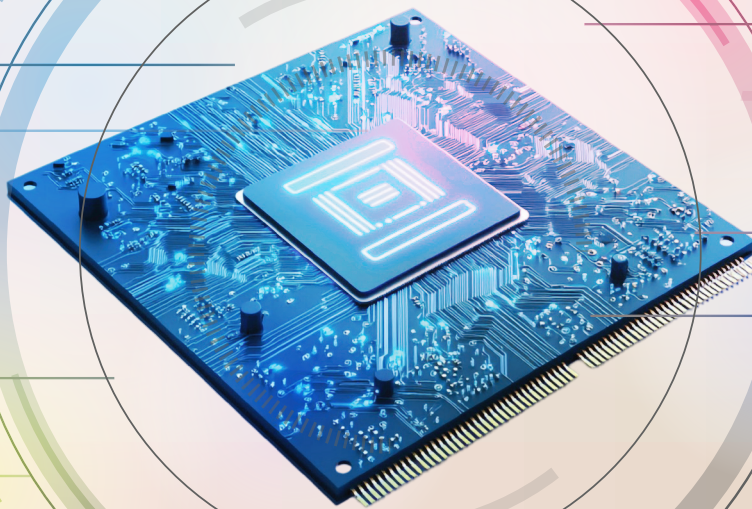


# FRONTKEN

Frontken Corporation Berhad 200401012517 (651020-T)



ANNUAL REPORT **2024**



# CONTENTS

**02**

Corporate  
Information

**03**

Group Corporate  
Structure

**04**

Our Vision, Mission  
and Profile

**05**

Our  
Services

**06**

Financial  
Highlights

**08**

Chairman's  
Message

**17**

Financial  
Review

**19**

Board of  
Directors' Profile

**22**

Senior Management's  
Profile

**24**

Sustainability  
Report

**32**

Statement of  
Directors' Responsibilities

**33**

Corporate Governance  
Overview Statement

**41**

Statement on Risk  
Management and Internal  
Control

**46**

Audit Committee  
Report

**49**

Additional  
Disclosure

**50**

Financial  
Statements

**135**

List of  
Properties

**138**

Shareholdings Statistics  
(as at 28 March 2025)

**140**

Warrant Holdings Statistics  
(as at 28 March 2025)

**142**

Notice of Annual  
General Meeting

–

Proxy  
Form

# CORPORATE INFORMATION

## BOARD OF DIRECTORS



**Ng Wai Pin**  
*Chairman / Chief Executive Officer*

**Gerald Chiu Yoong Chian**  
*Non-Independent Non-Executive Director*

**Dr Tay Kiang Meng**  
*Executive Director / Chief Scientist / Chief Sustainability Officer*

**Koh Huey Min**  
*Independent Non-Executive Director*

**Ng Chee Whye**  
*Independent Non-Executive Director*

**YM Raja Jastina Adlina Binti Raja Arshad**  
*Independent Non-Executive Director*

### AUDIT COMMITTEE

**Ng Chee Whye** (*Chairman*)  
**Koh Huey Min**  
**YM Raja Jastina Adlina**  
**Binti Raja Arshad**

### NOMINATION COMMITTEE

**YM Raja Jastina Adlina**  
**Binti Raja Arshad** (*Chairman*)  
**Ng Chee Whye**  
**Gerald Chiu Yoong Chian**  
**Koh Huey Min**

### REMUNERATION COMMITTEE

**Ng Chee Whye** (*Chairman*)  
**Koh Huey Min**  
**YM Raja Jastina Adlina**  
**Binti Raja Arshad**

### COMPANY SECRETARY

**Mah Li Chen** (MAICSA 7022751)  
(PC No. 202008002006)

### REGISTERED OFFICE

B-11-10 Level 11  
Megan Avenue II  
Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel: (03) 2203 3388  
Fax: (03) 2203 3399  
Email: lichen@secretariesinc.com

### HEAD OFFICE

601D, Level 6, Tower D, Uptown 5  
No. 5, Jalan SS21/39  
Damansara Uptown  
47400 Petaling Jaya, Selangor

Tel: (03) 7625 1381 /  
(03) 7625 1598  
Email: ir@frontken.com  
Website: www.frontken.com

### INVESTOR RELATIONS

Tel: (03) 7625 1381 /  
(03) 7625 1598  
Email: ir@frontken.com

### 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  
Tel: (03) 2783 9299  
Fax: (03) 2783 9222  
Email: is.enquiry@vistra.com

### AUDITORS

Crowe Malaysia PLT  
201906000005 (LLP0018817-LCA)  
& AF 1018  
Chartered Accountants  
Level 16 Tower C  
Megan Avenue II  
12 Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel: (03) 2788 9999  
Fax: (03) 2788 9998

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Name : FRONTKN  
Stock Code : 0128  
Reuters Code : FRKN.KL  
Bloomberg Code : FRCB MK

# GROUP CORPORATE STRUCTURE

## AS AT 24 MARCH 2024

# FRONTKEN

Frontken Corporation Berhad  
200401012517 (651020-T)

100%

Frontken Malaysia Sdn Bhd

● 100% Frontken (East Malaysia) Sdn Bhd

● 100% Frontken (Johor) Sdn Bhd

100%

Frontken (Singapore) Pte Ltd

● 99.9% Frontken Philippines Inc.

5%

95%

PT Frontken Indonesia

92.5%

Ares Green Technology Corporation

45%

TTES Frontken Integrated Services  
Sdn Bhd



## OUR VISION, MISSION AND PROFILE



### OUR VISION

To be the leading service provider in the industry we serve.



### OUR MISSION

To serve our customers with complete satisfaction which includes not only the most competitive price and fastest delivery time but also the highest technical performance and reliability for all our services and products.



### OUR PROFILE

Frontken Corporation Berhad, listed on the Main Market of Bursa Malaysia Securities Berhad, has since its inception in 1996, established itself as a world leading service provider of advanced precision cleaning and surface treatment for semiconductor process chamber parts and repair and maintenance services for the oil and gas industry.

The Group uses cutting edge technology including advanced precision cleaning, advanced surface treatment and specialty spray coating to extend the lifespan of the high precision tools/equipment used in the fabrication of wafers, while significantly improving its customer's process efficiency, operating and maintenance costs.

The Group's continuous focus on research and development helped to improve our customers' process tool part optimisation. As a result, we were able to constantly exceed customers expectation by re-designing some of the tools to further increase the parts' shelf life and at the same time reducing impact on the environment.

The Group's customer portfolio comprises key players in the semiconductor, optoelectronics, oil and gas and petrochemical industries around the world.

To date, the Group has facilities in Singapore, Malaysia, Taiwan, the Philippines, and Indonesia with 1380 employees.

## OUR SERVICES

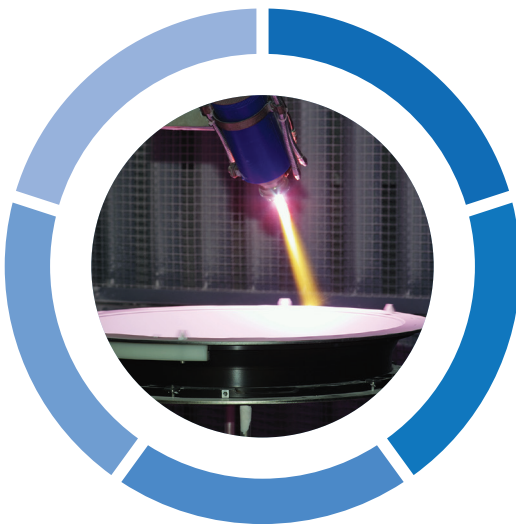


### Semiconductor

#### Advanced Precision Cleaning

Advanced Precision cleaning and surface treatment of vacuum processes equipment parts in the semiconductors and TFT industries.

Decontamination of newly manufactured parts and routine maintenance. Kit management of semiconductor manufacturing components.



### Advanced Surface Treatment & Specialty Coating

Advanced Surface treatment services include thermal spray coatings, arc spray coatings, precision anodisation and precision texturing and polishing.

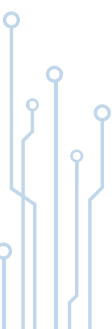
Protection, lifetime extension, performance and efficiency improvements via advance surface treatment technology such as cold build up treatment, plating, plating & conversion coating, and specialised plasma transferred arc welding.



### Engineering

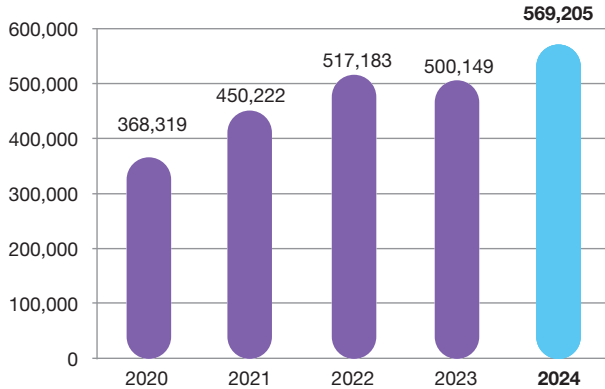
#### Rotating Equipment

Equipment maintenance and overhaul, mechanical fitting & assembly, dynamic balancing, heat treatment, on site machining, metal stitching, and laser alignment.

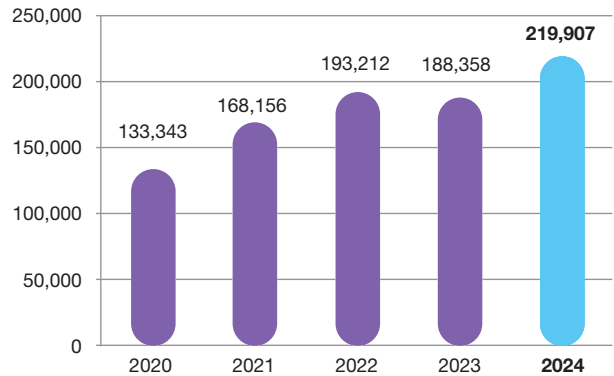


## FINANCIAL HIGHLIGHTS

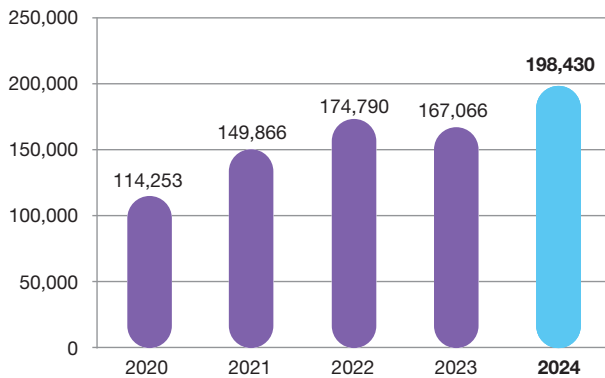
### Revenue (RM'000)



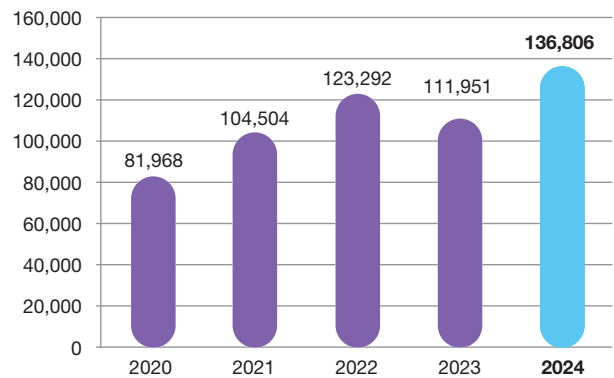
### Earning before interest, tax, depreciation and amortisation (RM'000)



### Profit before tax (RM'000)



### Net profit (RM'000)



	2020	2021	2022	2023	2024
<b>SEGMENTAL REVENUE – BY LOCATION (RM'000)</b>					
Taiwan	240,504	310,419	347,368	327,758	383,372
Malaysia	51,776	63,856	88,848	93,133	102,456
Singapore	59,666	60,000	66,509	64,064	65,935
Others	16,373	15,947	14,458	15,194	17,442
	368,319	450,222	517,183	500,149	569,205
<b>SEGMENTAL REVENUE – BY INDUSTRY (RM'000)</b>					
Semiconductor	311,374	378,685	413,322	383,174	437,213
Oil & Gas	42,451	50,419	82,500	97,459	106,319
General*	14,494	21,118	21,361	19,516	25,673
	368,319	450,222	517,183	500,149	569,205

\* Comprises power generation, marine, steel, cement, wood processing, pulp & paper, printing, agriculture, industrial manufacturing, food, construction and other sectors.

## FINANCIAL HIGHLIGHTS (CONT'D)

	2020	2021	2022	2023	2024
<b>SUMMARISED GROUP FINANCIAL POSITION AS AT 31 DECEMBER (RM'000)</b>					
Non-Current Assets	175,361	257,937	300,195	307,538	293,582
Current Assets	442,910	460,699	505,626	577,887	694,961
<b>Total Assets</b>	<b>618,271</b>	<b>718,636</b>	<b>805,821</b>	<b>885,425</b>	<b>988,543</b>
Share capital	118,925	118,441	118,441	118,441	155,607
Treasury shares	(663)	(4,747)	(4,747)	(3,739)	(3,739)
Share application money	-	-	-	-	16,108
Reserves 321,733	387,162	434,775	526,465	552,588	
Shareholders' Equity	439,995	500,856	548,469	641,167	720,564
Non-Controlling Interests	27,039	34,225	39,454	46,735	52,343
<b>Total Equity</b>	<b>467,034</b>	<b>535,081</b>	<b>587,923</b>	<b>687,902</b>	<b>772,907</b>
Non-Current Liabilities	12,826	22,295	31,999	31,109	27,829
Current Liabilities	138,411	161,260	185,899	166,414	187,807
<b>Total Liabilities</b>	<b>151,237</b>	<b>183,555</b>	<b>217,898</b>	<b>197,523</b>	<b>215,636</b>
<b>Total Equity and Liabilities</b>	<b>618,271</b>	<b>718,636</b>	<b>805,821</b>	<b>885,425</b>	<b>988,543</b>

	2020	2021	2022	2023	2024
<b>SUMMARISED GROUP CASH FLOWS YEAR ENDED 31 DECEMBER (RM'000)</b>					
Net Cash Flows From Operating Activities	119,733	138,775	142,863	143,999	166,626
Net Cash Flows For Investing Activities	(11,900)	(86,212)	(58,685)	(8,708)	(12,773)
Net Cash Flows For Financing Activities	(33,949)	(61,084)	(50,629)	(71,801)	(19,974)
Net Increase/(Decrease) in Cash and Cash Equivalents	73,884	(8,521)	33,549	63,490	133,879
Effect of Exchange Differences	6,248	11,079	(8,467)	13,440	(30,659)
Cash and Cash Equivalents at Beginning of Year	219,669	299,801	302,359	327,441	404,371
Cash and Cash Equivalents at End of Year	299,801	302,359	327,441	404,371	507,591

	2020	2021	2022	2023	2024
<b>FINANCIAL ANALYSIS</b>					
Turnover Growth	8.4%	22.2%	14.9%	-3.3%	13.8%
Profit Before Tax Growth	18.7%	31.2%	16.6%	-4.4%	18.8%
Net Profit Growth	18.5%	27.5%	18.0%	-9.2%	22.2%
Pre-tax Profit Margin	31.0%	33.3%	33.8%	33.4%	34.9%
Net Profit Margin	22.3%	23.2%	23.8%	22.4%	24.0%
Return on Average Shareholders' Equity	20.1%	22.2%	23.5%	18.8%	20.1%
Return on Average Total Assets	14.5%	15.6%	16.2%	13.2%	14.6%
Earnings Per Share (Sen)					
- Basic	* 5.2	6.7	7.8	7.1	8.7
- Diluted	^ 5.2	# 6.7	# 7.8	# 7.1	8.6

\* The earning per share have been adjusted to reflect the bonus issue of two for every one existing ordinary share which was completed on 30 April 2021.

^ The Group has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

# The potential conversion of warrants is anti-dilutive as its exercise price is higher than the average market price of the Company's ordinary shares during the current financial period and hence, the diluted earnings per share is equal to the basic earnings per share.

# CHAIRMAN'S MESSAGE



## Dear Shareholders,

Welcome to our Annual Report 2024.

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of the Frontken's group (the "Group") for the financial year 2024 ("FY2024"). As part of this Annual Report, we have also included the Management Discussion and Analysis to provide our shareholders with a more insightful and informative details of the Group's operation and performance.

I am pleased to report that for FY2024 Frontken managed to deliver a strong set of numbers despite a dynamic and challenging global landscape. Our commitment to excellence has enabled us to achieve robust financial results and at the same time further strengthened our position in the industry.

## MANAGEMENT DISCUSSION AND ANALYSIS

### A YEAR OF GROWTH

#### Financial performance

In FY2024, we achieved a record revenue of RM569.2 million, marking a 14% increase from the previous year. Our net income rose by 22% to RM136.8 million, resulting in an improved profit margin of 24%, up from 22% in FY2023. The improved bottom line was attributable to the Group's higher revenue, prudent cost management and continual enhancement of processes leading to better production efficiency.

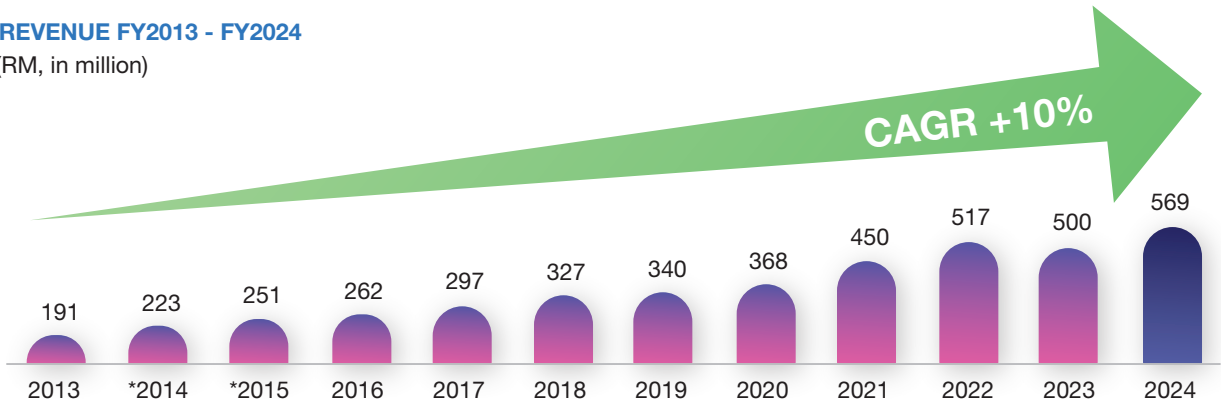
In recognition of our strong performance and commitment to delivering shareholders value, the Board declared a second single tier dividend of 2.0 sen per share for FY2024. The entitlement and payment dates were set for 27 March 2025 and 21 April 2025 respectively. This brings the total dividend payment of 3.7 sen per share for the whole year and total payout amounting to approximately RM58.6 million, representing 43% of the Group's total net earnings. The Board is committed to maintaining a sustainable dividend payment after taking into account its other business obligations.

During the year, the Group continued to generate a positive cash flow of RM166.6 million from its business operations. The Group's capital expenditure ("CAPEX") for the year for property, plant and equipment was at RM24.8 million. Despite the additional cash outflows from dividend and CAPEX, the Group's total cash balance as at 31 December 2024 remained strong at RM514.9 million.

# CHAIRMAN'S MESSAGE (CONT'D)

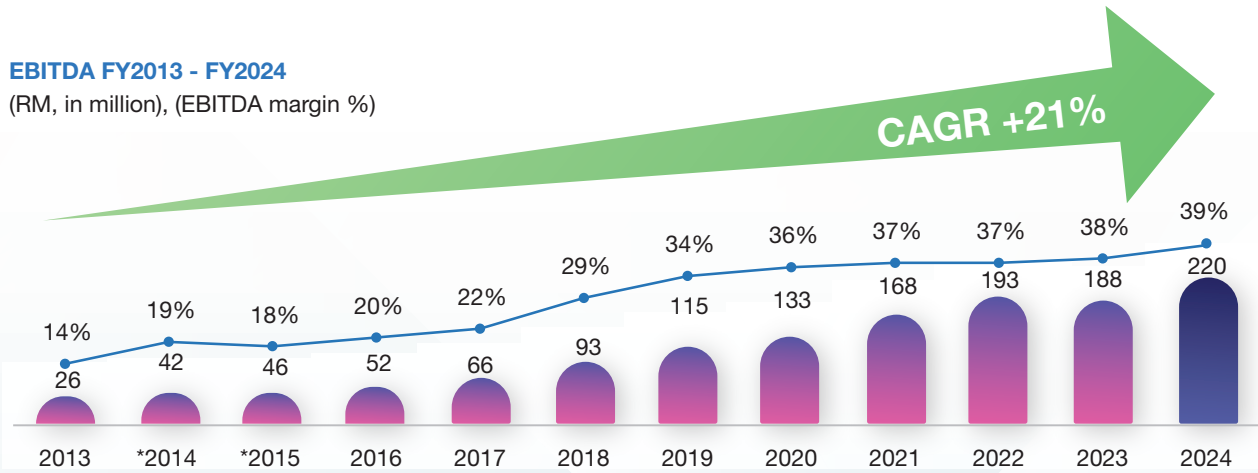
## REVENUE FY2013 - FY2024

(RM, in million)



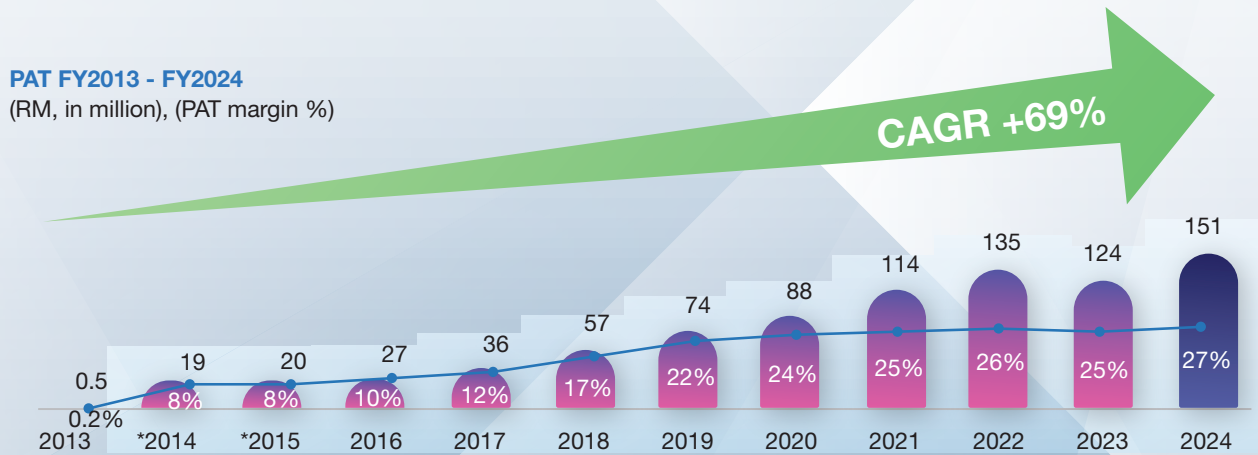
## EBITDA FY2013 - FY2024

(RM, in million), (EBITDA margin %)



## PAT FY2013 - FY2024

(RM, in million), (PAT margin %)



\* Note: Excluded the one-off ATB project for a like-for-like comparison.

# CHAIRMAN'S MESSAGE (CONT'D)

## OVERALL 2024

2024 has been a year of significant achievements for Frontken, marked by record financial performance and growth across both our business segments. Our unwavering focus on operational excellence, strategic investments and responsiveness to market demands has allowed us to strengthen our position as a leading service provider in the industries we serve.

Our subsidiary in Taiwan, which serves the semiconductor industry, played a crucial role in driving our growth. The increasing complexity of semiconductor manufacturing and the rising need for electronics have led to higher demand for our services. We successfully expanded our capacity and optimised our operations to support our customers' growing requirements, reinforcing our position as a trusted partner in the industry. Similarly, our operations in Singapore and Malaysia continued to contribute positively, benefiting from continued demand in the semiconductor sector.

Innovation and R&D remained a core focus throughout the year. We continued to invest in automation, process improvements and new technologies to enhance our service offerings and improve operational efficiency. Our ongoing efforts in sustainability and environmental responsibility also continued, aligning with our customers' increasing emphasis on green production and cleaner processes.

In addition to our semiconductor business, our engineering division continued to deliver steady performance. The recovery of the oil and gas ("O&G") sector and increased repair and maintenance activities in key markets had provided us with opportunities for growth. We leveraged our expertise in the precision engineering space and specialty proprietary coatings to serve our customers across the O&G, energy and other general industries.

That said, 2024 was not without its challenges. Global economic uncertainties, inflationary pressures and geopolitical tensions created a volatile business environment. Additionally, supply chain disruptions and rising costs posed hurdles, requiring us to take proactive measures to maintain operational efficiency and cost-effectiveness. Despite these challenges, our ability to adapt and our commitment to innovation enabled us to navigate the challenges effectively.

## OUR WORKFORCE

During the year, we continued to invest in training and development to empower our workforce, equipping them with the skills and knowledge to excel in an ever-evolving industry. Through various learning programmes, workshops and leadership development initiatives, we continued to foster a culture of growth, innovation and excellence. We have always believed that when our people are well trained, they not only produce higher quality results the first-time round, but also the process of self-improvement keeps them motivated and better able to take on their daily challenges. Apart from providing development and growth opportunities, we believe that it is vital to ensure that all our employees are compensated fairly for their skills and commitment. We continued to monitor and make the necessary adjustments to our employees' compensation so that they are at least in line with the industry standards. This includes having a compensation package that reflect their achievements based on meeting key performance indicators in both qualitative and quantitative measures.

## ENVIRONMENTAL, SOCIAL, AND GOVERNANCE ("ESG") AND SUSTAINABILITY

We recognise that good ESG practices are essential for sustainable business growth and risk management. ESG is not just a compliance requirement but it is a fundamental part of our growth strategy. Over the years, we have been progressively incorporating ESG considerations into our operations, particularly in our environmental initiatives, employee welfare and corporate governance practices. We believe that this is important to us as it aligns with the Group's long-term sustainability strategy, operational resilience and corporate responsibility.

**Environmental** – We acknowledge the importance of reducing our carbon footprint. To that end, we have implemented various energy efficient processes and waste management strategies to minimise our environmental impact. During the year, we continue to measure and reduce greenhouse gas ("GHG") emissions associated with our operation. We strive to minimise energy consumption in our workplace and at the same time improve on our operational performance in the areas of GHG emissions and energy, waste and water usage. In 2024, through our efforts and continued collaboration with our customers, since 2018, we have adopted the equivalent of 4.7 million KW of electricity using solar energy, an accumulative savings of 492.7 thousand tonnes of recycled DI-Water and accumulative savings of 462.5 thousand kg of recycled waste in our operations. Our goal is to implement energy-efficient processes and reducing carbon emissions across all facilities. The long-term target is to reduce our Emissions Intensity which is to stabilise emissions with the aim to achieve Net Zero Emissions by 2050.

## CHAIRMAN'S MESSAGE (CONT'D)

**Social** – We believe that the social aspect of ESG begins within our own organisation. Our employees are at the heart of our operations and we are committed to treating them with fairness, respect, and dignity. Over the years, we have upheld a strong track record in both health and safety and enforced a zero-tolerance policy against all forms of forced labour; resulting in a workplace that values equal opportunities. We actively encourage continuous learning and development while implementing key policies such as diversity and inclusion, among others. To safeguard our workforce, we conduct risk assessments, implement protective measures and establish mitigation plans to manage potential hazards. We firmly believe that fostering a positive work environment and high employee morale will translate into enhanced productivity. In 2024, we achieved an employee retention rate of 98.2%, surpassing our internal target by 3%.

Through our Corporate Social Responsibility initiatives, we continued to make a positive impact on the communities we serve. We extended support to those in need, both financially and emotionally by offering meaningful opportunities that empower individuals. Our initiatives include providing internships to students from local/various universities and offering employment opportunities to individuals with health conditions and physical challenges. We believe that by addressing specific needs, we can help rebuild confidence and promote self-sufficiency, ultimately contributing to a more inclusive society.

**Governance** – The Board remains steadfast in upholding the principles outlined in the Malaysian Code on Corporate Governance, ensuring that ethical business practices and transparency remain at the core of our operations. We are committed to fostering strong and effective relationships with stakeholders while safeguarding the rights and interests of our shareholders. In line with this commitment, we have established a robust governance framework that includes various policies and best practices aligned with our corporate values and long-term sustainability objectives.

Beyond our internal governance measures, we extended our commitment to ethical business practices by engaging proactively with suppliers, customers, and key stakeholders to uphold ESG principles. Our adherence to responsible selling practices and fair procurement policies ensures transparency, competitiveness and ethical decision-making throughout our supply chain. Separately, we also actively engaged with our institutional shareholders through regular dialogues and participation in investor briefings to ensure open communication and transparency. Additionally, we have established a dedicated shareholder platform on our corporate website, enabling investors to seek clarifications and stay informed about our governance and business developments.

For further insights into our governance framework, the Corporate Governance Overview Statement is available on page 33 of this Annual Report. Additional governance-related policies and reports can also be accessed on our website at [www.frontken.com](http://www.frontken.com).

**Commitment to Sustainability Goal** – In driving our sustainability agenda, we benchmark our progress against internationally recognised frameworks, including the Global Reporting Initiative (GRI) Framework, the United Nations Sustainable Development Goals (UN SDGs), the Responsible Business Alliance (RBA) Framework and the Bursa Malaysia FTSE Russell ESG Model Framework. For example, our commitment to responsible business practices is reflected in our alignment with 12 out of the 17 UN SDGs, with a continued focus on expanding our contributions towards achieving the global objectives. We hope to further align with these frameworks and make meaningful progress toward a more sustainable and responsible future.

Further details on the Group's Sustainability initiatives and achievements for FY2024 are available at the Sustainability section of this Annual Report and the full report on our website at [www.frontken.com](http://www.frontken.com).

# CHAIRMAN'S MESSAGE (CONT'D)

## Awards and Recognition

In 2024, the Group emerged as a winner for The Edge Billion Ringgit Club for “Highest Returns to Shareholders Over Three Years” under the Technology Sector. Additionally, the Group’s subsidiaries also received numerous recognitions and awards from our customers and local authorities in areas including excellent business performance and ESG initiatives. This award is a testament to the hard work and dedication of our team. We are grateful for this recognition and are inspired to achieve greater heights.



Photo courtesy of the Edge Malaysia  
The Edge Billion Ringgit Club Awards ceremony in FY2024



One of the Awards received by our subsidiary  
for Production Support



One of the Awards received by our  
subsidiary for Best Cleaning Supplier

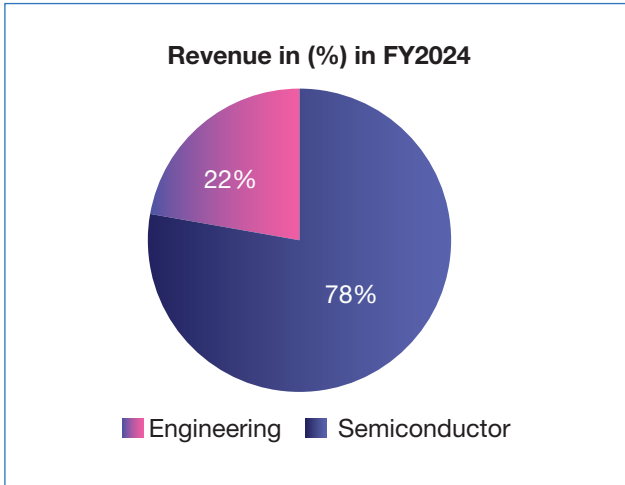
Our commitment to sustainability was recognised with various accolades, including winning The Edge Malaysia ESG Awards under the category “Most Improved Performance Over Three Years” in 2024. In addition to that, we were also included in the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index. This is an encouragement for us to do better and continue to pursue our long-term objectives in this area. We believe that we can make a sustainable impact in our business while providing the best value to our stakeholders.



Photo courtesy of the Edge Malaysia  
The Edge Malaysia ESG Awards 2024 Most Improved Performance Over Three Years  
Above RM5B Market Capitalisation Silver

# CHAIRMAN'S MESSAGE (CONT'D)

## BUSINESS OVERVIEW



### Semiconductor

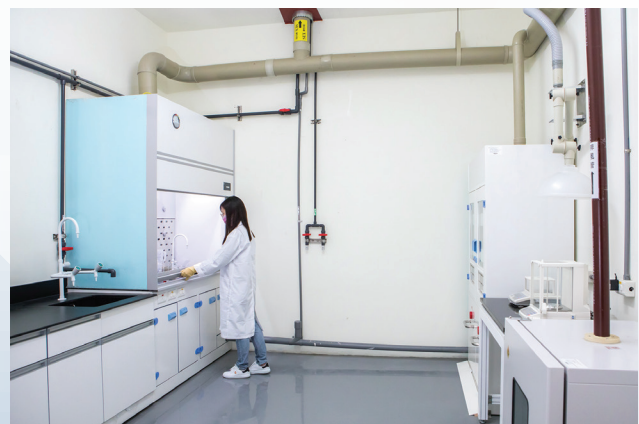
The global semiconductor industry experienced a record-breaking year in 2024, with total sales reaching US\$627.6 billion, marking a 19.1% increase from US\$526.8 billion in 2023, as reported by the Semiconductor Industry Association (“SIA”). According to SIA President and CEO John Neuffer, this milestone represents the industry’s highest-ever annual sales, surpassing the US\$600 billion mark for the first time, with double-digit growth projected for 2025. Semiconductors remain the foundation of modern technology, powering innovations in AI, generative AI, communications, medical devices, advanced transportation and defence applications<sup>1</sup>.

For the Group, we witnessed a similar trend with our semiconductor business achieving solid year-on-year growth. Throughout the year, our R&D team worked closely with customers to support their advancements in leading-edge semiconductor technology. As chip evolves to smaller technology nodes, demand for high-precision chamber process parts cleaning has become increasingly stringent, making near-zero particle contamination more critical than ever. Therefore, ensuring the highest quality standards is crucial. We continued to enhance quality control through advanced metrology systems and automated data analytics to maintain exceptional process reliability.

At the same time, we are continuously exploring new innovations and enhance existing processes, including in the area of ESG, where we integrate more environmentally friendly materials and automate some key steps of our operations. The advanced precision cleaning process is intricate, involving 50 - 60 meticulous steps for each component. As always, our processes continue to evolve to keep up with our customers’ demand. To improve productivity and cost-effectiveness, we made incremental improvement in our workflows, leading to higher efficiency and optimised performance. Additionally, we collaborate with customers in their innovation journeys, applying new methodologies and developing customised solutions to support their technological roadmaps.

The Group has built a strong presence in major semiconductor markets including Taiwan, Singapore, and Malaysia. Moving forward, we will continue to strengthen our position in these markets by expanding capacity organically to meet the rising demand. Simultaneously, we remain committed to investing in R&D, particularly in automation and advanced cleaning technologies, to further enhance throughput and efficiency.

As we strive to become the global leading service provider in semiconductor surface treatment/precision cleaning, we have to explore new strategic markets. The United States, a key semiconductor innovation hub, presents a compelling opportunity as major semiconductor companies scale up their manufacturing capacities there. Similarly, Europe’s semiconductor sector is also evolving rapidly under the European Chips Act, making it an attractive market for our services. Japan, home to some of the largest chip manufacturers, remains another key region for expansion. To that end, we are actively pursuing opportunities with strategic partners for potential collaboration in the markets where we do not yet have a physical presence. Should these discussions materialise, it will provide direct access to these new markets and thus strengthen our global footprint. We will continue to keep our shareholders updated on these developments through official company announcements.



An employee in the chemical lab



An employee putting a fixture into the oven

Source:

<sup>1</sup> From SIA website

## CHAIRMAN'S MESSAGE (CONT'D)

**Taiwan** – In FY2024, AGTC achieved a revenue of RM383.4 million, reflecting a strong 17% year-on-year growth. This performance was primarily driven by the recovery in demand and the production ramp-up of our key semiconductor customers. The semiconductor market experienced a resurgence in 2024, with investments in advanced node manufacturing and capacity expansions. AGTC played a crucial role in supporting this growth by providing high-precision cleaning services and specialty coating essential for semiconductor manufacturing equipment.

Throughout the year, we made significant operational advancements across both of our Taiwan facilities, focusing on process optimisation, automation, and quality enhancement. These improvements have reinforced AGTC's leadership in high-precision cleaning services, ensuring that we continue to meet the stringent cleanliness and performance requirements demanded by next-generation semiconductor technologies. To further support customer expansion plans and meet the growing demand, in March 2025 AGTC acquired a new 3,800 sqm plot of land (Plant 3), near its existing Plant 1, for approximately RM23.0 million. The management is in the planning stage for this proposed new state of the art facility. With this new facility, we will be able to better support our customer with its latest technology nodes.

In 2024, AGTC also achieved an important milestone by celebrating its 25th anniversary. We also took the opportunity to acknowledge and reward quite a number of our colleagues that have been with us for the last 25 years. Their unwavering commitment and contributions have been instrumental in our success and we look forward to building a stronger future together as we continue expanding AGTC's capabilities and reinforcing its position as a key player in the semiconductor ecosystem.

**Frontken Singapore (Semicon)** – In FY2024, our semiconductor division in Singapore recorded low double-digit growth, supported by a gradual recovery in customer demand and a price adjustment exercise implemented during the year. To counter rising operational costs, we successfully renegotiated contracts to realign pricing for specific parts, ensuring a more sustainable cost structure. This initiative, coupled with efficiency enhancements, contributed to an overall improvement in profitability.

Despite these positive developments, we continue to face challenges, particularly in managing rising labour and material costs, as well as a tightening talent pool. The competitive labour market in Singapore remains a key concern, as recruiting and retaining skilled professionals in the semiconductor sector is increasingly difficult. To mitigate these risks, we focused on workforce optimisation by streamlining our teams, implementing automation in key processes and continuously improving operational efficiency to enhance margins.

Looking ahead, preliminary feedback from our customers suggests optimism for 2025, with expectations of higher fab utilisation rates and increased order volumes. The anticipated ramp-up in customer production activity in Singapore is expected to support our business growth and in delivering a better performance.

**Frontken Malaysia ("FMSB")** – FMSB oversees precision cleaning operations across Kulim, Melaka, and Kuching. FY2024 was challenging, particularly for our Kulim facility, which experienced a fire incident in May 2024. Although the fire was swiftly contained and no employees were injured, operations were disrupted. However, thanks to our strategic emergency response plan, we promptly redirected orders to our backup facilities in Kuching and Singapore to ensure minimal disruption to our customers.

While this resulted in some operational inconvenience, our proactive measures enabled us to retain all customer accounts and fulfill orders without major delays, demonstrating our resilience and strong customer commitment. However, the additional costs associated with this incident, including shipping, handling, and operational adjustments, placed pressure on our profit margins, leading to a decline in overall profitability. While a net insurance claim of RM2.2 million during the year helped offset some repair costs and loss of profits, it did not fully cover the broader financial impact. Thankfully, the facility was fully operational by October.

We anticipate a steady recovery as our customers continue their expansion plans. The growth is expected to be driven by mass production of wide bandgap technology from our customer's third wafer fab. Additionally, our ongoing collaborations with contract and equipment manufacturers are expected to further bolster our business.

### Engineering

Throughout 2024, oil prices remained volatile due to various global factors, including fluctuating market conditions, shifting demand, and geopolitical tensions. Despite these challenges, our engineering division delivered a strong performance, achieving growth in both revenue and profitability. This was primarily driven by increased maintenance activities and a greater need for engineering support services, all of which contributed to our growth.

Beyond sustaining growth through our traditional O&G operations, we continued to enhance our capabilities by diversifying our service offerings. By integrating specialty coating technologies and expanding our repair and maintenance services, we successfully captured new business opportunities and strengthened our competitive edge. Our resilience in this sector was underpinned by strong fundamentals, strategic long-term partnerships with customers and our ability to adapt to evolving market conditions, enabling us to drive steady business growth.

## CHAIRMAN'S MESSAGE (CONT'D)

Looking ahead to 2025, we anticipate continued demand for our engineering support services, fueled by rising global energy consumption and increased exploration and production activities. While challenges such as supply fluctuations and geopolitical uncertainties remain, we are cautiously optimistic about the year ahead.

**TTES Frontken Integrated Services (“TTES”)** – In 2024, TTES continued to deliver a strong performance, achieving a year-on-year revenue and bottom-line growth. These results were primarily driven by an increased supply of original equipment manufactures’ parts and services, along with accelerated delivery of in-house works. Additionally, our ongoing expansion of service offerings further contributed to the overall improved performance.

By leveraging the Group’s collective resources, we penetrated new products markets, enhanced productivity and strengthened our partnerships with both customers and suppliers. Apart from an upsurge in activities at our facility in Kemaman, we also observed a steady increase in orders at our facility in Pengerang.

We aspire to be the most sought-after, reliable, and efficient one-stop service centre in the O&G industry, covering all aspects of maintenance, Engineering, Procurement, Construction & Commissioning and turnaround support. While we remain optimistic about sustaining our performance in 2025, we acknowledge that unforeseen fluctuations in the O&G market may pose challenges. Nonetheless, with our strategic initiatives in place, we are confident in our ability to navigate the evolving landscape and achieve sustainable performance.

**Frontken Singapore (Engineering)** – Our engineering business in Singapore too, experienced a profit growth in 2024. This improvement was driven by securing higher margin jobs and receiving steady recurring orders from its O&G customers.

Despite the positive performance, we encountered persistent challenges in workforce management, competitive pricing pressure, higher operational cost among others. Nonetheless, we successfully navigated these obstacles by optimising resource allocation, cross-training skilled employees to enhance production efficiency and diversifying our project portfolio. The sector is expected to maintain its momentum through 2025, with a steady pipeline of projects from our existing clients. We anticipate an increase in thermal spray processes from both existing and new customers. Demand for rotating equipment and static components from petrochemical complexes in Jurong Island are expected particularly with planned maintenance shutdowns in the pipeline. Additionally, the confirmed turnaround projects this year will further bolster our revenue stream.

As before, every new year is navigated with prudence. In 2025, our focus will be on expanding into new markets such as consumer product manufacturing while maintaining a strong presence in O&G and petrochemicals, enhancing partnerships with contract manufacturers and improving operational efficiency by addressing workforce challenges and investing in skills development. With these initiatives in place, we are confident in our ability to sustain our business performance in the coming year.

**Frontken Philippines (“FPI”)** – In 2024, we achieve a revenue of RM17.4 million, an increase of 15% and an operating profit of RM3.6 million, up 71% compared to the year before. FPI’s financial performance demonstrates strong growth trajectory and ability to translate revenue gains into significantly higher profitability. The substantial improvements indicate that beyond revenue expansion, the company has successfully strengthened its financial foundation through strategic cost management, operational enhancements, and effective market positioning.

In 2024, power generation industry was a key growth driver, securing major projects from both existing and new customers with core services including diaphragm repairs, generator testing and precision machining. To meet rising demand, FPI maximised the utilisation of Vertical Lathe and Cold Metal Transfer Welding Machines, optimising asset use and reinforcing our reputation as a trusted service provider. Despite a projected slowdown in O&G activities, we maintained strong engagement in the sector by securing fabrication projects from our customers in preparation for their upcoming drilling operations. Additionally, we have successfully penetrated the water utility industry through pump overhauling projects.

FPI’s growth was driven by tailored engineering solutions, workforce development, and process standardisation. By continuously adapting to market needs and expanding our expertise, FPI is well-positioned for steady growth and innovation across diverse industries. Moving forward, we will continue to enhance our competency through comprehensive training initiatives and strategic partnerships with industry and technology experts. These efforts are integral to our goal of becoming recognised as experts in our field of services, ensuring that we deliver top-notch solutions and remain at the forefront of the industries we serve.

## CHAIRMAN'S MESSAGE (CONT'D)



### LOOKING AHEAD

As we look ahead, we remain focused on strengthening our position as a leading provider of advanced precision cleaning and specialty coating solutions for the semiconductor industry and a “one stop shop” for our engineering services. With the continued expansion of global semiconductor manufacturing and the increasing complexity of chip technologies, we see significant opportunities to grow alongside our customers by enhancing our capabilities, increasing capacity and expanding our market reach. In our core markets – Taiwan, Singapore and Malaysia, we will continue to invest in automation, process innovation and capacity expansion to meet rising demand while improving efficiency and throughput. At the same time, we are actively exploring new strategic markets to support the industry’s evolving needs. The United States, Europe, Japan and potentially India present key opportunities, given the increasing focus on semiconductor self-sufficiency and capacity expansion in these regions. Additionally, we will continue to invest in research and development to advance our cleaning technologies, ensuring that we remain at the forefront of the industry.

While we recognise the challenges posed by global economic uncertainties, we remain cautiously confident in our long-term growth strategy. With our strong technical expertise, commitment to operational excellence and close partnership with our customers and original equipment makers, we are well-positioned to capitalise on emerging opportunities and create sustainable value for our stakeholders.

### APPRECIATION

I would like to take this opportunity to thank our Board of Directors for their continuous guidance, strategic advice and steadfast support throughout the year.

To my team, thank you for your dedication and hard work. Your commitment to excellence and continuous improvement has been instrumental in driving the success of our Group. In November last year, I received the sad news of the demise of one of our key senior managements, Mr. George Lagos, the President of Frontken Philippines who have been in the Company for the last 21 years. We have lost a competent and exceptional personality that has helped shape the Company with great commitment and made significant contribution. It has been a real honour and privilege to have made his acquaintance and worked with him.

To our valued customers, I would like to extend my gratitude for your continued partnership and confidence in us. We remain committed to delivering the highest quality solutions and look forward to strengthening our collaboration for our mutual success.

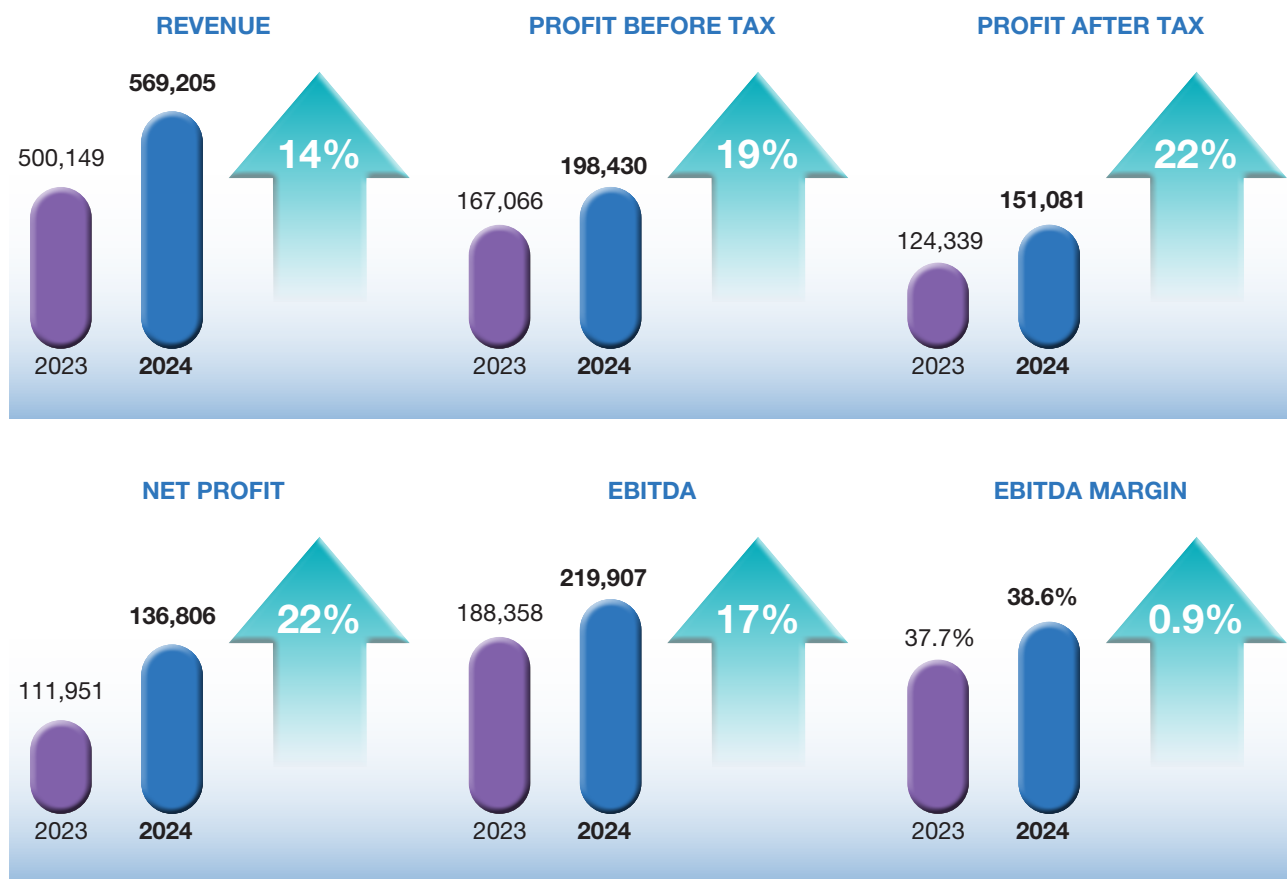
To our business associates, various ministries, government agencies and regulators of the countries where we operate in, we appreciate your support and trust that you have given to us.

Lastly, I would like to express our sincere appreciation to all our stakeholders for your unwavering support and trust in us. Your contributions play a vital role in our journey toward sustainable growth.

As we move forward, we remain committed to building on our achievements, embracing new opportunities and delivering excellence in everything we do. Thank you for being part of our journey, and we look forward to achieving greater milestones together.

# FINANCIAL REVIEW

## RESULTS OF OPERATIONS in RM'000



### REVENUE

The Group's revenue of RM569.2 million for FY2024 was 14% higher than that achieved in the previous year driven by overall better performance from the Group's core businesses.

REVENUE (by location)	2024		2023		% change in revenue
	RM'000	%	RM'000	%	
Taiwan	383,372	67	327,758	65	17
Malaysia	102,456	18	93,133	19	10
Singapore	65,935	12	64,064	13	3
Others	17,442	3	15,194	3	15
Total	569,205	100	500,149	100	14

Taiwan continued to be the largest contributor, accounting for 67% of the total revenue with a notable 17% growth. Volume in the semiconductor space continued to grow due to higher demand and strong orders from our customers which benefited our Taiwan subsidiary.

Meanwhile, the Group's local business also experienced higher orders from various contracts for its maintenance and repair services of mechanical rotating equipment. In the Philippines, revenue increased by 15% driven by additional projects from power industry.



## FINANCIAL REVIEW (CONT'D)

### EARNINGS

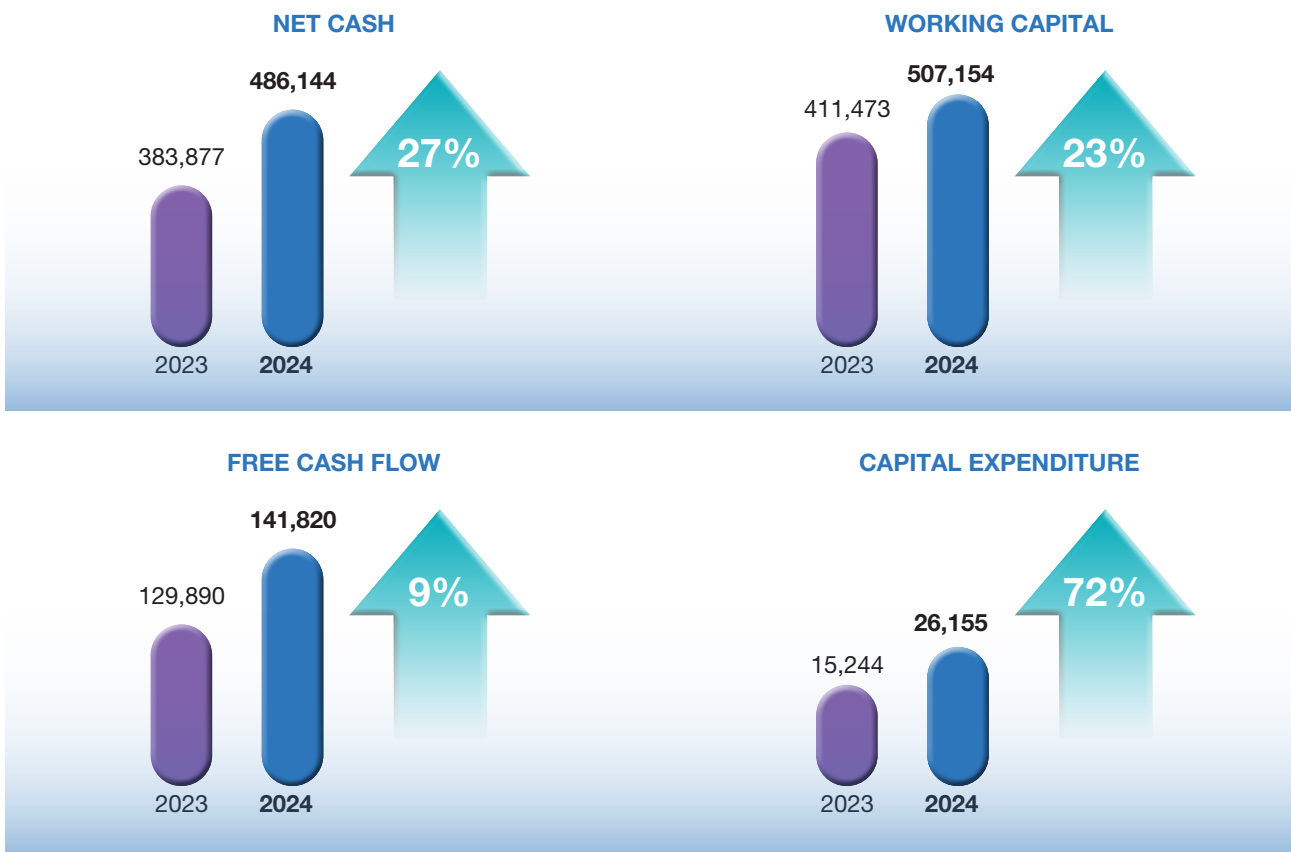
In 2024, the Group achieved another remarkable performance with a historical high in both top and bottom lines.

The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") for FY2024 was at RM219.9 million, a 17% increase from the preceding financial year. The Group's profit after tax of RM151 million was also at its highest, with an increase of 22% compared to last year.

The significant growth in profitability was attributable to higher revenue from the Group's core businesses, including the semiconductor and oil and gas industries, alongside effective cost management.

Additionally, the Group's profit attributable to shareholders also grew by 22% to RM137 million compared to last year. Consequently, the Group's basic earnings per share increased from 7.12 sen in FY2023 to 8.67 sen in FY2024, reflecting strong financial performance and value creation for shareholders.

### CASH FLOWS in RM'000



The free cash flow increased from RM129.9 million to RM141.8 million in FY2024 mainly due to higher cash generated from operations.

The net cash generated from operating activities in FY2024 increased to RM166.6 million compared with RM144.0 million in FY2023; in alignment with growth in profit. The net cash outflow for financing activities was RM20.0 million in year 2024 as compared to RM71.8 million in year 2023 mainly due to the RM53.3 million received from our warrant holders upon exercise their warrants. Net cash used for investing activities increased from RM8.7 million in the preceding financial year to RM12.8 million in FY2024 mainly due to increase in capital expenditure.

### FINANCIAL POSITION

The Group's financial position has further strengthened with its shareholders' fund improving from RM641.2 million to RM720.6 million as of 31 December 2024, an increase of 12%.

The Group's total assets were RM988.5 million as of 31 December 2024, an increase of 12% from RM885.4 million a year ago. This was primarily due to the increase in the Group's cash and bank balances and fixed deposits with licensed banks by RM89.4 million and also an increase in trade receivables by RM21.6 million. The Group's liabilities increased by RM18.1 million to RM215.6 million as of 31 December 2024 mainly from increase in trade and other payables.

## BOARD OF DIRECTORS' PROFILE

### NG WAI PIN

Chairman / Chief Executive Officer

- Aged 59, Male, Malaysian
- Appointed to the Board on 10 April 2006

Ng Wai Pin, formerly a Senior Independent Non-Executive Director of Frontken Corporation Berhad ("FCB"), was re-designated as the Chairman / Chief Executive Officer / Managing Director of the Company on 19 January 2012. He holds a Bachelor of Laws degree from University of Auckland and was admitted to the roll of barristers and solicitors of the High Court of New Zealand in 1989. He then continued practising as a barrister and solicitor in a leading legal firm in Auckland for a number of years before returning to Malaysia where he joined Shook Lin & Bok, a legal firm in Kuala Lumpur. He was admitted as an Advocate and Solicitor of the High Court of Malaya in 1993. He later became a Director and Chief Executive Officer of an oil and gas services company listed on Bursa Malaysia Securities Berhad with regional operations, before returning to private practice in law. From September 2005 to February 2009, he was the Chief Operating Officer of a company listed on the Singapore Exchange Limited and was seconded as the Chief Executive Officer of a company listed on the Australian Stock Exchange. He is also the Executive Chairman of Ares Green Technology Corporation, a public company in Taiwan, R.O.C., a subsidiary of FCB.

He has no family relationship with any other Directors or major shareholders of the Company.

He has not been convicted of any offences within the past five years. He has no conflict of interest with the Company.

### DR TAY KIANG MENG

Executive Director / Chief Scientist / Chief Sustainability Officer

- Aged 60, Male, Singaporean
- Appointed to the Board on 10 April 2006

Dr Tay Kiang Meng holds a Bachelor of Engineering (First Class Honours) in Manufacturing Systems Engineering from University of Portsmouth, and a Master of Science in Advanced Manufacturing Systems and a PhD in Engineering from Brunel University, United Kingdom.

He is responsible for research and development leading the Group's technology roadmap, spearheading research and development ("R&D") activities, formalising the Group's quality systems, developing critical manufacturing technologies for FCB's semiconductor technology and advanced materials engineering, and exploring new technology opportunities for the Group. He has more than 20 years of professional experiences in technology development, R&D, and has led some of the most significant technology innovations in semiconductor-related manufacturing technology and advanced materials engineering.

An engineer and scientist by training, Dr Tay began his professional R&D experience with research think tank, Gintic Institute of Manufacturing Technology, Singapore. Dr Tay has received honours and awards in many of his academic, research and technology development work.

Dr Tay also sits on the board of the FCB's subsidiary, Ares Green Technology Corporation.

He has no family relationship with any other Directors or major shareholders of the Company.

He has not been convicted of any offences within the past five years. He has no conflict of interest with the Company.



## BOARD OF DIRECTORS' PROFILE (CONT'D)

### NG CHEE WHYE

Independent Non-Executive Director

- Aged 59, Male, Malaysian
- Appointed to the Board on 31 July 2019
- Chairman of Audit Committee and Remuneration Committee, Member of Nomination Committee

Ng Chee Whye is a Chartered Accountant with the Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce degree from the University of Canterbury, New Zealand. He began his professional career with KPMG Peat Marwick in Auckland, New Zealand, gaining experience with clients from varied industries. Following which, he relocated closer to home to assume varied Senior Finance roles with various IT related entities in Singapore and Malaysia, namely Hewlett-Packard Singapore (Pte) Ltd, Creative Technology Ltd and Electronic Data Systems IT Services (M) Sdn Bhd. He subsequently moved on to assume Chief Financial Officer roles with various Wealth Advisory and Fund Management entities at Prudential Fund Management Bhd, AXA Financial Services and Nexus Financial Services Pte Ltd.

He has no family relationship with any other Directors or major shareholders of the Company.

He has not been convicted of any offences within the past five years. He has no conflict of interest with the Company.

### GERALD CHIU YOONG CHIAN

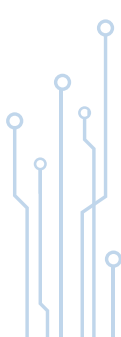
Non-Independent Non-Executive Director

- Aged 51, Male, Singaporean
- Appointed to the Board on 31 July 2019
- Member of Nomination Committee

Gerald Chiu Yoong Chian holds a BA (First Class Honours) in Engineering and Master's in Engineering (with distinction), both from the University of Cambridge, United Kingdom. He joined Dymon Asia Capital in 2012, helped establish Dymon Asia Private Equity ("DAPE"), and is a member of DAPE's investment committee. DAPE is focused on making private equity investments in Small and Medium Enterprises in South East Asia, and aims to contribute both capital and expertise to the companies it invests in. DAPE's current funds are Fund I (SGD300 million), Fund II (USD450 million) and Fund III (USD650 million). DAPE has offices in Singapore, Malaysia and Thailand, and has invested in 35 companies and exited 13 companies in the region across these geographies.

He has no family relationship with any other Directors or major shareholders of the Company.

He has not been convicted of any offences within the past five years. He has no conflict of interest with the Company.





## BOARD OF DIRECTORS' PROFILE (CONT'D)

### KOH HUEY MIN

Independent Non-Executive Director

- Aged 59, Female, Malaysian
- Appointed to the Board on 1 December 2021
- Member of Audit Committee, Nomination Committee and Remuneration Committee

Koh Huey Min is a Fellow Member of the Chartered Institute of Management Accountants and a member of the Malaysian Institute of Accountants.

She has more than 30 years of experience in finance, accounting, tax, treasury fields, marketing, business development, property investment and development and shopping complex operations.

She was an Executive Director of Berjaya Assets Berhad ("BAssets") from 23 June 2017 to 31 August 2021. Prior to that, she was attached to PricewaterhouseCoopers and subsequent to that, she worked in Hong Leong Group of Companies as an Accountant. She joined Berjaya Times Square ("BTSSB"), a wholly-owned subsidiary of BAssets in March 1994 as the Head of Finance and Admin. She was appointed as an Executive Director of BTSSB from 8 January 2013 to 31 August 2021. She anchored the overall property development and investment division and also managed the overall operations of Berjaya Times Square Group. She also held directorships in various subsidiaries of BAssets. Currently she is an Independent Non-Executive Director of Scientex Packaging (Air Keroh) Berhad and Paragon Union Berhad.

She is the Chairman of the Audit Committee of Paragon Union Berhad and a member of the various board committees.

She has no family relationship with any other Directors or major shareholders of the Company.

She has not been convicted of any offences within the past five years. She has no conflict of interest with the Company.

### YM RAJA JASTINA ADLINA BINTI RAJA ARSHAD

Independent Non-Executive Director

- Aged 43, Female, Malaysian
- Appointed to the Board on 15 August 2023
- Chairman of Nomination Committee, Member of Audit Committee and Remuneration Committee

YM Raja Jastina holds an Economics degree from Liverpool University, England and a Masters in Marketing Communications from Westminster University, England. She is currently the Head of Astro Shaw and Vice President of Malay Nusantara Business at Astro. She spearheads Malaysia's leading film studio which is behind the highest grossing local movies of all-time. Apart from championing local movie production, her all rounded portfolio includes heading strategy for Astro's digital brand, driving revenue growth for Astro's pay per view business, managing Astro's on – air Talent Management business and Astro's movie distribution division where she looks into IP exportation to regional and international market.

She has close to 20 years of business management, media, marketing and branding experience where she has driven Astro's Malay content strategy and built a strong business network both locally and internationally.

She has no family relationship with any other Directors or major shareholders of the Company.

She has not been convicted of any offences within the past five years. She has no conflict of interest with the Company.



## SENIOR MANAGEMENT'S PROFILE

### MOHD SHUKRI BIN HITAM

Managing Director of TTES  
Frontken Integrated Services Sdn Bhd ("TFIS")

- Aged 58, Male, Malaysian
- Appointed in 2000

Mohd Shukri Bin Hitam holds a Bachelor of Science in Aerospace Engineering, Bachelor of Science in Aeronautics (specialised in Aircraft Maintenance Engineering), Associate Science (Diploma) in Aircraft Maintenance Management Technology and Certificate in Airframe and Power Plant Mechanic.

He has extensive working experience in engineering related fields. Prior to the incorporation of TFIS, he worked in various organisations as engineer and consulting specialist in rotating equipment and turbomachinery engineering and technical services.

He is the Managing Director of TFIS and is responsible to oversee the overall operations of TFIS, engineering and technical services and directs various engineering and technical consultancy services at joint-service and consultancy companies.

He has no family relationship with any other Directors or major shareholders of the Company.

He has not been convicted of any offences within the past five years. He has no conflict of interest with the Company.

### TSAI YU MIN

General Manager, Ares Green Technology Corporation ("AGTC")

- Aged 48, Male, Taiwanese
- Appointed in 2013

Tsai Yu Min holds a Degree in Chemical Engineering from Taiwan Taichung Feng Chia University.

He has extensive working experience in sales and marketing and general management and has been working with AGTC, a subsidiary of FCB, since 2000. Before his appointment as General Manager in 2013, he was the sales manager, responsible for formulation of sales and marketing strategies for AGTC.

He has no family relationship with any other Directors or major shareholders of the Company.

He has not been convicted of any offences within the past five years. He has no conflict of interest with the Company.





## SENIOR MANAGEMENT'S PROFILE (CONT'D)

### **WONG CHEE WAI**

Chief Financial Officer

- Aged 54, Male, Malaysian
- Appointed in 2023

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Wong Chee Wai is an associate member of Chartered Institute of Management Accountants and Chartered Accountant of Malaysian Institute of Accountants.

He has more than 30 years of experience in audit, accounting, financial, tax, treasury and budget management in audit firm and various organisations. He joined Frontken Corporation Berhad in 2009 as senior finance manager and, subsequently, he was promoted to Financial Controller and Senior Financial Controller before he was promoted to his current position of Chief Financial Officer. He serves on the boards of several subsidiaries of Frontken Corporation Berhad.

He has no family relationship with any other Directors or major shareholders of the Company.

He has not been convicted of any offences within the past five years. He has no conflict of interest with the Company.

Save as disclosed on pages 19 to 23, none of the Directors and members of Key Senior Management hold any other directorship in any public company and/or listed issuer in Malaysia.



# SUSTAINABILITY REPORT



## Messages from Sustainability Committee

**DEAR STAKEHOLDERS,**

### INTRODUCTION

Since 1996, for nearly three decades, Frontken Group has been committed to building technology and providing services that empower our customers to embrace sustainability, fostering a positive impact on our environment, communities, and society at large. Our mission revolves around integrating technology, best practices, strategic partnerships, and streamlined processes, all united by a singular purpose: advancing sustainability through actionable technology. Together with our customers, employees, and stakeholders, we strive to make a meaningful contribution to the environment and society.

At Frontken Group, our unwavering commitment extends to health, safety, environmental responsibility, corporate accountability, and sustainable development. Our focus is on delivering products, services, and technologies that not only enhance and promote sustainable business practices but also explicitly address the challenges outlined in the Sustainable Development Goals. We believe in the power of collaboration and collective efforts to create a more sustainable future, and we look forward to continuing our journey of making a positive difference in the world.

# SUSTAINABILITY REPORT (CONT'D)

In the fiscal year 2024 (“FY2024”), our journey was marked by considerable challenges. Firstly, the global economy is experiencing fluctuations, with concerns about inflation, potential recessions, and varying interest rates. Secondly, the ongoing disruptions in supply chains, exacerbated by geopolitical tensions and natural disasters, continue to impact businesses. Thirdly, the labour market remains tight, making it challenging for businesses to attract and retain top talent. Fourthly, navigating complex and evolving regulations regulatory compliance can be challenging, especially for businesses operating in multiple regions. In addition, businesses are increasingly expected to adopt sustainable practices and address climate change, which requires significant investment and innovation. The world collectively navigated through a global supply chain disruption, prolonged conflicts, diverse natural disasters, and heightened political tensions, alongside grappling with challenges such as high inflation and economic slowdown. While these challenges may seem daunting, they also present opportunities for innovation, growth, and positive change. Frontken Group has been adapting and responding proactively to these challenges to better position for success.

As we adapt to the new realities forged by these challenges, our concerns now encompass critical issues like responsible innovation, climate change, environmental conservation, and prosperity. It is evident that the global business community needs a profound industrial transformation, fostering collaboration, and making necessary adjustments to navigate these complexities. Therefore, responding with heightened innovation, embracing responsible technology, adopting sustainable business operations, mitigating carbon emissions, and transitioning to sustainable energy sources are imperative steps.



To address these challenges effectively, it is crucial for businesses to prioritise compliance with laws and regulations, uphold high ethical standards, and integrate sustainability into their overall development strategy. Our commitment is to contribute to this transformational journey, fostering responsible practices and making a positive impact on the world stage. Together, through responsible innovation and sustainable practices, we can create a more resilient and equitable company.

## THE JOURNEY FORWARD

At Frontken Group, we continuously evolve our business operations, focusing on our innovation efforts on areas where our technologies, processes, systems, and capabilities can drive meaningful change and accelerate progress. We understand the dynamic nature of our stakeholders, customers, and supply chains, and we are dedicated to addressing climate change risks, clean water challenges, circular economy principles, and fostering green innovation and sustainable production practices.



During the fiscal year 2024 meetings of the Sustainability Committee, members engaged in ongoing discussions to enhance our specific business materiality assessment, refine enterprise risk management processes, and strengthen internal control systems. These endeavours are part of our commitment to fine-tune sustainability development priorities and management strategies in response to the evolving risk landscape and challenges confronting our employees, customers and stakeholders.

A notable aspect of our deliberations involved exploring the incorporation of circular economy principles into our business models. This includes a comprehensive consideration of life cycle impacts in the markets we serve. The group recognises the importance of aligning our operations with sustainability principles and strives to implement circular economy concepts that promote resource efficiency, reduce waste, and contribute to a more sustainable future.



# SUSTAINABILITY REPORT (CONT'D)

In summary, Frontken Group’s principal aim is to achieve the following:

- (a) **Enhanced Materiality Assessment:** Continuously refine and update our business materiality assessment to ensure it aligns with evolving sustainability priorities and addresses the changing needs of our stakeholders.
- (b) **Robust Enterprise Risk Management:** Strengthen our enterprise risk management processes to proactively identify, assess, and respond to emerging risks, thereby ensuring the resilience and sustainability of our business operations.
- (c) **Effective Internal Control Systems:** Improve internal control systems to uphold transparency, accountability, and ethical practices, fostering a culture of responsible business conduct.
- (d) **Circular Economy Integration:** Explore and implement circular economy principles in our business models, taking into account life cycle impacts, to contribute to resource efficiency, waste reduction, and overall sustainability.

By actively pursuing these objectives, Frontken Group aims to reinforce its commitment to sustainability, resilience, and responsible business practices, creating enduring value for both the organisation and its broader ecosystem.

The Group has set ambitious targets to be achieved by 2050, reflecting our commitment to sustainability and environmental responsibility. These objectives are as follows:

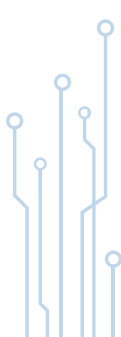
- a) **Environmental Vision 2050:** By 2050, our goal is to neutralise 100% of our greenhouse gas emissions, aligning with our Environmental Vision 2050 and contributing to a carbon-neutral future.
- b) **Innovation Portfolio:** By 2050, we aim to generate 100% of our innovation portfolio, ensuring that it significantly addresses sustainability challenges and creates substantial value for our employees, customers and stakeholders.
- c) **Sustainable Products and Processes:** By 2050, our aim is to create 100% of our products and processes with strict adherence to sustainability development criteria, incorporating green chemistry, green production practices, and embracing circular economy principles to minimise climate impact.

These ambitious targets underscore our commitment to long-term sustainability, innovation, and responsible business practices. By setting clear milestones for greenhouse gas emissions, innovation generation, and sustainable product development, we are dedicated to making a positive and lasting impact on the environment, society, and the markets we serve. These objectives reflect our proactive approach to sustainability, aligning with global goals for a more sustainable and resilient future.

## SIGNIFICANT MILESTONES

In fiscal year 2024, Frontken Group achieved significant milestones across several key areas, demonstrating our commitment to innovation, sustainability, and responsible business practices. Some of our key accomplishments include:

(a) Strengthened Innovation Platform	We successfully enhanced our innovation platform, fostering increased value creation through innovative solutions. By prioritising research and development initiatives, we have expanded our capabilities to address emerging challenges and meet the evolving needs of our customers and stakeholders.
(b) Updated Greener Products and Production Processes	We made substantial progress in updating our product offerings and production processes to be more environmentally friendly. Through specialised capabilities and investments in sustainable technologies, we have advanced towards greener practices, reducing our environmental footprint and promoting resource efficiency.



# SUSTAINABILITY REPORT (CONT'D)

<p>(c) Greener and Safer Chemical Usage and Management Policy</p>	<p>We implemented a comprehensive policy for the greener and safer usage and management of chemicals across our operations. By adhering to stringent regulatory standards and adopting best practices in chemical management, we have prioritised the health and safety of our employees, customers, and communities, while minimising environmental impact.</p>
<p>(d) Increased Transparency and Risk Reduction</p>	<p>We enhanced transparency in our operations, reducing risks and taking proactive measures to address sustainability challenges. Our initiatives, including those related to climate change and pollution control, have resulted in tangible actions aimed at mitigating environmental impact and promoting sustainable practices throughout our value chain.</p>
<p>(e) Proactive Risk Management &amp; Regulatory Compliance</p>	<p>We systematically assess the impacts of our business activities on climate change, water usage, and other environmental factors. Our approaches emphasised transparency and accountability regarding our performance and data by committing to third-party platforms such as the Task Force on Climate-related Financial Disclosures (TCFD) and the Carbon Disclosure Project (CDP). By engaging with these platforms, we are better positioned to focus on optimising our activities, ultimately reducing the environmental impact of our operations.</p>
<p>(f) Promote Net Zero Goals through Continuous Sustainable Production</p>	<p>We consistently advocate for low-carbon solutions by continuously advancing technologies and projects related to part recovery, cleaning, and refurbishment. Through our comprehensive assessments, we are able to quantify the greenhouse gas emissions that have been avoided within the value chain as a result of our business activities, which are reported as Scope 4 Emissions. We believe that by disclosing these avoided greenhouse gas emissions, we can effectively promote a Circular Economy and sustainable sourcing within the supply chain.</p>

These accomplishments underscore our ongoing commitment to driving positive change and creating value for all stakeholders. By prioritising innovation, sustainability, and transparency, we are positioned to contribute meaningfully to addressing global challenges and building a more resilient and sustainable future.



# SUSTAINABILITY REPORT (CONT'D)

## CONTINUOUS ACHIEVEMENTS

Frontken Group’s commitment to sustainability is evident through our proactive efforts to transform and mitigate carbon emissions while embracing sustainable energy practices. Over the years, we have made strategic investments and transitions to lower greenhouse gas designs for both our production processes and overall operations. As part of our commitment to renewable energy, we are pleased to share the following achievements from 2018 to 2024:

<p><b>Adoption of Solar Energy</b></p>	<p>We have invested significantly in solar energy systems, leading to the adoption of renewable energy practices. As of 2018 to 2024, we have successfully integrated the equivalent of 4,663,368 kilowatts of electricity using solar energy for our operations. This transition to sustainable energy sources reflects our dedication to reducing our carbon footprint and contributing to a greener, more sustainable future.</p>
<p><b>DI-Water Recycling</b></p>	<p>Since 2018 - 2024, we have implemented a robust DI-Water recycling system, resulting in an accumulative savings of 492,699 tonnes of recycled DI-Water. This initiative not only showcases our commitment to resource efficiency but also contributes to the conservation of water resources, a critical aspect of sustainable operations.</p>
<p><b>Waste Recycling</b></p>	<p>Our commitment to waste reduction is evident in the accumulative savings of 462,518 kilograms of recycled waste since 2018 - 2024. By implementing effective waste recycling programmes, we aim to minimise our environmental impact, promote circular economy principles, and contribute to a more sustainable waste management system.</p>

These achievements underscore our dedication to environmental stewardship, sustainability, and responsible resource management. By adopting renewable energy sources, recycling initiatives, and efficient water management, Frontken Group is actively contributing to the global effort to combat climate change and build a more sustainable and resilient future.

## CLIMATE CHANGE CHALLENGES

The Sustainability Committee, in alignment with various references and standards, including the recommendations of the Climate-related Financial Disclosures, diligently evaluated and identified risks and opportunities pertaining to the environment, specifically in relation to climate change. This comprehensive assessment guided discussions on the direction of the Company’s environmental initiatives, emphasising waste recovery, recycling practices, and efforts toward establishing a circular economy. A dedicated report on Climate Change Challenges has been published to transparently communicate the outcomes of these discussions and initiatives.



# SUSTAINABILITY REPORT (CONT'D)

Frontken Group is committed to navigating the challenges associated with reducing greenhouse gas emissions while concurrently enhancing our positive impact on the environment and society. Our continuous exploration of innovative approaches to business growth is grounded in the development of technologies, products, and services that actively contribute to environmental protection, energy conservation, and the mitigation of global warming. By actively working towards reducing global greenhouse gas emissions, we aspire to play a meaningful role in addressing climate challenges while advancing our business endeavours.

As part of our commitment to transparency and accountability, we will concentrate on disclosing comprehensive environmental, social, and governance (“ESG”) information. This includes detailed insights into our initiatives related to climate change and pollution control, reinforcing our dedication to responsible business practices and contributing to a sustainable and resilient global future.

## CONTINUOUS IMPROVEMENT

In FY2024, Frontken Group has reaffirmed and strengthened its commitment to various dimensions of sustainability development. Our focus areas include governance, the health and safety of our employees, environmental sustainability, emissions and climate change, pollution control, and sustainable supply chain management. The culmination of our efforts during this fiscal year is encapsulated in our comprehensive sustainability report, showcasing accomplishments, and outlining crucial steps taken to integrate sustainability vision for long-term growth, development, and profitability.

To ensure the success of our sustainability initiatives, we have dedicated additional resources towards full control, digitisation, and integration of these efforts. Our goal is to recognise opportunities for profitability, drive continuous improvement, build enterprise value, preserve business integrity, and protect our reputation. At the core of these initiatives is the belief that sustainability is pivotal for the Group’s lasting success.

At the core of our operations, Frontken Group continuously develops advanced technologies to empower our customers to create sustainable products and services. Our focus lies in extending the lifespan, performance, and aesthetic appeal of critical parts used in everyday production processes. Through our innovative technology, we help customers:

- (a) **PROTECT** the surfaces of critical parts,
- (b) **PRESERVE** the materials of critical parts for extended lifespans, and
- (c) **PROVIDE** for a sustainable future through recycling, repairing, refurbishment, re-engineering, and re-coating initiatives.

Aligned with our Sustainable Development Goals, we actively seek business opportunities that re-engineer shared values from fewer resources, transforming societal concerns and environmental challenges into innovative products and services for our global customers. Our commitment to delivering value extends beyond stakeholders to include broader social and environmental considerations. We believe that excellent corporate governance positively contributes to society and the environment, fostering long-term growth.

Frontken Group has invested significant time and resources in transitioning towards more sustainable, digital, and automated business models. Our success is evident in our investments in the digitisation of advanced production systems, expanded production capacity, and re-engineering efforts in water usage, conservation systems, renewable energy, and waste treatment and discharge systems. These initiatives have positioned us as leaders in semiconductor parts processing support technology and environmental sustainability. As we continue to evolve, Frontken Group remains dedicated to creating lasting value while actively contributing to a sustainable future.

Frontken Group places a strong emphasis on stakeholder engagement for comprehensive risk management and materiality assessment. We actively involve our stakeholders in discussions about the critical trends and topics essential to the ongoing success of our business. This includes reducing environmental emissions, minimising energy consumption and waste, enhancing safety and productivity, fostering inclusivity, maintaining good corporate governance, and ensuring robust business continuity plans. We view these factors not only as risks but also as opportunities to fortify our risk management practices, creating enduring value and facilitating sustainable growth for the Group.

# SUSTAINABILITY REPORT

## (CONT'D)

The assessment and enhancement of operational sustainability are seamlessly integrated into the strategic formulation of the Group. Key issues identified have paved the way for the development of strategies and the establishment of medium-term and long-term goals. In our long-term vision, we aspire to benchmark our sustainability development against recognised frameworks, including the GRI Framework, United Nations Sustainable Development Goals, Responsible Business Alliance Framework (RBA), and Bursa Malaysia FTSE Russell ESG Model Framework. By continuously focusing on the economic and ESG dimensions of our business, we aim to contribute meaningfully to resolving environmental and social challenges.

The Board, supported by the Sustainability Management Committee and Risk Management Committee, plays a pivotal role in providing oversight. These committees rigorously review and implement initiatives related to ESG, and more. This collaborative approach ensures that our sustainability initiatives align with the highest standards, promoting transparency, accountability, and responsible business practices throughout the organisation. Through these ongoing efforts, Frontken Group is committed to delivering positive outcomes not only for the business but also for the broader community and the environment.

Moving forward, Frontken Group recognises that the health and safety of our employees, their families, and those associated with our business partners are paramount priorities. In FY2024, the Group continued its unwavering commitment to improving and strengthening its focus on the Seven "Core Areas for Action on Sustainability." These seven dimensions represent the foundation of sustainability development within the Group.



Encouragingly, our dedicated employees at Frontken Group remain committed to our mission and core values. The Group consistently invests in enhancing the skills and knowledge of our workforce, ensuring they contribute effectively to our sustainability development vision. As we undergo transformations in our business practices and operations, we express gratitude for our on-site employees who safeguard our facilities, production output, and innovation creation on a daily basis. Their actions align with our employee roles and responsibilities, integrated into their personal objectives and incentives programme, directly linked to our business operational requirements and progress toward Frontken Sustainability Goals.

- (a) **Continuous Innovation and Value Creation:** Strengthening our innovation and production platform to provide tangible benefits to customers, ensuring a competitive advantage, and delivering positive social and environmental impact for sustainability development.
- (b) **Maximising Resources and Productivity:** Strengthening productivity and optimising resources in production, operations, and the supply chain. This includes managing critical materials, eliminating waste, and reducing costs to become a more sustainable and competitive company.

Highlights of our achievements include:

- (a) **Innovation and Value Creation:** Emphasis on continuous innovation to bring competitive advantages to customers while positively impacting society and the environment.
- (b) **Resource Maximisation and Productivity:** A focus on optimising resources in production, operations, and the supply chain, including managing critical materials, waste reduction, and cost-effectiveness.

For more detailed information, the Frontken FY2024 Sustainability Report is available, providing a comprehensive update on our sustainability strategy.

This report builds upon the detailed information shared in our FY2024 Environmental Climate Change and Pollution Control Reports. Covering the 2024 fiscal year, the report includes data, performance highlights, progress against targets, and outlines notable targets set for the medium-term and long-term. This transparent reporting underscores our commitment to accountability, transparency, and the pursuit of sustainable practices.

# SUSTAINABILITY REPORT (CONT'D)

## CONCLUSION

As we move forward, we anticipate a business environment characterised by increased volatility, uncertainty, and complexity, with emerging threats and challenges. However, within these challenges lie significant opportunities for Frontken Group to effect meaningful change – both for our business and our stakeholders.

We are heartened by the collaboration and dedication of our customers and partners across our value chain. Frontken Group remains steadfast in its commitment to transform into an exceptional organisation, delivering value to all stakeholders by fostering sustainable growth in our businesses, preserving the environment, enriching lives, and supporting communities where we operate.

In our pursuit of technological advancements, we continuously reshape our products, services, and technology portfolio with a strong foundation in sustainability development. Our focus is on driving growth, addressing global challenges, and simultaneously delivering sustainable returns over the long term to benefit all our stakeholders.

Frontken Group remains committed to building upon a strong foundation rooted in responsible management, innovative practices, and environmental stewardship. Our core values—integrity, commitment, innovation, and customer trust—guide us in upholding the highest standards of corporate governance. We recognise our employees as invaluable assets and actively foster a collaborative team with a shared vision, balanced culture, and positive values.

Our commitment extends to providing customers with cutting-edge and comprehensive process technologies and services. Through continuous innovation, green production methods, and sustainable supply chains, we aim to contribute to an environmentally friendly future. Additionally, we take affirmative action to give back to society, aligning our business practices with a broader commitment to social responsibility.

Our report showcases the Group's dedication to supporting our customers' sustainability objectives through various products and services. These include precision recycled cleaning, refurbishment, and re-coatings for critical parts, which significantly extend their lifespan. Additionally, our offerings feature products designed to prevent corrosion, conserve natural resources, and enhance the performance of our customer products and processes.

Furthermore, we emphasise our commitment to conducting business in a socially responsible manner throughout our entire value chain. From the procurement of materials to the methods employed in production, we prioritise sustainability and ethical practices. By aligning our operations with these principles, we strive to minimise our environmental footprint and contribute positively to the communities we serve.

Our employees play a pivotal role in the continuous development and production of our products and services. Collaborating closely with our customers, they strive to optimise the utilisation of our cutting-edge technology. Recognising that our employees are central to our sustained success, our report elaborates on the measures taken to ensure their health, safety, and overall job satisfaction.

Our commitment extends beyond the workplace, acknowledging the significance of the communities where our employees reside and work. We are dedicated to upholding stringent environmental standards in our production facilities, safeguarding the well-being of the surrounding communities. By prioritising the health and safety of our employees and promoting environmentally responsible practices, we aim to contribute positively to both our internal workforce and the external communities we are a part of.

On behalf of the Board and Management of the Group, we extend our heartfelt gratitude to all our employees, partners, and stakeholders who have accompanied us on our sustainability journey, especially during the challenging period this year. Your dedication, collaboration, and support are invaluable.

We eagerly anticipate your continued engagement, partnership, and support as we navigate the path forward. This report aims to provide you with new insights into our business and how we integrate sustainability into our operations. Our commitment is not only to sustainable business practices but also to addressing climate change and fostering a greener economy through collaboration with all stakeholders and industry alliances.

For a comprehensive overview of our corporate responsibility initiatives, please visit the Frontken Sustainability website, which also includes additional sustainability-related information. To learn more about our business, refer to the "About Frontken" section in Investor Relations on our website.

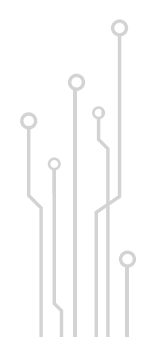


## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 2016 (“the Act”) to prepare financial statements in accordance with the applicable approved accounting standards set out by Malaysian Accounting Standards Board, and the provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and to lay these before the Company at its Annual General Meeting.

The Directors are responsible for ensuring that the financial statements provide a true and fair view of the financial position of the Group and the Company as at 31 December 2024 and of their financial performance and cash flows for the financial year ended 31 December 2024.

The Directors are responsible to ensure that the Group and the Company keep accounting records which 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 Act.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Frontken Corporation Berhad (“Company”) implements high standard of corporate governance in the Company for the purpose of safeguarding the interest of its stakeholders including the Company’s assets. In applying corporate governance best practices, the Board is mindful that the same should reflect transparency, accountability, ethical culture, sustainability and financial performance of the Group.

As such, the Board has embedded in the Group, a culture aimed at delivering a balance between conformance requirements and the need to deliver long-term strategic imperatives through performance, without compromising on personal or corporate ethics and integrity.

This Statement, which is issued pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), provides an overview of the Company’s application of the 3 Principles set out in the Malaysian Code on Corporate Governance (“MCCG”) for the financial year under review and up to the date of this report. Specific details on how the Company has applied each of the 48 Practices set out in the MCCG are disclosed in the Corporate Governance Report, which is available for viewing on the Company’s website at [www.frontken.com](http://www.frontken.com).

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

The Board is collectively responsible to the Company’s shareholders for the long-term success of the Group in terms of strategic direction, values and governance. The Board is led by experienced and knowledgeable Directors who provide the Company with the core competencies and the leadership necessary for the Group to meet its business objectives.

The Directors are aware of their responsibility to take decisions objectively which promote the success of the Group for the benefits of its stakeholders. The role and responsibilities of the Board, which are delineated in the Board Charter is available on the Company’s website at [www.frontken.com](http://www.frontken.com) and are summarised as follows:

- Set the strategic direction of the Group and monitor the implementation of strategies by Management;
- Oversee the conduct of the Company’s business;
- Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures;
- Succession planning;
- Oversee the development and implementation of shareholders’ communications policy for the Company; and
- Review the adequacy and integrity of the management information and internal control system of the Company.

The Board Charter and Fit and Proper Policy both were brought up for review at the Board of Directors’ Meeting held in August 2023 and March 2024 respectively and only the latter required to be amended to ensure that it is in line with the Principles and Practices of the MCCG 2021.

In discharging its stewardship role effectively, the Board has delegated and conferred some of its authority and powers to its Committees, namely the Audit Committee, Nomination Committee (“NC”) and Remuneration Committee (“RC”) (“Board Committees”). The Board Committees are entrusted with responsibilities to oversee specific aspects of the Company’s affairs according to their respective terms of reference, approved by the Board, and to report to the Board their findings and recommendations. The decision to act on such recommendation lies solely with the Board.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

The Chairman of the Board, leads the Board in fulfilling its fiduciary and stewardship roles. The Board Charter sets out the Chairman's responsibilities as follows:

- Lead the Board in deliberating the business and affairs of the Company and its oversight on Management;
- Oversee the Board in discharging of its supervisory and stewardship role;
- Oversee an efficient organisation and conduct of Board's function and meetings;
- Facilitate the effective contribution by all Directors;
- Brief Directors in relation to issues arising at meetings;
- Promote constructive and respectful relations among Board members and between the Board and Management;
- Commit the time necessary to discharge effectively the designated Chairman roles; and
- Ensure regular and effective evaluation of the Board's performance.

In carrying out his role, the Chairman works with Senior Management, leads the Board, and promotes effective relations with stakeholders and the public.

The role of day-to-day management of the Group's business development and operations, including implementation of Board's policies and decisions, is helmed by the Chief Executive Officer, assisted by his fellow Executive Director. The Board is mindful of the dual role held by Mr Ng Wai Pin as the Board Chairman and Chief Executive Officer which is a departure from Practice 1.3 of the MCCG that states that the positions of Chairman and the Chief Executive Officer are to be held by different individuals. The Board is of the view that there is no concentration of power and authority, and that no one individual has unfettered powers for decision making, especially when the Board comprises a majority of Non-Executive Directors. Furthermore, such Non-Executive Directors are individuals of calibre, credibility and are free from any relationship which could materially interfere with the exercise of their objective judgement. These four (4) Non-Executive Directors (three (3) of whom are Independent Non-Executive) are capable of exercising objective and unbiased judgement to ensure fair and objective deliberations at Board meetings.

To enhance accountability, the Board has established clear functions reserved for itself and those delegated to the Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include the approval of annual budgets, quarterly and annual financial statements for announcement, investment, and divestiture, as well as monitoring of the Group's financial and operating performance. Such delineation of roles is clearly set out in the Board Charter. Delegation of authorities has also been formalised to ensure a balance between operational efficiency and control over corporate and financial governance.

The Company has a Code of Conduct for its Directors and employees, available on the Company's website. The Board has also formalised in writing its Whistle Blowing Policies and Procedures and Anti Bribery and Corruption Policy ("ABC Policy"), for employees to raise genuine concerns, without fear of reprisal, about possible improprieties on matters pertaining to financial reporting, compliance, fraud, corruption, malpractices, and unethical business conduct within the Group. The Whistle Blowing Policies and Procedures and the ABC Policy can be found on the Company's website at [www.frontken.com](http://www.frontken.com).

Directors have full access to the Company Secretary, who is a member of the Malaysian Institute of Chartered Secretaries and Administrators, a division of Chartered Governance Institute, United Kingdom, to provide advisory services to the Board, particularly on corporate governance issues and compliance with the relevant policies and procedures, laws and regulatory requirements, in addition to the administrative matters on meetings of the Board, Board Committees and shareholders.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

As stipulated in the Board Charter and Fit and Proper Policy, the Directors are required to devote sufficient time to carry out their responsibilities. The Board obtains this commitment from Directors at the time of appointment. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and/or Board Committees.

#### **Continuous Professional Development**

The Board encourages its members to enrol in appropriate continuing education programme to equip them to serve the interests of the Company. The Directors are updated by way of circulars on matters relating to changes to the MMLR and briefing by the Company Secretary at the Board Meeting following the changes.

All Directors have completed the Mandatory Accreditation Programme as required by the Main Listing Requirements of Bursa Securities. During the financial year under review, the training courses attended by the Directors included briefings, seminars, workshops and conferences conducted by the relevant regulatory authorities and professional bodies. Details of the training programmes attended or participated by the Directors are as follows:

Directors	Training/Seminar/Conference/Workshop
Ng Wai Pin	<ul style="list-style-type: none"> <li>Global Market Outlook 2024: Sailing with the wind</li> <li>UBS ASEAN Tech Talk</li> <li>JPM ASEAN TMT and Fintech Forum</li> <li>JP Morgan ASEAN TMT and Fintech Forum</li> <li>UBS Asian Investment Conference 2024 (Hong Kong)</li> <li>Citibank Pan-Asia Regional Investor Conference (Singapore)</li> <li>Maybank Invest ASEAN Conference (Penang)</li> <li>Bursa Malaysia/Hong Leong Investment Bank Stratum Focus Series XVII</li> <li>Macquarie ASEAN Conference (Singapore)</li> <li>CITIC CLSA Investors Forum (Hong Kong)</li> <li>Bursa – Navigating Sustainability Disclosures &amp; Beyond</li> <li>JP Morgan’s ASEAN TMT and Fintech Access Series</li> <li>Forbes Global CEO Conference (Bangkok)</li> <li>Mandatory Accreditation Programme Part II: Leading for Impact</li> </ul>
Dr Tay Kiang Meng	<ul style="list-style-type: none"> <li>Top Executive WSH Programme (TEWP – Asynchronous E-Learning)</li> <li>Mandatory Accreditation Programme Part II: Leading for Impact</li> <li>SAP S/4HANA Cloud, Public Edition – Finance Basic Course</li> </ul>
Ng Chee Whye	<ul style="list-style-type: none"> <li>CAANZ Webinar – New Transfer Pricing Rules 2023</li> <li>Mandatory Accreditation Programme Part II: Leading for Impact</li> <li>AOB Conversation with Audit Committees</li> </ul>
Gerald Chiu Yoong Chian	<ul style="list-style-type: none"> <li>Conflicts of Interest</li> <li>Cybercrime</li> <li>Mandatory Accreditation Programme Part II: Leading for Impact</li> </ul>
Koh Huey Min	<ul style="list-style-type: none"> <li>Board Of Directors: Navigating Resilience via ESG Strategy</li> <li>Bursa Malaysia Workshop on Applying the IFRS Sustainability Disclosure Standards</li> <li>AOB Conversation with Audit Committees</li> </ul>
YM Raja Jastina Adlina Binti Raja Arshad	<ul style="list-style-type: none"> <li>Information Classification and Protection</li> <li>Code of Business Ethics</li> <li>Personal Data Protection Act</li> <li>APOS 2024</li> <li>Malaysia Digital Association Conference 2024</li> <li>Marketing Media Conference 2024</li> <li>Mandatory Accreditation Programme Part II: Leading for Impact</li> </ul>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### II. BOARD COMPOSITION

The Board currently consists of six (6) members, comprising two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors, the composition of which accords with MMLR of Bursa Securities, which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent.

The Non-Executive Directors, which comprise majority of Board members, provide the necessary checks and balances in the Board's exercise of its functions by providing an objective and unbiased evaluation of the Board's decisions and decision-making process.

The Executive Directors are complemented by the experience and independent views of the Non-Executive Directors who are professionals in the field of finance, accounting, administration, strategic and business management, and research and development. The Board members possess a fair range of business, finance, administration, research and development, and legal experience. Mixed skills and experience are pivotal in directing and supervising the Group's overall business activities considering the increasingly challenging economic and operating environment in which the Group operates. The profile of each Director is set out on pages 19 to 21 of the Company's 2024 Annual Report.

The NC is entrusted to assess the adequacy and appropriateness of the Board composition, identifying and recommending suitable candidates for Board membership and also to assess annually the performance of the Directors, succession plans and Board diversity, covering gender, age and ethnicity diversity, training courses for Directors and other qualities of the Board, including core-competencies which the Independent Non-Executive Directors should bring to the Board. The Board has the ultimate responsibility to decide on the appointment. This process ensures that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determines the skill matrix to support the strategic direction and needs of the Company.

The Board has, by engaging an independent professional company, PLC & C Sdn Bhd, conducted a Board effectiveness evaluation including questions on Environmental, Social and Governance ("ESG") and test on Fit and Proper for Directors standing for re-election at the forthcoming 21st Annual General Meeting ("AGM"), in February 2025 to assess the effectiveness of the Board, Board Committees and Individual Directors. The carefully designed and independently conducted Board evaluation process identified the strengths of the Board as well as areas for improvements. A detailed self-assessment is undertaken to assess the effectiveness of the Board as a whole and the Board Committees as well as the contribution, performance and time commitment of each individual Director. The Board evaluation process was conducted via a set of questionnaires containing both quantitative and open-ended questions, based on self and peer-rating by the Chairman of the Board and respective Chairmen of the Board Committees, and the outcome of the evaluation was tabled in a summary report presented to the NC by a representative of the external expert to the NC for discussion and matters that required attention of the Board were escalated to the Board Meeting for further deliberations and actions.

Based on the evaluation conducted, the NC was satisfied with the existing Board composition and concluded that each Director has the requisite competence and capability to serve on the Board and had sufficiently demonstrated their commitment to the Group in terms of time and participation during the financial year under review and recommended to the Board for the re-election of the retiring Directors at the Company's AGM. All assessments and evaluations carried by the NC in discharge of its functions were duly documented.

The NC has assessed the independence of the three (3) Independent Non-Executive Directors, namely Mr Ng Chee Whye, Ms Koh Huey Min and YM Raja Jastina Adlina Binti Raja Arshad. Following the recommendation of the NC, the Board is of the opinion that the independence of the Independent Non-Executive Directors remained unimpaired and their judgement over business dealings of the Company were not influenced by the interest of the other Directors or substantial shareholders.

The Company has not established a policy for setting targets for gender, ethnic or age composition in the Board. However, the Board believes that more importantly, the suitability of candidates should be evaluated based on the candidates' competency, character, time availability, integrity, and experience in meeting the Company's needs. The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibre.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

A summary of key activities undertaken by the NC in discharging its duties during the financial year under review and up to the date of this Statement is set out below:

- Reviewed and assessed the independence of Independent Non-Executive Directors;
- Reviewed and recommended the re-election of retiring Directors, including the “Fit and Proper” test as set out in the policy, the continuance of which requires shareholders’ approval to be determined at the forthcoming Annual General Meeting;
- Assessed the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director;
- Considered the training undertaken by the Directors; and
- Reviewed and assessed the term of office and performance of the Audit Committee and each of its members.

### III. REMUNERATION

The RC currently consists of three (3) members all are Independent Non-Executive Directors. The RC is entrusted by the Board to implement the policies and procedures on matters relating to the remuneration of the Board and Senior Management and making recommendations on the same to the Board for approval.

The Board has adopted the said policies as deliberated by the RC to determine the remuneration of Directors and Senior Management, which is aligned with the business strategy and long-term objectives of the Company. The Executive Directors and Senior Management are paid salaries, allowance, performance-based incentive, including bonus, and other customary benefits, as appropriate. The remuneration is set based on relevant market relativities, performance, qualifications, experience, and geographic location where the personnel is based. The salary level for Executive Directors and Senior Management considers, among others, the nature of the role, performance of the business and the individual and market positioning and their respective Key Performance Indicators which include ESG and sustainability considerations.

The remuneration of Independent Non-Executive Directors comprises fees only. The Board ensures that the remuneration for Independent Non-Executive Directors do not conflict with their obligation to bring objectivity and independent judgement on matters discussed at Board meetings.

The respective Directors are required to abstain from deliberation and voting on their own remuneration at Board Meetings.

Pursuant to the MMLR of Bursa Securities, the Company is required to disclose the remuneration received by its directors, on a named basis, for the financial year under review from the Company and the Group, covering fees, salaries, bonuses, benefits-in-kind and others. Full details of such remuneration received by the Directors on a named basis are disclosed under Practice 8.1 of the Corporate Governance Report of the Company which is uploaded on the corporate website at [www.frontken.com](http://www.frontken.com).



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### Meetings of the Board and Board Committees

During the financial year under review, the Board and the Audit Committee convened five (5) meetings each whilst NC and RC had one (1) meeting each. The attendance of the members at the said meetings is set out below:

Name of Director	Board	Audit Committee	NC	RC
Ng Wai Pin – Chairman of Board and Chief Executive Officer	5/5	N/A	N/A	1/1
Dr Tay Kiang Meng – Executive Director	5/5	N/A	N/A	N/A
Ng Chee Whye – Independent Non-Executive Director and Chairman of Audit Committee and RC	5/5	5/5	1/1	1/1
Gerald Chiu Yoong Chian – Non-Independent Non-Executive Director	5/5	N/A	1/1	N/A
Koh Huey Min – Independent Non-Executive Director	5/5	5/5	1/1	1/1
YM Raja Jastina Adlina Binti Raja Arshad – Independent Non-Executive Director and Chairman of NC	5/5	5/5	1/1	N/A

Note:

Ng Wai Pin resigned as a member of the RC w.e.f. 22 February 2024 and YM Raja Jastina Adlina Binti Raja Arshad was appointed in his place on the same day.

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. AUDIT COMMITTEE

To assist in the discharge of its duties on financial reporting, the Board has established an Audit Committee, comprising three (3) Non-Executive Directors, with Mr Ng Chee Whye, an Independent Non-Executive Director, as the Committee Chairman. The Committee's composition, including its roles and responsibilities as well as a summary of its activities carried out during the financial year under review, are set out in the Audit Committee Report on pages 46 to 48 of this Annual Report. One of the key responsibilities of the Audit Committee is to ensure that the financial statements of the Group and Company comply with Malaysian Financial Reporting Standards, International Financial Reporting Standards and provisions of the Companies Act 2016. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in this aspect, has adopted a policy for the types of non-audit services permitted to be provided by the external auditors and/or their affiliates, including the need for obtaining the Audit Committee's approval for such services.

To enhance transparency and governance, the Audit Committee has also formalised the Policies and Procedures To Assess The Suitability, Objectivity And Independence Of External Auditors that requires a former audit partner to observe a cooling-off period of at least three (3) years if this person is sought to be appointed as an Audit Committee member. This applies to all partners of the external audit firm and/or its affiliate firm. The cooling off period safeguards the independence of the audit by avoiding the potential threats which may arise when a former partner of the external audit firm is in position to exert significant influence over the audit and preparation of the Company's financial statements.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has overall responsibility for maintaining a sound system of risk management and internal control of the Group that provides reasonable assurance on efficient business operations, compliance with laws and regulations as well as internal procedures and guidelines to achieve corporate objectives.

The Audit Committee assists the Board in reviewing the adequacy and operating effectiveness of the system of risk management and internal control in the Group. The Audit Committee does this by deploying an independent outsourced internal audit function as well as an in-house internal audit function that conduct internal audit, with findings presented to the Audit Committee, including the remedial measures and action plans agreed by Management to address the matters so highlighted. For more details of Internal Audit, both for the outsourced and in-house functions, refer to the Statement on Risk Management and Internal Control which is included in the Company's 2024 Annual Report as well as the Corporate Governance Report that is made available on the Company's website at [www.frontken.com](http://www.frontken.com).

The Audit Committee is responsible for overseeing the risk management framework and policies while Management of the respective business units and subsidiaries is tasked to manage business risks, including developing, implementing and monitoring mitigating measures to manage such risks to acceptable levels. Details of the Group's Risk Management framework, activities carried out for the financial year under review and reporting processes are set out in the Statement on Risk Management and Internal Control included in this Annual Report.

The Board is of the opinion that thus far, the existing risk management framework and policies are effective in monitoring and mitigating the present risks of the Group to acceptable levels in safeguarding the interest of shareholders, customers, employees and other stakeholders and the Group's assets but would continually to review and update the framework and policies to meet new and/or changing risks affecting the Group on an on-going basis.

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

### I. COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of being transparent and accountable to the Company's stakeholders and acknowledges that continuous communication between the Company and its stakeholders facilitates mutual understanding of each other's objectives and expectations. As such, the Board ensures the supply of clear, comprehensive, and timely information to stakeholders by way of various disclosures and announcements, including quarterly and annual financial results which provide investors with up-to-date financial information of the Group. All these announcements and other information about the Company, which are disseminated according to the Company's Corporate Disclosure Policy, are available on the Company's website at [www.frontken.com](http://www.frontken.com) where shareholders, investors and the general public may access.

During the year, the Chairman has been actively engaging with institutional investors, analysts and fund managers (both locally and overseas) and carried out investors relations programme to keep the stakeholders abreast of the developments of the Group and answering their questions on the performance of the Group.

In addition, the Directors also ensure that engagement with shareholders occurs at least once a year during the AGM to better understand their needs and obtain their feedback.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### II. CONDUCT OF GENERAL MEETINGS

The AGM is the principal forum for shareholder dialogue, allowing shareholders to review the Group's performance through the Company's Annual Report and pose questions to the Board for clarification.

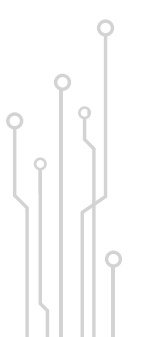
The 20th AGM of the Company was held virtually at the Broadcast venue at Suite 301, Block F, Pusat Dagangan Phileo Damansara 1, No. 9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, 14 June 2024. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to conduct the polling process and Scrutineer Solutions Sdn Bhd as Scrutineers to verify the poll results.

There was active participation by the shareholders and all Directors were present to engage with shareholders. Moreover, Management and external auditors were also in attendance to respond to shareholders' queries. A total of 23 questions covering the Company's financial and non-financial performance were posed by the shareholders prior to and during the AGM and they were all answered. The completed list of questions together with the answers were posted on Bursa Securities' website on 12 July 2024 together with the minutes of the AGM.

For a heads up and to manage the shareholders' expectation, the Chairman before he opened to the floor to ask question, he told all present that he would use his best endeavour to deal with as many questions as possible that day. In the event if there were too many questions or if there is any question that needs further elaboration or the answer is factual in nature and could not be answered or provided that day, the answers would be posted on the Company's website. The Chairman did manage to answer all the questions save for a few which were included in the Appendix A of the Minutes of the 20th AGM which was posted in Bursa's website as well the Company's own website for all to access.

The Board has set up the corporate website at [www.frontken.com](http://www.frontken.com) to encourage shareholders and investors to pose questions and queries to the Company. Questions and queries, if any, are attended to by the Company's Senior Management. In addition, the Board also encourages shareholders and other stakeholders to communicate with the Company through other channels, via post at 601D, Level 6, Tower D, Uptown 5, No. 5, Jalan SS21/39, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan or e-mail at [ir@frontken.com](mailto:ir@frontken.com).

This Statement is dated 24 March 2025.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## PURPOSE OF STATEMENT

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) states that a listed issuer must ensure that its Board of Directors issues a statement (“Statement on Risk Management and Internal Control” or “Statement”) about the state of risk management and internal control of the listed issuer as a group. The Statement must include adequate and meaningful information to enable shareholders and other stakeholders to make an informed assessment of the main features and adequacy of the listed issuer’s risk management and internal control system as a group.

Accordingly, the Board of Directors (“Board”) of Frontken Corporation Berhad (“Company”) furnishes this Statement, which outlines the nature and scope of the system of risk management and internal control of the Group (comprising the Company and its subsidiaries) for the financial year ended 31 December 2024 and up to the date of approval of this Statement for inclusion in the Company’s Annual Report. For purpose of disclosure, this Statement has considered and, where pertinent, including the mandatory contents outlined in the “Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers”, a publication of Bursa Securities, which sets out guidance to listed issuers in drafting the Statement.

## BOARD’S RESPONSIBILITY ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board affirms its overall responsibility for the Group’s system of risk management and internal control to safeguard shareholders’ investment and the Group’s assets as well as review the adequacy, integrity and operating effectiveness of this system in meeting the Group’s corporate objectives. The Board is mindful of the need to establish clear roles and responsibilities in discharging its fiduciary and leadership functions in line with the Principles, Practices and Guidance of the Malaysian Code on Corporate Governance (“MCCG”).

In view of the inherent limitations in any system of risk management and internal control (“System”), the System is designed to manage, rather than eliminate, the risk of not adhering to the Group’s policies and achieving goals and objectives within the risk tolerance established by the Board and Management. The System can, therefore, only provide reasonable, but not absolute, assurance against any material misstatement, financial loss or fraud.

The Board has formalised an Enterprise Risk Management framework (“ERM Framework”) that encompasses relevant policies and guidelines to streamline the Group’s risk management imperatives in a structured and comprehensive manner to safeguard shareholders’ investment and the Group’s assets. This ERM Framework accords largely with the ISO31000:2018 Risk Management – Guidelines, which set out the key principles, framework and process of risk management. With this ERM Framework, the Board has established an on-going process to identify, evaluate, control, report and monitor significant business risks faced by the Group on an ongoing basis.

The Board, through its Audit Committee, reviews the outcome of this risk management process, including actions taken and mitigating measures implemented by Management to address the key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

## RISK MANAGEMENT FRAMEWORK – EXTENT OF COVERAGE

Risk management is embodied in the Group’s key business processes through the ERM Framework, which sets out, among others, an easy-to-understand step-by-step approach to identify and evaluate risks faced by business units and, by extension, the Group. To harmonise risk management initiatives and activities, the Board has formalised in writing relevant risk management policies and guidelines for adherence by business units across the Group. The ERM Framework comprises a structured assessment process, culminating in the compilation of specific risk profiles of key business units and companies in the Group by Risk Management Units (“RMUs”), including the semi-annual update of risk profiles to consider the vagaries of evolving business environment as well as emerging risks.

The individual risks are scored for their likelihood of occurrence and the impact thereof based on a ‘5 by 5’ risk matrix, deploying parameters established for each key business unit or company in the Group. The risk parameters comprise relevant financial and non-financial metrics for risks to be evaluated or quantified, as the case may be, in terms of the likelihood of their occurrence and the impact thereof. The use of such metrics essentially articulates the Board’s risk appetite, i.e. the extent of risk the Group is prepared to take or seek in achieving its business objectives.

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

## RISK MANAGEMENT FRAMEWORK – EXTENT OF COVERAGE (CONT'D)

Details of specific risks are documented in individual risk registers, covering the risk description, root causes, risk consequences, internal controls implemented by Management to address the root causes, Management's assessment of the effectiveness of internal controls and the residual risk rating, i.e. the balance of risk after considering the effects of internal controls deployed to manage the exposure. The action plans that Management has taken and/or is taking to mitigate the risks to acceptable levels are reported by the RMUs to the Audit Committee and the outcome is documented in the Audit Committee meeting minutes, including any comments that the Audit Committee may have and such meeting minutes were also presented to the Board. The Audit Committee is tasked to brief the Board on the outcome of the risk update and mitigating measures deployed, including any significant issues therefrom. For each of the business risks identified, a risk owner is entrusted to ensure appropriate actions are taken to mitigate the risk to an acceptable level within specified timeline. The Risk Coordinator of the Group, when reviewing the risk update carried out by business units, enquires into the status of action plans undertaken by the Management of the business units concerned before reporting to the Audit Committee.

During the financial year under review, additional risks identified by the business units together with the actions taken or being taken by Management to mitigate or reduce these additional risks were reported by the Risk Coordinator to the Audit Committee and only those that warranted the attention of the Board were recommended by the Audit Committee to the Board for its deliberation and approval. Whereas matters or decisions made within the purview of the Audit Committee were only escalated to the Board for its information and notation.

## INTERNAL CONTROL SYSTEM – THE KEY FEATURES

Besides those internal controls implemented by Management to mitigate the risks as mentioned above, the Group's internal control system also covers the following salient elements:

- an organisation structure with clearly defined lines of responsibilities and appropriate levels of delegation and authority, including financial limits of authority in approving transactions and activities as well as mandate to operate bank accounts. This structure also sets out clear reporting lines and segregation of duties for key processes like strategic management, operations, sales and collections, procurement and payment, human resource management, capital expenditure, research and development, financial reporting, corporate affairs and investments;
- a process of hierarchical reporting which provides a documented and auditable trail of accountability, with appropriate sign-off by personnel entrusted with the responsibilities;
- an annual budgetary exercise that requires all business units and companies in the Group to formulate financial budgets which are then consolidated into a Group budget, presented to the Board for comments and ultimate approval. Quarterly reviews of the Group's performance against budget are carried out at Board meetings where explanations on significant variances or unusual fluctuations are furnished by Management. Management meetings at the operational level are conducted to review financial performance against business plans and monitor the respective business unit's performance against budget;
- significant changes in business development are reported by Management to the Board at scheduled meetings. This oversight review enables the Board to evaluate and monitor the Group's business performance vis-à-vis its strategic objectives;
- the Audit Committee, which is entrusted by the Board to oversee, among others, the Company's financial reporting process, in particular the quarterly and annual announcements of the Group's financial performance, meets at least quarterly to review the announcements, seeks clarification and explanations from Management before recommending the announcements to the Board for approval;
- internal policies and procedures on key business processes are formalised in writing for application by personnel across the Group. These policies and procedures provide the necessary guidance to personnel on complying with internal control requirements and applicable laws and regulations;
- structured whistle-blower policies and procedures are formalised in writing to enable employees of the Group to raise genuine concerns about suspected improprieties on matters of financial reporting, non-compliance with laws and regulations, malpractices or unethical business conduct within the Group at the earliest opportunity and in an appropriate way without fear of reprisal. Mr Ng Chee Whye, the Independent Non-Executive Director, with his contact details uploaded to the website of the Company is the person to contact on such concerns; and
- where issues arise that affect the reliability and integrity of financial information of any business unit, special audits would be commissioned by the Audit Committee or Senior Management, as the case may be to assist the Board in fulfilling its oversight responsibilities.

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

## INTERNAL AUDIT FUNCTION – ITS COMPOSITION AND SCOPE OF COVERAGE

The Group has two (2) groups of internal auditors, i.e. one covering the operations of the Group (save for Taiwan operations), and the other covering solely the Taiwan operations. The internal audit function of the Group (save for Taiwan operations) is outsourced to an independent professional firm, namely Sterling Business Alignment Consulting Sdn Bhd. The internal audit function for the Taiwan operations is an in-house function, i.e. the internal audit personnel are employees of the subsidiary in Taiwan, namely Ares Green Technology Corporation (“AGTC”).

The appointment of the outsourced internal audit service provider followed an assessment of its suitability and capability by the Audit Committee of the Company whilst the performance of the in-house internal audit function is under the oversight of AGTC’s Board.

### Outsourced internal audit coverage – Group (save for Taiwan operations)

The outsourced internal audit team is helmed by an average of four (4) professionals from the firm, a corporate member of the Institute of Internal Auditor Malaysia. The team, led by Dr So Hsien Ying, a Certified Internal Control Professional, was to conduct an assessment of the Group’s system of internal control during the financial year under review, focusing on selected significant business units and reporting its observations, including Management’s response and action plans thereto, directly to the Audit Committee. The internal auditor also conducted follow-up reviews on the status of implementation of action plans by Management on the recommendations highlighted, as deemed relevant. The Audit Committee took note of the recommended improvement actions and questions were posed to Management on the timeliness of measures to implement the recommendations as reported.

The internal audit plan for the financial year was prepared based largely on the Group’s financial information and the relative risks of the business units to the achievement of the Group’s business objectives. This approach deployed aligns with the International Professional Practices Framework of the Institute of Internal Auditors Inc. (“IIA”), which encompasses, inter-alia, the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards for the Professional Practice of Internal Auditing, and the IIA Risk Based Internal Auditing Guidance.

For the financial year ended 31 December 2024, Sterling has carried out internal audit reviews of two (2) business units, namely, Frontken (East Malaysia) Sdn Bhd (“FEM”) and Frontken (Johor) Sdn Bhd (“FJSB”) covering the following areas:-

- Procurement and Sourcing;
- Engineering Services and Project Management;
- Billings Process; and
- Safety, Health and Environment.

Sterling also carried out two (2) follow-up status reviews for the financial year to update the Audit Committee on the status of management actions for previously reported audit findings.

At the Audit Committee Meeting in February 2025, Sterling reported that FEM had closed all 12 audit findings and 2 observations during the year under review. For FJSB, 7 out of 17 audit findings remained open and are to be completed by the extended deadline. Sterling will monitor the status in their follow-up reviews throughout the year.

Internal audit tests were carried out by the internal audit function to assess the adequacy and operating effectiveness of the business units’ system of internal controls in achieving corporate objectives. Transactions and activities were selected for testing on a sample basis.

Observations on systems weakness and areas for improvement, including recommended mitigating measures to address the concerns raised, were highlighted in the internal audit reports presented to the Audit Committee during the financial year under review.



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

## INTERNAL AUDIT FUNCTION – ITS COMPOSITION AND SCOPE OF COVERAGE (CONT'D)

### In-house internal audit coverage (only Taiwan operations)

The in-house internal auditor, Miss Kelly Huang, who is an accounting graduate, has a working experience of not less than 20 years covering internal audit, external audit and finance function. Independent of the activities she audits, the in-house internal auditor is tasked to assess the adequacy and operating effectiveness of the system of internal control of AGTC, the Company's subsidiary helming the Taiwan operation. In carrying out her work, she adopted the internal audit guidelines from the Regulations Governing Establishment of Internal Control Systems by Public Companies issued by Taiwan Financial Supervisory Commission. The in-house internal auditor has conducted an assessment of AGTC's system of internal control during the financial year under review, focusing on selected significant areas as approved by the Board of AGTC and reported her observations, including Management's response and action plans thereto, directly to the Board of AGTC. The in-house internal auditor also conducted a follow-up on the status of implementation of action plans by Management on the recommendations highlighted in previous reports. The Board of AGTC took note of the issues raised and questions were posed to Management on the timeliness of measures to address the concerns as reported.

The in-house internal audit plan for the financial year under review was prepared based largely on AGTC's financial information and the relative risks to the achievement of AGTC's business objectives. The in-house internal auditor adopted a process life cycle approach in identifying the auditable areas in AGTC. For the financial year ended 31 December 2024, as per the audit plan for year 2024, a review of internal controls on the following key business processes and related controls was carried out:

- Sale and receipt cycle;
- Investment cycle;
- Purchase and payment cycle;
- Finance cycle;
- Labour and wage cycle;
- Management of assets;
- Functionary substitute system;
- Property, plant and equipment cycle;
- Production cycle; and
- Computerised information processing system.

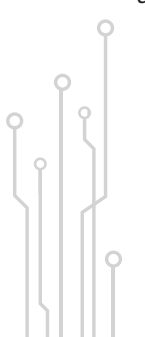
The internal audit plan and a summary of the findings of the in-house internal auditor were shared with the Audit Committee of the Company for information and comments, if any.

For the financial year ended 31 December 2024, the Audit Committee of the Company as well as Board of AGTC reviewed the work of the internal audit functions, outsourced and in-house, as the case may be, their observations and recommendations in order to obtain assurance on the adequacy and operating effectiveness of the Group's risk management and internal control system. The total cost incurred by the Group for the internal audit functions (both in-house and outsourced) for the financial year under review amounted to approximately RM233,000 (2023: RM244,000).

### External Auditors

The external auditors, in the course of their statutory audit of the Group's financial statements, reviewed the Group's system of internal control to the extent of their planned reliance as laid out in their audit planning memorandum. Any significant deficiencies in internal controls identified during the audit, together with the improvement measures to strengthen internal controls, were reported in writing to the Audit Committee by the external auditors vide their presentation deck.

In assisting the Board to assess the adequacy and operating effectiveness of the Group's risk management and internal control system, the Audit Committee reviewed the observations raised by the internal and external auditors, as well as actions taken by Management to address the areas of concern for the financial year ended 31 December 2024. The Audit Committee reported to the Board the outcome of its engagement with the internal and external auditors concerning the adequacy and operating effectiveness of the Group's system of risk management and internal control.





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

### **BOARD'S COMMENTS ON THE ADEQUACY AND OPERATING EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM**

The Board, assisted by its Audit Committee, has reviewed the adequacy and operating effectiveness of the Group's risk management and internal control system, and that relevant actions have been or were being taken, as the case may be, to remedy the internal control weaknesses identified from the review.

The Board is of the view that the system of risk management and internal control, in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company, is sound and sufficient to safeguard the interest of shareholders, customers, employees and the Group's assets. Whilst the Board is of the view that there was no material losses incurred during the financial year as a result of weaknesses in the risk management and internal control system, the Board believes that this system must continuously evolve to meet the changing business landscape and environment the Group operates in. Therefore, the Board continues to put in place action plans, as deemed appropriate, to strengthen the system of risk management and internal control from time to time towards achieving the Group's corporate objectives.

### **ASSURANCE BY THE GROUP CHIEF EXECUTIVE OFFICER AND THE GROUP CHIEF FINANCIAL OFFICER ON THE ADEQUACY AND OPERATING EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM**

The Board has received assurance in writing from the Group Chief Executive Officer and the Group Chief Financial Officer stating that the Group's risk management and internal control system operated adequately and effectively, in all material aspects, for the financial year under review and up to the date of this Statement.

### **REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS**

Pursuant to Paragraph 15.23 of Bursa Securities' Main Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Company's Annual Report for the financial year ended 31 December 2024. The external auditors have reported to the Board that, based on their review procedures performed and evidence obtained, nothing has come to their attention that caused them to believe that this Statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issues to be set out, nor is the Statement factually inaccurate.

This Statement is issued in accordance with the resolution of the Board of Directors dated 24 March 2025.



# AUDIT COMMITTEE REPORT

## (A) COMPOSITION AND ATTENDANCE

Pursuant to Paragraph 15.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Company has established an Audit Committee, comprising the following members:

Name	Director	Position
Ng Chee Whye	Independent Non-Executive	Chairman of Audit Committee
Koh Huey Min	Independent Non-Executive	Member
YM Raja Jastina Adlina Binti Raja Arshad	Independent Non-Executive	Member

Members of the Audit Committee are appointed by the Board of Directors from among the Directors who fulfil the following requirements:

- (a) the Audit Committee must comprise not less than three (3) members who are financially literate;
- (b) all the Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Non-Executive Directors; and
- (c) at least one (1) member of the Audit Committee:
  - (i) must be a member of the Malaysian Institute of Accountants;
  - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience; and:
    - (aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - (bb) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
  - (iii) fulfils such other requirements as prescribed or approved by Bursa Securities.

The Board assesses the performance of the Audit Committee in terms of its effectiveness and contribution of Audit Committee members on an annual basis to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference. The meeting attendance of the Audit Committee members is provided in the Corporate Governance Overview Statement in this Annual Report.

## (B) MEETINGS

There were altogether five (5) meetings held during the financial year under review.

Meetings of the Audit Committee are planned ahead so that the members can make the necessary arrangement to attend the meetings. The notice for the meetings, together with meeting papers, is normally served at least one (1) week before each meeting to enable Audit Committee members to read, including an opportunity for them to inquire into the agenda items as well as to seek more information before the meeting.

At each Board meeting, the Audit Committee Chairman briefs the Board pertaining to matters discussed at the Audit Committee meeting held earlier. A copy of the minutes of the Audit Committee meeting is circulated to the Board for notation.

## (C) ROLES AND RESPONSIBILITIES

The roles and responsibilities of the members of the Audit Committee as contained in the Audit Committee’s terms of reference which have been uploaded on the Company’s website at [www.frontken.com](http://www.frontken.com).

# AUDIT COMMITTEE REPORT (CONT'D)

## (D) AUTHORITY

The Audit Committee has the authority to:

- Investigate any matter within its terms of reference;
- Have the resources which are required to perform its duties;
- Have full and unrestricted access to any information pertaining to the Group which it requires in the course of performing its duties;
- Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activities;
- Obtain independent professional or other advice, if deemed necessary; and
- Convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Group, whenever deemed necessary.

## (E) SUMMARY OF ACTIVITIES CARRIED OUT DURING THE FINANCIAL YEAR

The principal activities undertaken by the Audit Committee during the financial year under review are summarised as follows:

- Reviewed the unaudited quarterly and year-end financial statements prior to recommending the same for the Board's approval, focusing particularly on significant and unusual events and compliance with applicable approved accounting standards and other legal requirements. To assist the Audit Committee in this process, the Chief Financial Officer of the Company then has provided charts and explanations to elucidate on the fluctuations in Group's financial performance over the four (4) financial quarters, including the financial position of the Group in terms of its cash flows for the quarters concerned;
- Reviewed the Audit Committee Report, Corporate Governance Overview Statement, Corporate Governance Report and the Statement on Risk Management and Internal Control prior to recommending the same for Board's approval for inclusion in the Company's Annual Report;
- Reviewed the appointment of the External and Internal auditors, their independence and effectiveness, including their fees. The amount of fees paid or payable to the External Auditors of the Company or a firm or company affiliated to the External Auditors for the financial year under review in respect of non-audit services rendered to the Company and the Group amounted to approximately RM13,000 and RM18,000 respectively;
- Reviewed with the External Auditors their audit planning memorandum, comprising the scope of audit, areas of audit emphasis, audit approach and timetable;
- Met with the External Auditors on their audit report, Audit Review Memorandum and key audit matters;
- Reviewed the issues raised by the External Auditors pertaining to the audit carried out on the financial statements, including opportunities for improvement to internal controls based on observations made in the course of the audit;
- Reviewed the adequacy of the scope, functions, competency and resources of the Internal Audit Function, and that it has the necessary authority to carry out its work;
- Reviewed and approved the Internal Audit Plan tabled by the outsourced independent Internal Audit Function, reviewed the scope of work coverage by the outsourced Internal Audit Function for the financial year under review, including the results of evaluation of adequacy of the internal control system, as well as Management's response to recommendations for improvement, on the reports from the outsourced Internal Audit Function;
- Noted the outcome of internal audit work and issues raised by the in-house Internal Auditor covering the Taiwan operations, including Management action plans;
- Briefed the Board the outcome of the meetings of the Audit Committee, covering largely the work and results of the External Auditors and Internal Audit Function, recurrent related party transactions, quarterly announcements and year-end financial statements as well as the risk management update of the Group;
- Reviewed the related party transactions within the Group;

# AUDIT COMMITTEE REPORT (CONT'D)

## (E) SUMMARY OF ACTIVITIES CARRIED OUT DURING THE FINANCIAL YEAR (CONT'D)

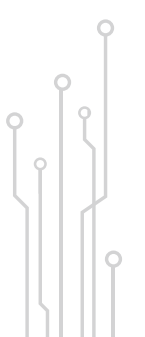
- Reviewed if any conflict of interest situation has arose, persist or may arise within the listed issuer or group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts;
- Reviewed the summary reports on risk management of the Group as presented by the Risk Management Units on the status of risks faced by the Group, including emerging risks, and action plans deployed to manage the risks concerned to acceptable levels; and
- Guided by the Policies and Procedures to assess the suitability, objectivity and independence of external auditors, evaluated the performance of the External Auditors in meeting the requirements of the Company before recommending to the Board for the tabling of their re-appointment at the Annual General Meeting for approval by shareholders.

The dates of Audit Committee meetings are pre-planned and communicated to the auditors in advance for them to prepare the Audit Review Memorandum, Audit Planning Memorandum, Internal Audit Plan and Internal Audit Reports for presentation to the Audit Committee to meet the respective deadlines. The Audit Committee also noted the internal control deficiencies and/or areas of improvement identified by the Internal Audit Function and action plan for corrective actions or improvement by Management.

The Group has an in-house Internal Auditor who is based at the Company's subsidiary in Taiwan, namely Ares Green Technology Corporation, who conducts internal audit covering solely the Taiwanese operations. As for the Company and other subsidiaries, the Internal Audit Function is outsourced to an independent internal audit service provider, namely Sterling Business Alignment Consulting Sdn Bhd. The principal function of internal audit is to undertake systematic reviews of the internal control system within the Group in accordance with approved internal audit plan, to provide assurance that such a system is adequate and operating effectively as intended. The Internal Audit Function's responsibilities are to provide independent and objective reports on the state of internal controls of the various operating units within the Group to the Audit Committee and provide recommendations for the improvement of the control procedures, so that remedial actions are taken to mitigate weaknesses noted in the system and controls of the respective operating units.

Details of internal audit activities, scope of coverage and cost incurred on the combined Internal Audit Function for the financial year under review, are set out in the Statement on Risk Management and Internal Control included in this Annual Report.

This Report is dated 24 March 2025.



## ADDITIONAL DISCLOSURE

### 1. Audit Fees and Non-Audit Fees

During the financial year, the audit fees paid or payable by the Company and the Group to our external auditors in respect of audit of the financial statements for the financial year ended 31 December 2024 amounted to approximately RM149,000 and RM642,000 respectively.

The non-audit fees paid or payable to a member firm of external auditors, Crowe Malaysia PLT by the Company and the Group during the financial year ended 31 December 2024 amounted to approximately RM13,000 and RM18,000 respectively.

### 2. Material Contract

There were no material contracts entered into by the Company and its subsidiaries involving the interest of the Directors and/or major shareholders of the Company, either still subsisting at the end of the financial year, or which were entered into since the end of the previous financial year.





# FINANCIAL STATEMENTS

**51**

Directors'  
Report

**57**

Independent  
Auditors' Report

**61**

Statements of Profit  
or Loss and Other  
Comprehensive Income

**62**

Statements of  
Financial Position

**64**

Statements of  
Changes in Equity

**67**

Statements of  
Cash Flows

**69**

Notes to the  
Financial Statements

**134**

Statement by  
Directors

**134**

Declaration by the Officer  
Primarily Responsible for  
the Financial Management  
of the Company

# DIRECTORS' REPORT

The directors of **FRONTKEN CORPORATION BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

## FINANCIAL RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	151,081,468	38,685,531
<b>Attributable to:</b>		
Owners of the Company	136,806,319	38,685,531
Non-controlling interests	14,275,149	-
	151,081,468	38,685,531

## DIVIDENDS

The dividends on ordinary shares paid or declared by the Company are as follows:

	RM
<u>In respect of the financial year ended 31 December 2023</u>	
- First interim single-tier dividend of 2.2 sen per ordinary share on 1,572,906,425 ordinary shares, paid on 13 May 2024	34,603,940
<u>In respect of the financial year ended 31 December 2024</u>	
- First interim single-tier dividend of 1.7 sen per ordinary share on 1,582,147,875 ordinary shares, paid on 30 September 2024	26,896,513

On 25 February 2025, the Company announced a second interim single-tier dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 December 2024, payable on 21 April 2025, to shareholders whose names appeared in the record of depositors on 27 March 2025. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2025.

## RESERVES AND PROVISIONS

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

# DIRECTORS' REPORT (CONT'D)

## ISSUES OF SHARES AND DEBENTURES

During the financial year:

- (a) the Company increased its issued and paid-up share capital from RM118,441,045 to RM155,606,845 by way of issuance of 9,291,450 new ordinary shares from the exercise of Warrants 2021/2026 at the exercise price of RM4 per warrant as disclosed in Note 21 to the financial statements which amounted to RM37,165,800.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) there were no issues of debentures by the Company.

## TREASURY SHARES

During the financial year, the Company did not purchase its issued ordinary shares from the open market. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from total equity.

As at 31 December 2024, the Company held 7,246,250 treasury shares at a carrying amount of RM3,739,069. The details on the treasury shares are disclosed in Note 22 to the financial statements.

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options have been granted by the Company to any parties to take up any unissued shares of the Company.

## WARRANTS

On 4 May 2021, the Company issued 524,137,195 warrants pursuant to bonus issue of warrants to all the entitled shareholders of the Company on the basis of one (1) warrant for every two (2) existing ordinary shares held in the Company.

The warrants were constituted under a Deed Poll dated 14 April 2021 and each warrant entitled the registered holder the right at any time during the exercise period from 4 May 2021 to 3 May 2026 to subscribe in cash for one new ordinary share of the Company at an exercise price of RM4.00 each.

The new ordinary shares allotted and issued upon exercise of the warrants shall rank pari passu in all respects with the existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from the exercise of the warrants.

As at 31 December 2024, the total number of warrants that remain unexercised were 514,845,745 units. The details of the warrants are disclosed in Note 23 to the financial statements.

## OTHER FINANCIAL INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

## DIRECTORS' REPORT (CONT'D)

### OTHER FINANCIAL INFORMATION (CONT'D)

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

- (a) which would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

In the opinion of the directors, 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 affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### DIRECTORS

The following names of directors who served on the Board of the Company during the financial year and up to the date of this report:

Ng Wai Pin  
Ng Chee Whye  
Chiu Yoong Chian Gerald  
Dr. Tay Kiang Meng  
Koh Huey Min  
Raja Jastina Adlina Binti Raja Arshad

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:

Hee Kok Hiong  
Sia Chiok Meng  
Lee Boon Tian  
Mohd. Shukri Bin Hitam  
Fauziah Binti Hamlawi  
Andres Seno, Jr.  
Glenn A.Lagos  
Jolene Chay  
Wong Chee Wai  
George I.Lagos (Deceased on 7 November 2024)



## DIRECTORS' REPORT (CONT'D)

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:

	Number of Ordinary Shares			
	At 1.1.2024	Bought	Sold	At 31.12.2024
<b>Shares in the Company</b>				
<b>Direct Interests</b>				
Ng Wai Pin	12,009,350	-	-	12,009,350
Dr. Tay Kiang Meng	14,127,212	-	-	14,127,212
Ng Chee Whye	125,000	-	(15,000)	110,000
<b>Indirect Interests</b>				
Ng Wai Pin <sup>1</sup>	264,037,209	-	(10,000,000)	254,037,209
Ng Chee Whye <sup>2</sup>	168,580	-	-	168,580
Koh Huey Min <sup>2</sup>	3,000	-	-	3,000

	Number of Warrants			
	At 1.1.2024	Granted	Sold	At 31.12.2024
<b>Warrants in the Company</b>				
<b>Direct Interests</b>				
Ng Wai Pin	3,356,450	-	-	3,356,450
Dr. Tay Kiang Meng	4,702,404	-	-	4,702,404
Ng Chee Whye	10,000	-	-	10,000
<b>Indirect Interests</b>				
Ng Wai Pin <sup>1</sup>	105,690,736	-	-	105,690,736
Ng Chee Whye <sup>2</sup>	62,860	-	-	62,860

<sup>1</sup> Deem interested by virtue of his direct substantial shareholding in Dazzle Clean Ltd.

<sup>2</sup> Deem interested through spouse's shareholding in the Company.

By virtue of his shareholdings in the Company, Ng Wai Pin is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

Save as disclosed above, the other directors holding office at the end of the financial year had no interest in the shares of the Company or its related corporations during the financial year.

## 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 directors' remuneration as disclosed in the "Directors' Remuneration" section of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 14 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:

	The Group RM	The Company RM
Fees	340,352	340,352
Salaries and other emoluments	14,194,985	7,426,142
Defined contribution plan	1,491,526	1,410,805
	16,026,863	9,177,299

### INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

### SUBSIDIARIES

The details of the subsidiary name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary are disclosed in Note 13 to the financial statements.

The available auditors' reports on the financial statements of the subsidiaries did not contain any qualification.



# DIRECTORS' REPORT (CONT'D)

## AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:

	The Group RM	The Company RM
Audit fees	641,700	148,500
Non-audit fees	43,293	12,500
	684,993	161,000

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

---

**NG WAI PIN**

---

**NG CHEE WHYE**

24 March 2025



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRONTKEN CORPORATION BERHAD

(Incorporated in Malaysia)  
Registration No: 200401012517 (651020 - T)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Frontken Corporation Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 61 to 133.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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"), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

<b>Impairment of Goodwill on Consolidation</b>	
Refer to Note 15 to the financial statements.	
<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>The Group has goodwill of approximately RM33.8 million comprised within the 3 cash-generating units ("CGU").</p> <p>For the CGUs which comprised goodwill, the determination of recoverable amount, being the higher of fair value less costs to sell and value-in-use, requires judgement on the part of management in identifying and then valuing the relevant CGUs.</p> <p>The value-in-use models used to assess the risk of impairment are based on assumptions including revenue forecasts, gross and operating margins and discount rates, all of which are country-specific.</p> <p>We focused on this area because of the inherent judgement involved in determining key assumptions such as future sales growth, profit margins, discount rates and terminal value.</p>	<p>Our procedures included, among others:</p> <ul style="list-style-type: none"> <li>a) Making enquiries of and challenging the management on the key assumptions made, including:                             <ul style="list-style-type: none"> <li>i. the achievement of the business plan; and</li> <li>ii. sales growth, operating margin, discount rates and long-term growth rates;</li> </ul> </li> <li>b) Performing sensitivity analysis on key assumptions and agreeing with management's conclusion to ascertain the extent of change that individually, or in combination, would be required for the goodwill to be impaired; and</li> <li>c) Assessing the adequacy of disclosure of goodwill in the financial statements.</li> </ul>

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRONTKEN CORPORATION BERHAD (CONT'D)

(Incorporated in Malaysia)

Registration No: 200401012517 (651020 - T)

## Key Audit Matters (Cont'd)

<b>Recoverability of Trade Receivables</b>	
Refer to Note 14 to the financial statements.	
<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>The trade receivables of the Group amounted to approximately RM140.6 million and it constituted 20% of the total current assets of the Group.</p> <p>We focused on this area due to the outstanding receivable balances which exceeded the credit term granted by the Group. The total outstanding balances which exceeded the credit term amounted to approximately RM19 million is considered to be of a higher credit risk.</p> <p>The assessment of recoverability of these outstanding receivables involved judgement and estimation of uncertainty by Management.</p>	<p>Our procedures included, among others:</p> <p>a) Testing the adequacy of the Group's allowance for impairment losses on trade receivables by assessing the Group's policy and historical data from the Group's previous collection experience;</p> <p>b) Reviewing the Group's subsequent collection after the financial year for major receivables;</p> <p>c) Reviewing the expected credit loss assessment by challenging whether the historic experience is representative of the current circumstances and of recent losses incurred in the receivables and assessing the reasonableness of forward-looking adjustments; and</p> <p>d) Assessing the adequacy of disclosure in the financial statements.</p>

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

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

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

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

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

## 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 FRONTKEN CORPORATION BERHAD (CONT'D)

(Incorporated in Malaysia)

Registration No: 200401012517 (651020 - T)

## 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 FRONTKEN CORPORATION BERHAD (CONT'D)

(Incorporated in Malaysia)

Registration No: 200401012517 (651020 - T)

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 13 to the financial statements.

## OTHER MATTERS

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

### **Crowe Malaysia PLT**

201906000005 (LLP0018817-LCA) & AF 1018

Chartered Accountants

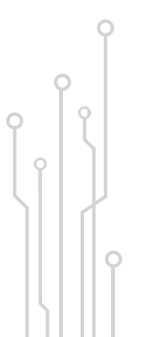
Kuala Lumpur

24 March 2025

### **Elvina Tay Choon Choon**

03329/10/2025 J

Chartered Accountant



## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	The Group		The Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Revenue	5	569,204,591	500,149,397	51,260,084	64,925,945
Cost of sales		(308,141,540)	(268,274,379)	-	-
<b>Gross profit</b>		<b>261,063,051</b>	<b>231,875,018</b>	<b>51,260,084</b>	<b>64,925,945</b>
Other income		18,811,369	9,290,325	1,938,525	688,704
Administrative expenses		(66,991,943)	(61,537,238)	(10,942,418)	(8,586,939)
Other operating expenses		(13,658,147)	(12,004,295)	(170,450)	(151,084)
Finance costs	6	(794,591)	(1,050,224)	-	-
Net impairment losses on financial assets	7	-	492,662	-	-
<b>Profit before tax</b>	8	<b>198,429,739</b>	<b>167,066,248</b>	<b>42,085,741</b>	<b>56,876,626</b>
Income tax expense	9	(47,348,271)	(42,727,148)	(3,400,210)	(5,732,472)
<b>Profit after tax</b>		<b>151,081,468</b>	<b>124,339,100</b>	<b>38,685,531</b>	<b>51,144,154</b>
<b>Other comprehensive income, net of tax</b>					
<b>Items that Will Not be Reclassified</b>					
<b>Subsequently to Profit or Loss</b>					
Actuarial gain		195,301	105,846	-	-
<b>Items that Will be Reclassified</b>					
<b>Subsequently to Profit or Loss</b>					
Foreign currency translation differences		(52,485,724)	23,040,539	-	-
<b>Total comprehensive income for the financial year</b>		<b>98,791,045</b>	<b>147,485,485</b>	<b>38,685,531</b>	<b>51,144,154</b>
<b>Profit after tax attributable to:</b>					
Owners of the Company		136,806,319	111,950,507	38,685,531	51,144,154
Non-controlling interests		14,275,149	12,388,593	-	-
		151,081,468	124,339,100	38,685,531	51,144,154
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		88,061,570	133,672,969	38,685,531	51,144,154
Non-controlling interests		10,729,475	13,812,516	-	-
		98,791,045	147,485,485	38,685,531	51,144,154
<b>Earnings per ordinary share attributable to owners of the Company</b>					
Basic (sen)	10	8.67	7.12		
Diluted (sen)	10	8.60	7.12		

The accompanying Notes form an integral part of these Financial Statements.

## STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	The Group		The Company	
		2024 RM	2023 RM	2024 RM	2023 RM
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	11	226,645,695	236,222,624	5,367,613	13,982
Right-of-use assets	12	30,751,354	35,218,177	-	-
Investments in subsidiaries	13	-	-	153,591,487	153,591,487
Other receivables	14	871,100	991,941	-	-
Goodwill on consolidation	15	33,760,856	33,760,856	-	-
Deferred tax assets	16	1,553,170	1,344,363	-	-
<b>Total Non-Current Assets</b>		<b>293,582,175</b>	<b>307,537,961</b>	<b>158,959,100</b>	<b>153,605,469</b>
<b>Current Assets</b>					
Inventories	17	21,236,721	22,330,210	-	-
Trade receivables	14	140,566,606	118,974,970	-	-
Other receivables, deposits and prepaid expenses	14	14,546,672	16,921,130	77,562	492,474
Amount owing by subsidiaries	18	-	-	2,305,654	1,800,000
Short-term investments	19	42,143,647	32,647,658	30,059,862	17,369,607
Current tax assets		19,617	-	-	-
Fixed deposits with licensed banks	20	123,252,173	70,840,138	-	4,458,381
Cash and bank balances		353,195,737	316,172,678	19,638,780	738,468
<b>Total Current Assets</b>		<b>694,961,173</b>	<b>577,886,784</b>	<b>52,081,858</b>	<b>24,858,930</b>
<b>Total Assets</b>		<b>988,543,348</b>	<b>885,424,745</b>	<b>211,040,958</b>	<b>178,464,399</b>

The accompanying Notes form an integral part of these Financial Statements.

## STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024 (CONT'D)

	Note	The Group		The Company	
		2024 RM	2023 RM	2024 RM	2023 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	21	155,606,845	118,441,045	155,606,845	118,441,045
Treasury shares	22	(3,739,069)	(3,739,069)	(3,739,069)	(3,739,069)
Share application money		16,108,000	-	16,108,000	-
Reserves	23	552,588,444	526,464,714	33,651,943	56,466,865
Equity attributable to owners of the company		720,564,220	641,166,690	201,627,719	171,168,841
Non-controlling interests	13	52,343,383	46,735,468	-	-
<b>Total Equity</b>		<b>772,907,603</b>	<b>687,902,158</b>	<b>201,627,719</b>	<b>171,168,841</b>
<b>Non-Current Liabilities</b>					
Bank borrowing	24	14,763	49,047	-	-
Lease liabilities	25	26,099,985	29,797,197	-	-
Other payables	26	172,698	350,732	-	-
Deferred tax liabilities	16	1,541,088	911,647	-	-
<b>Total Non-Current Liabilities</b>		<b>27,828,534</b>	<b>31,108,623</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>					
Trade payables	26	27,295,368	22,989,378	-	-
Other payables and accrued expenses	26	132,541,145	119,332,778	9,411,859	7,278,474
Bank borrowing	24	34,284	32,656	-	-
Lease liabilities	25	2,633,304	3,248,775	-	-
Current tax liabilities		25,303,110	20,810,377	1,380	17,084
<b>Total Current Liabilities</b>		<b>187,807,211</b>	<b>166,413,964</b>	<b>9,413,239</b>	<b>7,295,558</b>
<b>Total Liabilities</b>		<b>215,635,745</b>	<b>197,522,587</b>	<b>9,413,239</b>	<b>7,295,558</b>
<b>Total Equity and Liabilities</b>		<b>988,543,348</b>	<b>885,424,745</b>	<b>211,040,958</b>	<b>178,464,399</b>

The accompanying Notes form an integral part of these Financial Statements.



## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The Group	Non-distributable			Distributable		Attributable to owners of the Company RM	Non-controlling interests RM	Total equity RM
	Share capital RM	Treasury shares RM	Foreign currency translation reserve RM	Statutory reserve RM	Share grant plan reserve RM			
Balance at 1 January 2023	118,441,045	(4,747,849)	39,624,182	33,862,259	4,183,700	357,105,294	39,454,018	587,922,649
Other comprehensive income recognised for the financial year:								
- defined benefit plan actuarial gain	-	-	-	-	-	96,355	9,491	105,846
- foreign currency translation differences	-	-	21,626,107	-	-	-	1,414,432	23,040,539
Profit after tax for the financial year	-	-	-	-	-	111,950,507	12,388,593	124,339,100
Total comprehensive income for the financial year	-	-	21,626,107	-	-	112,046,862	13,812,516	147,485,485
Contributions by and distributions to owners of the Company:								
- Settlement of share grant plan	-	1,008,780	-	-	(4,183,700)	3,174,920	-	-
- Dividends:								
- by the Company	-	-	-	-	-	(40,844,736)	-	(40,844,736)
- by subsidiaries to non-controlling interests	-	-	-	-	-	-	(6,382,127)	(6,382,127)
- Transfer to statutory reserve	-	-	-	11,680,314	-	(11,680,314)	-	-
- Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	-	(130,174)	(148,939)	(279,113)
Balance at 31 December 2023	118,441,045	(3,739,069)	61,250,289	45,542,573	-	419,671,852	46,735,468	687,902,158

The accompanying Notes form an integral part of these Financial Statements.

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

The Group	Non-distributable			Distributable		Total equity RM			
	Share capital RM	Treasury shares RM	Foreign currency translation reserve RM	Statutory reserve RM	Share application money RM		Retained earnings RM	Attributable to owners of the Company RM	Non-controlling interests RM
Balance at 1 January 2024	118,441,045	(3,739,069)	61,250,289	45,542,573	-	419,671,852	641,166,690	46,735,468	687,902,158
Other comprehensive income recognised for the financial year:									
- defined benefit plan actuarial gain	-	-	-	-	-	177,985	177,985	17,316	195,301
- foreign currency translation differences	-	-	(48,922,734)	-	-	-	(48,922,734)	(3,562,990)	(52,485,724)
Profit after tax for the financial year	-	-	-	-	-	136,806,319	136,806,319	14,275,149	151,081,468
Total comprehensive income for the financial year	-	-	(48,922,734)	-	-	136,984,304	88,061,570	10,729,475	98,791,045
Contributions by and distributions to owners of the Company:									
- Exercise of warrants	37,165,800	-	-	-	-	-	37,165,800	-	37,165,800
- Shares pending allotment	-	-	-	-	16,108,000	-	16,108,000	-	16,108,000
- Dividends:									
- by the Company	-	-	-	-	-	(61,500,453)	(61,500,453)	-	(61,500,453)
- by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(5,511,293)	(5,511,293)
- Transfer to statutory reserve	-	-	-	10,598,209	-	(10,598,209)	-	-	-
- Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	-	(437,387)	(437,387)	389,733	(47,654)
Balance at 31 December 2024	155,606,845	(3,739,069)	12,327,555	56,140,782	16,108,000	484,120,107	720,564,220	52,343,383	772,907,603

The accompanying Notes form an integral part of these Financial Statements.

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

The Company	Share capital RM	Treasury shares RM	Share grant plan reserve RM	Share application money RM	Distributable		Total equity RM
					Retained earnings RM		
Balance at 1 January 2023	118,441,045	(4,747,849)	4,183,700	-	42,992,527		160,869,423
Profit after taxation/Total comprehensive income for the financial year	-	-	-	-	51,144,154		51,144,154
Contribution by and distributions to owners of the Company:							
- Settlement of share grant plan	-	1,008,780	(4,183,700)	-	3,174,920		-
- Dividend	-	-	-	-	(40,844,736)		(40,844,736)
Balance at 31 December 2023	118,441,045	(3,739,069)	-	-	56,466,865		171,168,841
Balance at 1 January 2024	118,441,045	(3,739,069)	-	-	56,466,865		171,168,841
Profit after taxation/Total comprehensive income for the financial year	-	-	-	-	38,685,531		38,685,531
Contribution by and distributions to owners of the Company:							
- Exercise of warrants	37,165,800	-	-	-	-		37,165,800
- Shares pending allotment	-	-	-	16,108,000	-		16,108,000
- Dividends	-	-	-	-	(61,500,453)		(61,500,453)
Balance at 31 December 2024	155,606,845	(3,739,069)	-	16,108,000	33,651,943		201,627,719

The accompanying Notes form an integral part of these Financial Statements.

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>				
Profit before tax	198,429,739	167,066,248	42,085,741	56,876,626
Adjustments for:				
Depreciation of property, plant and equipment	17,284,642	16,597,733	106,859	6,009
Depreciation of right-of-use assets	3,397,988	3,643,919	-	-
Interest expense	794,591	1,050,224	-	-
Unrealised (gain)/loss on foreign exchange	(4,208,237)	1,514,307	82,047	61,193
Inventories written down	290,040	358,167	-	-
Property, plant and equipment written off	143,635	45,991	-	-
Interest income	(7,366,656)	(4,521,453)	(1,092,352)	(454,958)
Fair value gain on short-term investments	(1,614,770)	(633,344)	-	-
Gain on disposal of property, plant and equipment	-	(928,886)	-	-
Gain on disposal of short-term investments	(129,802)	(175,649)	-	-
Gain on lease termination	(1,474)	-	-	-
Reversal of allowance for impairment losses on trade receivables	-	(492,662)	-	-
Reversal of inventories previously written down	-	(8,375)	-	-
Dividend income from subsidiaries	-	-	(51,230,084)	(64,895,945)
Operating Profit/(Loss) Before Working Capital Changes	207,019,696	183,516,220	(10,047,789)	(8,407,075)
(Increase)/Decrease in:				
Inventories	(676,706)	(683,579)	-	-
Trade receivables	(29,220,198)	10,029,167	-	-
Other receivables and prepaid expenses	1,759,536	684,501	414,912	(428,785)
Increase/(Decrease) in:				
Trade payables	5,420,723	(5,500,130)	-	-
Other payables and accrued expenses	22,931,683	2,767,326	2,133,385	2,929,107
Amount owing by a subsidiary	-	-	(115,164)	-
Cash Generated From/(For) Operations	207,234,734	190,813,505	(7,614,656)	(5,906,753)
Taxes paid	(40,608,744)	(46,814,668)	(55,279)	(116,643)
Net Cash From/(For) Operating Activities	166,625,990	143,998,837	(7,669,935)	(6,023,396)

The accompanying Notes form an integral part of these Financial Statements.

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment (Note 30(a))	(24,805,913)	(15,144,018)	(5,460,490)	(7,249)
Purchase of short-term investments	(1,214,650)	-	-	-
Dividend received from subsidiaries	-	-	47,469,449	58,832,200
Additional investment in an existing subsidiary (Note 13)	-	(279,113)	-	(279,113)
Proceeds from disposal of property, plant and equipment	-	1,035,503	-	-
Proceeds from disposal of short-term investments	1,660,975	1,158,537	-	-
Repayment from subsidiaries for share grant plan	-	-	-	218,280
Net withdrawal/(placement) of fixed deposits with licensed banks	4,219,845	(539)	-	-
Interest received	7,366,656	4,521,453	1,092,352	454,958
<b>Net Cash (For)/From Investing Activities</b>	<b>(12,773,087)</b>	<b>(8,708,177)</b>	<b>43,101,311</b>	<b>59,219,076</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>				
Interest paid (Note 30(b))	(794,591)	(1,050,224)	-	-
Dividend paid by the Company (Note 27)	(61,500,453)	(40,844,736)	(61,500,453)	(40,844,736)
Dividend paid by a subsidiary to non-controlling interests	(7,711,293)	(5,832,127)	-	-
Proceeds from issuance of shares	37,165,800	-	37,165,800	-
Proceeds from warrant holders	16,108,000	-	16,108,000	-
Payment of lease liabilities (Note 30(b))	(3,208,562)	(3,183,189)	-	-
Repayment of bank borrowings (Note 30(b))	(32,656)	(20,890,498)	-	-
<b>Net Cash For Financing Activities</b>	<b>(19,973,755)</b>	<b>(71,800,774)</b>	<b>(8,226,653)</b>	<b>(40,844,736)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>133,879,148</b>	<b>63,489,886</b>	<b>27,204,723</b>	<b>12,350,944</b>
Effect of exchange rate changes	(30,659,916)	13,440,442	(72,537)	(61,193)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>404,371,355</b>	<b>327,441,027</b>	<b>22,566,456</b>	<b>10,276,705</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 30(c))</b>	<b>507,590,587</b>	<b>404,371,355</b>	<b>49,698,642</b>	<b>22,566,456</b>

The accompanying Notes form an integral part of these Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

The registered office of the Company is located at B-11-10, Level 11, Megan Avenue II, Jalan Yap Kwan Seng, 50450 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at 601D, Level 6, Tower D, Uptown 5, No. 5, Jalan SS21/39, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

These financial statements comprise both separate and consolidated financial statements. The financial statements of the Company are separate financial statements, while the financial statements of the Group are consolidated financial statements that include those of the Company and its subsidiaries as of the end of the reporting period. The Company and its subsidiaries are collectively referred to as “the Group”.

The financial statements of the Company and of the Group are presented in Ringgit Malaysia (“RM”), which is the Company’s functional and presentation currency.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 24 March 2025.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.1 During the current financial year, the Group and the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):

### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

Amendments to MFRS 101: Non-current Liabilities with Covenants

Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company.

2.2 The Group and the Company have not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the current financial year:

### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 19 Subsidiaries without Public Accountability: Disclosures

Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments

### **Effective Date**

1 January 2027

1 January 2027

1 January 2026

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

2.2 The Group and the Company have not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year (Cont'd):

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application except as follows:

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard aims to enhance the transparency and comparability of financial information by introducing new disclosure requirements. Specifically, it requires that income and expenses be classified into 3 defined categories: "operating", "investing" and "financing" and introduces 2 new subtotals: "operating profit or loss" and "profit or loss before financing and income tax". In addition, MFRS 18 requires the disclosure of management-defined performance measures and sets out principles for the aggregation and disaggregation of information, which will apply to all primary financial statements and the accompanying notes. The statements of financial position and the statements of cash flows will also be affected. The potential impact of the new standard on the financial statements of the Group and of the Company has yet to be assessed.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

### Critical Accounting Estimates And Judgements

#### *Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:

(i) Impairment of Goodwill on Consolidation

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill on consolidation as at the reporting date and the key assumptions are disclosed in Note 15 to the financial statements.

(ii) Impairment of Property, Plant and Equipment and Right-Of-Use Assets

The Group and the Company determine whether an item of its property, plant and equipment and right-of-use assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 11 and 12 to the financial statements respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### Critical Accounting Estimates And Judgements (Cont'd)

##### Key Sources of Estimation Uncertainty (Cont'd)

#### (iii) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group and the Company anticipate that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 11 to the financial statements.

#### (iv) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amounts of current tax assets and current tax liabilities of the Group and of the Company as at the reporting date are:

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Current tax assets	19,617	-	-	-
Current tax liabilities	(25,303,110)	(20,810,377)	(1,380)	(17,084)

#### (v) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 16 to the financial statements.

#### (vi) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 14 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### Critical Accounting Estimates And Judgements (Cont'd)

#### *Key Sources of Estimation Uncertainty (Cont'd)*

##### (vii) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 17 to the financial statements.

##### (viii) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amounts of other receivables and amount owing by subsidiaries as at the reporting date are disclosed in Notes 14 and 18 to the financial statements respectively.

#### *Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the accounting policies of the Group and of the Company which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:

#### Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

#### Government Grants

The Group presents government grants related to an asset by setting up the grants as deferred income and are amortised to profit or loss on a systematic basis over the expected useful life of the relevant asset.

#### Goodwill

Goodwill is initially measured at cost. Subsequent to the initial recognition, the goodwill is measured at cost less accumulated impairment losses, if any. A bargain purchase gain is recognised in profit or loss immediately.

#### Financial Instruments

##### (i) Financial Assets

#### Financial Assets Through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### Financial Instruments (Cont'd)

#### (i) Financial Assets (Cont'd)

##### Financial Assets at Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

##### Financial Assets Through Other Comprehensive Income

The financial assets are initially measured at fair value plus transaction costs. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes taken up in other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference of a debt instrument which are recognised directly in profit or loss. The fair value changes do not include interest and dividend income.

#### (ii) Financial Liabilities

##### Financial Liabilities Through Profit or Loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest expense.

##### Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

#### (iii) Equity

##### Ordinary Shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

##### Treasury Shares

Treasury shares are recorded on initial recognition at the consideration paid less directly attributable transaction costs incurred. The treasury shares are not remeasured subsequently.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the treasury shares. If such shares are issued by resale, any difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity. Where treasury shares are cancelled, their carrying amounts are shown as a movement in retained profits.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:

Freehold buildings	25 - 50 years
Long-term leasehold buildings	60 years
Land improvement	14%
Factory and office renovation	5% - 10%
Plant and machinery	10% - 20%
Workshop tools	10% - 20%
Office equipment	10% - 33.3%
Furniture and fittings	10% - 33.3%
Motor vehicles	10% - 20%
Computers	33.3%

### Investments in Subsidiaries

Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

### Right-of-use Assets and Lease Liabilities

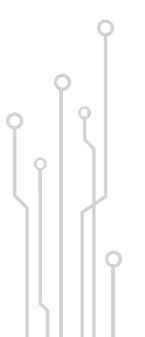
#### (i) Short-term Leases and Leases of Low-value Assets

The Group and the Company apply the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

#### (ii) Right-of-use Assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### Right-of-use Assets and Lease Liabilities (Cont'd)

##### (iii) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises all costs of purchase plus other costs incurred in bringing the inventories to their present location and condition.

### 4. OPERATING SEGMENTS

The Group has one reportable segment as the Group is principally engaged in one business segment which is the provision of engineering services.

The Group Chief Executive Officer (the chief operating decision maker) review internal management report at least on a quarterly basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The Group is organised into the following geographical segments:

- Malaysia
- Singapore
- Philippines
- Taiwan
- Indonesia



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4. OPERATING SEGMENTS (CONT'D)

The Group 2024	Geographical segment				Elimination RM	Reportable segment Total RM
	Malaysia RM	Singapore RM	Philippines RM	Taiwan RM		
<b>Revenue</b>						
External revenue	102,456,245	65,934,549	17,442,328	383,371,469	-	569,204,591
Inter-companies revenue	5,522,694	1,975,656	88,102	228,277	(7,814,729)	-
<b>Total revenue</b>	<b>107,978,939</b>	<b>67,910,205</b>	<b>17,530,430</b>	<b>383,599,746</b>	<b>(7,814,729)</b>	<b>569,204,591</b>
<b>Results</b>						
Segment profit/(loss) before interest and tax	64,506,778	16,320,688	3,611,185	159,472,926	(317,880)	191,857,674
Interest income						7,366,656
Finance costs						(794,591)
Profit before tax						198,429,739
Income tax expense						(47,348,271)
Profit after tax						151,081,468

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4. OPERATING SEGMENTS (CONT'D)

The Group 2024	Geographical segment					Reportable segment Total RM
	Malaysia RM	Singapore RM	Philippines RM	Taiwan RM	Indonesia RM	
<b>Assets</b>						
Non-current assets						
- Property, plant and equipment	25,345,506	17,688,938	1,225,177	181,812,450	573,624	226,645,695
- Right-of-use assets	3,599,957	5,928,781	986,043	19,503,581	732,992	30,751,354
- Deferred tax assets	-	-	18,859	1,534,311	-	1,553,170
- Goodwill	33,760,856	-	-	-	-	33,760,856
- Other receivables	-	-	-	871,100	-	871,100
Current assets	73,267,868	43,604,877	22,687,961	527,191,987	522,963	694,961,173
Consolidated total assets						988,543,348
<b>Liabilities</b>						
Tax liabilities	1,563,830	3,071,580	128,191	22,080,597	-	26,844,198
Segment liabilities	33,205,909	15,984,660	2,107,149	143,061,713	9,283,148	188,791,547
Consolidated total liabilities					(14,851,032)	215,635,745
<b>Other Information</b>						
Capital expenditure	10,119,244	1,494,526	44,018	14,511,013	-	26,168,801
Depreciation	2,398,297	4,180,440	1,507,775	12,545,722	50,396	20,682,630
Other non-cash items						
- income	4,754	562,334	26,963	5,615,557	-	6,209,608
- expenses	390,357	5,652	-	157,190	137,275	690,474





## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

#### 4. OPERATING SEGMENTS (CONT'D)

The Group 2023	Geographical segment					Reportable segment Total RM
	Malaysia RM	Singapore RM	Philippines RM	Taiwan RM	Indonesia RM	
<b>Assets</b>						
Non-current assets						
- Property, plant and equipment	17,195,634	20,806,610	1,561,442	195,991,767	667,171	236,222,624
- Right-of-use assets	4,151,853	6,924,780	2,326,066	21,026,916	788,562	35,218,177
- Deferred tax assets	-	-	14,714	1,329,649	-	1,344,363
- Goodwill	33,760,856	-	-	-	-	33,760,856
- Other receivables	-	-	-	991,941	-	991,941
Current assets	44,553,987	40,444,257	22,797,021	441,828,534	607,865	577,886,784
Consolidated total assets						<u>885,424,745</u>
<b>Liabilities</b>						
Tax liabilities	1,816,123	2,448,424	19,926	17,437,551	-	21,722,024
Segment liabilities	27,464,160	18,349,747	5,283,217	129,989,882	9,772,624	175,800,563
Consolidated total liabilities					(15,059,067)	<u>197,522,587</u>
<b>Other Information</b>						
Capital expenditure	2,780,169	3,144,749	104,343	9,214,757	-	15,244,018
Depreciation	2,298,142	3,910,821	1,526,954	12,449,050	56,685	20,241,652
Other non-cash items						
- income	111,027	65,959	-	1,283,792	913,030	2,373,808
- expenses	61,195	-	19,687	1,935,728	36,747	2,053,357



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 4. OPERATING SEGMENTS (CONT'D)

Other significant non-cash expenses/(income) consists of the following:

	The Group	
	2024 RM	2023 RM
Inventories written down	290,040	358,167
Unrealised loss on foreign exchange	256,799	1,649,199
Property, plant and equipment written off	143,635	45,991
	690,474	2,053,357
Reversal of allowance for impairment losses on trade receivables	-	(492,662)
Reversal of inventories previously written down	-	(8,375)
Gain on disposal of property, plant and equipment	-	(928,886)
Gain on disposal of short-term investments	(129,802)	(175,649)
Unrealised gain on foreign exchange	(4,465,036)	(134,892)
Fair value gain on short-term investments	(1,614,770)	(633,344)
	(6,209,608)	(2,373,808)

Major customers

The major customers with revenue equal to or more than 10% of the Group's total revenue are as follows:

	Revenue		Segment
	2024 RM	2023 RM	
Customer 1	200,081,905	160,816,101	Taiwan
Customer 2	70,086,541	60,532,102	Taiwan

### 5. REVENUE

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Revenue from Contracts with Customers</b>				
Recognised at a point in time				
Provision of services	535,171,205	463,420,064	-	-
Sale of goods	34,033,386	36,729,333	-	-
	569,204,591	500,149,397	-	-
<b>Revenue from Other Sources</b>				
Dividend income from subsidiaries	-	-	51,230,084	64,895,945
Management fee from subsidiaries	-	-	30,000	30,000
	-	-	51,260,084	64,925,945

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 5. REVENUE (CONT'D)

- (a) The information on the disaggregation of revenue by geographical market is disclosed in Note 4 to the financial statements.
- (b) The information about the performance obligations in contracts with customers is summarised below:

#### Provision of services

Revenue from services is recognised at a point in time upon completion of the service and acceptance by the customer.

The credit period range from 30 to 180 days from the invoice date. There is no significant financing component in the selling price as the sales are made on the normal credit terms not exceeding 12 months.

#### Sale of goods

Revenue from sale of goods is recognised at a point in time when goods have been transferred and accepted by customers, net of discount.

There is no material right of return and warranty provided to the customers on the sale of goods.

There is no significant financing component in the selling price as the sales are made on the normal credit terms not exceeding 12 months.

- (c) The information of the revenue from other sources is summarised below:

#### Dividend income

Dividend income is recognised when the right to receive dividend payment is established.

#### Management fees

Management fees are recognised in the period in which the services are rendered.

### 6. FINANCE COSTS

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Interest expense on:				
Bank borrowing	4,898	134,186	-	-
Lease liabilities	789,693	916,038	-	-
	794,591	1,050,224	-	-



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 7. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Reversal of impairment losses:				
- trade receivables	-	492,662	-	-
	-	492,662	-	-

## 8. PROFIT BEFORE TAX

Profit before tax is arrived at after crediting/(charging) the following:

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Interest income	7,366,656	4,521,453	1,092,352	454,958
Fair value gain on short-term investments	1,614,770	713,018	-	-
Gain on disposal of short-term investments	267,400	383,797	-	188,513
Gain on disposal of property, plant and equipment	-	928,886	-	-
Lease income from property, plant and equipment	1,273,118	1,261,065	-	-
Net insurance claim proceeds	2,217,474	-	-	-
Auditors' remuneration:				
- audit fee				
- current financial year				
- auditors of the Company	(220,500)	(211,104)	(148,500)	(142,500)
- other auditors	(417,804)	(413,796)	-	-
- (under)/overprovision in the previous financial year				
- auditors of the Company	(3,396)	-	-	-
- other auditors	-	167	-	-
- non-audit fee				
- auditors of the Company	(12,500)	(5,000)	(12,500)	(5,000)
- member firms of the auditors of the Company	(5,500)	(5,500)	-	-
- other auditors	(25,293)	(39,447)	-	-
Depreciation of property, plant and equipment	(17,284,642)	(16,597,733)	(106,859)	(6,009)
Depreciation of right-of-use assets	(3,397,988)	(3,643,919)	-	-
Directors' remuneration:				
- directors of the Company:				
- fees	(340,352)	(293,103)	(340,352)	(293,103)
- salaries and other emoluments	(14,194,985)	(11,949,170)	(7,426,142)	(5,827,193)
- defined contribution plan	(1,491,526)	(1,187,508)	(1,410,805)	(1,107,022)
- directors of the Subsidiaries:				
- salaries and other emoluments	(2,418,605)	(2,388,945)	-	-
Net gain/(loss) on foreign exchange:				
- unrealised	4,208,237	(1,514,307)	(82,047)	(61,193)
- realised	258,236	102,429	841,290	45,233
Lease expenses:				
- short-term leases	(1,657,054)	(2,266,682)	(48,717)	(102,120)
- low value assets	(58,587)	(65,919)	-	-
Property, plant and equipment written off	(143,635)	(45,991)	-	-
Staff costs	(153,061,488)	(141,648,171)	(792,984)	(659,339)

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 8. PROFIT BEFORE TAX (CONT'D)

#### (a) Staff costs

Staff costs include salaries, bonuses, contributions to statutory defined contribution plan, defined benefits plan and all other staff related expenses. Contributions to statutory defined contribution plan and defined benefits plan, included in staff costs, made by the Group and by the Company during the financial year are as follows:

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Defined contribution plan	5,054,093	5,625,479	97,838	81,569
Defined benefits plan	330,947	(921,666)	-	-

#### (b) Key management personnel compensation

The remuneration of the members of key management are as follows:

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Directors of the Company	16,026,863	13,429,781	9,177,299	7,227,318
Directors of the Subsidiaries	2,418,605	2,388,945	-	-
Other Key Management Personnel	5,180,282	5,341,680	342,639	353,390
	23,625,750	21,160,406	9,519,938	7,580,708

In addition to the above disclosure, there is an unallocated provision of director fees in a subsidiary amounting to RM5,142,200 (2023: RM4,277,770).

#### (c) Directors' remuneration

Contributions to provident fund, included in directors' remuneration, made by the Group and by the Company during the current financial year are as follows:

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Contributions to provident funds:				
Directors of the Company	1,491,526	1,187,508	1,410,805	1,107,022
Directors of the Subsidiaries	215,491	203,201	-	-
	1,707,017	1,390,709	1,410,805	1,107,022

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 9. INCOME TAX EXPENSE

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Estimated current tax payable:				
Malaysian:				
- Current year	5,362,714	6,005,366	46,000	70,000
- (Over)/Underprovision in prior years	(83,634)	85,931	(6,425)	48,729
	5,279,080	6,091,297	39,575	118,729
Foreign:				
- Current year	35,915,258	30,434,759	-	-
- Underprovision in prior years	2,477,762	726,834	-	-
	38,393,020	31,161,593	-	-
Withholding tax	3,360,635	5,613,743	3,360,635	5,613,743
	47,032,735	42,866,633	3,400,210	5,732,472
Deferred tax (Note 16):				
- Current year	315,536	(139,485)	-	-
	47,348,271	42,727,148	3,400,210	5,732,472

A reconciliation of income tax expense applicable to the profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit before tax	198,429,739	167,066,248	42,085,741	56,876,626
Tax at the applicable tax rate of 24%	47,623,137	40,095,900	10,100,578	13,650,390
Effect of different tax rates of other tax jurisdictions	(8,407,600)	(6,611,389)	-	-
Tax effects of:				
Non-deductible expenses	3,001,526	3,085,782	2,452,923	2,077,733
Income not subject to tax	(299,346)	(267,287)	(12,507,501)	(15,658,123)
Utilisation of deferred tax assets previously not recognised	(304,796)	(54,330)	-	-
Income tax exemption	(418,598)	(187,586)	-	-
Taxable income subjected at regular income tax rate	399,185	239,550	-	-
Under/(Over)provision of current tax in prior years	2,394,128	812,765	(6,425)	48,729
Withholding tax	3,360,635	5,613,743	3,360,635	5,613,743
	47,348,271	42,727,148	3,400,210	5,732,472

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2023: 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 10. EARNINGS PER SHARE

#### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit after taxation attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year after deducting for treasury shares.

	The Group	
	2024	2023
Profit after taxation attributable to owners of the Company (RM)	136,806,319	111,950,507
Weighted average number of ordinary shares in issue (Basic)	1,577,101,634	1,572,906,425
Basic earnings per ordinary share attributable to equity holders of the Company (sen)	8.67	7.12

#### (b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit after taxation attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year after deducting for treasury shares and adjusted for the effects of dilutive potential ordinary shares.

	The Group	
	2024	2023
Profit after taxation attributable to owners of the Company (RM)	136,806,319	111,950,507
Weighted average number of ordinary shares in issue (Basic)	1,577,101,634	1,572,906,425
Effect of dilution - warrants	14,200,837	-
Weighted average number of ordinary shares in issue (Diluted)	1,591,302,471	1,572,906,425
Diluted earnings per ordinary share attributable to equity holders of the Company (sen)	8.60	7.12



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 11. PROPERTY, PLANT AND EQUIPMENT

The Group	COST						
	As at 1 January 2023 RM	Foreign currency translation differences RM	Reclassifications RM	Additions RM	Write-offs RM	Disposals RM	As at 31 December 2023 RM
Freehold land	31,468,297	1,086,523	-	-	-	-	32,554,820
Land improvement	287,698	10,906	-	-	-	-	298,604
Freehold buildings	121,835,800	4,724,764	5,710,150	671,686	(64,284)	-	132,878,116
Long-term leasehold buildings	44,085,700	2,225,239	-	-	-	-	46,310,939
Factory and office renovation	29,863,792	1,086,291	900,615	567,431	-	-	32,418,129
Plant and machinery	253,099,340	9,887,670	5,312,098	4,065,779	(3,724,408)	(2,129,846)	266,510,633
Workshop tools	2,457,739	-	-	90,561	-	-	2,548,300
Office equipment	11,269,539	506,873	111,920	533,890	(34,693)	-	12,387,529
Furniture and fittings	933,776	8,249	-	-	-	-	942,025
Motor vehicles	12,238,450	375,666	-	763,649	-	(502,274)	12,875,491
Computers	1,720,801	42,703	-	136,671	(5,290)	-	1,894,885
Capital work-in-progress	11,059,725	273,848	(12,034,783)	8,414,351	-	-	7,713,141
<b>Total</b>	<b>520,320,657</b>	<b>20,228,732</b>	<b>-</b>	<b>15,244,018</b>	<b>(3,828,675)</b>	<b>(2,632,120)</b>	<b>549,332,612</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	COST					As at 31 December 2024 RM
	As at 1 January 2024 RM	Foreign currency translation differences RM	Reclassifications RM	Additions RM	Write-offs RM	
Freehold land	32,554,820	(2,576,333)	-	-	-	29,978,487
Land improvement	298,604	(25,860)	-	-	-	272,744
Freehold buildings	132,878,116	(11,544,964)	1,669,600	5,359,521	-	128,362,273
Long-term leasehold buildings	46,310,939	(2,243,895)	-	-	-	44,067,044
Factory and office renovation	32,418,129	(1,188,682)	-	765,957	(576,300)	31,419,104
Plant and machinery	266,510,633	(16,919,707)	7,574,415	5,930,561	(3,959,521)	259,136,381
Workshop tools	2,548,300	-	-	55,994	(12,451)	2,591,843
Office equipment	12,387,529	(746,552)	-	400,068	(134,554)	11,906,491
Furniture and fittings	942,025	(12,018)	-	209,645	(26,690)	1,112,962
Motor vehicles	12,875,491	(727,872)	-	315,559	-	12,463,178
Computers	1,894,885	(97,722)	-	29,135	(12,365)	1,813,933
Capital work-in-progress	7,713,141	(600,536)	(9,244,015)	13,102,361	-	10,970,951
<b>Total</b>	<b>549,332,612</b>	<b>(36,684,141)</b>	<b>-</b>	<b>26,168,801</b>	<b>(4,721,881)</b>	<b>534,095,391</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	ACCUMULATED DEPRECIATION					
	As at 1 January 2023 RM	Foreign currency translation differences RM	Changes for the year RM	Write-offs RM	Disposals RM	As at 31 December 2024 RM
The Group						
Freehold land	-	-	-	-	-	-
Land improvement	37,674	2,343	41,743	-	-	81,760
Freehold buildings	34,672,855	1,387,800	4,019,716	(64,284)	-	40,016,087
Long-term leasehold buildings	25,273,807	1,424,443	1,605,130	-	-	28,303,380
Factory and office renovation	26,443,362	969,384	1,213,145	-	-	28,625,891
Plant and machinery	182,913,918	7,297,996	8,259,764	(3,678,419)	(2,023,230)	192,770,029
Workshop tools	2,429,745	-	27,282	-	-	2,457,027
Office equipment	8,631,517	403,851	514,589	(34,693)	-	9,515,264
Furniture and fittings	913,577	8,249	5,338	-	-	927,164
Motor vehicles	8,171,277	234,038	767,910	-	(502,273)	8,670,952
Computers	1,516,607	36,687	143,116	(5,288)	-	1,691,122
Capital work-in-progress	-	-	-	-	-	-
<b>Total</b>	<b>291,004,339</b>	<b>11,764,791</b>	<b>16,597,733</b>	<b>(3,782,684)</b>	<b>(2,525,503)</b>	<b>313,058,676</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	ACCUMULATED DEPRECIATION				
	As at 1 January 2024 RM	Foreign currency translation differences RM	Changes for the year RM	Write-offs RM	As at 31 December 2024 RM
<b>The Group</b>					
Freehold land	-	-	-	-	-
Land improvement	81,760	(8,946)	40,829	-	113,643
Freehold buildings	40,016,087	(3,626,037)	4,284,374	-	40,674,424
Long-term leasehold buildings	28,303,380	(1,539,994)	1,622,479	-	28,385,865
Factory and office renovation	28,625,891	(1,089,105)	1,345,801	(432,694)	28,449,893
Plant and machinery	192,770,029	(10,978,445)	8,476,263	(3,909,762)	186,358,085
Workshop tools	2,457,027	-	28,303	(12,449)	2,472,881
Office equipment	9,515,264	(542,444)	590,605	(134,537)	9,428,888
Furniture and fittings	927,164	(12,018)	17,471	(26,690)	905,927
Motor vehicles	8,670,952	(482,234)	797,203	-	8,985,921
Computers	1,691,122	(87,465)	81,314	(12,365)	1,672,606
Capital work-in-progress	-	-	-	-	-
<b>Total</b>	<b>313,058,676</b>	<b>(18,366,688)</b>	<b>17,284,642</b>	<b>(4,528,497)</b>	<b>307,448,133</b>



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	As at 1 January 2023		As at 1 January 2024		As at 31 December 2024		As at 31 December 2023	
	RM	RM	RM	RM	RM	RM	RM	RM
The Group								
Freehold land	-	-	-	-	-	-	29,978,487	32,554,820
Land improvement	-	-	-	-	-	-	159,101	216,844
Freehold buildings	-	-	-	-	-	-	87,687,849	92,862,029
Long-term leasehold buildings	-	-	-	-	-	-	15,681,179	18,007,559
Factory and office renovation	-	-	-	-	-	-	2,969,211	3,792,238
Plant and machinery	51,312	-	51,312	-	1,563	(49,749)	72,776,733	73,689,292
Workshop tools	-	-	-	-	-	-	118,962	91,273
Office equipment	-	-	-	-	-	-	2,477,603	2,872,265
Furniture and fittings	-	-	-	-	-	-	207,035	14,861
Motor vehicles	-	-	-	-	-	-	3,477,257	4,204,539
Computers	-	-	-	-	-	-	141,327	203,763
Capital work-in-progress	-	-	-	-	-	-	10,970,951	7,713,141
Total	51,312	-	51,312	-	1,563	(49,749)	226,645,695	236,222,624

CARRYING AMOUNT

IMPAIRMENT LOSS

As at 31

Foreign

As at

Foreign

As at 31

As at 31

December

December

currency

1 January

translation

1 January

translation

December

December

2024

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differences

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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	COST						
	As at 1 January 2023 RM	Additions RM	Write-off RM	As at 31 December 2023/ 1 January 2024 RM	Additions RM	Write-offs RM	As at 31 December 2024 RM
The Company							
Freehold building	-	-	-	-	4,600,722	-	4,600,722
Office renovation	151,775	-	-	151,775	595,078	(151,775)	595,078
Office equipment	38,406	3,200	(4,550)	37,056	29,270	(31,397)	34,929
Furniture and fittings	71,765	-	-	71,765	206,995	(61,640)	217,120
Computers	26,695	4,049	-	30,744	1,425	(12,365)	19,804
Capital work-in-progress	-	-	-	-	27,000	-	27,000
<b>Total</b>	<b>288,641</b>	<b>7,249</b>	<b>(4,550)</b>	<b>291,340</b>	<b>5,460,490</b>	<b>(257,177)</b>	<b>5,494,653</b>



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	ACCUMULATED DEPRECIATION						CARRYING AMOUNT	
	As at 1 January 2023 RM	Charges for the year RM	Write-off RM	As at 31 December 2024/ 1 January 2024 RM	Charges for the year RM	Write-offs RM	As at 31 December 2024 RM	As at 31 December 2023 RM
The Company								
Freehold building	-	-	-	-	76,679	-	4,524,043	-
Office renovation	151,775	-	-	151,775	9,825	(151,775)	585,253	-
Office equipment	37,908	1,209	(4,550)	34,567	2,885	(31,397)	28,874	2,489
Furniture and fittings	65,114	1,565	-	66,679	13,677	(61,640)	198,404	5,086
Computers	21,102	3,235	-	24,337	3,793	(12,365)	4,039	6,407
Capital work-in-progress	-	-	-	-	-	-	27,000	-
<b>Total</b>	<b>275,899</b>	<b>6,009</b>	<b>(4,550)</b>	<b>277,358</b>	<b>106,859</b>	<b>(257,177)</b>	<b>5,367,613</b>	<b>13,982</b>

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) Certain plant and equipment and office space of the Group are leased to customers under operating leases with rentals payable monthly. Each of the leases contains an initial non-cancellable average period of 2 years and the subsequent renewals are negotiated separately on a contract-by-contract basis.

The Group does not require a financial guarantee on its lease arrangements.

The undiscounted operating lease receivable under the non-cancellable operating leases are as follows:

	The Group	
	2024	2023
	RM	RM
Within 1 year	1,221,686	1,266,480
Between 1 and 2 years	-	1,223,767
	1,221,686	2,490,247

- (b) The long-term leasehold buildings of the Group with carrying amount of RM11,103,414 (2023: RM13,274,807) have been pledged as security for bank facilities granted to the Group.
- (c) The details of the Group's property, plant and equipment held under hire purchase arrangement are analysed as follows:

	2024	2023
	RM	RM
Motor vehicles	150,196	188,234

These motor vehicles have been pledged as security for the hire purchase payables of the Group as disclosed in Note 24 to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 12. RIGHT-OF-USE ASSETS

	CARRYING AMOUNT						
	As at 1 January 2023 RM	Additions RM	Depreciation charges RM	Modification of lease liabilities RM	Foreign currency translation differences RM	As at 31 December 2023 RM	
The Group							
Leasehold land	30,919,091	152,374	(1,461,704)	187,517	1,177,306	30,974,584	
Factories and buildings	4,307,698	1,520,112	(1,865,210)	-	167,990	4,130,590	
Plant and machinery	44,568	-	(22,632)	-	1,193	23,129	
Motor vehicles	290,086	89,804	(294,373)	-	4,357	89,874	
	35,561,443	1,762,290	(3,643,919)	187,517	1,350,846	35,218,177	
	As at 1 January 2024 RM	Additions RM	Depreciation charges RM	Modification of lease liabilities RM	Derecognition due to lease termination RM	Foreign currency translation differences RM	As at 31 December 2024 RM
The Group							
Leasehold land	30,974,584	1,202,359	(1,457,771)	-	-	(2,172,747)	28,546,425
Factories and buildings	4,130,590	101,629	(1,824,188)	(8,856)	(72,110)	(183,495)	2,143,570
Plant and machinery	23,129	-	(22,137)	-	-	(992)	-
Motor vehicles	89,874	72,168	(93,892)	-	-	(6,791)	61,359
	35,218,177	1,376,156	(3,397,988)	(8,856)	(72,110)	(2,364,025)	30,751,354

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 12. RIGHT-OF-USE ASSETS (CONT'D)

(a) The leasing activities of the remaining lease assets are summarised below:

- (i) Leasehold land      The Group has entered into 9 (2023: 8) non-cancellable operating lease agreements for the use of land. The leases are for a period ranging from 7 to 60 (2023: 7 to 60) years. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor.
- (ii) Factories and buildings and motor vehicles      The Group has leased a number of factories and buildings, and motor vehicles that run between 1 and 5 (2023: 1 and 5) years, with an option to renew the lease after that date.

(b) The leasehold land at carrying amount of RM5,928,781 (2023: RM6,924,781) is pledged as securities for the bank facilities granted to the Group.

### 13. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2024 RM	2023 RM
Unquoted shares, at cost:		
At 1 January	154,578,728	154,517,895
Addition during the year	-	279,113
Repayment from subsidiaries for share grant plan	-	(218,280)
	154,578,728	154,578,728
Accumulated impairment losses	(987,241)	(987,241)
At 31 December	153,591,487	153,591,487

The details of the subsidiaries are as follows:

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2024	2023	
		%	%	
<b>Subsidiaries of the Company</b>				
Frontken Malaysia Sdn. Bhd. ("FMSB")	Malaysia	100	100	Provision of surface treatment technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
Frontken (Singapore) Pte. Ltd. ("FSPL") <sup>1</sup>	Singapore	100	100	Provision of surface treatment technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2024 %	2023 %	
<b>Subsidiaries of the Company (Cont'd)</b>				
PT Frontken Indonesia ("PTFI") <sup>2, 4</sup>	Indonesia	100	95	Provision of surface treatment technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
TTES Frontken Integrated Services Sdn. Bhd. ("TTES") <sup>1, 3</sup>	Malaysia	45	45	Engaged in the business of turbo machinery technical engineering services.
Ares Green Technology Corporation ("AGTC") <sup>1</sup>	Taiwan	92.53	92.53	Provision of surface treatment and advanced precision cleaning for the TFT - LCD (Thin Film Transistor - Liquid Crystal Display) and semiconductor industries.
<b>Subsidiaries of FMSB</b>				
Frontken (East Malaysia) Sdn. Bhd. ("FEM") <sup>1</sup>	Malaysia	100	100	Provision of surface treatment technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.
Frontken (Johor) Sdn. Bhd. <sup>1</sup>	Malaysia	100	100	Provision of surface treatment technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering services.
<b>Subsidiaries of FSPL</b>				
Frontken Philippines Inc. <sup>1</sup>	Philippines	99.99	99.99	Provision of surface treatment technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works.

<sup>1</sup> These subsidiaries were audited by other firms.

<sup>2</sup> Not required to be audited under the laws of the country of incorporation.

<sup>3</sup> TTES is considered a subsidiary of the Group as the Group has control over the operating and management policies of this subsidiary via the board of directors appointed by the Group.

<sup>4</sup> 95% directly owned by the Company and 5% directly owned by FSPL.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The non-controlling interests at the end of the reporting period comprise the following:

	Effective Equity Interest		The Group	
	2024 %	2023 %	2024 RM	2023 RM
AGTC	7.47	7.47	42,263,102	38,376,481
TTES	55	55	10,080,281	8,744,439
Other individually immaterial subsidiaries			-	(385,452)
			52,343,383	46,735,468

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:

	AGTC	
	2024 RM	2023 RM
<u>At 31 December</u>		
Non-current assets	203,721,442	219,340,273
Current assets	527,191,987	441,828,534
Non-current liabilities	(20,261,807)	(20,963,219)
Current liabilities	(144,880,503)	(126,464,214)
Net assets	565,771,119	513,741,374
<u>Financial Year Ended 31 December</u>		
Revenue	383,599,746	327,943,403
Profit for the financial year	129,242,839	108,228,324
Total comprehensive income	81,632,061	127,517,171
Total comprehensive income attributable to non-controlling interests	6,097,914	9,544,018
Dividends paid to non-controlling interests	(2,211,293)	(3,632,127)
Net cash from operating activities	148,401,340	119,117,689
Net cash for investing activities	(9,654,900)	(9,421,671)
Net cash for financing activities	(29,454,344)	(48,417,965)

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows: (Cont'd)

	TTES	
	2024 RM	2023 RM
At 31 December		
Non-current assets	6,274,101	5,670,790
Current assets	29,497,700	26,320,667
Non-current liabilities	(808,643)	(775,401)
Current liabilities	(16,635,579)	(15,317,281)
<b>Net assets</b>	<b>18,327,579</b>	<b>15,898,775</b>
<b>Financial Year Ended 31 December</b>		
Revenue	73,224,208	61,627,710
Profit for the financial year	8,428,804	7,725,542
Total comprehensive income	8,428,804	7,725,542
Total comprehensive income attributable to non-controlling interests	4,635,842	4,249,048
Dividends paid to non-controlling interests	(3,300,000)	(2,750,000)
Net cash from operating activities	11,514,956	10,332,089
Net cash for investing activities	(908,186)	(904,537)
Net cash for financing activities	(10,571,911)	(4,533,986)

During the financial year, in the month of June 2024, FSPL acquired 15,000 ordinary shares of IDR10,962 each representing 5% of the issued and paid-up share capital of PTFI for a total cash consideration of approximately IDR164,430,400 (equivalent to RM47,654). Following the acquisition, the Group's interest in PTFI increased from 95% to 100%. The carrying amount of PTFI's net liabilities shared by the Group on the date of the acquisition was RM7,404,929. The Group recognised an increase in non-controlling interests of RM389,733 and a decrease in retained earnings of RM437,387.

The following summarises the effect of changes in equity interest in PTFI that is attributable to owners of the Company:

	PTFI 2024 RM
Equity interest at 1 January 2024	(7,323,574)
Effect of increase in Company's ownership interest	(389,733)
Share of comprehensive income	259,739
<b>Equity interest at 31 December 2024</b>	<b>(7,453,568)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

In the previous financial year, in the month of June 2023, the Company acquired 10,300 ordinary shares of NT\$10 each representing 0.03% of the issued and paid-up share capital of AGTC for a total cash consideration of NT\$1,854,000 (including incidental costs) (equivalent to RM279,113). Following the acquisition, the Group's interest in AGTC increased from 92.50% to 92.53%. The carrying amount of AGTC's net assets shared by the Group on the date of the acquisition was RM459,227,189. The Group recognised a decrease in non-controlling interests of RM148,939 and a decrease in retained earnings of RM130,174.

The following summarises the effect of changes in equity interest in AGTC that is attributable to owners of the Company:

	AGTC 2023 RM
Equity interest at 1 January 2023	402,233,531
Effect of increase in Company's ownership interest	148,939
Share of comprehensive income	72,982,423
<b>Equity interest at 31 December 2023</b>	<b>475,364,893</b>

### 14. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

Trade receivables of the Group comprise amounts outstanding for the provision of services and sale of goods. The credit periods granted to the customers range from 30 to 180 days (2023: 30 to 180 days).

	The Group	
	2024 RM	2023 RM
Trade receivables	141,125,690	119,596,117
Allowance for impairment losses	(559,084)	(621,147)
	<b>140,566,606</b>	<b>118,974,970</b>

Movement in allowance for impairment losses on trade receivables is as follows:

	The Group	
	2024 RM	2023 RM
At 1 January	621,147	1,080,719
Reversal of allowance for impairment losses	-	(492,662)
Written offs	(16,663)	-
Exchange difference	(45,400)	33,090
<b>At 31 December</b>	<b>559,084</b>	<b>621,147</b>



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 14. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONT'D)

Included in trade receivables of the Group are the following amount owing by the related parties:

	The Group	
	2024 RM	2023 RM
AMT Engineering Sdn. Bhd.	675	6,180
A & I Engine Rebuilders Sdn. Bhd.	920	14,690
Tenaga-Tech (M) Sdn. Bhd.	2,573	16,186
	4,168	37,056

The said amount, which arises mainly from trade transactions, is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

The related parties and their relationships with the Group are as follows:

Name of related parties	Relationship
A & I Engine Rebuilders Sdn. Bhd.	A company in which Sia Chiok Meng, a director of a subsidiary, is also a director and has a financial interest.
AMT Engineering Sdn. Bhd.	A company in which Sia Chiok Meng, a director of a subsidiary, is also a director and has a financial interest.
Tenaga-Tech (M) Sdn. Bhd.	A company in which Mohd Shukri Bin Hitam and Fauziah Binti Hamlawi, directors of a subsidiary, are also directors and have financial interest.

Transactions undertaken with related parties during the financial year are as follows:

	The Group	
	2024 RM	2023 RM
<b>A &amp; I Engine Rebuilders Sdn. Bhd.</b>		
Sales	22,872	47,290
<b>AMT Engineering Sdn. Bhd.</b>		
Sales	30,717	26,195
Purchases	-	1,196
Rental expense	144,000	144,000
<b>Tenaga-Tech (M) Sdn. Bhd.</b>		
Sales	20,601	40,274
Purchases	132,468	74,417
<b>Director of a subsidiary</b>		
Rental expense	120,000	120,000

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 14. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONT'D)

Other receivables, deposits and prepaid expenses consist of:

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Other receivables	5,791,825	2,685,217	44,769	16,405
Deposits	3,070,103	4,035,143	7,560	447,195
Prepayments	6,555,844	11,192,711	25,233	28,874
	15,417,772	17,913,071	77,562	492,474
Less: Other receivables (included under non-current assets)	(871,100)	(991,941)	-	-
Current assets	14,546,672	16,921,130	77,562	492,474

Included in other receivables of the Group is defined benefit plan of RM798,973 (2023: RM869,194). The detailed information is disclosed in Note 26(a) to the financial statements.

Included in prepayments of the Group is advance payments to suppliers of RM3,123,978 (2023: RM8,958,869) which will be netted-off against subsequent purchase.

### 15. GOODWILL ON CONSOLIDATION

	The Group	
	2024 RM	2023 RM
At 1 January/31 December	33,760,856	33,760,856

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination.

The carrying amounts of the goodwill allocated to each CGU are as follows:

	The Group	
	2024 RM	2023 RM
FEM	805,812	805,812
AGTC	24,588,453	24,588,453
TTES	8,366,591	8,366,591
	33,760,856	33,760,856

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.



# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 15. GOODWILL ON CONSOLIDATION (CONT'D)

The recoverable amounts of the CGUs are determined using the value in use approach, and this is derived from the present value of the future cash flows from each CGU computed based on the projections of financial forecast covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:

	2024 %	2023 %
Budgeted gross margin	18 to 62	16 to 59
Growth rates		
- Year 1	3 to 5	3 to 5
- Year 2 to 5	3 to 5	3 to 8
Pre-tax discount rates	14 to 19	17 to 18

(i) Budgeted gross margin

Management determines budgeted gross margin based on past performance and its expectations of market development.

(ii) Growth rates

The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. These calculations use pre-tax cash flow projections based on financial budgets approved by management and extrapolated cash flows for a five-year period based on growth rates consistent with the long-term average growth rate for the industry.

(iii) Discount rates

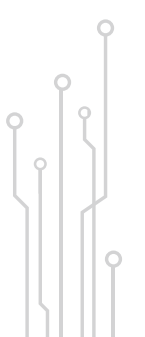
Management estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risk specific to the CGU. The rate used to discount the forecasted cash flows reflects specific risks and expected returns relating to the industry.

(iv) Terminal value

Terminal value is based on zero growth of projected present value of particular subsidiaries from year 2029 until infinity.

The values assigned to the key assumptions represent management's assessment of future trends in the CGUs and are based on both external sources and internal historical data.

The management believes that there is no reasonable change in the above key assumptions which would cause the carrying amount of the goodwill to exceed its recoverable amounts.



# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 16. DEFERRED TAX ASSETS/LIABILITIES

	The Group	
	2024 RM	2023 RM
<u>Deferred tax assets</u>		
At 1 January	1,344,363	1,447,198
Transfer to/(from) profit or loss (Note 9)	340,439	(5,398)
Transfer to other comprehensive expenses	-	(148,994)
Foreign currency translation differences	(131,632)	51,557
<b>At 31 December</b>	<b>1,553,170</b>	<b>1,344,363</b>
<u>Deferred tax liabilities</u>		
At 1 January	911,647	1,141,550
Transfer to/(from) profit or loss (Note 9)	655,975	(144,883)
Transfer to/(from) other comprehensive expenses	57,953	(117,230)
Foreign currency translation differences	(84,487)	32,210
<b>At 31 December</b>	<b>1,541,088</b>	<b>911,647</b>

The net deferred tax assets is in respect of the tax effects of the following:

	The Group Deferred Tax (Assets)/ Liabilities	
	2024 RM	2023 RM
Temporary differences arising from property, plant and equipment	524,230	237,706
Others	(536,312)	(670,422)
	<b>(12,082)</b>	<b>(432,716)</b>

As of 31 December 2024, the estimated amount of net deferred tax asset, calculated at the current tax rate which has not been recognised in the financial statements of the Group due to uncertainty of its realisation, is as follows:

	The Group Deferred Tax Assets	
	2024 RM	2023* RM
Temporary differences arising from property, plant and equipment	30,021	334,817

\* The comparative figure has been restated to reflect the revised temporary differences available to the Group.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 17. INVENTORIES

	The Group	
	2024 RM	2023 RM
Raw materials	4,938,812	5,880,002
Work-in-progress	10,440,827	11,116,002
Finished goods	5,857,082	5,334,206
	<b>21,236,721</b>	<b>22,330,210</b>
Recognised in profit or loss:		
Inventories recognised as cost of sales	34,125,671	32,081,756
Inventories written down	290,040	358,167
Reversal of inventories previously written down	-	(8,375)

In the previous financial year, the reversal of inventories previously written down was in respect of inventories sold above their carrying amounts during the financial year.

### 18. AMOUNT OWING BY SUBSIDIARIES

	The Company	
	2024 RM	2023 RM
Amount owing by:		
Advances	3,094,733	2,989,079
Dividend receivable	2,200,000	1,800,000
	<b>5,294,733</b>	<b>4,789,079</b>
Allowance for impairment losses	(2,989,079)	(2,989,079)
	<b>2,305,654</b>	<b>1,800,000</b>

The amount owing represents unsecured payments made on behalf and dividend receivable. The amount owing is repayable on demand and is to be settled in cash.

### 19. SHORT-TERM INVESTMENTS

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Unit trust	38,478,649	29,991,575	30,059,862	17,369,607
Quoted shares	3,664,998	2,656,083	-	-
	<b>42,143,647</b>	<b>32,647,658</b>	<b>30,059,862</b>	<b>17,369,607</b>
Fair value	42,143,647	32,647,658	30,059,862	17,369,607

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 20. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 0.96% to 1.71% (2023: 0.86% to 4.8%) and Nil (2023: 4.8%) per annum respectively. The fixed deposits have maturity periods ranging from 30 to 365 days (2023: 2 to 365 days) and Nil (2023: 2 days) for the Group and the Company respectively.

The fixed deposits of the Group amounting to RM517,372 (2023: RM539,574) are pledged to licensed banks as security for bank guarantee facility granted to the Group.

### 21. SHARE CAPITAL

	The Group/The Company			
	2024	2023	2024	2023
	Number of Shares		RM	
<b>Issued and fully paid-up</b>				
At 1 January	1,580,152,675	1,580,152,675	118,441,045	118,441,045
Issuance of new shares, pursuant to:				
- exercise of warrants	9,291,450	-	37,165,800	-
At 31 December	1,589,444,125	1,580,152,675	155,606,845	118,441,045

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

During the financial year, the Company increased its issued and paid-up share capital from RM118,441,045 to RM155,606,845 by way of issuance of 9,291,450 new ordinary shares from the exercise of Warrants 2021/2026 at the exercise price of RM4 per warrant which amounted to RM37,165,800.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

### 22. TREASURY SHARES

	The Group/The Company			
	2024	2023	2024	2023
	Number of Shares		RM	
At 1 January	7,246,250	9,201,250	3,739,069	4,747,849
Distribution	-	(1,955,000)	-	(1,008,780)
At 31 December	7,246,250	7,246,250	3,739,069	3,739,069

In the previous financial year, on 5 December 2023, the Company transferred 1,955,000 of its treasury shares for the settlement of shares granted to employees and directors of the Group under the Share Grant Plan approved by the shareholders at an Extraordinary General Meeting held on 10 June 2022.

As at 31 December 2024, the number of outstanding ordinary shares in issue after the set-off of 7,246,250 (2023: 7,246,250) treasury shares held by the Company is 1,582,197,875 (2023: 1,572,906,425) ordinary shares.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 23. RESERVES

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Non-distributable:				
Foreign currency translation reserve	12,327,555	61,250,289	-	-
Statutory reserve	56,140,782	45,542,573	-	-
Distributable:				
Retained earnings	484,120,107	419,671,852	33,651,943	56,466,865
	552,588,444	526,464,714	33,651,943	56,466,865

### Foreign currency translation reserve

The foreign currency translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

### Statutory reserve

The statutory reserve is maintained by the Group's subsidiary in Taiwan in accordance with the regulations in that country.

### Share grant plan reserve

The share grant plan ("SGP") reserve represents the equity-settled share granted to eligible person at discretion of SGP committee. The reserve is made up of cumulative value of services received from directors and employees recorded as at grant date of equity-settled share grant and is to be satisfied by the transfer of the Company's treasury shares. The transfer of the treasury shares is to be recognised directly in equity.

The SGP of the Company is governed by the SGP By-Laws and was approved by the shareholders at an Extraordinary General Meeting held on 10 June 2022. The SGP is to be in force for a period of 5 years effective from 17 June 2022.

The main features of SGP are as follows:

- (i) Eligible persons are employees and/or directors of the Group, save for companies which are dormant, who have been confirmed in the employment of the Group and have served for at least 1 year before the date of the offer.
- (ii) The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall not exceed in aggregate 5%, of the total number of issued shares (excluding treasury shares) at any point of time during the SGP period.
- (iii) The SGP price shall be determined by the SGP Committee based on the 5-day volume weighted average market price of ordinary shares of the Company immediately preceding the offer date of the SGP.
- (iv) SGP Committee has made the determination that the stipulated conditions has been fulfilled pursuant to the offer, the SGP Committee shall notify the Grantee of the number of SGP Shares vested/which will be vested in him/her on the Vesting Date. The SGP Committee shall also have the sole and absolute discretion to settle the vesting of the Shares by way of cash to a Grantee.
- (v) The treasury shares are to be transferred upon the vesting of any SGP shares under SGP. The treasury shares shall be transferred together with all dividends, rights, allotments and/or other distributions declared, the entitlement date of which is on or after to the date the treasury shares are credited into the CDS Account of the relevant Grantee.

In the previous financial year, on 5 December 2023, the 1,955,000 units of SGP were settled by the transfer of 1,955,000 units of treasury shares.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 23. RESERVES (CONT'D)

#### Warrants

On 4 May 2021, the Company issued 524,137,195 warrants pursuant to bonus issue of warrants to all the entitled shareholders of the Company on the basis of one (1) warrant for every two (2) existing ordinary shares held in the Company.

The warrants are constituted under a Deed Poll dated 14 April 2021 and each warrant entitles the registered holder the right at any time during the exercise period from 4 May 2021 to 3 May 2026 to subscribe in cash for one new ordinary share of the Company at an exercise price of RM4 each. These warrants were listed on the Bursa Malaysia Securities Berhad on 7 May 2021.

The details in the movement of the Warrant 2021/2026 are as follows:

	The Group/The Company	
	2024	2023
	Unit	Unit
At 1 January	524,137,195	524,137,195
Exercised	(9,291,450)	-
At 31 December	514,845,745	524,137,195

Salient features of the Warrants 2021/2026 are as follows:

- (i) Each warrant will entitle the registered holder to subscribe for 1 new ordinary share in the Company at an exercise price of RM4 each subject to adjustment in accordance with the conditions stipulated in the Deed Poll;
- (ii) The warrants may be exercised at any time on or before the maturity date falling five years (2021/2026) from the date of issue of the warrants on 4 May 2021. Warrants not exercised after the exercise period will thereafter lapse and cease to be valid;
- (iii) The new shares pursuant to the exercise of the warrants shall, upon allotment issue, rank equally in all respects with the existing ordinary shares of the Company in issue except that they will not be entitled to any dividend, rights, allotments and/or any other forms of distributions that may be declared, made or paid to shareholders, the entitlement date of which is before the allotment and issuance of the new ordinary shares; and
- (iv) The persons to whom the warrants have been granted have no rights to participate in any distribution and/or offer of further securities in the Company until/and unless warrants holders exercise their warrants for new ordinary shares.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 24. BANK BORROWING

	The Group	
	2024	2023
	RM	RM
<b>Non-current</b>		
Hire purchase payable	14,763	49,047
<b>Current</b>		
Hire purchase payable	34,284	32,656

The interest rate profile of the borrowing of the Group is summarised below:-

	Effective Interest Rate The Group	
	2024	2023
Hire purchase payable	2.51%	2.51%

### 25. LEASE LIABILITIES

	The Group	
	2024	2023
	RM	RM
At 1 January	33,045,972	32,916,569
Interest expense recognised in profit and loss	789,693	916,038
Changes due to lease modification	(8,856)	187,517
Derecognition due to lease termination	(73,584)	-
Repayment of principal	(3,208,562)	(3,183,189)
Repayment of interest expense	(789,693)	(916,038)
Additions	1,376,156	1,762,290
Exchange difference	(2,397,837)	1,362,785
At 31 December	28,733,289	33,045,972
Analysed by:		
Current liabilities	2,633,304	3,248,775
Non-current liabilities	26,099,985	29,797,197
At 31 December	28,733,289	33,045,972

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 26. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables of the Group comprise amounts outstanding for trade purchases. The credit periods granted to the Group for trade purchases range from 30 to 90 days (2023: 30 to 90 days).

Other payables and accrued expenses consist of:

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Other payables	93,088,038	86,232,682	237,215	13,120
Accrued expenses	39,625,805	33,450,828	9,174,644	7,265,354
	132,713,843	119,683,510	9,411,859	7,278,474
Less: Other payables (included under non-current liabilities)	(172,698)	(350,732)	-	-
Current liabilities	132,541,145	119,332,778	9,411,859	7,278,474

Included in (other receivables)/other payables are defined benefit plan as detailed below:

	The Group	
	2024 RM	2023 RM
Defined benefit plan (Overseas subsidiaries)		
- Taiwan	(798,973)	(869,194)
- Philippines	172,698	350,732
	(626,275)	(518,462)

(a) Defined benefit plan – Taiwan

	The Group	
	2024 RM	2023 RM
Fair value of plan assets	(1,094,120)	(883,759)
Present value of plan obligations	295,147	14,565
	(798,973)	(869,194)

The Group contributes to a defined benefit plan that provides retirement benefits for employees upon retirement based on the following:

- i) 2 months average salary for each year for the first 15 years of working; and
- ii) 1 month average salary for each year subsequent to 15 years of working.

A maximum entitlement for a retired employee is 45 months average salary. The average salary of a retired employee is calculated based on the average 6 months' salary prior to his retirement date.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 26. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

### (a) Defined benefit plan – Taiwan (Cont'd)

Plan assets comprise:

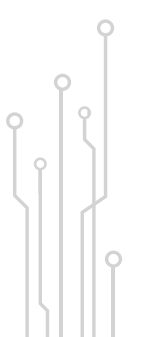
	The Group	
	2024 RM	2023 RM
Cash at bank	157,882	138,043
Short-term investments	60,067	42,332
Debentures	80,855	67,077
Fixed income investments	153,177	133,713
Equity securities	521,020	410,064
Others	121,119	92,530
	<b>1,094,120</b>	<b>883,759</b>

Movement in the present value of defined benefit obligations:

	The Group	
	2024 RM	2023 RM
At 1 January	14,565	7,946,962
Current service costs and interest	302,194	121,070
Gain on settlement	-	(690,993)
Actuarial gain in other comprehensive income	(6,860)	(163,437)
Defined benefit paid	-	(7,323,706)
Exchange difference	(14,752)	124,669
At 31 December	<b>295,147</b>	<b>14,565</b>

Movement in the fair value of plan assets:

	The Group	
	2024 RM	2023 RM
At 1 January	883,759	7,899,654
Return on plan assets	12,703	120,468
Actuarial gain/(loss) in other comprehensive income	282,905	(4,619)
Contribution paid into the plan	5,023	49,392
Defined benefit paid	-	(7,323,706)
Exchange difference	(90,270)	142,570
At 31 December	<b>1,094,120</b>	<b>883,759</b>



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 26. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

(a) Defined benefit plan – Taiwan (Cont'd)

Expenses recognised in profit or loss:

	The Group	
	2024 RM	2023 RM
Current service costs and interests	302,194	121,070
Gain on settlement	-	(690,993)
Return on plan assets	(12,703)	(120,468)
<b>Net benefit expense</b>	<b>289,491</b>	<b>(690,391)</b>

Actuarial gains recognised directly in other comprehensive income:

	The Group	
	2024 RM	2023 RM
Actuarial gains recognised during the year	231,812	127,054

The Group's defined benefit plan based on the actuarial valuation performed by an independent actuary adopting the Projected Unit Credit With Service Increment method, with the following principal actuarial assumptions:

	The Group	
	2024 RM	2023 RM
i) Retirement age	65	65
ii) Disability rate (per annum)	10% of mortality rate	10% of mortality rate
iii) Discount rate (per annum)	1.625%	1.50%
iv) Expected rate of salary increases (per annum)	2.75%	2.75%



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 26. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

(a) Defined benefit plan – Taiwan (Cont'd)

	The Group	
	2024 (Decrease)/ Increase RM	2023 (Decrease)/ Increase RM
<b>Effect on defined benefit obligations</b>		
Discount rate (per annum)		
- strengthened by 0.25%	(18,201)	(1,172)
- weakened by 0.25%	19,524	1,291
Expected rate of salary increases (per annum)		
- strengthened by 0.25%	19,101	1,263
- weakened by 0.25%	(17,912)	(1,154)

(b) Defined benefit plan – Philippines

The Group conforms to the minimum regulatory benefit under prevailing law and regulations which is of the defined benefit type.

The normal retirement age is 60. The plan provides a benefit equal to 22.5 days' salary for every year of credited service. The regulatory benefits are paid in lump sum upon retirement.

Movement in the present value of defined benefit obligations:

	The Group	
	2024 RM	2023 RM
At 1 January	350,732	287,626
Current service costs and interest	41,456	42,403
Actuarial loss in other comprehensive income	36,511	21,208
Defined plan payable	(237,764)	(14,954)
Exchange difference	(18,237)	14,449
At 31 December	172,698	350,732

Expenses recognised in profit or loss:

	The Group	
	2024 RM	2023 RM
Current service costs and interests	41,456	42,403

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 26. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

### (b) Defined benefit plan – Philippines (Cont'd)

Actuarial losses recognised directly in other comprehensive income:

	The Group	
	2024 RM	2023 RM
Actuarial loss recognised during the year	(36,511)	(21,208)

The Group defined benefit plan based on the actuarial valuation performed by an independent actuary adopting the Projected Unit Credit method, with the following principal actuarial assumptions:

	The Group	
	2024 RM	2023 RM
i) Retirement age	60	60
ii) Discount rate (per annum)	6.15%	5.96%
iii) Expected rate of salary increases (per annum)	3.00%	2.00%

	The Group	
	2024 (Decrease)/ Increase RM	2023 (Decrease)/ Increase RM
<b>Effect on defined benefit obligations</b>		
Discount rate (per annum)		
- strengthened by 1%	(11,030)	(8,538)
- weakened by 1%	12,369	9,411
Expected rate of salary increases (per annum)		
- strengthened by 1%	12,640	9,695
- weakened by 1%	(11,452)	(8,937)



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 26. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

(c) Defined benefit plan – Indonesia

In the previous financial year, the Group has terminated the employee benefits due to cessation of operation.

Movement in the present value of defined benefit obligations in the previous financial year:

	The Group 2023 RM
At 1 January	491,519
Current service costs and interest	4,302
Actuarial gain in other comprehensive income	-
Defined benefit paid	(249,214)
Gain on settlement	(277,980)
Exchange difference	31,373
<hr/>	
At 31 December	-

Expenses recognised in profit or loss in the previous financial year:

	The Group 2023 RM
Current service costs and interests	4,302
Gain on settlement	(277,980)
<hr/>	
	(273,678)

### 27. DIVIDENDS

	The Group/The Company	
	2024 RM	2023 RM
Second interim single-tier dividend of 2.6 sen per ordinary share in respect of the financial year ended 31 December 2022, paid on 13 July 2023	-	40,844,736
First interim single-tier dividend of 2.2 sen per ordinary share in respect of the financial year ended 31 December 2023, paid on 13 May 2024	34,603,940	-
First interim single-tier dividend of 1.7 sen per ordinary share in respect of the financial year ended 31 December 2024, paid on 30 September 2024	26,896,513	-
<hr/>		
	61,500,453	40,844,736

On 25 February 2025, the Company announced a second interim single-tier dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 December 2024, payable on 21 April 2025, to shareholders whose names appeared in the record of depositors on 27 March 2025. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2025.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 28. FINANCIAL INSTRUMENTS

The activities of the Group and of the Company are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and of the Company.

(a) Financial Risk Management Policies

The policies in respect of the major areas of treasury activity are as follows:

Market Risk

(i) Foreign currency risk

The Group and the Company are exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar, Singapore Dollar, and others. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group holds cash and cash equivalents denominated in foreign currencies for working capital purposes.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 28. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Financial Risk Management Policies (Cont'd)

#### Market Risk (Cont'd)

#### (i) Foreign currency risk (Cont'd)

The exposure to foreign currency risk is as follows:

	Singapore Dollar RM	Ringgit Malaysia RM	United States Dollar RM	Philippine Peso RM	New Taiwan Dollar RM	Others* RM	Total RM
<b>The Group 2024</b>							
<b>Financial assets</b>							
Trade receivables	7,133,803	20,467,017	20,806,125	13,138,570	79,021,091	-	140,566,606
Other receivables	33,044	3,283,977	-	256,757	1,669,988	1,519	5,245,285
Fixed deposits with licensed banks	517,373	-	-	-	122,734,800	-	123,252,173
Cash and bank balances	56,805,176	18,926,080	127,845,615	2,309,536	146,819,280	490,050	353,195,737
	64,489,396	42,677,074	148,651,740	15,704,863	350,245,159	491,569	622,259,801
<b>Financial liabilities</b>							
Trade payables	2,292,167	11,634,009	1,019,564	88,306	12,255,705	5,617	27,295,368
Other payables and accrued expenses	5,267,246	14,521,263	42,838	296,276	84,017,177	4,821	104,149,621
	7,559,413	26,155,272	1,062,402	384,582	96,272,882	10,438	131,444,989
Net financial assets	56,929,983	16,521,802	147,589,338	15,320,281	253,972,277	481,131	490,814,812
Less: Net financial assets denominated in the respective entities' functional currencies	(18,043,818)	(16,521,802)	-	(15,320,281)	(253,972,277)	(479,432)	(304,337,610)
Currency exposure	38,886,165	-	147,589,338	-	-	1,699	186,477,202

\* Denominated in Euro, Great Britain Pound and Indonesian Rupiah.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 28. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies (Cont'd)

##### Market Risk (Cont'd)

##### (i) Foreign currency risk (Cont'd)

The exposure to foreign currency risk is as follows: (Cont'd)

	Singapore Dollar RM	Ringgit Malaysia RM	United States Dollar RM	Philippine Peso RM	New Taiwan Dollar RM	Others* RM	Total RM
<b>The Group</b>							
<b>2023</b>							
<u>Financial assets</u>							
Trade receivables	12,229,026	16,109,753	13,897,624	12,585,889	64,152,678	-	118,974,970
Other receivables	-	34,285	-	344,452	1,701,878	49,000	2,129,615
Fixed deposits with licensed banks	539,575	-	4,458,381	-	65,842,182	-	70,840,138
Cash and bank balances	38,015,181	9,949,032	71,555,003	1,679,529	194,448,868	525,065	316,172,678
	50,783,782	26,093,070	89,911,008	14,609,870	326,145,606	574,065	508,117,401
<u>Financial liabilities</u>							
Trade payables	3,898,767	3,400,223	4,227,937	384,504	11,007,610	70,337	22,989,378
Other payables and accrued expenses	4,999,431	14,081,271	27,719	105,152	72,518,981	7,652	91,740,206
	8,898,198	17,481,494	4,255,656	489,656	83,526,591	77,989	114,729,584
Net financial assets	41,885,584	8,611,576	85,655,352	14,120,214	242,619,015	496,076	393,387,817
Less: Net financial assets denominated in the respective entities' functional currencies	(10,983,058)	(8,611,576)	-	(14,120,214)	(242,619,015)	(564,677)	(276,898,540)
Currency exposure	30,902,526	-	85,655,352	-	-	(68,601)	116,489,277

\* Denominated in Euro, Great Britain Pound, Indonesian Rupiah and Chinese Renminbi.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 28. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Financial Risk Management Policies (Cont'd)

#### Market Risk (Cont'd)

#### (i) Foreign currency risk (Cont'd)

	Singapore Dollar RM	Ringgit Malaysia RM	Other* RM	Total RM
<b>The Company 2024</b>				
<u>Financial assets</u>				
Cash and bank balances	8,219,196	11,419,584	-	19,638,780
Amount owing by subsidiaries	-	2,200,000	105,654	2,305,654
	8,219,196	13,619,584	105,654	21,944,434
Less: Net financial assets denominated in the entity's functional currency	-	(13,619,584)	-	(13,619,584)
Currency exposure	8,219,196	-	105,654	8,324,850

\* Denominated in Indonesian Rupiah.

	United States Dollar RM	Ringgit Malaysia RM	Total RM
<b>The Company 2023</b>			
<u>Financial assets</u>			
Fixed deposits with licensed banks	4,458,381	-	4,458,381
Cash and bank balances	-	738,468	738,468
	4,458,381	738,468	5,196,849
Less: Net financial assets denominated in the entity's functional currency	-	(738,468)	(738,468)
Currency exposure	4,458,381	-	4,458,381

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 28. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Financial Risk Management Policies (Cont'd)

#### Market Risk (Cont'd)

#### (i) Foreign currency risk (Cont'd)

#### Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Effects on profit after taxation/equity</b>				
Singapore Dollar:				
- strengthened by 5%	1,944,308	1,545,126	410,960	-
- weakened by 5%	(1,944,308)	(1,545,126)	(410,960)	-
United States Dollar:				
- strengthened by 5%	7,379,467	4,282,768	-	222,919
- weakened by 5%	(7,379,467)	(4,282,768)	-	(222,919)
Others*:				
- strengthened by 5%	85	(3,430)	5,283	-
- weakened by 5%	(85)	3,430	(5,283)	-

\* Denominated in Euro, Great Britain Pound, Indonesian Rupiah and Chinese Renminbi.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 28. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Financial Risk Management Policies (Cont'd)

#### Market Risk (Cont'd)

#### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rate risk arises mainly from investments in fixed rate debt securities and long-term borrowing with variable rate. The Group adopts a policy of obtaining the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The fixed rate debt instruments of the Group are not subject to interest rate risk since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

#### Interest Rate Risk Sensitivity Analysis

The Group does not have any floating rate borrowings and hence, no sensitivity analysis is presented.

#### (iii) Equity price risk

The exposure to equity price risk arises mainly from changes in quoted investment prices of the Group. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

#### Equity Price Risk Sensitivity Analysis

If prices for quoted investments at the end of the reporting period strengthened by 10% (2023: 10%) with all other variables being held constant, the Group's and the Company's profit after taxation would have increased by RM4,214,365 and RM3,005,986 (2023: RM3,264,766 and RM1,736,961) respectively. A 10% (2023: 10%) weakening in the quoted prices would have had an equal but opposite effect on the Group's and the Company's profit after taxation.

#### Credit Risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group and the Company manage their exposures to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Also, the Company's exposure to credit risk includes loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to serve their loans on an individual basis.

#### (i) Credit risk concentration profile

At the end of the reporting period, the Group's major concentration of credit risk relates to the amounts owing by 2 (2023: 2) customers which constituted approximately 39% (2023: 34%) of its total trade receivables (including related parties), net of loss allowance.

#### (ii) Maximum exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 28. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies (Cont'd)

##### Credit Risk (Cont'd)

##### (iii) Assessment of impairment losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the receivables. The Group closely monitors the receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group evaluate whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amount of financial asset is written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; and
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more a lagging default criterion is more appropriate. The Group uses a more lagging past due criterion for certain trade receivables when it is more appropriate to reflect their loss patterns.

- Trade receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

##### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

To measure the expected credit losses, trade receivables (including related parties) have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on an individual basis.

The expected loss rates are based on the payment profiles of sales over 60 months (2023: 60 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the linear regressive analysis. The Group has identified the Gross Domestic Product as the key macroeconomic factor of the forward-looking information.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 28. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Financial Risk Management Policies (Cont'd)

#### Credit Risk (Cont'd)

#### (iii) Assessment of impairment losses (Cont'd)

- Trade receivables (Cont'd)

#### Allowance for Impairment Losses

The Group	Gross Amount RM	Lifetime Individual Impairment RM	Lifetime Collective Impairment RM	Carrying Amount RM
<b>2024</b>				
Not past due	121,543,285	-	-	121,543,285
Past due:				
- less than 1 month	11,193,504	-	-	11,193,504
- 1 to 9 months	7,406,179	-	-	7,406,179
- over 9 months	982,722	(182,918)	(376,166)	423,638
<b>Trade receivables</b>	<b>141,125,690</b>	<b>(182,918)</b>	<b>(376,166)</b>	<b>140,566,606</b>
<b>2023</b>				
Not past due	100,557,191	-	-	100,557,191
Past due:				
- less than 1 month	10,409,316	-	-	10,409,316
- 1 to 9 months	8,264,302	-	(266,668)	7,997,634
- over 9 months	365,308	(209,315)	(145,164)	10,829
<b>Trade receivables</b>	<b>119,596,117</b>	<b>(209,315)</b>	<b>(411,832)</b>	<b>118,974,970</b>

The movements in the loss allowances in respect of trade receivables is disclosed in Note 14 to the financial statements.

- Other receivables

The Group and the Company apply the 3-stage general approach to measuring expected credit losses for its other receivables.

#### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

Under this approach, the Group and the Company assess whether there is a significant increase in credit risk for receivables by comparing the risk of a default as at the reporting date with the risk of default as at the date of initial recognition. The Group and the Company consider there has been a significant increase in credit risk when there are changes in contractual terms or delay in payment. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 28. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Financial Risk Management Policies (Cont'd)

#### Credit Risk (Cont'd)

#### (iii) Assessment of impairment losses (Cont'd)

- Other receivables (Cont'd)

#### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)*

The Group and the Company use 3 categories to reflect their credit risk and how the loss allowance is determined for each category:

Category	Definition of Category	Loss Allowance
Performing:	Receivables have a low risk of default and a strong capacity to meet contractual cash flows	12-months expected credit losses
Underperforming:	Receivables for which there is a significant increase in credit risk	Lifetime expected credit losses
Not performing:	There is evidence indicating the receivable is credit impaired or more than 90 days past due	Lifetime expected credit losses

The Group and the Company measure the expected credit losses of receivables having significant balances, receivables that are credit impaired and receivables with a high risk of default on an individual basis. The remaining receivables are grouped based on shared credit risk characteristics and assessed on a collective basis.

Loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default).

In deriving the PD and LGD, the Group and the Company consider the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts using the linear regressive analysis. The Group and the Company have identified the Gross Domestic Product as the key macroeconomic factor of the forward-looking information.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

#### *Allowance for Impairment Losses*

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 28. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Financial Risk Management Policies (Cont'd)

#### Credit risk (Cont'd)

#### (iii) Assessment of impairment losses (Cont'd)

- Fixed deposits with licensed banks, cash and bank balances

The Group and the Company consider the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company are of the view that the loss allowance is immaterial and hence, it is not provided for.

- Amount owing by subsidiaries

The Company applies the 3-stage general approach to measuring expected credit losses for amount owing by subsidiaries.

#### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

The Company measures the expected credit losses on an individual basis, which is aligned with its credit risk management practices on the inter-company balances.

The Company considers loans and advances to subsidiaries have low credit risks. 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 loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

For loans and advances that are not repayable on demand, impairment loss is measured using techniques that are similar for estimating the impairment losses of other receivables as disclosed above.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

#### *Allowance for Impairment Losses*

The Company	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
<b>2024</b>			
Low credit risk	5,294,733	(2,989,079)	2,305,654
<b>2023</b>			
Low credit risk	4,789,079	(2,989,079)	1,800,000

The movements in the loss allowances are disclosed in Note 18 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 28. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Risk Management Policies (Cont'd)

##### Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

##### (i) Maturity analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

The Group	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
<b>2024</b>						
<u>Non-derivative financial liabilities</u>						
Lease liabilities	1.25 - 6.70	28,733,289	36,299,416	3,305,681	6,607,372	26,386,363
Trade payables	-	27,295,368	27,295,368	27,295,368	-	-
Other payables and accrued expenses	-	104,149,621	104,149,621	104,149,621	-	-
Bank borrowing	2.51	49,047	50,777	35,844	14,933	-
		160,227,325	167,795,182	134,786,514	6,622,305	26,386,363
<b>2023</b>						
<u>Non-derivative financial liabilities</u>						
Lease liabilities	1.25 - 6.70	33,045,972	41,731,193	4,044,102	8,745,138	28,941,953
Trade payables	-	22,989,378	22,989,378	22,989,378	-	-
Other payables and accrued expenses	-	91,740,206	91,740,206	91,740,206	-	-
Bank borrowing	2.51	81,703	86,621	35,844	50,777	-
		147,857,259	156,547,398	118,809,530	8,795,915	28,941,953



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 28. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Financial Risk Management Policies (Cont'd)

#### Liquidity risk (Cont'd)

#### (i) Maturity analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period): (Cont'd)

The Company	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM
<b>2024</b>			
<u>Non-derivative financial liabilities</u>			
Other payables and accrued expenses	9,411,859	9,411,859	9,411,859
<b>2023</b>			
<u>Non-derivative financial liabilities</u>			
Other payables and accrued expenses	7,278,474	7,278,474	7,278,474

### (b) Capital Risk Management

The Group and the Company manage their capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as external borrowings less cash and bank balances and fixed deposits with licensed banks.

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

The debt-to-equity ratio is not disclosed in the financial statements as the external borrowing is insignificant.



# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 28. FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Classification of Financial Instruments

	The Group 2024 RM	The Company 2024 RM
<b>Financial Assets</b>		
<u>Fair Value Through Profit or Loss</u>		
Short-term investments	42,143,647	30,059,862
<u>Amortised Cost</u>		
Trade receivables	140,566,606	-
Other receivables	5,245,285	44,769
Amount owing by subsidiaries	-	2,305,654
Fixed deposits with licensed banks	123,252,173	-
Cash and bank balances	353,195,737	19,638,780
	622,259,801	21,989,203
<b>Financial Liability</b>		
<u>Amortised Cost</u>		
Trade payables	27,295,368	-
Other payables and accrued expenses	104,149,621	9,411,859
Bank borrowing	49,047	-
	131,494,036	9,411,859
<b>Financial Assets</b>		
<u>Fair Value through Profit or Loss</u>		
Short-term investments	32,647,658	17,369,607
<u>Amortised Cost</u>		
Trade receivables	118,974,970	-
Other receivables	2,129,615	16,405
Amount owing by subsidiaries	-	1,800,000
Fixed deposits with licensed banks	70,840,138	4,458,381
Cash and bank balances	316,172,678	738,468
	508,117,401	7,013,254
<b>Financial Liability</b>		
<u>Amortised Cost</u>		
Trade payables	22,989,378	-
Other payables and accrued expenses	91,740,206	7,278,474
Bank borrowing	81,703	-
	114,811,287	7,278,474

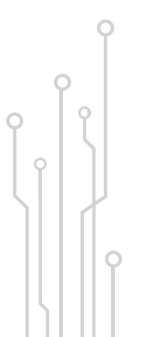


# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 28. FINANCIAL INSTRUMENTS (CONT'D)

### (d) Gains or Losses Arising from Financial Instruments

	The Group 2024 RM	The Company 2024 RM
<b>Financial Assets</b>		
<u>Fair Value through Profit or Loss</u>		
Net gains recognised in profit or loss	3,079,891	884,502
<u>Amortised Cost</u>		
Net gains recognised in profit or loss	10,461,234	125,804
<b>Financial Liability</b>		
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(88,960)	-
<b>Financial Assets</b>		
<u>Fair Value through Profit or Loss</u>		
Net gains recognised in profit or loss	1,298,037	346,232
<u>Amortised Cost</u>		
Net gains recognised in profit or loss	3,280,206	236,045
<b>Financial Liability</b>		
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(115,806)	-



# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 28. FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair Value Information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>2024</b>								
<u>Financial Asset</u>								
Short-term investments:								
- quoted share	3,664,998	-	-	-	-	-	3,664,998	3,664,998
- unit trusts	-	38,478,649	-	-	-	-	38,478,649	38,478,649
<u>Financial liability</u>								
Bank borrowing	-	-	-	-	48,991	-	48,991	49,047
<b>2023</b>								
<u>Financial Asset</u>								
Short-term investments:								
- quoted share	2,656,083	-	-	-	-	-	2,656,083	2,656,083
- unit trusts	-	29,991,575	-	-	-	-	29,991,575	29,991,575
<u>Financial liability</u>								
Bank borrowing	-	-	-	-	81,754	-	81,754	81,703



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 28. FINANCIAL INSTRUMENTS (CONT'D)

#### (e) Fair Value Information (Cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period: (Cont'd)

The Company	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>2024</b>								
Financial Asset								
Short-term investments	-	30,059,862	-	-	-	-	30,059,862	30,059,862
<b>2023</b>								
Financial Asset								
Short-term investments	-	17,369,607	-	-	-	-	17,369,607	17,369,607

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 28. FINANCIAL INSTRUMENTS (CONT'D)

### (e) Fair Value Information (Cont'd)

#### (i) Fair Value of Financial Instruments Carried at Fair Value

- The fair value of unit trusts is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.
- The fair value of quoted share is determined at their quoted closing bid prices at the end of the reporting period.
- There were no transfers between level 1 and level 2 during the financial year.

#### (ii) Fair Value of Financial Instruments Not Carried at Fair Value

- The fair value of bank borrowing that carries fixed interest rate is determined by discounting the relevant future contractual cash flows using current market interest rate for similar instrument at the end of the reporting period. The interest rate used to discount the estimated cash flows is as follows:

	The Group		The Company	
	2024 %	2023 %	2024 %	2023 %
Hire purchase payable	2.42	2.62	-	-

## 29. CAPITAL COMMITMENTS

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Purchase of property, plant and equipment	6,161,103	12,459,095	-	3,981,825

## 30. CASH FLOW INFORMATION

### (a) The cash disbursed for the purchase of property, plant and equipment is as follows:

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cost of property, plant and equipment purchased	26,168,801	15,244,018	5,460,490	7,249
Less: Acquired through hire purchase arrangements	-	(100,000)	-	-
Less: Other payables - balances remained unpaid at financial year end	(1,349,260)	-	-	-
Less: Transfer from inventories	(13,628)	-	-	-
	24,805,913	15,144,018	5,460,490	7,249

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 30. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:

The Group	Bank Borrowings RM	Lease Liabilities RM	Total RM
<b>2024</b>			
At 1 January	81,703	33,045,972	33,127,675
<u>Changes in Financing Cash Flows</u>			
Repayment of borrowing principal	(32,656)	(3,208,562)	(3,241,218)
Repayment of borrowing interests	(4,898)	(789,693)	(794,591)
<u>Other changes</u>			
Interest expense recognised in profit or loss	4,898	789,693	794,591
Additions	-	1,376,156	1,376,156
Changes due to lease modification	-	(8,856)	(8,856)
Derecognition due to lease termination	-	(73,584)	(73,584)
Foreign exchange adjustment	-	(2,397,837)	(2,397,837)
	4,898	(314,428)	(309,530)
At 31 December	49,047	28,733,289	28,782,336
<b>2023</b>			
At 1 January	19,719,600	32,916,569	52,636,169
<u>Changes in Financing Cash Flows</u>			
Repayment of borrowing principal	(20,890,498)	(3,183,189)	(24,073,687)
Repayment of borrowing interests	(134,186)	(916,038)	(1,050,224)
<u>Other changes</u>			
Interest expense recognised in profit or loss	134,186	916,038	1,050,224
Drawdown of hire purchase	100,000	-	100,000
Additions	-	1,762,290	1,762,290
Changes due to lease modification	-	187,517	187,517
Foreign exchange adjustment	1,152,601	1,362,785	2,515,386
	1,386,787	4,228,630	5,615,417
At 31 December	81,703	33,045,972	33,127,675

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30. CASH FLOW INFORMATION (CONT'D)

(c) The cash and cash equivalents comprise the following:

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash and bank balances	353,195,737	316,172,678	19,638,780	738,468
Fixed deposits with licensed banks	123,252,173	70,840,138	-	4,458,381
Short-term investments - unit trust	38,478,649	29,991,575	30,059,862	17,369,607
	514,926,559	417,004,391	49,698,642	22,566,456
Less: Fixed deposits pledged with licensed banks	(517,372)	(539,574)	-	-
Less: Fixed deposits with maturity period more than 3 months	(6,818,600)	(12,093,462)	-	-
Cash and cash equivalents	507,590,587	404,371,355	49,698,642	22,566,456

(d) The total cash outflows for leases as a lessee are as follows:

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Payment of short-term leases	1,633,104	2,266,682	48,717	102,120
Payment of low value assets	58,587	65,919	-	-
Interest paid on lease liabilities	789,693	916,038	-	-
Payment of lease liabilities	3,208,562	3,183,189	-	-
	5,689,946	6,431,828	48,717	102,120



# STATEMENT BY DIRECTORS

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

We, **NG WAI PIN** and **NG CHEE WHYE**, being two of the directors of **FRONTKEN CORPORATION BERHAD**, state that, in the opinion of the directors, the financial statements set out on pages 61 to 133 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2024 and of their financial performance and cash flows for the financial year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the directors,

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**NG WAI PIN**

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**NG CHEE WHYE**

24 March 2025

# DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE

## FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

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

I, **WONG CHEE WAI**, MIA Membership Number: 25505, being the officer primarily responsible for the financial management of **FRONTKEN CORPORATION BERHAD**, do solemnly and sincerely declare that the financial statements of the Group and of the Company set out on pages 61 to 133 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

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**WONG CHEE WAI**

Subscribed and solemnly declared by  
the abovementioned **WONG CHEE WAI** at  
**KUALA LUMPUR** this 24th day of March 2025.

Before me,  
Shaiful Hilmi Bin Halim (No. W-804)  
COMMISSIONER FOR OATHS

## LIST OF PROPERTIES

Address	Description/ Existing use	Land area/ Built-up area sq m	Approximate age of building	Tenure	Audited net book value as at 31.12.2024 RM'000	Date of acquisition
<b>Frontken (Singapore) Pte Ltd (FS)</b>						
Pte Lot A12843 (to be known as Pte Lot A21020)	2 factory buildings with mezzanine office and a 4-storey factory to house production facilities	11,154/ 11,213	28 years, 38 years & 14 years	Leasehold expiring on 19.07.2039	10,918	01.08.2001
Bearing postal address: 156A Gul Circle Singapore 629614						
<b>FS</b>						
Pte Lot A22490 (to be known as Pte Lot A1355601)	4-storey factory building to house production facilities and R&D activities	4,877/ 3,147	23 years	Leasehold expiring on 30.04.2026	185	18.03.2005
Bearing postal address: 15 Gul Drive Singapore 629466						
<b>Frontken Malaysia Sdn Bhd (FM)</b>						
177296 Lot 38206 Pekan Baru Hicom Daerah Petaling Selangor Darul Ehsan	1½-storey detached factory building to house production facilities	2,023/ 1,006	28 years	Freehold	1,782	17.03.2003
Bearing postal address: Lot 2-46 Jalan Subang Utama 7 Taman Perindustrian Subang Utama Seksyen 22 40300 Shah Alam Selangor Darul Ehsan						
<b>FM</b>						
177293 Lot 38196 Pekan Baru Hicom Daerah Petaling Selangor Darul Ehsan	Vacant industrial land	2,177/ -	N/A	Freehold	1,500	04.07.2007
Bearing postal address: Lot 2-47 Jalan Subang Utama 8 Taman Perindustrian Subang Utama Seksyen 22 40300 Shah Alam Selangor Darul Ehsan						

## LIST OF PROPERTIES (CONT'D)

Address	Description/ Existing use	Land area/ Built-up area sq m	Approximate age of building	Tenure	Audited net book value as at 31.12.2024 RM'000	Date of acquisition
<b>FM</b>						
GRN 210078 Lot 4494 Seksyen 39 Bandar Kulim Daerah Kulim Kedah Darul Aman	Single-storey detached factory building to house production facilities and R&D activities	12,141/ 3,299	19 years	Leasehold expiring on 08.05.2066	5,275	23.12.2005
Bearing postal address: PT1923 Jalan Hi Tech 2/3 Industrial Zone Phase 1 Kulim Hi-Tech Industrial Park, 09090 Kulim Kedah Darul Aman						
<b>FM</b>						
GRN 210078 Lot 4494 Seksyen 39 Bandar Kulim Daerah Kulim Kedah Darul Aman	Vacant industrial land	15,419/ -	N/A	Leasehold expiring on 08.05.2066	1,480	09.11.2007
Bearing postal address: PT 1923 Jalan Hi Tech 2/3 Industrial Zone Phase 1 Kulim Hi-Tech Industrial Park, 09090 Kulim Kedah Darul Aman						
<b>Ares Green Technology Corporation (AGTC)</b>						
0273-0000, 0276-0000 & 0277-0000	A single-storey factory building and a 2-storey factory building to house production facilities and R&D activities and a 2-storey office building	16,966/ 17,371	24 years	Freehold	44,858	14.06.2004
Bearing postal address: No. 17, Bade Road Xinying Dist. Tainan City 730014 Taiwan, R.O.C.						
<b>AGTC</b>						
0007-0000, 0022-0000, 0027-0000 & 0027-0004 ~ 0027-0025	Storage area	2,308/ -	N/A	Freehold	9,835	29.12.2021
Bearing postal address: Taizi Road, Xinying Dist. Tainan City, Taiwan R.O.C.						

## LIST OF PROPERTIES (CONT'D)

Address	Description/ Existing use	Land area/ Built-up area sq m	Approximate age of building	Tenure	Audited net book value as at 31.12.2024 RM'000	Date of acquisition
<b>AGTC</b>						
0132-0000  Bearing postal address: No. 6-2, Luke 3rd Road Luzhu Dist. Kaohsiung City 821011, Taiwan, R.O.C.	A single-storey factory building to house production facilities and R&D activities	18,767/ 10,972	10 years	Leasehold expiring on 07.07.2041	55,327	13.07.2021
<b>PT Frontken Indonesia</b>						
NIB No. 28.04.02.19.00499 28.04.02.19.00497 28.04.02.19.00495 28.04.02.19.00493 28.04.02.19.00492 28.04.02.19.00490  Bearing postal address: Jl. Raya Serang KM. 13 RT.003/RW.002 Kp. Cirewed Sukadamai, Cikupa Tangerang Banten 15710 Indonesia	A single-storey factory building to house production facilities and office	5,385/ 3,222	40 years	Leasehold expiring on 17.10.2039 & 19.05.2041	1,117	12.12.2011
<b>Frontken Corporation Berhad</b>						
Geran 62139/M1/6/21 Lot 71, Seksyen 39 Bandar Petaling Jaya Daerah Petaling Selangor  Bearing postal address: 601D, Level 6 Tower D, Uptown 5 No. 5, Jalan SS21/39 47400 Petaling Jaya Selangor	Strata office	- / 548	27 years	Freehold	4,524	20.12.2023



# SHAREHOLDINGS STATISTICS

## AS AT 28 MARCH 2025

Issued and Paid-up Share Capital	:	RM173,506,845 comprising 1,593,919,125 ordinary shares
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

### DISTRIBUTION OF SHAREHOLDINGS AS AT 28 MARCH 2025

Size of holdings	No. of shareholders	% of shareholders	*No. of shares	*% of issued capital
Less than 100	698	8.2	31,574	~
100 – 1,000	2,455	29.0	1,440,670	0.1
1,001 – 10,000	3,597	42.5	13,559,953	0.8
10,001 – 100,000	1,080	12.8	34,270,714	2.2
100,001 to less than 5% of issued shares	633	7.5	1,282,204,455	80.9
5% and above of issued shares	2	~	254,037,209	16.0
<b>Total</b>	<b>8,465</b>	<b>100.0</b>	<b>1,585,544,575</b>	<b>100.0</b>

Notes:

~ Negligible

\* Excluding 8,374,550 shares held as treasury shares as at 28 March 2025

Distribution of shareholdings based on Record of Depositors

### DIRECTORS' SHAREHOLDINGS AS AT 28 MARCH 2025

The shareholdings of the directors of the Company and the number of shares held by them as recorded in the Register of Director Shareholdings at the date of this statement are as follows:

No.	Name	Direct		Indirect	
		No. of shares	*%	No. of shares	*%
1.	Ng Wai Pin	12,009,350	0.8	254,037,209	16.0
2.	Dr Tay Kiang Meng	14,127,212	0.9	-	-
3.	Ng Chee Whye	110,000	~	168,580	~
4.	Gerald Chiu Yoong Chian	-	-	-	-
5.	Koh Huey Min	-	-	3,000	~
6.	YM Raja Jastina Adlina Binti Raja Arshad	-	-	-	-

Notes:

~ Negligible

\* Excluding 8,374,550 shares held as treasury shares as at 28 March 2025

### SUBSTANTIAL SHAREHOLDERS AS AT 28 MARCH 2025

No.	Name	Direct		Indirect	
		No. of shares	*%	No. of shares	%
1.	Dazzle Clean Ltd	254,037,209	16.0	-	-
2.	Employees Provident Fund Board	152,760,514	9.6	-	-

Notes:

\* Excluding 8,374,550 shares held as treasury shares as at 28 March 2025

Substantial shareholders based on Register of Substantial Shareholders

## SHAREHOLDINGS STATISTICS AS AT 28 MARCH 2025 (CONT'D)

### THIRTY LARGEST SHAREHOLDERS

(As extracted from the Record of Depositors as at 28 March 2025)

No.	Shareholders	No. of shares	*% of issued capital
1	RHB Capital Nominees (Asing) Sdn Bhd <i>Dazzle Clean Ltd</i>	139,702,326	8.81
2	Dazzle Clean Ltd	114,334,883	7.21
3	Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt An For AIA Bhd.</i>	64,274,250	4.05
4	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	56,441,723	3.56
5	Lembaga Tabung Haji	34,150,000	2.15
6	AmanahRaya Trustees Berhad <i>Public Islamic Opportunities Fund</i>	27,086,700	1.71
7	AmanahRaya Trustees Berhad <i>Public Islamic Dividend Fund</i>	25,183,750	1.59
8	Kumpulan Wang Persaraan (Diperbadankan)	23,120,438	1.46
9	AmanahRaya Trustees Berhad <i>Public Islamic Select Treasures Fund</i>	21,958,500	1.38
10	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (AHAM AM)</i>	19,470,600	1.23
11	HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Vanguard Total International Stock Index Fund</i>	18,315,750	1.16
12	HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Vanguard Emerging Markets Stock Index Fund</i>	16,404,150	1.03
13	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Commerce Trustee Berhad For Kenanga Shariah Growth Opportunities Fund (50156 TR01)</i>	16,388,200	1.03
14	Citigroup Nominees (Asing) Sdn Bhd <i>CBHK For Kuwait Investment Authority (Fund 208)</i>	16,359,083	1.03
15	HSBC Nominees (Asing) Sdn Bhd <i>JPMSE Lux For Stichting Depository APG Emerging Markets Equity Pool</i>	15,903,231	1.00
16	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Islamic)</i>	15,316,691	0.97
17	Tay Kiang Meng	14,127,212	0.89
18	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>Exempt An For State Street Bank &amp; Trust Company (West CLT OD67)</i>	14,034,650	0.89
19	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Commerce Trustee Berhad - Kenanga Growth Fund</i>	13,896,500	0.88
20	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Nomura)</i>	13,000,000	0.82
21	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (ASIANISLAMIC)</i>	12,827,700	0.81
22	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (F Templeton)</i>	11,936,300	0.75
23	Cartaban Nominees (Tempatan) Sdn Bhd <i>TMF Trustees Malaysia Berhad For Affin Hwang Wholesale Equity Fund 2</i>	11,500,000	0.73
24	Citigroup Nominees (Tempatan) Sdn Bhd <i>Urusharta Jamaah Sdn. Bhd. (2)</i>	11,398,800	0.72
25	Citigroup Nominees (Tempatan) Sdn Bhd <i>Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)</i>	11,365,000	0.72
26	Cartaban Nominees (Asing) Sdn Bhd <i>BNYM SA/INV For Blackrock Frontiers Investment Trust PLC</i>	10,528,600	0.66
27	Citigroup Nominees (Tempatan) Sdn Bhd <i>UBS AG Singapore For Ng Wai Pin</i>	9,964,350	0.63
28	AmanahRaya Trustees Berhad <i>Public Savings Fund</i>	9,745,100	0.61
29	HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II</i>	9,428,300	0.59
30	Cartaban Nominees (Tempatan) Sdn Bhd <i>Prudential Assurance Malaysia Berhad For Prulink Strategic Fund</i>	9,275,100	0.58

Note:

\*Excluding 8,374,550 shares held as treasury shares as at 28 March 2025

# WARRANT HOLDINGS STATISTICS

## AS AT 28 MARCH 2025

Type of Securities	:	Warrants B
Total Warrants B issued but not exercised	:	510,370,745
Voting rights	:	The holder of warrant is not entitled to any voting rights

### DISTRIBUTION OF WARRANT HOLDINGS AS AT 28 MARCH 2025

Size of holdings	No. of warrant holders	% of warrant holders	No. of warrant	% of warrant
Less than 100	926	12.7	40,034	~
100 – 1,000	1,697	23.3	863,440	0.2
1,001 – 10,000	1,957	26.9	9,954,375	2.0
10,001 – 100,000	2,084	28.7	80,807,570	15.8
100,001 to less than 5% of issued warrants	610	8.4	313,014,590	61.3
5% and above of issued warrants	2	~	105,690,736	20.7
<b>Total</b>	<b>7,276</b>	<b>100.0</b>	<b>510,370,745</b>	<b>100.0</b>

Note:

~ Negligible

### DIRECTORS' WARRANT HOLDINGS AS AT 28 MARCH 2025

The number of warrants held by the directors of the Company as at the date of this statement is as follows:

No.	Name	Direct		Indirect	
		No. of warrants	%	No. of warrants	%
1.	Ng Wai Pin	3,356,450	0.7	105,690,736	20.7
2.	Dr Tay Kiang Meng	4,702,404	0.9	-	-
3.	Ng Chee Whye	10,000	~	62,860	~
4.	Gerald Chiu Yoong Chian	-	-	-	-
5.	Koh Huey Min	-	-	-	-
6.	YM Raja Jastina Adlina Binti Raja Arshad	-	-	-	-

Note:

~ Negligible

## WARRANT HOLDINGS STATISTICS AS AT 28 MARCH 2025 (CONT'D)

### THIRTY LARGEST WARRANT HOLDERS

(As extracted from the Record of Depositors as at 28 March 2025)

No.	Warrant holders	No. of warrants	% of warrants
1	RHB Capital Nominees (Asing) Sdn Bhd <i>Dazzle Clean Ltd</i>	63,414,442	12.43
2	Dazzle Clean Ltd	42,276,294	8.28
3	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Tan Boon Ping (7004677)</i>	14,050,000	2.75
4	Goh Chuan Yong	7,480,300	1.47
5	Universal Trustee (Malaysia) Berhad <i>TA Dana Fokus</i>	6,500,000	1.27
6	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Commerce Trustee Berhad - Kenanga Malaysian Inc Fund</i>	6,307,250	1.24
7	AmanahRaya Trustees Berhad <i>Public Islamic Select Treasures Fund</i>	6,209,500	1.22
8	Malacca Securities Sdn Bhd <i>IVT(017) Team MK01</i>	5,600,000	1.10
9	Maybank Securities Nominees (Asing) Sdn Bhd <i>Maybank Securities Pte Ltd For Lim Chuan Seng</i>	5,500,000	1.08
10	Ngang Shu Haur	4,900,000	0.96
11	Tay Kiang Meng	4,702,404	0.92
12	Anas Bin Ahmad Faris	4,422,500	0.87
13	Nabilah Binti Zainul	4,304,600	0.84
14	Goh Chuan Yong	4,144,600	0.81
15	HSBC Nominees (Asing) Sdn Bhd <i>TNTC For Barings ASEAN Frontiers Fund</i>	3,772,550	0.74
16	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lee Chin Yuen (7003308)</i>	3,720,000	0.73
17	Citigroup Nominees (Tempatan) Sdn Bhd <i>UBS AG Singapore For Ng Wai Pin</i>	3,321,450	0.65
18	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Tey Yao Dong (MY4293)</i>	2,972,300	0.58
19	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Lau Han Wei (MF00141)</i>	2,397,400	0.47
20	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Koid Chew Huat (MY2763)</i>	2,041,600	0.40
21	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For One IFC Residence Sdn. Bhd.</i>	2,000,000	0.39
22	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Kumaraguru A/L Manokaran</i>	1,998,400	0.39
23	Tay Moy Koh	1,829,800	0.36
24	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd For Allianz Life Insurance Malaysia Berhad (MEF)</i>	1,828,350	0.36
25	Tay Moy Koh	1,800,000	0.35
26	Tay Moy Koh	1,800,000	0.35
27	Tay Moy Koh	1,800,000	0.35
28	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Tan Jwin Hxen (MY3346)</i>	1,770,000	0.35
29	Pan Lee Chin	1,770,000	0.35
30	Chee Yuke Keng @ Chee Chi Kiong	1,754,600	0.34

# NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twenty-First Annual General Meeting of the Company (“21st AGM”) will be held at Imazium, Level 1, No. 8, Jalan SS21/37, Damansara Uptown, 47400 Petaling Jaya, Selangor, Malaysia on Thursday, 12 June 2025 at 10.00 a.m. for the transaction of the following businesses:

## AGENDA

### As Ordinary Business:

1. To receive the Audited Financial Statements for the year ended 31 December 2024 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Explanatory Note 1)**
2. To re-elect the following Directors:
  - (a) Mr Ng Chee Whye who will be retiring pursuant to Clause 75(2) of the Company’s Constitution; and **(Ordinary Resolution 1)**
  - (b) Ms Koh Huey Min who will be retiring pursuant to Clause 75(2) of the Company’s Constitution. **(Ordinary Resolution 2)**
3. To approve the payment of Directors’ fees and Benefits of up to RM600,000.00 until the conclusion of the next Annual General Meeting. **(Ordinary Resolution 3)**
4. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2025 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 4)**

### As Special Business:

To consider and if thought fit, to pass the following Resolutions:

5. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (“ACT”)** **(Ordinary Resolution 5)**

THAT subject always to the Act, the Constitution of the Company and the approvals of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the relevant regulatory authorities where such approval is necessary, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to issue shares of the Company at any time until the conclusion of the next Annual General Meeting (“AGM”) or any adjournment thereof and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) at the time of issue until the conclusion of the next AGM of the Company (“General Mandate”);

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities and that such authority shall continue to be in force until the conclusion of the next AGM of the Company.

6. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE”)** **(Ordinary Resolution 6)**

THAT subject to the provisions under the Act, the Constitution of the Company, the Listing Requirements and any other applicable laws, rules, regulations and guidelines for the time being in force, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company (“Shares”) as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of Shares purchased pursuant to this resolution shall not exceed 10% of the total number of issued shares of the Company.

## NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING (CONT'D)

THAT the maximum amount of funds to be allocated for the purpose of purchasing the Shares shall not exceed the retained profits of the Company or RM50 million, whichever is the lower.

THAT authority be and is hereby given to the Directors to decide at their discretion, as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities for the time being in force to deal with any of the Shares so purchased by the Company in the following manner:

- (i) the Shares so purchased could be cancelled or transferred; or
- (ii) the Shares so purchased could be retained as treasury shares for distribution as dividends or bonus shares to the shareholders of the Company and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or transferred to employees under an employees' share scheme and/or as purchase consideration for any acquisition; or
- (iii) combination of (i) and (ii) above.

THAT the authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution and shall continue to be in force until:

- (i) the conclusion of the next AGM or any adjournment thereof of the Company, at which time the said authority would lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM is required by law to be held; or
- (iii) the authority is revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting,

whichever occurs first.

AND THAT the Directors be and are hereby authorised to take such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto.

7. To transact any other business of which due notice shall be given.

BY ORDER OF THE BOARD

Mah Li Chen (MAICSA 7022751) (PC No. 202008002006)

Company Secretary

Kuala Lumpur

29 April 2025

Notes:

1. A Member entitled to attend and vote at this meeting is entitled to appoint a proxy/proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. Where the appointer is a corporation, this form must be executed under its common seal, if any or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy/proxies must be deposited at the office of the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or via TIIH Online at <https://tiih.online> not less than forty-eight (48) hours before the time fixed for convening the 21st AGM or any adjournment thereof.
5. For the purpose of determining a member who shall be entitled to attend the 21st AGM or any adjournment thereof, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 5 June 2025. Only a depositor whose name appears on the Record of the Depositors as at 5 June 2025 shall be entitled to attend and vote at this 21st AGM or any adjournment thereof or appoint proxies to attend and/or vote on his/her behalf.

# NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING (CONT'D)

## Explanatory Notes on Ordinary Business:

### 1. Item 1 of the Agenda

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item is not put forward to shareholders for voting.

### 2. Item 2 of the Agenda

The Nomination Committee has evaluated Mr Ng Chee Whye and Ms Koh Huey Min based on the Board Effectiveness Evaluation carried out by an external expert including the "Fit and Proper Test" to assess them and they were found to have met the Board's expectation in discharging their duties and responsibilities and recommended to the Board for their re-election. In turn, the Board recommends to the shareholders to re-elect Mr Ng Chee Whye and Ms Koh Huey Min at the 21st AGM or any adjournment thereof.

### 3. Item 3 of the Agenda

Section 230(1) of the Act requires that the fees of the directors and any benefits payable to the directors be approved at a general meeting.

## Explanatory Notes on Special Business:

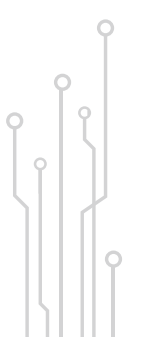
### 4. Item 5 of the Agenda

The proposed Ordinary Resolution 5, if passed, will empower the Directors from the conclusion of this AGM, to allot and issue up to a maximum of 10% of the total number of issued shares of the Company (excluding treasury shares) at the time of issue (other than bonus or rights issue) until the conclusion of the next AGM of the Company without the need to convene a general meeting and for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of next AGM of the Company. The Board is of the view that the 10% general mandate is in the best interest of the Company and its shareholders as it would provide the flexibility to the Company for any possible fundraising activities that the Company may undertake for working capital and/or any investment or acquisition purposes in an expeditious and efficient manner. At this juncture, there is no decision to issue any additional share. If there should be a decision to issue any new share after the general mandate is sought, the Company will make an announcement in respect thereof.

The proposed Ordinary Resolution 5 is a renewal of the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Act obtained at the 20th AGM held on 14 June 2024 which will lapse at the conclusion of this 21st AGM. As at the date of this notice, the Company did not issue any share pursuant to the said general mandate.

### 5. Item 6 of the Agenda

The proposed Ordinary Resolution 6, if passed, will give the Directors of the Company the authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or effect the purchase(s) of Shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. This authority will, unless renewed or revoked or varied by the Company at a general meeting, continue to be in force until the conclusion of the next AGM or any adjournment thereof of the Company or the expiry of the period within which the next AGM of the Company following the 21st AGM is required by the law to be held. Please refer to the Share Buy-Back Statement dated 29 April 2025 which is circulated together with this Notice for more information.



# FRONTKEN

## FRONTKEN CORPORATION BERHAD

200401012517 (651020-T)

(Incorporated in Malaysia under the Companies Act 2016)

## PROXY FORM

CDS Account No.

No. of shares held

I/We ..... Tel. No.: .....  
[Full name in block, NRIC No./Company No.]

of .....  
[Address]

being a member/members of **Frontken Corporation Berhad**, hereby appoint:

Full Name (in Block)	NRIC/Passport/Company No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or (delete as appropriate)

Full Name (in Block)	NRIC/Passport/Company No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and to vote for me/us and on my/our behalf at the Twenty-First Annual General Meeting ("21st AGM") of the Company to be held at Imazium, Level 1, No. 8, Jalan SS21/37, Damansara Uptown, 47400 Petaling Jaya, Selangor, Malaysia on Thursday, 12 June 2025 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:

Item	Agenda	Resolution	For	Against
1.	Re-election of Mr Ng Chee Whye	Ordinary Resolution 1		
2.	Re-election of Ms Koh Huey Min	Ordinary Resolution 2		
3.	Payment of Directors' fees and Benefits	Ordinary Resolution 3		
4.	Re-appointment of auditors	Ordinary Resolution 4		
5.	Authority to issue shares	Ordinary Resolution 5		
6.	Proposed Renewal of Share Buy-Back Mandate	Ordinary Resolution 6		

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 may vote or abstain as he/she thinks fit.

Signed this ..... day of ....., 2025.

.....  
Signature of Shareholder(s)/Common Seal

### Notes:

1. A Member entitled to attend and vote at this meeting is entitled to appoint a proxy/proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. Where the appointer is a corporation, this form must be executed under its common seal, if any or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy/proxies must be deposited at the office of the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or via TIIH Online at <https://tiih.online> not less than forty-eight (48) hours before the time fixed for convening the 21st AGM or any adjournment thereof.
5. For the purpose of determining a member who shall be entitled to attend the 21st AGM or any adjournment thereof, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 5 June 2025. Only a depositor whose name appears on the Record of the Depositors as at 5 June 2025 shall be entitled to attend and vote at this 21st AGM or any adjournment thereof or appoint proxies to attend and/or vote on his/her behalf.

Fold this flap for sealing

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Fold this flap for sealing

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Affix  
stamp

**FRONTKEN CORPORATION BERHAD**  
200401012517 (651020-T)  
c/o Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
MALAYSIA

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[www.frontken.com](http://www.frontken.com)

**FRONTKEN**

Frontken Corporation Berhad 200401012517 (651020-T)

601D, Level 6, Tower D, Uptown 5,  
No. 5, Jalan SS21/39, Damansara Uptown,  
47400 Petaling Jaya, Selangor, Malaysia.

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