibilities are in determining and driving the company's strategic objectives and policies, and providing guidance to the management team on the execution and implementation of the set goals. She provides dedicated leadership across the finance and human resource team while overseeing the financial reporting requirements and talent management of the company.

Puan Syahirah does not have any family relationships with any Director or major shareholders of the Company, nor does she have any conflict of interest with the Company. She has no conviction of any offences within the past five years (other than traffic offences, if any), and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## KEY SENIOR MANAGEMENT'S PROFILE

### YAU HUI SUN

Finance Manager

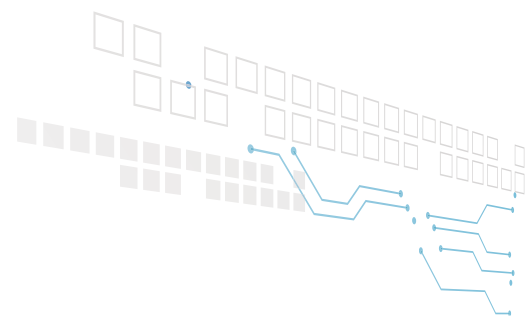
<b>Age</b>		<b>38</b>
<b>Gender</b>		<b>Female</b>
<b>Nationality</b>		<b>Malaysian</b>

Yau Hui Sun oversees and manages the Group's finance and accounting, and treasury functions as well as investor relations.

Ms. Yau started her career as an Accounts Assistant for a subsidiary of a company listed on the Singapore Exchange. She was subsequently promoted to Senior Accounts Executive and was responsible for the subsidiaries' accounts. She was also involved in the incorporation of a joint venture business during her 10-years tenure with the corporation.

In 2016, Ms. Yau joined the Group as an accountant. She helped set-up the Group's Finance Department and its related functions. She was also involved in the Group's Initial Public Offering exercise. She assumed her current role as Finance Manager of the Group in 2020 and was appointed to key senior management position on 26 September of the same year. Ms. Yau also led the setting-up efforts of the Group's new headquarter in Johor.

Ms. Yau has no family relationships with any Director and/or major shareholders of the Company and has no conflict of interest with the Company. She has no conviction of any offences within the past five years (other than traffic offences, if any), and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



## Dear Valued Shareholders,

On behalf of our Board of Directors (“Board”), it is my pleasure to present to you the Annual Report of ACO Group Berhad (“ACO Group” or the “Group”) for the financial year ended 28 February 2023.



### NEW YEAR, NEW CHALLENGES

Malaysia reopened its international borders in April 2022, with all COVID-19 testing requirements removed for all travellers arriving from abroad. This also signalled the end of Movement Control Orders (MCOs) which had significantly curbed business prospects since March 2020.

On the global front, the invasion of Russia on neighbouring Ukraine at the end of February 2022 had triggered geopolitical concerns which negatively impacted global supply chains and commodity prices. This had undoubtedly raised inflationary pressures on a global economy that was attempting to regain its footing after 2 years of pandemic lockdowns. World central banks have since changed their stance from promoting accommodative monetary policies to ensure the survivability of businesses to increasing cost of funds to rein in inflation.

## CHAIRMAN'S STATEMENT (Cont'd)

Meanwhile in Malaysia, Bank Negara Malaysia ("BNM") reported a gross domestic product ("GDP") growth of 8.7% for the country in 2022. This is the highest annual growth rate posted by the country in 22 years. However, it was also announced that the GDP growth for the fourth quarter of 2022 moderated to 7.0%, following the 14.2% growth registered in the quarter prior, due to waning support from stimulus measures and low base effects (Source: Bank Negara Malaysia's Quarterly Bulletin 4Q 2022). The growth in 2023 is expected to be forthcoming, though at a more moderate pace. Factors supporting the growth includes further expansion of household spending, improved labour market conditions, continued investment projects and higher inbound tourism activities. On the other hand, a slower export and import growth is expected. BNM has also signalled risks to growth that included further escalation of geopolitical tensions, a re-emergence of significant supply chain disruptions and higher interest rates globally (Source: Bank Negara Malaysia's Quarterly Bulletin 1Q 2023).

Amidst these trials, ACO Group recorded a 6.1% increase in revenue to RM132.51 million for the financial year ended 28 February ("FYE") 2023 as compared to the previous financial year, although there was a 18.7% decline in net profit to RM5.74 million, owing to the higher base from FYE 2022 and higher raw material prices as well as higher administrative costs in FYE 2023.

In light of the continually challenging operating environment, the Group's approach is to focus on improving its sales performance and building resilience in its supply chain. The Group will continue in its vigorous efforts to attain operational efficiency while being prudent with cost optimisation. These efforts would minimise any negative impact on its profitability and achieve sustainable growth.

### CORPORATE GOVERNANCE

ACO Group constantly maintains the highest standard of corporate governance, professionalism, ethics and integrity in how its business practices are conducted, to ensure the company's long-term performance. The Group is also committed to instil a strong culture of ethics and integrity throughout every unit and department by adhering to the Malaysian Code on Corporate Governance (MCCG).

ACO Group also practices zero tolerance on unethical business practices including, and not limited to bribery and corruption. Policies and procedures on integrity, transparency and accountability are enforced and made a culture at ACO Group as embedded in its Code of Ethics and Conduct. Detailed undertakings by the Group are laid out in the Corporate Governance Overview Statement on pages 35 to 48 of this Annual Report 2023.

### SUSTAINABILITY MATTERS

ACO Group is committed to ensure that the daily conduct of the Group's practices are guided by right principles to make the decisions that positively impact the communities and environment in which we operate. As a responsible corporate citizen, we constantly abide by the best sustainability practices as we accelerate our organisational growth and business goals. To this end, we have attached a comprehensive elaboration of our undertakings in the Sustainability Statement from pages 26 to 34 of this Annual Report 2023.

### APPRECIATION

On behalf of the Board, I would like to extend my heartfelt appreciation to our management and staff at ACO Group for their continued hard work and commitment in navigating the Group through uncertain times whilst attaining greater growth. My most sincere gratitude also goes to our stakeholders, including but not limited to our valued shareholders, customers, business partners, bankers and suppliers for their relentless support and confidence in us.

I would also like to thank my fellow Board members for their dedication, invaluable counsel and advice which continue to be instrumental in steering ACO Group to where it is today. I have the utmost confidence that our Board will continue to lead ACO Group toward greater heights.

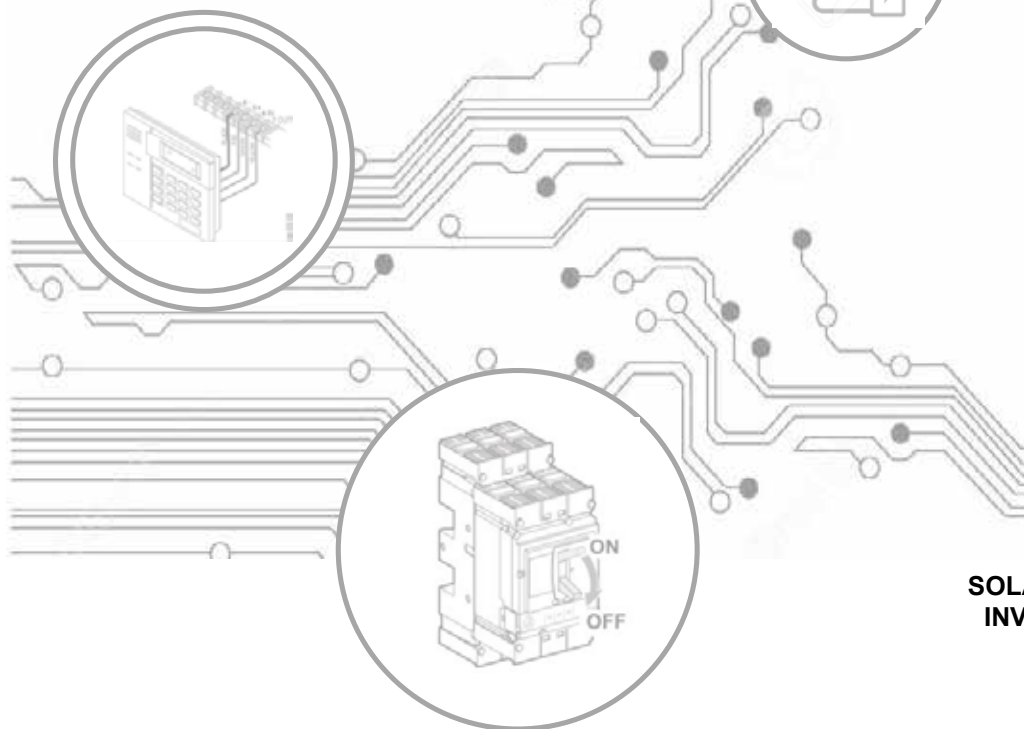
A special note of gratitude to Miss Chai Poh Choo who served as an Executive Director from 5 August 2019 to 28 July 2022. Miss Chai had opted to retire from the Board but she remains with the Group and continues to oversee the day-to-day business operations of the industrial user division of our Group.

Finally, on behalf of ACO Group, I would also like to welcome Puan Nor Syahirah binti Abu Baker, a new independent director to the Board. We look forward to many years of fruitful collaboration.

**Yap Koon Roy**  
Chairman



## ELECTRICAL DISTRIBUTION, PROTECTION & CONTROL DEVICES



## EV CHARGER RELATED PRODUCTS: WIRE, CABLES AND SWITCHBOARD

## SOLAR RELATED PRODUCTS: INVERTERS, SOLAR PANELS

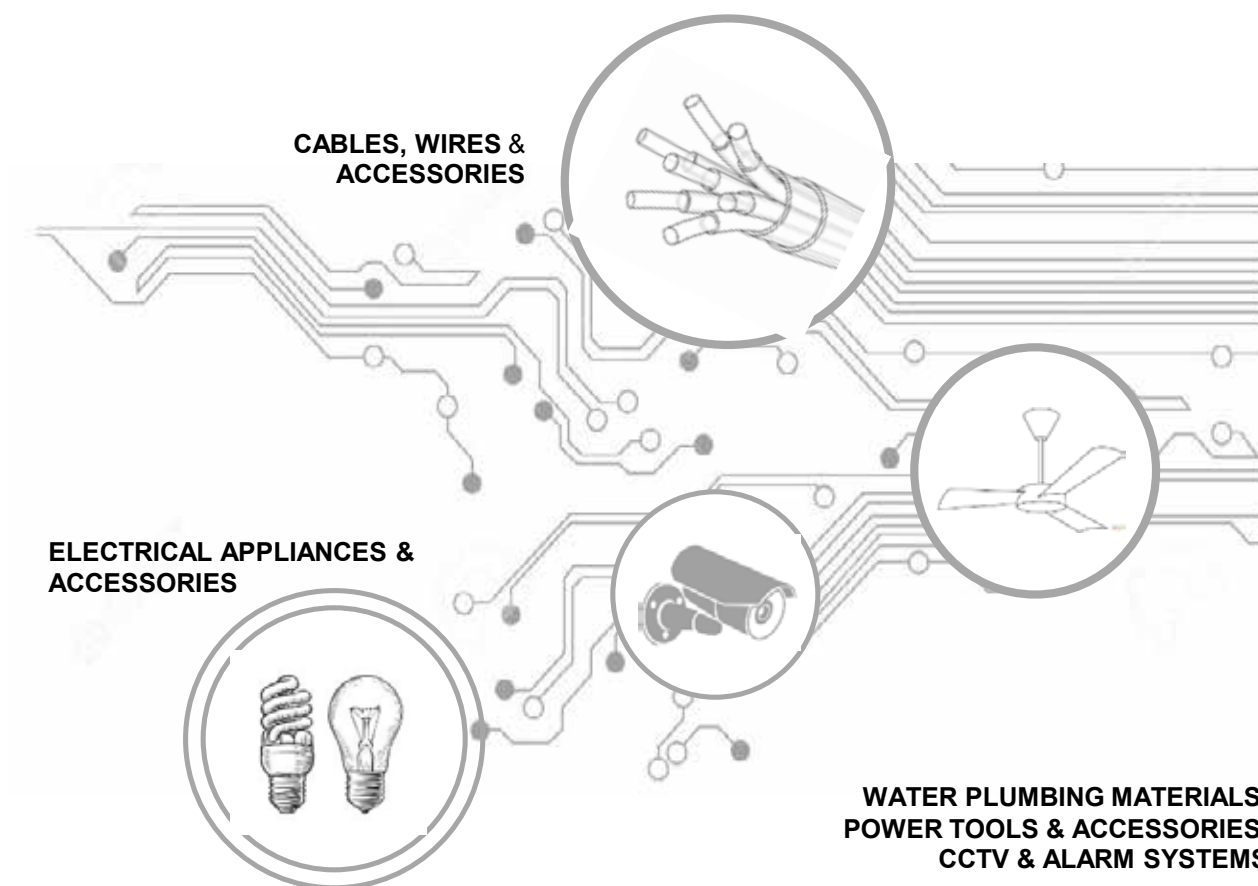
# MANAGEMENT DISCUSSION & ANALYSIS

## 1. OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

ACO Group was established in 1991 and today, the Bursa Malaysia ACE Market-listed company is a distinguished distributor of electrical products and accessories, specialising in cables, wires and accessories; electrical distribution, protection and control devices; and electrical appliances and accessories. It also distributes other products including water plumbing materials, power tools, and accessories as well as closed-circuit television (CCTV) and alarm systems.

ACO Group also offers customers a wide selection of third-party brands apart from in-house brands to meet diverse requirements, catering to an ever-expanding customer base.

## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)



## 2. WIDE CUSTOMER NETWORK

Our products are mainly marketed and distributed across Peninsular Malaysia to industrial users which comprise, among others, commercial, institutional, government, and professional customers. Some of these industrial users are electrical contractors, electrical product manufacturers, and factory and business owners.

We also sell our products to resellers who are distributors and retailers, who in turn, resell our products to their respective network of customers.

We primarily serve the construction and power infrastructure industry. Within the construction sector, our clientele encompasses residential, retail, commercial, and industrial users seeking electrical products for use in various projects, including new construction, renovations, and interior fit-out modifications. In the power infrastructure industry, our customers primarily come to us for the procurement of medium to low-voltage power cables and wires for their power distribution networks. These electrical components enable the seamless transmission of power from primary substations to secondary substations and directly to premises.

## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)



### 3. AUTHORISED DISTRIBUTORSHIPS

ACO Group boasts authorised distributorships for 8 renowned international and local brands, including Schneider, Omron, KDK, ABB, Hager, Panasonic, Siemens, and Maxguard. This expansive network of partnerships enables ACO Group to secure significant discounts on volume purchases, while also gaining exclusive access to product training sessions, seminars on product applications and installation techniques, and comprehensive technical assistance. Such privileges provide ACO Group with a competitive edge in delivering top-quality products and services to its valued customers.

ACO Group further benefits from enticing incentives, rebates, and payment discounts upon successfully meeting specific key performance targets.



### 4. EMPLOYEES AND FACILITIES

We currently have a workforce of approximately 150 employees and the Group operates from its headquarters in Johor Bahru. Notwithstanding our associate company, we have 2 distribution centres and 7 sales outlets located across the states of Johor, Melaka and Selangor.

We use our own fleet of trucks to deliver goods to the customers. We also supplement our logistics services by using external logistics service providers for the delivery of goods to customers located in the Northern region of Peninsular Malaysia.

To expand our distribution platform, we introduced a lighting concept store, "UR Home Light", located in Johor Bahru in July 2019. The concept store is designed with a theme-based interior to display decorative light fixtures, lighting controls, switches, and fans. The main target markets for the concept store are interior designers, architects, builders as well as home and business owners.



### 5. EMPHASIS ON CUSTOMER CONVENIENCE

ACO Group establishes a strong online presence through two efficient online ordering systems - Accura, designed specifically for selected cables and wires, and Maydenki-mart, catering to our comprehensive range of electrical distribution, protection, and control products.

These systems allow customers to check product prices and submit their online orders seamlessly. They are also in place as part of ongoing improvement initiatives to provide added convenience to customers while simultaneously boosting overall sales numbers and revenues.

ACO Group also provides 'cut-to-length' services for power cables and communications cables, giving customers the option and flexibility to purchase odd lengths instead of standard lengths which may result in wastage.

#### OWN BRANDS



MULTIS

SONKO

#### AUTHORISED DISTRIBUTOR FOR INTERNATIONAL BRANDS



Panasonic

SIEMENS



ABB





# MANAGEMENT DISCUSSION AND ANALYSIS

(Cont'd)

## 6. YEAR IN REVIEW

The FYE 2023 marks ACO Group's third year as a publicly listed company, following its successful debut on the ACE Market of Bursa Malaysia on March 18th, 2020, the first day of the Movement Control Order (MCO) in Malaysia. Throughout its journey, the Company has adeptly manoeuvred through unprecedented challenges presented by the COVID-19 pandemic, which undoubtedly stands as one of the most formidable crises of our generation.

FYE 2023 was nevertheless still a challenging year, marked by uncertainty on the local political front in the months leading up to the country's 15th General Election (GE15). The Company's key drivers typically include growth in the construction industry, and power and electrical industry. However, with uncertainty over which government will lead the country post-GE15, much of this had slowed down with little clarity on policies in these sectors going forward at that time.

There were also external challenges coming from the Russian invasion of Ukraine, causing much volatility in the prices of commodities. Additionally, the fallout from the COVID-19 crisis also saw inflation spike, forcing central banks worldwide to adopt tighter monetary policy.



## 7. FINANCIAL REVIEW

ACO Group's revenue for FYE 2023 increased by 6% to RM132.5 million from RM124.9 million a year ago, on higher sales contribution from its industrial users' segment as a result of the fulfilment of backlog orders accumulated during the financial year under review and continuous improvement in sales as restriction measures imposed in response to the COVID-19 pandemic were gradually lifted.

Despite improved top line, profit margins were however lower in FYE 2023 due to higher raw material prices which led to a lower gross profit of RM18.7 million as compared to a gross profit of RM19.9 million attained in FYE 2022.

For the financial year under review, ACO Group recorded a gain from the disposal of a property which resulted in an increase in its other income and share of results from its associate, Focus Electrical Malaysia Sdn Bhd ("FEMSB").

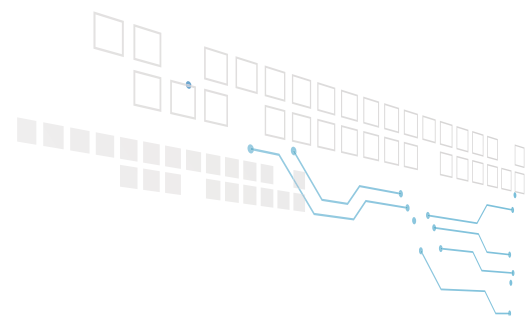
However, these were partly offset by higher administrative expenses following the commencement of operation in the Company's new headquarters, which gave rise to additional expenses such as the depreciation of fixed assets, staff costs, utilities, and maintenance of premises. Consequently, ACO Group's net profit also declined in FYE 2023 to RM5.7 million from RM7.1 million in the previous year.

As at 28 February 2023, ACO Group's financial position remained robust, with cash and cash equivalents of RM19.7 million while the gearing ratio stood at 0.3 times.

The Company also rewarded its shareholders with a first interim single-tier dividend of 0.20 sen per ordinary share for FYE 2023 amounting to RM694,743.



## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)



### Outlook and Prospects

Malaysia's economy is anticipated to witness a more measured expansion in 2023, as projected by Bank Negara Malaysia. The central bank foresees a growth range of 4% to 5%, underpinned by robust domestic demand. This growth outlook represents a moderation from the impressive 8.7% registered in 2022 (Source: Economic and Monetary Review 2022, Bank Negara Malaysia).

The country's economic trajectory will be further bolstered by the ongoing recovery in the labour market, as well as the realisation of multi-year investment projects. However, the outlook remains susceptible to weaker global growth, tighter financial conditions, re-escalation of geopolitical conflicts, and worsening supply chain disruptions.

ACO Group's strategy for the challenging operating environment of 2023 is to focus on improving its sales performance, building resilience in its supply chain, and remaining committed to obtaining operational efficiency while being prudent with cost optimisation to minimise any negative impact on its profitability to ensure sustainable growth.

We look forward to a continual positive contribution from FEMSB, a 49%-owned associate, to the Group's profits and shareholders' funds. FEMSB has a strong presence in the East Coast region in Malaysia, which enables the Group to leverage on the additional sales outlets and distribution centre to expand its market share and position in the region.

Meanwhile, the renewable energy sector in Malaysia is gaining momentum, driven by the government's dedication to fulfilling its Environmental, Social, and Governance (ESG) commitments. Through the Low Carbon Mobility Blueprint 2021-2023, Malaysia aspires to reach a significant milestone of electric vehicles (EVs) and hybrid vehicles accounting for at least 15% of the total industry volume by 2030. The government has set a target of establishing 10,000 EV charging stations across the country by 2025. Additionally, in the re-tabled Budget 2023, the government has extended import duty and excise duty exemptions for EVs and EV charging equipment manufacturers. These measures reflect Malaysia's proactive efforts to promote sustainable transportation and contribute to a greener future.

In line with the country's objectives, ACO Group remains committed to maximising the benefits of its recent strategic acquisition. Through the acquisition of a 10% stake in EV Connection Sdn Bhd (EVC), a prominent electric mobility service provider specialising in EV charging solutions and stations, ACO Group has positioned itself advantageously. Building upon this investment, the Group is expanding its product range by incorporating solar-related offerings, including solar panels and inverters. By capitalising on synergies between ACO Group and EVC, this strategic move further strengthens the company's position in the evolving electric mobility and renewable energy sectors.

Amid the continuously challenging overall business environment given the rising cost of operations and market uncertainties, ACO Group's board remains cautious but vows to be observant, vigilant, and focused on improving its financial performance and operational efficiency.



## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

### 8. ANTICIPATED KNOWN RISKS

#### Political, Economic and Regulatory Risks

ACO Group, like any other company in this industry, remains exposed to external risks brought upon by changes in the economic, political, and regulatory environments, which may adversely impact operations and financial performance.

In the past, the COVID-19 pandemic and its resultant impact on the global economy, along with the Russia-Ukraine war which increased overall costs, had temporarily impacted the Group's operations and financial performance.

To counter these effects, ACO Group is consistently exploring avenues to future-proof its business. This includes investing in modern computerised systems to streamline and digitalise internal processes and expand sales platforms as part of business continuity efforts.

ACO Group also strives to ensure compliance at all levels with all applicable regulations and policies including the standard operating procedures enforced by authorities. It also remains proactive in engaging with the authorities and relevant business associations to provide feedback and stay abreast of any changes in regulations and policies.

#### Competition risk

ACO Group is operating in the electrical product distribution industry which is relatively wide and fragmented in Malaysia. Competition is expected to come from large numbers of sole proprietors and family-owned businesses operating one or a few outlets to large local and international distributors with a chain of outlets in Malaysia. The rise of e-commerce sales channels will also potentially increase competition within the electrical and electronics supply chain. This may dampen the competitiveness of physical sales outlets and distribution centres.

To maintain a competitive edge, ACO Group capitalises on its vast industry experience and proven track record, setting itself apart from its counterparts. The company boasts a portfolio of loyal, long-term clients while consistently attracting new customers through its commitment to excellence. ACO Group achieves this through a combination of factors, including delivering high-quality products, offering a diverse range of options, maintaining competitive pricing, ensuring timely delivery, providing accessible sales outlets, and meeting customers' specific requirements. By prioritising these key aspects, ACO Group solidifies its position as a trusted and preferred choice for customers in the market.

In addition, ACO Group is also working towards becoming a one-stop solution centre by offering a more holistic range of electrical products and accessories. The Company is also increasing its efforts in incorporating more renowned brands and new products, especially to cater to the green energy sector while providing greater convenience to customers to source a wider range of supplies.

#### Inventory Risk

Inventory risk refers to our ability to source adequate inventories to address our customers' demand at competitive costs in a timely manner. In the event of any supply chain disruptions or delays, shortages may occur or procurement costs may increase.

As part of the ongoing improvement process, we put in place effective measures and monitor our inventory management system closely. The Group is also working hard to enhance its Enterprise Resource Planning System to forecast demands for different product groups by applying historical data to track the quantity and adequacy of the products stocked, monitor the movement of supplies as well as minimise stock obsolescence.

#### Dependence on Key Personnel

The success of ACO Group depends largely on the capabilities and effects of our management team. In mitigating this risk, we have outlined a management succession plan. Moreover, our middle management team is consistently involved in different areas of our operations to ensure they are well-versed to exercise their duties while inculcating a sense of leadership.

**Tang Pee Tee @ Tan Chang Kim**  
Group Managing Director



# SUSTAINABILITY STATEMENT

ACO's primary focus is to be the leading distributor of electrical products and accessories in Malaysia. While we strive to meet market demand and offer quality and high-value solutions to our customers, we also aim to have a positive impact on our surrounding communities and the environment in which we operate. We are committed to carry out our business activities responsibly and with integrity. We recognize that for our long-term sustainability, our strategic orientation and decision-makings will need to look beyond financial parameters.



# SUSTAINABILITY STATEMENT

(Cont'd)

## SCOPE

ACO's Sustainability Statement 2023 remains focus on the material areas stated in the prior years. This statement contains policies, programmes and initiatives organized and applied towards achieving these goals. Information and figures provided in this report covered the period from 1 March 2022 to 28 February 2023.

Any forward-looking statements such as targets and future plans are based on reasonable current assumption and may change based on unforeseen circumstances beyond the Group's control.

## STAKEHOLDERS ENGAGEMENT

Our stakeholders are important components to the Company's long-term success. Our constant interaction with many of our stakeholders has facilitated effective and continuous improvements in all areas of our operations. By understanding their expectations and responding to their concerns, we aim to strengthen their confidence in us. We address our stakeholders' concerns through multiple forms of engagement as outlined below: -

Stakeholders	Areas of Concern and Interest	Engagement Approach
Customers	<ul style="list-style-type: none"> <li>• Products and services of high-quality and value for money</li> <li>• Timely delivery of products and services</li> <li>• Customer service and satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Well-trained salesperson familiar with product knowledge</li> <li>• Well stock, well assorted and quality assured products</li> <li>• Quality and timely delivery of products and services</li> <li>• Reliable and responsive</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Talent development, performance and rewards</li> <li>• Welfare and benefits</li> <li>• Workplace safety</li> <li>• Diversity and inclusion</li> </ul>	<ul style="list-style-type: none"> <li>• Performance appraisal</li> <li>• Trainings and development programmes</li> <li>• Workplace safety and health briefings</li> <li>• Employee engagement activities, collaboration via online platforms</li> </ul>
Government and Regulators	<ul style="list-style-type: none"> <li>• Compliance with government policies</li> <li>• Adhere to laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance and adherence</li> <li>• Timely regulatory filings and submission of information as and when requested</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>• Return on investment</li> <li>• Sustainable business growth</li> <li>• Good corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue performance</li> <li>• Prudent business and financial planning as well as risk management</li> <li>• Good corporate governance practices</li> <li>• General meetings, quarterly results and annual report, Corporate website</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Credit terms and timely payment</li> <li>• Equal opportunity</li> <li>• Strategic partnership</li> </ul>	<ul style="list-style-type: none"> <li>• Timely payment</li> <li>• Good liaison and business ethics</li> <li>• Product and promotion support</li> </ul>

## SUSTAINABILITY STATEMENT (Cont'd)

### OUR APPROACH TO SUSTAINABILITY

## ENVIRONMENTAL



We are committed to reduce our impact on the environment by minimizing our operational carbon footprint where possible. We actively promote the responsible use of resources and the importance of environmental protection among our employees and stakeholders.

#### Creating customer value through better energy management

Through our customers, we emphasize on service quality by providing various professional solutions and the latest technology for cost savings, while preserving the environment via better energy management. To ensure the level of quality and safety of our offerings, the products are tested and certified with SIRIM requirements.

#### Electric Vehicle Charging Stations

We have a direct-current (DC) fast-charging station installed at our new headquarter in Johor Bahru as part of our initiatives to tap into the green technology sector. With a capacity of 180-kilowatts (kW), the EV charging station is one of the fastest charging speed stations in Malaysia and the very first in Johor Bahru. EV owners are able to drive-in to ACO's headquarter to charge up their vehicles for up to 180kW. It takes up to 30 minutes to fully charge a car, as compared to alternating current (AC) charging points which takes about 6 – 10 hours for a full charge.

#### Towards Energy Independence

Energy management is essential for combating climate change and for lowering the Group's environmental footprint. With the aim of reducing energy consumption and thus contributing to a greener environment and savings on electricity costs, a 200kWp solar photovoltaic ("PV") system was installed on the roof of our new headquarter in Johor Bahru towards the end of year 2022. The Group will be tracking its energy consumption and measuring the costs saving from the recently installed solar PV, and hopes to provide meaningful comparisons from the data gathered in future reports. Moving forward, we will continue to streamline our operations and processes to enhance energy efficiency.



SUSTAINABILITY STATEMENT  
(Cont'd)

*Solar PV panels installed at the Group's headquarter.*

**Energy-efficient practices**

Our main impact on the environment is through electricity and fuel consumption utilised by our stores and distribution fleet to operate our business. Nevertheless, we are always looking for efficiency gains, no matter how small.

**Smart-home system:** Our headquarter is equipped with Smart Home automation solutions. Smart motion detectors are installed for automatic lighting and temperature controls while certain appliances and devices which are connected to the set-up can be powered on/off according to their programmed time table or, be remotely managed. This allows for better control over energy usage, and in return, improve energy efficiency.

**Light Emitting Diode (“LED”) lighting tubes:** We installed LED lighting tubes in most of our premises. LED lighting offers benefits such as a higher efficiency than Compact Fluorescent Lamps (“CFLs”) and fluorescents, lower power consumption, lower maintenance costs, longer lifetime (50,000 hours compared to less than 10,000), durability and brighter light output than CFL.

**Switch off when not in use:** Employees are reminded to switch off all electrical equipment and fixtures that are not in use. The last employee who leaves the office premises is to ensure these are switched off or that the energy-saving mode is turned on.

**Paperless:** The Company continues to encourage and remind employees on the prudent use of papers to reduce unnecessary paper consumption. ACO also embraces technology to help reduce paper waste by going paperless in its billing process. Most of its companies have implemented electronic distribution of documents such as invoices, statements and official receipts.

## SUSTAINABILITY STATEMENT (Cont'd)

### ECONOMIC



At ACO, we strive to deliver products and services that meet the criteria of value, quality and satisfaction for our customers. We recognise that our stakeholders are important to our Group's long-term growth and success, as well as business and economic sustainability.

Therefore, we aim to continuously improve our relationships, trust, mutual respect, and understanding with our stakeholders who have an effect on, or are affected by our businesses.

We will continue to engage with them in order to better understand and respond to their expectations and interests with regard to our services and operations.

#### Business Development

Given our reach in distributing electrical products and accessories, we are dedicated to maintain the affordability and accessibility to the latest technology while upholding our standards of safety, quality and efficacy. We are able to ensure this through our commitment to offer high quality and cost- competitive products by distributing renowned brands from reputable suppliers. As a brand owner, we provide product warranty ranging between one (1) and two (2) years for any product defects or claims relating to our own brands of products.

#### Supply Chain Management

All potential suppliers are treated equally through vendor selection. There are guidelines in our procurement process whereby suppliers are selected based on specified criteria, including the extent of vendors' product, quality, price and services. Furthermore, our procurement process is governed by internal controls, based on pre-set limits of authority and approval to ensure fair practices.

SUSTAINABILITY STATEMENT  
(Cont'd)**Distribution Network and Customers**

At ACO, we are customer-centric and aim to provide products and services which meet our customers' satisfaction. Hence, the Group's distribution channel strategy is through direct channels, using our own internal sales and marketing force by setting up various distribution centres at prime locations in Johor, Melaka and Selangor with a plan to expand across Peninsular Malaysia. We also use indirect distribution channels, where we sell our products to resellers who are distributors and retailers. They, in turn, would resell our products to their respective network of customers. At the same time, we have online ordering systems, which allow customers to view the availability of products and pricing, enabling them to make quick and informed decisions before placing their orders.

**SOCIAL**

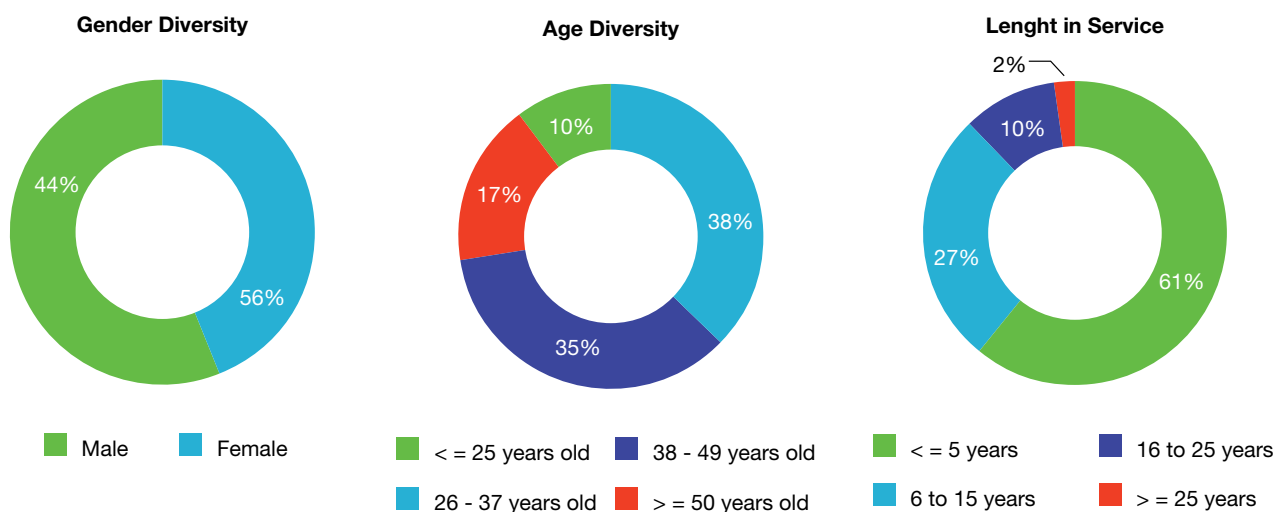
Co-existing and contributing to the local communities is an integral part of ensuring sustainability. To appreciate and to give back to the society, starts from the employees. Therefore, the well-being of our people is our priority in our effort to attract and retain a highly-skilled workforce. We always endeavor to cultivate a quality working environment that encourages employees' effectiveness and productivity.



## SUSTAINABILITY STATEMENT (Cont'd)

### Employee Diversity & Inclusivity

Here in ACO, we believe in the inherent strength of a diversified workforce. Furthermore, we value fair and equal opportunity at work. We practice a merit-based approach to hiring and promotion that focuses on employees' skills, capabilities, experience and job performance. ACO's diversified workforce for the financial year ended 28 February 2023 ("FYE 2023") is shown as below.



### Employee Talent Training and Development

Our Group promotes career development and progression opportunities for our employees through in-house trainings, seminars, workshops and video conferencing. Many of the training sessions were conducted at our headquarters or using online platforms. In addition, as an authorised distributor, we are able to gain access to various product trainings for product applications and installation techniques. This provides us with the platform to increase our employees' knowledge on their respective electrical products and accessories, equipping them with the latest job-related updates and knowledge/know-how. In FYE 2023, we invested approximately 983 man-hours of training for our employees, all of which were external trainings.



*Various trainings which took place in FYE 2023.*

## SUSTAINABILITY STATEMENT (Cont'd)

### Health & Safety

ACO is committed to create a healthy, safe and conducive working environment for our employees. We have put in place a Safety and Security Policy to minimise potential accidents or unfortunate events at our workplace. A Safety Committee was recently formed to spearhead initiatives and practices which aim to create safety awareness among employees and to address any safety issues at the workplace.

What we hope to achieve:-

- Reduce and eliminate any hazard identified at the workplace
- Ensure safety measures are observed by employees and visitors alike
- Conduct trainings or activities to increase safety awareness and emergency preparedness
- Continuous improvements in safety practices
- Compliance to safety requirements

## GOVERNANCE



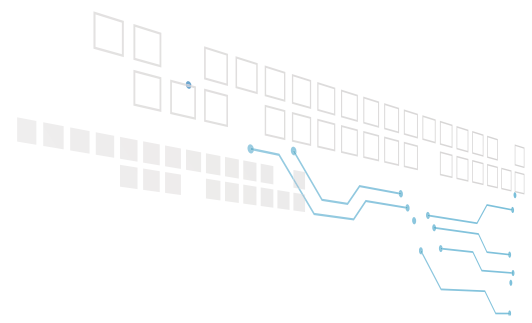
ACO strives to comply with the best practices of good governance, guided by the Malaysia Code of Corporate Governance ("MCCG"), throughout its operations. The Group has established standard operating policies and procedures which are subjected to regular reviews.

Our Board leads the responsibility in overseeing the sustainability of the Company's strategy, supported by the Management team in ensuring adequate measures such as systems and processes are put in place for managing its sustainability strategies.

Further information on the Group's corporate governance practices are detailed in the Corporate Governance Overview Statement in this Annual Report.



## SUSTAINABILITY STATEMENT (Cont'd)



### Sustainability Risk Management

The Board maintains a robust risk management framework as well as internal control systems to safeguard the Group's assets, business, and our shareholders' investment. The Board ensures the integrity of these frameworks and internal control systems are maintained through regular reviews and ongoing risk management updates.

These reviews are regularly performed to identify, assess and manage the risks faced by the Group. Reviews are done holistically so that they also address major risk areas of concern in the sustainability landscape, such as those from the areas of governance, social, economic and environmental risks. Identified sustainability-related risks are updated in a timely manner in our risk register as and when appropriate and according to macroeconomic trends. Sustainability and strategy policies are then formulated from identified sustainability risks to ensure business continuity for the Group in the event of unexpected circumstances.

Further information on the Group's risk management framework can be found in the Statement of Risk Management and Internal Control of this Annual Report.

### Anti-Corruption and Anti-Bribery

ACO is committed to conduct its business in the right manner, including zero tolerance for any form of bribery or corruption. Our Anti-Bribery Management Policy reflects our commitment to integrity.

This policy, which is overseen by the Board, governs our stance in prohibiting any forms of payments and acceptance of bribes within the Group, and stipulates the guidelines for our Board, employees and business associates in dealing with tangible and intangible gifts and entertainment. The full policy can be found on our website at <https://www.acogroup.com.my/en/page/902/aco-group-holding-corporate-governance>.

### Whistleblowing Mechanism

The Group's Whistle-blowing Policy sets out avenues for employees, or any parties dealing with the Group with proper procedure to disclose cases of improper conduct such as criminal offences, fraud, corruption, breach of Group's policies or other malpractices.

A whistle-blower is assured with confidentiality of identity, to the extent reasonably practicable, provided that the disclosure is made in good faith. The policy also ensures that fair treatment is provided to both the whistle-blower and the alleged wrongdoer when a disclosure of improper conduct is made.

Disclosure of any improper conduct can be made to the Group Managing Director, or the Executive Director. In the case where reporting to management is not possible or is a concern, then lodgement can be made to either the Independent Non-Executive Chairman or to the Chairman of the Audit and Risk Management Committee. More details on our Whistleblowing Policy is available on our website at <https://www.acogroup.com.my/en/page/902/aco-group-holding-corporate-governance>.

### Moving Forward

With a better understanding of the impact and importance of ACO's sustainability initiatives, our Board will progressively refine and improve on the disclosure of our Group's sustainability issues and matters. We will further embed sustainable practices within our businesses to improve our overall sustainability performance. This Sustainability Statement is prepared in accordance with the resolution of our Board dated 24 May 2023.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of ACO Group Berhad (“ACO” or “the Company”) recognises the importance of corporate governance towards promoting business prosperity and corporate accountability to protect and enhance shareholders’ value as well as the interest of the Company. The Board is also committed in ensuring that the Company and its subsidiaries (“the Group”) carries out its business operations within the required standards of corporate governance as set out in the Malaysian Code on Corporate Governance 2021 (“MCCG”).

The Board is pleased to provide an overview of the corporate governance (“CG”) practices, which made reference to the three (3) key CG principles as set out in the MCCG throughout the financial year ended 28 February 2023 (“FYE 2023”) unless otherwise stated, which are as follows:-

- (a) Principle A : Board Leadership and Effectiveness;
- (b) Principle B : Effective Audit and Risk Management; and
- (c) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This CG Overview Statement, which was approved by the Board, shall be read together with the Corporate Governance Report 2023 (“CG Report”) of the Company which provides the details on how the Company has applied, or departed from, each CG practice. The CG Report is available on the Company’s website at <https://www.acogroup.com.my/en/page/902/aco-group-holding-corporate-governance>, as well as via an announcement on the website of Bursa Malaysia Securities Berhad (“Bursa Securities”).

### PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

#### I. BOARD RESPONSIBILITIES

The Board is entrusted with the stewardship role of the Group. It is responsible for providing oversight of the Group’s strategic direction, overseeing the Group’s business operations, as well as identifying key risk factors that have significant impact on the Group’s operations and performance. The Board is mindful of its responsibilities to the shareholders and stakeholders for creating and delivering sustainable value in contributing to the long-term success of the Group.

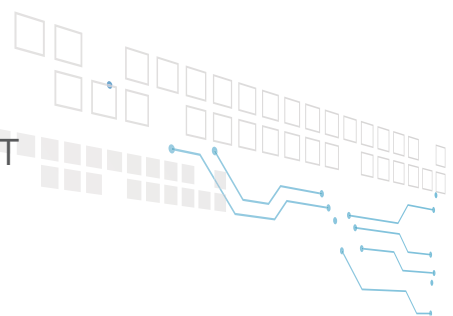
The Board has adopted a Board Charter, which outlines the duties and responsibilities of the Board and its Committees. It also serves to provide guidance and clarity for the Board in overseeing the progression of strategic plans and overall performance of the Group while fulfilling its fiduciary duties and leadership functions.

The principal responsibilities of the Board are summarised as follows:-

- (a) review and adopt a strategic plan for the Group;
- (b) oversee the conduct of the Group’s businesses to evaluate whether the businesses are being properly managed;
- (c) ensure that the Group’s strategies promote sustainability;
- (d) identify principal business risks and ensure the implementation of appropriate systems to manage these risks;
- (e) succession planning including the implementation of appropriate systems for recruitment, training and replacement of the Key Senior Management (“KSM”);
- (f) overseeing the development and implement an investor relations programme or shareholder communication policy for the Company;
- (g) review the adequacy and the integrity of the Group’s internal control systems and management information;
- (h) determine the remuneration of Executive Directors (“ED”) and Non-Executive Directors of the Company; and
- (i) ensure that the Group adheres to high standards of ethics and corporate behaviour.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)



## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

### I. BOARD RESPONSIBILITIES (Continued)

#### Division of roles and responsibilities between the Chairman and Group Managing Director

The Board is led by Mr. Yap Koon Roy as the Independent Non-Executive Chairman and Mr. Tang Pee Tee @ Tan Chang Kim as the Group Managing Director ("GMD").

There is a clear separation between the Chairman's role and the GMD to ensure a division of responsibilities and a balance of control, power and authority.

The Chairman leads and manages the Board with a keen focus on governance and compliance. In turn, the Board monitors the functions of the Board Committees in accordance with their respective terms of reference, to ensure its own effectiveness while the GMD manages the businesses and operations of the Group, and implements and develops the Board's decisions, policies and strategies.

#### Non-Executive Directors

The Non-Executive Directors of the Company are not involved in the day-to-day management of the Group but contribute their own particular expertise and experience, and provide views from a different perspective in the development of the Group's overall business strategy. Their participation as members of the various Board Committees also contributed towards the enhancement of the corporate governance and controls of the Group.

The Independent Non-Executive Directors are essential in providing unbiased and impartial opinion, advice and judgement to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account. The significant contributions of the Independent Non-Executive Directors in the decision making process is evidenced in their participation as members of the various committees of the Board.

#### Board Committees

The Board has established and is supported by the following Board Committees to assist the Board in the discharge of its oversight function:-

- (i) Audit and Risk Management Committee;
- (ii) Nomination Committee; and
- (iii) Remuneration Committee.

The Board Committees have their roles and functions, written terms of reference and authorities defined. The Board reviews the terms of reference of the Board Committees periodically to ensure their relevance. At each Board meeting, the Chairman of the respective Committee report to the Board on the key issues deliberated and outcome of the respective Committee meetings. Minutes of the Committee meetings will also be presented to the Board for notification and endorsement. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

#### Company Secretaries

The Board is supported by two (2) qualified, experienced and competent Company Secretaries in discharging its duties and responsibilities. They are the members of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). The Company Secretaries advise the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and the Group.

The Company Secretaries or the representatives of the Company Secretaries attend and ensure that all Board and Board Committee meetings are properly convened, and all deliberations and decisions are properly minuted and kept. They are also responsible in ensuring that Board's policies and procedures are followed, and the applicable statutory and regulatory requirements are observed.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

### I. BOARD RESPONSIBILITIES (Continued)

#### Board Meeting

The Board meets regularly, at least once in every quarter, to review the group's results and to approve quarterly reports and annual financial statements. Additional or special Board meetings may be convened as and when necessary to consider and deliberate on any urgent proposals or matters which requires the Board's expeditious review or consideration. All Board approvals sought are supported with all the relevant information and explanations required for informed decisions to be made.

To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda with the supply of complete and timely information to enable the Board to discharge their responsibilities effectively and for them to make informed decisions. The proceedings of all board meetings are recorded by the Company Secretary and filed properly in the minute's book of the Company upon confirmation by the Board.

In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approvals will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made.

#### Access to Information and Advice

All Directors have unrestricted access to the advice and services of the Company Secretaries and Management to assist them in carrying out their duties. They may also obtain independent professional advice at the Company's expense in furtherance of their duties whenever the need arises.

#### Board Charter

The Board is guided by a Board Charter which provides reference for Directors in relation to the roles, powers, duties and functions of the Board. The Board Charter also outlines the processes and procedures to ensure the Board's and Board Committees' effectiveness and efficiency. The Board Charter comprises, amongst others, the well-defined terms of reference for the Board and its Committees.

The Board Charter was reviewed during the financial year to ensure it remains relevant and is in line with the current standards of corporate governance. The Board Charter is available on the Company's website, <https://www.acogroup.com.my/en/page/902/aco-group-holding-corporate-governance>.

#### Code of Ethics and Conduct

The Code of Ethics and Conduct is incorporated in the Board Charter of the Company (which is available on the Company's website at <https://www.acogroup.com.my/en/page/902/aco-group-holding-corporate-governance>) to enhance the standard of corporate governance and promote ethical conduct of the Directors and the same is adhered to at all times.

The Code of Ethics and Conduct is to be observed by all Directors of the Group and will be reviewed by the Board periodically to ensure that it continues to remain relevant and appropriate.

#### Whistleblowing Policy

The Board established a whistle-blowing policy with the intention to promote the highest standard of corporate governance and business integrity. The Whistleblowing Policy provides an avenue for its employees to raise genuine concerns or report any misconduct, breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines, in a safe and confidential manner.

The Whistleblowing Policy, underlining its protection and reporting channels, is available on the Company's website at <https://www.acogroup.com.my/en/page/902/aco-group-holding-corporate-governance>.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

### I. BOARD RESPONSIBILITIES (Continued)

#### Sustainability Strategies

The Board takes into consideration sustainability issues when it oversees the planning, performance and long-term strategy of the Company and views the commitment to do so as part of its broader responsibility to all its various stakeholders and the communities in which it operates.

The Group strives to achieve a sustainable balance between meeting its business goals, preserving the environment to sustain the ecosystem and the welfare of its employees and the communities in which it operates. The Group's efforts to promote sustainable initiatives for the communities in which it operates, the environment and the employees are set out in the Sustainability Statement in this Annual Report.

### II. BOARD COMPOSITION

As at the date of this statement, the Board has six (6) members comprising two (2) EDs and four (4) Independent Non-Executive Directors (including the Chairman).

The current Directors of the Company as at the date of this statement are as follows:-

Name of Director	Designation
Yap Koon Roy	Independent Non-Executive Chairman
Tang Pee Tee @ Tan Chang Kim	Group Managing Director
Tan Yushan	Executive Director
Dr. Teh Chee Ghee	Independent Non-Executive Director
Ir. Dr. Ng Kok Chiang	Independent Non-Executive Director
Nor Syahirah Binti Abu Baker	Independent Non-Executive Director

The present composition of the Board is in compliance with Rule 15.02 of the ACE Market Listing Requirements of Bursa Securities ("Listing Requirements") which require at least two (2) directors or one-third (1/3) of the Board, whichever is higher, to be independent directors and the MCG where at least half of the Board comprises independent directors.

The Directors are of the opinion that the current Board size and composition is appropriate for the scope and nature of the Group's business and operations and for facilitating effective discussions and decision making. No individual or group dominates the Board's decision making. The Board maintains an appropriate balance of expertise, skills and attributes among the Directors. This is reflected in the diverse backgrounds and competencies of the Directors.

All the Directors of the Company do not hold more than five (5) directorships in listed issuers as required under Rule 15.06 of the Listing Requirements. A brief profile of each Director is presented in the Directors' Profile section of this Annual Report.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

### II. BOARD COMPOSITION (Continued)

#### Independence of the Board

The Board assesses the independence of the Independent Directors on an annual basis by taking into account the individual Director's ability to exercise independent judgement at all times. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company. None of the Independent Directors has engaged in the day-to-day management of the Company, and are free from any business or other relationships which may interfere with the exercise of their independent judgement.

The Board is aware of the recommended tenure of an Independent Director which should not exceed a cumulative term of nine (9) years. Having listed on the ACE Market since 18 March 2020, none of the Independent Directors has reached nine (9) years of service as at 28 February 2023.

#### Board Diversity Policy

Currently, the Board has one (1) female Director and five (5) male Directors that constitutes 16.7% female representation on the Board. The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and recognises the benefits of this diversity. The Board also recognises that having a range of different skills, backgrounds, experience and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance.

The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. Thus, the Company does not set any specific target for boardroom diversity but will actively work towards achieving the appropriate boardroom diversity.

The Company takes diversity not only in the boardroom but also in the workplace as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Company.

The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, ethnicity, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board.

#### Attendance of Board and Board Committees' Meetings

The Board schedules at least four (4) meetings in a financial year with additional meetings to be convened as and when necessary. During the FYE 2023, the Board conducted five (5) Board Meetings where they deliberated and approved various reports and matters, including the quarterly financial results of the Group.

The attendance record of Directors at the Board Meetings held during the FYE 2023 is as follows:-

Name of Director	Attendance
Yap Koon Roy	5/5
Tang Pee Tee @ Tan Chang Kim	5/5
Tan Yushan	5/5
Chai Poh Choo*	2/2
Dr. Teh Chee Ghee	5/5
Ir. Dr. Ng Kok Chiang	5/5
Nor Syahirah Binti Abu Baker**	2/2

\* Ceased to be an Executive Director on 28/07/2022.

\*\* Appointed as Independent Non-Executive Director on 03/10/2022.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

### II. BOARD COMPOSITION (Continued)

#### Directors' Trainings

All members of the Board have attended the Mandatory Accreditation Programme as prescribed by the Listing Requirements.

The Directors are mindful that they shall receive appropriate training from time to time to equip and keep themselves abreast of the latest developments in order to discharge their duties and responsibilities more effectively.

The Directors are also encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board.

Below are the training programmes and seminars attended by the Directors during the FYE 2023 and up to the date of this statement:-

Name of Director	Training Programmes/ Seminars	Date Attended
Yap Koon Roy	Bankruptcy Personal Insolvency - Overview and Update on Amendment	14 November 2022
	A Bird's Eye View on Legal Implications Arising from Breach of Personal Data	18 November 2022
	Dealing with Malaysian Law Issues in Cross-Border Transaction Confirmation	6 December 2022
Tang Pee Tee @ Tan Chang Kim	Essential Managerial Skills	29 – 30 June 2022
	Sell, Do Not Tell	11 – 12 October 2022
	Corporate Income Tax	13 October 2022
Tan Yushan	Essential Managerial Skills	29 – 30 June 2022
	Effective Human Resource Management for Higher Productivity	16 – 17 August 2022
	Sell, Do No Tell	11 – 12 October 2022
	Corporate Income Tax	13 October 2022
	ESG Reporting: A Key to Value Creation Today	20 February 2023

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

### II. BOARD COMPOSITION (Continued)

#### Directors' Trainings (Continued)

Below are the training programmes and seminars attended by the Directors during the FYE 2023 and up to the date of this statement:- (Continued)

Name of Director	Training Programmes/ Seminars	Date Attended
Dr. Teh Chee Ghee	The Securities Commission - Audit Committee conversation with Bursa Malaysia	7 April 2022
	Move Ahead with Sustainability - Know Your Company's Carbon Footprint	7 April 2022
	Banking on Islamic Finance for a Sustainable Future	17 May 2022
	Roundtable Discussion on the International Sustainability Standards Board (ISSB) Exposure Drafts	14 June 2022
	Transfer Pricing on Intercompany Financing	13 July 2022
	Tax Investigation Webinar TIW22	29 July 2022
	Royal Institution of Surveyors Malaysia (RISM) Seminar on Valuation	5 August 2022
	Climate Governance: A Standing Item on Board Agenda	11 August 2022
	Anti-Bribery and Anti-Corruption	12 November 2022
	Sustainable Development Goals (SDGs) Investment Forum ASEAN 2022	23 November 2022
	Embedding Sustainability Practices and Compliance with the Listing Requirements and Report Writing for Sustainability Report	25 - 26 November 2022
Ir. Dr. Ng Kok Chiang	Environmental, Social, and Governance (ESG) Supply Chain Training	22 February 2023
	Building Information Modelling (BIM) in Construction Industry: Challenges, Lesson Learnt & Opportunities	24 April 2022
	Site Construction & Supervision of Piling Works	18 June 2022
	Consolidated Strategy on the Fourth Industrial Revolution for ASEAN	5 July 2022
	Gaining Competitive Advantage for Your Online Businesses through Artificial Intelligence (AI)	26 July 2022
	Asset Performance Management (APM) - The Issues, Concerns, Resistance and How to Overcome Them	25 August 2022
	Future Electrical Infrastructure to Cater for Electric Vehicle Charging System	26 September 2022
	Workshop on Introduction to Design of Mechanical Services for Building	26 November 2022

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

### II. BOARD COMPOSITION (Continued)

#### Directors' Trainings (Continued)

Below are the training programmes and seminars attended by the Directors during the FYE 2023 and up to the date of this statement:- (Continued)

Name of Director	Training Programmes/ Seminars	Date Attended
Nor Syahirah Binti Abu Baker	GST Rate Change	23 September 2022
	Mandatory Accreditation Programme	21 – 22 November 2022

#### Nomination Committee

The Nomination Committee ("NC") assists the Board in ensuring the continuity of an effective Board. The NC consists of wholly Independent Non-Executive Directors and its composition is as follows:-

Name of NC members	Designation	Directorship
Nor Syahirah Binti Abu Baker*	Chairman	Independent Non-Executive Director
Yap Koon Roy**	Chairman	Independent Non-Executive Chairman
Dr. Teh Chee Ghee	Member	Independent Non-Executive Director
Ir. Dr. Ng Kok Chiang	Member	Independent Non-Executive Director

\* Appointed as Independent Non-Executive Director on 03/10/2022.

\*\* Resigned as a chairman of the NC with effect from 03/10/2022.

The NC meets as and when necessary, but at least once a year. The key responsibilities of the Nomination Committee are to assist the Board among others, to assess the performance of Directors, as well as to evaluate and recommend suitable candidates for the Board. The NC ensures that the Board has an appropriate balance, size and the required mix of skills, experience and core competencies to govern the organization towards achieving its intended goals and objectives. The Terms of Reference of the NC is available on the Company's website at <https://www.acogroup.com.my/en/page/902/aco-group-holding-corporate-governance>.

#### Appointment to the Board

The Board delegates to the NC the responsibility of making recommendations on any potential candidate for the appointment as a new Director. The NC is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and that appointments are made on merits.

The process for the appointment of a new Director is summarised in the sequence as follows:-

1. The candidate identified upon the recommendation by the existing Directors, management, major shareholders, independent search firms and/or other independent sources;
2. In evaluating the suitability of candidates for appointment to the Board, the NC considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidates' independence;
3. Recommendation shall then be made by NC to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and
4. Decision to be made by the Board on the proposed new appointment, including appointment to the various Board Committees.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

### II. BOARD COMPOSITION (Continued)

#### Annual Assessment and Re-election of Directors

The Board through its NC, reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual Director. The Director who is subject to re-election and/or re-appointment at the next Annual General Meeting ("AGM") shall be assessed by the NC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment.

During the FYE 2023, the NC conducted the annual assessment of the Board and its Committees using a set of self-assessment questionnaires, completed by the Directors. From the performance assessment, it was concluded that the Board as a whole, Board Committees and individual Director have discharged their respective roles and responsibilities in a commendable manner.

### III. REMUNERATION

The Remuneration Committee ("RC") and its members are appointed by the Board and comprises exclusively of Independent Non-Executive Directors.

The RC consists of three (3) Independent Non-Executive Directors and its composition is as follows:-

Name of RC members	Designation	Directorship
Ir. Dr. Ng Kok Chiang	Chairman	Independent Non-Executive Director
Yap Koon Roy*	Member	Independent Non-Executive Chairman
Dr. Teh Chee Ghee	Member	Independent Non-Executive Director
Nor Syahirah Binti Abu Baker**	Member	Independent Non-Executive Director

\* Resigned as a member of the NC with effect from 03/10/2022.

\*\* Appointed as Independent Non-Executive Director on 03/10/2022.

The Terms of Reference of the RC is available on the Company's website at <https://www.acogroup.com.my/en/page/902/aco-group-holding-corporate-governance>.

The RC will review and assess the remuneration packages, reward structure and benefits applicable to the EDs and KSM on an annual basis and makes recommendations to the Board. The Board as a whole will determine the remuneration of the EDs and KSM with each individual Director abstaining from the deliberation and decision of their own remuneration. The RC may obtain independent advice in establishing the level of remuneration for the EDs and KSM.

The remuneration packages of EDs and KSM comprise a fixed salary and allowances as well as bonus approved by the Board whilst the remuneration of the Non-Executive Directors comprises annual fees, meeting allowance and reimbursement of expenses for their services in connection with Board and Board Committee meetings.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

### III. REMUNERATION (Continued)

The details of the remuneration and benefits paid/payable to the Directors on the Company and the Group basis for services rendered in all capacities for the FYE 2023 are tabulated as follows:-

#### The Company

	Fees RM'000	Salary RM'000	Bonus RM'000	Allowances RM'000	Statutory Contributions (EPF, SOCSO and EIS) RM'000	Benefits- in-kind RM'000	Total RM'000
<b>Executive Directors</b>							
Tang Pee Tee @ Tan Chang Kim	-	-	-	-	-	-	-
Tan Yushan	-	-	-	-	-	-	-
<b>Non-Executive Directors</b>							
Yap Koon Roy	60	-	-	4	-	-	64
Dr. Teh Chee Ghee	60	-	-	4	-	-	64
Ir. Dr. Ng Kok Chiang	48	-	-	4	-	-	52
Nor Syahirah Binti Abu Baker	12	-	-	2	-	-	14

#### The Group

	Fees <sup>(1)</sup> RM'000	Salary RM'000	Bonus RM'000	Allowances RM'000	Statutory Contributions (EPF, SOCSO and EIS) RM'000	Benefits- in-kind RM'000	Total RM'000
<b>Executive Directors</b>							
Tang Pee Tee @ Tan Chang Kim	-	280	60	3	12	-	355
Tan Yushan	-	240	60	53	49	15	417
<b>Non-Executive Directors</b>							
Yap Koon Roy	60	-	-	4	-	-	64
Dr. Teh Chee Ghee	60	-	-	4	-	-	64
Ir. Dr. Ng Kok Chiang	48	-	-	4	-	-	52
Nor Syahirah Binti Abu Baker	12	-	-	2	-	-	14

**Note:**

(1) Subject to shareholders' approval at the AGM of the Company.

The Directors who are also shareholders of the Company will abstain from voting at general meetings in respect of the resolutions pertaining to the approval of their own remuneration.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

### III. REMUNERATION (Continued)

#### Key Senior Management's Remuneration and Benefits

The aggregate remuneration and benefits paid to the KSM for services rendered to the Group in all capacities for the FYE 2023 is as follows:-

Remuneration Band	No. of KSM
RM 150,001 to RM 200,000	1
<b>Total</b>	<b>1</b>

Although the MCGG recommends full disclosure by the Company of the remuneration of its KSM on named basis, the Company is of the view that it is not in its best interest to disclose confidential details of remuneration due to the confidentiality and sensitive nature of such information. The Company does not intend to adopt the recommendation to disclose the detailed remuneration of each member of KSM in the bands of RM50,000 on a named basis.

In setting the remuneration packages for KSM, the Company keeps in mind the remuneration and employment conditions within the industry and in comparable companies. The level and structure of the KSM's remuneration is aligned with the Company's long-term interest and desire to attract, retain and motivate the right talent to achieve superior performance and continued growth and development of the Company.

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee ("ARMC") comprises three (3) members, all of whom are Independent Non-Executive Directors and its composition is as follows:-

Name of ARMC members	Designation	Directorship
Dr. Teh Chee Ghee	Chairman	Independent Non-Executive Director
Yap Koon Roy*	Member	Independent Non-Executive Chairman
Ir. Dr. Ng Kok Chiang	Member	Independent Non-Executive Director
Nor Syahirah Binti Abu Baker**	Member	Independent Non-Executive Director

\* Resigned as a member of the ARMC with effect from 03/10/2022.

\*\* Appointed as Independent Non-Executive Director on 03/10/2022.

The Board is responsible for ensuring that the quarterly and annual audited financial statements of the Company present a balanced and clear view and assessment of the Company's financial position, performance and prospects and in compliance with the applicable financial reporting standards.

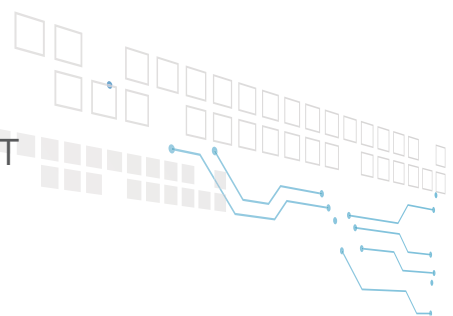
The ARMC assists the Board in reviewing the Group's financial reporting process and accuracy of its financial results and scrutinising information for disclosure to ensure reliability and compliance with the applicable financial reporting standards. The ARMC reviewed the unaudited quarterly financial reports and year-end financial statements of the Group prior to recommendation of the same to the Board for approval and submission to Bursa Securities.

The ARMC is chaired by an Independent Non-Executive Director who is distinct from the Chairman of the Board. All members of the ARMC are financially literate, with one (1) member of the ARMC is a member of the Malaysian Institute of Accountants ("MIA"). The ARMC has incorporated in its terms of reference a requirement for 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 ARMC.

The membership of the ARMC, meeting and attendance, summary of work of ARMC and the internal audit function are set out in the ARMC Report section of this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)



## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (Continued)

### I. AUDIT AND RISK MANAGEMENT COMMITTEE (Continued)

The functions and duties of the ARMC are set out in the Terms of Reference which is available on the Company's website at <https://www.acogroup.com.my/en/page/902/aco-group-holding-corporate-governance>.

#### Assessment of Suitability and Independence of External Auditors

The Board on its own and through the ARMC established a transparent and appropriate relationship with its external auditors. Regular and unrestricted communication exists between the ARMC and the external auditors.

The ARMC undertakes an annual assessment on the suitability, objectivity and independence of the external auditors. Having assessed their performance, the ARMC will recommend their re-appointment to the Board, upon which shareholders' approval will be sought at the AGM. The ARMC had obtained assurance from the external auditors, confirming that they are and have been, independent throughout the conduct of the audit engagement with the Company in accordance to the terms of relevant professional and regulatory requirements.

The Company has established an External Auditor's Assessment Policy which outlines the policies and procedures for the ARMC to govern the assessment and to monitor the external auditors. The said policy also sets out the process to assess the suitability, objectivity and independence of the external auditors. In addition, the audit partner is regulated by the MIA guidelines in which the audit partner is subject to a seven-year rotation to ensure independence of external auditors.

Further information on the ARMC is disclosed in the ARMC Report as contained in this Annual Report.

### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board regards risk management and internal control as an integral part of the overall management processes in the Group to safeguard shareholders' interests. The ARMC assists the Board in discharging its roles and responsibilities to oversee the effectiveness and adequacy of the risk management and internal control system of the Group.

To maintain total independence in the management of the Group's internal control environment and ensure compliance with the Listing Requirements, the internal audit function is outsourced to an independent professional service firm, GovernanceAdvisory.com Sdn Bhd ("GA"), and they are free from any relationships or conflict of interest that could impair their objectivity and independence.

GA reports directly to the ARMC and assists the ARMC in managing the risks and establishment of the internal control system and processes of the Group by providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control system and processes.

The Board has formalised a risk management and internal control framework to enable management to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an ongoing basis, including remedial measures to be taken to address the risks.

Further details pertaining to the review on the Group's internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control of this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

### I. COMMUNICATION WITH STAKEHOLDERS

The Board values the importance of the dissemination of information on major developments of the Group to the shareholders, potential investors and the general public in a timely and equitable manner and hence, a Corporate Disclosure Policy has been adopted.

This policy provides a framework for the Board and the management to communicate effectively with the Company's shareholders, investors, stakeholders, external parties and the general public.

The Board is committed to achieve timely and high-quality disclosure in accordance with the spirit, intention and purpose of the applicable regulatory requirements.

The Board has adopted the following measures with regard to communication with the Company's stakeholders:-

#### (i) Announcements to Bursa Securities

Material information, updates and periodic financial reports are published on a timely basis through announcements to Bursa Securities. Shareholders and investors can obtain the Company's latest announcements such as quarterly financial results and the distribution of annual reports and circulars in the website of Bursa Securities at [www.bursamalaysia.com](http://www.bursamalaysia.com).

#### (ii) Corporate Website

A corporate website at [www.acogroup.com.my](http://www.acogroup.com.my) is maintained and the said website contains timely and relevant information on the Group's activities, financial results, major strategic development and other matters affecting stakeholders' interests for the shareholders, potential investors, suppliers and the general public.

#### (iii) Annual Reports

The Company's Annual Reports to shareholders remain the central means of communicating to the shareholders, amongst others, the Company's operations, activities and performance for the past financial year end as well as the status of compliance with applicable rules and regulations.

#### (iv) AGMs

The AGM is the principal forum for dialogue and communication with shareholders. Shareholders are encouraged to attend the general meetings as it remains an interactive platform for shareholders to engage directly with the Directors. They are given sufficient time and opportunity to participate in the proceedings, raise possible concerns on the proposed resolutions and communicate on various aspects of the business. All Directors will attend and participate at the Group's general meetings to answer queries.

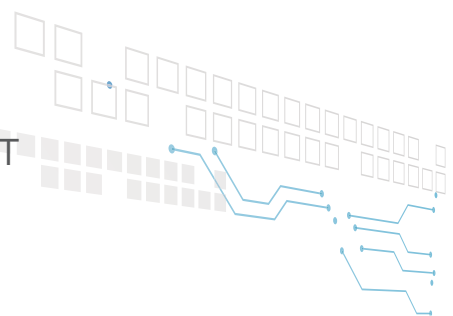
In the event where the AGM shall be held virtually, technology will be leveraged to facilitate effective and transparent communication and engagement with shareholders.

#### (v) Investor Relations

The Company's investor engagements initiatives are focused on maintaining transparent and strong relationships with the investing community. Shareholders and other interested parties are welcome to provide feedback and raise queries to the Company's Investor Relations representative, whose contact details are available on the Company's website, under the "Investor Relations" section.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)



## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS (Continued)

### II. CONDUCT OF GENERAL MEETINGS

The AGM is the principal forum for dialogue and interaction with shareholders. The forthcoming AGM will be the fourth AGM of the Company.

The Company convened a virtual AGM last year and has adopted online remote voting for the conduct of poll on all resolutions. The Notice of AGM and related circular/statement to shareholders were issued at least 28 days before the AGM in order to provide sufficient time for shareholders to understand and evaluate the subject matter. The shareholders were briefed on the voting procedures by the poll administrator prior to the poll voting and an independent scrutineer was appointed to validate the votes cast. Shareholders who are unable to attend the AGM are advised to appoint proxies to virtually attend and vote on their behalf.

The outcome of the third AGM was announced to Bursa Securities on the same day. A summary of key matters discussed at the AGM is made accessible through the Company's website at <https://www.acogroup.com.my/en/page/951304/acogroup-holding-shareholdermeeting>.

### STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has deliberated this statement. Pursuant to Rule 15.25 of the Listing Requirements, the Board considers and is satisfied that to the best of its knowledge, the Company has fulfilled its obligations in accordance with the applicable laws and regulations throughout the FYE 2023. Save as disclosed in our Corporate Governance Report for the FYE 2023, which is available on our Company's website [www.acogroup.com.my](http://www.acogroup.com.my), the Company has applied and adopted the main practices of the MCCG.

This CG Overview Statement was approved by the Board on 24 May 2023.



## ADDITIONAL COMPLIANCE INFORMATION

### 1. UTILISATION OF PROCEEDS RAISED FROM THE LISTING EXERCISE

The Company was listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 18 March 2020 ("Listing"). In conjunction with the Listing, the Company undertook a public issue of 58,000,000 new ordinary shares at an issue price of RM0.28 per share, raising gross proceeds of RM16,240,000 ("IPO Proceeds").

The IPO Proceeds have been fully utilised as at 30 November 2022 in the following manner:

Purposes	Revised Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Estimated timeframe for use of proceeds from the listing date
Setting up of new sales outlets and lighting concept store	1,000	(1,000)	-	Within 36 months
Setting up works for the new property	2,500	(2,500)	-	Within 30 months
Purchasing of new trucks and upgrading of IT system	1,000	(1,000)	-	Within 36 months
Working capital	8,440	(8,440)	-	Within 36 months
Estimated listing expenses	3,300	(3,300)	-	Within 3 months
<b>Total</b>	<b>16,240</b>	<b>(16,240)</b>	<b>-</b>	

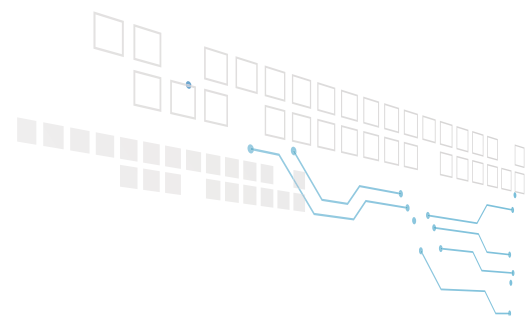
The utilisation of proceeds as disclosed above should be read together with the prospectus of the Company dated 27 February 2020, the Company's announcements dated 28 October 2020, 20 May 2021, 8 March 2022 and 1 June 2022 as well as the circular issued by the Company dated 29 June 2022 pertaining to the variation of proceeds and extension of time for the use of proceeds, respectively.

### 2. UTILISATION OF PROCEEDS RAISED FROM THE PRIVATE PLACEMENT

On 17 September 2020, the Company proposed to undertake a private placement of up to 56,500,000 new ordinary shares ("Placement Shares"), representing approximately 18.83% of its existing total number of issued shares ("Private Placement").

A total of nine tranches comprising 43,871,300 Placement Shares had been issued pursuant to the Private Placement. The total fund raised is approximately RM14.604 million. The Private Placement has been completed on 31 December 2021.

## ADDITIONAL COMPLIANCE INFORMATION (Cont'd)



### 2. UTILISATION OF PROCEEDS RAISED FROM THE PRIVATE PLACEMENT (continued)

The status of utilisation of proceeds based on funds raised from the Private Placement as at 28 February 2023 is as follows:-

Purposes	Proposed Utilisation (Based on Announcement made on 17 September 2020) RM'000	Revised Utilisation (Pursuant to the completion of the Private Placement) RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Estimated time frame for utilisation (from the date of listing of the Placement Shares)
Acquisition of Focus Electrical	5,145	5,145	(2,030)	3,115	Within 30 months
Capital injection in Focus Electrical	6,370	6,370	(6,370)	-	Within 12 months
Repayment of bank borrowings	2,435	-	-	-	Not applicable
Investment in new business	5,000	-	-	-	Not applicable
Working capital	3,000	2,439	(2,439)	-	Within 12 months
Estimated expenses in relation to the proposals	650	650	(650)	-	Upon completion of the proposals
<b>Total</b>	<b>22,600</b>	<b>14,604</b>	<b>(11,489)</b>	<b>3,115</b>	

The utilisation of the proceeds as disclosed above should be read together with the announcement made by the Company dated 17 September 2020 in relation to the Private Placement, as well as the Company's announcement dated 31 December 2021 pertaining to the completion of the Private Placement.

### 3. AUDIT AND NON-AUDIT FEES

The fees payable to the external auditors, RSM Malaysia in relation to the audit and non-audit services rendered to the Company and its subsidiaries for the financial year ended 28 February 2023 are as follows:

	Company RM '000	Group RM '000
Audit fees	30	125
Non-audit fees	5	5
	<b>35</b>	<b>130</b>

### 4. MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE AND MAJOR SHAREHOLDERS' INTEREST

Save as disclosed in the audited financial statements for the year ended 28 February 2023, there were no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by the Company and its subsidiaries involving the interest of the directors, chief executive or major shareholders, either still subsisting at the end of the financial year ended 28 February 2023 or entered into since the end of the previous period.

### 5. RECURRENT RELATED PARTY TRANSACTIONS

There were no recurrent related party transactions entered by the Company and its subsidiaries during the financial year ended 28 February 2023.

### 6. EMPLOYEES SHARE SCHEME

The Company did not issue any Employees Share Scheme during the financial year ended 28 February 2023.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

### INTRODUCTION

The Audit and Risk Management Committee (“ARMC”) was established by the Board of Directors (“the Board”) of ACO Group Berhad (“ACO” or “the Company”) on 22 August 2019 to assist the Board to carry out its responsibilities. The ARMC is guided by its Terms of Reference (“TOR”) which sets out the authority, functions and duties of the ARMC. The TOR of the ARMC is available for reference at the Company’s website at <https://www.acogroup.com.my/en/page/902/aco-group-holding-corporate-governance>.

The ARMC is pleased to present its report for the financial year ended 28 February 2023 (“FYE 2023”) (“ARMC Report”).

### COMPOSITION

The ARMC consists of three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the ARMC is a member of the Malaysian Institute of Accountants (“MIA”). These meet the requirements of Rule 15.09(1)(c)(i) of the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and Practice 9.4 under Principle B of the Malaysian Code on Corporate Governance 2021 (“MCCG”).

The Chairman of the ARMC is not the Chairman of the Board. This is in line with Practice 9.1 under the MCCG.

The composition of the ARMC is as follows:

Name of ARMC members	Designation	Directorship
Dr. Teh Chee Ghee	Chairman	Independent Non-Executive Director
Yap Koon Roy*	Member	Independent Non-Executive Chairman
Ir. Dr. Ng Kok Chiang	Member	Independent Non-Executive Director
Nor Syahirah Binti Abu Baker**	Member	Independent Non-Executive Director

\* Resigned as a member of the ARMC with effect from 03/10/2022.

\*\* Appointed as Independent Non-Executive Director on 03/10/2022.

### ATTENDANCE OF MEETINGS

The Audit Committee met five (5) times during the FYE 2023. The attendance details of the members at these meetings are as follows:-

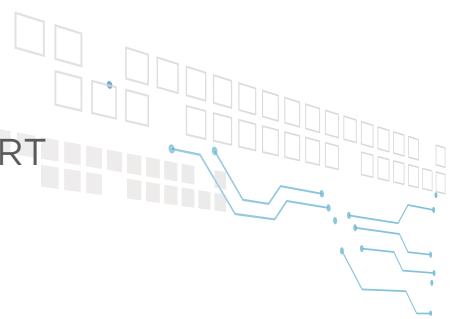
Name of ARMC members	Attendance
Dr. Teh Chee Ghee	5/5
Yap Koon Roy	3/3
Ir. Dr. Ng Kok Chiang	5/5
Nor Syahirah Binti Abu Baker	2/2

The relevant management members, representative(s) of the internal and/or external auditors were invited to brief the ARMC on specific issues arising from the audit reports or on any matters of specific interest.

Minutes of each ARMC meeting were recorded and tabled for confirmation at the following ARMC meeting and subsequently presented to the Board for notation.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(Cont'd)



## SUMMARY OF ACTIVITIES OF ARMC

The summary of activities carried out by ARMC for financial year/period under review and up to date of approval of this statement by the Board is as follows:-

### Financial Reporting

Reviewed the quarterly results and the annual audited financial statements of the Group and of the Company for the FYE 2023 before recommending to the Board for their approval, focusing particularly on:-

- any changes in, or implementation of, major accounting policies and practices;
- any significant adjustments arising from the audit;
- any major judgmental areas, significant and unusual events;
- the going concern assumptions; and
- compliance with accounting standards and other legal requirements.

### External Audit

- Reviewed with the external auditors on their audit review memorandum on the statutory audit of the Group's for the FYE 2023;
- Reviewed and discussed with the external auditors on audit report of the financial statements and key audit matters for the FYE 2023;
- Conducted private meetings with the external auditors, without the presence of the management; and
- Evaluated the performance of the external auditors for the FYE 2023 covering areas such as quality, audit team resources and experience, audit scope, audit communication, audit governance and independence of the audit team and thereafter considered and make recommendation on the re-appointment of the external auditors.

### Internal Audit

- Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function to ensure its effectiveness and efficiency;
- Reviewed and approved the Internal Audit Plan for the FYE 2023 to ensure high-risk areas and key processes were adequately identified and covered in the audit plan; and
- Reviewed the internal audit reports and considered the major findings and management's responses on each of the issues arising from the internal audit as to improve and enhance the systems of internal control of the Group.

### Risk Management and Internal Control

- Reviewed the risk management and internal control framework to ensure it is adequate and effective in safeguarding shareholder's investments and the assets of the Company.
- Reviewed the key risks identified to determine the adequacy of actions taken to address and mitigate the risks, which includes overall risk profile, changes and updates on the number of key risks, ascertain new risks and the corresponding mitigating actions.

Further details on risk management is reported separately under the Statement of Risk Management and Internal Control in this Annual Report.

### Others

- Reported to and updated the Board on significant issues and concerns discussed during the ARMC meetings and where appropriate, made the necessary recommendation to the Board;
- Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to their inclusion in the Annual Report; and
- Conducted a self-assessment exercise to evaluate their own effectiveness in discharging duties and responsibilities for the FYE 2023.



## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

### INTERNAL AUDIT FUNCTION

The internal audit function of the Group is assumed by the internal auditors to assist the ARMC in discharging its duties and responsibilities. The role of internal auditors is to provide the ARMC with independent assessment for an adequate, efficient and effective Internal Control System to ensure compliance with policies and procedures. The internal audit function is also involved in the facilitation of risk management and risk evaluation, as well as recommendation of control activities to manage such identified risks.

The internal auditors report directly to the ARMC. The primary responsibility of the internal auditors is to assist the Board and the ARMC in reviewing and assessing management systems of internal control and procedures. The ARMC reviews and approves the internal audit engagement and fees to ensure the independence and objectivity of the internal auditors. The Group appointed GovernanceAdvisory.com Sdn Bhd ("GA") as its outsourced internal auditors to carry out the internal audit on the Group.

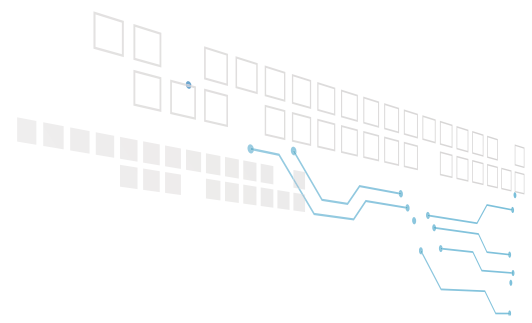
During the financial year/period under review and up to date of approval of this statement by the Board, the internal audit plan for the Group was presented to the ARMC by GA for discussion and approval.

The total cost incurred for the outsourced internal audit function of the Group for the FYE 2023 was RM28,000.00 (2022: RM28,000.00), excluding risk management cost.

This ARMC Report is made in accordance with the resolution of the Board of Directors dated 24 May 2023.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



### INTRODUCTION

The Board of Directors (“the Board”) of ACO Group Berhad (“ACO” or “the Company”) is pleased to present its Statement on Risk Management and Internal Control (“Statement”) of the Company and its subsidiaries (“the Group”) for the financial year ended 28 February 2023 (“FYE2023”), which has been prepared pursuant to Rule 15.26(b) of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers by Bursa Malaysia Berhad (“the Guidelines”).

### BOARD’S RESPONSIBILITIES

The Board acknowledges its overall responsibility in maintaining a sound framework of risk management and internal control system which is fundamental for good corporate governance. The Board is committed to ensuring the risk management and internal control framework is embedded into the culture, processes and structures of the Company.

The system of risk management and internal control covers not only financial controls but operational, risk management and compliance with all relevant regulations as well. In view of the limitations inherent in any system of risk management and internal control, the systems are designed to manage and control, rather than eliminate the risk of failure to achieve the Group’s objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement, fraud or loss or the occurrence of unforeseeable circumstances.

The Audit and Risk Management Committee (“ARMC”) assists the Board to review the adequacy and effectiveness of the risk management and internal control systems. The process is reviewed by the Board and the ARMC periodically or as and when required.

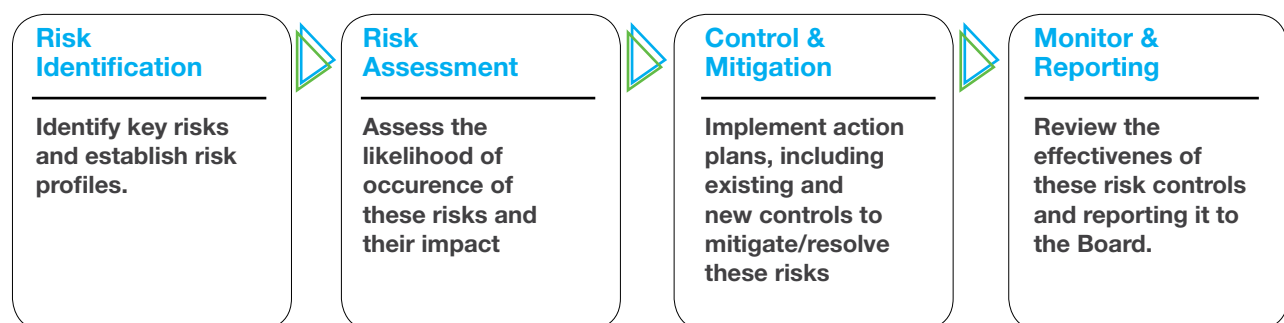
### MANAGEMENT’S RESPONSIBILITIES

Management assists the Board in the implementation of the Board’s policies and procedures on risk and control by identifying, evaluating, monitoring, reporting and taking appropriate and timely corrective actions to mitigate the risks faced by the Group. Management is also expected to provide assurance to the Board that the risk management and internal control systems are operating adequately and effectively based on the risk management framework and internal control framework adopted by the Company.

### RISK MANAGEMENT FRAMEWORK

The Board recognises that effective risk management is critical for the Group’s sustainability and the enhancement of shareholders’ value. Thus, it should be extensively applied in all decision-making and strategic planning.

The risk management process adopted by the Group are as follows: -



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

The management team is responsible for managing risks related to their functions or departments. The ARMC relies on the management team to support in terms of:

- managing inherent risk of business processes under the risk owner's control;
- identifying and evaluating risks using a risk matrix rating which takes into consideration the likelihood of these risks occurring and the impact on the Group if such risks occur;
- executing risk control measures;
- reporting significant risk to the ARMC and the Board at scheduled meetings in a proactive, responsible and accountable manner; and
- providing oversight on the establishment, implementation and review of the effectiveness of the risk management framework and internal control systems of the Group to the ARMC and the Board.

Management meetings and/or discussions are held to ensure that the risks faced by the Group are monitored and properly addressed. It is at these meetings that key risks and corresponding controls implemented are deliberated, reviewed, communicated and agreed upon.

This risk management process has been in place for the financial year under review and up to the date of approval of this Statement by the Board.

### INTERNAL CONTROL SYSTEM

The Group has incorporated various key elements into its system of internal control, among which include:

#### Limits of Authority

A documented delegation of authority that sets out decisions that need to be taken and the appropriate levels of management involved including matters that require the Board's approval.

#### Policies and Procedures

Documented internal policies and procedures are in place to ensure compliance with internal controls and the relevant rules and regulations. These are reviewed regularly to ensure that any gap identified is addressed and where required, revised to meet the business condition.

#### Whistle-Blowing

A Whistle-blowing policy is established to provide an avenue for employees to report any breach or suspected breach of any law or regulation in a safe and confidential manner.

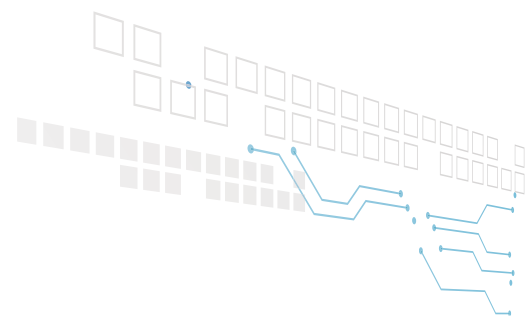
#### Anti-Bribery Policy

An Anti-Bribery Management System Policy is established. The policy calls for commitment from all stakeholders to uphold the highest standards of ethical conduct, integrity and accountability in our business activities and operations.

#### Internal Audit Function

The Internal Audit function reports directly to the ARMC. Findings are communicated to the management and the ARMC with recommendations for improvements and follow-up to ensure all agreed recommendations are implemented. The Internal Audit plan is reviewed and approved by the ARMC.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)



The Board appointed an external independent professional consulting firm as internal auditors and risk management consultants of the Company, which reports directly to the ARMC on a regular basis. Their primary responsibility is to provide independent and objective assurance in assisting the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness and efficiency of risk management, control and governance.

The outsourced internal audit function is free from any relationship or conflict of interest which could impair their objectivity and independence. The outsourced internal audit function possesses the relevant experience, knowledge, competency and authority to discharge its functions effectively, obtained sufficient resources and has unrestricted access to employees and information for the internal audit activity.

The risk-based internal audit plan in respect of FYE2023 was proposed by the outsourced internal audit function after taking into consideration the existing and emergent key business risks identified by the management. The audit plan was reviewed and approved by the ARMC prior to execution. Each internal audit cycle is specific with regard to audit scopes and objectives to be assessed.

Any high-impact audit findings with regard to risk, control and governance coupled with recommendations for further improvement will be escalated to the attention and scrutiny of the management team and subsequently tabled to the ARMC. Follow-up reviews are conducted to ensure proper and effective remedial actions are taken to address the control gaps highlighted.

The professional fee incurred by the Group for internal audit review during FYE2023 amounted to RM28,000.00.

### ASSURANCE

The Board has received assurances from the Group Managing Director and Executive Directors that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects during FYE2023. There are no significant areas of concern that may affect the financial, operational and compliance controls.

### REVIEW OF STATEMENT ON INTERNAL CONTROL BY EXTERNAL AUDITORS

As required by Rule 15.23 of the AMLR, the external auditors have reviewed this Statement. The review of the Statement by the external auditors is guided by the Audit and Assurance Practice Guide 3 ("AAPG3") issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, 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, nor is the Statement factually inaccurate. AAPG3 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 Company's risk management and internal control system including the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

### CONCLUSION

The Board is of the view that the Group's risk management and internal control system for FYE2023 and up to the date of approval of this Statement, is adequate and effective to safeguard the shareholders' investments and the Group's assets.

This Statement is made in accordance with the resolution of the Board of Directors dated 12 June 2023.



## DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("CA") to prepare the financial statements for each financial year which have been made out in accordance with the applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of the CA in Malaysia.

The Directors are responsible to ensure that the financial statements 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/period, and of the results and cash flows of the Group and of the Company for the financial year/period.

In preparing the financial statements, the Directors have:-

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company maintain proper accounting records that disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the CA.

The Directors are responsible for taking such steps as are reasonably available to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.



# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 28 February 2023.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and activities of head offices, whilst the principal activities of its subsidiaries are as stated in Note 9 to the financial statements.

### RESULTS

	Group RM	Company RM
Profit for the financial year	5,741,157	1,025,588

In the opinion of the directors, the financial results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

### DIVIDEND

A single-tier interim dividend of 0.20 sen per ordinary share amounting to RM694,743 was declared on 28 July 2022 and paid on 30 August 2022, in respect of the financial year ended 28 February 2023.

The directors do not recommend any final dividend in respect of the financial year ended 28 February 2023.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than those disclosed in the financial statements.

### ISSUE OF SHARES AND DEBENTURES

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

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

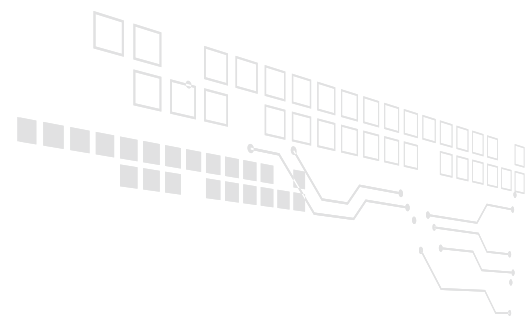
### DIRECTORS OF THE COMPANY

The directors of the Company who held office during the financial year until the date of this report are:

Yap Koon Roy	
Tang Pee Tee @ Tan Chang Kim	
Tan Yushan	
Dr. Teh Chee Ghee	
Ir. Dr. Ng Kok Chiang	
Nor Syahirah Binti Abu Baker	(Appointed on 3 October 2022)
Chai Poh Choo	(Retired on 28 July 2022)

## DIRECTORS' REPORT

(Cont'd)



### DIRECTORS OF SUBSIDIARIES

The directors of the Company's subsidiaries who held office during the financial year until the date of this report, excluding those who are already listed above are:

Jin Siew Yen  
 Gan Bee Hong  
 Goh Bee Tin  
 Woo Yoong Eng (Retired on 30 August 2022)

### DIRECTORS' INTERESTS

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 28 February 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 were as follows:

	At 1.3.2022	Number of ordinary shares		At 28.02.2023
		Addition	(Disposed)	
<b>THE COMPANY</b>				
<b>Direct interest</b>				
Dr. Teh Chee Ghee	200,000	-	-	200,000
Ir. Dr. Ng Kok Chiang	688,000	400,000	-	1,088,000
Yap Koon Roy	200,000	-	-	200,000
<b>Deemed interest</b>				
Tang Pee Tee @ Tan Chang Kim	210,470,000*	-	-	210,470,000
Tan Yushan	210,470,000**	-	-	210,470,000
<b>HOLDING COMPANY</b>				
Kompas Realty Sdn. Bhd.				
<b>Direct interest</b>				
Tang Pee Tee @ Tan Chang Kim	400,000	-	-	400,000
Tan Yushan	50,000	-	-	50,000

\* Deemed interest by virtue of his direct interest in Kompas Realty Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 and shares held by his spouse and son, pursuant to Section 59(11)(c) of the Companies Act 2016.

\*\* Deemed interest by virtue of his direct interest in Kompas Realty Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 and shares held by his parents, pursuant to Section 59(11)(c) of the Companies Act 2016.

By virtue of Tang Pee Tee @ Tan Chang Kim and Tan Yushan's deemed interest in the Company, they are also deemed to have an interest in the shares of all subsidiaries of the Company to the extent that the Company has an interest pursuant to Section 8(4) of the Companies Act 2016.

## DIRECTORS' REPORT (Cont'd)

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the notes to the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which a director is a member or with a company in which the director has a substantial financial interest.

During and at the end of the financial year, the Company was not a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

### DIRECTORS' REMUNERATION

The amount of remunerations of the directors or past directors of the Company comprising remunerations received/receivable from the Group and the Company during the financial year are as follows:

	Group RM	Company RM
<b>Directors' remuneration</b>		
Directors' fees	180,500	180,500
Directors' salaries, allowances, incentives and bonuses	982,819	13,750
Directors' defined contribution plans	81,499	-
Directors' other emoluments	3,791	-
	1,248,609	194,250

### INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

The total amount of insurance premium paid for the directors and officers of the Group and the Company is as follows:

	Group RM	Company RM
Directors and officers	7,642	7,642

No indemnities have been given or insurance premiums paid for the auditors of the Group and the Company.

### HOLDING COMPANY

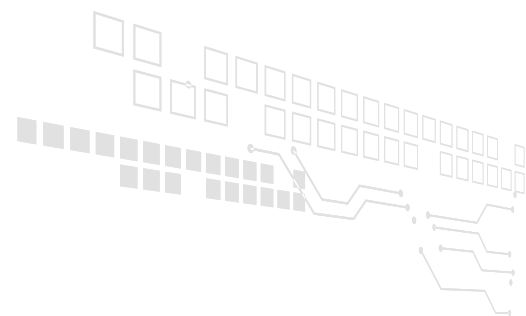
The directors of the Company regard Kompas Realty Sdn. Bhd., a company incorporated in Malaysia, as the holding company.

### SUBSIDIARY COMPANIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

## DIRECTORS' REPORT

(Cont'd)



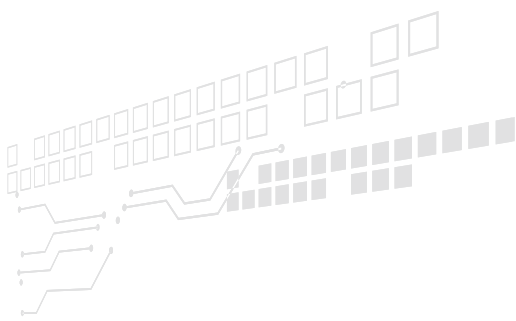
### AUDITORS' REMUNERATION

The amount paid to or receivable by the auditors as remuneration for their services as auditors is as follows:

	Group RM	Company RM
Auditors' remuneration		
- statutory audit	125,000	30,000
- other services	5,000	5,000
	130,000	35,000

### OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that the 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.
- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts and the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
  - (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the Group's and the Company's financial statements misleading.
- (c) At the date of this report, there does not exist:
- (i) 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 liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the directors:
- (i) 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 will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the results of the operations of the Group and of the Company for the current financial year.



## DIRECTORS' REPORT (Cont'd)

### AUDITORS

The auditors, RSM 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 directors:

**TANG PEE TEE @ TAN CHANG KIM**

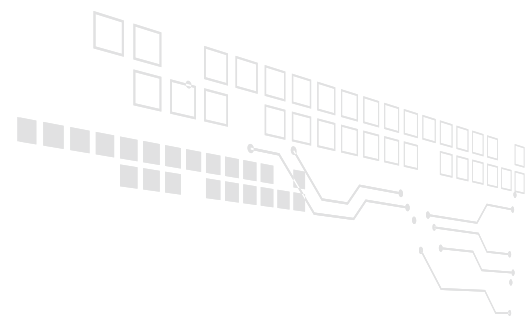
**TAN YUSHAN**

Kuala Lumpur



# STATEMENTS OF FINANCIAL POSITION

## AS AT 28 FEBRUARY 2023



		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	6	18,654,467	19,880,515	-	-
Right-of-use assets	7	14,159,910	14,908,514	-	-
Investment properties	8	4,600,000	4,600,000	-	-
Investment in a subsidiary	9	-	-	35,320,350	35,320,350
Investment in an associate	10	12,336,386	10,072,800	-	-
Other investment	11	1,017,010	1,017,010	-	-
Deferred tax assets	12	44,000	10,046	-	-
		50,811,773	50,488,885	35,320,350	35,320,350
<b>CURRENT ASSETS</b>					
Inventories	13	46,391,513	42,007,159	-	-
Trade and other receivables	14	29,527,723	34,127,349	30,153,905	26,795,905
Prepayments	15	419,950	345,363	26,051	33,499
Current tax assets		292,275	87,484	-	-
Cash and cash equivalents	16	21,095,088	23,782,825	2,998,723	6,079,326
		97,726,549	100,350,180	33,178,679	32,908,730
<b>TOTAL ASSETS</b>		148,538,322	150,839,065	68,499,029	68,229,080
<b>EQUITY AND LIABILITIES</b>					
Share capital	17	67,621,502	67,621,502	67,621,502	67,621,502
Reorganisation reserve	18	(27,860,647)	(27,860,647)	-	-
Retained earnings		49,702,478	44,656,064	785,583	454,738
<b>TOTAL EQUITY</b>		89,463,333	84,416,919	68,407,085	68,076,240
<b>NON-CURRENT LIABILITIES</b>					
Loans and borrowings	19	13,793,301	14,736,117	-	-
Lease liabilities	20	98,921	77,496	-	-
Deferred tax liabilities	12	666,000	403,790	-	-
		14,558,222	15,217,403	-	-
<b>CURRENT LIABILITIES</b>					
Loans and borrowings	19	11,573,301	12,707,065	-	-
Lease liabilities	20	190,591	179,549	-	-
Trade and other payables	21	32,573,360	38,092,777	72,122	120,858
Current tax liabilities		179,515	225,352	19,822	31,982
		44,516,767	51,204,743	91,944	152,840
<b>TOTAL LIABILITIES</b>		59,074,989	66,422,146	91,944	152,840
<b>TOTAL EQUITY AND LIABILITIES</b>		148,538,322	150,839,065	68,499,029	68,229,080

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

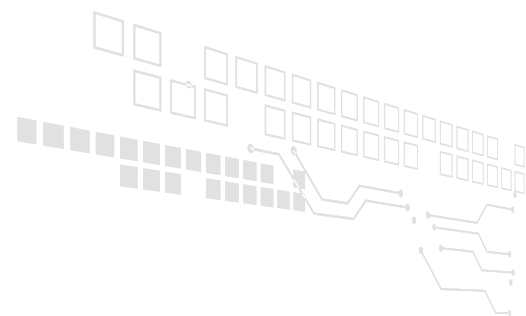
## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

		2023 RM	Group 2022 RM	2023 RM	Company 2022 RM
	Note				
<b>REVENUE</b>	22	132,507,599	124,930,052	1,658,000	278,000
<b>COST OF SALES</b>		(113,844,405)	(105,017,059)	-	-
<b>GROSS PROFIT</b>		18,663,194	19,912,993	1,658,000	278,000
<b>OTHER INCOME</b>		1,773,656	862,557	88,805	152,470
<b>ADMINISTRATIVE EXPENSES</b>		(14,450,588)	(12,871,962)	(673,269)	(693,639)
<b>OPERATING PROFIT/(LOSS)</b>		5,986,262	7,903,588	1,073,536	(263,169)
<b>FINANCE COSTS</b>	23	(734,268)	(891,483)	-	-
<b>SHARE OF RESULTS OF ASSOCIATE</b>		2,263,586	2,004,026	-	-
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	24	7,515,580	9,016,131	1,073,536	(263,169)
<b>TAXATION</b>	25	(1,774,423)	(1,952,896)	(47,948)	(77,070)
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR</b>		5,741,157	7,063,235	1,025,588	(340,239)
<b>PROFIT/(LOSS) ATTRIBUTABLE TO:</b>					
Owners of the Company		5,741,157	7,063,235	1,025,588	(340,239)
Non-controlling interests		-	-	-	-
		5,741,157	7,063,235	1,025,588	(340,239)
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:</b>					
Owners of the Company		5,741,157	7,063,235	1,025,588	(340,239)
Non-controlling interests		-	-	-	-
		5,741,157	7,063,235	1,025,588	(340,239)
<b>EARNINGS PER SHARE (RM)</b>					
- Basic and diluted	27	0.02	0.02		

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

## STATEMENTS OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023



		Attributable to owners of the Company			
		Non-distributable Share capital RM	Reorganisation reserve RM	Distributable Retained earnings RM	Total equity RM
	Note				
Group					
At 1 March 2021		62,909,338	(27,860,647)	37,592,829	72,641,520
Profit for the financial year, representing total comprehensive income for the financial year		-	-	7,063,235	7,063,235
Transactions with owners of the Company					
- Issue of shares	17	4,848,492	-	-	4,848,492
- Share issuance expenses	17	(136,328)	-	-	(136,328)
		4,712,164	-	-	4,712,164
At 28 February 2022/1 March 2022		67,621,502	(27,860,647)	44,656,064	84,416,919
Profit for the financial year, representing total comprehensive income for the financial year		-	-	5,741,157	5,741,157
Transactions with owners of the Company					
- Dividend	28	-	-	(694,743)	(694,743)
At 28 February 2023		67,621,502	(27,860,647)	49,702,478	89,463,333

# STATEMENTS OF CHANGES IN EQUITY

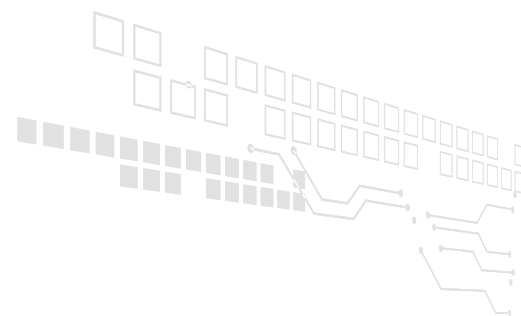
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023 (Cont'd)

		Attributable to owners of the Company		
		Non-distributable	Distributable	
		Share	Retained	
	Note	capital	Earnings	Total
		RM	RM	RM
Company				
At 1 March 2021		62,909,338	794,977	63,704,315
Loss for the financial year, representing total comprehensive expenses for the financial year		-	(340,239)	(340,239)
Transactions with owners of the Company				
- Issue of shares	17	4,848,492	-	4,848,492
- Share issuance expenses	17	(136,328)	-	(136,328)
		4,712,164	-	4,712,164
At 28 February 2022/1 March 2022		67,621,502	454,738	68,076,240
Profit for the financial year, representing total comprehensive income for the financial year		-	1,025,588	1,025,588
Transactions with owners of the Company				
- Dividend	28	-	(694,743)	(694,743)
At 28 February 2023		67,621,502	785,583	68,407,085

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023



			Group		Company
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(Loss) before taxation		7,515,580	9,016,131	1,073,536	(263,169)
Adjustments for:					
Bad debts recovered	24	(7,700)	(4,211)	-	-
Bad debts written off	24	-	5,425	-	-
Depreciation of property, plant and equipment	6	1,415,667	1,065,392	-	-
Depreciation of right-of-use assets	7	815,673	939,461	-	-
Impairment losses on trade receivables	31	51,886	79,554	-	-
Interest expenses	23	734,268	891,483	-	-
Interest income	24	(231,370)	(271,430)	(88,805)	(152,470)
Gain on disposal of property, plant and equipment	24	(1,026,670)	-	-	-
Property, plant and equipment written off	24	331	28,505	-	-
Reversal of impairment losses on trade receivables	31	(233,836)	(302,476)	-	-
Share of results of associate	10	(2,263,586)	(2,004,026)	-	-
<b>Operating profit/(loss) before working capital changes</b>		<b>6,770,243</b>	<b>9,443,808</b>	<b>984,731</b>	<b>(415,639)</b>
Increase in inventories		(4,384,354)	(3,137,873)	-	-
Decrease/(Increase) in trade and other receivables		4,789,276	2,145,579	(3,358,000)	(9,351,339)
(Increase)/Decrease in prepayments		(74,587)	69,329	7,448	(33,499)
(Decrease)/Increase in trade and other payables		(5,519,417)	927,609	(48,736)	38,341
<b>Cash generated from/(used in) operating activities</b>		<b>1,581,161</b>	<b>9,448,452</b>	<b>(2,414,557)</b>	<b>(9,762,136)</b>
Income tax paid		(1,796,795)	(2,739,451)	(60,108)	(45,088)
Interest paid		(3,078)	(6,872)	-	-
Interest received		231,370	271,430	88,805	152,470
<b>Net cash generated from/(used in) operating activities</b>		<b>12,658</b>	<b>6,973,559</b>	<b>(2,385,860)</b>	<b>(9,654,754)</b>



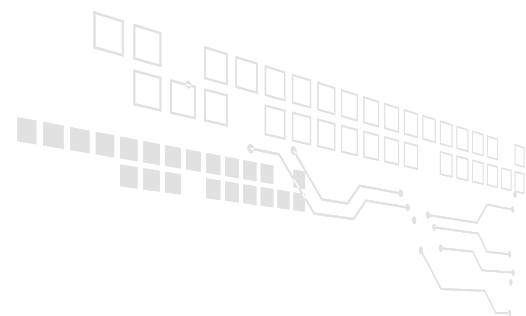
# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023 (Cont'd)

		2023 RM	Group 2022 RM	2023 RM	Company 2022 RM
Note					
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment in an associate	(a)	-	(36,669)	-	-
Proceeds from disposal of property, plant and equipment		2,957,638	2,340	-	-
Purchase of property, plant and equipment		(1,937,681)	(3,388,259)	-	-
Purchase of right-of-use assets	(b)	-	(2,248,108)	-	-
Other investment	(c)	-	(1,017,010)	-	-
Change in pledged deposits		(333,000)	(55,500)	-	-
<b>Net cash generated from/(used in) investing activities</b>		686,957	(6,743,206)	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividend paid to owners of the Company	28	(694,743)	-	(694,743)	-
Proceeds from issuance of ordinary shares		-	4,712,164	-	4,712,164
Proceed from term loan		-	400,000	-	-
Repayment of term loans		(794,273)	(1,552,944)	-	-
Repayment of finance lease liabilities		(200,599)	(321,960)	-	-
Proceeds from bankers' acceptances		9,779,000	7,975,000	-	-
Repayment of bankers' acceptances		(8,896,000)	(9,048,000)	-	-
Proceeds from trust receipts		27,472,455	32,438,696	-	-
Repayment of trust receipts		(29,437,163)	(34,807,910)	-	-
Payment of lease liabilities		(217,839)	(233,360)	-	-
Interest paid		(731,190)	(884,611)	-	-
<b>Net cash (used in)/generated from financing activities</b>		(3,720,352)	(1,322,925)	(694,743)	4,712,164
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(3,020,737)	(1,092,572)	(3,080,603)	(4,942,590)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>		22,707,325	23,799,897	6,079,326	11,021,916
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	(d)	19,686,588	22,707,325	2,998,723	6,079,326

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023 (Cont'd)



## NOTES TO STATEMENTS OF CASH FLOWS

			Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM	
(a) Investment in an associate						
Investment in an associate	10	-	36,669	-	-	
Net cash paid to associate		-	36,669	-	-	
(b) Purchase of right-of-use assets						
Addition of right-of-use assets	7	411,601	11,309,920	-	-	
Financed by way of term loan		-	(9,052,500)	-	-	
Financed by way of lease arrangements		(411,601)	(9,312)	-	-	
Cash payments on purchase of right-of-use assets		-	2,248,108	-	-	
(c) Other investment						
Addition	11	-	1,017,010	-	-	
Net cash paid		-	1,017,010	-	-	
(d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:						
Short-term deposits	16	1,526,070	1,174,629	-	-	
Less: Pledged deposits		(1,408,500)	(1,075,500)	-	-	
		117,570	99,129	-	-	
Cash and bank balances	16	19,569,018	22,608,196	2,998,723	6,079,326	
		19,686,588	22,707,325	2,998,723	6,079,326	
(e) Cash outflows for leases as a lessee						
Included in net cash from operating activities:						
Payment relating to leases of low-value assets		62,041	41,024	-	-	
Included in net cash from financing activities:						
Interest paid in relation to finance lease liabilities		19,599	32,259	-	-	
Interest paid in relation to lease liabilities		20,861	28,239	-	-	
Payment of finance lease liabilities		200,599	321,960	-	-	
Payment of lease liabilities		217,839	233,360	-	-	
Total cash outflows for leases		520,939	656,842	-	-	

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023 (Cont'd)

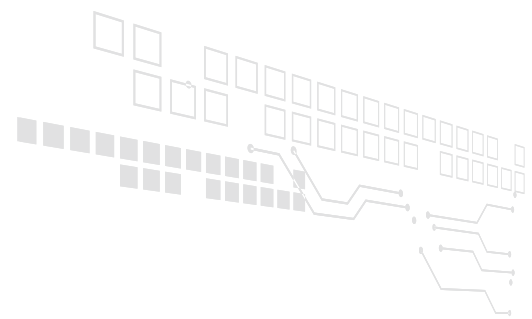
## NOTES TO STATEMENTS OF CASH FLOWS (Continued)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
(f) Reconciliation of liabilities arising from financing activities:					
Balance at 1 March					
Lease liabilities		257,045	481,093	-	-
Loans and borrowings		27,443,182	24,196,019	-	-
<i>Cash flows:</i>					
Proceeds from term loans		-	9,452,500	-	-
Repayment of term loans		(794,273)	(1,552,944)	-	-
Repayment of finance lease liabilities		(200,599)	(321,960)	-	-
Proceeds from banker acceptance		9,779,000	7,975,000	-	-
Repayment of banker acceptance		(8,896,000)	(9,048,000)	-	-
Repayment of bank overdrafts		-	(888,219)	-	-
Proceeds from trust receipt		27,472,455	32,438,696	-	-
Repayment of trust receipts		(29,437,163)	(34,807,910)	-	-
Repayment of lease liabilities		(217,839)	(233,360)	-	-
Interest paid		(731,190)	(884,611)	-	-
<i>Non-cash changes:</i>					
Addition of lease liabilities		411,601	9,312	-	-
Derecognition of lease liabilities		(161,295)	-	-	-
Interest charged during the year		731,190	884,611	-	-
Balance at 28 February					
Lease liabilities		289,512	257,045	-	-
Loans and borrowings		25,366,602	27,443,182	-	-

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

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023



## 1. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and activities of head offices, whilst the principal activities of its subsidiaries are as stated in Note 9 to the financial statements.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Company as at and for the financial year ended 28 February 2023 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”).

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5. Although these estimates and assumptions are based on the directors’ best knowledge of events and actions, actual results could differ from those estimates.

### 3.2 Basis of consolidation

#### (i) Subsidiaries

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

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

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

#### (ii) Associates

Associates are entities over which the Group has the power to participate in their financial and operating policy decisions, but which is not control or joint control. Associates are accounted for using the equity method of accounting.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Basis of consolidation (Continued)

##### (ii) Associates (Continued)

Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of comprehensive income of the associate. On acquisition of the investment, the associate's identifiable assets and liabilities are measured at fair value. Any excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill and included in the carrying amount of the investment. Goodwill is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Distributions received from an investee reduce the carrying amount of the investment.

If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group does not provide for additional losses, unless it has incurred obligations or made payments on behalf of the associate.

Profits or losses on Group transactions with associates are eliminated to the extent of the Group's interest in the relevant associate.

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

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

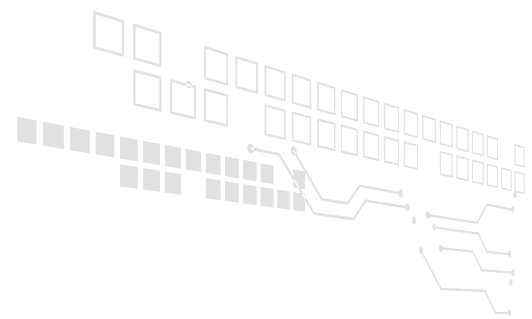
Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments excludes transaction costs.

##### (iii) Business combinations

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

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)



## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.2 Basis of consolidation (Continued)

#### (iii) Business combinations (Continued)

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

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

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

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

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

#### (iv) Loss of control

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

#### (v) Transactions eliminated on consolidation

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

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

### 3.3 Foreign currency

#### Foreign currency transaction

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.3 Foreign currency (Continued)

##### Foreign currency transaction (Continued)

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

#### 3.4 Financial instruments

##### (a) Initial recognition and measurement

The Group and the Company recognise a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, an entity in the Group and the Company become a party to the contractual provisions of the instruments.

If a contract is a host financial liability or a non-financial host contract that contains an embedded derivative, the Group and the Company assess whether the embedded derivative shall be separated from the host contract on the basis of the economic characteristics and risks of the embedded derivative and the host contract at the date when the Group and the Company become a party to the contract. If the embedded derivative is not closely related to the host contract, it is separated from the host contract and accounted for as a stand-alone derivative. The Group and the Company do not make a subsequent reassessment of the contract unless there is a change in the terms of the contract that significantly modifies the expected cash flows or when there is a reclassification of a financial liability out of the fair value through profit or loss category. Embedded derivatives in host financial assets are not separated.

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities (including intra-group payables) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

##### (b) Derecognition of financial instruments

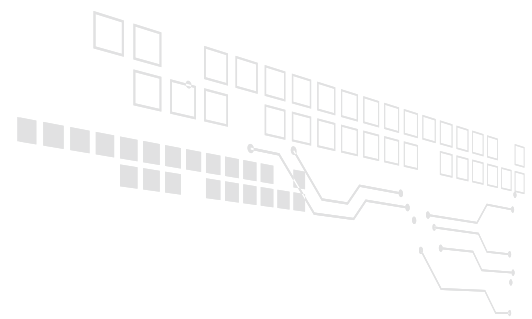
For derecognition purposes, the Group and the Company first determine whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group and the Company transfer the contractual rights to receive cash flows of the financial asset, including circumstances when the Group and the Company act only as a collecting agent of the transferee, and retain no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expired. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group and the Company consider a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)



## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.4 Financial instruments (Continued)

#### (c) Regular-way purchases and sales of financial assets

The Group and the Company recognise a regular-way purchase or sale of a quoted equity or debt instrument at trade date, which is the date the purchase or sale transaction is entered into, rather than recognising the forward contract between trade date and settlement date.

#### (d) Financial assets

For the purpose of subsequent measurement, the Group and the Company classifies financial assets into three measurement categories, namely: (i) financial asset at amortised cost ("AC"); (ii) financial assets at fair value through other comprehensive income ("FVOCI") and (iii) financial assets at fair value through profit or loss ("FVPL"). The classification is based on the Group's and the Company's business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

After initial recognition, the Group and the Company measure financial assets, as follows:

- (i) **Financial assets at AC**  
A financial asset is measured at amortised cost if: (a) it is held within the Group's and the Company's business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.
- (ii) **Financial assets at FVOCI**  
A financial asset is measured at FVOCI if: (a) it is held within the Group's and the Company's business objective to hold the asset both to collect contractual cash flows and selling the financial asset, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.
- (iii) **Financial asset at FVPL**  
A financial asset is measured at FVPL if it is an equity investment, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC or FVOCI model.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 3.4(h).

#### Investment in equity instruments

The Group measures all equity investments at fair value. The Group has elected to present the changes in fair value in other comprehensive income, the amounts presented are not subsequently transferred to profit or loss when the equity investments are derecognised. The cumulative gains or losses is transferred to retained profits instead. The election is made on an instrument-by-instrument basis and it is irrevocable. The amount presented in other comprehensive income includes the related foreign exchange gains or losses.

Dividend income from equity investments at FVOCI is recognised in profit or loss as other income when the Group's right to receive payment has been established.

Impairment losses or reversal of impairment losses on equity instruments measured at FVOCI are recognised in other comprehensive income and are not reported separately from other changes in fair value.

# NOTES TO THE FINANCIAL STATEMENTS

## 28 FEBRUARY 2023 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.4 Financial instruments (Continued)

##### (e) Financial liabilities

After initial recognition, the Group and the Company measure all financial liabilities at amortised cost using the effective interest method, except for:

- (i) Financial liabilities at fair value through profit or loss (including derivatives that are liabilities) are measured at fair value.
- (ii) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. Paragraph 3.2.15 and 3.2.17 of MFRS 9 apply to the measurement of such financial liabilities.
- (iii) Financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of: (a) the amount of the loss allowance; and (b) the amount initially recognised less, when appropriate, the cumulative of income recognised in accordance with the principles in MFRS 15 *Revenue from Contracts with Customers*.

##### (f) Fair value measurement

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 3.20.

##### (g) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets mandatorily measured at FVOCI, interest income (calculated using the effective interest rate method), impairment losses, and exchange gains or losses are recognised in profit or loss. All other gains or losses are recognised in other comprehensive income and retained in a fair value reserve. On derecognition of the financial assets, the cumulative gain or loss recognised in OCI is reclassified to profit or loss as a reclassification adjustment.

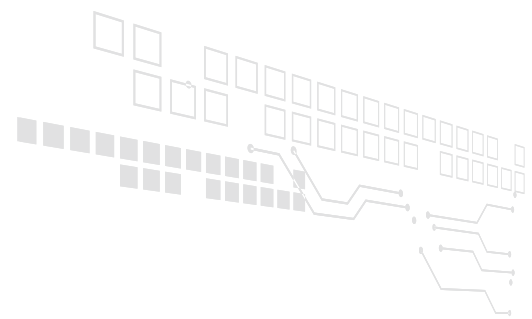
For financial assets and financial liabilities carried at amortised cost, interest income and interest expense are recognised in profit or loss using the effective interest method. A gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

##### (h) Impairment of financial assets

The Group and the Company apply the expected credit loss ("ECL") model of MFRS 9 to recognise impairment losses of financial assets measured at amortised cost or at fair value through other comprehensive income. Except for trade receivables, a 12-month ECL is recognised in profit or loss on the date of origination or purchase of the financial assets. At the end of each reporting period, the Group and the Company assess whether there has been a significant increase in credit risk of a financial asset since its initial recognition or at the end of the prior period. Other than for financial assets which are considered to be of low risk grade, a lifetime ECL is recognised if there has been a significant increase in credit risk since initial recognition. For trade receivables, the Group and the Company have availed the exception to the 12-month ECL requirement to recognise only lifetime ECL.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)



## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.4 Financial instruments (Continued)

#### (h) Impairment of financial assets (Continued)

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions. For operational simplifications: (a) a 12-month expected credit loss is maintained for financial assets which investment grades that are considered as low credit risk, irrespective of whether credit risk has increased significantly or not; and (b) credit risk is considered to have increase significantly if payments are more than 120 days past due if no other borrower-specific information is available without undue cost or effort.

The ECL is measured using an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, discounted for the time value of money and applying reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecast of future economic conditions. The ECL for a financial asset (when assessed individually) or a group of financial assets (when assessed collectively) is measured at the present value of the probability-weighted expected cash shortfalls over life of the financial asset or group of financial assets. When a financial asset is determined as credit-impaired (based on objective evidence of impairment), the lifetime ECL is determined individually.

For trade receivable, the lifetime ECL is determined at the end of each reporting period using a provision matrix. For each significant receivable, individual lifetime ECL is assessed separately. For significant receivables which are not impaired and for all other receivables, they are grouped into risk classes by type of customers and businesses, and the ageing of the receivables. Collective lifetime ECLs are determined using past loss rates, which are updated for effects of current conditions and reasonable forecasts for future economic conditions. In the event that the economic or industry outlook is expected to worsen, the past loss rates are increased to reflect the worsening economic conditions.

### 3.5 Property, plant and equipment

On initial recognition, items of property, plant and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

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

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

Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

# NOTES TO THE FINANCIAL STATEMENTS

## 28 FEBRUARY 2023 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.5 Property, plant and equipment (Continued)

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life as follows:

Leasehold land	39 - 88 years
Freehold buildings	33 years
Leasehold buildings	33 years
Computers and software	2 - 5 years
Furniture and fittings	5 - 10 years
Motor vehicles	5 years
Office equipment	5 - 10 years
Renovation	5 - 10 years

Freehold land is not depreciated.

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### 3.6 Leases

##### (a) Definition of a lease

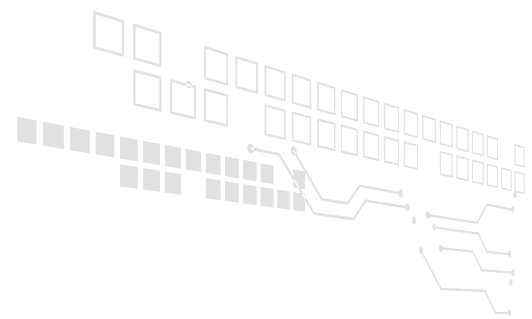
A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

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

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

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)



## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.6 Leases (Continued)

#### (b) Recognition and initial measurement

##### (i) As a lessee

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

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

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

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

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

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

##### (ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

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

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



## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.6 Leases (Continued)

##### (c) Subsequent measurement

###### (i) As a lessee

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

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

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

###### (ii) As a lessor

The Group recognises lease payments received under operating leases as income on straight-line basis over the lease term as part of "other income".

#### 3.7 Investment properties

##### Investment properties carried at fair value

Investment properties are properties which are owned to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

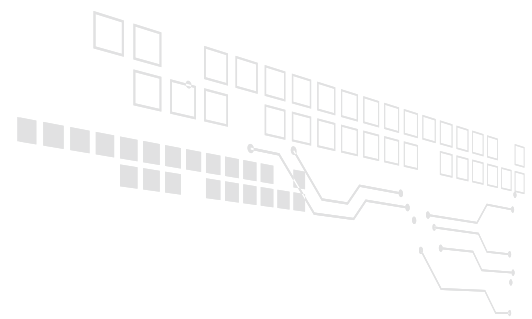
Investment properties are measured initially at cost, including transaction costs. The cost comprises the purchase price and any directly attributable expenditure (e.g. professional fees for legal services, property transfer taxes). The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Subsequently, investment properties are carried at fair value at the reporting date and, unlike operational properties, they are not depreciated. Fair value is based on active market prices adjusted as necessary to reflect the specific assets' location and condition. In cases where active market prices are not available, the Group engages independent valuers who hold a recognised and relevant professional qualification. Changes in fair value are recognised in the statement of profit or loss.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)



## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.8 Inventories

Inventories are carried in the statement of financial position at the lower of cost and net realisable value. Cost is determined on a weighted average cost formula. The cost of finished goods comprises the original cost of purchase plus the cost of bringing the inventories to their present condition and location.

Write-down is made for obsolete and slow-moving items based on their expected future use and net realisable value.

Net realisable value is the estimated sales price in the ordinary course of business after allowing for all further costs of completion and disposal.

### 3.9 Impairment of non-financial assets

#### Impairment of property, plant and equipment

The carrying amounts of such assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs to sell of the individual asset or the cash-generating unit. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Value in use is the present value of the estimated future cash flows of that unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the unit which impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the unit.

Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

### 3.10 Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and on hand, on demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows only, cash and cash equivalents are presented net of bank overdrafts and pledged deposits. Since the characteristics of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn, they are considered an integral part of the Group's and the Company's cash management.

### 3.11 Equity

#### (a) Share capital

Ordinary shares issued that carry no mandatory contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group and the Company, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in a public offering or in a rights issue to existing shareholders, they are recorded at the issue price.

# NOTES TO THE FINANCIAL STATEMENTS

## 28 FEBRUARY 2023 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.11 Equity (Continued)

##### (a) Share capital (Continued)

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at fair value at a date of the exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from retained profits in equity, net of any related income tax benefit.

##### (b) Dividend distribution

The Group and the Company establishes a distribution policy whereby cash dividends can only be paid out of retained earnings. Other distributions, such as stock dividends and distribution in specie, may be paid out of any reserve to the extent that the utilisation is permitted by company laws and regulations.

Distributions to holders of an equity instrument are debited directly in equity, net of any related income tax benefit.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, the Group and the Company measure the dividend payable at the fair value of the assets to be distributed.

#### 3.12 Employee benefits

##### (a) Short-term benefit

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short-term accumulating compensated absence such as paid annual leave is recognised when services are rendered by employees and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### (b) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees' Provident Fund ("EPF"). The contributions are recognised as a liability after deducting any contribution already paid and as an expense in profit or loss in the period in which the employee render their services. Once the contributions have been paid, the Group and the Company has no further payment obligations.

#### 3.13 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

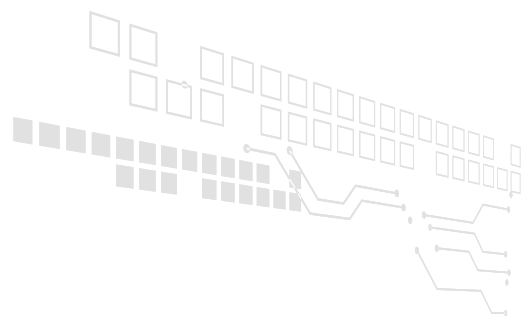
Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group and the Company have a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)



## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.14 Revenue and other income

#### (a) Revenue from contracts with customers

Revenue recognition of the Group is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group applies revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Group reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

Revenue from a sale of goods is recognised at a point in time when control of the goods is passed to the customer, which is the point in time when the significant risks and rewards are transferred to the customer and the transaction has met the probability of inflows and measurement reliability requirements of MFRS 15.

The Group measures revenue from a sale of goods at the amount of the transaction price that is allocated to that performance obligation, which is usually the invoice price, net of returns and allowances, trade discounts and volume rebates given to the customer.

#### (b) Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

#### (c) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established.

#### (d) Interest income

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

### 3.15 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.16 Borrowing costs

Interest on borrowings to finance the purchase and development of a self-constructed qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) is included in the cost of the asset until such time as the assets are substantially ready for use or sale. Such borrowing costs are capitalised net of any investment income earned on the temporary investment of funds that are surplus pending such expenditure.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### 3.17 Income taxes

Tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

Using the statement of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the statement of financial position and the corresponding tax base, with the exception of goodwill not deductible for tax purposes and temporary differences arising on initial recognition of assets and liabilities that do not affect taxable or accounting profit.

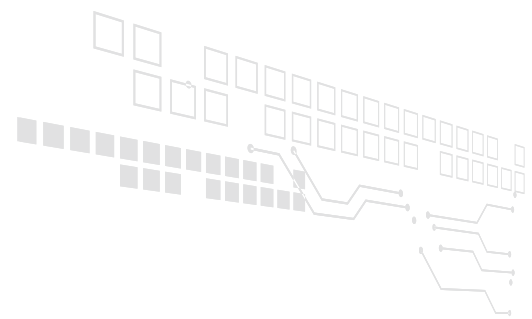
Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date.

Deferred tax assets are recognised only to the extent that the Group and the Company consider that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Group's and the Company's intention is to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively. Where tax arises from the initial accounting for a business combination, it is included in the accounting for the business combination.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3.7, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.



# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.18 Earnings per ordinary shares

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

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

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

### 3.19 Operating segments

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

### 3.20 Fair value measurements

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. When measuring the fair value of an asset or a liability, the Group and the Company use market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group and the Company (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group and the Company at the end of the reporting period during which the change occurred.



# NOTES TO THE FINANCIAL STATEMENTS

## 28 FEBRUARY 2023 (Cont'd)

### 4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS

#### 4.1 Amendments to MFRSs adopted

For the preparation of the financial statements, the following amendments to the MFRSs issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2022:

- Amendment to MFRS 16 *Leases – Covid-19-Related Rent Concession beyond 30 June 2021*
- Amendments to MFRS 3 *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment – Property, Plant and Equipment–Proceeds before Intended Use*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts–Cost of Fulfilling a Contract*
- Annual Improvements to MFRS Standards 2018–2020

The adoption of the above-mentioned amendments to MFRSs has no significant impact on the financial statements of the Group and the Company.

#### 4.2 Amendments to MFRSs not yet effective

The following are amendments to the MFRSs that have been issued by the MASB up to the date of the issuance of the Group's and the Company's financial statements but have not been adopted by the Group and the Company:

##### Amendments to MFRSs effective for annual periods beginning on or after 1 January 2023

- 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 MFRSs effective for annual periods 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 – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Non-current Liabilities with Covenants*

##### Amendments to MFRSs effective for annual periods beginning on or after a date yet to be confirmed

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

The directors anticipate that the above-mentioned amendments will be adopted by the Group and the Company when they become effective from the annual period beginning on 1 March 2023 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2023.

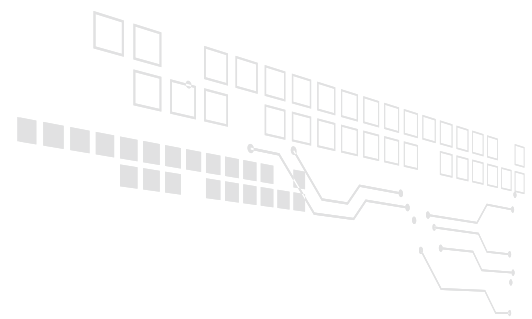
The initial application of amendments to MFRSs is not expected to have any significant impact on the financial statements of the Group and the Company.

#### 4.3 MFRSs and Amendments to MFRSs not applicable

- MFRS 17 *Insurance Contracts*, Amendments to MFRS 17 *Insurance Contracts*, and Amendment to MFRS 17 *Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 Financial Instruments – Comparative Information* are not expected to be applicable to the Group and the Company.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)



## 5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its financial statements, the Group and the Company have made significant judgements, estimates and assumptions that impact on the carrying value of certain assets, liabilities, income and expenses as well as other information reported in the notes. The Group and the Company periodically monitor such estimates and assumptions and make sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements made in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### 5.1 Loss allowances of financial assets

The Group recognises impairment losses for trade receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's past experience of loss statistics, ageing of past due amounts, current economic trends, the impact of the coronavirus ("COVID-19") pandemic and forward-looking information that is available. The actual eventual losses may be different from the allowance made and this may affect the Group's financial positions and results.

### 5.2 Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is written down to their estimated realisable value when their cost may no longer be recoverable such as when inventories are damaged or become wholly or partly obsolete or their selling prices have declined. In any case, the realisable value represents the best estimate of the recoverable amount, is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of write-downs to net realisable value include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and may materially affect the carrying amount of inventories at the reporting date (as reflected in Note 13).

### 5.3 Depreciation of property, plant and equipment and right-of-use assets

The cost of an item of property, plant and equipment and right-of-use asset is depreciated on a straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment and right-of-use asset may differ from the estimates applied.

### 5.4 Measurement of lease liabilities and right-of-use assets

The measurement of a lease liability and the corresponding right-of-use asset includes in-substance fixed payments, variable lease payments linked to an inflation-related index or rate, estimates of lease term, option to purchase, payments under residual value guarantee and penalties for early termination. The actual payments may not coincide with these estimates. The Group reassesses the lease liability for any change in the estimates and a corresponding adjustment is made to the right-of-use asset.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

### 5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

#### 5.5 Deferred tax estimation

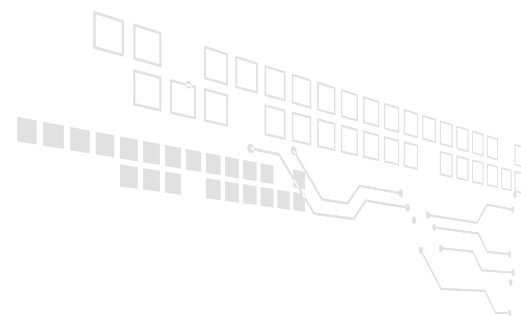
Recognition of deferred tax assets and liabilities involves making a series of assumptions. As far as deferred tax assets are concerned, their realisation ultimately depends on taxable profits being available in the future. Deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deferred tax asset can be utilised and it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the Group and the Company making assumptions within its overall tax-planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability.

#### 5.6 Fair value measurement

Investment properties of the Group are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available (e.g. for unquoted investments), the Group works closely with external qualified valuers who perform the valuation, based on agreed appropriate valuation techniques and inputs to the model (e.g. use of the market comparable approach that reflects recent transaction prices for similar instruments, discounted cash flow analysis, option pricing models refined to reflect the issuer's specific circumstances). Prices determined then by the valuers are used by the Group without adjustment. The carrying amounts of investment properties at the end of the reporting year affected by the assumption are disclosed in Note 8 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)



## PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Freehold buildings	Computers and software	Furniture and fittings	Motor vehicles	Office equipment	Renovation	Total
Cost	RM	RM	RM	RM	RM	RM	RM	RM
At 1.3.2021	7,556,000	6,507,751	2,397,696	1,016,695	1,266,424	1,462,547	4,697,527	24,904,640
Additions	-	-	183,766	799,113	261,400	400,081	1,743,899	3,388,259
Disposal	-	-	-	-	-	(7,590)	-	(7,590)
Written off	-	-	(898,747)	(96,683)	(72,000)	(172,951)	(197,441)	(1,437,822)
Reclassification	(225,000)	225,000	-	-	-	-	-	-
Transfer from right-of-use assets	-	-	-	-	298,755	-	-	298,755
At 28.2.2022/1.3.2022	7,331,000	6,732,751	1,682,715	1,719,125	1,754,579	1,682,087	6,243,985	27,146,242
Additions	-	-	516,759	16,515	-	1,177,307	227,100	1,937,681
Disposal	(774,000)	(1,726,104)	(390,910)	(14,300)	(413,349)	(12,164)	-	(3,330,827)
Written-off	-	-	(977)	(336)	-	(5,160)	(2,500)	(8,973)
Transfer from right-of-use assets	-	-	-	-	327,225	212,000	-	539,225
At 28.2.2023	6,557,000	5,006,647	1,807,587	1,721,004	1,668,455	3,054,070	6,468,585	26,283,348

## 6.

ACO GROUP BERHAD  
[Registration No. 201901020410 (1329739-A)]

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

## 6. PROPERTY, PLANT AND EQUIPMENT (Continued)

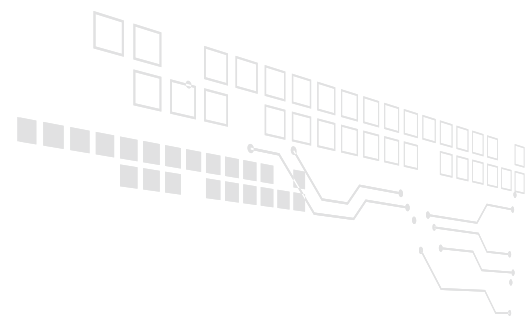
Group	Freehold land RM	Freehold buildings RM	Computers and software RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Total RM
<b>Accumulated depreciation</b>								
At 1.3.2021	-	1,081,672	2,296,534	426,565	1,128,622	689,697	1,727,353	7,350,443
Charge for the financial year	-	201,356	56,771	109,388	62,797	144,377	490,703	1,065,392
Disposal	-	-	-	-	-	(5,250)	-	(5,250)
Written off	-	-	(898,667)	(93,906)	(71,998)	(162,757)	(181,989)	(1,409,317)
Transfer from right-of-use assets	-	-	-	-	264,459	-	-	264,459
At 28.2.2022/1.3.2022	-	1,283,028	1,454,638	442,047	1,383,880	666,067	2,036,067	7,265,727
Charge for the financial year	-	171,148	111,831	171,710	117,037	233,693	610,248	1,415,667
Disposal	-	(584,162)	(388,598)	(5,243)	(411,836)	(10,020)	-	(1,399,859)
Written-off	-	-	(979)	(336)	-	(4,829)	(2,498)	(8,642)
Transfer from right-of-use assets	-	-	-	-	287,088	68,900	-	355,988
At 28.2.2023	-	870,014	1,176,892	608,178	1,376,169	953,811	2,643,817	7,628,881
<b>Carrying amount</b>								
At 1.3.2021	7,556,000	5,426,079	101,162	590,130	137,802	772,850	2,970,174	17,554,197
At 28.2.2022	7,331,000	5,449,723	228,077	1,277,078	370,699	1,016,020	4,207,918	19,880,515
At 28.2.2023	6,557,000	4,136,633	630,695	1,112,826	292,286	2,100,259	3,824,768	18,654,467

### (a) Assets pledged as security

The freehold land and buildings of the Group have been pledged as security to secure loans and borrowings of the Group as disclosed in Note 19.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)



## 7. RIGHT-OF-USE ASSETS

	Leasehold land RM	Buildings RM	Motor vehicles RM	Office equipment RM	Total RM
<b>Group</b>					
<b>Cost</b>					
At 1.3.2021	1,270,326	3,115,418	1,629,534	212,000	6,227,278
Additions	3,000,608	8,309,312	-	-	11,309,920
Transfer to property, plant and equipment	-	-	(298,755)	-	(298,755)
At 28.2.2022/1.3.2022	4,270,934	11,424,730	1,330,779	212,000	17,238,443
Addition	-	411,601	-	-	411,601
Derecognition	-	(838,732)	-	-	(838,732)
Transfer to property, plant and equipment	-	-	(327,225)	(212,000)	(539,225)
At 28.2.2023	4,270,934	10,997,599	1,003,554	-	16,272,087
<b>Accumulated depreciation</b>					
At 1.3.2021	57,742	698,327	854,691	44,167	1,654,927
Charge for the financial year	91,380	548,360	278,521	21,200	939,461
Transfer to property, plant and equipment	-	-	(264,459)	-	(264,459)
At 28.2.2022/1.3.2022	149,122	1,246,687	868,753	65,367	2,329,929
Charge for the financial year	91,374	532,839	187,927	3,533	815,673
Derecognition	-	(677,437)	-	-	(677,437)
Transfer to property, plant and equipment	-	-	(287,088)	(68,900)	(355,988)
At 28.2.2023	240,496	1,102,089	769,592	-	2,112,177
<b>Carrying amount</b>					
At 1.3.2021	1,212,584	2,417,091	774,843	167,833	4,572,351
At 28.2.2022	4,121,812	10,178,043	462,026	146,633	14,908,514
At 28.2.2023	4,030,438	9,895,510	233,962	-	14,159,910

The Group has lease contracts for various items of leasehold land, buildings, computers and software, motor vehicles and office equipment used for their operations. Leases of land and buildings have remaining lease terms of between 1 to 83 years (2022: 1 to 84 years), whilst computers and software, motor vehicles and office equipment generally have lease terms between 1 to 6 years (2022: 1 to 7 years) with the options to purchase the assets at the end of the lease term.

The Group also has certain leases with lease terms of 12 months or less and leases that have been determined to be low value. The Group applies the "short-term lease" and "lease of low-value assets" recognition exemption for these leases.

### (a) Assets pledged as security

The leasehold land and buildings of the Group have been pledged as security to secure loans and borrowings of the Group as disclosed in Note 19.



# NOTES TO THE FINANCIAL STATEMENTS

## 28 FEBRUARY 2023 (Cont'd)

### 8. INVESTMENT PROPERTIES

	Freehold land RM	Freehold buildings RM	Total RM
Group			
At fair value			
At 1.3.2021/28.2.2022/28.2.2023	2,929,000	1,671,000	4,600,000

The Group leases several of its investment properties which have remaining lease term of 2 years (2022: 1 year). Rental charges are revised every 2 years (2022: 2 years) to reflect current market conditions.

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

	2023 RM	2022 RM
Group		
Rental income	212,700	207,500
Direct operating expenses:		
- income generating investment properties	20,390	18,613

#### Investment properties pledged as security

Freehold land and buildings with a carrying fair value of RM2,900,000 (2022: RM2,900,000) have been pledged as security to secure loan and borrowings granted to the Group as disclosed in Note 19.

#### Fair value information

The fair value of investment properties of approximately RM4,600,000 (2022: RM4,600,000) is categorised at Level 2 of the fair value hierarchy.

There are no Level 1 and Level 3 investment properties or transfers between Level 1, Level 2 and Level 3 during the financial year under review.

#### Level 2 fair value

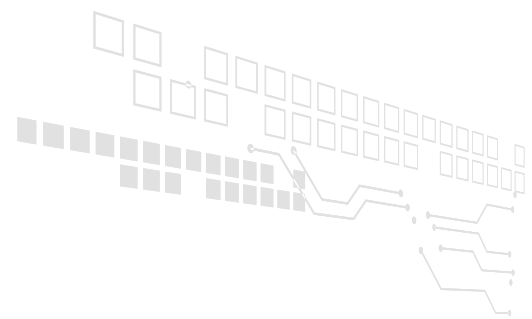
Level 2 fair values of freehold land and buildings have been derived using the sales comparison approach. Sales prices of comparable property in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable property.

#### Valuation processes applied by the Group

The fair values of investment properties are determined by an external independent property valuer, who is a member of the Institute of Valuers in Malaysia with appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

# NOTES TO THE FINANCIAL STATEMENTS

## 28 FEBRUARY 2023 (Cont'd)



### 9. INVESTMENT IN A SUBSIDIARY

	Company	
	2023 RM	2022 RM
At cost		
Unquoted shares		
At beginning/end of financial year	35,320,350	35,320,350

Details of the subsidiaries are as follows:

Name of Company	Principal place of business/ Country of incorporation	Ownership interest		Principal activities
		2023 %	2022 %	
ACO Holdings Sdn. Bhd. *	Malaysia	100	100	Management consultancy activities
Actgen Industry Sdn. Bhd. *#	Malaysia	100	100	Distribution of electrical products and accessories
Electric Master Sdn. Bhd. *#	Malaysia	100	100	Distribution of electrical products and accessories
Maydenki Sdn. Bhd. *#	Malaysia	100	100	Distribution of electrical products and accessories
Maylec Sdn. Bhd. *#	Malaysia	100	100	Distribution of electrical products and accessories
Voltage Master Sdn. Bhd. *#	Malaysia	100	100	Distribution of electrical products and accessories

\* The subsidiaries are audited by RSM Malaysia PLT.

# The entire equity interest is held by the Company's subsidiary, ACO Holdings Sdn. Bhd.

### 10. INVESTMENT IN AN ASSOCIATE

	Group	
	2023 RM	2022 RM
<b>Unquoted shares, at cost</b>		
At beginning of financial year	10,072,800	8,032,105
Addition	-	36,669
Share of accumulated post-acquisition gains	2,263,586	2,004,026
At end of financial year	12,336,386	10,072,800

# NOTES TO THE FINANCIAL STATEMENTS

## 28 FEBRUARY 2023 (Cont'd)

### 10. INVESTMENT IN AN ASSOCIATE (Continued)

Name of Company	Interest in equity held by the Company		Principal activities
	2023 %	2022 %	
Focus Electrical Malaysia Sdn. Bhd. ("Focus Electrical") *#	49	49	Trading of electronic, electrical goods, lighting and lighting accessories

\* The associate is audited by RSM Malaysia PLT.

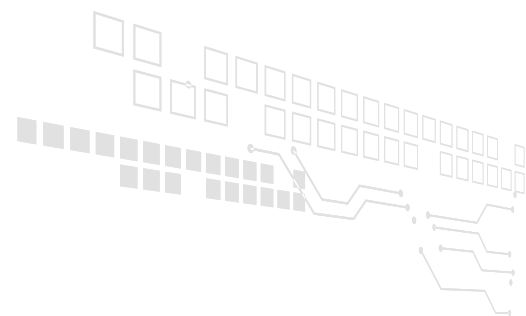
# The associate was accounted for using the equity method by the Group based on management accounts as at 28 February 2023 because the associate's financial year ends on 30 April.

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	Focus Electrical	
	2023 RM	2022 RM
Summarised financial information		
<b>As at 28 February</b>		
Non-current assets	22,360,566	23,185,925
Current assets	39,444,875	43,635,918
Non-current liabilities	(8,495,738)	(8,907,249)
Current liabilities	(27,481,527)	(36,705,982)
Net assets	25,828,176	21,208,612
Profit from continuing operations	4,619,564	4,089,849
Other comprehensive income	-	-
Profit and total comprehensive income	4,619,564	4,089,849
Group's share of results		
Group's share of profit from continuing operations	2,263,586	2,004,026
Group's share of other comprehensive income	-	-
Group's share of profit and total comprehensive income	2,263,586	2,004,026
<b>Reconciliation of net assets to carrying amount:</b>		
Group's share of net assets	12,655,806	10,392,220
Bargain purchase of acquisition	(438,153)	(438,153)
Disbursement charges	118,733	118,733
Carrying amount in the statement of financial position	12,336,386	10,072,800

# NOTES TO THE FINANCIAL STATEMENTS

## 28 FEBRUARY 2023 (Cont'd)



### 11. OTHER INVESTMENT

	Group 2023 RM	Group 2022 RM
<b>Unquoted shares, at fair value</b>		
At beginning of financial year	1,017,010	-
Addition	-	1,017,010
At end of financial year	1,017,010	1,017,010

### 12. DEFERRED TAX ASSETS/(LIABILITIES)

	Group 2023 RM	2022 RM
At beginning of the financial year	(393,744)	(362,178)
Recognised in profit or loss (Note 25)	(228,256)	(31,566)
At end of the financial year	(622,000)	(393,744)
Represented as:		
Deferred tax assets	44,000	10,046
Deferred tax liabilities	(666,000)	(403,790)
	(622,000)	(393,744)

The deferred tax liabilities comprise the tax effect of:

	Unabsorbed capital allowances RM	Excess of capital allowances over depreciation RM	Other deductible temporary differences RM	Total RM
At 1 March 2022	28,661	(360,462)	(61,943)	(393,744)
Recognised in profit and loss	(28,661)	15,498	(215,093)	(228,256)
At 28 February 2023	-	(344,964)	(277,036)	(622,000)
At 1 March 2021	-	(235,923)	(126,255)	(362,178)
Recognised in profit and loss	28,661	(124,539)	64,312	(31,566)
At 28 February 2022	28,661	(360,462)	(61,943)	(393,744)

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

## 13. INVENTORIES

	2023 RM	Group 2022 RM
At the lower of cost and net realisable value		
Trading goods	46,391,513	42,007,159
Recognised in profit or loss:		
Inventories recognised as cost of sales	113,844,405	105,017,059

## 14. TRADE AND OTHER RECEIVABLES

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
<b>Trade</b>					
Trade receivables					
- third parties		29,140,763	33,855,896	-	-
- related parties		446,824	603,513	-	-
	(a)	29,587,587	34,459,409	-	-
Less: Impairment loss on trade receivables		(358,517)	(690,484)	-	-
		29,229,070	33,768,925	-	-
<b>Non-trade</b>					
Other receivables		105,140	165,833	-	-
Amount owing by a subsidiary	(b)	-	-	30,152,405	26,794,405
Deposits		193,513	192,591	1,500	1,500
		298,653	358,424	30,153,905	26,795,905
Trade and other receivables		29,527,723	34,127,349	30,153,905	26,795,905

### (a) Trade receivables

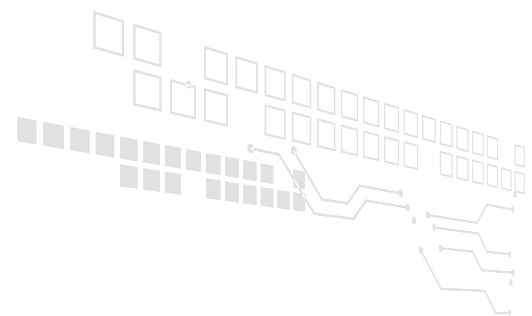
Trade receivables are non-interest bearing and normal credit terms offered by the Group are between 30 days to 120 days (2022: 30 days to 120 days). Other credit terms are assessed and approved on case-by-case basis.

### (b) Amount owing by a subsidiary

Amount owing by a subsidiary is unsecured, non-interest bearing, receivable on demand and is expected to be settled in cash.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)



## 15. PREPAYMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Prepayments	419,950	345,363	26,051	33,499

## 16. CASH AND CASH EQUIVALENTS

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances		19,569,018	22,608,196	2,998,723	6,079,326
Short-term deposits	(a)	1,526,070	1,174,629	-	-
		21,095,088	23,782,825	2,998,723	6,079,326

### (a) Short-term deposits

The effective rate per annum of short-term deposits that was effective as at reporting date is 1.65% to 2.65% (2022: 1.65%).

Included in the deposits placed with licensed bank of the Group is an amount of RM1,408,500 (2022: RM1,075,500) pledged for credit facilities granted to the Group as disclosed in Note 19.

### (b) Currency exposure

The currency exposure profile of cash and cash equivalents are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia ("RM")	21,094,731	23,782,474	2,998,723	6,079,326
United States Dollar ("USD")	357	351	-	-
	21,095,088	23,782,825	2,998,723	6,079,326



# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

## 17. SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of shares	Amount RM	Number of shares	Amount RM
<b>Issued and fully paid with no par value:</b>				
At beginning of financial year	347,371,000	67,621,502	330,793,000	62,909,338
Issuance of ordinary shares	-	-	16,578,000	4,848,492
Less: Share issuance expenses	-	-	-	(136,328)
At end of financial year	347,371,000	67,621,502	347,371,000	67,621,502

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

## 18. REORGANISATION RESERVE

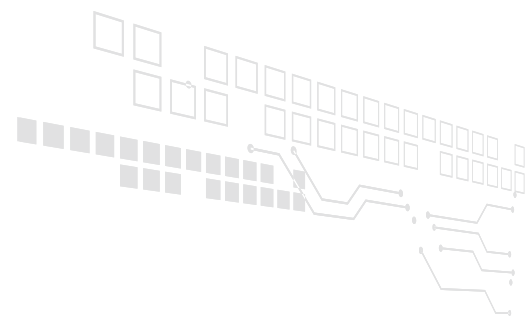
The reorganisation reserve arose from the difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries upon consolidation under the merger accounting principles.

## 19. LOANS AND BORROWINGS

		Group	
	Note	2023 RM	2022 RM
<b>Non-current</b>			
Term loans		13,749,527	14,558,325
Finance lease liabilities		43,774	177,792
		13,793,301	14,736,117
<b>Current</b>			
Term loans		866,069	851,544
Finance lease liabilities		134,019	200,600
Bankers' acceptances		3,373,000	2,490,000
Trust receipts		7,200,213	9,164,921
		11,573,301	12,707,065
		25,366,602	27,443,182
<b>Total loans and borrowings</b>			
Term loans	(a)	14,615,596	15,409,869
Finance lease liabilities	(b)	177,793	378,392
Bankers' acceptances	(c)	3,373,000	2,490,000
Trust receipts	(d)	7,200,213	9,164,921
		25,366,602	27,443,182

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)



## 19. LOANS AND BORROWINGS (Continued)

### (a) Term loans

Term loan 1 of the Group of RM1,593,773 (2022: RM1,672,044) bears interest at 5.64% (2022: 5.64%) per annum and is repayable by monthly instalments of RM12,816 over twenty years commencing from the day of first drawdown and is secured and supported as follows:

- (i) First party legal charge over the freehold land and building as disclosed in Note 6; and
- (ii) Corporate guarantee by the Company.

Term loan 2 of the Group of RM698,021 (2022: RM727,893) bears interest at 5.49% (2022: 5.49%) per annum and is repayable by monthly instalments of RM5,441 over twenty years commencing from the day of first drawdown and is secured and supported as follows:

- (i) First party legal charge over the freehold land and building as disclosed in Note 6; and
- (ii) Corporate guarantee by the Company.

Term loan 3 of the Group of RM730,382 (2022: RM858,085) bears interest at 5.64% (2022: 5.64%) per annum and is repayable by monthly instalments of RM13,702 over ten years commencing from the day of first drawdown and is secured and supported as follows:

- (i) First party legal charge over the leasehold land and building as disclosed in Note 7; and
- (ii) Corporate guarantee by the Company.

Term loan 4 of the Group of RM684,085 (2022: RM803,840) bears interest at 5.64% (2022: 5.64%) per annum and is repayable by monthly instalments of RM12,846 over ten years commencing from the day of first drawdown and is secured and supported as follows:

- (i) First party legal charge over the leasehold land and building as disclosed in Note 7; and
- (ii) Corporate guarantee by the Company.

Term loan 5 of the Group of RM2,117,879 (2022: RM2,211,673) bears interest at 3.69% (2022: 3.69%) per annum and is repayable by monthly instalments of RM16,198 over twenty years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Legal charge over the freehold land and building as disclosed in Note 6; and
- (ii) Corporate guarantee by the Company.

Term loan 6 of the Group of RM8,439,913 (2022: RM8,758,473) bears interest at 5.49% (2022: 5.49%) per annum and is repayable by monthly instalments of RM57,351 over twenty years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Legal charge over the leasehold land and building as disclosed in Note 7; and
- (ii) Corporate guarantee by the Company.

Term loan 7 of the Group of RM351,543 (2022: RM377,861) bears interest at 5.64% (2022: 5.64%) per annum and is repayable by monthly instalments of RM3,395 over twelve years commencing from the day of first drawdown and is secured and supported as follows:

- (i) First party legal charge over the freehold land and building as disclosed in Note 6; and
- (ii) Corporate guarantee by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

## 19. LOANS AND BORROWINGS (Continued)

### (b) Finance lease liabilities

Certain property, plant and equipment and right-of-use assets of the Group as disclosed in Notes 6 and 7 are pledged for financial leases. Such leases do not have terms for renewal which would give the Group an option to purchase at nominal values at the end of the lease term. The interest rate implicit in the leases ranging from 2.38% to 5.09% (2022: 2.38% to 5.09%).

Future minimum lease payments under finance lease together with present value of net minimum lease payments are as follows:

	2023 RM	Group 2022 RM
Minimum lease payments		
- not later than one year	148,324	220,310
- later than one year and not later than five years	47,970	196,318
	196,294	416,628
Less: Future finance charges	(18,501)	(38,236)
Present value of minimum lease payments	177,793	378,392
Present value of minimum lease payments payable:		
- not later than one year	134,019	200,600
- later than one year and not later than five years	43,774	177,792
	177,793	378,392
Less: Amount due within twelve months	(134,019)	(200,600)
Amount due after twelve months	43,774	177,792

### (c) Bankers' acceptances

Bankers' acceptances bear effective interests at rates ranging from 3.31% to 3.34% (2022: 3.31% to 3.34%) per annum and is secured and supported as follows:

- (i) First party legal charge over the freehold land and buildings as disclosed in Note 6;
- (ii) First party legal charge over the leasehold land and buildings as disclosed in Note 7; and
- (iii) Corporate guarantee by the Company.

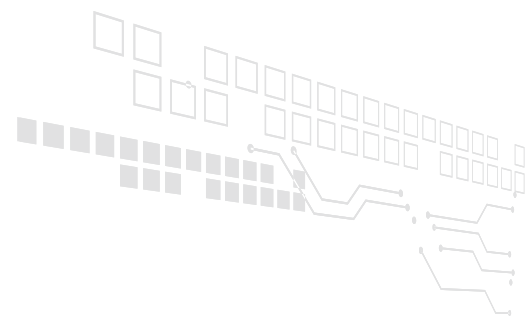
### (d) Trust receipts

Trust receipts bear effective interest at rates from 3.06% to 3.15% (2022: 3.06% to 3.15%) per annum and is secured and supported as follows:

- (i) First party legal charge over the freehold land and buildings as disclosed in Note 6;
- (ii) Legal charge over the fixed deposit as disclosed in Note 16;
- (iii) Legal charge over the leasehold land and building;
- (iv) Corporate guarantee by the Company;
- (v) Corporate guarantee by the subsidiary;
- (vi) Joint and several guarantee by the Company's directors.

# NOTES TO THE FINANCIAL STATEMENTS

## 28 FEBRUARY 2023 (Cont'd)



### 20. LEASE LIABILITIES

	Group	
	2023 RM	2022 RM
Current	190,591	179,549
Non-current	98,921	77,496
	289,512	257,045

The Group leases a number of shoplots with average lease terms between 1 to 3 years (2022: 1 to 3 years), with option to renew the leases at the end of the lease term.

Future minimum lease payments under lease liabilities together with the present value of net minimum lease payments are as follows:

	Group	
	2023 RM	2022 RM
Minimum lease payments		
- not later than one year	202,900	202,900
- later than one year but not later than five years	107,100	87,841
	310,000	290,741
Less: Future finance charges	(20,488)	(33,696)
Present value of minimum lease payments	289,512	257,045
Present value of minimum lease payments payables		
- not later than one year	190,591	179,549
- later than one year but not later than five years	98,921	77,496
	289,512	257,045
Less: Amount due within twelve months	(190,591)	(179,549)
Amount due after twelve months	98,921	77,496

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

## 21. TRADE AND OTHER PAYABLES

Note	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Current Trade</b>				
Trade payables				
- third parties	29,274,027	35,203,794	-	-
- related party	182,461	867	-	-
(a)	29,456,488	35,204,661	-	-
<b>Non-trade</b>				
Other payables	(b) 430,409	1,156,830	15,010	64,730
Accruals	2,068,164	1,541,150	57,112	56,128
Deposit received	618,299	190,136	-	-
	3,116,872	2,888,116	72,122	120,858
Total trade and other payables	32,573,360	38,092,777	72,122	120,858

### (a) Trade payables

Trade payables are non-interest bearing and the normal trade credit term granted to the Group ranges from 30 days to 120 days (2022: 30 days to 120 days).

### (b) Other payables

Included in other payables of the Group is an amount of RM187,000 (2022: RM187,000) being remaining purchase consideration payable for the investment of an associate as disclosed in Note 10.

## 22. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers:				
- Sales of goods	132,507,599	124,930,052	-	-
- Management fees received from a subsidiary	-	-	358,000	278,000
	132,507,599	124,930,052	358,000	278,000
Revenue from other sources:				
- Gross dividend income from a subsidiary*	-	-	1,300,000	-
	-	-	1,300,000	-
	132,507,599	124,930,052	1,658,000	278,000

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

## 22. REVENUE (Continued)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Timing of revenue:				
- At a point in time	132,507,599	124,930,052	-	-
- Over time	-	-	358,000	278,000
	132,507,599	124,930,052	358,000	278,000

\* Dividend income does not arise from a contract with a customer, thus it is not within the scope of MFRS 15, and therefore, no disclosure of timing of revenue recognition is required.

### Nature of goods

The following information reflects the typical transactions of the Group:

Nature of goods	Timing of recognition	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Electrical products and accessories.	Revenue is recognised at point in time when control of the goods or services is transferred to the customer.	Credit period of 30 to 120 days from invoice date.	Discounts, rebates and incentives are given to customers on a case-by-case basis.	The Group allows defective goods to be returned in exchange for new goods on a case-by-case basis.	Generally, assurance warranty of 1 to 2 years is given to customers.

## 23. FINANCE COSTS

	Group	
	2023 RM	2022 RM
Interest expense on:		
- Term loans	254,596	375,952
- Finance lease liabilities	19,599	32,259
- Bankers' acceptances	115,893	120,183
- Trust receipts	320,241	327,978
- Bank overdrafts	3,078	6,872
- Lease liabilities	20,861	28,239
	734,268	891,483

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

## 24. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is arrived at after charging/(crediting):

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration:				
- statutory audit	125,000	110,000	30,000	26,000
- other services	5,000	5,000	5,000	5,000
Bad debts written off	-	5,425	-	-
Depreciation of property, plant and equipment	1,415,667	1,065,392	-	-
Depreciation of right-of-use assets	815,673	939,461	-	-
Impairment losses on trade receivables	51,886	79,554	-	-
Property, plant and equipment written off	331	28,505	-	-
Refund of insurance claims	-	242,781	-	-
Expenses relating leases of low value assets	62,041	41,024	-	-
Staff costs (Note 26)	8,838,139	7,257,096	194,250	183,000
Bad debts recovered	(7,700)	(4,211)	-	-
Gain on disposal of property, plant and equipment	(1,026,670)	-	-	-
Insurance claims	-	(38,273)	-	-
Interest income	(231,370)	(271,430)	(88,805)	(152,470)
Reversal of impairment losses on trade receivables	(233,836)	(302,476)	-	-
Realised gain on foreign exchange	(35,449)	(9,387)	-	-
Rental income	(212,700)	(207,500)	-	-

## 25. TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current financial year				
- income tax expense	1,577,292	1,862,324	47,948	46,982
- deferred tax expense	228,256	31,566	-	-
	1,805,548	1,893,890	47,948	46,982
(Over)/Under provision in prior financial year				
- income tax expense	(31,125)	59,006	-	30,088
	(31,125)	59,006	-	30,088
	1,774,423	1,952,896	47,948	77,070



# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

## 25. TAXATION (Continued)

A reconciliation of tax expense on profit/(loss) before taxation with the applicable statutory income tax rate is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before taxation	7,515,580	9,016,131	1,073,536	(263,169)
Income tax at statutory tax rate of 24%	1,803,739	2,163,871	257,649	(63,161)
Tax effects in respect of:				
Income not subject to tax	(816,946)	(640,772)	(312,000)	-
Non-deductible expenses	795,425	351,603	102,299	110,143
Deferred tax assets not recognised	23,330	19,188	-	-
	1,805,548	1,893,890	47,948	46,982
(Over)/Under provision in prior financial year	(31,125)	59,006	-	30,088
	1,774,423	1,952,896	47,948	77,070

As at 28 February 2023, the Group has the following deferred tax assets which are not recognised in the financial statements as it is not probable that future taxable income will be available to allow the assets to be utilised:

	Group	
	2023 RM	2022 RM
Excess of net carrying value over tax written down value of property, plant and equipment	(2,704)	(2,345)
Unabsorbed tax losses	37,748	17,005
Unabsorbed capital allowances	8,817	5,871
	43,861	20,531

As at 28 February 2023, the Group has unabsorbed tax losses of approximately RM157,000 (2022: RM70,000) and unabsorbed capital allowances of RM36,700 (2022: RM24,400).

The unabsorbed tax losses are available for offset against future taxable profits and will expire in the following financial years:

	Group	
	2023 RM	2022 RM
Year of assessment		
2032	70,000	70,000
2033	87,000	-
	157,000	70,000

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

## 26. STAFF COSTS

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Salaries, bonus and allowances	(a)	7,868,744	6,266,814	194,250	183,000
EPF contributions		771,762	790,244	-	-
Other staff related expenses		197,633	200,038	-	-
		8,838,139	7,257,096	194,250	183,000
Included in staff costs are					
- directors' fees		180,500	168,000	180,500	168,000
- directors' salaries, allowances, incentives and bonuses		982,819	712,675	13,750	15,000
- directors' defined contribution plans		81,499	75,133	-	-
- directors' other emoluments		3,791	30,769	-	-
		1,248,609	986,577	194,250	183,000

### (a) Salaries, bonuses and allowances

Salaries, bonuses and allowances are net of wage subsidy received from the Government of Malaysia amounted to RM Nil (2022: RM698,400).

## 27. EARNINGS PER SHARE

### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 28 February 2023 was based on the profit attributable to ordinary shares and a weighted average number of ordinary shares outstanding, calculated as follows:

Profit attributable to ordinary shareholders

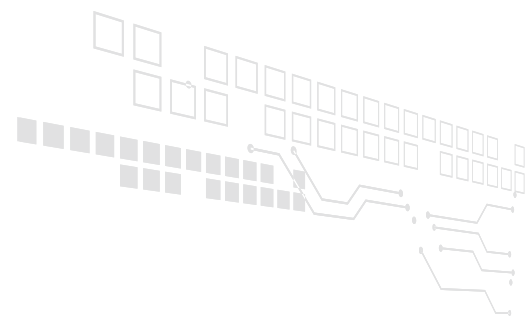
	Group	
	2023 RM	2022 RM
Profit for the year attributable to owners of the Company	5,741,157	7,063,235
Weighted average number of ordinary shares at 28 February	347,371,000	343,223,241
Basic earnings per ordinary share	0.02	0.02

### Diluted earnings per ordinary share

Diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares as at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

## 28 FEBRUARY 2023 (Cont'd)



### 28. DIVIDEND

The following dividend was declared and paid by the Company:

	2023 RM	2022 RM
In respect of the financial year ended 28 February 2023:		
An interim single-tier dividend of 0.20 sen per ordinary share, declared on 28 July 2022 and paid on 30 August 2022	694,743	-

### 29. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by directors for the purpose of making decisions about resources allocation and performance assessment.

The two reportable operating segments are as follows:

Segments	Products and services
Industrial users	Sales of electrical products and accessories to electrical contractors, electrical products manufacturers, factory and business owners, and others.
Resellers	Sales of electrical products and accessories to intermediaries including distributors and retailers.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

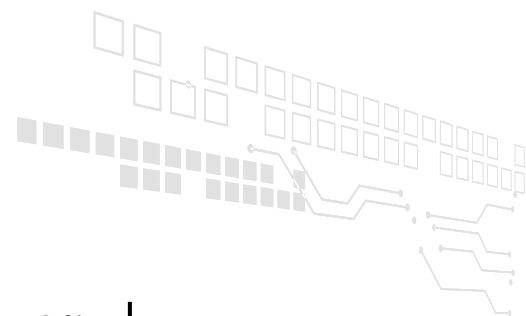
## 29. SEGMENT INFORMATION (Continued)

Inter-segment pricing is determined on negotiated basis.

28 February 2023							
Revenue:							
Revenue from external customers			110,170,701	22,336,898	-	-	132,507,599
Inter-segment revenue			6,987,812	-	4,758,000	(11,745,812)	-
<hr/>							
		22	117,158,513	22,336,898	4,758,000	(11,745,812)	132,507,599
<hr/>							
<b>Segment profit</b>							
Other income			15,848,784	2,814,410	-	-	18,663,194
Administrative expenses							1,773,656
Finance costs		23					(14,450,588)
Share of results of an associate		10					(734,268)
Income tax expense		25					2,263,586
							(1,774,423)
Profit for the financial year							<hr/> 5,741,157 <hr/>
<b>Segment assets</b>							
Total assets							<hr/> 148,538,322 <hr/>
<b>Segment liabilities</b>							
Total liabilities							<hr/> 59,074,322 <hr/>
<b>Results:</b>							
<i>Included in the measure of segments profit are:</i>							
Staff costs		26					8,838,139
Depreciation of property, plant and equipment		24					1,415,667
Depreciation of right-of-use assets		24					815,673

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)



## 29. SEGMENT INFORMATION (Continued)

	Note	Industrial users RM	Resellers RM	Others RM	Adjustment and eliminations RM	Total RM
<b>28 February 2022</b>						
<b>Revenue:</b>						
Revenue from external customers		104,940,929	19,989,123	-	-	124,930,052
Inter-segment revenue		12,285,953	-	1,946,000	(14,231,953)	-
	22	117,226,882	19,989,123	1,946,000	(14,231,953)	124,930,052
<b>Segment profit</b>						
Other income		17,722,861	2,190,132	-	-	19,912,993
Administrative expenses						862,557
Finance costs	23					(12,871,962)
Share of results of an associate	10					(891,483)
Income tax expense	25					2,004,026
						(1,952,896)
Profit for the financial year						7,063,235
<b>Segment assets</b>						
Total assets						150,839,065
<b>Segment liabilities</b>						
Total liabilities						66,422,146
<b>Results:</b>						
<i>Included in the measure of segments profit are:</i>						
Staff costs	26					7,257,096
Depreciation of property, plant and equipment	24					1,065,392
Depreciation of right-of-use assets	24					939,461

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

### 30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments of the Group and the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial assets at amortised cost				
- Trade and other receivables	29,527,723	34,127,349	30,153,905	26,795,905
- Cash and cash equivalents	21,095,088	23,782,825	2,998,723	6,079,326
	50,622,811	57,910,174	33,152,628	32,875,231
Financial asset at fair value through other comprehensive income				
- Other investment	1,017,010	1,017,010	-	-
Financial liabilities at amortised cost				
- Loans and borrowings	25,366,602	27,443,182	-	-
- Lease liabilities	289,512	257,045	-	-
- Trade and other payables (excluding deposit received)	31,955,061	37,902,641	72,122	120,858
	57,611,175	65,602,868	72,122	120,858

### 31. FINANCIAL RISK MANAGEMENT

The Group and the Company have exposure to the following risks from its use of financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

#### (a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers.

#### (i) Receivables

*Risk management objectives, policies and processes for managing the risk*

The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

Credit evaluations are performed on all new customers receiving credit over a certain amount to mitigate the exposure to credit risk. Credit exposure of overseas customers is minimal as most of the overseas customers transact via letter of credits, which are guaranteed by banks before the shipments of goods.

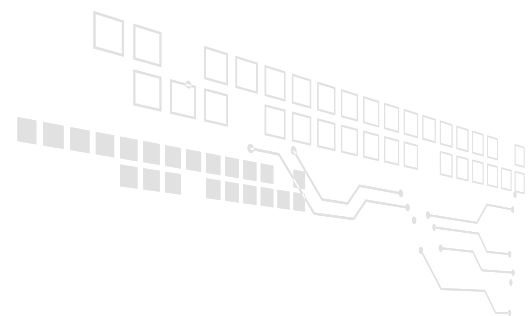
At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amount of credit impaired trade receivables are written off when there is no realistic prospect of recovery. This is when an account is 365 days past due or the customer is experiencing significant financial difficulties, undertaking financial reorganisation or has gone bankrupt.

There are no significant changes as compared to previous year.

# NOTES TO THE FINANCIAL STATEMENTS

## 28 FEBRUARY 2023 (Cont'd)



### 31. FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Credit risk (Continued)

##### (i) Receivables (continued)

###### *Exposure to credit risk, credit quality and collateral*

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

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

###### *Concentration of credit risk*

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

	2023 RM	Group 2022 RM
Domestic	29,229,070	33,768,925

At the end of the reporting period, the Group has no significant concentration of credit risk.

###### *Recognition and measurement of impairment losses*

When an account is more than 120 days past due, the credit risk is considered to have increased significantly since the initial recognition. The Group identifies as a default account if it is more than 365 days past due and the customer is having significant financial difficulties (analysed by financial measures of reported losses, negative cash flows, and qualitative evaluation of the customer's characteristics). The Group classifies an impaired receivable when a customer is in default, in liquidation or other financial reorganisation.

For each significant receivable, the Group uses a provision matrix that categorises based on ageing profiles. The collective lifetime ECLs are measured based on the Group's past lost rate experiences, current conditions and forecast of future economic conditions. The past lost rates are adjusted upward in the measurement in worsening current conditions and forecasts of future macroeconomic conditions. There is no collective lifetime ECLs being recognised as at the end of the reporting period based on the Group's past lost rate experiences.



# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

## 31. FINANCIAL RISK MANAGEMENT (Continued)

### (a) Credit risk (continued)

#### (i) Receivables (continued)

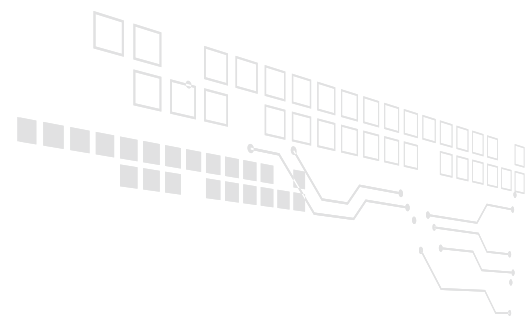
*Recognition and measurement of impairment losses (continued)*

The Group maintains an ageing analysis in respect of trade receivables. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM	Group Individual impairment RM	Net RM
<b>28 February 2023</b>			
Neither past due nor impaired	20,960,829	-	20,960,829
Past due			
1 to 30 days past due	3,448,432	-	3,448,432
31 to 60 days past due	2,557,455	-	2,557,455
61 to 90 days past due	1,073,481	-	1,073,481
More than 91 days past due	1,547,390	(358,517)	1,188,873
	8,626,758	(358,517)	8,268,241
	29,587,587	(358,517)	29,229,070
<b>28 February 2022</b>			
Neither past due nor impaired	22,270,715	-	22,270,715
Past due			
1 to 30 days past due	6,543,250	-	6,543,250
31 to 60 days past due	3,127,341	-	3,127,341
61 to 90 days past due	568,220	-	568,220
More than 91 days past due	1,949,883	(690,484)	1,259,399
	12,188,694	(690,484)	11,498,210
	34,459,409	(690,484)	33,768,925

# NOTES TO THE FINANCIAL STATEMENTS

## 28 FEBRUARY 2023 (Cont'd)



### 31. FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Credit risk (continued)

##### (i) Receivables (continued)

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	2023 RM	Group 2022 RM
At beginning of financial year	690,484	971,605
Impairment loss for the year:		
- Individual impairment losses	51,886	79,554
Reversal of impairment losses	(233,836)	(302,476)
Written off previously provided for	(150,017)	(58,199)
At end of financial year	358,517	690,484

The credit risk of the Group's and the Company's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterpart, with a maximum exposure equal to the carrying amount of these financial assets.

##### (ii) Financial guarantees contracts

*Risk management objectives, policies and processes for managing the risk*

The Company provides secured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

*Exposure to credit risk, credit quality and collateral*

The table below summarised the maximum exposure to credit risk of the Company as at the end of the reporting period:

	2023 RM	Company 2022 RM
Corporate guarantees to licensed banks for banking facilities granted to subsidiaries, representing the outstanding loan amounts of the subsidiaries (Note 19)	30,845,491	31,879,762

# NOTES TO THE FINANCIAL STATEMENTS

## 28 FEBRUARY 2023 (Cont'd)

### 31. FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Credit risk (continued)

##### (iii) Inter-company advances

###### *Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured advances to a wholly owned subsidiary. The Company does not have a formal policy for managing credit risk arising from advances to the subsidiary as exposure is not considered significant.

###### *Exposure to credit risk, credit quality and collateral*

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

###### *Recognition and measurement of impairment losses*

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

- The subsidiary is unlikely to repay its advance to the Company in full;
- The subsidiary's advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

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

As at the end of the reporting period, there was no indication that the advances to a subsidiary is not recoverable.

#### (b) Liquidity risk

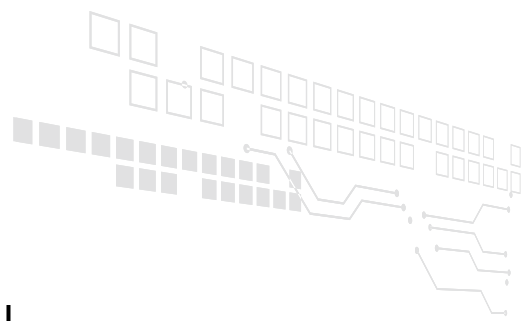
Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, corporate guarantees, loans and borrowings.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)



## 31. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Liquidity risk (Continued)

#### Maturity analysis

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

2023	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1 - 5 years RM	More than 5 years RM
<b>Group</b>						
<i>Non-derivative financial liabilities</i>						
Term loans	14,615,596	3.37% - 5.64%	20,272,278	2,670,664	6,598,618	11,002,996
Finance lease liabilities	177,793	2.38% - 5.09%	196,294	148,324	47,970	-
Bankers' acceptances	3,373,000	3.31% - 3.34%	3,373,000	3,373,000	-	-
Trust receipts	7,200,213	3.06% - 3.15%	7,200,213	7,200,213	-	-
Lease liabilities	289,512	5.70% - 6.00%	310,000	202,900	107,100	-
Trade and other payables (excluding deposit received)	31,955,061	-	31,955,061	31,955,061	-	-
	57,611,175		63,306,846	45,550,162	6,753,688	11,002,996
<b>Company</b>						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	72,122	-	72,122	72,122	-	-
Financial guarantees* (Note 31(a)(ii))	-	-	30,845,491	30,845,491	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 28 FEBRUARY 2023 (Cont'd)

### 31. FINANCIAL RISK MANAGEMENT (Continued)

#### (b) Liquidity risk (Continued)

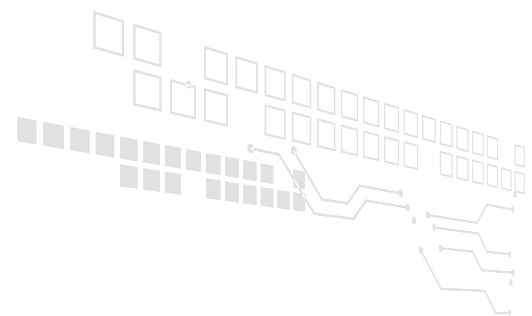
##### Maturity analysis (continued)

2022 Group	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1 - 5 years RM	More than 5 years RM
<i>Non-derivative financial liabilities</i>						
Term loans	15,409,869	3.37% - 5.64%	20,224,841	1,362,569	5,450,274	13,411,998
Finance lease liabilities	378,392	2.38% - 5.09%	416,628	220,310	196,318	-
Bankers' acceptances	2,490,000	3.31% - 3.34%	2,490,000	2,490,000	-	-
Trust receipts	9,164,921	3.06% - 3.15%	9,164,921	9,164,921	-	-
Lease liabilities	257,045	5.70% - 6.00%	290,741	202,900	87,841	-
Trade and other payables (excluding deposit received)	37,902,641	-	37,902,641	37,902,641	-	-
	65,602,868		70,489,772	51,343,341	5,734,433	13,411,998
<b>Company</b>						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	120,858	-	120,858	120,858	-	-
Financial guarantees* (Note 31(a)(ii))	-	-	31,879,762	31,879,762	-	-

\* As at end of the reporting period, there was no indication that the subsidiaries would default on repayment. Hence, the financial guarantees have not been recognised. The disclosure represents the maximum amount that is required to be settled in the event of the triggering event.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)



## 31. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Market risk

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

#### (i) Currency risk

The Group is exposed to foreign currency risk on sales and cash and cash equivalents that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily United States Dollar ("USD").

#### *Risk management objectives, policies and processes for managing the risk*

The Group does not hedge its exposure to foreign currency risk. The Group ascertains that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short term imbalances.

The Board and the management will keep this policy under review and will take necessary action to minimise the exposure of the risk.

#### *Exposure to foreign currency risk*

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

	USD RM
<b>Group</b>	
<b>2023</b>	
Cash and cash equivalents	357
<b>2022</b>	
Cash and cash equivalents	351

#### *Currency risk sensitivity analysis*

A 10% (2022: 10%) strengthening of the following currencies against the Ringgit Malaysia ("RM") at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant.

	Profit or loss	
	2023 RM	2022 RM
<b>Group</b>		
USD	27	27

A 10% (2022: 10%) weakening of the above currencies against the Ringgit Malaysia ("RM") at the end of the reporting period would have an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

# NOTES TO THE FINANCIAL STATEMENTS

## 28 FEBRUARY 2023 (Cont'd)

### 31. FINANCIAL RISK MANAGEMENT (Continued)

#### (c) Market risk (Continued)

##### (ii) Interest rate risk

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

##### *Risk management objectives, policies and processes for managing the risk*

The Group utilises short term borrowings for working capital purposes and borrow term loans to finance capital expenditure. In view of the low interest rate scenario, exposure to fluctuation of interest rate risk is not considered to be significant.

##### *Exposure to interest rate risk*

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

	2023 RM	Group 2022 RM
<b>Fixed rate instruments</b>		
Financial assets	1,526,070	1,174,629
Financial liabilities	(11,040,518)	(12,290,358)
	(9,514,448)	(11,115,729)
<b>Floating rate instruments</b>		
Financial liabilities	(14,615,596)	(15,409,869)

##### *Interest rate risk sensitivity analysis*

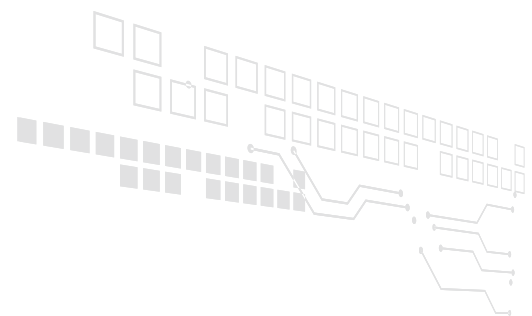
##### *Fair value sensitivity analysis for fixed rate instruments*

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



# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)



## 31. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Market risk (Continued)

#### (ii) Interest rate risk (Continued)

##### *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group Profit or loss	
	100 bp increase RM	100 bp decrease RM
<b>2023</b>		
Floating rate instruments	(111,079)	111,079
<b>2022</b>		
Floating rate instruments	(117,115)	117,115

#### (d) Fair value information

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

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

## 31. FINANCIAL RISK MANAGEMENT (CONTINUED)

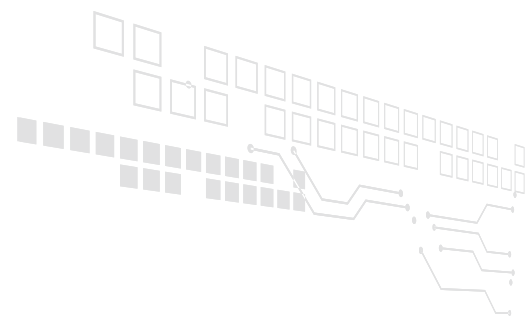
### (d) Fair value information (continued)

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

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value		Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM	
<b>2023</b>											
<b>Financial assets</b>											
Other investment	-	-	1,017,010	1,017,010	-	-	-	-	1,017,010	1,017,010	
	-	-	1,017,010	1,017,010	-	-	-	-	1,017,010	1,017,010	
<b>Financial liabilities</b>											
Term loan	-	-	-	-	-	-	-	-	12,097,770	12,097,770	14,615,596
	-	-	-	-	-	-	-	-	12,097,770	12,097,770	14,615,596
<b>2022</b>											
<b>Financial assets</b>											
Other investment	-	-	1,017,010	1,017,010	-	-	-	-	1,017,010	1,017,010	
	-	-	1,017,010	1,017,010	-	-	-	-	1,017,010	1,017,010	
<b>Financial liabilities</b>											
Term loan	-	-	-	-	-	-	-	-	13,500,383	13,500,383	15,409,869
	-	-	-	-	-	-	-	-	13,500,383	13,500,383	15,409,869

# NOTES TO THE FINANCIAL STATEMENTS

## 28 FEBRUARY 2023 (Cont'd)



### 31. FINANCIAL RISK MANAGEMENT (Continued)

#### (d) Fair value information (continued)

##### Policy of transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

##### Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

##### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

##### *Non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

##### Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2022: no transfer in either directions).

##### Level 3 fair value

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

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

##### *Financial instruments carried at fair value*

Type	Description of valuation technique and inputs used
Other investment	Discounted cash flows using pre-tax cash flow projections

##### *Financial instruments not carried at fair value*

Term loans	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.
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## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

### 32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group manages the capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 28 February 2023 and 28 February 2022.

The Group monitors capital using gearing ratio. The gearing ratio calculated as total interest-bearing borrowings divided by total equity of the Group.

The gearing ratio at 28 February 2023 and 28 February 2022 are as follows:

	2023 RM	Group 2022 RM
Total interest-bearing borrowings	25,656,114	27,700,227
Total equity	89,463,333	84,416,919
Gearing ratio %	29%	33%

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

Under the requirement of borrowing facilities, the Group is required to maintain several financial covenants. As at the reporting date, the Group had complied with all the financial covenants.

### 33. OPERATING LEASE ARRANGEMENTS

#### As lessor

The Group leases several of its investment properties for lease term of 2 years (2022: 1 year). Rental charges are revised every 2 years (2022: 2 years) to reflect current market conditions.

Future minimum rental receivable under the non-cancellable operating lease at the reporting date is as follows:

	2023 RM	Group 2022 RM
Not later than one year	119,100	174,000
More than one year and not later than five years	12,900	67,500
	132,000	241,500

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2023 (Cont'd)

## 34. RELATED PARTY DISCLOSURES

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

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

The Group and the Company have related party relationship with associate, entity in which certain directors have interests, entity owned by persons connected to a director, directors and key management personnel.

### Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>(a) Subsidiary</b>				
Dividend income	-	-	(1,300,000)	-
Management fees received	-	-	(358,000)	(278,000)
<b>(b) Associate</b>				
Sales of goods	(2,163,514)	(2,072,617)	-	-
Purchases of goods	405,480	123,355	-	-
<b>(c) Key management personnel compensation</b>				
Salaries, allowances, fees, incentives and bonuses	1,310,334	1,055,728	-	-
Defined contribution plans	99,667	120,563	-	-
Other staff related expenses	4,832	88,273	-	-
	1,414,833	1,264,564	-	-
<b>(d) Directors' remuneration</b>				
Directors' fees	180,500	168,000	180,500	168,000
Directors' salaries, allowances, incentives and bonuses	982,819	712,675	13,750	15,000
Directors' defined contribution plans	81,499	75,133	-	-
Directors' other emoluments	3,791	30,769	-	-
	1,248,609	986,577	194,250	183,000

Significant related party balances related to the above transactions are disclosed in Notes 14 and 21.

## NOTES TO THE FINANCIAL STATEMENTS

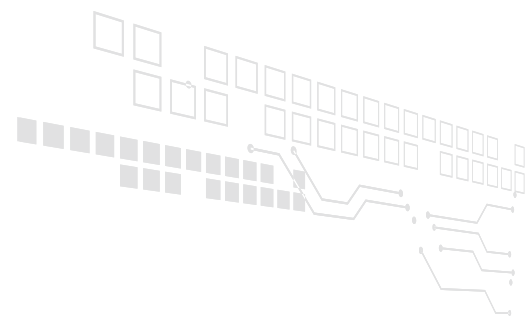
28 FEBRUARY 2023 (Cont'd)

### 35. OTHER INFORMATION

- (a) The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.
- (b) The registered office of the Company is located at:  
  
Unit 30-01, Level 30 Tower A  
Vertical Business Suite Avenue 3  
Bangsar South, No 8 Jalan Kerinchi  
59200 Kuala Lumpur
- (c) The principal place of business of the Company is located at:  
  
PLO 264, No.14, Jalan Firma 3  
Kawasan Perindustrian Tebrau 4  
81100 Johor Bahru
- (d) The financial statements are expressed in Ringgit Malaysia, which is also the Group's and the Company's functional currency.

### 36. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 24 May 2023.



## STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the directors of **ACO GROUP BERHAD (Registration No. 201901020410 (1329739-A))** do hereby state that, in the opinion of the directors, the financial statements set out on pages 64 to 125 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 28 February 2023 and of the financial performance and the cash flows of the Group and the Company for the financial year ended on that date.

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

**TANG PEE TEE @ TAN CHANG KIM**

Director

Kuala Lumpur

24 May 2023

**TAN YUSHAN**

Director

## STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **TAN YUSHAN**, being the director primarily responsible for the financial management of **ACO GROUP BERHAD (Registration No. 201901020410 (1329739-A))** do solemnly and sincerely declare that the financial statements set out on pages 64 to 125 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

**TAN YUSHAN (MIA 34410)**

Subscribed and solemnly declared  
by the abovenamed at Kuala Lumpur  
on 24 May 2023

Before me

ONG SIEW KEE  
W839  
Commissioner of Oaths  
Kuala Lumpur, Malaysia



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACO GROUP BERHAD

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of ACO Group Berhad, which comprise the statements of financial position as at 28 February 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 64 to 125.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 28 February 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

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

#### Independence and Other Ethical Responsibilities

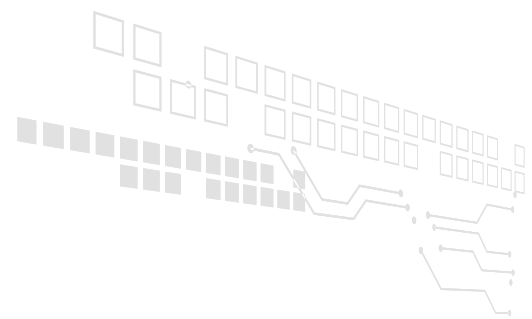
We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants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

#### Key Audit Matters

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

Key audit matters	How our audit addressed the key audit matter
<p><u>Recoverability of trade receivables</u></p> <p>Refer to Note 3.4 – Significant Accounting Policies, Note 5.1 – Significant Accounting Estimates and Judgements, and Note 14 – Trade and Other Receivables</p> <p>The Group had trade receivables, net of impairment, amounted to RM29,229,070 as at 28 February 2023.</p> <p>The valuation of trade receivables requires management judgement due to the credit risks associated with each individual trade receivable. Management assesses the recoverability of trade receivables by reviewing customers' ageing profile, credit history and status of subsequent settlement, and determines whether an impairment provision is required.</p> <p>We focused on this area as the determination of impairment provision requires management to make significant judgement and assumptions.</p>	<p><u>The details of our work performed are as follows:</u></p> <ul style="list-style-type: none"> <li>We have reviewed the management's process in identifying long outstanding receivables;</li> <li>We have tested the trade receivables ageing reports on sampling basis in order to place reliance on the ageing report as a basis for impairment provisions made;</li> <li>We have reviewed ageing for past due balances on a sampling basis to ascertain the adequacy of impairment made on trade receivables;</li> <li>We have evaluated the Expected Credit Loss ("ECL") model calculations, agreed the data inputs and checked the mathematical accuracy of the calculations; and</li> <li>We have reviewed subsequent collections of receivables for selected customers.</li> </ul>

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACO GROUP BERHAD (Cont'd)



### Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matter
<p><u>Inventories write-down</u></p> <p>Refer to Note 3.8 – Significant Accounting Policies, Note 5.2 – Significant Accounting Estimates and Judgements and Note 13 - Inventories</p> <p>As at 28 February 2023, included in the carrying values of the inventories of the Group was trading goods amounted to RM46,391,513.</p> <p>The Group's evaluation process in assessing the adequacy of inventory write-downs as described in Note 5.2 to the financial statements include ageing analysis, technical assessment and subsequent events. Accordingly, there is a level of judgement in assessing the inventory provision.</p>	<p><u>The details of our work performed are as follows:</u></p> <ul style="list-style-type: none"> <li>• We have performed test on inventory costing;</li> <li>• We have reviewed the management's process in identifying slow moving or obsolete inventories;</li> <li>• We have performed net realisable value ("NRV") test on items of inventories on sampling basis to assess if inventories are properly written down to lower of cost and net realisable value; and</li> <li>• We have performed inventory count observation at all selected locations within scope.</li> </ul>

### 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 Directors' report included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

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.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

### Responsibilities of the Directors for the Financial Statements

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

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

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACO GROUP BERHAD (Cont'd)

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

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

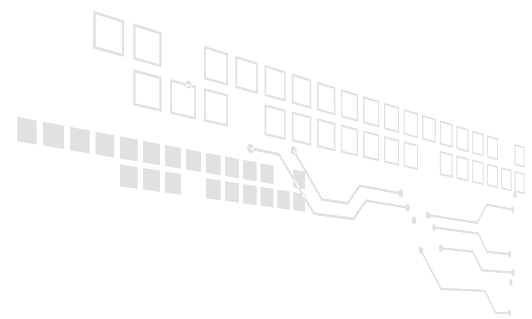
As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or 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 communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACO GROUP BERHAD (Cont'd)

### Other Matter

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

#### **RSM Malaysia PLT**

202206000002 (LLP0030276-LCA) & AF 0768

Chartered Accountants

Kuala Lumpur

24 May 2023

#### **Lou Hoe Yin**

03120/04/2024 J

Chartered Accountant

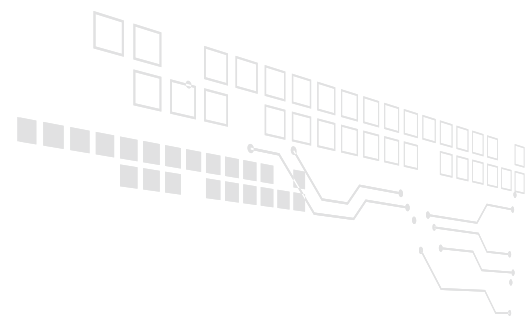
## LIST OF PROPERTIES OWNED BY GROUP

### 28 FEBRUARY 2023

No.	Location	Land area (sq.m.)	Built-up area (sq. m.)	Existing Use	Tenure	Year of Expiry (for leasehold)	Approximate age of building	Net Book Value as at 28 February 2023 RM'000	Date of Last Revaluation (R)/ Acquisition (A)
1	H.S. (M) 9001, PT 35164 Sungai Purun, Mukim Semenyih, Daerah Hulu Langat, Negeri Selangor, bearing postal address of No. 1, Jalan 2, Kawasan Perindustrian Lekas 18, 43500 Semenyih, Selangor Darul Ehsan	996.39	492.75	Distribution centre (1 and a half storey semi-detached factory)	Freehold	-	10 years	3,477	26-Apr-16 A
2	GM 10124, Lot 12636 Muar, Mukim Bandar, Daerah Muar, Negeri Johor, bearing postal address of No. 10, Jalan Susur, Off Jalan Sungai Abong, 84000 Muar, Johor Darul Takzim	145.00	429.21	Sales outlet (3 storey shop office)	Freehold	-	21 years	843	09-Jun-18 (A)
3	GRN 242081, Lot 51223, Mukim Plentong, Daerah Johor Bahru, Negeri Johor, bearing postal address of No. 50, Jalan Seroja 45, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim	463.00	547.76	Sales outlet (Single storey terrace workshop)	Freehold	-	31 years	1,273	02-Feb-21 A
4	GRN 250551, Lot 182787, Mukim Plentong, Daerah Johor Bahru, Negeri Johor, bearing postal address of No. 14, Jalan Sri Plentong 10, Taman Perindustrian Sri Plentong, 81750, Masai, Johor Bahru, Johor Darul Takzim	1,589.00	990.91	Rental property (1 and a half storey semi-detached factory)	Freehold	-	14 years	2,900	14-Jan-21 (R)
5	GRN 242093, Lot 51283, Mukim Plentong, Daerah Johor Bahru, Negeri Johor bearing postal address of No. 24, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim	451.00	569.50	Rental property (1 storey terrace workshop with mezzanine floor)	Freehold	-	31 years	1,700	09-Jun-20 (R)
6	GRN 436667, Lot 51241, Mukim Plentong, Daerah Johor Bahru, Negeri Johor, bearing postal address of No. 108, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim	372.00	548.13	Sales outlet (1 and a half storey terrace factory)	Freehold	-	31 years	1,095	24-Apr-19 (R)

## LIST OF PROPERTIES OWNED BY GROUP

28 FEBRUARY 2023 (Cont'd)



No.	Location	Land area (sq.m.)	Built-up area (sq. m.)	Existing Use	Tenure	Year of Expiry (for leasehold)	Approximate age of building	Net Book Value as at 28 February 2023 RM'000	Date of Last Revaluation (R)/ Acquisition (A)
7	GRN 243035, Lot 51240, Mukim Plentong, Daerah Johor Bahru, Negeri Johor, bearing postal address of No. 110, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim	372.00	408.77	Sales outlet (1 and a half storey terrace factory)	Freehold	-	31 years	1,124	24-Apr-19 (R)
8	GRN 456393, Lot 143286, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor, bearing postal address of No. 10, Jalan Kempas Utama 3/5, Taman Perindustrian Kempas Utama, 81200 Johor Bahru, Johor Darul Takzim	1,772.00	1,059.93	Sales outlet (Corner 1 and a half storey semi-detached factory)	Freehold	-	12 years	2,881	11-Apr-18 (A)
9	HSD 493851, PTD 76050, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor, bearing postal address of PLO 264, No.14, Jalan Firma 3, Kawasan Perindustrian 4, 81100 Johor Bahru, Johor Darul Takzim	8,781.00	5,404.15	Group's headquarter, distribution centre and sales outlet (Single storey detached factory with 3 storey office building, 1 and a half storey detached factory, 1 single storey detached warehouse)	37 years lease expiring on 31 January 2060	2060	9 years	10,649	12-Mar-21 (A)
10	PN 48301, Lot 16700, Mukim Batu Berendam, Daerah Melaka Tengah, Negeri Melaka, bearing postal address of No. 1, Jalan IKS M4, Taman IKS Merdeka, Batu Berendam, 75350 Melaka	937.00	981.83	Sales outlet (Corner 1 and a half storey semi-detached factory)	99 years lease expiring on 12 July 2106	2106	16 years	1,543	08-Jun-17 (A)
11	PN 48303, Lot 16701, Mukim Batu Berendam, Daerah Melaka Tengah, Negeri Melaka, bearing postal address of No. 3, Jalan IKS M4, Taman IKS Merdeka, Batu Berendam, 75350 Melaka	876.00	981.83	Sales outlet (Intermediate 1 and a half storey semi-detached factory)	99 years lease expiring on 12 July 2106	2106	16 years	1,445	08-Jun-17 (A)

## ANALYSIS OF SHAREHOLDINGS

### AS AT 29 MAY 2023

Issued Share Capital : 347,371,300 shares  
 Class of Shares : Ordinary Shares  
 Voting Rights : One vote per Ordinary Share

#### DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 – 99	2	0.06	100	0.00
100 – 1,000	401	11.27	236,900	0.07
1,001 – 10,000	1,460	41.04	9,267,800	2.67
10,001 – 100,000	1,507	42.37	53,454,300	15.39
100,001 – less than 5% of issued shares	186	5.23	73,942,200	21.28
5% and above of issued shares	1	0.03	210,470,000	60.59
<b>Total</b>	<b>3,557</b>	<b>100.00</b>	<b>347,371,300</b>	<b>100.00</b>

#### SUBSTANTIAL SHAREHOLDERS

(According to the Register of the Directors' Shareholdings as at 29 May 2023)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
1. Kompas Realty Sdn. Bhd.	210,470,000	60.59	-	-
2. Tang Pee Tee @ Tan Chang Kim	-	-	210,470,000 <sup>(1)</sup>	60.59
3. Jin Siew Yen	-	-	210,470,000 <sup>(1)</sup>	60.59
4. Tan Yushan	-	-	210,470,000 <sup>(1)</sup>	60.59

#### Note:

<sup>(1)</sup> Deemed interested by virtue of his substantial shareholdings in Kompas Realty Sdn. Bhd. (formerly known as Kompas Electrical Distributor Sdn. Bhd.) pursuant to Section 8 of the Companies Act 2016 ("CA 2016").

#### DIRECTORS' SHAREHOLDINGS

(According to the Register of the Substantial Shareholders as at 29 May 2023)

Name of Director	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
1. Tang Pee Tee @ Tan Chang Kim	-	-	210,470,000 <sup>(1)</sup>	60.59
2. Tan Yushan	-	-	210,470,000 <sup>(1)</sup>	60.59
3. Dr. Ng Kok Chiang	1,088,000	0.31	-	-
4. Yap Koon Roy	200,000	0.06	-	-
5. Dr. Teh Chee Ghee	200,000	0.06	-	-
6. Nor Syahirah Binti Abu Baker	-	-	-	-

#### Note:

<sup>(1)</sup> Deemed interested by virtue of his substantial shareholdings in Kompas Realty Sdn. Bhd. (formerly known as Kompas Electrical Distributor Sdn. Bhd.) pursuant to Section 8 of the Companies Act 2016 ("CA 2016").



# ANALYSIS OF SHAREHOLDINGS

AS AT 29 MAY 2023 (Cont'd)

## LIST OF 30 LARGEST SHAREHOLDERS

As at 29 May 2023

	Name of Shareholders	No. of Shares	%
1.	KOMPAS REALTY SDN. BHD.	210,470,000	60.59
2.	BOON MING CHOON	5,470,300	1.57
3.	ANG BOON GUAN	5,433,000	1.56
4.	WONG KIM LIAN	3,720,000	1.07
5.	TAN YIN LING	3,500,000	1.01
6.	MOHAMAD RIDZHUAN FIRDAUS MAULA RAJA AZNIN	1,442,500	0.42
7.	ALLIANCEROU NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIN @ TAN PEK-HAN	1,260,000	0.36
8.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KIM TECK	1,241,000	0.36
9.	CHOO TECK KEONG	1,235,000	0.36
10.	NG CHIN LEONG	1,229,200	0.35
11.	TAN HOW CHING	1,214,500	0.35
12.	ALAN CHUA HOCK KWANG	1,189,100	0.34
13.	NG KOK CHIANG	1,088,000	0.31
14.	TAN LAI HUAN	1,060,600	0.31
15.	NG CHIN HOE	1,000,000	0.29
16.	PHILLIP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIN CHEE SENG	1,000,000	0.29
17.	SITI NURFATINAH BINTI AMIRSAH	964,600	0.28
18.	NG CHING HUWAI	790,700	0.23
19.	LEE SWEE WING	750,000	0.21
20.	SAW GHEE KEONG	700,000	0.20
21.	DOY CHEE FU	661,000	0.19
22.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TANG SENG HENG (CCTS)	577,000	0.17
23.	CH'NG AI LIN	567,900	0.16
24.	YEW TEIK HOONG	547,300	0.16
25.	NG CHING HUWAI	542,900	0.16
26.	MAK THOH LIN	530,000	0.15
27.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD ( A/C CLIENTS )	520,000	0.15
28.	GUI BOON HOE	500,000	0.14
29.	NG BAK KHOON	454,900	0.13
30.	LIM YEE FUNG	450,000	0.13
	<b>TOTAL</b>	<b>250,109,500</b>	<b>72.00</b>

## NOTICE OF FOURTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fourth Annual General Meeting (“AGM”) of ACO Group Berhad (“Company” or “ACO”) will be conducted fully virtual through online meeting platform via TIH Online website at <https://tiah.online> or <https://tiah.com.my> (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia on **26 July 2023, Wednesday** at **10.00 a.m.** for the following purposes:-

### AGENDA

#### A. Ordinary Business

*[Please refer to the  
Explanatory Notes to  
the Agenda]*

1. To receive the Audited Financial Statements for the financial year ended 28 February 2023 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who is retiring in accordance with Clause 76(3) of the Constitution of the Company:-
  - 2.1. Yap Koon Roy **(Ordinary Resolution 1)**
  - 2.2. Tang Pee Tee @ Tan Chang Kim **(Ordinary Resolution 2)**
3. To re-elect Nor Syahirah Binti Abu Baker who is retiring in accordance with Clause 78 of the Constitution of the Company. **(Ordinary Resolution 3)**
4. To approve the payment of the Directors’ fees of RM180,500.00 for the financial year ended 28 February 2023. **(Ordinary Resolution 4)**
5. To approve the payment of the Directors’ benefits of up to RM33,000.00 for the period from the Fourth AGM until the Fifth AGM of the Company. **(Ordinary Resolution 5)**
6. To re-appoint Messrs RSM Malaysia PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **(Ordinary Resolution 6)**

#### B. Special Business

To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolutions: -

7. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **(Ordinary Resolution 7)**

“THAT, pursuant to Sections 75 and 76 of the Companies Act 2016 (“the Act”) and the Constitution of the Company and subject to the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued during the preceding twelve (12) months does not exceed 10% of the total number of the issued shares (excluding treasury shares) of the Company for the time being AND THAT the Board of Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad (“General Mandate”).

THAT, pursuant to Section 85 of the Act read together with Clause 12 of the Company’s Constitution, approval be and is hereby given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company AND THAT the Board of Directors is exempted from the obligation to offer such new shares first to the existing shareholders of the Company in respect of the issuance and allotment of new shares pursuant to the General Mandate.”

# NOTICE OF FOURTH ANNUAL GENERAL MEETING

(Cont'd)

## C. Other Business

8. To transact any other business of which due notice shall have been given in accordance with the Constitution of the Company and the Companies Act 2016.

### By Order of the Board

**WONG WAI FOONG (MAICSA 7001358) (SSM PC NO. 202008001472)**  
**FONG SEAH LIH (MAICSA 7062297) (SSM PC NO. 202008000973)**  
 Company Secretaries

Kuala Lumpur  
 27 June 2023

### NOTES:-

#### 1. **IMPORTANT NOTICE**

Members **will not be allowed** to attend this Annual General Meeting ("AGM") in person on the day of the meeting.

Members are to attend and post questions to the Board via real time submission of typed texts and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at <https://tiih.online>.

**Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 18 July 2023. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
3. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
5. A member who has appointed a proxy/attorney/authorised representative to participate at this Fourth AGM via RPV facilities must request his/her proxy/attorney/authorised representative to register himself/herself for RPV at <https://tiih.online>. Kindly refer to the Procedure for RPV as set out in the Administrative Guide for the Fourth AGM.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

# NOTICE OF FOURTH ANNUAL GENERAL MEETING

(Cont'd)

9. The appointment of a proxy may be made in a hard copy form 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 General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:
  - i. In hard copy form  
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company, 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 alternatively, the 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 proxy form can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tthh.online>. Kindly refer to the Administrative Guide for the Fourth AGM on the procedures for electronic lodgement of proxy form via TIH Online.
10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the share registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging the proxy form is **Monday, 24 July 2023 at 10.00 a.m.**
13. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. Alternatively, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's share registrar.  
  
The certificate of appointment of authorised representative should be executed in the following manner:
  - a. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - b. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - i. at least two (2) authorised officers, of whom one shall be a director; or
    - ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
14. **It is important that you read the Administrative Guide for the conduct of the Fourth AGM.**
15. Shareholders are advised to check the Company's website at [www.acogroup.com.my](http://www.acogroup.com.my) and announcements from time to time for any changes to the administration of the AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

# NOTICE OF FOURTH ANNUAL GENERAL MEETING

(Cont'd)

## EXPLANATORY NOTES:

### 1. Audited Financial Statements for the financial year ended 28 February 2023

The Audited Financial Statements in Agenda item 1 is meant for discussion only as the approval of shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda item is not put forward for voting by shareholders of the Company.

### 2. Ordinary Resolutions 1, 2 and 3 Re-election of Directors

Yap Koon Roy, Tang Pee Tee @ Tan Chang Kim and Nor Syahirah Binti Abu Baker are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Fourth AGM. The Board of Directors ("Board") has through the Nomination Committee ("NC") carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Rule 2.20A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

### 3. Ordinary Resolution 4 Directors' Fees

Ordinary Resolution 4 is to approve the payment of the Directors' fees to the Directors for the financial year ended 28 February 2023, details of which are set out below:-

Category	Non-Executive Chairman	Non-Executive Directors	Executive Directors
<b>The Company</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Directors' Fees (per annum)	60,000.00	120,500.00	-

The proposed Directors' fees are calculated based on the current board size and the assessment on the performance of the Board by the NC.

### 4. Ordinary Resolution 5 Directors' Benefits

Ordinary Resolution 5 is to approve the payment of the Directors' benefits for the period from the Fourth AGM until the Fifth AGM of the Company, details of which are set out below:-

Description	Non- Executive Chairman / Directors	The Company / its subsidiary
<b>Meeting Allowance</b>		
<ul style="list-style-type: none"> <li>Board Meeting (RM750.00 per attendance)</li> <li>Committee Meeting (RM500.00 per attendance)</li> </ul>	Each Director	The Company
<b>Benefits in kind</b>		
Directors and Officers Liability Insurance (RM10,000.00 per annum)	All Directors	The Company

## NOTICE OF FOURTH ANNUAL GENERAL MEETING (Cont'd)

### 5. Ordinary Resolutions 6 Re-appointment of Auditors

The Board has through the Audit and Risk Management Committee, considered the re-appointment of Messrs RSM Malaysia PLT as the Auditors of the Company. The factors considered by the Audit and Risk Management Committee in making the recommendation to the Board to table their re-appointment at the Fourth AGM are disclosed in the Audit and Risk Management Committee Report of the 2023 Annual Report.

### 6. Ordinary Resolution 7 Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Proposed Ordinary Resolution 7 is a renewal of the general mandate pursuant to Sections 75 and 76 of the Act ("General Mandate") obtained from the shareholders of the Company at the previous AGM and, if passed, will empower the Directors of the Company to issue new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued share capital of the Company for the time being.

The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding current and/or future investment project(s), working capital, acquisition and/or for issuance of shares as settlement of purchase consideration.

Pursuant to Section 85 of the Act and Clause 12 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company. This Ordinary Resolution 7, if passed, will exclude the shareholders' pre-emptive right to be offered new shares to be issued by the Company.

As at the date of this notice, no new shares in the Company were issued pursuant to the general mandate which was approved at the Third AGM of the Company held on 28 July 2022, which will lapse at the conclusion of this Fourth AGM.

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**PROXY FORM**

Telephone no. (During office hours) \_\_\_\_\_

I/We \_\_\_\_\_ NRIC (New)/ Company No. \_\_\_\_\_  
(PLEASE USE BLOCK CAPITAL)

of \_\_\_\_\_  
(FULL ADDRESS)

being member(s) of ACO GROUP BERHAD ("Company" or "ACO"), hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and (if more than one (1) proxy)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Fourth Annual General Meeting ("AGM") of the Company will be conducted fully virtual through the online meeting platform via TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia on **26 July 2023, Wednesday at 10.00 a.m.** or any adjournment thereof, and to vote as indicated below:

Ordinary Business	Resolution	For	Against
Re-election of Yap Koon Roy as Director pursuant to Clause 76(3) of the Company's Constitution	Ordinary Resolution 1		
Re-election of Tang Pee Tee @ Tan Chang Kim as Director pursuant to Clause 76(3) of the Company's Constitution	Ordinary Resolution 2		
Re-election of Nor Syahirah Binti Abu Baker as Director pursuant to Clause 78 of the Company's Constitution	Ordinary Resolution 3		
Approval of payment of the Directors' fees of RM180,500.00 for the financial year ended 28 February 2023	Ordinary Resolution 4		
Approval of payment of the Directors' benefits of up to RM33,000.00 for the period from the Fourth AGM until the Fifth AGM of the Company	Ordinary Resolution 5		
Re-appointment of Messrs RSM Malaysia PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration	Ordinary Resolution 6		
<b>Special Business</b>			
Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 7		

(Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023

Signature of Member(s) or/ Common Seal

\* Manner of execution:

- If you are an individual member, please sign where indicated.
- If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
  - at least two (2) authorised officers, of whom one shall be a director; or
  - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

**1. IMPORTANT NOTICE**

Members **will not be allowed** to attend this AGM in person on the day of the meeting.

Members are to attend and post questions to the Board via real time submission of typed texts and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at <https://tiih.online>.

**Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.**

- For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 18 July 2023. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
- A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
- A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
- A member who has appointed a proxy/attorney/authorised representative to participate at this Fourth AGM via RPV facilities must request his/her proxy/attorney/authorised representative to register himself/herself for RPV at <https://tiih.online>. Kindly refer to the Procedure for RPV as set out in the Administrative Guide for the Fourth AGM.
- Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. The appointment of a proxy may be made in a hard copy form 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 General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:
- i. In hard copy form  
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company, 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 alternatively, the 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 proxy form can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide for the Fourth AGM on the procedures for electronic lodgement of proxy form via TIH Online.
10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the share registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging the proxy form is **Monday, 24 July 2023 at 10.00 a.m.**
13. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. Alternatively, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's share registrar.  
The certificate of appointment of authorised representative should be executed in the following manner:-
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**AFFIX  
STAMP**

Share Registrar  
**Tricor Investor & Issuing House Services Sdn. Bhd.**  
Unit 32-01, Level 32  
Tower A, Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur

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Fold This Flap For Sealing



## ACO GROUP BERHAD

Registration No. 201901020410 (1329739-A)  
PLO 264, No. 14, Jalan Firma 3,  
Kawasan Perindustrian Tebrau 4,  
81100 Johor Bahru  
Johor Darul Takzim

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