



CAPE EMS BERHAD

(formerly known as Cape EMS Manufacturing (M) Berhad)
Reg no.: 199901026859 (501759-M)

Annual Report 2022



INVESTING
for the **FUTURE**

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OUR VISION, MISSION AND CORE VALUES



OUR VISION

Global Thinking Organization -
Committed to creating value for our customers



OUR MISSION

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



OUR CORE VALUES

Governance

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

Integrity

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

Accountability

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

Transparency

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

CORPORATE OVERVIEW

Company Listing



AWARDS

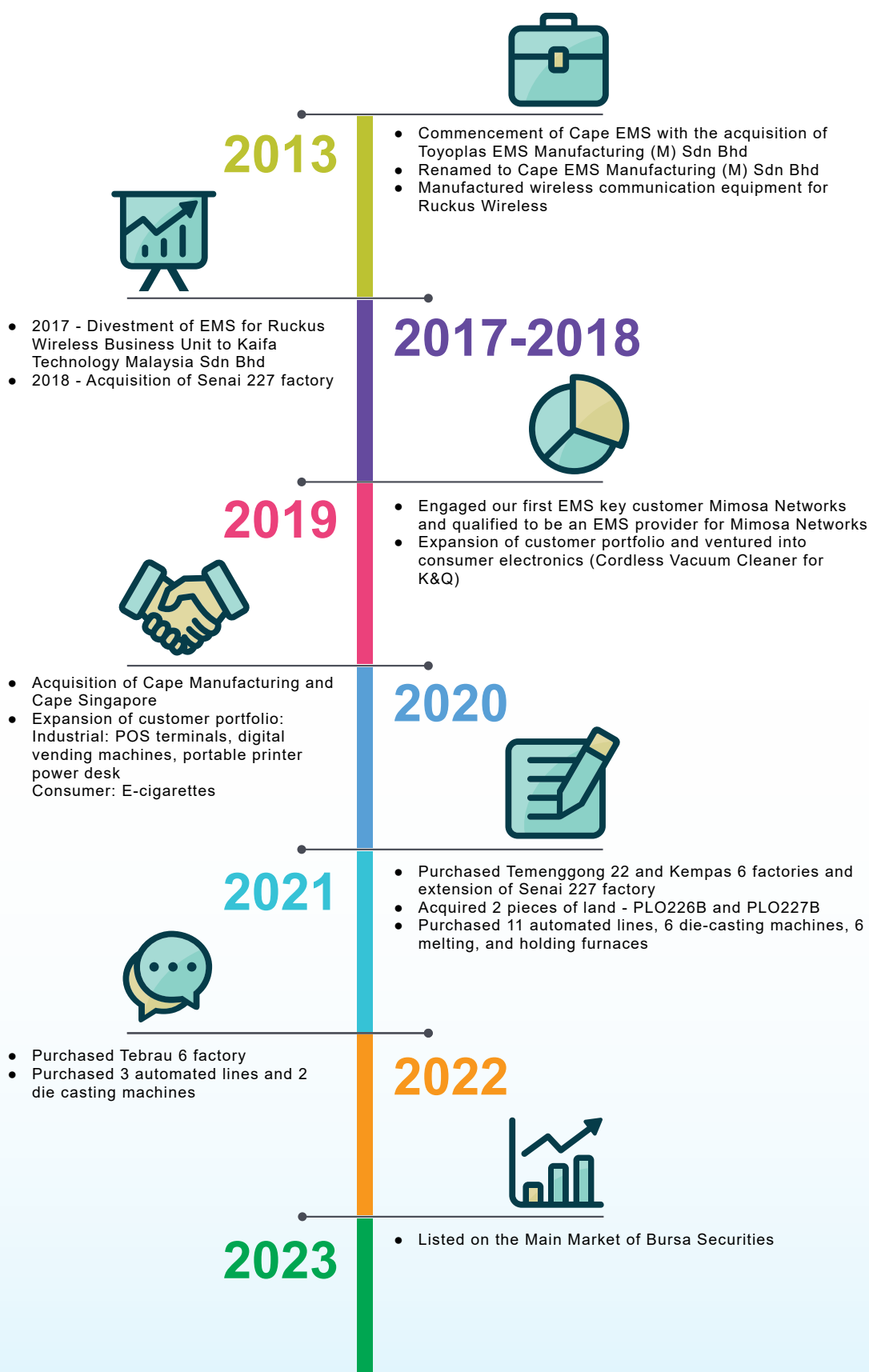
AWARDS TO THE COMPANY

AWARD NAME	AWARD TYPE
Export Excellence Awards	Best Mid-Tier Exporting Company 2022
Malaysian International Chamber of Commerce & Industry	Star Among Stars Award 2017
Sin Chew Business Excellence Awards	Product and Service Excellence Award 2016
Sin Chew Business Excellence Awards	Product and Service Excellence Award 2013
Malaysian International Chamber of Commerce & Industry	Member's Excellence and Recognition Award 2012
The BrandLaureate	SMEs Best Brand Award 2011

AWARDS TO THE CHIEF EXECUTIVE OFFICER

AWARD NAME	AWARD TYPE
Global Chinese Economic & Technology Summit	World Chinese Outstanding Woman Business Leader Award 2022
World Women Economic & Business Summit	Distinguished Women Entrepreneur Lifetime Achievement Award 2022
Star Outstanding Business Awards (SOBA) 2021	Outstanding Female Entrepreneur of The Year 2021

KEY EVENTS AND MILESTONES



ACCREDITATION

ISO 9001:2015	Quality Management Systems for box-build assembly for electrical and electronic industries and manufacturing of aluminium and electronic components and parts, sub-assembly, and parts.
ISO 14001:2015	Environmental Management Systems for box-build assembly for electrical and electronic industries and manufacturing of aluminium and electronic components and parts, sub-assembly, and parts.
ISO 27001:2013	Operations and administrations of Information Security Management Systems for processes of Assembly box-build for electrical and electronic industries.

CORPORATE INFORMATION

Board of Directors	
Name	Designation
Datuk Mohd Rabin Bin Basir	Independent Non-Executive Chairman
Tee Kim Chin	Non-Independent Managing Director/Group Chief Executive Officer
Tee Kim Yok	Non-Independent Executive Director
Alex Miranda Juntado	Non-Independent Executive Director
Lim Chue Wan	Non-Independent Executive Director
Tan Sik Hui	Senior Independent Non-Executive Director
Yau Yin Wee	Independent Non-Executive Director
Koh Beng San	Independent Non-Executive Director
Chen Kok Seng	Independent Non-Executive Director

Board Committees		
Audit Committee		
Name	Responsibility	Designation
Koh Beng San	Chairman	Independent Non-Executive Director
Yau Yin Wee	Member	Independent Non-Executive Director
Chen Kok Seng	Member	Independent Non-Executive Director

Nominating Committee		
Name	Responsibility	Designation
Tan Sik Hui	Chairperson	Senior Independent Non-Executive Director
Yau Yin Wee	Member	Independent Non-Executive Director
Koh Beng San	Member	Independent Non-Executive Director

Remuneration Committee		
Name	Responsibility	Designation
Yau Yin Wee	Chairman	Independent Non-Executive Director
Chen Kok Seng	Member	Independent Non-Executive Director
Koh Beng San	Member	Independent Non-Executive Director

Sustainability and Risk Management Committee (Redesignated with effect from 15/3/2023)		
Name	Responsibility	Designation
Chen Kok Seng	Chairman	Independent Non-Executive Director
Koh Beng San	Member	Independent Non-Executive Director
Tee Kim Chin	Member	Non-Independent Managing Director/Group Chief Executive Officer

Corporate Information (Cont'd)

Company Secretaries

Name	Practising Certificate No
Teo Soon Mei	(SSM Practising Certificate No. 201908000235) (MAICSA 7018590)
Lim Jia Huey	(SSM Practising Certificate No. 201908000929) (MAICSA 7073258)

Registered office

Address	: No. 7-1, Jalan 109F, Plaza Danau 2 Taman Danau Desa, 58100 Kuala Lumpur Wilayah Persekutuan Kuala Lumpur, Malaysia
Tel:	: +603 7982 2010
Fax:	: +603 7980 1242

Head office

Address	: PLO 227A, Jalan Cyber 1A Kawasan Perindustrian Senai III, 81400 Senai Johor Darul Ta'zim, Malaysia
Tel:	: +607 213 3333
Fax:	: +607 213 3338
Email address	: admin@cape-group.com.my
Website	: www.cape-group.com.my

Share Registrar

Name	: Tricor Investor & Issuing House Services Sdn Bhd
Address	: Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3, Bangsar South No 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia
Tel:	: +603 2783 9299
Fax:	: +603 2783 9222

External Auditor

Name	: Grant Thornton Malaysia PLT
Audit firm registration number	: (201906003682 & LLP0022494-LCA) & AF0737
Address	: Suite 28.01, 28th Floor, Menara Zurich No. 15, Jalan Dato' Abdullah Tahir 80300 Johor Bahru, Johor Darul Ta'zim, Malaysia

Principal Bankers

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

Stock Exchange Listing

Name of Stock Exchange:
 Main Market of Bursa
 Malaysia Securities Berhad
 Stock Name: CEB
 Stock Code: 5311

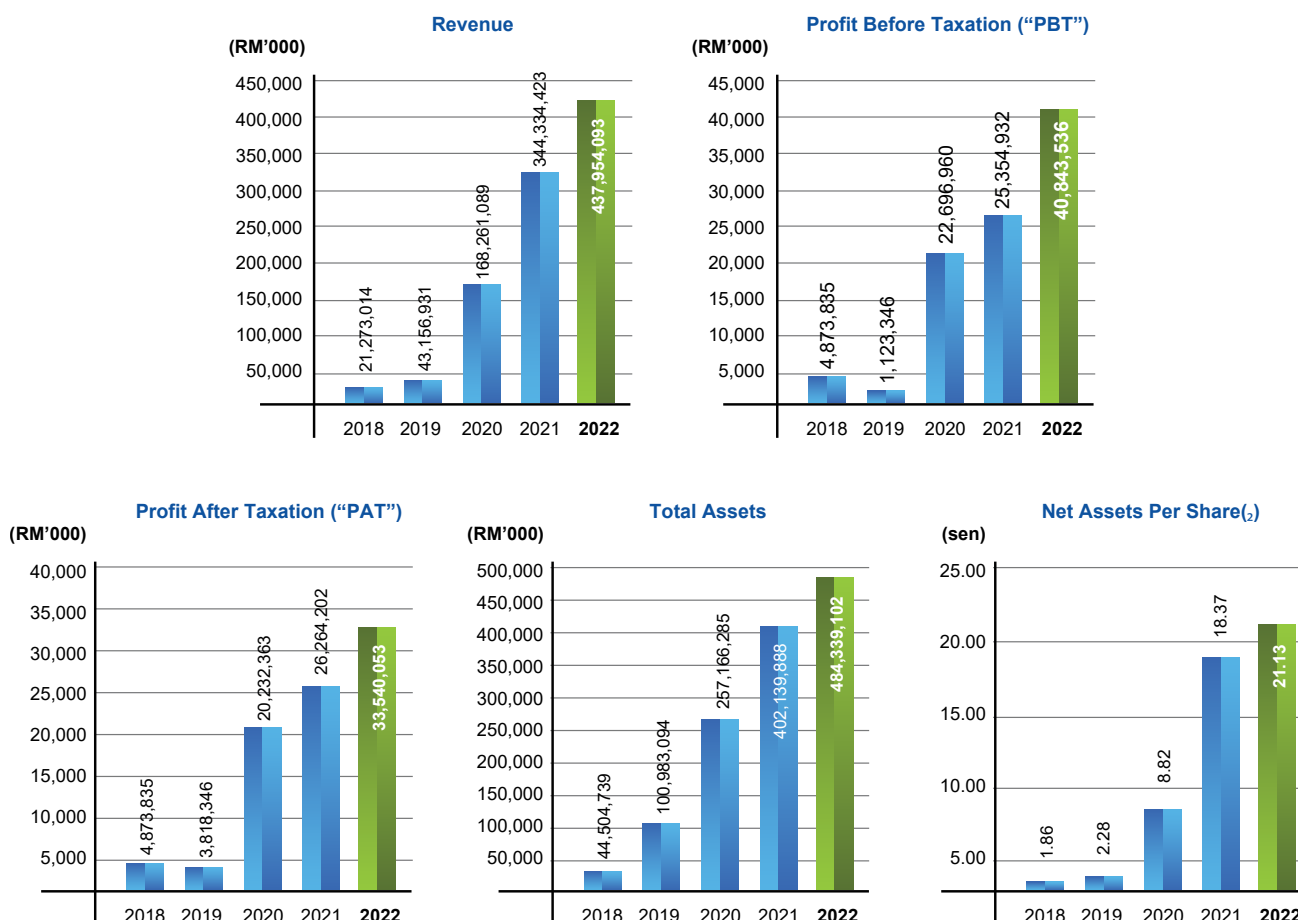


FIVE-YEARS GROUP FINANCIAL HIGHLIGHTS

Financial Year Ended 31 December	2022 RM Group	2021 RM Group	2020 RM Group	2019 RM Company	2018 RM Company
FINANCIAL RESULTS					
Revenue	437,954,093	344,334,423	168,261,089	43,156,931	21,273,014
Profit Before Taxation ("PBT")	40,843,536	25,354,932	22,696,960	1,123,346	4,873,835
Profit After Taxation ("PAT")	33,540,053	26,264,202	20,232,363	3,818,346	4,873,835
Net Profit attributable to the Owners of the Company	33,540,053	26,264,202	20,232,363	3,818,346	4,873,835
FINANCIAL POSITION					
Total Assets	484,339,102	402,139,888	257,166,285	100,983,094	44,504,739
Total Borrowings	191,894,320	156,327,044	94,218,512	20,696,894	6,749,418
Total Equity	195,025,007	169,561,887	81,367,865	21,009,368	17,191,022
FINANCIAL RATIOS					
PAT Margin (%)	7.7	7.6	12.0	8.8	22.9
Basic Earnings Per Share ⁽¹⁾ (sen)	3.63	2.85	2.19	0.41	0.53
Gearing Ratio (times)	1.0	0.9	1.2	1.0	0.4
Net Assets Per Share ⁽²⁾ (sen)	21.13	18.37	8.82	2.28	1.86

Notes

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



MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Business

Cape EMS Berhad ("Cape EMS") is principally an investment holding company and is involved in electronics manufacturing services. The businesses of Cape EMS and its subsidiaries ("Cape EMS Group" or the "Group") are categorised into 2 segments, namely the electronic manufacturing services ("EMS") and other related supporting goods and services segment ("EMS Segment") and the die casting and machining segment ("DCM Segment"). Through our 2 EMS facilities, 1 aluminium die cast manufacturing facility, and 1 testing facility, we serve our customers in regions across the world including the USA, UK, Sweden, Singapore, Malaysia, Hong Kong, Japan, China, Taiwan and India.

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

Cape EMS made a debut on the Main Market on 10 March 2023 with plans to carry out a series of expansion plans to construct new warehouse and install automated storage facilities in the new warehouse, setting-up of new cleanroom facility and purchase of new automated production lines; and also purchase of new machinery and equipment to support the business expansion plans of Cape EMS group.

Financial Review

For the financial year ended ("FY") 31 December 2022 ("FY2022"), we recorded revenue of RM 438.0 million, an increase of 27% compared to the RM344.3 million recorded for FY 31 December 2021 ("FY2021"). FY2022's revenue performance was largely supported by an increase in sales from EMS of wireless communication equipment and electronic cigarettes.

Gross profit was recorded at RM62.1 million, or 48% higher than the RM41.9 million recorded for FY2021. In addition to higher revenue, the gross profit was also supported by a slightly higher gross profit margin of 14%, compared to 12% in FY2021, due to a more favourable product mix arising from higher sales in higher margin products. After accounting for other income, finance income, administrative expenses, distribution costs, other expenses and finance costs, the Group reported a profit before tax of RM40.8 million, 61% higher than the RM25.4 million reported in FY2021. The Group's profit after tax for FY2022 was RM33.5 million, an increase of 28% from RM26.3 million in the previous financial year.

The Group's total assets were recorded at RM484.3 million, up 20% from RM402.1 million in the previous financial year, mainly due to higher trade receivables from the higher revenue reported during the year. Working capital is further supported by cash and cash equivalent amounting to RM25.7 million and existing banking facilities amounting to RM294.2 million. Total liabilities stood at RM289.3 million, or 24% more than the RM232.6 million recorded in FY2021, mainly due to higher trade payables and current bank borrowings to support the higher growth in revenue volume.

Total shareholders' equity increased by 15% to RM195.0 million, from the RM169.6 million recorded for the previous year, mainly contributed by RM21.0 million in profits retained during the financial year under review. The gearing ratio is recorded at a healthy level at 1.0x, despite being higher than the 0.9x recorded in FY2021, mainly because of the higher working capital requirement to support the growth in revenue.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Business and Operating Activities Overview

EMS Segment

Generally, the EMS Segment currently represents the key business segment of the Group, representing more than 90% of the Group's revenue throughout FY2021 and FY2022. The EMS Segment performed strongly in FY2022, with 34% y-o-y growth contributed by an increase in sales from EMS of wireless communication equipment and electronic cigarettes. The mass production of electronic cigarettes began in the last quarter of FY2021 and continued to be carried out throughout FY2022.

In FY2022, the USA represents a major market for the EMS Segment, especially wireless communication equipment and electronic cigarettes which experienced strong growth during the year. The USA market grew by 48% in FY2022. While the Asian market remained as the segment's second largest market, the European market has also experienced notable revenue growth of more than 6 times compared to FY2021.

Demand in these markets is expected to remain strong, especially for industrial electronic products such as wireless communication devices, which will be among the Group's focuses in 2023. During FY2022, we received letters of award from 2 new customers for EMS for the production of thermal energy devices and wireless communication equipment.

Overall, the stronger United State Dollar and weaker Malaysia Ringgit also contributed to the higher revenue recorded from the overseas market, but have also contributed to higher costs required for working capital and bank borrowings.

DCM Segment

The DCM Segment provides die cast manufacturing services for the EMS Segment as well as external customers. During FY2022, revenue from the DCM Segment decreased by 61% to RM9.4 million, from RM24.1 million in FY2021, as the production capacity of the DCM Segment was reserved to support the increased growth and production activities of the EMS Segment.

Key Risks

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

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

Any serious and prolonged global shortage of input materials may pose a risk to the progress of our production and delivery. Disruptions to the global supply chain, such as price fluctuations, inflation, and logistics challenges, may also affect our production schedule and cost management. In this regard, it is hence important for us to carefully schedule our procurement, production, and delivery schedules ahead, incorporating allowance for uncertainties in the supply chain, amongst others.

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

Cape EMS Group's top 5 major customers contribute to approximately 82.4% of the Group's revenue in FY2022. We have master supply agreements with most of our major customers, built upon the Group's capabilities and performance which were subject to regular assessments by our customers. Such a relationship enables us to support our customers' value chains and take part in their business growth.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Key Risks (Cont'd)

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

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

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

FY2023 Outlook

Cape EMS Group started 2023 with a significant milestone, via its debut on Bursa's Main Market, enabling the Group to embark on a journey towards long-term capacity building and business growth. Since the past few years, the international markets continued to face high inflation, increasing geopolitical tensions, as well as global supply chain challenges arising from the pandemic, followed by a deterioration of the international economic and political environment. These challenges are not unique to Cape EMS Group and they represent global trends and issues which most businesses are required to deal with.

Bearing in mind our product and market positions, Cape EMS Group will continuously monitor the external and internal environment, adjust our business plans and strategies, and tackle business challenges with the support of our sustainability and risk management processes.

Overall, orders from customers remained strong and we also benefit from diversification in our products and businesses. We will continue to focus on our core competency in providing EMS of industrial electronic products supported by the aluminium die cast manufacturing, sourcing, procurement capabilities, marketing and distribution added services.

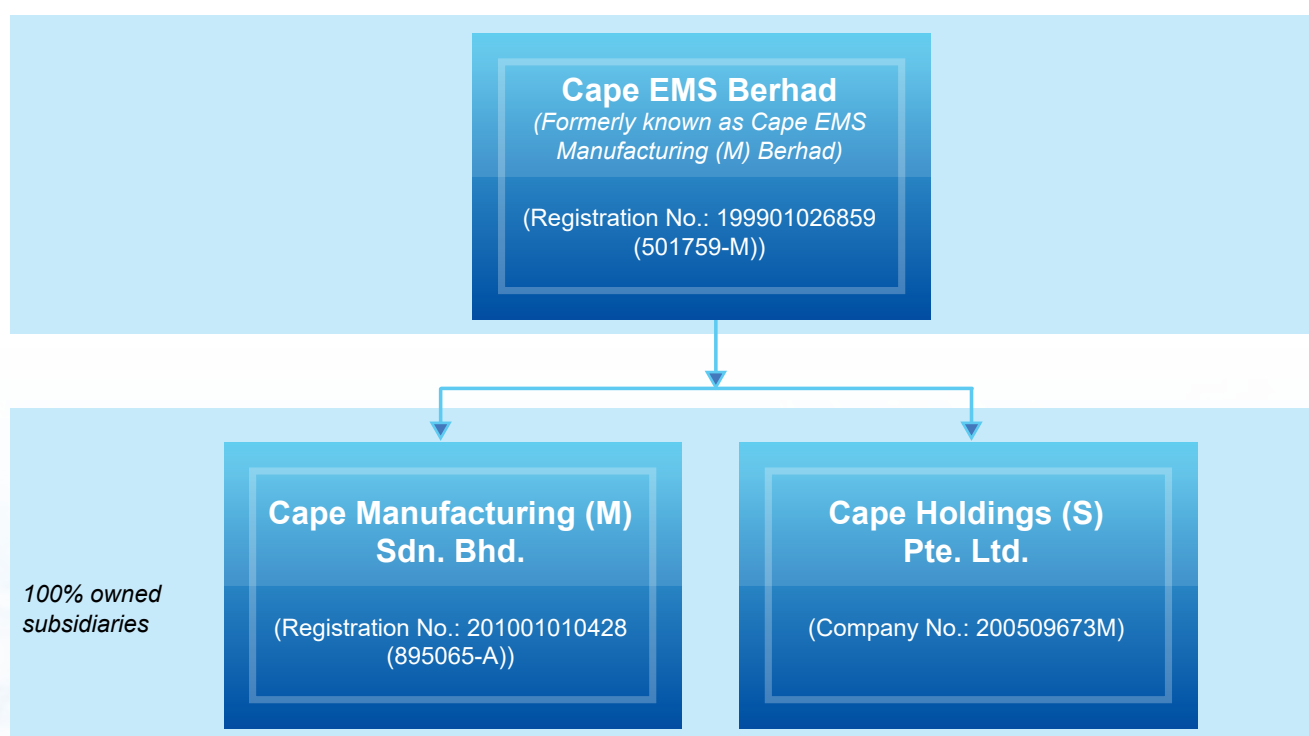
The Group will also closely assess market conditions to proceed carefully with our expansion plans, balancing between capacity enhancement and cost management. Our key expansion plans in the short to medium term include the construction of a warehouse and installation of automated storage facilities and the setting-up of new cleanroom facility and the purchase of new automated production lines for EMS operations. Barring any unforeseen circumstances, the Board is optimistic about the Group's performance for FY2023.

Dividends

Cape EMS declared a single-tier interim dividend of 0.26 sen per ordinary share in respect of FY2022, amounting to RM12,964,667 and paid on 26 April 2022.

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

CORPORATE STRUCTURE



BOARD OF DIRECTORS

Datuk Mohd Rabin Bin Basir

Age 61 | Male | Malaysian
Independent Non-Executive Chairman

Datuk Mohd Rabin Bin Basir was appointed as Independent Non-Executive Chairman on 5 May 2022.

He graduated with a Bachelor of Arts in Southeast Asia Studies from University of Malaya in 1985. He later obtained a Diploma in Public Service Training from the Public Service Administration Centre in 1988. He obtained his Master of Arts (Defence Studies) (Honours) at the Universiti Kebangsaan Malaysia in 2006.

In 1985, after completing his studies, he began his career in Asia Commercial Finance (M) Berhad in the Statistic Department where he was assigned to prepare the statistical reports for the management of Asia Commercial Finance and to government agencies. He left Asia Commercial Finance in 1986 to further his studies in diploma.

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

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

He took study leave in 2005 to pursue a Master degree as mentioned above. After completing his Master degree in 2006, he was posted to the High Commission of Malaysia in New Delhi, India as the Consular. He returned to Malaysia in 2011 and was promoted to Principal Assistant Director of the Research Division, PMD. Subsequently, in 2012, he was promoted to Director of the Research Division, PMD. His responsibilities as the Director of the Research Division, PMD includes overseeing the social and security affairs department.

In 2017, he was appointed as the Director of Strategic Communication Department under the Malaysian National Security Council, PMD. He was mainly responsible for overseeing national security affairs. Subsequently in 2018, he was promoted to Deputy Director General of the Malaysian National Security Council, PMD. In 2019, he was again promoted to Director General of the Malaysian National Security Council, PMD. He was tasked to oversee national security.

In 2021, he left the Malaysian National Security Council to join the Legal Affairs Department, PMD as the Director General. He was mainly responsible for overseeing national legal affairs.

In 2020, Datuk Mohd Rabin was conferred the title of Darjah Panglima Jasa Negara (PJN) from Yang Di-Pertuan Agong Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah Ibni Almarhum Sultan Haji Ahmad Shah Al-Musta'in Billah which carries the title of "Datuk" in recognition for his services to the country.

Datuk Mohd Rabin Bin Basir retired from his position as the Director General of the Legal Affairs Department, PMD in April 2022 after over 34 years of governmental service.

He does not have any family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest with the Group.

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

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

Attendance at Board Meetings in 2022 : 2/2 (Appointed with effect from 5 May 2022).

BOARD OF DIRECTORS (Cont'd)

Ms. Tee Kim Chin

Age 56 | Female | Malaysian

Managing Director/Group Chief Executive Officer

Ms. Tee Kim Chin was appointed to the Board on 31 May 2013. She is our Managing Director/Group Chief Executive Officer and is primarily responsible for the overall strategy and corporate direction of our Group. She is a member of the Sustainability and Risk Management Committee.

She obtained a Malaysian Higher School Certificate (STPM) in 1987. She also attended the Research and Advanced Study on Leadership at the School of Continuing Education, Tsinghua University, China in 2014.

She began her career in A&W (M) Sdn Bhd in 1988 as a management trainee and was later promoted to Marketing Assistant (1989), Personal Assistant to General Manager (1991) and finally as Ipoh Outlet Assistant Manager (1991).

In 1992, she left A&W (M) Sdn Bhd and joined Jangta Electronics (M) Sdn Bhd as a Storekeeper. She rose up the ranks to be the General Manager in 1999 where she was responsible for, amongst others, overseeing production planning, manpower planning, manufacturing management, business forecasts, company performance review and business development.

In 2002, she resigned from Jangta Electronics (M) Sdn Bhd and joined Crestar Printer (M) Sdn Bhd in the same year as General Manager where she was responsible for overseeing the company's operations which included reviewing the company's performance, business development, preparing business forecast and budgetary summary as well as reporting to the board of directors.

In 2004, she left Crestar Printer (M) Sdn Bhd and joined P.T Ultrakindo Crestec Indonesia as Managing Director responsible for the management of the factory and its manufacturing process as well as reporting to the board of directors.

In 2006, she left P.T Ultrakindo Crestec Indonesia to join Toyoplas Holdings Pte Ltd, Singapore as a director. She was tasked to oversee the entire management and operation of various Toyoplas' factories. Toyoplas Holdings Pte Ltd, Singapore, is principally involved in investment holding, commission agents and management services.

In 2007, she was appointed as the director and Chief Executive Officer of Toyoplas Manufacturing (M) Sdn Bhd, which was principally involved in manufacturing of plastic injection moulding, tooling and die-casting. In 2010, she was appointed as a director of Toyoplas EMS Manufacturing (M) Sdn Bhd (a company with common shareholder, namely Lim Lai An, as that of Toyoplas Manufacturing (M) Sdn Bhd in 2011), which was principally involved in assembling and manufacturing of electronic components and printed circuit boards. In 2012, she resigned as director of Toyoplas Manufacturing (M) Sdn Bhd. In 2013, she resigned as director of Toyoplas Holdings Pte Ltd, as well as director and Chief Executive Officer of Toyoplas EMS Manufacturing (M) Sdn Bhd, respectively.

In 2013, she and Alex Miranda Juntado acquired the entire equity interest in Toyoplas EMS Manufacturing (M) Sdn Bhd (subsequently renamed as Cape EMS Manufacturing (M) Sdn Bhd). She then assumed the role as Chief Executive Officer of the Company. In 2021, she assumed her present role as our Managing Director / Group Chief Executive Officer.

In 2013, she was appointed as a director of Cape Manufacturing, she did not hold any equity interest therein. In July 2014, she acquired 23.1% equity interest in Cape Manufacturing and subsequently, up to 2019, increased her equity interest to 68.0% in Cape Manufacturing (M) Sdn Bhd. She was appointed as a director of Cape Singapore (S) Pte Ltd in 2014 and acquired a 60.0% equity interest in Cape Singapore (S) Pte Ltd in 2015.

She is currently the President of the Malaysian International Chamber of Commerce and Industry ("MICCI"). She is the winner of the Star Outstanding Business Award (SOBA) 2021 for Meritorious Achievement under the Female Entrepreneur of the Year category organised by Star Media Group Bhd. She is also a winner of the World Chinese Outstanding Woman Business Leader Award at the 2022 Global Chinese Economic and Technology Summit.

She is also the Promoter and substantial shareholder of our Company. She is the elder sister of Ms. Tee Kim Yok, who is a Non-Independent Executive Director and also a substantial shareholder of the Company. Save as disclosed in related party transaction on page 147, she has no conflict of interest with the Group.

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

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

Attendance at Board Meetings in 2022 : 4/4.

BOARD OF DIRECTORS (Cont'd)

Ms. Tee Kim Yok

Age 46 | Female | Malaysian
Non-Independent Executive Director

Ms. Tee Kim Yok was appointed on 23 November 2020 which primarily responsible for government liaison and corporate social responsibility (CSR), and environment, social and governance of our Group.

She obtained a Malaysian Certificate of Education (SPM) in 1995.

She began her career in 1995 as an Administrative and Sales Coordinator with Langkah Bersatu (M) Sdn Bhd. She left Langkah Bersatu (M) Sdn Bhd in 2000 and joined Ornapaper Industry (Perak) Sdn Bhd as a Sales Executive. She was involved in the sales and marketing functions and assisted in building a new customer base for the company.

Subsequently, in 2003, she left Ornapaper Industry (Perak) Sdn Bhd to join Astin Resources Sdn Bhd as an Assistant Manager responsible for, amongst others, sales and marketing and leading the sales team. She left the company in 2008 and took a career break for personal reasons.

In 2010, she joined Digital Innovation Technologies (M) Sdn Bhd as a Sales Representative responsible for sales and marketing. She left the company in 2012 to set up her own business Eyetech Solutions selling office equipment such as photocopiers and security devices. She closed her sole proprietorship business in 2021.

In 2016, she set up a kindergarten business under Good Hope Edu Sdn Bhd (formerly known as Cape Smart Edu Sdn Bhd), which was subsequently sold in 2022.

In 2019, she joined Diamond Star Biotechnology Sdn Bhd as Finance/Human Resource Manager responsible for salary/ payroll. In the same year, she left Diamond Star Biotechnology Sdn Bhd and joined our Company as the Accounts Payable Manager.

In 2020, she was appointed as our Director and a director of our subsidiary, Cape Manufacturing (M) Sdn Bhd.

She is also the Promoter and substantial shareholder of our Company. She is the younger sister of Ms. Tee Kim Chin, who is a Promoter, Managing Director/Group Chief Executive Officer and also a substantial shareholder of the Company. She has no conflict of interest with the Group.

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

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

Attendance at Board Meetings in 2022 : 4/4.

BOARD OF DIRECTORS (Cont'd)

Ms. Lim Chue Wan

Age 56 | Female | Malaysian
Non-Independent Executive Director

Ms. Lim Chue Wan was appointed to our Board on 16 March 2022 and is primarily responsible for overseeing our Group's corporate, finance, treasury and accounting matters.

She obtained a Malaysian Higher School Certificate (STPM) in 1988 and graduated with Bachelor of Arts (Economics) (Honours) from University of Malaya in 1994.

She began her career in 1994 as a Branch Officer with United Merchant Finance Berhad where she was responsible for the overall daily operation of the branch which included the opening of bank accounts for customers, monitoring loan documentation, preparing monthly reports and daily cash balancing reports.

In 1996, she left United Merchant Finance Berhad to join Bestwind Pte Ltd, Singapore, as an Accounts and Administrative Executive. She was responsible for the overall general administrative matters and the preparation of accounts for the company.

She left Bestwind Pte Ltd, Singapore in 1997 to join Romewell (M) Sdn Bhd as an Accounts and Administrative Executive responsible for general administrative and human resource matters, preparation of accounts for the company and liaising with the auditors and bankers. She left Romewell (M) Sdn Bhd in 2000 to join Aiwa IPC (M) Sdn Bhd as an Accounts and Administrative Assistant Manager responsible for accounts and administrative matters. In 2002, Aiwa IPC (M) Sdn Bhd was acquired by Sony Logistics (Malaysia) Sdn Bhd (known as Sony Supply Chain Solutions (Malaysia) Sdn Bhd) and she assumed the position of Senior Officer with Sony Logistics (Malaysia) Sdn Bhd.

In 2003, she left Sony Logistics (Malaysia) Sdn Bhd to join Gapsoft Nonwoven (Malaysia) Sdn Bhd as the Finance Manager responsible for overseeing finance, accounts, human resource and administrative matters. She left Gapsoft Nonwoven (Malaysia) Sdn Bhd in 2004 and joined TN-Richland Logistics Services Sdn Bhd in 2005 as the Finance, Human Resource and Administrative Manager. She assumed similar responsibilities as her previous position in Gapsoft Nonwoven (Malaysia) Sdn Bhd. She was subsequently promoted to Senior Finance, Human Resource and Administrative Manager in 2006.

In 2008, she left TN-Richland Logistics Services Sdn Bhd and joined Toyoplas Manufacturing (Dongguan) Co. Ltd, China as the Deputy General Manager (Accounts, Finance, Administrative, Human Resource and Procurement Division) responsible for overseeing the company's finance and accounting matters as well as its human resource, administrative, procurement and environmental, safety and health functions.

In 2010, she left Toyoplas Manufacturing (Dongguan) Co. Ltd, China and in 2011 was appointed as a director of Pen-M (M) Sdn Bhd overseeing the accounting and administrative department.

In 2012, she resigned as a director of Pen-M (M) Sdn Bhd and joined Toyoplas Manufacturing (M) Sdn Bhd as the Deputy General Manager (Accounts, Finance, Administrative, Human Resource and Procurement Division). She resigned from Toyoplas Manufacturing (M) Sdn Bhd in 2014 and rejoined Pen-M (M) Sdn Bhd as an Accounts, Human Resource and Administrative Manager.

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

She does not have any family relationship with any director and/or major shareholders of the Group. She has no conflict of interest with the Group.

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

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

Attendance at Board Meetings in 2022 : 2/2 (Appointed with effect from 16 March 2022).

BOARD OF DIRECTORS (Cont'd)

Mr. Alex Miranda Juntado

Age 60 | Male | American

Non-Independent Executive Director

Mr. Alex Miranda Juntado was appointed to our Board on 31 May 2013 and is primarily responsible for the business development of our Group.

He obtained a High School Equivalency Certificate in 1992.

He began his career in 1985 as a Quality Inspector with Seagate Technology Plc. USA responsible for workmanship and product quality. He rose through the ranks as Quality Leader (1986), Production Supervisor (1987) and Purchasing Officer (1992).

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

In 1999, he left Seagate Technology Plc. USA and joined GSS Array Technology Inc. USA as a Program Manager responsible for manufacturing management and customer service. In the same year, he resigned from GSS Array Technology Inc. USA and joined Flextronics Ltd (currently known as Flex Ltd) in USA as a Program Manager responsible for manufacturing management and customer service. In 2001, he left Flextronics Ltd. USA and joined 2Wire Inc. USA as a Purchasing Officer responsible for supply chain management.

In 2009, he left 2Wire Inc. USA to set up 2COZ Technology where he provided support to Toyoplas Manufacturing (M) Sdn Bhd and its customers in the USA. In 2010, he ceased his venture under 2COZ Technology and was appointed as the Director of Cape Manufacturing (M) Sdn Bhd. In 2013, he was appointed as our Director. Currently, he is also the Senior Vice President of Business Development of our Company.

He does not have any family relationship with any director and/or major shareholders of the Group. He has no conflict of interest with the Group.

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

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

Attendance at Board Meetings in 2022 : 3/4

BOARD OF DIRECTORS (Cont'd)

Ms. Tan Sik Hui

Age 50 | Female | Malaysian

Senior Independent Non-Executive Director

Ms. Tan Sik Hui (“**Ms. Tan**”) was appointed as Senior Independent Non-Executive Director on 5 May 2022 and also our Chairperson of the Nominating Committee.

She obtained her Bachelor of Commerce from The University of Western Australia, Australia in 1995.

She has been working in the financial industry for more than 20 years. She started her career with Maybank.

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

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

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

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

She does not have any family relationship with any director and/or major shareholders of the Group. She has no conflict of interest with the Group.

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

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

Attendance at Board Meetings in 2022 : 2/2 (Appointed with effect from 5 May 2022)

BOARD OF DIRECTORS (Cont'd)

Mr. Yau Yin Wee

Age 66 | Male | Malaysian
Independent Non-Executive Director

Mr. Yau Yin Wee was appointed to our Board on 5 May 2022. He is also is the Chairman of our Remuneration Committee and a member of our Nominating Committee and Audit Committee.

He graduated with a Bachelor of Science from the University of South Alabama, College of Business and Management Studies, USA, in 1983.

Upon graduation, he joined Hong Leong Finance Berhad in 1983 as a Marketing and Credit Executive. He was promoted to Branch Manager in 1987. In 1991, he was re-designated as Hire Purchase Centre Manager to set up the bank's automobile business in Perak. He was promoted to the position of Corporate and Commercial Manager (Senior Manager) in 1996.

In 2005, he left Hong Leong Bank Berhad to join AmBank (M) Berhad as Senior Manager responsible for business development and credit. In 2010, he was transferred to AmInvestment Bank Berhad's Corporate and Institutional Banking department as an Associate Director. He was transferred to Ambank (M) Berhad as Vice President of Corporate Banking in 2014.

In 2015, he left Ambank (M) Berhad to rejoin Hong Leong Bank Berhad as the General Manager of Retail Community Business. In the same year, he was appointed as Senior Regional Head (Southern Region) of the bank, a position he held until his retirement in 2021.

He has more than 30 years of experience in the banking industry. He was a committee member of Institut Bank-bank Malaysia (IBBM) (Perak and Johor Chapter) from 1992 to 2014. For some of these years, he also served as the Chairman. In 2021, he was appointed as a general committee for Malaysian International Chamber of Commerce and Industry.

He does not have any family relationship with any director or major shareholders of the Group. He has no conflict of interest with the Group.

He is an Independent Non-Executive Director of Axteria Group Berhad. He is also a Director of IREIT Managers Sdn Bhd, a wholly-owned subsidiary of AME Elite Consortium Berhad which was listed on the Main Market of Bursa Malaysia Securities Berhad. Save as disclosed, he does not hold directorship in any public companies.

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

Attendance at Board Meetings in 2022 : 2/2 (Appointed with effect from 5 May 2022)

BOARD OF DIRECTORS (Cont'd)

Mr. Chen Kok Seng

Age 69 | Male | Malaysian
Independent Non-Executive Director

Mr. Chen Kok Seng was appointed to our Board on 5 May 2022. He is also the Chairman of our Sustainability and Risk Management Committee and a member of our Audit Committee and Remuneration Committee.

He completed his secondary education and joined his family's partnership business Syarikat Lee Huat Plastic Industries ("Lee Huat Plastic") as an apprentice in 1971. As an apprentice, he worked on the factory floor as an operator and technician, and he was later involved in sales and marketing before assuming the overall management of the company. He rose through the ranks until he became a director in March 1981, where Lee Huat Plastic was terminated, and his family incorporated a private limited company known as Lee Huat Plastics Industries Sdn Bhd (which subsequently changed its name to LH Plus Sdn Bhd in 2011).

He is the chief executive officer of Lee Huat Plastics Industries Sdn Bhd from 1998 to date. As the chief executive officer, he is responsible for the company's expansion and progress from Original Equipment Manufacturing (OEM) to Original Design Manufacturing (ODM) and Original Brand Manufacturing (OBM) in the plastics industry.

He contributes to the plastics industry as the President of Malaysian Plastics Manufacturers Association ("MPMA") from 1998 to 2004, and as its Honorary President, an advisory position he holds since 2004. From 1998 to present, he is also the Chairman of the Malaysian Plastics Design Centre ("MPDC") where he championed MPDC's mission to promote a design culture for the plastics industry. He was also a Council Member/Director of the Human Resource Development Corporation from 1998 to 2006.

From 2000 to present, he is also the Secretary General of Asia Plastics Forum ("APF") which comprises 12-member countries – Bangladesh, China, India, Indonesia, Japan, Malaysia, Myanmar, Philippines, Singapore, Sri Lanka, Thailand and Vietnam. APF was established primarily to share and exchange information of the plastics industry concerning amongst others, the economics and issues related to the plastics industry. APF currently focuses on carbon footprint, carbon dioxide emission, sustainability, the 3R's concept (reduce, reuse and recycle), circular economy, environment, social and governance. As the Secretary General, he represents APF in the Global Plastics Alliance, engaging with various organisations such as the American Chemistry Council and Plastics Europe. He was also the Secretary-General of the ASEAN Federation of Plastics Industries from 1992 to 1994.

Since 2017, he is the president of Malaysian Consortium of Mid-Tier Companies. As a President of MCMTC, he represents the MCMTC in its dealings with outside parties such as the Ministries and its Agencies, Media and other Associations and Chamber of Commerce. He also provides leadership and mobilise the expertise and experience of members towards strategic alliance for sustainable growth and collaboration to increase business opportunities and transform Mid-Tier Companies (MTCs) to be regional and global champions.

He does not have any family relationship with any director and/or major shareholders of the Group. He has no conflict of interest with the Group.

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

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

Attendance at Board Meetings in 2022 : 2/2 (Appointed with effect from 5 May 2022).

BOARD OF DIRECTORS (Cont'd)

Mr. Koh Beng San
Age 49 | Male | Malaysian
Independent Non-Executive Director

Mr. Koh Beng San was appointed to our Board on 5 May 2022. He is also the Chairman of our Audit Committee and a member of our Sustainability and Risk Management Committee, Nominating Committee and Remuneration Committee.

He was admitted as an Association of Chartered Certified Accountants (ACCA) Member in 2001 and Fellow Member in 2006. He was also admitted as a Malaysian Institute of Accountants member in 2002 and an ASEAN Chartered Public Accountant (ASEAN CPA) member in 2021.

He began his career in 1998 as a Trainee Audit Associate in JPL Wong & Co, Singapore. In 1999, he left JPL Wong & Co and joined BDO Binder as an Audit Assistant. In 2022, he left BDO Binder to join Tru-Tech Engineering (M) Sdn Bhd as an Accountant responsible for finance and accounting.

He subsequently left the company and joined Southern Industrial Gas Sdn Bhd in 2003 as the Finance Manager (re-designated to Manager (Finance, Accounts, Strategies Management & Audits) in 2004). He was responsible for the group's treasury, accounting and finance functions. In 2015, he was promoted to Finance Director. In addition to his then current responsibilities, he was also put in charge of matters relating to the group's human resources, administration, procurement and information technology. While working for Southern Industrial Gas Sdn Bhd, he also sat on the board of Southern Nitrous Oxide Sdn Bhd, a related company of Southern Industrial Gas Sdn Bhd. He resigned from his position as a director of the company in 2019 and subsequently left Southern Industrial Gas Sdn Bhd in 2020.

In 2018, he founded Koh BS & Co, which provides company secretarial and accounting services. Koh BS & Co is registered with the Malaysian Institute of Accountants (MIA). In 2021, he also founded Elitnity Sdn Bhd which provides business advisory and consultancy services.

He does not have any family relationship with any director and/or major shareholders of the Group. He has no conflict of interest with the Group.

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

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

Attendance at Board Meetings in 2022 : 2/2 (Appointed with effect from 5 May 2022)

KEY SENIOR MANAGEMENT PROFILE

Mr. Tan Zong Yuan

Age 35 | Male | Malaysian
Group Chief Financial Officer

Mr. Tan Zong Yuan was appointed as a Chief Financial Officer on 27th December 2021 and heads the Accounting and Finance Department of our Group and is responsible for managing the finance functions of our Group, which include financial planning and review, cash flow management and financial reporting.

He graduated with a Bachelor of Science in Applied Accounting from Oxford Brookes University, United Kingdom in 2012, and was admitted as a member of the Association of Chartered Certified Accountants (ACCA) in 2015. In 2020, he was admitted as a fellow of the ACCA (FCCA). He has been a member of the Malaysian Institute of Accountants (MIA) as a Chartered Accountant since 2021.

He began his career as an Account Assistant at Crescendo Corporation Berhad in 2008. He left Crescendo Corporation Berhad and joined Deloitte KassimChan in 2012 as an Audit Assistant responsible for undertaking auditing of various companies. He left Deloitte KassimChan as Audit Senior in 2014 to join PricewaterhouseCoopers LLP, Singapore as Senior Associate. His role in PricewaterhouseCoopers LLP, Singapore included managing a portfolio of multinational groups and local companies in industries such as property investment, manufacturing, trading and construction. His last position at PricewaterhouseCoopers LLP, Singapore was Manager with the Assurance and Advisory Business Services in 2017.

He then joined IFFCO (Malaysia) Sdn Bhd in 2018 as an associate manager, and subsequently joined MJK Group Sdn Bhd in 2019 as a financial controller. During his tenure with the aforementioned companies, he was responsible for the preparation and monitoring of annual budget and forecast, preparation of management reports, as well as the review and improvement of internal controls and procedures. In 2020, he took up the position of financial controller in Versa Manufacturing Sdn Bhd, which is in the electronics manufacturing services industry and was responsible for directing the management of the finance and accounting teams, treasury management, and overseeing human resources and IT related processes.

He joined our Company as Chief Financial Officer in 2021 and assumed his present role as our Group Chief Financial Officer in 2022. He has no conflict of interest with the Group.

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

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

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

Mr. Teo Hui Seng

Age 51 | Male | Malaysian
Vice President of Operations

Mr. Teo Hui Seng is primarily responsible for the operation functions of our Group.

He graduated from the Malaysian Institute of Management with a Diploma in Management in 2007.

He began his career in Matsushita Audio Video (M) Sdn Bhd in 1993 as a Purchasing Assistant at the Purchasing Department and was promoted to Supervisor (1996) at the Sourcing and Development Section of the Purchasing Department and Junior Officer (1998) at the Sourcing and Development Section of the Purchasing Department. He was involved in the sourcing and development of projects and strategic planning for annual purchases.

He left Matsushita Audio Video (M) Sdn Bhd and joined Winsheng Plastic Industry Sdn Bhd as an Assistant Engineer at the Engineering Department in 2001. In 2001, he was promoted to Assistant Manager at the Material Control Department. In 2002, he was promoted to Senior Manager at the same department where he was responsible for handling project management contracts, production planning, material control, purchasing, shipping and sales support.

He left Winsheng Plastic Industry Sdn Bhd and joined DTP Manufacturing (HK) Co. Ltd as the Deputy General Manager in 2005. He was responsible for overseeing the operations of 3 factories. Subsequently he resigned from DTP Manufacturing (HK) Co. Ltd and joined Toyoplas Manufacturing (Malaysia) Sdn Bhd as the Senior Manager, Program Management in 2008. He was responsible for sales, business development and project management.

He left the company and joined Cape Manufacturing (M) Sdn Bhd in 2013 as General Manager and was promoted to Vice President of Management and Business Development in 2019 and was redesignated as Vice President of Operation in 2021. He has no conflict of interest with the Group and does not hold directorship in any public companies and public listed companies.

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

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

KEY SENIOR MANAGEMENT PROFILE (Cont'd)

Ms. Yew Seow Kuen

Age 51 | Female | Malaysian
Vice President of Supply Chain

Ms. Yew Seow Kuen is primarily responsible for planning the supply chain, supplier selection, purchasing, material inventory and management and logistics.

She obtained several Certificates in Electronic Servicing from the Institute of Technical Education, Singapore from 1991 to 1993. In 2019, she obtained her International Executive Master of Business Administration from the Mantissa College, in collaboration with Paris Graduate School of Management.

She began her career in 1991 with Conner Peripheral Pte Ltd, Singapore as a Technician in the Engineering department. She was responsible for samples inspection from vendors and failures analysing with suppliers. She left Conner Peripheral Pte Ltd and joined Cam Precision Components (Johor) Sdn Bhd as Quality Engineer in 1993. She was responsible for maintaining and improving supplier qualification process, evaluating and recommending quality assurance sampling plans, and controlling of inspections and materials.

In 1996, she left Cam Precision Components (Johor) Sdn Bhd and joined SPI Plastic Industries (M) Sdn Bhd as Engineer in the Engineering Department. She was responsible for leading new project, analysing and ensuring compliance of customer requirement, supervising all material and cost engineering activities, providing training of inspection criteria to all internal in- process quality control and quality assurance department. In 2001, she left SPI Plastic Industries (M) Sdn Bhd and joined Kyotech (M) Sdn Bhd as Assistant Manager of the Customer Service Department. She was responsible for developing new plans to build business with specific target customers, coordinating with internal and external customers, leading and managing projects, and maintaining high level contact with customers.

In 2002, she left Kyotech (M) Sdn Bhd and joined MTP Engineering (M) Sdn Bhd (now known as Toyoplas Manufacturing (M) Sdn Bhd) as Quality Assurance and Engineering Manager. She was responsible for the management of the quality assurance department and ensuring that the project timelines were complied with.

She left Toyoplas Manufacturing (M) Sdn Bhd and joined Flextronics Technology (M) Sdn Bhd as an Assistant Manager, Procurement in 2006. She was responsible for the sourcing of material supplies, material price comparison and the management of material costs.

Subsequently, she left Flextronics Technology (M) Sdn Bhd in 2009 and joined Lucas Automotive Sdn Bhd as the Supply Chain Manager in 2010. She was responsible for inventory and warehouse management, overseeing supply chain and fulfilment of customers' orders. She was promoted as the Supply Chain Senior Manager in 2014.

In 2017, she left Lucas Automotive Sdn Bhd and joined Flextronics Shah Alam Sdn Bhd as Senior Materials Manager at the Material Department. She was responsible for leading the respective global material teams in Malaysia and India on material supplies, qualifying suppliers and overseeing the materials planning process.

In 2018, she joined our Company as a Vice President of Management. In 2021, she assumed her present role as the Vice President of Supply Chain of our Company. She has no conflict of interest with the Group does not hold directorship in any public companies and public listed companies.

She does not have any family relationship with any Director and/or major shareholder of our company.

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

KEY SENIOR MANAGEMENT PROFILE (Cont'd)

En. Salehaldin Bin Nasron

Age 60 | Male | Malaysian
Vice President of Corporate Affairs

Salehaldin Bin Nasron is primarily responsible for corporate communications, government liaison and corporate governance of our Group.

He obtained his Diploma in Banking Studies from MARA Institute of Technology (now University of Technology MARA) in 1983 and Bachelor of Business Administration from the Ohio University, United States in 1985. In 2012, he graduated with a Master of Business Administration from the University of Manchester, United Kingdom.

He started his career in 1985 as Accountant in the Finance Division of Goodyear Malaysia Berhad and was promoted to Manager, Treasury Operations (1992), Accounting Manager (1995), Corporate Accounting Manager (1997), Comptroller (2000) and General Manager Finance and Information System Develop (2002). During his tenure in Goodyear Malaysia Berhad, he was primarily responsible for accounting, financial and company secretarial matters.

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

From 2006 to 2008, he was the Chief Financial Officer for the Asia Pacific region based in Kuala Lumpur for Cognis Oleochemicals (M) Sdn Bhd, a joint venture company between Cognis GmbH Germany and Malaysia's Golden Hope Plantations Berhad. He was responsible for the overall finance, purchasing and information technology matters in the company.

He left Cognis Oleochemicals (M) Sdn Bhd and joined PT Titan Kimia Nusantara Tbk (now known as PT Lotte Chemical Titan Nusantara) as the Finance Director in 2008, where he was responsible for finance matters.

He joined Titan Petchem (M) Sdn Bhd (currently known as Lotte Chemical Titan (M) Sdn Bhd) as Treasurer in 2009, where he was primarily responsible for treasury and credit control. He was later redesignated as the Vice President of Corporate Affairs in 2010, where he was primarily responsible for government relation, corporate communication and public relations. He was redesignated as Treasurer and Vice President of Corporate Affairs (2012), Treasurer and Vice President of Government Affairs (2014), Treasurer and Vice President of Corporate Affairs (2015).

He joined Lotte Chemical Titan Corporation Sdn Bhd as the Vice President of Corporate Affairs and Chief Information officer in 2017 and was redesignated as Vice President, Human Resources, Admin, IT, and Plant Government Affairs in 2018. He was primarily responsible for human resources, admin, IT, and plant government affairs.

In 2020, he joined our Company as Group Corporate Affairs Director and was redesignated as the Vice President of Corporate Affairs in 2021. He has no conflict of interest with the Group and does not hold directorship in any public companies and public listed companies.

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

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

SUSTAINABILITY STATEMENT

The Board of Directors (“**Board**”) of Cape EMS Berhad (“**Cape EMS**” or the “**Company**”) presents this Sustainability Statement which discloses the approach, management, and performance of the sustainability-related matters, focusing on environment, social, and governance (“**ESG**”) aspects, in the business and operations of Cape EMS and its subsidiaries (“**Cape EMS Group**” or the “**Group**”).

This Statement has been prepared with reference to relevant sustainability disclosure requirements of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and has considered the Sustainability Reporting Guide – 3rd Edition, and its accompanying Toolkits, published by Bursa Securities.

This Statement covers the sustainability practices of Cape EMS and both its wholly owned subsidiaries, namely Cape Manufacturing (M) Sdn Bhd (“**Cape Manufacturing**”) and Cape Holdings (S) Pte Ltd (“**Cape Singapore**”), with operations in Malaysia and Singapore. The sustainability performance data reporting in this Statement mainly covers the financial year ended 31 December 2022 (“**FY2022**”).

Our Sustainability Policy

The Board acknowledges the importance of incorporating sustainability considerations to enable continuous value creation by the business in the short, medium, and long term. This value creation is not limited to financial aspects but also the aspects of corporate responsibility and social responsibility, such as the preservation of the natural environment and the protection of society and people.

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

The Sustainability Policy is available on the corporate website of Cape EMS.

Corporate Governance for the Sustainability Management

Cape EMS’s corporate governance structure is developed to ensure the Group’s strategies and management consider sustainability. The Board is ultimately responsible for ensuring the Group’s strategies consider sustainability and long-term value creation, with attention given to the ESG considerations underpinning sustainability. Similarly, the Board is responsible for setting the Group’s Sustainability Policy and overseeing the achievement of the Group’s sustainability goals. In addition, the Board also has the responsibility to ensure a governance structure is in place to drive business sustainability, as well as ensuring the Group has in place adequate and effective engagement with stakeholders, including on matters pertaining to sustainability strategies, priorities, targets, and performance. The Board reviews the Group’s key sustainability performance annually.

The management of sustainability-related risks and opportunities is incorporated into the Group’s risk management processes, and this is overseen by the Sustainability and Risk Management Committee (“**SRMC**”) which is a Board Committee. In carrying out its responsibilities to oversee the identification and assessment of risks facing the business, the SRMC also considers sustainability matters including health and safety, data governance and privacy, and climate-related risks.

The SRMC assists the Board in overseeing the Group’s management of key sustainability matters, reviewing and highlighting key sustainability performance, progress, and challenges to the Board. On the other hand, the Senior Management, led by the Group Chief Executive Officer, is mainly responsible for implementing the strategies approved by the Board and driving performance, including in the aspects of sustainability. Senior Management is also responsible for effectively engaging with stakeholders such as employees, customers, regulators, and suppliers to communicate sustainability matters.

Material Sustainability Matters

Through the risk management process where risks, including ESG risks, are identified and assessed, sustainability matters are prioritised to enable effective resource allocation to address these matters, including making investment decisions to pursue sustainability opportunities and establishing controls to manage sustainability risks. During the financial year under review, the Group has identified sustainability matters which are deemed to be important to Cape EMS’ business, operations, and stakeholders, i.e. Material Sustainability Matters. This process also contributed to the development of the Sustainability Policy.

Sustainability Statement (Cont'd)

Material Sustainability Matters (Cont'd)

Matters identified as material to Cape EMS Group can be categorised into the following broad sustainability topics:

- Ethical business practices;
- Data privacy and security;
- Healthy, safe, secure, and conducive workplace;
- Equal employment opportunity and non-discrimination;
- Human rights and labour practices;
- Responsible energy and resource management;
- Carbon reduction; and
- Contribution to the community.

As of the date of this Statement, Cape EMS Group is carrying out a review of its process for the identification and assessment of sustainability matters, with an aim to streamline and integrate sustainability considerations in the business' short, medium, and long-term value creation.

Sustainability and Our Stakeholders

Cape EMS Group's sustainable value creation in the short, medium, and long term is closely related to the Group's stakeholders. In order to align the interest as well as minimise the differences in interest between the Group and its stakeholders, we have various established engagement channels or approaches that facilitate communication with different stakeholder groups.

Amongst others, these channels may help us develop business opportunities and understand how we can build better relationships with stakeholders, and they can also help us identify areas where we could improve our operations, products, or services.

The following table summarises the Group's key engagement approaches with its stakeholders for FY2022.

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

Sustainability Statement (Cont'd)

Sustainability at Cape EMS Group

Ethical business practices

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

Various policies and communication documents have been established to set out the Group's stances, commitments, or expectations for our stakeholders. Amongst others, these include the Code of Conduct and Ethics, Anti-Bribery and Corruption, Anti-Money Laundering Policy, Personal Data Protection and Privacy Notice Policy, and the Whistle-Blowing Policy.

Code of Conduct and Ethics

In Cape EMS Group, we are guided by our core values, namely Governance, Integrity, Accountability, and Transparency across how we do business. In support of our core values, the Group has also established and formalised a Code of Conduct and Ethics to guide the business practices and conduct of Cape EMS Group's Directors and employees.

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

The Code of Conduct and Ethics is periodically reviewed to ensure it is in line with the latest development, such as introduction of new laws and regulations. Communications are also regularly carried out to update or remind employees and directors of the Group's beliefs and principle values with respect to ethics and integrity.

In addition, it is communicated to all new employees and directors before joining the Group, and they are required to sign and acknowledge the expectation to act in accordance with the Code of Conduct and Ethics, before joining the Group and at least once in three years.

Anti-Bribery and Corruption

In addressing anti-corruption, the Group has also established a specific Anti-Bribery and Corruption Policy ("**ABC Policy**") which sets out the Group's zero-tolerance policy towards bribery in all its businesses regardless of country of operations. The ABC Policy is not only applicable to Directors and employees but also to the Group's suppliers and business associates to ensure all our operations, including those carried out by service providers, are conducted fairly.

The ABC Policy also sets out guidance on the use of higher-risk transactions such as gifts, entertainment, corporate hospitality, donations, sponsorships, and political contribution, facilitation payments, and others. The ABC Policy also guides a risk-based risk management process and process for periodic control effectiveness review. Risk management is conducted on the Group's operations to assess risk levels pertaining to bribery and the outcome is also included in the Group's annual risk assessment and management process. All operations of the Group are covered in the assessment.

The ABC Policy also sets out the responsibilities of the Board and the SRMC, which are also aligned with the Group's risk management processes.

The ABC Policy is available on the corporate website of Cape EMS.

Sustainability Statement (Cont'd)

Sustainability at Cape EMS Group (Cont'd)

Ethical business practices (Cont'd)

The Group has procedures to communicate its ABC Policy and stance to stakeholders. The policy is communicated to all Directors and employees when they join the Group and at least once in three years. Training is also provided to all Directors and employees in positions and functions which are exposed to higher corruption risk. Our Directors and employees who have received training on anti-corruption are summarised as follows:

	Percentage who have received training on anti-corruption
Directors	100%
Senior Management	100%
Management	58%
Executive	23%
Non-executive	8%

In addition, we also actively communicate our ABC Policy to service providers who carry out business for or on behalf of Cape EMS Group to ensure these activities are carried out in line with our anti-corruption stance.

Whistle-Blowing mechanism

To safeguard the Group's business ethics and principles, the Group conducts reviews on the adequacy and effectiveness of its internal control systems, including the implementation of policies and the effectiveness of controls. In addition, the Group has also established a whistleblowing channel via a formalised Whistle-Blowing Policy which aims to serve as a channel for independent and objective reporting of serious misconduct or wrongdoing.

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

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

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

We are pleased to note that there were no confirmed incidents of corruption reported in FY2022.

Sustainability Statement (Cont'd)

Sustainability at Cape EMS Group (Cont'd)

Data privacy and security

In addition to common sensitive business data and personal data, the operation of Cape EMS may also have access to confidential information or intellectual property of our customers. In this regard, we ensure all our employees handle and process data properly. Amongst others, how Directors and employees should handle data and use data processing devices is also specified in the Group's Code of Conduct and Ethics. Employees involved in the handling of customer data, assets, or IP are regularly reminded to act in accordance with the Group's policies and practices to protect our customers.

As businesses nowadays leverage technology to enhance business capabilities and operational efficiency, they are also increasingly relying on IT systems and services such as cloud servers, remote access, virtual networks, etc. As a result, safeguarding cybersecurity has increasingly become more important to businesses. At Cape EMS Group, we have an IT function responsible for developing and maintaining the integrity of our IT systems, including ensuring appropriate controls such as firewalls, private networks, backup systems, and anti-virus and anti-malware systems are in place.

From time to time, we continuously seek improvement in our IT systems and controls particularly on cybersecurity and infrastructure.

In FY2022, there were no substantiated complaints concerning breaches of customer privacy or losses of customer data.

Healthy, safe, secure, and conducive workplace

Cape EMS Group is committed to providing a conducive working environment for its employees.

Occupational Health and Safety

This means ensuring a workplace that is safe and healthy, mitigating and managing possible occupational health and safety risks. All operations of Cape EMS Group comply with the applicable safety and health laws and regulations. Management systems are in place to facilitate the identification and assessment of occupational health and safety risks, and this includes identifying personnel, and activities which are potentially exposed to any risks.

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

Safety and health reports are submitted monthly and incidents, if any, are investigated. If weaknesses are found in the Group's operation and procedures, remedial actions will be developed and implemented to avoid the recurrence of incidents. Safety and health performance for the year is also submitted to the Board and Department of Occupational Safety and Health (DOSH) annually.

The Group's safety and health performance during the financial year under review is summarised as follows:

	FY2022
Number of work-related fatalities	0
Lost time incident rate	2.69

From time to time, health and safety training is provided to employees, especially employees who are exposed to higher risks. We also brief employees on the procedures to remove themselves from hazards or potential hazards, prioritising their safety and health and of others. Policies and procedures addressing safety and health are also communicated to employees regularly.

Sustainability Statement (Cont'd)

Sustainability at Cape EMS Group (Cont'd)

Healthy, safe, secure, and conducive workplace (Cont'd)

Occupational Health and Safety (Cont'd)

As of 31 December 2022, the number of employees who have received training on safety and health, which ranges from briefings on the Group's safety measures and procedures to specific safety and health training programmes, is summarised as follows.

	FY2022
Number of employees trained on health and safety	97

Safe and conducive workplace

Maintaining a safe and conducive workplace also means a workplace that is free from violence, harassment, or bullying. At Cape EMS Group, we respect the dignity of all people and do not condone any acts of violence, harassment including sexual harassment, or bullying of our employees whether it is from another employee, customers, regulators or authorities, or any other person.

Any incident of violence, harassment, or bullying shall be reported to the Group as well as the whistleblowing channel.

Training and development

At Cape EMS Group, we provide employees with training and development opportunities to enhance the talent and skill capabilities of the Group, as well as building people for the future. In addition, we also encourage and support employees to pursue personal development to enrich and upskill themselves.

We target to provide at least 10 man-hours of training per employee for Executive categories and above. During the year, the Group provided a total of 3,477 training man-hours to employees, or an average of 12.71 man-hours per employee, and these include internal and external training. The training topics range from technical skills, soft skills, and management skills, as well as compliance, health and safety, business ethics, environmental topics, etc. Training programmes are also developed considering the outcomes of annual employee appraisal, through which supervisors and employees come together to identify training needs in addition to reviewing the employees' performance during the year.

A summary of training provided by Cape EMS Group is summarised as follows:

	Training hours
Directors (including subsidiaries)	173
Employees	3,477
Senior Management	182
Management	595
Executive	1,797
Non-executive	903

Sustainability Statement (Cont'd)

Sustainability at Cape EMS Group (Cont'd)

Healthy, safe, secure, and conducive workplace (Cont'd)

Training and development (Cont'd)

Training topics	
1.	ISO 37001:2016 ABMS & MACC Act Section 17A Awareness Training Course
2.	Mandatory Accreditation Programme
3.	MFRS 16 Leases
4.	Bribery Risk Assessment Training Course
5.	Pathway to Equity Capital Via IPO
6.	Malaysian Code of Corporate Governance: Raising the Bar on Governance in Malaysia
7.	ISO 37001 Bribery Internal Audit
8.	Mastering Leadership, Coaching & Supervisory Skills Training
9.	Essential Fire Fighting
10.	Scheduled Wastes Seminar
11.	Kaizen & Performance Improvement
12.	Time Management System Remote Online Training
13.	Malaysian Corporate Tax Practices & Principle
14.	Basic Safe Handling & Chemical Management Training
15.	Seminar LMW
16.	Forklift Training
17.	Basic Occupational First Aid, CPR & AED Training
18.	Labour Rights: Understanding the Risk and Its Impact on ESG and Sustainability
19.	Failure Mode Effective Analysis
20.	Payroll System
21.	ISO 37001:2016 Anti-bribery Management Systems Requirements Training Course

Equal employment opportunity and non-discrimination

Cape EMS is an equal opportunity employment and we adopt a non-discrimination policy in our employment practices. All our employees are recruited, developed, and promoted on the basis on merits and without regard for race, colour, gender, language, religion, political or other opinions, caste, national or social origin, property, birthplace, union affiliation, sexual orientation, health status, age, disability or other distinguishing characteristics. Our stance is further emphasised in our Code of Conduct and Ethics.

As at 31 December 2022, we employ 472 employees across the Group, of which 87 are foreign workers employed on a contract basis. The Group's employee turnover number for FY2022 is recorded at 206. Employee turnover was generally more prevalent among non-executives where it is rather common for manufacturing businesses to compete for low-skilled workers particularly in the location where we operate. We have introduced few initiatives in our effort to retain employees by paying them more competitively, provide upskill trainings, and enhancing their career development, to name a few.

Sustainability Statement (Cont'd)

Sustainability at Cape EMS Group (Cont'd)

Equal employment opportunity and non-discrimination (Cont'd)

The Group's employment breakdown is summarised as follows:

Cape EMS Group		FY2022
Employees	Full-time permanent	375
	Part-time permanent	0
	Full-time contract	97
	Part-time contract	0
	Total number of employees	472
Contractors or workers who are not employees but whose work is controlled by Cape EMS Group		0
Group-wide employee turnover number		206

Cape EMS Group's breakdown of Directors and employees by age and gender, according to employee categories, is summarised as follows:

	Gender		Age Group			Total
	M	F	< 30	30 – 50	> 50	
Directors	6	4	0	4	6	10
Employees	275	187	180	245	37	462
Senior Management	14	2	0	8	8	16
Management	29	20	0	37	12	49
Executive	81	57	40	90	8	138
Non-executive	151	108	140	110	9	259

Human rights and labour practices

Cape EMS Group is committed to respecting the human rights of all people. We are committed to not using any form of forced or involuntary labour or child labour. We adopt sound labour practices in compliance with applicable laws and regulations such as minimum wages and ensuring workplace safety and health. We also do not restrict employees' freedom of association or rights to collective bargaining.

We treat all employees with dignity, including foreign contract employees. When sourcing for foreign employees, we work with service providers which do not require the foreign employees to pay any fees or levy related to their employment that amounts to a debt or bond. We also ensure our foreign employees freely handle their own identification documents.

With regard to service providers or subcontractors, we expect that they also adopt acceptable labour practices and comply with applicable human rights practices. Compliance with labour practices also forms part of our contractual agreements with subcontractors.

Any violations or breaches of human rights principles or practices can be reported via the Group's whistleblowing channel.

During the financial year under review, there are no substantiated complaints concerning human rights violations by the Group.

Sustainability Statement (Cont'd)

Sustainability at Cape EMS Group (Cont'd)

Responsible energy and resource management & carbon reduction

Cape EMS Group complies with all environmental laws and regulations in its business and operations. In addition, we are also committed to reducing our environmental impacts, including using energy and resource efficiency while playing our part in addressing climate change in the long term. Our business and operations are compliant with applicable laws and regulations.

Waste Management

The types of waste generated in our production operations include hazardous waste such as waste of batteries containing lithium, aluminium dross, fluorescent lights, e-waste, spent hydraulic oil, empty containers contaminated with chemicals, contaminated rag/gloves with chemical/ scheduled wastes, aluminium oil/chip, discarded/out of specification chemicals, and effluent contaminated with heavy metals within Standard A limits such as Barium, Boron, Nickel, Zinc, Copper, Iron, Manganese and Aluminium, as well as non-hazardous waste such as metal offcuts, cardboard and paper materials, and plastics.

All hazardous waste is handled in accordance with regulated procedures and managed by licenced contractors approved by the Department of Environment offsite. Some hazardous waste is disposed of through regulated processes and some through recovery processes.

On the other hand, we practice waste segregation as much as possible when handling non-hazardous waste generated from production. Cardboard and paper materials, which represent approximately 38.10 of our non-hazardous waste, are sold to service providers who process and recycle them. We also practice segregation and recycling in our office operations where recycling bins for metals, paper, and plastics are provided at our premises.

	FY2022		
	Generated (MT)	Diverted from disposal (MT)	Directed to disposal (MT)
Hazardous waste	42.51	22.72	14.23
Waste of batteries containing lithium	0.26	0	0
Aluminium dross	20.40	16.90	0
Fluorescent lights	0.06	0	0
E-waste	3.07	0.10	2.90
Spent hydraulic oil	0.73	0	0.36
Empty containers contaminated with chemicals	4.65	0	4.50
Contaminated rag/gloves with chemical/ scheduled wastes	0.15	0	0.15
Aluminium oil/chip	5.72	5.72	0
Discarded/out-of-specification chemicals	7.47	0	6.32
Non-hazardous waste	100.89	2.92	98.00
Metal offcuts	26.40	1.00	25.40
Cardboard and paper	38.47	0.37	38.10
Plastic	36.02	1.55	34.50

We undertake various initiatives to use recyclable materials and reduce waste generation, including sourcing recyclable materials, enhancing awareness, educational activities, and promoting environmental sustainability via SHE Bulletin sharing, continuous adoption of 3R programme, as well as working with suppliers to implement the cradle-to-cradle concept for scheduled wastes which has an emphasis on recycling and recovery instead of incineration.

Sustainability Statement
(Cont'd)

Sustainability at Cape EMS Group (Cont'd)

Responsible energy and resource management & carbon reduction (Cont'd)

Energy and Emissions Management

Our operations utilise energy in the forms of electricity from the power grid, diesel used for our machines, and petrol and diesel used in vehicles owned. The breakdown of the Group's energy consumption for FY2022 is as follows:

	Energy consumption (kJ)
	FY2022
Electricity	39,785,972,400
Diesel for machines	175
Diesel (used for company vehicles)	886
Petrol (used for company vehicles)	3,833
Total	39,785,977,294

As part of our energy efficiency enhancement, we have initiated the installation of an energy-saving cooling system for our Senai Factory which is estimated to help save energy consumption in our existing heating, ventilation and air conditioning ("HVAC") system by 40%. This initiative is expected to help to save costs and reduce emissions arising from electricity use. The energy-saving cooling system is expected to be completed and starts to operate by quarter 2 of 2023.

We are also carrying out a preliminary review of our process to enable the measurement of our carbon emissions, focusing first on Scope 1 (Direct) and Scope 2 (Indirect) emissions, which we target to report in our Sustainability Statement in the coming years.

Water Management

None of our operations are located in water-stressed areas. Nonetheless, we are always mindful of the need to conserve and not waste water unnecessarily in our operations. The Group consumed approximately 59,002 m3 of water across its operations in FY2022.

	Water consumption (m3)
	FY2022
Cape EMS Group	59,002

Contribution to the Economy and Community

Cape EMS Group views its corporate social responsibilities include supporting the local economy and communities, especially vulnerable communities.

Local Procurement

When selecting suppliers and service providers, we also take into consideration whether we can support the local economy by procuring locally. Commonly, sourcing locally, we are also supporting the development of local industries, technologies, and talents. In addition, buying supplies locally also means shorter travel and transportation distances, and hence lower indirect emissions. During the financial year under review, approximately 45% of our procurement of materials and services are procured locally (where local refers to Malaysia).

	Proportion of local procurement (for materials and services)
	FY2022
Cape EMS Group	45%

Sustainability Statement (Cont'd)

Sustainability at Cape EMS Group (Cont'd)

Responsible energy and resource management & carbon reduction (Cont'd)

Supporting local communities

As a responsible business, Cape EMS is supportive of the development and progress of society. We carry out various activities to help the local communities, including in the areas of education, healthcare, support for vulnerable communities, etc.

Cape EMS Group views its corporate social responsibilities include supporting the local economy and communities, especially vulnerable communities.

The corporate social responsibilities activities carried out by the Group are summarised as follows:

Year	Description
2016 – 2021	Contributed a total of RM61,890 to SJK (C) Foon Yew 3, Johor Bahru, Johor for the Parents Teacher Association
2018 - 2021	Contributed a total of RM73,130 to SMK Taman Pelangi, Johor Bahru, Johor for the Parents Teacher Association
2019 – 2021	Contribution to Persatuan Kebajikan Sinar Harapan The Hope Garden Society Johor Bahru, Johor
2021 - 2022	Contributed a total of RM5,880 to the Bulan Sabit Merah Malaysia Cabang Johor Bahru, Johor Bahru, Johor
2022	Sponsorship of a basketball tournament “Perak Basketball 3x3”, Johor Bahru, Johor amounting RM5,000 Sponsorship of Sabah Football Club Sdn Bhd amounting to RM200,000

CORPORATE GOVERNANCE OVERVIEW STATEMENT

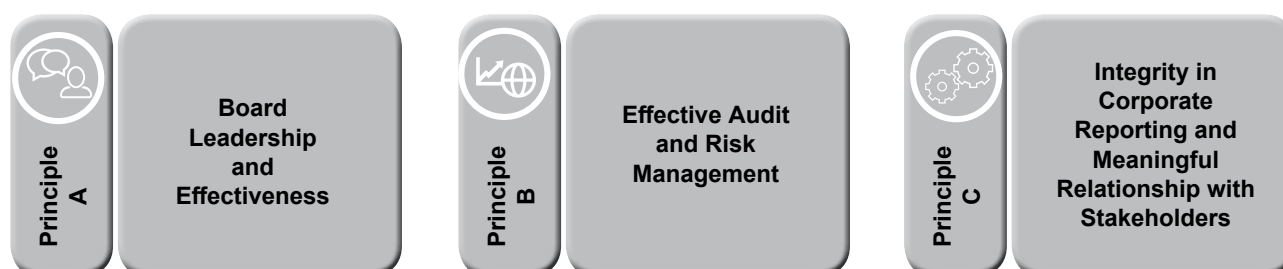
The Board of Directors (the “**Board**”) of CAPE EMS Berhad (“**CAPE**” or “**the Company**”) recognises the importance of good corporate governance (“**CG**”) and is fully committed on practicing high standards of CG in the best interest of the Company and its stakeholders, and to protect and enhance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

Though the Company was listed on the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) on 10 March 2023, the Board nevertheless wishes to present this CG Overview Statement (the “**Statement**”) to provide shareholders and investors with an overview of the CG practices adopted by the Company for the financial year ended 31 December 2022 and up to the date of this Report (“**Review Period**”).

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

This Statement should also be read in tandem with the CG Report 2022 of the Company (“**CG Report**”) which is available on the Company’s corporate website at www.cape-group.com.my as well as announcement made via Bursa Securities at <https://www.bursamalaysia.com/>.

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



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Intended Outcome 1.0

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

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

The Board has adopted a Charter for Board of Directors (“**Board Charter**”) on 1 April 2022 further revised on 1 August 2022, 24 August 2022 and 15 March 2023 respectively to clearly delineate the roles and responsibilities of the Board, Board Committees and the Management in carrying out their stewardship role and discharging their duties towards the Group as well as boardroom activities.

Corporate Governance Overview Statement (Cont'd)

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

I. BOARD RESPONSIBILITIES (CONT'D)

Intended Outcome 1.0 (Cont'd)

1.1 (Cont'd)

The Management of the Company is led by the Managing Director/Group Chief Executive Officer ("**MD/GCEO**") with the assistance of Executive Directors of the Company. The Board relies on the reports provided by the MD/GCEO who oversees the entire business and operations of the Group and setting the strategic aims of the Company. In discharging the duties as MD/GCEO, the MD/GCEO will brief the Directors on the current operations, issues faced and plans of the Group during the Audit Committee ("**AC**") meetings and Board meetings in order for the AC and the Board to be kept abreast on the conduct, business activities and developments. The role of the Board members is to discuss and advise the Management in its formulation of the Company's short-term and long-term business strategies. The Executive Directors will brief the Directors on the current financial position including current cashflow and liquidity position of the Group.

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

- 1.2 The Board is chaired by Datuk Mohd Rabin Bin Basir, who provides effective leadership, strategic direction and necessary governance to the Group. During Board meetings, the Chairman plays an active role in ensuring that all Directors are given an opportunity and sufficient time to contribute to discussions, encourage active participation and ensure that all matters on the agenda are addressed.
- 1.3 There is a clear segregation of duties and responsibilities between the Board Chairman and the MD/GCEO for ensuring there is a balance of power, accountability and such that no individual has unfettered powers of decision-making, thereby protect the shareholders' and other stakeholders' interests. The positions of the Chairman and MD/GCEO of the Company are held by two (2) different individuals. The Chairman is primarily responsible for instilling good corporate governance practices, leadership and effectiveness of the Board as a whole, while the MD/GCEO has overall responsibilities over the business operations and day-to-day management of the Group and the implementation of the Board's policies and decisions. These divisions of responsibilities are set out in the Company's Board Charter.
- 1.4 The Board Chairman is not a member of the AC, NC, RC and SRMC of the Company in line with the best practices as advocated by the MCCG to ensure independence and objectivity during the Board meetings and Board Committee meetings.
- 1.5 The Company is supported by two (2) suitably qualified and competent Company Secretaries. Both Company Secretaries have requisite credentials and experiences while qualified to act as Company Secretaries pursuant to Section 235(2)(a) of the Companies Act, 2016. The Company Secretaries possess vast knowledge and experience from being in public practice. All Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively.

The Company Secretaries play an advisory role, particularly on corporate administrative and governance matters to ensure the Company is complied with its own Constitution, relevant laws and regulatory requirements. During the Review Period, the Company Secretaries attended all Board and Board Committee meetings and are responsible for ensuring the meeting procedures are in place including disseminating complete and accurate meeting materials in a timely manner. The Company Secretaries also facilitate the communication of key decisions and policies between the Board, Board Committees, the Management and other stakeholders. The Board is satisfied with the performance and support rendered by the Company Secretaries in discharging their functions and duties.

Corporate Governance Overview Statement (Cont'd)

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

I. BOARD RESPONSIBILITIES (CONT'D)

Intended Outcome 1.0 (Cont'd)

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

During the financial year ended 31 December 2022 ("FYE 2022"), the Board had convened a total of four (4) Board Meetings for the purposes of deliberating on the Company's initial listing application, prospectus, the Accountants' Report, the audited financial statements, business plan and development, and discussing other strategic and important matters. During the Board Meetings, the Board reviewed the operations, budget, financial position and performance of the Group and other strategic issues that may affect the Group's business. Relevant senior management members and advisors were invited to attend some of the Board Meetings to provide the Board with their views and clarifications on issues raised by the Directors. The NC was satisfied that the Directors, to the best of their ability, have devoted sufficient time and effort to attend Board and/or Board Committee meetings for FYE 2022.

The attendance of Directors for the Board and Board Committee meetings during FYE 2022 is set out below:-

Directors	Meeting Attendance				
	Board of Directors	AC	NC	RC	SRMC
MD/GCEO					
Tee Kim Chin	4/4	-	-	-	-
Non-Independent Executive Director ("NIED")					
Tee Kim Yok	4/4	-	-	-	-
Alex Miranda Juntado	3/4	-	-	-	-
Lim Chue Wan (Appointed on 16 March 2022)	2/2	-	-	-	-
Non-Independent Non-Executive Director ("NINED")					
Geoffrey Ng Ching Fung (Appointed on 14 January 2022 and resigned on 11 August 2022)	3/3	-	-	-	-
Independent Non-Executive Director ("INED")					
Datuk Mohd Rabin Bin Basir (Chairman of the Board) (Appointed on 5 May 2022)	2/2	-	-	-	-
Tan Sik Hui (Senior INED) (Appointed on 5 May 2022)	2/2	-	-	-	-
Yau Yin Wee (Appointed on 5 May 2022)	2/2	-	-	-	-
Koh Beng San (Appointed on 5 May 2022)	2/2	-	-	-	-
Chen Kok Seng (Appointed on 5 May 2022)	2/2	-	-	-	-

The Company was listed on 10 March 2023, as such, there were no AC, RC, NC and SRMC meetings held during FYE 2022.

The Board committee meetings for AC, NC, RC and SRMC had been conducted separately from the Board meeting during the Review Period to enable objective and independent discussion during the meetings.

Corporate Governance Overview Statement (Cont'd)

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

I. BOARD RESPONSIBILITIES (CONT'D)

Intended Outcome 2.0

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

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

- 2.1 The Company has adopted a Board Charter on 1 April 2022 and further revised on 1 August 2022, 24 August 2022 and 15 March 2023 respectively which has included a formal schedule of matters reserved for the Board, which is periodically reviewed. The Board Charter outlines the Board's strategic intent and the Board's roles and responsibilities. The Board Charter serves as a source of reference and a primary induction literature to provide insights to prospective board members and senior management and to assist the Board in establishing operating procedures for the Board. It is also a policy document that the Board has decided upon to meet its statutory and other responsibilities and serves as a reminder for the Board of the statutory framework within which it operates. The said schedule details the responsibilities of the Board and Board-Management relationship, including management limitations.

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

Intended Outcome 3.0

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

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

- 3.1 The Company has established the Code of Conduct and Ethics ("COCE") and further revised on 15 March 2023 that is applicable to all Directors and employees of the Group, which set forth the general principles and standards of business conduct and ethical behavior for the Directors and employees of the Group. The Directors, Management and employees are expected to observe high standards of behavior and integrity when representing the Group and includes the professionalism and trust expected from them. This includes areas concerning:-

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

Corporate Governance Overview Statement (Cont'd)

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

I. BOARD RESPONSIBILITIES (CONT'D)

Intended Outcome 3.0 (Cont'd)

3.1 (Cont'd)

In compliance with the amendments of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and guided by the principles of the Ministerial Guidelines and Paragraph 15.29 of MMLR of the Bursa Securities in relation to the anti-bribery, the Company has also established and implemented an Anti-Bribery and Corruption Policy ("**ABC Policy**") which governs the prevention of corruption and unethical practices within the Company. The channel for reporting of unlawful or unethical behavior is available through the Anti-Money Laundering Policy and Whistle-blowing Policy of the Group. The Group's contractors, sub-contractors, consultants, agents, representatives and any other parties performing work or services for or on behalf of the Group shall observe and comply with the COCE and the ABC Policy when performing such work or services. The Board has revised both ABC Policy and Whistle-blowing Policy which took effect from 15 March 2023.

To this Statement's date, there are no matters to report.

The COCE and ABC Policy are available on the Company's website at www.cape-group.com.my.

- 3.2 The Board has adopted the Whistle-blowing Policy ("**WB Policy**") on 1 April 2022 and further revised on 15 March 2023 aid in detection and prevention of fraud and to facilitate the whistleblower, including all employees and Directors of the Group to report or disclose through established channels on any violations or wrongdoings they may observe in the Group without fear of retaliation should they act in good faith when reporting such concerns. Only genuine concerns should be reported under the whistleblowing procedures. The report should be made in good faith with a reasonable belief that the information and any allegations made are substantially true and the report is not made for personal gain. Malicious and false allegations will be viewed seriously and treated as a gross misconduct and may lead to dismissal if proven. The Board shall be apprised of any report which are serious in nature or of grave repercussions.

The WB Policy is available on the Company's website at www.cape-group.com.my.

Intended Outcome 4.0

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

- 4.1 The Board together with the Management acknowledge their responsibility for promoting sustainability in areas covering health, safety and environment as well as social and governance and ensure that sustainability is integrated into the strategic direction of the Group and its operation. During FYE 2022, Dr. Loi Kheng Min ("**Dr. Loi**") is appointed and responsible for the implementation of sustainability initiatives and the day-to-day management of sustainability matters in the business operations of the Group. Dr. Loi has worked together with MD/GCEO in setting implementation plans and targets for identified sustainability matters, and report to the SRMC. Dr. Loi presented to the SRMC and the Board at its meeting all held on 28 February 2023, the internal practices to formulate a sustainable strategy of the Group. The MD/GCEO together with the Executive Directors and Dr. Loi are entrusted by the Board to assist the Board to overseeing the formulation, implementation and effective management of the Group's sustainability strategies and obtaining the Board's approval on these matters. By doing this, the MD/GCEO will lead the management of the Company to review the business operation of the Group to further strengthen the sustainability framework within the organisation. The management will present an action plan to the Board to ensure the strategic plan for the Group supports long terms value creation and sustainability goals.

Corporate Governance Overview Statement (Cont'd)

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

I. BOARD RESPONSIBILITIES (CONT'D)

Intended Outcome 4.0 (Cont'd)

- 4.2 The Group had conducted a materiality assessment during the Review Period from internal and external stakeholders to identify the sustainability matters that are important to both the organisation and their stakeholders. Based on the assessment of the internal key stakeholders, a total of eight (8) key areas were identified considering the impacts towards the Group and stakeholders as depicted in the material sustainability matters covered Ethical business practices, Data privacy and security, Healthy, safe, secure and conducive workplace, Equal employment opportunity and non-discrimination, Human rights and labour practices, Responsible energy and resource management, carbon reduction and contribution to the community. The Company views stakeholders' engagement as an integral aspect in our sustainability commitments as it is crucial in terms of building relationships and trust to implement corporate sustainability strategies and program. Stakeholders' feedback is valuable for our continuous improvement on sustainability measuring and reporting standard. The Group is encouraging all stakeholders to provide their feedback and comment to the Group. Detailed description of the Company's stakeholder groups, engagements approaches and targets areas in relation to the sustainability management are as set out in the Company's Sustainability Statement in this Annual Report.
- 4.3 In order to ensure the Board is kept abreast on sustainability issues which are relevant to the Group's business and operations, the Management had organised internally for all Directors of the Company and the Management to attend the awareness training programmes as follows:-

Date Attended	Seminars/Courses/Training Programs
9 June 2022	ISO 37001:2016 ABMS & MACC Act Section 17A Awareness Training Course

The Board together with the NC will from time to time identify more program and provide update to the Board and the Management regarding the various international standards and best practices to address sustainability risks and opportunities. All Directors of the Company are the member of the Institute of Corporate Directors Malaysia ("ICDM") and they are encouraging to attend the director programmes organised by ICDM to help them to stay abreast with and understand the sustainability issues and market development.

- 4.4 To further promote the Board's accountability towards the Group's sustainability management, NC has included the governance of sustainability as an additional performance evaluation criterion for the Board in FYE 2022. Based on the results of the performance assessment on sustainability, the Board and Management had proactively involved in the development of sustainability targets and addressing sustainability risk by implementing sustainability policy and plan during the Review Period.
- 4.5 The Company is not categorised as a "Large Company" and the Company has opted not to identify a Chief Sustainability Officer during FYE 2022.

II. BOARD COMPOSITION

Intended Outcome 5.0

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

- 5.1 The Board comprises nine (9) experienced and competent members with different areas of expertise, out of which five (5) members are INEDs and four (4) are EDs. None of them are formal key audit partner of the external auditors of the Company. Ms. Tan Sik Hui was appointed as Senior INED of the Company on 5 May 2022 in accordance with the Board Charter. The Board Charter sets out that the NC of the Company is responsible to assist the Board in the development and implementation of the policies on the nomination and appointment of Directors to achieve long-term sustainability of the Group in accordance with the Terms of Reference ("TOR") of the NC. The composition of the NC are as follows:-

Corporate Governance Overview Statement (Cont'd)

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

II. BOARD COMPOSITION (CONT'D)

Intended Outcome 5.0 (Cont'd)

5.1 (Cont'd)

Designation	Name of NC Member	Directorship
Chairman	Tan Sik Hui	Senior Independent Non-Executive Director
Member	Koh Beng San	Independent Non-Executive Director
Member	Yau Yin Wee	Independent Non-Executive Director

The TOR of NC detailed the roles and responsibilities of the NC is accessible on the Company's website at www.cape-group.com.my.

Summary activities of the NC

During the Review Period, the NC has undertaken the following activities in the discharge of its duties:

- Annually assessment of the five (5) Independent Directors and their tenure;
- Annually Assessment on the mix of skills and experience and size of the Board, the contribution of the Board and Board Committees as well as the effectiveness of the Board as a whole and assessment of the contribution of each individual director and the performance of the Board Committees;
- Review the term of office and performance of the AC and each of its members to determine whether the AC and its members have carried out their duties in accordance with the terms of reference of the AC;
- Reviewed and assessed the overall Board and the Board Committees' performance and effectiveness as a whole in addressing the Company's material sustainability risks and opportunities;
- Reviewed the training programmes attended by the Directors and assessed Directors' training needed for the financial year ending 31 December 2023; and
- Recommended the re-election of Directors under retirement by rotation in accordance with the provisions of the Constitution of the Company.

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

In view that the Company was listed on 10 March 2023 and up to the date of this Statement, all Directors have attended at least one (1) training programme and successfully completed the Mandatory Accreditation Programme as prescribed under the MMLR of Bursa Securities. The training programs and seminars attended by the Directors during the Review Period were as follows:-

Directors	Seminars/Conferences/Training Programmes Attended	Date Attended
Datuk Mohd Rabin Bin Basir	ISO 37001:2016 ABMS & MACC Act Section 17A Awareness Training Course	9 June 2022
	Mandatory Accreditation Programme	5 December 2022 to 7 December 2022
Tee Kim Chin	ISO 37001:2016 ABMS & MACC Act Section 17A Awareness Training Course	9 June 2022
	Mandatory Accreditation Programme	5 December 2022 to 7 December 2022

Corporate Governance Overview Statement
(Cont'd)**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****II. BOARD COMPOSITION (CONT'D)****Intended Outcome 5.0 (Cont'd)**

5.1 (Cont'd)

Summary activities of the NC

Directors	Seminars/Conferences/Training Programmes Attended	Date Attended
Tee Kim Yok	ISO 37001:2016 ABMS & MACC Act Section 17A Awareness Training Course	9 June 2022
	Mandatory Accreditation Programme	5 December 2022 to 7 December 2022
Alex Miranda Juntado	ISO 37001:2016 ABMS & MACC Act Section 17A Awareness Training Course	9 June 2022
	Mandatory Accreditation Programme	5 December 2022 to 7 December 2022
Lim Chue Wan	ISO 37001:2016 ABMS & MACC Act Section 17A Awareness Training Course	9 June 2022
	Mandatory Accreditation Programme	5 December 2022 to 7 December 2022
Tan Sik Hui	ISO 37001:2016 ABMS & MACC Act Section 17A Awareness Training Course	9 June 2022
	Mandatory Accreditation Programme	5 December 2022 to 7 December 2022
Yau Yin Wee	ISO 37001:2016 ABMS & MACC Act Section 17A Awareness Training Course	9 June 2022
	Mandatory Accreditation Programme	5 December 2022 to 7 December 2022
Koh Beng San	ISO 37001:2016 ABMS & MACC Act Section 17A Awareness Training Course	9 June 2022
	Mandatory Accreditation Programme	5 December 2022 to 7 December 2022
Chen Kok Seng	ISO 37001:2016 ABMS & MACC Act Section 17A Awareness Training Course	9 June 2022
	Mandatory Accreditation Programme	5 December 2022 to 7 December 2022

Corporate Governance Overview Statement (Cont'd)

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

II. BOARD COMPOSITION (CONT'D)

Intended Outcome 5.0 (Cont'd)

5.2 5 out of 9 Directors of the Company are INEDs. The current Board composition has complied with the Paragraph 15.02 of the MMLR of Bursa Securities, having at least two (2) or one third (1/3) of the Board are independent directors. The Company also in line with Practice 5.2 of the MCCG of having at least half of the Board are independent directors. The presence of INEDs make a positive contribution and development of the Company's strategy and policies through their independent, constructive and informed judgement, safeguard the interest of the stakeholders in ensuring that the high standard of conduct and integrity are maintained as well as mitigate any potential conflict of interest in relation to related party transactions.

5.3 In accordance with the Board Charter, the tenure of an independent director does not exceed a term limit of nine (9) years. Upon completion of the nine (9) years, the independent director may continue to serve on the Board beyond the nine (9)-year tenure provided the independent director is re-designated as a Non-Independent Director. In the event that the Board intends to retain the independent director beyond nine (9) years tenure, the Board should provide justifications and seek annual shareholders' approval on the retention resolution through a two-tier voting process.

As at the date of this Statement, none of the Independent Non-Executive Directors has served the Company in the Board for more than nine (9) years.

5.4 The Board has not set a policy which limits the tenure of its independent directors to nine (9) years without further extension. If the Board intends to retain an independent director beyond nine (9) years, it should provide justification and seek annual shareholders' approval through a two-tier voting process pursuant to the MCCG. The tenure of an Independent Director on the Board of the Company shall be limited to twelve (12) years in the Company and its subsidiaries pursuant to MMLR. If any Independent Director had cumulatively served as an Independent Director of the Company or any one or more of the subsidiaries of the Company for more than twelve (12) years, such Independent Director may continue to serve on the Board as non-independent director. To-date, there is no Independent Directors of the Company with the tenure of service more than 12 years.

5.5 the Board recognises the importance of having a diverse Board and Senior Management team with an appropriate mix of skills, professional experience, age, gender, cultural background, and ethnicity to develop a wide range of ideas and perspectives to support the Group's sustainable business development. In this regard, the Board has introduced and adopted a Directors' Fit and Proper Policy on 1 April 2022. This policy has outlined the prescribed criteria for the consideration by NC and the Board for the appointment and re-appointment of Directors. The fit and proper criteria of a Director includes, but not limited to, character, integrity, experience, competence as well as time and commitment. The said policy is made available on the Company's website at www.cape-group.com.my.

During the Review Period, the assessment and procedures pertaining to appointment and re-election of directors and senior management as well as board diversity is done in accordance with the Board Charter and also the TOR of the NC. During the FYE2022, the Board had appointed Mr. Geoffrey Ng Ching Fung on 14 January 2022 (Resigned on 11 August 2022), Ms. Lim Chue Wan on 16 March 2022, followed by Datuk Mohd Rabin Bin Basir, Ms. Tan Sik Hui, Mr. Yau Yin Wee, Mr. Chen Kok Seng and Mr. Koh Beng San on 5 May 2022 respectively as the additional directors on Board to achieve board diversity and fulfill the at least half of the Board to comprise independent directors requirement in accordance with MMLR of Bursa Securities. The detailed of diversity in the age, gender, race/ethnicity and nationality of the existing Board and Key Senior Management are set out below:-

Corporate Governance Overview Statement (Cont'd)

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

II. BOARD COMPOSITION (CONT'D)

Intended Outcome 5.0 (Cont'd)

5.5 (Cont'd)

Board Diversity FYE 2022

During the FYE 2022, the Board reviewed on the board structure of the Company, particularly on the size and composition, to determine if the Board has the sufficient diversity with independence element and fit the Company's objectives and strategic goals. Below are the diversity in the age, gender, race/ethnicity and nationality of the existing Board as at 31 December 2022:

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

	Race/Ethnicity			Nationality	
	Malay/ Bumiputera	Chinese	Others	Malaysian	Foreigner
Number of Directors	1	7	1	8	1

During the year, the women representation in the Board composition has achieved 44% having combination of skills, experience and strength in qualities which are relevant to the Company.

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

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

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

The Key Senior Management Diversity FYE 2022

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

Below are the diversity in terms of age, gender, race/ethnicity and nationality of the existing Key Senior Management as at 31 December 2022:

	Age Group			Gender	
	35 - 45	46-55	56- 65	Male	Female
Number of KSM	1	2	1	3	1

	Race/Ethnicity			Nationality	
	Malay/ Bumiputera	Chinese	Others	Malaysian	Foreigner
Number of KSM	1	3	0	4	0

Corporate Governance Overview Statement (Cont'd)

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

II. BOARD COMPOSITION (CONT'D)

Intended Outcome 5.0 (Cont'd)

5.5 (Cont'd)

The Key Senior Management Diversity FYE 2022 (Cont'd)

In line with Paragraph 15.06 of MMLR of Bursa Securities, none of the Board members holds more than five (5) directorships in listed companies to ensure that would not unduly affect their time commitment and responsibilities to the Board for the FYE 2022.

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

During the FYE 2022, the appointment of new directors to the board is based on the recommendation from the existing Board members and major shareholders. The Board relies on the existing network and referrals from directors and major shareholder as primary means to source for new directors as the internal source may speed up the appointment process. In future, the Board may utilise variety of independent sources including directors' registry, industry and professional association, open advertisements and independent search firms as well as The Malaysian Institute of Directors (MID) or the ICDM to identify suitably qualified candidates, if required.

- 5.7 Pursuant to the provisions of the Constitution of the Company, the following Directors who are due for retirement and being eligible, have offered themselves for re-election pursuant to Clause 84.1 of the Company's Constitution at the 2023 Annual General Meeting ("2023 AGM") of the Company:

- (a) Mr. Alex Miranda Juntado;
- (b) Ms. Tee Kim Yok; and
- (c) Ms. Lim Chue Wan.

The evaluations of the Directors nominated for re-election or re-appointment are delegated to NC with recommendation being made to the Board for decision. Through the annual performance evaluation process i.e. each Director conducts a peer assessment of the other Directors which tabled and discussed in the NC meeting on 28 February 2023, the Directors' Self and Peer Assessment results which were satisfactory. The Board of Directors upon recommended by the NC resolved to approve and support the re-election and re-appointment of the aforesaid directors and submitted its recommendation to the shareholders for approval at the 2023 AGM.

- 5.8 The NC is chaired by Ms. Tan Sik Hui, the Senior INED. The Chairman of NC is responsible to lead the NC to carry out annual review of effectiveness of the Board as a whole, and the Board Committees, as well as the contribution and performance of each individual Director on an on-going basis in terms of contribution, skills, experience and other qualities.
- 5.9 The Board acknowledges the benefits of having participation of women on the Board in terms of providing different perspectives and insights for effective decision making. Currently, the Board has four (4) out of nine (9) Directors are women. The Board comprises more than 44% women directors after the appointment of Ms. Lim Chue Wan and Ms. Tan Sik Hui as Directors of the Company on 16 March 2022 and 5 May 2022 respectively, which met the gender diversity principles set out in the MCGG.
- 5.10 In terms of gender diversity, the Board had adopted Gender Diversity Policy on 1 April 2022 as well as outlined the requirement of diversity for the Board and Senior Management in the TOR of the NC. The TOR of NC is made available at the Company's website. Currently, the Board comprises more than 44% women Directors and the Senior Management has 25% of women employees.

Corporate Governance Overview Statement (Cont'd)

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

II. BOARD COMPOSITION (CONT'D)

Intended Outcome 6.0

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

6.1 The Board had through the NC on 28 February 2023 conducted the following annual assessments and evaluation of the performance to determine the effectiveness of the Board and Board Committees as well as each individual Directors for the FYE 2022. The process was carried out via digital assessment forms sent to Directors pertaining to the following evaluation:

(a) Performance Evaluation for the Board and Board Committees

All Directors had participated the assessment on the performance of the Board and Board Committees of the Company for the FYE 2022 comprising the following six (6) areas:

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

(b) Performance Evaluation for Individual Director

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

- (c) reviewed the size and composition of the Board and made recommendation to the Board as regards any changes that may, in their view, be beneficial to the Company and Group;
- (d) reviewed the effectiveness of the Board as a whole, Board Committees and the contribution of individual Directors;
- (e) reviewed the terms of office and effectiveness of the AC as a whole and the performance of individual AC Members;
- (f) reviewed and assessed the independence of INED;
- (g) reviewed and recommended the re-election of retiring Directors at the forthcoming Annual General Meeting; and

Based on the performance evaluation for FYE2022, the overall performance of the Board, Board Committees and individual directors are satisfactory. It was concluded that the Board, Board Committees and all Directors have adequately and sufficiently discharged their duties and responsibilities.

Corporate Governance Overview Statement (Cont'd)

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

III. REMUNERATION

Intended Outcome 7.0

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

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

7.1 The RC has been established by the Board on 5 May 2022, comprising exclusively of INEDs as follows:-

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

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

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

The Remuneration Policy is made to the Board for approval. The said Policy is available on the Company's website at www.cape-group.com.my.

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

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

Corporate Governance Overview Statement
(Cont'd)

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

III. REMUNERATION (CONT'D)

Intended Outcome 8.0

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

8.1 The detailed disclosure on named basis of the remuneration of individual Directors and the breakdown of the remuneration of each individual Directors from the Company and its subsidiaries for the FYE2022 is as follows:

Name of Director	The Company				The Company's subsidiaries				Total
	Directors' Fee (RM)	Meeting Allowances (RM)	Salaries (RM)	Other Emoluments ⁽¹⁾ (RM)	Directors' Fee (RM)	Meeting Allowances (RM)	Salaries (RM)	Other Emoluments ⁽¹⁾ (RM)	
MD/GCEO									
Tee Kim Chin	-	-	1,012,500.00	122,501.80	-	-	216,000.00	26,921.80	1,377,923.60
NIEDs									
Tee Kim Yok	-	-	232,500.00	28,901.80	-	-	-	-	261,401.80
Alex Miranda Juntado	-	-	-	-	498,511.00	-	-	-	498,511.00
Lim Chue Wan (Appointed on 16 March 2022)	-	-	332,500.00 ⁽²⁾	40,747.90 ⁽²⁾	-	-	-	-	373,247.90
Subtotal	-	-	1,577,500.00	192,151.50	498,511.00	-	216,000.00	26,921.80	2,511,084.30
Non-Independent Non-Executive Director									
Geoffrey Ng Ching Fung (Appointed on 14 January 2022 and resigned on 11 August 2022)	12,500.00	10,000.00	-	-	-	-	-	-	22,500.00
INEDs									
Datuk Mohd Rabin Bin Basir (Board Chairman) (Appointed on 5 May 2022)	40,833.31	10,000.00	-	-	-	-	-	-	50,833.31
Tan Sik Hui (Senior INED) (Appointed on 5 May 2022)	35,000.00	10,000.00	-	-	-	-	-	-	45,000.00
Yau Yin Wee (Appointed on 5 May 2022)	35,000.00	10,000.00	-	-	-	-	-	-	45,000.00
Koh Beng San (Appointed on 5 May 2022)	35,000.00	8,000.00	-	-	-	-	-	-	43,000.00
Chen Kok Seng (Appointed on 5 May 2022)	35,000.00	10,000.00	-	-	-	-	-	-	45,000.00
Total	193,333.31	58,000.00	-	-	-	-	-	-	251,333.31

Note:

⁽¹⁾ Included Employees' Provident Fund ("EPF"), Social Security Organisation ("SOCSO") and Employment Insurance System ("EIS").

⁽²⁾ Calculated from the date of appointment as Executive Director.

Corporate Governance Overview Statement (Cont'd)

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

III. REMUNERATION (CONT'D)

Intended Outcome 8.0

- 8.2 The Board believes that disclosure of Key Senior Management's remuneration in the bands of RM50,000 on unnamed basis is adequate to comply with the Malaysian Financial Reporting Standards (MFRS) so as to fulfil the objective of MCCG. The aggregated remuneration and benefits of the Key Senior Management, including salary, bonus, benefits in-kind and other emoluments for FYE 2022 are as follows:-

Range of Remuneration	Number of Senior Management
RM150,001 to RM200,000	-
RM200,001 to RM250,000	2
RM250,001 to RM300,000	1
RM300,001 to RM350,000	1

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

Intended Outcome 9.0

There is an effective and independent AC.

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

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

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

The Board upholds the integrity of financial reporting by the Company and has established procedures. The Board via the AC, in assessing the suitability and independence of the External Auditors to ensure they are right calibre with professional ethics and integrity. In assessing the independence of the External Auditors, the AC will require written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants. The Board has determined that the provision of non-audit services contracts which cannot be entered into with the external auditors include management consulting, policy and standard operating procedures documentation, strategic decision and internal audit so as not to compromise their independence and objectivity. By this, the External Auditors confirmed their independence to the AC on 16 January 2023 and there is no conflict of interest for the audit and non-audit services engagement during the FYE2022.

Corporate Governance Overview Statement (Cont'd)

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

I. AUDIT COMMITTEE (CONT'D)

Intended Outcome 9.0 (Cont'd)

9.3 (Cont'd)

The AC had carried out an assessment of the performance and suitability of the External Auditors based on the quality of services, sufficiency of resources, adequacy of resources and trained professional staff assigned to the audit as well as the information presented in the Annual Transparency Report of Grant Thornton Malaysia PLT. The AC generally satisfied with the independence, performance and suitability of the External Auditors based on the assessment and recommended to the Board and subsequently proposed to shareholders for approval at the 2023 AGM for the re-appointment of Grant Thornton Malaysia PLT as External Auditors of the Company for the financial year ending 31 December 2023.

- 9.4 The current composition of AC complies with Paragraph 15.09 of the MMLR of Bursa Securities and the recommendation of MCCG, whereby all three (3) AC members are Independent Non-Executive Directors of the Company, as follows:-

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

- 9.5 The NC conducted the following reviews of the AC for the Review Period:-

- (a) its composition in accordance with MMLR;
- (b) the terms of office of the AC members; and
- (c) the performance of the AC and its members.

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

Based on the outcome of the assessment during the Review Period, the Board is satisfied that the Chairman and all members of the AC possess the relevant skills, competencies and also comprehend to effectively perform the assigned responsibilities and duties.

Corporate Governance Overview Statement (Cont'd)

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

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Intended Outcome 10.0

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

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

- 10.1 The Board acknowledge the importance of maintaining sound system of risk management and internal control of the Group, which outlined in the matters reserved for the Board under Company's Board Charter to enhance the Company's shareholders' value and affirms its overall responsibility for the Group's risk management as well as reviewing the adequacy and integrity of the Group's risk management framework. By doing this, the Board is assisted by SRMC and the AC in the oversight of overall risk management and internal control system of the Group. The SRMC reviewed risks identified by business owners and considered its potential impact to the Company and the Group as well as raised issues of concern and provided feedback for management's corrective actions.

The Board has established an internal audit function by outsourcing to an independent professional service firm, namely Tricor Axcelasia Sdn Bhd during the Review Period which allows the Board to check and monitor the compliance of the Group's policies and procedures as well as to ensure the adequacy and effectiveness of the internal control system in place. Further details of the internal audit function are reported in the AC Report.

- 10.2 The Board had adopted a Risk Management and Internal Control ("RMIC") Framework on 1 April 2022 which covers the governance structure, risk policy, risk assessment process, integration of risk management into operations and promote of risk ownerships for accountability. The RMIC Framework is available at the Company's website at www.cape-group.com.my.

The Board has expressed in the Statement on Risk Management and Internal Control in this Annual Report that they are satisfied with the effectiveness and adequacy of the existing risk management and internal control systems of the Group.

- 10.3 The SRMC currently comprises the following members, of which the majority are Independent Non-Executive Directors:-

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

Corporate Governance Overview Statement (Cont'd)

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

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

Intended Outcome 11.0

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

- 11.1 The internal audit function of the Group is carried out by an outsourced professional service firm, Tricor Axcelasia Sdn Bhd which reports directly to the AC and provide the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function. The internal audit function is independent, internal audit assignments are performed with impartiality, proficiency and due professional care as well as the internal audit function is carried out in accordance with International Professional Practices Framework ("IPPF"). The internal audit review of the Group's operations encompasses an independent assessment of the Company's compliance with its internal controls and recommendations are made for further improvement. During the Review Period, the AC had reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced Internal Auditors and that they have the necessary authority to carry out their work as well as internal audit plan.
- 11.2 The outsourced internal audit function is led by the engagement director, Ms. Melissa Koay Bee Pheng who is a fellow member of the Association of Chartered Certified Accountants, member of the Malaysian Institute of Accountants, Chartered Member of the Institute of Internal Auditors Malaysia and Certified Internal Auditor (USA). She has over 20 years of professional and commercial experience that includes internal audit, risk management, business process re-engineering, operational risk and control review, investment review and corporate governance advisory. During the Review Period, the AC had performed an evaluation on the competency have been carried out prior to the engagement of the internal auditors and proposed the appointment for Board's approval on 16 January 2023. The internal audit was led by a qualified director and managing consultant as well as experience personnel to carry out the internal audit review. All the internal audit personnel involved are free from any relationships or conflicts of interest, which could impair their objectivity and independence as well as guided by IPPF issued by the Institute of Internal Auditors Malaysia in carrying out the internal audit function.

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

I. COMMUNICATION WITH STAKEHOLDERS

Intended Outcome 12.0

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

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

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

(a) Primary Spokesperson

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

Corporate Governance Overview Statement (Cont'd)

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

I. COMMUNICATION WITH STAKEHOLDERS (CONT'D)

Intended Outcome 12.0 (Cont'd)

12.0 (Cont'd)

(b) Corporate website

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

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

(c) Announcement made to Bursa Securities

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

(d) Annual Report

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

(e) Annual General Meeting ("AGM")

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

12.2 The Company is not categorised as a "Large Company" and hence, has not adopted integrated reporting based on a globally recognised framework.

Corporate Governance Overview Statement (Cont'd)

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

II. CONDUCT OF GENERAL MEETINGS

Intended Outcome 13.0

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

- 13.1 The AGM is an interactive platform for shareholders to engage directly with the Group's Directors to seek and clarify any issues pertaining to the Group and to have a better understanding of the Group's activities and performance. Both individuals and institutional shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. As the Company was listed on the Main Market of Bursa Securities on 10 March 2023, the forthcoming AGM will be the first AGM of the Company since listing.

Notice of 2022 AGM was circulated at least twenty-one (21) clear days before the meeting which is the minimum prescribed notice pursuant to Section 316(2) of the Companies Act 2016, and Clause 60.1 of the Company's Constitution.

In line with the good corporate governance practice of the MCCG, the Company will circulate the Notice of 2023 AGM and related papers to shareholders for a notice period of at least twenty-eight (28) days prior to the date of the meeting to give sufficient time to shareholders to consider the resolutions that will be discussed and decided at the AGM. Shareholders are encouraged to vote on the proposed motions by appointing a proxy in the event they are unable to attend the meeting. The Notice of AGM, which sets out the businesses to be transacted at the AGM, followed by the notes to the Notice of AGM also provide the necessary explanation for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights. The Notice of 2023 AGM will be published in a nationally circulated newspaper alongside an announcement on the website of Bursa Securities.

- 13.2 All the Directors of the Company had attended the 2022 AGM of the Company which was held on 23 June 2022 by way of hybrid through live streaming at broadcast venue. In compliance with the MCCG, the Chair of the AC, NC, RC and SRMC has provided meaningful response to questions addressed to them. There is no question raised by the shareholders and/or proxies during the 2022 AGM.
- 13.3 During the preceding 2022 AGM, all the Directors of the Company had attended the 2022 AGM while the Chairman, MD/GCEO, Executive Directors and the Chairman of the NC, RC and SRMC were present at the broadcast venue. Whilst, other Board members attended the 2022 AGM remotely to comply with the Government of Malaysia's official guidance on social distancing.
- 13.4 The Chairman of the Board, all the Directors and Chairman of the Board Committees have attended at the 2022 AGM of the Company, which was held by way of hybrid through live streaming from the broadcast venue on 23 June 2022 as well as the external auditors and where applicable, other advisers of the Company committed themselves to presents at the AGM.

All Directors, Key Senior Management and External Auditors will attend the upcoming AGM, which shall provide answers and clarification to the shareholders. The shareholders provided with an opportunity to participate in the question-and-answer session in which shareholders may raise questions pertaining to the business activities of the Company. The Chairman as well as the MD/GCEO and the External Auditors, if so required, will respond to questions from shareholders at the AGM. The shareholders are encouraged to raise questions to the Group's activities and prospects as well as to communicate their expectations and concerns in the upcoming 2023 AGM to be held on 27 June 2023.

Corporate Governance Overview Statement (Cont'd)

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

II. CONDUCT OF GENERAL MEETINGS (CONT'D)

Intended Outcome 13.0 (Cont'd)

- 13.5 During the 2022 AGM, all the resolutions set out in the Notice of the 2022 AGM were put to vote by show of hands. The shareholders were informed of their right to demand for a poll.

As the Company was listed on the Main Market of Bursa Securities on 10 March 2023, the forthcoming AGM will be the first AGM of the Company ("**2023 AGM**") since listing. The 2023 AGM of the Company will be held fully virtual and entirely via RPV facilities to ensure safe distancing requirement is observed. The Board will appoint Tricor Investor & Issuing House Services Sdn Bhd as the Poll Administrator to verify the eligibility of shareholders/corporate representatives/proxies to attend the 2023 AGM based on the Annual General Meeting Record of Depositors and upon the cut-off date and time for proxy form submission. The shareholders who are not able to attend the 2023 AGM can appoint their own proxy or appoint the Chairman as their proxy to attend and vote on his/her behalf provided that the relevant proxy form is lodged at the Company's Share Registrar office at least forty-eight (48) hours before the time appointed for 2023 AGM. Shareholders are to attend, participate (including posing questions to the Board via real time submission of typed texts) and vote remotely at the 2023 AGM using the RPV to be more transparent and effective, questions posed by shareholders should be made visible to all meeting participants during the meeting itself via the remote participating online platform.

The outcome of the general meetings including the poll voting result will be announced to Bursa Securities on the same day after the meetings are concluded and the announcement is accessible a Bursa Securities' website and/or corporate website at www.cape-group.com.my.

- 13.6 It is not mandatory requirements for the Company to upload Minutes of 2022 AGM to its corporate website prior to the listing on Main Market of Bursa Securities as the Company only listed on 10 March 2023. According to the best practice of MCCG, the Company has to upload the list of questions raised by shareholders during the AGM together with the answers responded by the Board and Management on the Company's website within thirty (30) business days. To uphold the best practice as per MCCG, in the coming 2023 AGM to be held on 27 June 2023, the Company will publish 2023 AGM minutes no later than 30 business days after the 2023 AGM on the Company's website.

The Corporate Governance Overview Statement and the Corporate Governance Report are made in accordance with a resolution of the Board of Directors that was approved via Board Meeting held on 20 April 2023.

AUDIT COMMITTEE REPORT

The Board of Directors (“**the Board**”) of CAPE EMS Berhad (“**CAPE**” or “**the Company**”) is pleased to present the Audit Committee Report which provides insights as to the manner the Audit Committee discharged its functions for the Company and its subsidiaries (“**Group**”), covers financial year ended 31 December 2022, i.e. prior to our listing at the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) on 10 March 2023. This report is prepared in compliance with Paragraph 15.15(1) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Securities as well as the Malaysian Code on Corporate Governance (“**MCCG**”). Accordingly, there may be gaps in respect of compliance with the applicable MMLR. Our Company will address these gaps to ensure conformity to the applicable MMLR in the forthcoming financial year ending 31 December 2023.

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

COMPOSITION OF AUDIT COMMITTEE

The Company’s AC was formed on 5 May 2022 and currently consists of 3 non-executive members which comprising exclusively of independent directors in compliance with Paragraph 15.09(1)(a) and (b) of the MMLR of Bursa Securities as well as best practices of MCCG. Our AC comprises the following members:-

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

Note *: The profile of AC Members can be found in “Directors’ Profile” as set out on pages 14 to 22 of this Annual Report.

The Chairman of the AC, Mr. Koh Beng San is an Independent Non-Executive Director in compliance with Paragraph 15.10 of the MMLR. Furthermore, in compliance with Practice 9.1 of the MCCG, the Chairman of the AC is not the Chairman of the Board. In addition, the Company also complies with Paragraph 15.09(2) of the MMLR as there is no alternate Director is appointed as a member of the Audit Committee.

Mr. Koh Beng San is also a Fellow Member of Association of Chartered Certified Accountants (FCCA), a member of ASEAN Chartered Public Accountant (ASEAN CPA) and a member of the Malaysian Institute of Accountants in compliance with Paragraph 15.09(1)(c)(i) of the MMLR.

MEETINGS AND ATTENDANCE

In view that the Company was listed on the Main Market of Bursa Securities on 10 March 2023, after the financial year ended 31 December 2022 and up to the date of this Report (“**Review Period**”), there were three (3) AC meetings convened and the details of the attendance of the committee members are as follows:

Name of Audit Committee Members	No. of Meetings Attended
Koh Beng San (Appointed on 5 May 2022)	3/3
Chen Kok Seng (Appointed on 5 May 2022)	3/3
Yau Yin Wee (Appointed on 5 May 2022)	3/3

The relevant responsible Management members including Managing Director/Group Chief Executive Officer, Executive Directors and Group Chief Financial Officer, representative(s) of the internal control and/or external auditors were invited to brief the AC on specific issues arising from the audit reports or on any matters of specific interest.

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

Audit Committee Report (Cont'd)

TERMS OF REFERENCE OF AUDIT COMMITTEE

The Terms of Reference of AC was adopted on 1 April 2022, covering its scope of duties and responsibilities, authority and other relevant matters. A copy of the Terms of Reference of the AC is made available for viewing at the Company's website at www.cape-group.com.my.

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

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

(i) Financial Reporting

- Reviewed the unaudited quarterly report on consolidated financial results and annual audited financial statements, as well as the audit report and issues arising from the audits with the external auditors of the Company and the Group including the announcements pertaining thereto, before recommending the same to the Board for approval and release of the Group's unaudited quarterly report to Bursa Securities.
- Focused on changes in or implementation of new accounting standards and policies, significant matters highlighted during the review of financial reporting and/or significant judgments made by management, significant and unusual events or transactions, going concern assumption, completeness of disclosures and compliance with accounting standards.
- Reviewed the financial reporting issues and impact due to pursuant to the introduction of new accounting standards, as well as additional statutory, legal and regulatory disclosure requirements.

(ii) Internal Control and Risk Management Audit Function

The AC oversees the internal control and risk management system of the Group. During the Review Period, the AC performed the following activities:-

- Reviewed the observations/findings and recommendations set out in the corporate governance practice, internal control and risk management system report issued by the appointed Internal Control Reviewer for the purposes of the listing of our Company at the Main Market of Bursa Securities.
- Reviewed, assessed and selected the candidates of the internal auditors to undertake the internal audit function of the Group and the appointment of the internal auditors. The internal audit function is outsourced to Tricor Axcelasia Sdn. Bhd, an independent professional services firm which assesses the adequacy and effectiveness of the Group's internal control and risk management system.
- Reviewed and assessed the resources, experience, competency and continuous professional development of the independent professional service firm, prior to their appointment.
- Reviewed and approved the risk based internal audit plan for FY2023 and FY2024 proposed by the outsourced Internal Auditors to ensure adequacy of the scope and comprehensive coverage over the activities of the Group.
- Reviewed and considered the risk profiling of the Company and its subsidiaries duly presented to the Sustainability and Risk Management Committee;
- Reviewed and assessed the risk management and internal control systems, processes, policies and procedures to ensure compliance with all relevant laws, regulations, directives and guidelines established by relevant regulatory bodies and authorities.

Audit Committee Report (Cont'd)

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE (CONT'D)

(iii) External Audit Function

- Reviewed, discussed, and approved with External Auditors on the Audit Planning Memorandum, covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by Malaysian Accounting Standard Board (MASB) and regulating requirements applicable to the Group.
- Reviewed and assessed the independence and competency of the External Auditors on yearly basis. Reviewed and discussed the draft Key Audit Matters (KAM) with the External Auditors to ensure that issues that are most significant in the audit are disclosed and to address the issues highlighted by the external auditors with the Management, if any and determine whether such issues should be addressed in this Audit Committee report.
- Conducted a private session with External Auditors to discuss any issues arising from audits without the presence of the Executive Directors and Management, during which meetings with the External Auditors were given the opportunity to raise any issues of concern directly to the Audit Committee.
- Conducted annual performance assessment to evaluate the External Auditors, taking into consideration their independence, performance, competence and experience as well as provision of non-audit services and audit fees, and recommendation to the Board for re-appointment.

The Audit Committee reviewed and assessed the Independence and competency of the External Auditors, Grant Thornton Malaysia PLT on 28 February 2023 and satisfied with the services rendered by them and their technical competency, i.e., effectiveness, suitability and independence since the date of appointment and hence recommended to the Board the re-appointment of Grant Thornton Malaysia PLT as external auditors of the Company for the financial year ending 31 December 2023. The Board has in turn, recommended the same for shareholders' approval at the forthcoming 2023 Annual General Meeting of the Company.

(iv) Related Party Transactions

- Reviewed the related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- Reviewed the procedures and processes to ensure that transactions to be entered into are carried out are at arm's length, and on transaction prices and terms not more favourable to the related parties than those generally available to the public, fair and not detrimental to the minority shareholders of the Company. Amongst others, the related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations on the transactions.
- Supervise and monitor any recurrent related party transaction and the terms thereof and report to the Board for further action. Where necessary, the Audit Committee proposes to make the appropriate disclosure in our annual report with regards to any recurrent related party transaction entered into by the Company and the Group.

(v) Annual Report

- Prepared the Audit Committee Report for inclusion in the Annual Report.
- Reviewed the Corporate Governance Overview Statement, Sustainability Statement, Statement on Risk Management and Internal Control for inclusion in the Annual Report as well as the Corporate Governance Report for release of announcement in Bursa Securities.
- Reviewed the Letter of Representation on the Review of the Statement on Risk Management and Internal Control from the Sustainability and Risk Management Committee to the External Auditors.

Audit Committee Report (Cont'd)

TRAINING

During the financial year, all of the Audit Committee members have attended various seminars, training programme and conferences. The list of trainings attended were disclosed in Corporate Governance Overview Statement of this Annual Report.

AUDIT AND NON-AUDIT SERVICES

The amounts of fees incurred for the financial year ended 31 December 2022, for audit and non-audit services rendered by the external auditors of the Company, Grant Thornton Malaysia PLT were as follows:

Types of services	Group (RM)	Company (RM)
Statutory audit	158,000.00	126,000.00
Non-audit services rendered		
- Assurance-related services	10,000.00	10,000.00
- Tax advisory and compliance fee	86,255.00	62,410.00
Total	254,255.00	198,410.00

INTERNAL AUDIT FUNCTION

The purpose of the internal audit function is to provide the Board, through the AC, independent assessment for adequate and reasonable assurance of the effectiveness of the system of internal control in the Group to ensure in compliance with the Company's policies and procedures.

The internal audit function that was recently set-up is independent and shall performs audit assignments with impartiality, proficiency and due professional care.

The internal auditors shall report directly to the AC. The primary responsibility of the internal auditors is to assist the Board and the AC in reviewing and assessing management systems of internal control and procedures. The AC reviews and approves the internal audit engagement and fees to ensure the independence and objectivity of the internal auditors.

During the Review Period, the Group has appointed an independent professional service firm, namely Tricor Axcelasia Sdn. Bhd to execute internal audits based on the approved risk based internal audit plan, which was presented to the AC on 28 February 2023 for their deliberation and approval. In view of the recent appointment of the independent professional service firm, no internal audit fee was incur during the financial year ended 31 December 2022.

REVIEW OF THE PERFORMANCE OF THE AUDIT COMMITTEE

The performance of the AC was reviewed once during the Review Period by the Nominating Committee on 28 February 2023.

This AC report is made in accordance with the resolution of the Board of Directors that was approved via Board meeting held on 20 April 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Statement on Risk Management and Internal Control

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

This Statement outlines the risk management and internal control systems of Cape EMS and its subsidiaries ("**Cape EMS Group**" or the "**Group**") during the financial year ended 31 December 2022 ("**FY2022**") and up to the date of approval of this Statement.

Governance for Risk Management and Internal Control

The Board acknowledges its role in maintaining a system of internal control that provides reasonable assurance that the assets of the Company and its subsidiaries are safeguarded against loss from unauthorised sale or disposal and that a proper account of the assets is maintained and that all transactions are properly authorised and that the transactions are recorded as necessary to enable a true and fair view to be given in the company's financial statements. In this regard, Cape EMS Group has a risk management and internal control framework, and the Board is ultimately responsible for its effectiveness and adequacy. In view of the inherent limitations in any system of risk management and internal control, such a system can only manage and minimise risk to an acceptable level, but cannot eliminate all risks. Accordingly, the Group's risk management and internal control system can only provide reasonable but not absolute assurance against material misstatement, loss, or fraud.

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

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

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

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

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

Statement On Risk Management And Internal Control (Cont'd)

Risk Management Process

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

The Group's risk management process was developed with reference to the ISO 31000:2018 guidance on enterprise risk management.

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

Summary of risk management activities during the financial year

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

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

Internal Control System

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

- **Business Directions and Strategies**

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

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

Statement On Risk Management And Internal Control (Cont'd)

Internal Control System (Cont'd)

• Governance and Organisation Structure

The Group has an established organisational structure, supported by a corporate governance structure that specifies the roles and responsibilities of the respective governance bodies namely the Board and the Board Committees, including the AC, the SRMC, the Nominating Committee, and the Remuneration Committee. The roles and responsibilities of the Board and Board Committees are stipulated in formalised Board Charter and Terms of References for the respective Board Committees.

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

• Delegation of Authority and Limits

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

• Core Values, Code of Ethics and Governance Policy

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

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

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

All Directors and employees are communicated on the Code of Conduct and Ethics and other key policies before they join the Cape EMS Group.

• Operational Policies and Procedures

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

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

The standard operating policies and procedures are reviewed from time to time to ensure they remain relevant to the Group's business, products, and internal and external environment. Where appropriate, they will also be enhanced to address any weaknesses identified through actual occurrence, changes in risk levels determined via the risk management process, as well as gaps highlighted by stakeholders including quality control, auditors, or customers.

Statement On Risk Management And Internal Control (Cont'd)

Internal Control System (Cont'd)

- **Assurance and audit**

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

For the financial year ended 31 December 2022, the Company has engaged an independent internal control reviewer to review the corporate governance practices as well as internal control and risk management systems of the Company. As of the date of this Statement, the Group has also appointed an independent service provider to serve as the Company's internal audit function which assists the Board in reviewing and providing assurance on the adequacy and operating effectiveness of the Group's governance, risk management, and internal controls.

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

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

- **Whistle-Blowing Policy**

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

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

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

Review of risk management and internal control system

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

The Board has also received assurance from the Managing Director/Group Chief Executive Officer and the Group Chief Financial Officer that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, during the financial year ended 31 December 2022.

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

Statement On Risk Management And Internal Control (Cont'd)

Review of this Statement by the External Auditor

As required by Paragraph 15.23 of the Listing Requirements, the External Auditor has reviewed this Statement pursuant to the scope set out in Audit and Assurance Practice Guide 3 ("**AAPG 3**") – Guidance for Auditors on Engagement to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("**MIA**"). Based on their procedures performed, the External Auditor has reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is it factually inaccurate.

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

This Statement is approved by the Board via Board meeting held on 20 April 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITY

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

The Directors consider that in preparing the financial statements for the financial year ended 31 December 2022 that: -

- the Company has adopted the appropriate accounting policies and has applied them consistently throughout the year;
- reasonable and prudent judgments and estimates have been made;
- all applicable approved accounting standards in Malaysia have been followed, subject to any material departure and explained in the financial statements; and
- the financial statements have been prepared on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements comply with the requirements of the Companies Act 2016.

The Directors have general responsibilities to take such steps as are necessary to ensure that appropriate systems are reasonably available to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities and material misstatements. Such systems, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

This statement is made in accordance with a resolution of the Board of Directors that was approved via Board meeting held on 20 April 2023.

ADDITIONAL COMPLIANCE INFORMATION

OTHER DISCLOSURE REQUIREMENTS PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

MATERIAL CONTRACTS

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

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

There were no material recurrent related party transactions of a revenue or trading nature during the financial year ended 31 December 2022 other than those disclosed in Note 29 to the Financial Statements of the Group. Those recurrent related party transactions did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

UTILISATION OF PROCEED FROM CORPORATE EXERCISE

The entire enlarge issued share capital of the Company comprising 923,000,000 ordinary shares was listed on the Main Market of Bursa Securities on 10 March 2023. Pursuant to the said listing, the Company had successfully raised gross proceeds of RM155.7 million from the issuance of 173,000,000 new ordinary shares in the Company at an issue price of RM0.90 per share ("IPO Proceeds").

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

Details of use of proceeds	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Unutilised Amount (RM'000)	Estimated Timeframe for Utilisation Upon Listing
Construction of New Senai 226 Warehouse and installation of automated storage facilities	53,105	-	53,105	Within 48 months
Setting-up of new cleanroom facility and purchase of new automated production lines for EMS operations	62,810	-	62,810	Within 24 months
Installation of energy saving cooling system	3,688	-	3,688	Within 24 months
Purchase of new machinery and equipment for die cast manufacturing related services	4,599	-	4,599	Within 12 months
Working capital	20,498	-	20,498	Within 12 months
Estimated listing expenses	11,000	9,362	1,638	Within 3 months
Total	155,700	9,362	146,338	

DIRECTORS' REPORT

The Directors of Cape EMS Berhad (formerly known as Cape EMS Manufacturing (M) Berhad) have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary companies are disclosed in Note 6 to the Financial Statements.

RESULTS

	Group RM	Company RM
Profit for the financial year	33,540,053	29,538,604
Attributable to:-		
Owners of the Company	33,540,053	29,538,604
Non-controlling interest	-	-
	33,540,053	29,538,604

RESERVES AND PROVISIONS

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

DIVIDENDS

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

	RM
Single tier dividend of 0.26 sen per ordinary share in respect of the financial year ended 31 December 2022, paid on 26 April 2022	12,964,667

The Directors do not propose any final dividend in respect of the financial year ended 31 December 2022.

Directors' Report (Cont'd)

DIRECTORS

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

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

(Resigned w.e.f 11.8.2022)

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

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

Lim Kok Wai

DIRECTORS' INTEREST

According to the Register of Directors' Shareholdings, the beneficial interests of those who were Directors at the end of the financial year in shares of the Company and its related corporations are as follows:-

	As at 1.1.2022	Number of ordinary shares		As at 31.12.2022
		Share split	Sold	
Tee Kim Chin	30,000,000	420,000,000	-	450,000,000
Tee Kim Yok	10,000,000	140,000,000	11,250,000	138,750,000

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

DIRECTORS' REMUNERATION

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

	Incurred by the Company RM	Incurred by the Subsidiaries RM	Total RM
Directors' fees	193,333	498,511	691,844
Directors' other benefits	1,827,652	242,922	2,070,574
	2,020,985	741,433	2,762,418

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

Directors' Report (Cont'd)

ISSUE OF SHARES AND DEBENTURES

During the financial year, irredeemable convertible preferences shares ("ICPS") holders had converted all of the existing ICPS into new ordinary shares in the Company. Upon completion of the conversion of all ICPS, the Company's resultant issued share capital had changed from RM40,000,000 comprising 40,000,000 ordinary shares to RM100,000,000 comprising 50,000,000 ordinary shares. In addition, the Company had undertaken a subdivision of every 1 existing share held into 15 shares. The share split had not resulted in any change to the Company's cumulative value of issued share capital. Further relevant details are disclosed in Note 15 to the financial statements. There were no other issues of shares or debentures during the financial year.

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

In the opinion of the Directors:-

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

Directors' Report
(Cont'd)

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The are no indemnity coverage and insurance premium paid for Directors and Officers of the Company during the financial year.

AUDITORS' REMUNERATION

The amount of audit and other fees paid or payable to the external auditor and its member firms by the Group and the Company for the financial year ended 31 December 2022 amounted to RM254,255 and RM198,410 respectively. Further details are disclosed in Note 24 to the Financial Statements.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT to the extent permissible under the provision of the Companies Act 2016 in Malaysia. However, no payment has been made arising from this indemnity for the financial year ended 31 December 2022.

AUDITORS

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

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

.....)	
TEE KIM CHIN)	
)	
)	
)	
)	DIRECTORS
)	
)	
)	
)	
)	
.....)	
TEE KIM YOK)	

Johor Bahru
20 April 2023

STATEMENT BY DIRECTORS

In the opinion of the Directors, the accompanying financial statements together with the notes thereto are drawn up in accordance with Malaysian Financial Reporting Standards, 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 at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

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

.....
TEE KIM CHIN

.....
TEE KIM YOK

Johor Bahru
20 April 2023

STATUTORY DECLARATION

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

Subscribed and solemnly declared
by the abovenamed at Johor Bahru
in the State of Johor this day of
20 April 2023

)
)
)
)

.....
TEE KIM CHIN

Before me:

Commissioner for Oaths
Vasanthi A/P Vadiveloo
No.J-258

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CAPE EMS BERHAD

(FORMERLY KNOWN AS CAPE EMS MANUFACTURING (M) BERHAD)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cape EMS Berhad (formerly known as Cape EMS Manufacturing (M) Berhad) ("the Company"), which comprise the statements of financial position as at 31 December 2022, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 78 to 165.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Impairment of trade receivables

The risk

As at 31 December 2022, trade receivables are a significant element of statement of financial position amounting to RM144.3 million. The details of the trade receivables are disclosed in Note 10 and 31(c) to the Financial Statements.

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

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

The basis of management's judgement over the recoverability of billed trade receivables are disclosed in Notes 3.7.1.5 and 31(c) to the Financial Statements.

Independent Auditors' Report
To The Members Of Cape EMS Berhad
(Formerly Known As Cape EMS Manufacturing (M) Berhad)
(Cont'd)

Key Audit Matters(Cont'd)

Impairment of trade receivables(Cont'd)

Our response

Our procedures included, amongst others:-

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

Revenue recognition

The risk

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

The Group's and the Company's accounting policy and other related disclosures of revenue recognition are disclosed in Notes 3.13 and 21 to the Financial Statements.

Our response

Our procedures included, amongst others:-

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Independent Auditors' Report To The Members Of Cape EMS Berhad (Formerly Known As Cape EMS Manufacturing (M) Berhad) (Cont'd)

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Independent Auditors' Report
To The Members Of Cape EMS Berhad
(Formerly Known As Cape EMS Manufacturing (M) Berhad)
(Cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as Auditor, are disclosed in Note 6 to the Financial Statements.

Other Matters

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

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

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

Johor Bahru
20 April 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022 RM	Group 2021 RM	Company 2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	217,420,399	201,282,697	177,201,329	177,463,134
Investment properties	5	9,800,000	8,800,000	16,055,690	15,055,690
Investment in subsidiary companies	6	-	-	14,658,030	7,158,030
Goodwill on acquisition	7	6,243,746	6,243,746	-	-
Deferred tax assets	8	839,000	2,556,053	839,000	2,550,000
Total non-current assets		234,303,145	218,882,496	208,754,049	202,226,854
Current assets					
Inventories	9	38,615,516	33,976,618	33,756,403	29,260,821
Trade receivables	10	144,344,993	81,918,404	121,393,458	63,172,933
Other receivables	11	16,123,875	16,132,801	12,270,230	14,117,488
Amount due from subsidiary companies	6	-	-	4,491,022	11,707,320
Amount due from a related party	12	-	7,416	-	7,416
Current tax assets		797,218	935,770	-	-
Fixed deposits with licensed banks	13	9,240,070	6,122,794	8,272,570	6,122,794
Cash and bank balances		32,095,844	40,261,277	30,069,751	37,228,890
		241,217,516	179,355,080	210,253,434	161,617,662
Non-current assets held for sale	14	8,818,441	3,902,312	8,818,441	3,902,312
Total current assets		250,035,957	183,257,392	219,071,875	165,519,974
Total assets		484,339,102	402,139,888	427,825,924	367,746,828
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	100,000,000	100,000,000	100,000,000	100,000,000
Exchange translation reserve		419,501	33,720	-	-
Revaluation reserve	16	25,683,200	21,606,732	25,655,721	21,579,253
Retained profits		68,922,306	47,921,435	55,208,049	38,208,627
Total equity		195,025,007	169,561,887	180,863,770	159,787,880

Statements Of Financial Position
As At 31 December 2022
(Cont'd)

	Note	2022 RM	Group 2021 RM	Company 2022 RM	2021 RM
LIABILITIES					
Non-current liabilities					
Lease liabilities	17	43,159,907	45,465,344	41,243,934	44,202,123
Loans and borrowings	18	74,246,365	59,848,893	57,563,994	59,848,893
Deferred tax liabilities	8	9,260,751	6,822,449	8,105,903	6,818,597
Total non-current liabilities		126,667,023	112,136,686	106,913,831	110,869,613
Current liabilities					
Trade payables	19	72,847,847	42,572,501	61,733,834	29,565,467
Other payables	20	13,326,691	25,512,260	10,814,779	21,945,055
Amount due to related parties	12	10,754	5,580	10,616	5,370
Amount due to a subsidiary company	6	-	-	1,190,853	1,314,677
Lease liabilities	17	10,126,511	11,119,747	9,139,304	10,597,282
Loans and borrowings	18	64,361,537	39,893,060	55,441,769	32,951,484
Current tax liabilities		1,973,732	1,338,167	1,717,168	710,000
Total current liabilities		162,647,072	120,441,315	140,048,323	97,089,335
Total liabilities		289,314,095	232,578,001	246,962,154	207,958,948
Total equity and liabilities		484,339,102	402,139,888	427,825,924	367,746,828

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM	2021 RM	Company 2022 RM	2021 RM
Revenue	21	437,954,093	344,334,423	371,576,755	252,765,086
Cost of sales		(375,855,089)	(302,443,589)	(320,894,905)	(220,840,883)
Gross profit		62,099,004	41,890,834	50,681,850	31,924,203
Other income	22	7,099,871	983,376	6,628,965	656,931
Finance income		96,872	19,028	96,802	18,858
Administration expenses		(15,305,907)	(10,673,706)	(11,382,454)	(7,331,137)
Distribution costs		(333,612)	(964,893)	285,742	(380,054)
Other expenses		(4,024,526)	(567,638)	(3,527,739)	(17,021)
Finance costs	23	(8,788,166)	(5,332,069)	(7,924,320)	(4,901,273)
Profit before tax	24	40,843,536	25,354,932	34,858,846	19,970,507
Income tax expense	25	(7,303,483)	909,270	(5,320,242)	1,396,035
Profit for the financial year		33,540,053	26,264,202	29,538,604	21,366,542
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of land and factory buildings		5,923,622	2,481,419	5,923,622	2,450,887
Tax effect on item that will not be reclassified subsequently to profit or loss	25	(1,421,669)	(591,265)	(1,421,669)	(588,212)
Realisation of revaluation reserve upon depreciation of revalued assets		425,485	387,396	425,485	387,396
Transfer of revaluation reserve to retained profits		(425,485)	(387,396)	(425,485)	(387,396)
Foreign currency translation differences for foreign operation, net of tax		385,781	39,666	-	-
Other comprehensive income for the financial year		4,887,734	1,929,820	4,501,953	1,862,675
Total comprehensive income for the financial year		38,427,787	28,194,022	34,040,557	23,229,217
Profit attributable to:-					
Owners of the Company		33,540,053	26,264,202	29,538,604	21,366,542
Non-controlling interest		-	-	-	-
Net profit for the financial year		33,540,053	26,264,202	29,538,604	21,366,542
Total comprehensive income attributable to:-					
Owners of the Company		38,427,787	28,194,022	34,040,557	23,229,217
Non-controlling interest		-	-	-	-
Total comprehensive income for the financial year		38,427,787	28,194,022	34,040,557	23,229,217
Earnings per share					
- Basic(sen)	26	6.39	65.66		
- Diluted(sen)	26	6.39	65.62		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group	Note	Share capital RM	Exchange translation reserve RM	Revaluation reserve RM	Retained profits RM	Total equity RM
Balance at 1 January 2021		40,000,000	(5,946)	20,103,974	21,269,837	81,367,865
Transaction with owners:						
Issuance of ordinary shares		60,000,000	-	-	-	60,000,000
Total transaction with owners		60,000,000	-	-	-	60,000,000
Profit for the financial year		-	-	-	26,264,202	26,264,202
Realisation of revaluation reserve upon depreciation of revalued assets		-	-	(387,396)	387,396	-
Other comprehensive income for the financial year		-	39,666	1,890,154	-	1,929,820
Total comprehensive income for the financial year		-	39,666	1,502,758	26,651,598	28,194,022
Balance at 31 December 2021/ 1 January 2022		100,000,000	33,720	21,606,732	47,921,435	169,561,887
Transaction with owners:						
Dividends to owner of the Company	27	-	-	-	(12,964,667)	(12,964,667)
Total transaction with owners		-	-	-	(12,964,667)	(12,964,667)
Profit for the financial year		-	-	-	33,540,053	33,540,053
Realisation of revaluation reserve upon depreciation of revalued assets		-	-	(425,485)	425,485	-
Other comprehensive income for the financial year		-	385,781	4,501,953	-	4,887,734
Total comprehensive income for the financial year		-	385,781	4,076,468	33,965,538	38,427,787
Balance at 31 December 2022		100,000,000	419,501	25,683,200	68,922,306	195,025,007

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2022

(Cont'd)

Company	Note	Share capital RM	Revaluation reserve RM	Retained profits RM	Total equity RM
Balance at 1 January 2021		40,000,000	20,103,974	16,454,689	76,558,663
Transaction with owners:					
Issuance of ordinary shares		60,000,000	-	-	60,000,000
Total transaction with owners		60,000,000	-	-	60,000,000
Profit for the financial year		-	-	21,366,542	21,366,542
Realisation of revaluation reserve upon depreciation of revalued assets		-	(387,396)	387,396	-
Other comprehensive income for the financial year		-	1,862,675	-	1,862,675
Total comprehensive income for the financial year		-	1,475,279	21,753,938	23,229,217
Balance at 31 December 2021/ 1 January 2022		100,000,000	21,579,253	38,208,627	159,787,880
Transaction with owners:					
Dividends to owner of the Company	27	-	-	(12,964,667)	(12,964,667)
Total transaction with owners		-	-	(12,964,667)	(12,964,667)
Profit for the financial year		-	-	29,538,604	29,538,604
Realisation of revaluation reserve upon depreciation of revalued assets		-	(425,485)	425,485	-
Other comprehensive income for the financial year		-	4,501,953	-	4,501,953
Total comprehensive income for the financial year		-	4,076,468	29,964,089	34,040,557
Balance at 31 December 2022		100,000,000	25,655,721	55,208,049	180,863,770

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM	2021 RM	Company 2022 RM	2021 RM
OPERATING ACTIVITIES					
Profit before tax		40,843,536	25,354,932	34,858,846	19,970,507
Adjustments for:-					
Depreciation of property, plant and equipment		9,867,315	6,504,281	7,934,851	5,417,238
Depreciation of right-of-use assets		8,426,278	4,133,403	7,973,690	3,791,822
Loss/(Gain) on disposal of property, plant and equipment		133	(123,652)	-	(47,652)
Gain on disposal of non-current assets held for sale		(148,688)	-	(148,688)	-
Property, plant and equipment written off		7,029	-	3,125	-
Interest expense		5,668,370	3,345,774	4,897,438	3,047,292
Interest income		(96,872)	(19,028)	(96,802)	(18,858)
Lease liabilities interest expense		3,119,796	1,986,295	3,026,882	1,853,981
Fair value gain on investment properties		(1,000,000)	(122,506)	(1,000,000)	(122,506)
Unrealised loss/(gain) on foreign exchange		4,024,526	(53,944)	3,527,739	387,730
Operating profit before working capital changes		70,711,423	41,005,555	60,977,081	34,279,554
Changes in working capital:-					
Inventories		(4,638,898)	(7,382,090)	(4,495,582)	(7,579,696)
Receivables		(62,063,152)	3,303,008	(56,548,525)	13,749,374
Payables		20,449,288	(2,474,107)	23,094,376	(5,741,527)
Directors		-	(215,562)	-	(7,105,843)
Related parties		12,590	(5,991)	12,662	(4,561)
Subsidiary companies	A	-	-	5,788,998	4,388,888
Cash flows generated from operations		24,471,251	34,230,813	28,829,010	31,986,189
Tax refund		93,341	-	-	-
Tax paid		(3,917,668)	(1,162,183)	(2,736,437)	(7,508)
Net cash flows from operating activities		20,646,924	33,068,630	26,092,573	31,978,681
INVESTING ACTIVITIES					
Interest received		6,517	3,484	6,447	3,314
Proceeds from disposal of property, plant and equipment		1,200	267,225	-	191,225
Purchase of property, plant and equipment	B	(16,011,354)	(46,401,017)	(11,697,598)	(38,136,737)
Proceeds from disposal of non-current assets held for sale	C	3,240,800	-	3,240,800	-
Purchase of investment property	D	-	-	-	(255,690)
Net cash flows used in investing activities		(12,762,837)	(46,130,308)	(8,450,351)	(38,197,888)

Statements Of Cash Flows

For The Financial Year Ended 31 December 2022

(Cont'd)

	Note	Group 2022 RM	2021 RM	Company 2022 RM	2021 RM
FINANCING ACTIVITIES					
Advance to subsidiary companies		-	-	(6,227,750)	(10,730,000)
Decrease in fixed deposit pledged with a licensed bank		-	107,250	-	107,250
Dividends paid	(12,964,667)		-	(12,964,667)	-
Interest paid	(5,668,370)		(3,345,774)	(4,897,438)	(3,047,292)
Lease liabilities interest paid	(3,119,796)		(1,784,463)	(3,026,882)	(1,652,149)
Drawdown of short term borrowings	107,076,381		89,802,213	93,800,598	89,802,213
Drawdown of term loans	7,333,873		1,720,816	2,403,513	364,388
Payment of listing expenses	(3,324,067)		-	(3,324,067)	-
Placement of a fixed deposit pledged to a license bank	(3,134,171)		(6,000,000)	(2,166,671)	(6,000,000)
Proceeds from issuance of irredeemable convertible preference shares	-		60,000,000	-	60,000,000
Proceeds from lease liabilities	118,000		-	-	-
Repayment of short-term advances from third parties	-		(6,838,202)	-	(6,838,202)
Repayment of short-term borrowings	(88,141,384)		(84,653,659)	(75,466,531)	(84,218,405)
Repayment of term loans	(6,103,094)		(3,630,427)	(4,526,234)	(1,971,996)
Repayment of lease liabilities - principal portion	(11,987,755)		(4,917,041)	(11,263,249)	(4,331,891)
Net cash flows (used)/from financing activities	(19,915,050)		40,460,713	(27,659,378)	31,483,916
CASH AND CASH EQUIVALENTS					
Net changes	(12,030,963)		27,399,035	(10,017,156)	25,264,709
Effect of exchange rate changes	(113,120)		(229,212)	(614,500)	(257,095)
At beginning of financial year	37,809,564		10,639,741	37,336,140	12,328,526
At end of financial year	E	25,665,481	37,809,564	26,704,484	37,336,140

NOTES TO THE STATEMENTS OF CASH FLOWS

A. NON-CASH TRANSACTIONS

The increase in investment in a subsidiary company amounting to RM7,500,000 through subscription of 7,500,000 new ordinary share of the subsidiary company (Note 6) during the financial year was by way of contra against the subsidiary company's account.

Statements Of Cash Flows
For The Financial Year Ended 31 December 2022
(Cont'd)

B. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Total additions	37,334,436	128,599,570	18,544,680	108,077,290
Amount financed through lease arrangement	(7,123,082)	(48,602,066)	(6,847,082)	(48,344,066)
Amount financed through term loans	(14,200,000)	(21,596,487)	-	(21,596,487)
Amount contra with balance owing by a Director	-	(7,100,000)	-	-
Amount offset against deposit paid to acquire property	-	(4,900,000)	-	-
Cash payment	16,011,354	46,401,017	11,697,598	38,136,737

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Sales consideration of non-current assets held for sale	4,051,000	-	4,051,000	-
Amount offset against outstanding balance from customer	(810,200)	-	(810,200)	-
Net proceeds from non-current assets held for sale	3,240,800	-	3,240,800	-

D. PURCHASE OF INVESTMENT PROPERTY

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Total additions	-	-	-	6,255,690
Amount contra with balance owing by a Director	-	-	-	(1,100,000)
Amount offset against deposit paid to acquire property	-	-	-	(4,900,000)
Cash payment	-	-	-	255,690

Statements Of Cash Flows

For The Financial Year Ended 31 December 2022

(Cont'd)

E. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	32,095,844	40,261,277	30,069,751	37,228,890
Fixed deposits with licensed banks	9,240,070	6,122,794	8,272,570	6,122,794
Bank overdraft (Note 18)	(6,430,363)	(2,558,963)	(3,365,267)	-
	34,905,551	43,825,108	34,977,054	43,351,684
Less: Fixed deposits with a licensed bank pledged to bank (Note 13)	(9,240,070)	(6,015,544)	(8,272,570)	(6,015,544)
	25,665,481	37,809,564	26,704,484	37,336,140

F. CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Included in net cash from operating activities:-				
Payment relating to short-term leases	638,903	630,799	447,740	596,707
Included in net cash used in financing activities:-				
Interest paid in relation to lease liabilities	3,119,796	1,784,463	3,026,882	1,652,149
Payment of lease liabilities	11,987,755	4,917,041	11,263,249	4,331,891
	15,746,454	7,332,303	14,737,871	6,580,747

Statements Of Cash Flows
For The Financial Year Ended 31 December 2022
(Cont'd)

Reconciliation of liabilities arising from financing activities

	Lease liabilities RM	Term loans RM	Short-term borrowings RM	Short-term advances from third parties RM	Total RM
Group					
At 1 January 2021	12,698,234	45,965,416	26,486,022	6,521,448	91,671,120
Additions	48,602,066	23,317,303	89,802,213	-	161,721,582
Capitalisation of interest during moratorium period	201,832	-	-	-	201,832
Repayment	(4,917,041)	(3,630,427)	(84,653,659)	(6,838,202)	(100,039,329)
Foreign exchange movement	-	-	(103,878)	316,754	212,876
At 31 December 2021/ 1 January 2022	56,585,091	65,652,292	31,530,698	-	153,768,081
Additions	8,689,082	21,533,873	107,076,381	-	137,299,336
Repayment	(11,987,755)	(6,103,094)	(88,141,384)	-	(106,232,233)
Foreign exchange movement	-	-	628,773	-	628,773
At 31 December 2022	53,286,418	81,083,071	51,094,468	-	185,463,957
Company					
At 1 January 2021	10,585,398	44,578,047	22,753,521	6,521,448	84,438,414
Additions	48,344,066	21,960,875	89,802,213	-	160,107,154
Capitalisation of interest during moratorium period	201,832	-	-	-	201,832
Repayment	(4,331,891)	(1,971,996)	(84,218,405)	(6,838,202)	(97,360,494)
Foreign exchange movement	-	-	(103,878)	316,754	212,876
At 31 December 2021/ 1 January 2022	54,799,405	64,566,926	28,233,451	-	147,599,782
Additions	6,847,082	2,403,513	93,800,598	-	103,051,193
Repayment	(11,263,249)	(4,526,234)	(75,466,531)	-	(91,256,014)
Foreign exchange movement	-	-	628,773	-	628,773
At 31 December 2022	50,383,238	62,444,205	47,196,291	-	160,023,734

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

1. GENERAL INFORMATION

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

The principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements.

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

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

Principal place of business

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

Registered office

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 April 2023.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under historical cost convention, except for land and factory buildings that are measured at revalued amount as indicated in the summary of significant accounting policies.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and the Company.

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

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

Notes To The Financial Statements
31 December 2022
(Cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.2 Basis of measurement (Cont'd)

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

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

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

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

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

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

2.3 Functional and presentation currency

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

2.4 MFRSs

2.4.1 Adoption of new standards/amendments/improvements to MFRSs

The Group and the Company have consistently applied accounting policies set out in Note 3 to the financial statements to all periods presented in the financial statements.

At the beginning of current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2022.

Initial application of the new standards/amendments/improvements to MFRSs did not have material impact on the financial statements of the Group and the Company.

2.4.2 Standards issued but not yet effective

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

Notes To The Financial Statements

31 December 2022

(Cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.4 MFRSs (Cont'd)

2.4.2 Standards issued but not yet effective (Cont'd)

Effective for financial period beginning on or after 1 January 2023

- MFRS 17 Insurance Contracts*
- Amendments to MFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9
- Amendments to MFRS 17 Insurance Contracts*
- Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for financial period beginning on or after 1 January 2024

- Amendments to MFRS 16 Leases – Lease liability in a Sale and Leaseback
- Amendments to MFRS 101 Presentation of Financial Statements – Non-Current Liabilities with Covenants

Amendments effective for a date yet to be confirmed

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

* Not applicable to the Group's and the Company's operations.

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

2.5 Significant accounting estimates and judgements

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

2.5.1 Key sources of estimation uncertainty

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

Notes To The Financial Statements
31 December 2022
(Cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.5 Significant accounting estimates and judgements (Cont'd)

2.5.1 Key sources of estimation uncertainty (Cont'd)

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

Depreciable assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment other than right-of-use assets to be within 3 to 50 years and reviews the useful lives of these depreciable assets at each reporting date. At 31 December 2022 management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. Actual results, however, may vary due to changes in the expected level of usage and technological developments, which resulting adjustment to the Group's and the Company's assets.

The carrying amounts of the Group's and the Company's depreciable assets at the end of the reporting period are disclosed in Note 4 to the financial statements.

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

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

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

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

The information about ECLs on the Group's and the Company's trade receivables is disclosed in Notes 10 and 31(c) to the financial statements.

Fair value measurement and valuation processes

Some of the Group's and the Company's assets are measured at fair value for financial reporting. Significant judgement is involved in determining the appropriate valuation techniques and inputs for fair value measurements where active market quotes are not available.

In estimating the fair value of an asset or a liability, the Group and the Company use market-observable data to the extent it is available. Management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in measuring the assets and liabilities. Where Level 1 inputs are not available, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting date. For the valuation of land and buildings, the Group and the Company engage third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed in the Notes 4 and 5 to the financial statements.

Notes To The Financial Statements

31 December 2022

(Cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.5 Significant accounting estimates and judgements (Cont'd)

2.5.1 Key sources of estimation uncertainty (Cont'd)

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, the management consider the most reliable evidence available at the time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

The carrying amount of the Group's and the Company's inventories at the end of the reporting period is disclosed in Note 9 to the financial statements.

Income taxes/Deferred tax liabilities

Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

The information about deferred tax liabilities and income tax expenses are disclosed in Note 8 and Note 25 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed tax losses, unutilised capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unabsorbed tax losses, unutilised capital allowances and unused tax credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The information about deferred tax assets is disclosed in Note 8 to the financial statements.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

Notes To The Financial Statements
31 December 2022
(Cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.5 Significant accounting estimates and judgements (Cont'd)

2.5.1 Key sources of estimation uncertainty (Cont'd)

Impairment of non-financial assets (Cont'd)

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Further details of the carrying values, key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 7 to the financial statements.

2.5.2 Significant management judgement

The following is significant management judgement in applying the accounting policies of the Group and the Company that has the most significant effect on the financial statements.

Classification between investment properties and owner-occupied properties

The Group and the Company determine whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group and the Company consider whether a property generates cash flows largely independently of the other assets held by the Group and the Company.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's and the Company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group and the Company operate are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements.

3.1 Consolidation

3.1.1 Subsidiary companies

Subsidiary companies are entities, including structured entities, controlled by the Company. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Company considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Notes To The Financial Statements

31 December 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Consolidation (Cont'd)

3.1.1 Subsidiary companies (Cont'd)

Investment in subsidiary companies is stated at cost in the Company's statement of financial position. Where an indication of impairment exists, the carrying amount of the subsidiary companies is assessed and written down immediately to their recoverable amount.

Upon the disposal of investment in a subsidiary company, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiary companies have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting period.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

3.1.3 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Notes To The Financial Statements
31 December 2022
(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Consolidation (Cont'd)

3.1.3 Business combinations and goodwill (Cont'd)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.1.4 Loss of control

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the subsidiary company, any non-controlling interests and the other components of the equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary company, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.2 Property, plant and equipment

Property plant and equipment other than right-of-use assets are initially stated at cost. Land and factory buildings are subsequently shown at market value, based on valuation by external valuers, less subsequent depreciation and any impairment losses. All other property, plant and equipment other than land and factory buildings and right-of-use assets are stated at historical cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Valuations are performed with sufficient regularity, to ensure that the carrying amount does not differ materially from the fair value of the land and factory buildings at the end of the reporting period. As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and factory buildings is recognised in other comprehensive income and credited to the 'revaluation reserve' in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and factory buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

Notes To The Financial Statements

31 December 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.2 Property, plant and equipment (Cont'd)

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour.

Depreciation is recognised on the straight-line method in order to write off the cost of each asset over its estimated useful life. Freehold land with an infinite life is not depreciated.

The annual rates of depreciation based on the estimated useful lives for the various classes of depreciable assets are as follows:-

Factory buildings	28.9 – 50 years
Plant and machinery	5 – 10 years
Equipment, furniture and fittings	3 – 10 years
Renovation and electrical installation	5 – 10 years
Motor vehicles	5 – 6.67 years

Capital work-in-progress consists of property, plant and equipment under construction/installation for intended use. It is reclassified to property, plant and equipment once it is available for use. The amount is stated at cost and borrowing cost for qualifying assets is capitalised in accordance with accounting policy on borrowing cost. Capital work-in-progress is not depreciated until the assets are ready for the intended use.

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least once annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial year in which the asset is derecognised.

3.3 Investment properties

Investment properties consist of land and buildings held for capital appreciation or rental purpose and not occupied or only an insignificant portion is occupied for use or in the operations of the Group and of the Company.

Investment properties are treated as long term investments and are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Notes To The Financial Statements 31 December 2022 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Investment properties (Cont'd)

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the financial year in which they arise.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the financial year of retirement or disposal.

Reclassification to/from investment properties

When an item of property, plant and equipment is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, the fair value at the date of reclassification becomes its cost for subsequent accounting.

3.4 Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets except leasehold land are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are presented as one of the categories under property, plant and equipment and depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets as follows:-

Leasehold land	28.9 – 47.4 years
Hostel	3 – 4 years
Plant and machinery	10 years
Motor vehicles	5 – 6.67 years

Notes To The Financial Statements

31 December 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Leases (Cont'd)

As a lessee (Cont'd)

Right-of-use assets (Cont'd)

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, amortisation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as detailed in Note 3.5 to the financial statements.

Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments included fixed payments (including in-substance fixed payments) less any incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on a index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

As a practical expedient, MFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

COVID-19 – Related rent concessions

The amendments to MFRS 16 provide relief to lessees from applying MFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether the COVID-19 – related rent concessions from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from COVID-19 - related rent concessions the same way it would account for the change under MFRS 16, if the change were not a lease modification.

Short-term lease and lease of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term lease. It also applies the lease of low-value assets recognition exemption to lease of that are considered to be low-value. Lease payments on short-term leases and lease of low-value assets are recognised as expense on a straight-line basis over the lease term.

Notes To The Financial Statements
31 December 2022
(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Leases (Cont'd)

As a Lessor

The Group and the Company classified its leases as either operating leases or finance leases. Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

If the Group and the Company transfer substantially all the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases and are capitalised at an amount equal to the net investment in the lease.

3.5 Impairment of non-financial assets

The Group and the Company assesses at each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell or its value in use and it is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. At each reporting date, the Group and the Company review the carrying amounts of non-financial assets to determine whether there is any indication of impairment.

The Group and the Company base its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of 5 years.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss has been recognised for asset in prior financial years. Such reversal is recognised in the profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

3.6 Inventories

Inventories comprising of raw materials, work-in-progress, finished goods and goods-in-transit are stated at the lower of cost and net realisable value.

Cost of raw materials is determined on first-in-first-out basis. Cost of finished goods and work-in-progress include raw materials, direct labour and an appropriate proportion of production overheads (based on normal operating capacity).

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Notes To The Financial Statements

31 December 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity.

3.7.1 Financial assets

3.7.1.1 Classification

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them.

The Group and the Company classify their financial assets in the following measurement categories:-

- Those to be measured subsequently at fair value through profit or loss ("FVTPL");
- Those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss); and
- Those to be measured at amortised cost.

During the financial period, the Group and the Company do not have any financial assets categorised as FVTPL and fair value through other comprehensive income ("FVTOCI").

3.7.1.2 Recognition and derecognition

A financial asset is recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all of the risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

3.7.1.3 Initial measurement

With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

Notes To The Financial Statements
31 December 2022
(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.7 Financial instruments

3.7.1 Financial assets

3.7.1.4 Subsequent measurement

The Group's and the Company's financial assets are subsequently measured at the following categories:-

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost.

Financial assets at amortised cost are subsequently measured using effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include trade receivables, most of the other receivables, amount due from a related party, amount due from subsidiary companies and cash and cash equivalents.

3.7.1.5 Impairment of financial assets

The Group and the Company assess on a forward-looking basis the expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due to in accordance with the contract and all cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The measurement of ECL reflects:-

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:-

- 12-month ECLs: these are losses that are expected to result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the terms to which ECLs model applies.

The maximum period considered when estimating ECLs are the maximum contractual period (including extension options) over which the Group and the Company are exposed to credit risk.

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and economic environment.

Notes To The Financial Statements

31 December 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.7 Financial instruments (Cont'd)

3.7.1 Financial assets (Cont'd)

3.7.1.5 Impairment of financial assets (Cont'd)

For all other financial instruments, the Group and the Company recognise a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are re-measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECLs amount is recognised as an impairment gain or loss in profit or loss. The Group and the Company recognise an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVTOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have any assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off.

3.7.2 Financial liabilities

3.7.2.1 Classification

The Group and the Company classify their financial liabilities in the following measurement categories:-

- Those to be measured subsequently at FVTPL; and
- Those to be measured at amortised cost.

3.7.2.2 Recognition and derecognition

A financial liability is recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

A financial liability (or a part of a financial liability) is derecognised from its statements of financial position when, and only when, the obligation specified in the contract is discharged or cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount of the financial liability (or part of the financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Notes To The Financial Statements
31 December 2022
(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.7 Financial instruments (Cont'd)

3.7.2 Financial liabilities (Cont'd)

3.7.2.3 Initial measurement

The Group and the Company initially measure a financial liability at its fair value plus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial liability.

3.7.2.4 Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as described below:-

(i) FVTPL

Financial liabilities at FVTPL include financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities designated upon initial recognition as at FVTPL.

At initial recognition, the Group and the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:-

- If doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's and the Company's key management personnel.

Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses recognised on derivatives include exchange differences.

For financial liability that is designated as at fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk in other comprehensive income and the remaining amount of the change in the fair value in profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

The Group and the Company have not elected to designate any financial liability at fair value through profit or loss.

(ii) Amortised cost

Other financial liabilities not categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

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

Notes To The Financial Statements

31 December 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.7 Financial instruments (Cont'd)

3.7.2 Financial liabilities (Cont'd)

3.7.2.4 Subsequent measurement (Cont'd)

The subsequent measurement of financial liabilities depends on their classification, as described below (Cont'd):-

(ii) Amortised cost (Cont'd)

The Group's and the Company's financial liabilities at amortised cost include borrowings, amount due to related parties, amount due to a subsidiary company, trade and most of the other payables. Borrowings are classified as current liabilities unless the Group and the Company have unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3.7.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.7.4 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise of short-term deposits with licensed banks, cash on hand and bank balances which are readily convertible to known amount of cash and are not subject to risk of significant changes in value.

Bank overdrafts are shown in current liabilities in the statement of financial position.

For the purpose of presentation in the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposit.

3.9 Foreign currency translation

The Group's consolidated financial statements are presented in RM, which is also the Company's functional currency.

Notes To The Financial Statements
31 December 2022
(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Foreign currency translation (Cont'd)

3.9.1 Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

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

Foreign currency differences arising from retranslation are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3.9.2 Foreign operations

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combination before 1 January 2020 (the date when the Group and the Company first adopted MFRSs) which are treated as assets and liabilities of the Group and of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the date of the transactions.

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

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

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

3.10 Equity and reserve

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

The revaluation reserve within equity comprises gains and losses due to the revaluation of property, plant and equipment.

Foreign currency translation differences arising on the translation of the Group's foreign entities are included in the exchange translation reserve.

Notes To The Financial Statements

31 December 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.10 Equity and reserve (Cont'd)

Retained earnings include all current and prior financial years' accumulated profits.

All transactions with owners of the Company are recorded separately within equity.

3.11 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are reviewed at end of each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognised as a finance cost.

3.12 Contingencies

Contingent liabilities

Where it is not probable that an outflow of economic benefits will occur, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

3.13 Revenue recognition

The Group and the Company apply five-step model revenue recognition under MFRS 15 Revenue from Contracts with Customers.

The Group and the Company recognise revenue from contracts with customers for goods or services based on the five-step model as set out below:-

- i. Identify contracts with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- ii. Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer goods or services to the customer either a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.
- iii. Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Notes To The Financial Statements
31 December 2022
(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 Revenue recognition (Cont'd)

- iv. Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.
- v. Recognise revenue when (or as) the Group and the Company satisfy a performance obligation. An asset is transferred when (or as) the customer obtains control of the asset.

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:-

- i. Does not create an asset with an alternative use to the Group and the Company and have enforceable right to payment for performance completed to-date; or
- ii. Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- iii. Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where none of the above conditions are met, revenue is recognised at a point in time at which the performance obligation is satisfied.

When the Group and the Company satisfy a performance obligation by delivering the promised goods or service, it creates a contract based on asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this give rise to a contract liability.

Revenue is measured at fair value of consideration received of receivable. The followings describe the performance obligation in contracts with customers.

3.13.1 Sale of goods and rendering of services

All revenue is recognised at a point in time, which is typically on delivery of goods and upon services are rendered. An asset is transferred when (or as) the customer obtains control of the asset. The revenue is recognised net of any related rebates, discounts and tax. The Group and the Company shall disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

3.13.2 Interest income

Interest income is accounted for on accrual basis.

3.13.3 Rental income

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

Notes To The Financial Statements

31 December 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Employee benefits

3.14.1 Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year, in which associated services are rendered by employees of the Group and the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

3.14.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia makes such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

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

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3.16 Taxes

Tax expense comprises of current tax and deferred tax but exclude taxes arising from business combinations and items recognised directly in equity or other comprehensive income. Current tax and deferred tax are recognised as an expense or income in the profit or loss.

3.16.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years. Tax payable (recoverable) for current and prior periods is recognised as liability (or asset) to the extent that it is unpaid (or refundable).

Notes To The Financial Statements 31 December 2022 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Taxes (Cont'd)

3.16.2 Deferred tax

Deferred tax is recognised using the liability method for temporary differences between carrying amount of assets or liabilities in the statement of financial position and its tax base at reporting date. However, deferred tax on temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination is not recognised because they affect neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group and the Company expect, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reversed, based on the laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary can be utilised. Deferred tax assets are reviewed at the end of each reporting year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

3.16.3 Indirect tax

Sales and Services Tax ("SST") was imposed effective from 1 September 2018. The rate for sales tax is fixed at 5% or 10% while the rate for services tax is fixed at 6%.

Revenue, expenses, assets and liabilities are recognised net of the amount of SST except:-

- (i) where the SST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- (ii) receivables and payables that are stated with the amount of SST included.

The net amount of SST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.17 Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group if that person:-

- (i) Has control or joint control over the Group;
- (ii) Has significant influence over the Group; or
- (iii) Is a member of the key management personnel of the Group.

Notes To The Financial Statements

31 December 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 Related parties (Cont'd)

- (b) An entity is related to the Group if any of the following conditions applies:-
- (i) The entity and the Group are members of the same group.
 - (ii) The entity is an associate or joint venture of the Group.
 - (iii) The Group and the entity are joint ventures of the same third party.
 - (iv) The Group is a joint venture of a third entity and the other entity is an associate of the same third entity.
 - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity.
 - (viii) The entity, or any member of a group of which it is a party, provides key management personnel services to the Group.

3.18 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group and the Company will comply with all attached conditions.

Government grants relating to costs are recognised in profit or loss over the periods to match the related costs for which the grants are intended to compensate.

3.19 Non-current assets held for sale

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

A component of the Group is classified as discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single coordinate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification of the asset (or disposal group) as held for sale occurs only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary and the sale must be highly probable. Management must be committed to a plan to sell the assets which are expected to qualify for recognition as a completed sale within one year from the date of classification. Action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

Immediately before classification as held for sale (or disposal group), the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell.

Liabilities are classified as held for sale and presented as such in the statement of financial position if they are directly associated with a disposal group.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Notes To The Financial Statements
31 December 2022
(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.19 Non-current assets held for sale (Cont'd)

In the consolidated statement of profit or loss and other comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after tax, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after tax) is reported separately in the statement of profit or loss and other comprehensive income.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity accounted associates ceases once classified as held for sale.

3.20 Segment reporting

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

3.21 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the net profit attributable to common controlling shareholders by the weighted average number of shares in issue.

Diluted EPS is calculated by dividing the net profit for the financial period attributable to common controlling shareholders by the weighted average number of ordinary shares in issue, adjusted for the dilutive effects of all potential ordinary shares to be issued.

4. PROPERTY, PLANT AND EQUIPMENT

Group		At valuation			At cost			At cost					
		Freehold land RM	Leasehold land RM	Factory buildings RM	Leased factory buildings RM	Hostel RM	Plant and machinery RM	Equipment, furniture and fittings RM	Renovation and electrical installation RM	Motor vehicles RM	Capital work in progress RM	Total RM	
Cost/Valuation													
At 1 January 2021		-	15,050,000	40,950,000	481,880	151,861	38,228,783	4,483,045	5,131,223	1,757,819	105,015	106,339,626	
Additions		6,364,175	16,332,885	18,675,687	-	-	76,270,698	2,565,576	2,626,704	994,581	4,769,264	128,599,570	
Disposals		-	-	-	-	-	-	(134,188)	(27,400)	(304,893)	-	(466,481)	
Revaluation		-	2,397,115	-	-	-	-	-	-	-	-	2,397,115	
Reclassification		-	-	55,120	-	-	-	-	(55,120)	-	-	-	
Reclassification to assets held for sale		-	-	-	-	-	(6,003,556)	-	-	-	-	(6,003,556)	
Transfer from/(to)		-	-	-	-	-	-	-	81,600	-	(81,600)	-	
Transfer to investment properties		-	(3,150,000)	(5,650,000)	-	-	-	-	-	-	-	(8,800,000)	
Exchange translation difference		-	-	-	-	-	-	442	397	-	-	839	
At 31 December 2021													
Additions		6,364,175	30,630,000	54,030,807	481,880	151,861	108,495,925	6,914,875	7,757,404	2,447,507	4,792,679	222,067,113	
Disposals		-	7,512,020	10,230,138	-	-	13,463,921	2,768,964	2,493,365	303,357	562,671	37,334,436	
Written off		-	-	-	-	-	-	(7,375)	-	(40,000)	-	(47,375)	
Revaluation		-	-	-	-	-	-	(3,750)	-	-	(3,904)	(7,654)	
Reclassification to assets held for sale		-	(600,000)	4,206,471	-	-	-	-	-	-	-	3,606,471	
Transfer from/(to)		-	(8,980,000)	-	-	-	-	-	-	-	-	(8,980,000)	
Exchange translation difference		-	-	437,791	-	-	4,327,569	-	23,415	-	(4,788,775)	-	
		-	-	-	-	-	-	1,672	1,498	-	-	3,170	
At 31 December 2022													
		6,364,175	28,562,020	68,905,207	481,880	151,861	126,287,415	9,674,386	10,275,682	2,710,864	562,671	253,976,161	

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

		At valuation			At cost			Capital work			
		Freehold land	Leasehold land	Factory buildings	Leased factory buildings	Hostel	Plant and machinery	Equipment, furniture and fittings	Renovation and electrical installation	Motor vehicles	Capital work in progress
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group (Cont'd)	Accumulated depreciation										
	At 1 January 2021										
	-	43,852	78,654	415,239	44,191	8,753,756	1,168,347	1,013,487	1,215,186	-	12,732,712
	-	305,030	892,059	66,641	47,803	7,000,778	995,579	1,103,116	226,678	-	10,637,684
	-	-	-	-	-	-	(15,275)	(2,740)	(304,893)	-	(322,908)
	-	(53,772)	(30,532)	-	-	-	-	-	-	-	(84,304)
	Reclassification to										
	-	-	-	-	-	(2,101,244)	-	-	-	-	(2,101,244)
	-	(43,852)	(78,654)	-	-	-	-	-	-	-	(122,506)
	-	-	-	-	-	-	406	397	-	-	803
At 31 December 2021											
-	251,258	861,527	481,880	91,994	13,653,290	2,149,057	2,114,260	1,136,971	-	20,740,237	
-	687,403	1,234,295	-	46,112	13,006,670	1,398,126	1,591,410	329,577	-	18,293,593	
-	-	-	-	-	-	(7,375)	-	(38,667)	-	(46,042)	
-	-	-	-	-	-	(625)	-	-	-	(625)	
-	(502,518)	(1,814,633)	-	-	-	-	-	-	-	(2,317,151)	
Reclassification to											
-	(161,559)	-	-	-	-	-	-	-	-	(161,559)	
-	-	-	-	-	-	1,631	1,499	-	-	3,130	
-	274,584	281,189	481,880	138,106	26,659,960	3,540,814	3,707,169	1,427,881	-	36,511,583	

Notes To The Financial Statements

31 December 2022

(Cont'd)

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

Group (Cont'd)	At valuation		At cost						Capital work in progress	Total
	Freehold land	Leasehold land	Factory buildings	Leased factory buildings	Hostel	Plant and machinery	Equipment, furniture and fittings	Renovation and electrical installation		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated impairment loss										
At 1 January 2021,										
31 December 2021,										
1 January 2022 and										
31 December 2022	-	-	-	-	-	-	-	-	44,179	44,179
Net carrying amount										
At 31 December 2021	6,364,175	30,378,742	53,169,280	-	59,867	94,842,635	4,765,818	5,643,144	1,266,357	201,282,697
At 31 December 2022	6,364,175	28,287,436	68,624,018	-	13,755	99,627,455	6,133,572	6,568,513	1,238,804	217,420,399

Notes To The Financial Statements
31 December 2022
(Cont'd)

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

Company	At valuation		At cost						Total RM
	Leasehold land RM	Factory buildings RM	Leased factory buildings RM	Plant and machinery RM	Equipment, furniture and fittings RM	Renovation and electrical installation RM	Motor vehicles RM	Capital work in progress RM	
Cost/Valuation									
At 1 January 2021	15,050,000	40,950,000	481,880	30,507,713	3,886,510	4,383,280	1,293,841	-	96,553,224
Reclassification	-	55,120	-	-	-	(55,120)	-	-	-
Additions	16,332,885	12,503,369	-	70,532,003	2,489,630	1,649,913	598,581	3,970,909	108,077,290
Disposal	-	-	-	-	(134,188)	(27,400)	(119,500)	-	(281,088)
Reclassification to assets held for sale	-	-	-	(6,003,556)	-	-	-	-	(6,003,556)
Revaluation	2,397,115	-	-	-	-	-	-	-	2,397,115
Transfer to investment properties	(3,150,000)	(5,650,000)	-	-	-	-	-	-	(8,800,000)
At 31 December 2021	30,630,000	47,858,489	481,880	95,036,160	6,241,952	5,950,673	1,772,922	3,970,909	191,942,985
Additions	-	197,249	-	13,342,711	2,543,441	2,461,279	-	-	18,544,680
Written off	-	-	-	-	(3,750)	-	-	-	(3,750)
Revaluation	(600,000)	4,206,471	-	-	-	-	-	-	3,606,471
Reclassification to assets held for sale	(8,980,000)	-	-	-	-	-	-	-	(8,980,000)
Transfer from/(to)	-	437,791	-	3,533,118	-	-	-	(3,970,909)	-
At 31 December 2022	21,050,000	52,700,000	481,880	111,911,989	8,781,643	8,411,952	1,772,922	-	205,110,386

Notes To The Financial Statements

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(Cont'd)

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

Company (Cont'd)	At valuation		At cost					Total RM
	Leasehold land RM	Factory buildings RM	Leased factory buildings RM	Plant and machinery RM	Equipment, furniture and fittings RM	Renovation and electrical installation RM	Motor vehicles RM	Capital work in progress RM
Accumulated depreciation								
At 1 January 2021	43,852	78,654	415,239	5,053,619	737,732	518,014	794,539	7,641,649
Charge for the financial year	305,030	790,421	66,641	6,057,789	908,566	906,700	173,913	9,209,060
Disposal	-	-	-	-	(15,275)	(2,740)	(119,500)	(137,515)
Revaluation	(53,772)	-	-	-	-	-	-	(53,772)
Reclassification to assets held for sale	-	-	-	(2,101,244)	-	-	-	(2,101,244)
Transfer to investment properties	(43,852)	(78,654)	-	-	-	-	-	(122,506)
At 31 December 2021	251,258	790,421	481,880	9,010,164	1,631,023	1,421,974	848,952	14,435,672
Charge for the financial year	624,009	1,024,212	-	11,455,578	1,298,553	1,303,448	202,741	15,908,541
Written off	-	-	-	-	(625)	-	-	(625)
Revaluation	(502,518)	(1,814,633)	-	-	-	-	-	(2,317,151)
Reclassification to assets held for sale	(161,559)	-	-	-	-	-	-	(161,559)
At 31 December 2022	211,190	-	481,880	20,465,742	2,928,951	2,725,422	1,051,693	27,864,878
Accumulated impairment loss								
At 1 January 2021,								
31 December 2021,								
1 January 2022 and								
31 December 2022	-	-	-	-	-	-	44,179	44,179
Net carrying amount								
At 31 December 2021	30,378,742	47,068,068	-	86,025,996	4,610,929	4,528,699	879,791	177,463,134
At 31 December 2022	20,838,810	52,700,000	-	91,446,247	5,852,692	5,686,530	677,050	177,201,329

Notes To The Financial Statements
31 December 2022
(Cont'd)

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

Freehold land, leasehold land and factory buildings are pledged to the banks for borrowing facilities granted to the Group and the Company as disclosed in Note 18 to the financial statements.

4.1 Right-of-use assets

Included in the property, plant and equipment is right-of-use assets as follows:-

	Leasehold land RM	Leased factory buildings* RM	Hostel* RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Group							
Net carrying amount							
At 1 January 2021	15,006,148	66,641	107,670	139,716	13,610,350	428,683	29,359,208
Additions	16,332,885	-	-	-	56,827,346	768,581	73,928,812
Depreciation charges	(305,030)	(66,641)	(47,803)	(16,600)	(3,549,053)	(148,276)	(4,133,403)
Revaluation	2,450,887	-	-	-	-	-	2,450,887
Transfer to investment properties	(3,106,148)	-	-	-	-	-	(3,106,148)
Reclassification to assets held for sale	-	-	-	-	(3,902,312)	-	(3,902,312)
Full settlement of lease liabilities	-	-	-	-	(316,021)	-	(316,021)
At 31 December 2021	30,378,742	-	59,867	123,116	62,670,310	1,048,988	94,281,023
Additions	7,512,020	-	-	-	7,656,595	441,357	15,609,972
Depreciation charges	(687,402)	-	(46,112)	(12,450)	(7,390,140)	(290,174)	(8,426,278)
Revaluation	(97,483)	-	-	-	-	-	(97,483)
Reclassification to assets held for sale	(8,818,441)	-	-	-	-	-	(8,818,441)
Full settlement of lease liabilities	-	-	-	(110,666)	(192,000)	(84,247)	(386,913)
At 31 December 2022	28,287,436	-	13,755	-	62,744,765	1,115,924	92,161,880

Notes To The Financial Statements
31 December 2022
(Cont'd)

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

4.1 Right-of-use assets (Cont'd)

Included in the property, plant and equipment is right-of-use assets as follows (Cont'd):-

Company	Leasehold land RM	Leased factory buildings* RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Net carrying amount						
At 1 January 2021	15,006,148	66,641	139,716	11,461,960	428,683	27,103,148
Additions	16,332,885	-	-	56,827,346	510,581	73,670,812
Depreciation charges	(305,030)	(66,641)	(16,600)	(3,268,175)	(135,376)	(3,791,822)
Revaluation	2,450,887	-	-	-	-	2,450,887
Transfer to investment properties	(3,106,148)	-	-	-	-	(3,106,148)
Reclassification to assets held for sale	-	-	-	(3,902,312)	-	(3,902,312)
At 31 December 2021	30,378,742	-	123,116	61,118,819	803,888	92,424,565
Additions	-	-	-	7,656,595	-	7,656,595
Depreciation charges	(624,008)	-	(12,450)	(7,171,761)	(165,471)	(7,973,690)
Revaluation	(97,483)	-	-	-	-	(97,483)
Reclassification to assets held for sale	(8,818,441)	-	-	-	-	(8,818,441)
Full settlement of lease liabilities	-	-	(110,666)	-	(84,247)	(194,913)
At 31 December 2022	20,838,810	-	-	61,603,653	554,170	82,996,633

* The Group and the Company leased two factory buildings for terms of 3 years, one with extension option of 2 years and the other with no extension option; and the Group leased hostels for terms of 2 years with extension options of 2 years. Other than the leasehold land where revaluation model is applied, the Group and the Company has elected to apply the cost model to all right-of-use assets.

Equipment, furniture and fittings, plant and machinery and motor vehicles under right-of-use assets are acquired by hire purchase creditors and pledged as security for the related lease liabilities.

Notes To The Financial Statements 31 December 2022 (Cont'd)

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

4.2 Revaluation of land and factory buildings

The Group's and the Company's land and factory buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses.

During the financial year ended 2021 and 2022, the Directors have revalued the land and factory buildings based on professional valuations by external independent professionally qualified property valuers having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued. These valuations were incorporated in the financial statements as at 31 December 2021 and 31 December 2022 respectively.

The Group and the Company measure fair values using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table provides the fair value measurement hierarchy of the Group's and Company's land and factory buildings:-

	Level 3 Group		Level 3 Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Freehold land	6,364,175	6,364,175	-	-
Leasehold land	28,562,020	30,630,000	21,050,000	30,630,000
Factory buildings	68,905,207	54,030,807	52,700,000	47,858,489
	103,831,402	91,024,982	73,750,000	78,488,489

Level 3 Fair Value of Land and Factory Buildings

Level 3 fair value of freehold and leasehold land and factory buildings has been generally derived using the comparison approach and cost approach respectively.

The comparison/cost method of valuation entails separate valuations of the land and factory buildings to arrive at the market value of the subject property.

Under the comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer would not pay more for the property than it would cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

The land is valued by reference to transactions of similar lands with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions, if any and other relevant characteristics.

The factory buildings are valued by reference to the current estimates on construction costs to erect equivalent buildings, taking into consideration of similar accommodation in terms of size, construction, finishes contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of obsolescence and existing physical condition of the factory buildings.

Notes To The Financial Statements

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(Cont'd)

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

4.2 Revaluation of land and factory buildings (Cont'd)

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

Description	Valuation	Significant unobservable inputs	Range of unobservable inputs	Relationship of significant unobservable inputs to fair value
Group				
<u>2022</u>				
Freehold land	Comparison approach	Difference in size	RM70 to RM80 per square feet	Higher the differential value, higher fair value
Leasehold land	Comparison approach	Difference in size, location, time factor, site improvement, land usage, shape and tenure	RM30 to RM80 per square feet	Higher the differential value, lower fair value
Factory buildings	Cost approach	Estimated replacement cost per square feet	RM50 to RM237 per square feet	Higher estimated replacement cost, higher fair value
		Depreciation rate	2% - 10%	Higher depreciation rate, lower fair value
<u>2021</u>				
Freehold land	Comparison approach	Difference in location, time factor, size, land usage and shape	RM70 to RM80 per square feet	Higher the differential value, lower fair value
Leasehold land	Comparison approach	Difference in location, infrastructure, size, land usage, shape and tenure	RM32 to RM80 per square feet	Higher differential value, lower fair value
Factory buildings	Cost approach	Estimated replacement cost per square feet	RM94 to RM210 per square feet	Higher estimated replacement cost, higher fair value
		Depreciation rate	2% - 10%	Higher depreciation rate, lower fair value

Notes To The Financial Statements
31 December 2022
(Cont'd)

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

4.2 Revaluation of land and factory buildings (Cont'd)

The following table shows the valuation techniques used in the determination of fair value within Level 3, as well as the key unobservable inputs used in the valuation model. (Cont'd)

Description	Valuation	Significant unobservable inputs	Range of unobservable inputs	Relationship of significant unobservable inputs to fair value
Company				
<u>2022</u>				
Leasehold land	Comparison approach	Difference in size, location, site improvement, infrastructure and tenure	RM32 to RM59 per square feet	Higher the differential value, lower fair value
Factory buildings	Cost approach	Estimated replacement cost per square feet	RM153 to RM237 per square feet	Higher estimated replacement cost, higher fair value
<u>2021</u>				
Leasehold land	Comparison approach	Difference in location, infrastructure, size, land usage, shape and tenure	RM32 to RM80 per square feet	Higher differential value, lower fair value
Factory buildings	Cost approach	Estimated replacement cost per square feet	RM94 to RM147 per square feet	Higher estimated replacement cost, higher fair value

4.3 Transfer to investment properties

During the financial year ended 31 December 2021, a property was transferred to investment properties because it was no longer used by the Group and the Company and it is leased to a third party.

Notes To The Financial Statements

31 December 2022

(Cont'd)

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

4.4 Revalued land and factory buildings at cost

At the reporting date, had the revalued land and factory buildings of the Group and the Company been carried under the cost model, the carrying amount would have been as follows:-

Group	Freehold land RM	Leasehold land RM	Factory buildings RM
Cost			
At 1 January 2021	-	9,324,680	20,374,244
Additions	6,364,175	16,332,885	18,675,687
Reclassification from renovation and electrical installation	-	-	55,120
Transfer to investment properties	-	(2,852,250)	(3,690,020)
At 31 December 2021	6,364,175	22,805,315	35,415,031
Additions	-	7,512,020	10,667,929
Reclassification to assets held for sale	-	(8,195,086)	-
At 31 December 2022	6,364,175	22,122,249	46,082,960
Accumulated depreciation			
At 1 January 2021	-	107,406	168,165
Charge for the financial year	-	190,514	499,215
Transfer to investment properties	-	(84,656)	(109,521)
At 31 December 2021	-	213,264	557,859
Charge for the financial year	-	522,768	774,652
Reclassification to assets held for sale	-	(171,497)	-
At 31 December 2022	-	564,535	1,332,511
Net carrying amount			
31 December 2021	6,364,175	22,592,051	34,857,172
31 December 2022	6,364,175	21,557,714	44,750,449
Company		Leasehold land RM	Factory buildings RM
Cost			
At 1 January 2021		9,324,680	20,374,244
Additions		16,332,885	12,503,369
Reclassification from renovation and electrical installation		-	55,120
Transfer to investment properties		(2,852,250)	(3,690,020)
At 31 December 2021		22,805,315	29,242,713
Additions		-	635,040
Reclassification to assets held for sale		(8,195,086)	-
At 31 December 2022		14,610,229	29,877,753

Notes To The Financial Statements
31 December 2022
(Cont'd)

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

4.4 Revalued land and factory buildings at cost (Cont'd)

At the reporting date, had the revalued land and factory buildings of the Group and the Company been carried under the cost model, the carrying amount would have been as follows (Cont'd):-

Company (Cont'd)	Leasehold land RM	Factory buildings RM
Accumulated depreciation		
At 1 January 2021	107,406	168,165
Charge for the financial year	190,514	397,577
Transfer to investment properties	(84,656)	(109,521)
At 31 December 2021	213,264	456,221
Charge for the financial year	459,374	635,675
Reclassification to assets held for sale	(171,497)	-
At 31 December 2022	501,141	1,091,896
Net carrying amount		
31 December 2021	22,592,051	28,786,492
31 December 2022	14,109,088	28,785,857

5. INVESTMENT PROPERTIES

	Leasehold land RM	Leasehold building RM	Freehold land RM	Freehold building RM	Total RM
Group					
At fair value					
At 1 January 2021	-	-	-	-	-
Transfer from property, plant and equipment	3,106,148	5,571,346	-	-	8,677,494
Fair value adjustments	43,852	78,654	-	-	122,506
At 31 December 2021	3,150,000	5,650,000	-	-	8,800,000
Fair value adjustments	(540,000)	1,540,000	-	-	1,000,000
At 31 December 2022	2,610,000	7,190,000	-	-	9,800,000

Notes To The Financial Statements

31 December 2022

(Cont'd)

5. INVESTMENT PROPERTIES (CONT'D)

	Leasehold land RM	Leasehold building RM	Freehold land RM	Freehold building RM	Total RM
Company					
At fair value					
At 1 January 2021	-	-	-	-	-
Additions	-	-	2,700,373	3,555,317	6,255,690
Transfer from property, plant and equipment	3,106,148	5,571,346	-	-	8,677,494
Fair value adjustments	43,852	78,654	-	-	122,506
At 31 December 2021	3,150,000	5,650,000	2,700,373	3,555,317	15,055,690
Fair value adjustments	(540,000)	1,540,000	-	-	1,000,000
At 31 December 2022	2,610,000	7,190,000	2,700,373	3,555,317	16,055,690

During the financial year ended 31 December 2021, a property was transferred from property, plant and equipment to investment properties because the property was no longer used by the Group and the Company and it is leased to a third party. During the financial year ended 31 December 2022, the lease agreement with the third party was terminated and since no usage is currently assigned, the property is deemed to be held for capital appreciation and therefore continues to be classified under investment property.

The investment properties have been pledged to a licensed bank for credit facilities granted to the Group and the Company as disclosed in Note 18 to the financial statements.

Included in the investment properties is a right-of-use asset as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At fair value				
Leasehold land	2,610,000	3,150,000	2,610,000	3,150,000

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Rental income	960,000	-	1,272,000	156,000
Direct operating expense				
- Income generating investment properties	79,760	-	89,940	80,607
- Non-income generating investment properties	-	67,645	-	67,645

Notes To The Financial Statements
31 December 2022
(Cont'd)

5. INVESTMENT PROPERTIES (CONT'D)

The operating lease payments to be received are as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Less than one year	-	1,152,000	156,000	1,464,000
One to two years	-	1,152,000	-	1,308,000
Total undiscounted lease payments	-	2,304,000	156,000	2,772,000

5.1 Fair value information

The investment properties consist of land and buildings and are valued annually at fair value, comprising market value, by an external independent professionally qualified property valuer having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

The market value is defined as the estimated amount for which an asset or an interest in a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion. The market value of the investment properties was determined based on the comparison approach and cost approach.

The Group and the Company measure fair values using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table provides the fair value measurement hierarchy of the Group's and Company's investment properties:-

	Level 3 Group		Level 3 Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Freehold land	-	-	2,700,373	2,700,373
Leasehold land	2,610,000	3,150,000	2,610,000	3,150,000
Freehold building	-	-	3,555,317	3,555,317
Leasehold building	7,190,000	5,650,000	7,190,000	5,650,000
	9,800,000	8,800,000	16,055,690	15,055,690

Notes To The Financial Statements
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(Cont'd)

5. INVESTMENT PROPERTIES (Cont'd)

5.1 Fair value information (Cont'd)

Level 3 Fair Value of Land and Buildings

Description	Valuation	Significant unobservable inputs	Range of unobservable inputs	Relationship of significant unobservable inputs to fair value
Group				
<u>2022</u>				
Leasehold land	Comparison approach	Difference in size and tenure	RM28 to RM33 per square feet	Higher differential value, lower fair value
Building	Cost approach	Estimated replacement cost per square feet	RM53 to RM155 per square feet	Higher estimated replacement cost, higher fair value
		Depreciation rate	2%	Higher depreciation rate, lower fair value
<u>2021</u>				
Leasehold land	Comparison approach	Difference in location, time factor, size, land usage, shape and tenure	RM34.20 to RM41.85 per square feet	Higher differential value, lower fair value
Building	Cost approach	Estimated replacement cost per square feet	RM100 to RM130 per square feet	Higher estimated replacement cost, higher fair value
		Depreciation rate	2%	Higher depreciation rate, lower fair value
		Discount factor for consideration of Covid-19 pandemic	10%	Higher discount factor adjustment, lower fair value
Company				
<u>2022</u>				
Freehold land	Comparison approach	Difference in size	RM70 to RM80 per square feet	Higher differential value, higher fair value
Leasehold land	Comparison approach	Difference in size and tenure	RM28 to RM33 per square feet	Higher differential value, lower fair value
Buildings	Cost approach	Estimated replacement cost per square feet	RM53 to RM161 per square feet	Higher estimated replacement cost, higher fair value
		Depreciation rate	2% - 10%	Higher depreciation rate, lower fair value

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(Cont'd)

5. INVESTMENT PROPERTIES (Cont'd)

5.1 Fair value information (Cont'd)

Level 3 Fair Value of Land and Buildings (Cont'd)

Description	Valuation	Significant unobservable inputs	Range of unobservable inputs	Relationship of significant unobservable inputs to fair value
Company (Cont'd)				
2021				
Freehold land	Comparison approach	Difference in size and site improvement	RM75 to RM77 per square feet	Higher differential value, higher fair value
Leasehold land	Comparison approach	Difference in location, time factor, size, land usage, shape and tenure	RM34.20 to RM41.85 per square feet	Higher differential value, lower fair value
Buildings	Cost approach	Estimated replacement cost per square feet	RM100 to RM130 per square feet	Higher estimated replacement cost, higher fair value
		Depreciation rate	2% - 10%	Higher depreciation rate, lower fair value
		Discount factor for consideration of Covid-19 pandemic	10%	Higher discount factor adjustment, lower fair value

6. INVESTMENT IN SUBSIDIARY COMPANIES

6.1 Investment in subsidiary companies

	Company	
	2022 RM	2021 RM
Unquoted shares, at cost		
- Cape Manufacturing (M) Sdn. Bhd.	13,074,588	5,574,588
- Cape Holdings (S) Pte. Ltd.	1,583,442	1,583,442
	14,658,030	7,158,030

Notes To The Financial Statements
31 December 2022
(Cont'd)

6. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

6.1 Investment in subsidiary companies (Cont'd)

The particulars of the subsidiary companies are as follows:-

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2022 %	2021 %	
Cape Manufacturing (M) Sdn. Bhd.	Malaysia	100	100	Aluminium die cast manufacturing and electronics manufacturing services
Cape Holdings (S) Pte. Ltd. #	Singapore	100	100	Supply of electronics products and related activities

Audited by a firm other than member firms of Grant Thornton International Ltd and Grant Thornton Malaysia PLT.

6.2 Amount due from subsidiary companies

	Note	Company	
		2022 RM	2021 RM
Trade related	6.2.1	17,435	214,414
Non-trade related	6.2.2	4,473,587	11,492,906
		4,491,022	11,707,320

6.2.1 The trade related balances are unsecured and bear no interest and are generally on terms of 30 days (2021: 30 days).

6.2.2 The non-trade related balances are unsecured, bear no interest and repayable upon demand.

6.3 Amount due to a subsidiary company

	Note	Company	
		2022 RM	2021 RM
Trade related	6.3.1	1,190,853	1,313,985
Non-trade related	6.3.2	-	692
		1,190,853	1,314,677

6.3.1 The trade related balances are unsecured, bear no interest and are generally on terms of 60 days (2021: 60 days).

6.3.2 The non-trade related balances are unsecured, bear no interest and repayable upon demand.

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(Cont'd)

7. GOODWILL ON ACQUISITION

	2022 RM	Group 2021 RM
Cost		
At 1 January/ 1 July	6,243,746	6,243,746
Additions	-	-
At 31 December	6,243,746	6,243,746

The goodwill arose from the acquisition of subsidiary companies.

Impairment tests for goodwill

(a) Allocation of goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units ("CGU") identified as follows:-

	2022 RM	Group 2021 RM
Subsidiary companies		
Cape Manufacturing (M) Sdn Bhd	5,609,949	5,609,949
Cape Holdings (S) Pte. Ltd.	633,797	633,797
	6,243,746	6,243,746

(b) Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a period of not more than five years. Key assumptions and management's approach to determine the values assigned to each key assumption are as follows:-

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in the period immediately before the budgeted period and revised for expected demand of their products.

(ii) Growth rate

The average growth rates used are based on management's estimate of average growth rate based on the past and current trends of the industry.

(iii) Discount rate

The pre-tax discount rate of 8.57% and 8.82% (2021: 7.62% and 8.82) for Cape Manufacturing (M) Sdn. Bhd. and Cape Holdings (S) Pte. Ltd. respectively was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the weighted average cost of capital of the respective subsidiaries.

The Directors believe that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount except for the changes in prevailing operating environment which is not ascertainable.

Notes To The Financial Statements
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(Cont'd)

8. DEFERRED TAX ASSETS/(LIABILITIES)

Movement in deferred tax assets/(liabilities) during the financial year is as follows:-

	At 1 January 2021	Recognised in other comprehensive income (Note 25)	Recognised in profit or loss (Note 25)	At 31 December 2021/ 1 January 2022	Recognised in other comprehensive income (Note 25)	Recognised in profit or loss (Note 25)	At 31 December 2022
Group	RM	RM	RM	RM	RM	RM	RM
Property, plant and equipment	(1,849,994)	-	(3,446,752)	(5,296,746)	-	(1,678,049)	(6,974,795)
Excess of right-of-use assets and interest on lease liabilities against actual lease payments	94,000	-	(94,000)	-	-	-	-
Revaluation of land and buildings	(6,352,720)	(591,265)	122,335	(6,821,650)	(1,421,669)	134,363	(8,108,956)
Unabsorbed tax losses	832,000	-	(832,000)	-	-	-	-
Unrealised foreign exchange	62,000	-	(13,000)	49,000	-	(779,000)	(730,000)
Unutilised capital allowances	-	-	232,000	232,000	-	(232,000)	-
Unutilised reinvestment allowances	1,241,000	-	6,330,000	7,571,000	-	(179,000)	7,392,000
Unutilised value of increased export allowances	121,000	-	(121,000)	-	-	-	-
	(5,852,714)	(591,265)	2,177,583	(4,266,396)	(1,421,669)	(2,733,686)	(8,421,751)
Company							
Property, plant and equipment	(1,664,208)	-	(2,588,792)	(4,253,000)	-	(1,226,000)	(5,479,000)
Excess of right-of-use assets and interest on lease liabilities against actual lease payments	94,000	-	(94,000)	-	-	-	-
Revaluation of land and buildings	(6,352,720)	(588,212)	122,335	(6,818,597)	(1,421,669)	134,363	(8,105,903)
Unabsorbed tax losses	832,000	-	(832,000)	-	-	-	-
Unrealised foreign exchange	56,000	-	(9,000)	47,000	-	(906,000)	(859,000)
Unutilised reinvestment allowances	1,241,000	-	5,515,000	6,756,000	-	421,000	7,177,000
	(5,793,928)	(588,212)	2,113,543	(4,268,597)	(1,421,669)	(1,576,637)	(7,266,903)

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

The balances in the deferred tax assets/(liabilities) are made up of temporary differences arising from:-

	Assets		Liabilities		Net	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM
Group						
Property, plant and equipment	-	-	(6,974,795)	(5,296,746)	(6,974,795)	(5,296,746)
Revaluation of land and buildings	-	-	(8,108,956)	(6,821,650)	(8,108,956)	(6,821,650)
Unrealised foreign exchange	129,000	49,000	(859,000)	-	(730,000)	49,000
Unutilised capital allowances	-	232,000	-	-	-	232,000
Unutilised reinvestment allowances	7,392,000	7,571,000	-	-	7,392,000	7,571,000
Tax assets/(liabilities)	7,521,000	7,852,000	(15,942,751)	(12,118,396)	(8,421,751)	(4,266,396)
Set off of tax	(6,682,000)	(5,295,947)	6,682,000	5,295,947	-	-
Net tax assets/(liabilities)	839,000	2,556,053	(9,260,751)	(6,822,449)	(8,421,751)	(4,266,396)
Company						
Property, plant and equipment	-	-	(5,479,000)	(4,253,000)	(5,479,000)	(4,253,000)
Revaluation of land and buildings	-	-	(8,105,903)	(6,818,597)	(8,105,903)	(6,818,597)
Unrealised foreign exchange	-	47,000	(859,000)	-	(859,000)	47,000
Unutilised reinvestment allowances	7,177,000	6,756,000	-	-	7,177,000	6,756,000
Tax assets/(liabilities)	7,177,000	6,803,000	(14,443,903)	(11,071,597)	(7,266,903)	(4,268,597)
Set off of tax	(6,338,000)	(4,253,000)	6,338,000	4,253,000	-	-
Net tax assets/(liabilities)	839,000	2,550,000	(8,105,903)	(6,818,597)	(7,266,903)	(4,268,597)

The unutilised capital allowances are available indefinitely for offset against future taxable profits of the Group in which those items arose.

The unutilised reinvestment allowances can only be carried forward up to seven (7) consecutive years of year of assessment ("YA") upon expiry of the qualifying period of that reinvestment allowances, which is specifically until YA 2031 for the Company and YA 2041 for a subsidiary. Any such amount that would not be fully utilised after YA 2031 and YA 2041 shall be disregarded.

Notes To The Financial Statements

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9. INVENTORIES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Raw materials	36,377,860	31,210,189	33,226,119	28,454,296
Work-in-progress	1,472,234	1,538,965	-	-
Finished goods	235,138	424,116	-	3,177
Goods-in-transit	530,284	803,348	530,284	803,348
Total inventories	38,615,516	33,976,618	33,756,403	29,260,821
Recognised in profit or loss:-				
Inventories recognised in cost of sales	375,855,089	302,443,589	320,894,905	220,840,883

10. TRADE RECEIVABLES

The credit terms granted on sales of goods of the Group and the Company ranged from 30 days to 180 days (2021: 30 days to 90 days).

On 31 December 2020, the Group and the Company entered into an agreement with a customer to extend the repayment term for a trade receivable amounting to RM25,132,166 by one year. The outstanding balance would be interest-free and would be guaranteed by the major shareholders of the customer. The tenure of the repayment will be reviewed on an annual basis. On 31 December 2021, by request from the customer, the Group and the Company agreed for the repayment of the remaining balance of RM7,555,882 to be extended by another one year and to be repaid over five instalments. As at the report date, the customer has fully repaid the outstanding balance.

An impairment analysis is performed at each reporting date using a provision matrix to measure Expected Credit Losses ("ECLs"). Information regarding the Group's and the Company's exposure to the credit risk and ECLs for trade receivables is disclosed Note 31(c) to the financial statements.

11. OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-trade receivables	384,763	330,680	374,371	-
Advance payment to suppliers	3,140,539	1,302,324	2,766,738	1,302,324
Deposit to secure bank guarantees	100,000	250,000	-	-
Deposits	1,977,633	1,189,312	1,613,143	859,460
Deposits and advances paid for purchase of property, plant and equipment	1,885,800	6,399,595	41,400	6,399,595
Prepayments	8,630,684	6,660,890	7,474,578	5,556,109
Goods and service tax receivables	4,456	-	-	-
	16,123,875	16,132,801	12,270,230	14,117,488

Notes To The Financial Statements 31 December 2022 (Cont'd)

12. AMOUNT DUE FROM/TO RELATED PARTIES

Related parties refer to companies in which certain Directors of the Company have substantial financial interest.

The amount due from/to related parties are non-trade in-nature, unsecured, bears no interest and repayable upon demand.

13. FIXED DEPOSITS WITH LICENSED BANKS

Group and Company

Fixed deposits with licensed banks amounted to RM9,240,070 (2021: RM6,015,544) and RM8,272,570 (2021: RM6,015,544) are pledged to banks for bank guarantee facility granted to the Group and the Company respectively, and hence, are not available for general use.

The fixed deposits with licensed banks are on fixed rate basis and mature within 1 to 12 months (2021: 1 to 12 months) and 1 month (2021: 1 to 12 months) period for the Group and the Company respectively.

The effective interest rates on fixed deposits with licensed banks ranged from 1.38% to 2.65% (2021: 1.53% to 2.85%) and 1.38% to 2.10% (2021: 1.53% to 2.85%) per annum for the Group and the Company respectively.

14. NON-CURRENT ASSETS HELD FOR SALE

	Leasehold land RM	Plant and machinery RM	Total RM
Group and Company			
At 1 January 2021	-	-	-
Transfer from property, plant and equipment	-	3,902,312	3,902,312
At 31 December 2021	-	3,902,312	3,902,312
Disposal	-	(3,902,312)	(3,902,312)
Transfer from property, plant and equipment	8,818,441	-	8,818,441
At 31 December 2022	8,818,441	-	8,818,441

On 7 December 2021, the Group and the Company entered into a Sale and Purchase arrangement for disposal of 16 units of plant and machineries for a total sale consideration of RM4,051,000. The sale of plant and machineries is completed on 29 March 2022.

On 22 June 2022, the Group and the Company entered into a non-binding letter of intent with a third party for the proposed sale of a leasehold land and subsequent leaseback of a single storey industrial building that will be constructed on the said leasehold land by the third party. An extension letter was signed on 2 September 2022 to extend the duration of the letter of intent to 20 December 2022. Another extension letter was signed on 16 December 2022 to extend the duration of the letter of intent further to 20 March 2023. Following the expiry of the letter of intent, management are still committed to selling the said leasehold land and is actively looking for or in active negotiations with third parties. The sale is expected to be completed within one year, pending the Group and the Company to finalise the building plan and terms of the proposed sale. The carrying value of the leasehold land is RM8,818,441 and is classified as non-current assets held for sale.

Assets classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification. No loss on write-down is required to be recognised in profit or loss.

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15. SHARE CAPITAL

Group and Company

	2022 Unit	2022 RM	2021 Unit	2021 RM
Ordinary shares				
Issued and fully paid-up with no par value:-				
At beginning of the financial year	40,000,000	40,000,000	40,000,000	40,000,000
Conversion of irredeemable convertible preference shares	10,000,000	60,000,000	-	-
Share split	700,000,000	-	-	-
At end of the financial year	750,000,000	100,000,000	40,000,000	40,000,000
Irredeemable convertible preference shares				
At beginning of the financial year	60,000,000	60,000,000	-	-
Issued during the financial year	-	-	60,000,000	60,000,000
Conversion of irredeemable convertible preference shares	(60,000,000)	(60,000,000)	-	-
At end of the financial year	-	-	60,000,000	60,000,000
Total ordinary shares and irredeemable convertible preference shares	750,000,000	100,000,000	100,000,000	100,000,000

Share split

On 27 April 2022, the Company had undertaken a subdivision of every 1 existing share held into 15 shares. The share split had not resulted in any change to the Company's cumulative value of issued share capital.

Irredeemable convertible preference shares

On 31 December 2021, the Company issued 60,000,000 irredeemable convertible preference shares ("ICPS") at an issue price of RM1 per ICPS.

On 20 April 2022, ICPS holders had converted all of the existing ICPS into new ordinary shares in the Company. Upon completion of the conversion of all ICPS, the Company's resultant issued share capital had changed from RM40,000,000 comprising 40,000,000 ordinary shares to RM100,000,000 comprising 50,000,000 ordinary shares.

The salient terms of the ICPS are as follows:-

- i) Conversion rights
 - a. The ICPS holders will have the right to convert the ICPS into the Company's new ordinary shares on a pro-rata basis to represent 20% of the Company's enlarged and fully diluted share capital.
 - b. The conversion of ICPS can be at any time, at the option of the ICPS holder, or immediately prior to the public listing of the Company via an initial public offering ("IPO") or reverse takeover ("RTO").
- ii) Dividend

A dividend of 6% per annum is payable, and the timing of the payment is at discretion of the issuer. The dividend is cumulative, but subject to the exit event, which is for the existing shareholders prior to the issuance (the "Promoters") to cause the issuer to consummate an IPO or RTO, share sale or asset sale within a period of three years from the closing of the subscription of the ICPS. The choice of the exit event is deemed to be within the control of the issuer and in the case of an IPO or RTO, the issuer, via the control of the Promoters, will have the discretion to settle the dividends either by the Issuer by cash, or by the Promoters in cash or by shares in the Company.

Notes To The Financial Statements
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(Cont'd)

15. SHARE CAPITAL (Cont'd)

Irredeemable convertible preference shares (Cont'd)

The salient terms of the ICPS are as follows (Cont'd):-

iii) Rights of the ICPS holders

The ICPS when allotted and issued shall be free from all encumbrances whatsoever and that on conversion to ordinary shares of the issuer, shall rank pari passu in all respects with the existing issued shares and the investors shall be entitled to all dividends, rights, bonuses, issues or other allotments or distributions declared and distributed by the issuer after the date of allotment and issue.

iv) Exit event

The Company and each Promoter shall use all reasonable endeavours to consummate an IPO or RTO, share sale or asset sale within a period of three years from the closing date of the share subscription agreement. In the event that the Company has not achieved the IPO event by third anniversary of closing date, the ICPS holders shall have the right to compel the Promoters to undertake to repurchase 100% of outstanding ICPS on a pro-rate basis from the investors to be settled in cash at a repurchase price derived from the principal subscription sum plus accrued dividends to provide for a repurchase yield of 16.5% per annum.

v) Restrictions

The ICPS holders shall have the right to subscribe to new equity issues at the prevailing issue price to maintain their shareholding at the percentage prior to any equity issue. The ICPS holders shall maintain 20% of shareholding in the Company and any equity issue shall not result in transferring control of shareholding and management capacity of the Promoters.

Prior to a public listing of the Company, the existing shareholders may not transfer, assign, pledge, encumber or otherwise deal in respect of any shares in the Company without the consent of the Lead investor, Fortress Capital Asset Management (M) Sdn. Bhd. which may result in the Promoters transfer control of shareholding and management capacity.

16. REVALUATION RESERVE

The revaluation reserve arises from the revaluation of land and buildings and is not available for distribution as dividends.

17. LEASE LIABILITIES

17.1 Group and Company as lessee

17.1.1 Nature of leasing activities

Lease liabilities of the Group and the Company arise from the rental of hostels and acquisition of motor vehicles, plant and machinery and equipment, furniture and fittings under hire purchase contracts.

Notes To The Financial Statements
31 December 2022
(Cont'd)

17. LEASE LIABILITIES (Cont'd)

17.1 Group and Company as lessee (Cont'd)

17.1.1 Nature of leasing activities (Cont'd)

The table below describes the nature of the Group's and the Company's leasing activities:-

Type	Number of right-of-use assets leased	Range of remaining term	Number of lease with extension options
Group			
<u>2022</u>			
Hostel	1	6 months	1
Plant and machinery	18	27 – 77 months	-
Motor vehicles	6	45 -51 months	-
<u>2021</u>			
Hostels	2	11 – 18 months	2
Equipment, furniture and fittings	2	29 months	-
Plant and machinery	21	24 – 79 months	-
Motor vehicles	5	8 – 62 months	-
Company			
<u>2022</u>			
Plant and machinery	14	44 – 77 months	-
Motor vehicles	3	45 – 50 months	-
<u>2021</u>			
Equipment, furniture and fittings	2	29 months	-
Plant and machinery	16	24 – 79 months	-
Motor vehicles	4	8 – 62 months	-

Each lease generally imposes a restriction that the right-of-use asset can only be used by the Group and the Company. For leases over properties, the Group and the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

17.1.2 Lease liabilities are presented in the statements of financial position as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current	10,126,511	11,119,747	9,139,304	10,597,282
Non-current	43,159,907	45,465,344	41,243,934	44,202,123
	53,286,418	56,585,091	50,383,238	54,799,405

Notes To The Financial Statements
31 December 2022
(Cont'd)

17. LEASE LIABILITIES (Cont'd)

17.1 Group and Company as lessee (Cont'd)

17.1.3 Set out below are the carrying amounts of lease liabilities and the movements during the period:-

	Factory buildings RM	Hostel RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Group						
At 1 January 2021	71,412	105,054	121,575	12,028,817	371,376	12,698,234
Additions	-	-	-	47,843,066	759,000	48,602,066
Accretion of interest	588	3,107	7,431	1,953,935	21,234	1,986,295
Payments	(72,000)	(46,100)	(39,996)	(6,368,781)	(174,627)	(6,701,504)
At 31 December 2021	-	62,061	89,010	55,457,037	976,983	56,585,091
Additions	-	-	-	8,295,082	394,000	8,689,082
Accretion of interest	-	1,654	7,587	3,060,850	49,705	3,119,796
Payments	-	(49,200)	(96,597)	(14,618,560)	(343,194)	(15,107,551)
At 31 December 2022	-	14,515	-	52,194,409	1,077,494	53,286,418
	Factory buildings RM		Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Company						
At 1 January 2021		71,412	121,575	10,021,035	371,376	10,585,398
Additions		-	-	47,843,066	501,000	48,344,066
Accretion of interest		588	7,431	1,827,323	18,639	1,853,981
Payments		(72,000)	(39,996)	(5,711,660)	(160,384)	(5,984,040)
At 31 December 2021		-	89,010	53,979,764	730,631	54,799,405
Additions		-	-	6,847,082	-	6,847,082
Accretion of interest		-	7,587	2,992,721	26,574	3,026,882
Payments		-	(96,597)	(13,978,089)	(215,445)	(14,290,131)
At 31 December 2022		-	-	49,841,478	541,760	50,383,238

The maturity analysis of lease liabilities is disclosed in Note 31(d) to the financial statements.

17.1.4 Lease payments not recognised as a liability

The Group and the Company have certain leases of hostel and factory buildings with lease terms of 12 months or less. The Group and the Company elected not to recognise lease liability for short-term leases (leases with an expected term of 12 months or less). Payments made under such leases are expensed on a straight-line basis.

Notes To The Financial Statements

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17. LEASE LIABILITIES (Cont'd)

17.1 Group and Company as lessee (Cont'd)

17.1.4 Lease payments not recognised as a liability (Cont'd)

The following are the amounts recognised in profit or loss:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Lease payments not recognised as liabilities:-				
Short-term leases	638,903	630,799	447,740	596,707

18. LOANS AND BORROWINGS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>Secured:-</u>				
<u>Current</u>				
Term loans	6,836,706	5,803,399	4,880,211	4,718,033
Bank overdrafts	6,430,363	2,558,963	3,365,267	-
Short-term financing	51,094,468	31,530,698	47,196,291	28,233,451
	64,361,537	39,893,060	55,441,769	32,951,484
<u>Non-current</u>				
Term loans	74,246,365	59,848,893	57,563,994	59,848,893
Total loans and borrowings	138,607,902	99,741,953	113,005,763	92,800,377

The loans and borrowings of the Group and the Company are secured by:-

- Principal instrument in facilities agreement;
- Legal charge over the land and buildings held by the Group and the Company;
- Fixed deposits of the Group and the Company as disclosed in Note 13 to the financial statements;
- Jointly and severally guaranteed by the Directors of the Company and third parties;
- Personal guarantee by certain Directors of the Group and the Company;
- Guaranteed cover from the Government of Malaysia under Working Capital Guarantee Scheme ("WCGS"); and
- Corporate guarantee by the Company and subsidiary company.

19. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases. The credit terms granted to the Group and the Company ranged from 30 days to 120 days (2021: 30 days to 120 days).

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20. OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Accruals	4,172,462	4,685,598	3,352,660	3,289,429
Deposit received	2,905,343	2,463,045	2,318,981	1,347,499
Non-trade payables	6,248,886	18,358,434	5,143,138	17,308,127
Goods and service tax payables	-	5,183	-	-
	13,326,691	25,512,260	10,814,779	21,945,055

21. REVENUE

Revenue for the Group and the Company comprise of revenue from contracts with customers.

21.1 Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated by major products, primary geographical markets of the customers and timing of revenue recognition as follows:-

	2022 RM	2021 RM
Group		
Major products and services		
Industrial electronic products	274,208,803	214,658,162
Consumer electronic products	151,775,128	91,628,806
Die casting manufacturing	9,352,514	24,142,860
Supply of parts and components	2,617,648	13,904,595
	437,954,093	344,334,423
Primary geographical markets of the customers		
Asia	127,542,910	150,103,635
Americas	281,680,525	190,518,293
Europe	28,730,658	3,712,495
	437,954,093	344,334,423
Timing of revenue recognition		
Goods transferred at a point in time	437,954,093	344,334,423

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21. REVENUE (Cont'd)

21.1 Disaggregation of revenue from contracts with customers (Cont'd)

Revenue from contracts with customers is disaggregated by major products, primary geographical markets of the customers and timing of revenue recognition as follows (Cont'd):-

	2022 RM	2021 RM
Company		
Major products and services		
Industrial electronic products	218,050,104	147,552,827
Consumer electronic products	151,775,128	91,628,806
Supply of parts and components	1,751,523	13,583,453
	371,576,755	252,765,086
Primary geographical markets of the customers		
Asia	122,814,509	131,940,692
Americas	220,893,466	119,093,234
Europe	27,868,780	1,731,160
	371,576,755	252,765,086
Timing of revenue recognition		
Goods transferred at a point in time	371,576,755	252,765,086

21.2 Nature of goods and services

The following information reflects the typical transactions of the Group and the Company:-

Nature of goods	Timing of recognition or method used to recognise revenue	Significant payment terms	Warranty
Industrial electronic products and consumer electronic products, die casting manufacturing and supply of parts and components	Revenue is recognised when the goods are delivered and/or accepted by the customers	Credit period of 30 to 180 days	Assurance warranties of 12 to 24 months are given to certain customers

The revenue from contracts with customers of the Group and the Company are not subject to variable element in the consideration and obligation for returns or refunds.

The Group and the Company apply the practical expedients for exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

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22. OTHER INCOME

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Insurance compensation income	-	35,630	-	35,630
Fair value gain on investment properties	1,000,000	122,506	1,000,000	122,506
Gain on disposal of property, plant and equipment	-	123,652	-	47,652
Gain on disposal of non-current assets held for sale	148,688	-	148,688	-
Miscellaneous income	215,191	287,593	101,578	17,223
Rental income - factory	960,000	277,920	1,272,000	433,920
Realised gain on foreign exchange	4,739,392	69,196	4,106,699	-
Unrealised gain on foreign exchange	-	53,944	-	-
Wages subsidies*	36,600	12,935	-	-
	7,099,871	983,376	6,628,965	656,931

* The Group received financial assistance from Wage Subsidy Program ("PSU") implemented by Malaysia Social Security Organisation ("SOCSSO").

23. FINANCE COSTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Bank guarantee commission	-	8,350	-	8,350
Bank overdraft interest	495,576	146,364	309,736	-
Lease liabilities interest	3,119,796	1,986,295	3,026,882	1,853,981
Letter of credit interest	93,287	-	-	-
Short-term financing interest	1,877,641	871,688	1,784,383	784,082
Third party loan interest	-	453,046	-	453,046
Term loans interest	3,201,866	1,866,326	2,803,319	1,801,814
	8,788,166	5,332,069	7,924,320	4,901,273

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24. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting), amongst others, the following items:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration related to:				
<u>Statutory audits</u>				
- Grant Thornton Malaysia PLT				
- current year	158,000	109,000	126,000	80,000
- prior year	(4,300)	-	(4,300)	-
- other auditor				
- current year	19,174	-	-	-
- prior year	22,369	-	-	-
<u>Assurance-related services</u>				
- Grant Thornton Malaysia PLT	10,000	39,000	10,000	39,000
<u>Other services</u>				
- Grant Thornton Malaysia PLT	86,255	-	62,410	-
- other auditor – prior year	7,117	-	-	-
Depreciation of right-of-use assets	8,426,278	4,133,403	7,973,690	3,791,822
Depreciation of property, plant and equipment	9,867,315	6,504,281	7,934,851	5,417,238
Expenses relating to short-term leases	638,903	630,799	447,740	596,707
Loss on disposal of property, plant and equipment	133	-	-	-
Property, plant and equipment written off	7,029	-	3,125	-
Finance income	(96,872)	(19,028)	(96,802)	(18,858)
Foreign exchange (gain)/ loss:-				
- realised	(4,739,392)	(69,196)	(4,106,699)	(370,709)
- unrealised	4,024,526	(53,944)	3,527,739	387,730

25. INCOME TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>In Malaysia</u>				
<u>Current tax expense</u>				
Current year's tax expense	4,361,324	739,000	4,043,000	712,000
Under/(Over) provision of tax expense in prior financial year	70,594	32,508	(299,395)	5,508
	4,431,918	771,508	3,743,605	717,508

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31 December 2022
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25. INCOME TAX EXPENSE (Cont'd)

Recognised in profit or loss (Cont'd)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>In Malaysia (Cont'd)</u>				
<u>Deferred tax expense</u>				
Realisation of deferred tax upon depreciation of revalued assets	(134,364)	(122,335)	(134,364)	(122,335)
Transferred from/(to) deferred tax (Note 8)	1,209,917	(3,187,320)	37,868	(2,871,280)
Under provision of deferred tax liabilities in prior financial year	1,658,133	1,132,072	1,673,133	880,072
	2,733,686	(2,177,583)	1,576,637	(2,113,543)
Total income tax expense in Malaysia	7,165,604	(1,406,075)	5,320,242	(1,396,035)
<u>Outside Malaysia</u>				
<u>Current tax expense</u>				
Current year's tax expense	250,370	627,922	-	-
Over provision of tax expense in prior financial year	(112,491)	(131,117)	-	-
Total income tax expense outside Malaysia	137,879	496,805	-	-
Total income tax expense	7,303,483	(909,270)	5,320,242	(1,396,035)

Recognised in other comprehensive income

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revaluation of land and buildings	1,421,669	591,265	1,421,669	588,212

Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profit for the financial year.

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25. INCOME TAX EXPENSE (Cont'd)

Recognised in other comprehensive income (Cont'd)

The reconciliations of income tax expense applicable to profit before tax at the statutory tax rate to the income tax expense at the effective tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before tax	40,843,536	25,354,932	34,858,846	19,970,507
Tax expense at Malaysian statutory tax rate of 24%	9,802,449	6,085,184	8,366,123	4,792,922
Tax effects in respect of:-				
Expenses not deductible for tax purposes	3,513,663	1,014,543	3,087,283	861,060
Income not subject to tax	(519,237)	(15,780)	(490,454)	-
Effect of tax rates in foreign jurisdiction	(93,180)	(276,572)	-	-
(Over)/Under provision of tax expense in prior financial year	(41,897)	(98,609)	(299,395)	5,508
Under provision of deferred tax liabilities in prior financial year	1,658,133	1,132,072	1,673,133	880,072
Realisation of deferred tax upon depreciation of revalued assets	(134,364)	(122,335)	(134,364)	(122,335)
Recognition of deferred tax assets on reinvestment allowances	(6,882,084)	(8,627,773)	(6,882,084)	(7,813,262)
Total income tax expense	7,303,483	(909,270)	5,320,242	(1,396,035)

26. EARNINGS PER SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit for the financial year attributable to ordinary equity holders of the Company and a weighted average number of ordinary shares issued calculated as follows:-

	Group	
	2022 RM	2021 RM
Profit attributable to owners of the Company	33,540,053	26,264,202

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(Cont'd)

26. EARNINGS PER SHARE (Cont'd)

Basic earnings per ordinary share (Cont'd)

Weighted average number of ordinary shares in issue:-

	2022 Unit	Group 2021 Unit
Issued ordinary shares at 1 January	40,000,000	40,000,000
Effect of conversion of irredeemable convertible preference shares	12,904,110	-
Effect of share split	471,643,835	-
Weighted average number of ordinary shares for the financial year (basic)	524,547,945	40,000,000
Basic earnings per share (sen)	6.39	65.66

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share was based on profit for the financial year attributable to ordinary equity holders of the Company and weighted average number of ordinary shares issued after adjustment for the effects of all dilutive potential ordinary shares calculated as follows:-

	2022 RM	Group 2021 RM
Profit attributable to owners of the Company	33,540,053	26,264,202

Weighted average number of ordinary shares in issue:-

	2022 Unit	Group 2021 Unit
Weighted average number of ordinary shares for the financial year (basic)	524,547,945	40,000,000
Effect of conversion of irredeemable convertible preference shares	-	27,397
Weighted average number of ordinary shares for the financial year (diluted)	524,547,945	40,027,397
Diluted earnings per share (sen)	6.39	65.62

27. DIVIDENDS

During the financial year ended 31 December 2022, the following dividends have been paid by the Company to the owners of the Company.

	RM
Single tier dividend of 0.26 sen per ordinary share in respect of the financial year ended 31 December 2022 and paid on 26 April 2022	12,964,667

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31 December 2022
(Cont'd)

28. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Salaries, wages and other emoluments	24,074,641	14,532,137	18,708,828	10,316,544
Defined contribution plans	2,146,264	1,463,126	1,721,928	1,088,104
Social security contributions	265,134	162,460	207,523	112,003
Other staff costs and benefits	970,256	726,457	908,123	570,571
	27,456,295	16,884,180	21,546,402	12,087,222

Included in the employee benefits expenses are aggregate amount of remuneration received and receivable by the Directors of the Group and the Company during the financial year as below:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Existing Directors of the Company:				
<u>Executive directors</u>				
Salaries	1,793,500	1,491,561	1,577,500	1,090,000
Defined contribution plan	215,220	149,520	189,300	123,600
Fees	498,511	-	-	-
Social security contribution	3,853	2,770	2,852	1,847
	2,511,084	1,643,851	1,769,652	1,215,447
<u>Non-executive directors</u>				
Fees	180,833	-	180,833	-
Meeting allowances	48,000	-	48,000	-
	228,833	-	228,833	-
Past Director of the Company:				
<u>Non-executive director</u>				
Fees	12,500	-	12,500	-
Meeting allowances	10,000	-	10,000	-
	22,500	-	22,500	-
Existing Director of the subsidiary:				
<u>Executive director</u>				
Salaries	153,388	148,042	-	-
Defined contribution plan	26,459	25,537	-	-
Fees	-	203,554	-	-
	179,847	377,133	-	-

Notes To The Financial Statements
31 December 2022
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29. RELATED PARTY DISCLOSURES

- (a) The transactions of the Company with the related parties were as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors of the Company				
Net advances to	-	(8,115,225)	-	(4,740,000)
Rental paid to	-	100,000	-	100,000
Purchase of property	-	12,000,000	-	6,000,000
Related parties				
Services received from	48,313	17,105	48,313	17,105
Subsidiary companies				
Prepayment to	-	-	483,503	413,694
Net advances to	-	-	6,227,750	10,730,000
Purchase of goods	-	-	7,190,704	9,039,393
Sales of goods	-	-	-	52,523
Rental received	-	-	312,000	156,000

- (b) The term of outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 6 and 12 to the financial statements.
- (c) Key management personnel are defined as the person having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly and entity that provides key management personnel services to the Group. Key management includes all the Directors of the Company and its subsidiaries and certain members of senior management of the Group and the Company.

The remuneration of the Directors is disclosed in Note 28 to the financial statements.

The remuneration of other key management personnel is as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other key management personnel remuneration				
Salaries, wages and other emoluments	986,000	720,581	776,000	540,581
Defined contribution plans	118,320	86,498	93,120	64,898
Social security contributions	4,088	3,662	3,085	2,738
	1,108,408	810,741	872,205	608,217

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30. COMMITMENTS

Capital expenditure in respect of the following is not provided for in the financial statements:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Authorised and contracted for:-				
- Plant and machinery	11,280,513	9,306,297	-	9,306,297
- Renovation and electrical installation	177,600	265,493	96,600	242,078
	11,458,113	9,571,790	96,600	9,548,375

31. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost ("AC"):-

	Carrying amount RM	AC RM
Group		
2022		
Financial assets		
Trade receivables	144,344,993	144,344,993
Other receivables	16,123,875	2,462,396
Fixed deposits with licensed banks	9,240,070	9,240,070
Cash and bank balances	32,095,844	32,095,844
	201,804,782	188,143,303
Financial liabilities		
Trade payables	72,847,847	72,847,847
Other payables	13,326,691	10,421,347
Amount due to related parties	10,754	10,754
Loans and borrowings	138,607,902	138,607,902
	244,793,194	221,887,850
2021		
Financial assets		
Trade receivables	81,918,404	81,918,404
Other receivables	16,132,801	1,770,099
Amount due from Directors	7,416	7,416
Fixed deposit with a licensed bank	6,122,794	6,122,794
Cash and bank balances	40,261,277	40,261,277
	144,442,692	130,079,990

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31 December 2022
(Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost ("AC")(Cont'd):-

	Carrying amount RM	AC RM
Group (Cont'd)		
<u>2021</u>		
Financial liabilities		
Trade payables	42,572,501	42,572,501
Other payables	25,512,260	24,071,859
Amount due to related parties	5,580	5,580
Loans and borrowings	99,741,953	99,741,953
	167,832,294	166,391,893
Company		
<u>2022</u>		
Financial assets		
Trade receivables	121,393,458	121,393,458
Other receivables	12,270,230	1,987,514
Amount due from subsidiary companies	4,491,022	4,491,022
Fixed deposits with licensed banks	8,272,570	8,272,570
Cash and bank balances	30,069,751	30,069,751
	176,497,031	166,214,315
Financial liabilities		
Trade payables	61,733,834	61,733,834
Other payables	10,814,779	8,495,798
Amount due to a related party	10,616	10,616
Amount due to a subsidiary company	1,190,853	1,190,853
Loans and borrowings	113,005,763	113,005,763
	186,755,845	184,436,864
<u>2021</u>		
Financial assets		
Trade receivables	63,172,933	63,172,933
Other receivables	14,117,488	859,460
Amount due from subsidiary companies	11,707,320	11,707,320
Amount due from a related party	7,416	7,416
Fixed deposit with a licensed bank	6,122,794	6,122,794
Cash and bank balances	37,228,890	37,228,890
	132,356,841	119,098,813
Financial liabilities		
Trade payables	29,565,467	29,565,467
Other payables	21,945,055	20,597,556
Amount due to a related party	5,370	5,370
Amount due to a subsidiary company	1,314,677	1,314,677
Loans and borrowings	92,800,377	92,800,377
	145,630,946	144,283,447

Notes To The Financial Statements

31 December 2022

(Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

Categories of financial instruments (Cont'd)

Net gains/(losses) arising from financial instruments

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial assets measured at AC	3,345,141	701,744	2,795,211	36,580
Financial liabilities measured at AC	(8,201,773)	(3,861,007)	(7,016,887)	(3,871,966)

Included in gains/(losses) on financial instruments measured at amortised cost are:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Total interest income for financial assets	96,872	19,028	96,802	18,858
Total interest expenses for financial liabilities	(5,668,370)	(3,345,774)	(4,897,438)	(3,047,292)

Risk management objectives and policies

The Group and the Company are exposed to various risks in relation to financial instruments. The main types of risks are foreign currency risk, interest rate risk, credit risk and liquidity risk.

Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's and the Company's business whilst managing its foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

Significant accounting policies on financial assets and financial liabilities of the Group and the Company are summarised in Note 3.7 to the financial statements. The following sections explain key risks faced by the Group and the Company and its management.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company are exposed to foreign currency risk mostly on their sales and purchases that are denominated in a currency other than the functional currency of the Group and the Company. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Chinese Yuan ("CNY"), Singapore Dollar ("SGD") and Great Britain Pound ("GBP").

Notes To The Financial Statements
31 December 2022
(Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

Risk management objectives and policies (Cont'd)

(a) Foreign currency risk (Cont'd)

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and financial liabilities which exposed the Group and the Company to foreign currency risk are disclosed below:-

	USD RM	CNY RM	SGD RM	GBP RM
Group				
2022				
Financial assets				
Trade receivables	143,835,192	-	-	157,705
Other receivables	371,283	-	680,547	-
Cash and bank balances	29,819,264	-	526,212	21,471
	174,025,739	-	1,206,759	179,176
Financial liabilities				
Trade payables	(66,109,524)	-	(4,518)	-
Other payables	(1,802,093)	(760,730)	(794,508)	(827)
Loans and borrowings	(29,782,372)	-	-	-
	(97,693,989)	(760,730)	(799,026)	(827)
Net exposure	76,331,750	(760,730)	407,733	178,349
2021				
Financial assets				
Trade receivables	71,109,113	-	-	305,732
Other receivables	325,794	-	616,353	-
Cash and bank balances	24,086,949	-	1,687,092	121,087
	95,521,856	-	2,303,445	426,819
Financial liabilities				
Trade payables	(37,398,624)	-	(17,855)	(132,023)
Other payables	(1,812,041)	(12,636,651)	(76,287)	-
Loans and borrowings	(26,473,400)	-	-	-
	(65,684,065)	(12,636,651)	(94,142)	(132,023)
Net exposure	29,837,791	(12,636,651)	2,209,303	294,796

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31 December 2022
(Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

Risk management objectives and policies (Cont'd)

(a) Foreign currency risk (Cont'd)

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and financial liabilities which expose the Group and the Company to foreign currency risk are disclosed below (Cont'd):-

	USD RM	CNY RM	SGD RM	GBP RM
Company				
2022				
Financial assets				
Trade receivables	121,280,929	-	-	-
Other receivables	371,283	-	-	-
Cash and bank balances	28,727,489	-	376	-
	150,379,701	-	376	-
Financial liabilities				
Trade payables	(57,795,418)	-	(4,518)	-
Other payables	(1,691,600)	(760,730)	-	-
Loans and borrowings	(29,782,372)	-	-	-
Amount due to subsidiary companies	(53,569)	-	-	-
	(89,322,959)	(760,730)	(4,518)	-
Net exposure	61,056,742	(760,730)	(4,142)	-
2021				
Financial assets				
Trade receivables	55,496,926	-	-	-
Amount due from subsidiary companies	214,414	-	-	-
Cash and bank balances	23,462,957	-	379	-
	79,174,297	-	379	-
Financial liabilities				
Trade payables	(27,512,654)	-	(5,165)	-
Other payables	(602,393)	(12,558,087)	-	-
Loans and borrowings	(26,473,400)	-	-	-
Amount due to subsidiary companies	(1,313,985)	-	-	-
	(55,902,432)	(12,558,087)	(5,165)	-
Net exposure	23,271,865	(12,558,087)	(4,786)	-

Notes To The Financial Statements
31 December 2022
(Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

Risk management objectives and policies (Cont'd)

(a) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

The following table illustrates the sensitivity of profit in regards to the Group's and the Company's financial assets and financial liabilities and the RM/USD exchange rate, RM/CNY exchange rate, RM/SGD exchange rate and RM/GBP exchange rate with 'all other things are being equal'.

It assumes a +/- 2% (2021: +/- 1%) change of the RM/USD, RM/CNY, RM/SGD and RM/GBP exchange rates respectively. The percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's and the Company's foreign currency denominated financial instruments held at each reporting date.

If the RM had strengthened against the USD, CNY, SGD and GBP by 2% (2021: 1%) respectively, this would have the following impact:-

Group	USD RM	CNY RM	SGD RM	GBP RM	Total RM
2022					
(Decrease)/Increase in profit for the financial year	(1,526,635)	15,215	(8,155)	(3,567)	(1,523,142)
2021					
(Decrease)/Increase in profit for the financial year	(298,378)	126,367	(22,093)	(2,948)	(197,052)
Company					
2022					
(Decrease)/Increase in profit for the financial year	(1,221,135)	15,215	83	-	(1,205,837)
2021					
(Decrease)/Increase in profit for the financial year	(232,719)	125,581	48	-	(107,092)

If the RM had weakened against the USD, CNY, SGD and GBP by 2% (2021: 1%) respectively, then the impact to profit for the financial year/period would be the opposite effect.

Exposures to foreign exchange rates vary during the financial year/period depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's and the Company's exposures to foreign currency risk.

Notes To The Financial Statements

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(Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

Risk management objectives and policies (Cont'd)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

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

The Group's and the Company's interest rate management objective are to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

Interest rate sensitivity

The Group and the Company are exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the Group's and the Company's short-term placement is considered immaterial.

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Fixed rate instrument				
Financial asset	9,240,070	6,122,794	8,272,570	6,122,794
Floating rate instrument				
Financial liabilities	(138,607,902)	(99,741,953)	(113,005,763)	(92,800,377)

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 25 (2021: +/- 25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rates for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	(Decrease)/Increase on profit for the financial year	
	+ 25 bp RM	- 25 bp RM
Group		
2022	(346,520)	346,520
2021	(249,355)	249,335
Company		
2022	(282,514)	282,514
2021	(232,001)	232,001

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(Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

Risk management objectives and policies (Cont'd)

(c) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's and the Company's exposure to credit risk is monitored on an ongoing basis. The credit risk is controlled by monitoring procedures. An internal credit review is conducted if the credit risk is material. The Group and the Company do not require collateral in respect of financial assets.

The Group's and the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Classes of financial assets				
Trade receivables	144,344,993	81,918,404	121,393,458	63,172,933
Other receivables	2,462,396	1,770,099	1,987,514	859,460
Amount due from subsidiary companies	-	-	4,491,022	11,707,320
Amount due from a related party	-	7,416	-	7,416
Fixed deposits with licensed banks	9,240,070	6,122,794	8,272,570	6,122,794
Cash and bank balances	32,095,844	40,261,277	30,069,751	37,228,890
Carrying amount	188,143,303	130,079,990	166,214,315	119,098,813

The Group and the Company continuously monitor defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into their credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's and the Company's policy is to deal only with creditworthy counterparties.

The Group's and the Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

Receivables

Receivables are monitored on an ongoing basis to mitigate risk of bad debts. The Group's and the Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit ratings. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

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(Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

Risk management objectives and policies (Cont'd)

(c) Credit risk (Cont'd)

Receivables (Cont'd)

The ageing analysis of trade receivables of the Group and of the Company are as follows:-

Group	Gross RM	← Allowance for impairment loss →		Total RM	Net RM
		Expected credit loss (individually impaired) RM	Expected credit loss (collectively impaired) RM		
<u>2022</u>					
Within terms	114,456,850	-	-	-	114,456,850
Past due 1 to 30 days	6,582,711	-	-	-	6,582,711
Past due 31 to 60 days	13,637,039	-	-	-	13,637,039
Past due 61 to 90 days	6,306,382	-	-	-	6,306,382
Past due 91 to 120 days	958,395	-	-	-	958,395
Past due 121 to 150 days	63,075	-	-	-	63,075
Past due 151 to 180 days	485,574	-	-	-	485,574
Past due more than 180 days	1,854,967	-	-	-	1,854,967
	144,344,993	-	-	-	144,344,993
<u>2021</u>					
Within terms	54,482,664	-	-	-	54,482,664
Past due 1 to 30 days	10,710,165	-	-	-	10,710,165
Past due 31 to 60 days	4,920,719	-	-	-	4,920,719
Past due 61 to 90 days	5,632,348	-	-	-	5,632,348
Past due 91 to 120 days	2,202,401	-	-	-	2,202,401
Past due 121 to 150 days	498,397	-	-	-	498,397
Past due 151 to 180 days	1,665,963	-	-	-	1,665,963
Past due more than 180 days	1,805,747	-	-	-	1,805,747
	81,918,404	-	-	-	81,918,404

Notes To The Financial Statements
31 December 2022
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31. FINANCIAL INSTRUMENTS (Cont'd)

Risk management objectives and policies (Cont'd)

(c) Credit risk (Cont'd)

Receivables (Cont'd)

The ageing analysis of trade receivables of the Group and of the Company are as follows (Cont'd):-

Company	Gross RM	← Allowance for impairment loss →		Total RM	Net RM
		Expected credit loss (individually impaired) RM	Expected credit loss (collectively impaired) RM		
<u>2022</u>					
Within terms	107,977,966	-	-	-	107,977,966
Past due 1 to 30 days	2,564,691	-	-	-	2,564,691
Past due 31 to 60 days	8,348,149	-	-	-	8,348,149
Past due 61 to 90 days	136,784	-	-	-	136,784
Past due 91 to 120 days	288,862	-	-	-	288,862
Past due 121 to 150 days	23,725	-	-	-	23,725
Past due 151 to 180 days	262,074	-	-	-	262,074
Past due more than 180 days	1,791,207	-	-	-	1,791,207
	121,393,458	-	-	-	121,393,458
<u>2021</u>					
Within terms	49,209,689	-	-	-	49,209,689
Past due 1 to 30 days	7,166,519	-	-	-	7,166,519
Past due 31 to 60 days	1,404,308	-	-	-	1,404,308
Past due 61 to 90 days	4,173,767	-	-	-	4,173,767
Past due 91 to 120 days	653,437	-	-	-	653,437
Past due 121 to 150 days	27,647	-	-	-	27,647
Past due 151 to 180 days	169,904	-	-	-	169,904
Past due more than 180 days	367,662	-	-	-	367,662
	63,172,933	-	-	-	63,172,933

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type and customer type).

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group and the Company do not hold collateral as security.

Notes To The Financial Statements

31 December 2022

(Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

Risk management objectives and policies (Cont'd)

(c) Credit risk (Cont'd)

Concentration of credit risk

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. The Group's and the Company's portfolio of financial instrument is broadly diversified along geographical lines and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

The credit risk concentration profile of the Group's and of the Company's trade receivables as at the reporting date are as follows:-

	2022 RM	%	2021 RM	%
Group				
Top 3 counterparties	104,303,837	72	49,701,575	61
Company				
Top 3 counterparties	104,303,837	86	49,701,575	79

The net carrying amount of receivables is considered a reasonable approximate of its fair value.

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, the management has taken reasonable steps to ensure that receivables are stated at their realisable values. A significant portion of the receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

Other receivables

In respect of other receivables, the Group and the Company are not exposed to any significant credit risk exposure to any single counterparty or a group of counterparties having similar characteristics. Based on historical information about customer default rates, the management considers the credit quality of other receivables that are not past due or impaired to be good.

Intercompany receivables, loans and advances

The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Generally, the Company considers amounts owing by subsidiary companies and related party to be of low credit risk as subsidiary companies and related party have a strong capacity to meet contractual cash flows. The Company also provides unsecured loans and advances to a subsidiary company and monitors the results of the subsidiary company regularly.

As at end of the reporting period, there was no indication that the intercompany receivables, loans and advances to the subsidiary company are not recoverable.

Notes To The Financial Statements
31 December 2022
(Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

Risk management objectives and policies (Cont'd)

(c) Credit risk (Cont'd)

Financial guarantee

The maximum exposure to credit risk in relation to the financial corporate guarantees given of the Group and the Company are amounted to RM NIL and RM27,871,138 (2021: RM21,759,364 and RM29,978,452 respectively) as at the end of the reporting period representing the outstanding banking facilities of the subsidiary company and related party which certain Directors have interest in as at the end of financial year.

The financial guarantees of the Group and Company have not been recognised since the fair value of the credit enhancement provided by the corporate guarantees are not material.

The Company monitors on an ongoing basis the result of the subsidiary and related party and repayments made by the subsidiary company and related party. As at the end of the reporting year, there was no indication that any of the subsidiary or related party would default on repayment.

Cash and bank balances

The credit risk for cash and bank balances including fixed deposits with licensed banks is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(d) Liquidity risk

Liquidity risk is the risk arising from the Group and the Company not being able to meet their obligations due to shortage of funds.

In managing their exposures to liquidity risk, the Group and the Company maintain a level of cash and cash equivalents and bank credit facilities deemed adequate by the management to ensure that they will have sufficient liquidity to meet their liabilities as and when they fall due.

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

Notes To The Financial Statements
31 December 2022
(Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

Risk management objectives and policies (Cont'd)

(d) Liquidity risk (Cont'd)

The following table shows the areas where the Group and the Company are exposed to liquidity risk:-

	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Current Less than 1 year RM	Non-current Between 1 to 5 years RM	More than 5 years RM
Group 2022						
Non-derivative financial liabilities and lease liabilities						
Trade payables	72,847,847		72,847,847	72,847,847	-	-
Other payables	10,421,347		10,421,347	10,421,347	-	-
Amount due to related parties	10,754		10,754	10,754	-	-
Lease liabilities	54,033,269	3.39% to 8.96%	61,589,091	13,099,276	44,147,240	4,342,575
Term loans	81,083,071	4.00% to 7.14%	109,582,258	10,762,528	40,451,369	58,368,361
Bank overdrafts	6,430,363	5.95% to 7.74%	6,430,363	6,430,363	-	-
	224,826,651		260,881,660	113,572,115	84,598,609	62,710,936
Short-term financing						
Bankers' acceptances	11,756,342	1.00% to 6.43%	11,756,342	11,756,342	-	-
Onshore foreign currency loans	8,266,739	1.45% to 6.20%	8,266,739	8,266,739	-	-
Receivables finance	13,691,879	2.08% to 6.60%	13,691,879	13,691,879	-	-
Shipment buyer loans	17,379,508	1.69% to 6.11%	17,379,508	17,379,508	-	-
	51,094,468		51,094,468	51,094,468	-	-
Total undiscounted financial liabilities	275,921,119		311,976,128	164,666,583	84,598,609	62,710,936
Financial guarantees*	-		-	-	-	-

Notes To The Financial Statements
31 December 2022
(Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

Risk management objectives and policies (Cont'd)

(d) Liquidity risk (Cont'd)

The following table shows the areas where the Group and the Company are exposed to liquidity risk (Cont'd):-

Group (Cont'd) 2021	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Current Less than 1 year RM	Non-current	
					Between 1 to 5 years RM	More than 5 years RM
Non-derivative financial liabilities and lease liabilities						
Trade payables	42,572,501		42,572,501	42,572,501	-	-
Other payables	24,071,859		24,071,859	24,071,859	-	-
Amount due to related parties	5,580		5,580	5,580	-	-
Lease liabilities	56,585,091	3.38% to 7.06%	65,510,111	14,019,483	41,921,462	9,569,166
Term loans	65,652,292	2.34% to 7.14%	82,907,590	8,368,949	31,805,627	42,733,014
Bank overdrafts	2,558,963	4.90% to 5.99%	2,558,963	2,558,963	-	-
	191,446,286		217,626,604	91,597,335	73,727,089	52,302,180
Short-term financing						
Bankers' acceptances	3,932,063	2.87% to 5.12%	3,932,063	3,932,063	-	-
Onshore foreign currency loans	2,503,058	1.45%	2,503,058	2,503,058	-	-
Receivables finance	10,820,250	2.00% to 2.11%	10,820,250	10,820,250	-	-
Shipment buyer loans	14,275,327	1.53% to 3.28%	14,275,327	14,275,327	-	-
	31,530,698		31,530,698	31,530,698	-	-
Total undiscounted financial liabilities	222,976,984		249,157,302	123,128,033	73,727,089	52,302,180
Financial guarantees*	-		21,759,364	21,759,364	-	-

Notes To The Financial Statements
31 December 2022
(Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

Risk management objectives and policies (Cont'd)

(d) Liquidity risk (Cont'd)

The following table shows the areas where the Group and the Company are exposed to liquidity risk (Cont'd):-

	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Current Less than 1 year RM	Non-current Between 1 to 5 years RM	More than 5 years RM
Company						
2022						
Non-derivative financial liabilities and lease liabilities						
Trade payables	61,733,834		61,733,834	61,733,834	-	-
Other payables	8,495,798		8,495,798	8,495,798	-	-
Amount due to related parties	10,616		10,616	10,616	-	-
Amount due to a subsidiary company	1,190,853		1,190,853	1,190,853	-	-
Lease liabilities	50,383,238	3.70% to 8.96%	57,466,002	11,597,020	41,526,407	4,342,575
Term loans	62,444,205	4.00% to 7.14%	83,743,601	7,964,767	33,035,669	42,743,165
Bank overdrafts	3,365,267	6.64% to 7.74%	3,365,267	3,365,267	-	-
	187,623,811		216,005,971	94,358,155	74,562,076	47,085,740
Short-term financing						
Bankers' acceptance	7,858,165	4.90% to 6.43%	7,858,165	7,858,165	-	-
Onshore foreign currency loans	8,266,739	1.45% to 6.20%	8,266,739	8,266,739	-	-
Receivables finance	13,691,879	2.08% to 6.60%	13,691,879	13,691,879	-	-
Shipment buyer loans	17,379,508	1.69% to 6.11%	17,379,508	17,379,508	-	-
	47,196,291		47,196,291	47,196,291	-	-
Total undiscounted financial liabilities	234,820,102		263,202,262	141,554,446	74,562,076	47,085,740
Financial guarantees*	-		74,091,000	74,091,000	-	-

* This represents the maximum amount that is required to be settled in the event of default of loan repayment by a subsidiary. The exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting period.

Notes To The Financial Statements
31 December 2022
(Cont'd)

31. FINANCIAL INSTRUMENTS (Cont'd)

Risk management objectives and policies (Cont'd)

(d) Liquidity risk (Cont'd)

The following table shows the areas where the Group and the Company are exposed to liquidity risk (Cont'd):-

	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Current Less than 1 year RM	Non-current Between 1 to 5 years RM	More than 5 years RM
Company (Cont'd)						
2021						
Non-derivative financial liabilities and lease liabilities						
Trade payables	29,565,467		29,565,467	29,565,467	-	-
Other payables	20,597,556		20,597,556	20,597,556	-	-
Amount due to a related party	5,370		5,370	5,370	-	-
Amount due to a subsidiary company	1,314,677		1,314,677	1,314,677	-	-
Lease liabilities	54,799,405	3.70% to 7.06%	63,550,783	13,405,893	40,575,724	9,569,166
Term loans	64,566,926	2.34% to 7.14%	81,798,524	7,259,883	31,805,627	42,733,014
	170,849,401		196,832,377	72,148,846	72,381,351	52,302,180
Short-term financing						
Bankers' acceptance	634,816	3.50% to 5.12%	634,816	634,816	-	-
Onshore foreign currency loans	2,503,058	1.45%	2,503,058	2,503,058	-	-
Receivables finance	10,820,250	2.00% to 2.11%	10,820,250	10,820,250	-	-
Shipment buyer loans	14,275,327	1.53% to 3.28%	14,275,327	14,275,327	-	-
	28,233,451		28,233,451	28,233,451	-	-
Total undiscounted financial liabilities	199,082,852		225,065,828	100,382,297	72,381,351	52,302,180
Financial guarantees*	-		61,650,364	61,650,364	-	-

* This represents the maximum amount that is required to be settled in the event of default of loan repayment by a subsidiary and a related party which certain Directors have interest in. The exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting period.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the financial liabilities at the reporting date.

Notes To The Financial Statements

31 December 2022

(Cont'd)

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of current financial assets and financial liabilities are reasonable approximation of their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting date.

The fair value of non-current financial liabilities, which bear interest at floating rates, are determined by the present value of future cash flow estimated and discounted using the current interest rates for similar instruments as of the end of the reporting period. There is no material difference between the fair values and carrying values of these liabilities as of the end of the reporting period.

Fair value hierarchy

As at the reporting date, the Group has no financial instruments that are measured subsequent to initial recognition at fair value and hence fair value hierarchy is not presented.

33. OPERATING SEGMENT - GROUP

Business segments

The Group is principally involved in electronics manufacturing services and other related supporting goods and services. The Managing Director/Group Chief Executive Officer, who is the Group's chief operating decision maker monitors the segment performance of electronics manufacturing services and other related supporting goods and services in aggregate due to the inter-related nature of the two revenue streams. Segmental information is not prepared as the die casting and machining segment has not met the quantitative thresholds for reporting segment in 2022 and 2021.

Geographical information

Revenue information based on geographical location of customers are disclosed in Note 21 to the financial statements.

The Group's non-current assets located outside Malaysia are not material and therefore not separately disclosed.

Information of major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:-

	Revenue	
	2022 RM	2021 RM
Group		
Customer A	60,664,612	76,462,176
Customer B	63,929,309	62,862,179
Customer C	*	49,349,514
Customer D	116,056,703	42,279,292
Customer E	45,890,381	*
Customer F	*	36,332,356
	286,541,005	267,285,517

* The revenue is not represented equal or more than 10% of the Group's total revenue for respective financial years.

Notes To The Financial Statements
31 December 2022
(Cont'd)

34. CAPITAL MANAGEMENT OBJECTIVE

The primary capital management objective of the Group and the Company is to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern, so as to sustain future development of the business. There is no change to the objectives in the financial year ended 31 December 2022 and 31 December 2021.

The Group and the Company manage its capital by regularly monitoring its current and expected liquidity requirement and modify the combination of equity and borrowings from time to time to meet the needs. Shareholders' equity and gearing ratio of the Group and of the Company are as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Lease liabilities (Note 17)	53,286,418	56,585,091	50,383,238	54,799,405
Loans and borrowings (Note 18)	138,607,902	99,741,953	113,005,763	92,800,377
Total debt	191,894,320	156,327,044	163,389,001	147,599,782
Total equity	195,025,007	169,561,887	180,863,770	159,787,880
Debt-to-equity ratio	0.98	0.92	0.90	0.92

LIST OF PROPERTIES OWNED BY THE GROUP

A. Properties registered under Cape EMS Berhad (Formerly known as EMS Manufacturing (M) Berhad]

Location / Title No.	Existing Usage	Age of Building (Years)	Land Area (sq. feet)	Built-Up Area (sq. feet)	Tenure	Net book value/ Carrying Amount As at 31 December 2022 (RM)	Year of Acquisition	Last valuation was performed
PLO 227A, Jalan Cyber 1A, Kawasan Perindustrian Senai III, 81400 Senai, Johor Darul Ta'zim, Malaysia./ HS(D) 71183, PTD 112659("PLO226D") and HS(D) 53987, PTD 87571("PLO227A"), both in Mukim Senai, Daerah Kulai, Johor	A 3-storey detached factory / Headquarters of Cape EMS Berhad for the purpose of carrying out EMS manufacturing activities & Corporate office	20	210,757.37 sq feet	313,963.28 sq feet	Leasehold PLO 226D: 60 years (expired on 17.03.2068) PLO 227A: 60 years (expired on 31.05.2069)	64,000,000.00	2018	6 October 2022
PLO 103, Jalan Cyber 5, Kawasan Perindustrian Senai III, 81400 Senai, Johor Darul Ta'zim, Malaysia./ HS(D) 50668, PTD 8857, Mukim Senai, District of Kulai, State of Johor/	1 unit of a single storey detached factory annexed with a storey office/warehouse and manufacturing. : Currently rent to CHP	15	87,123.09 sq feet	60,450.62 sq feet	Leasehold 60 years (expired on 30.05.2056)	9,800,000.00	2019	31 December 2022

List of Properties Owned by the Group
(Cont'd)

Location / Title No.	Existing Usage	Age of Building (Years)	Land Area (sq. feet)	Built-Up Area (sq. feet)	Tenure	Net book value/ Carrying Amount As at 31 December 2022 (RM)	Year of Acquisition	Last valuation was performed
No.6, Jalan Belati, Taman Perindustrian Maju Jaya, 81300 Johor Bahru, Johor Darul Ta'zim, Malaysia. Geran 74497, Lot 37585 in the Mukim of Tebrau, District of Johor Bahru, State of Johor/	1 ½ storey detached factory/manufacturing used by Cape Manufacturing (M) Sdn Bhd for EMS of smart utility data collection equipment.	25	34,530.62 sq feet	18,807.83 sq feet	Freehold	6,113,477.26	2021	31 December 2022
PLO 226B, Jalan Cyber 1A, Kawasan Perindustrian Senai III, 81400 Senai, Johor Darul Ta'zim, Malaysia./ HS (D) 71181, PTD 11267 (PLO 226B) in Mukim Senai, Daerah Kulai, Johor	Industrial land: Construction of new warehouse for future expansion.	N/A	278,462.36 sq feet	N/A	Leasehold 60 years (expired on 17.03.2068)	9,538,808.66	2021	12 January 2022
PLO 227B, Jalan Cyber 1A, Kawasan Perindustrian Senai III, 81400 Senai, Johor Darul Ta'zim, Malaysia./ HS (D) 71069, PTD 87572 (PLO 227B) in Mukim Senai, Daerah Kulai, Johor	Industrial land: Sales, build and leaseback of factory for future expansion.	N/A	280,507.51 sq feet	N/A	Leasehold 60 years (expired on 21.08.2077)	8,818,440.76	2021	12 January 2022

List of Properties Owned by the Group
(Cont'd)

B. Properties registered under Cape Manufacturing (M) Sdn Bhd, the wholly-owned subsidiary

Location / Title No.	Existing Usage	Age of Building (Years)	Land Area (sq. feet)	Built-Up Area (sq. feet)	Tenure	Net book value/ Carrying Amount As at 31 December 2022 (RM)	Year of Acquisition	Last valuation was performed
No.22, Jalan Temenggong 2, Kawasan Perindustrian Temenggong, 81100 Johor Bahru, Johor Darul Ta'zim, Malaysia. Geran 128424, Lot 1582, Mukim Tebrau, District of Johor Bahru, State of Johor/	A 1 storey detached factory / manufacturing annexed with 2 storey office used by Cape Manufacturing (M) Sdn Bhd for aluminium die cast manufacturing.	26	46,995.23 sq feet	39,385.37 sq feet	Freehold	6,228,462.78	2021	12 January 2022
No.6, Jalan Firma 1/5, Kawasan Perindustrian Tebrau, 81100 Johor Bahru, Johor, Malaysia. HS (D) 177898 (PTD 53893), HS (D) 177899 (PTD53894) and HS (D) 177900 (PTD 53895), all in the Mukim of Tebrau, District of Johor Bahru, State of Johor.	A 1 storey detached, factory annexed with 3 storey office and Single storey warehouse For Cape Manufacturing (M) Sdn Bhd to setting up of aluminum die casting manufacturing.	29	PTD 53893: 65,340.2 sq feet PTD 53894: 65,340.2 sq feet PTD 53895: 88,571.0 sq feet	100,641.3 sq feet	Leasehold PTD 53893: 30 years (expired on 5 Sep 2051) PTD 53894: 30 years (expired on 5 Sep 2051) PTD 53895: 30 years (expired on 5 Sep 2051) PTD 53985:30 years (expired on 17 Jun 2053)	17,394,877.98	2022	22 September 2022

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2023

Total Number of Issued Shares	:	923,000,000
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	4	0.188	84	0.000
100 - 1,000	328	15.384	183,900	0.020
1,001 - 10,000	1,037	48.640	5,523,126	0.598
10,001 - 100,000	567	26.595	19,758,290	2.141
100,001 – 46,149,999 (*)	193	9.052	264,011,832	28.604
46,150,000 and above (**)	3	0.141	633,522,768	68.637
	2,132	100.000	923,000,000	100.000

Remarks:-

(*) Less than 5% of the total number of issued shares

(**) 5% and above the total number of issued shares

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2023 (BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

Name	Direct No. of Shares	%	Indirect No. of Shares	%
1. Tee Kim Chin	⁽¹⁾ 374,500,000	40.574	-	-
2. Fortress Capital Asset Management (M) Sdn. Bhd.	⁽²⁾ 153,842,700	16.668	-	-
3. Tee Kim Yok	⁽³⁾ 127,550,000	13.819	-	-

Notes:

- (1) 374,500,000 Shares held through AMSEC Nominees Tempatan Sdn Bhd pledged securities account for Tee Kim Chin.
- (2) The direct shareholdings of 153,842,700 ordinary shares are held as follows:-
- (i) 131,472,768 ordinary shares are registered in the name of CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Fortress Capital Asset Management (M) Sdn Bhd;
 - (ii) 21,714,732 ordinary shares are registered in the name of CIMB Group Nominees (Asing) Sdn Bhd Pledged Securities Account For Fortress Capital Asset Management (M) Sdn Bhd;
 - (iii) 620,600 ordinary shares are registered in the name of CIMB Group Nominees (Tempatan) Sdn Bhd Exempt An For Fortress Capital Asset Management (M) Sdn Bhd; and
 - (iv) 34,600 ordinary shares are registered in the name of CIMB Group Nominees (Asing) Sdn Bhd Exempt An For Fortress Capital Asset Management (M) Sdn Bhd.
- (3) 127,550,000 Shares held through AMSEC Nominees Tempatan Sdn Bhd pledged securities account for Tee Kim Yok.

Analysis of Shareholdings

As at 31 March 2023

(Cont'd)

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2023 (BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDING)

Name	Direct No. of Shares	%	Indirect No. of Shares	%
Datuk Mohd Rabin Bin Basir	420,000	0.046	-	-
Tee Kim Chin*	⁽¹⁾ 374,500,000	40.574	-	-
Tee Kim Yok	⁽²⁾ 127,550,000	13.819	-	-
Alex Miranda Juntado	-	-	-	-
Lim Chue Wan	-	-	-	-
Tan Sik Hui	150,000	0.016	-	-
Yau Yin Wee	100,000	0.011	-	-
Koh Beng San	-	-	-	-
Chen Kok Seng	160,000	0.017	-	-

Notes:

- ⁽¹⁾ 374,500,000 Shares held through AMSEC Nominees Tempatan Sdn Bhd pledged securities account for Tee Kim Chin.
- ⁽²⁾ 127,550,000 Shares held through AMSEC Nominees Tempatan Sdn Bhd pledged securities account for Tee Kim Yok.
- ^(*) Tee Kim Chin is also the Group Chief Executive Officer.

DIRECTORS' INTERESTS IN RELATED CORPORATIONS

By virtue of their interests in the shares of the Company, Ms. Tee Kim Chin and Ms. Tee Kim Yok are deemed interested in shares of the Company's subsidiaries to the extent the Company has an interest.

Save as disclosed above, none of the other Directors in office had any interest in shares in the Company's subsidiary or related corporation as at 31 March 2023.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company and/or its subsidiaries did not issue any options, warrants or convertible securities to the directors of the Company for the financial year ended 31 December 2022.

LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS AS AT 31 MARCH 2023

No.	Name of Shareholders	Total No. of Shares Held	%
1.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Kim Chin	374,500,000	40.574
2.	CIMB Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fortress Capital Asset Management (M) Sdn. Bhd.	131,472,768	14.244
3.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Kim Yok	127,550,000	13.819
4.	Citigroup Nominees (Tempatan) Sdn. Bhd. Exempt An for AIA Bhd.	37,286,300	4.039
5.	CIMB Group Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Fortress Capital Asset Management (M) Sdn Bhd	21,714,732	2.352
6.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Norges Bank 19)	16,706,100	1.809
7.	Perbadanan Usahawan Johor Sdn Bhd	13,240,000	1.434

Analysis of Shareholdings
As at 31 March 2023
(Cont'd)

LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS AS AT 31 MARCH 2023 (Cont'd)

No.	Name of Shareholders	Total No. of Shares Held	%
8.	Malaysian Technology Development Corporation Sdn Bhd	10,001,700	1.083
9.	CIMSEC Nominees (Asing) Sdn Bhd CIMB for Creador Conscientia Ltd (PB)	10,000,000	1.083
10.	Advance Opportunities Fund	8,062,500	0.873
11.	Amanahraya Trustees Berhad Amanah Saham Sarawak	7,091,200	0.768
12.	Yeoh Yew Choo	7,026,100	0.761
13.	Cartaban Nominees (Tempatan) Sdn Bhd TMF Trustees Malaysia Berhad for Affin Hwang Wholesale Equity Fund 2	4,772,100	0.517
14.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Areca Equitytrust Fund (211882)	4,700,000	0.509
15.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund	4,619,400	0.500
16.	Citigroup Nominees (Tempatan) Sdn Bhd Universal Trustee (Malaysia) Berhad for Principal Malaysia Titans Fund	3,977,300	0.430
17.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Norges Bank 14)	3,913,900	0.424
18.	CIMB Group Nominees (Tempatan) Sdn Bhd Principal Asset Management Berhad for Universiti Malaya (CAFM)	3,748,900	0.406
19.	Citigroup Nominees (Tempatan) Sdn Bhd Universal Trustee (Malaysia) Berhad for Principal Lifetime Balanced Income Fund	3,596,700	0.389
20.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (UOB AM SCEQ)	3,100,000	0.335
21.	Tokio Marine Life Insurance Malaysia Bhd as Beneficial Owner (PF)	3,015,000	0.326
22.	HLIB Nominees (Tempatan) Sdn Bhd CMY Incubator Sdn. Bhd.	3,000,000	0.325
23.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Saham Amanah Sabah (ACC 2-940410)	2,755,100	0.298
24.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Principal Malaysia Titans Plus Fund	2,662,000	0.288
25.	Kenanga Investment Bank Berhad Exempt An for Sentosa Jaya Capital Sdn Bhd	2,560,000	0.277
26.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Principal Small Cap Opportunities Fund (240218)	2,425,200	0.262
27.	UOBM Nominees (Tempatan) Sdn Bhd UOB Asset Management (Malaysia) Berhad for Gibraltar BSN Strategic Fund	2,200,000	0.238
28.	Universal Trustee (Malaysia) Berhad KAF Tactical Fund	2,100,000	0.227
29.	CIMB Group Nominees (Tempatan) Sdn Bhd Exempt An for Petroliaam Nasional Berhad (CPAM)	2,068,000	0.224
30.	Cartaban Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad For KAF Vision Fund	2,000,000	0.216

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting (“AGM”) of the Company will be held virtually through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (“**Broadcast Venue**”) using the Remote Participation and Voting (“**RPV**”) facilities provided by Tricor Investor & Issuing House Services Sdn Bhd (“**TIIH**”) via its TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain Registration No. with MYNIC: D1A 282781) on Tuesday, 27 June 2023, at 10.00 a.m. to transact the following businesses:-

AGENDA

AS ORDINARY BUSINESS

- To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon.
- To approve the payment of Non-Executive Directors’ fees for an amount of up to RM193,333 payable to Non-Executive Directors on a monthly basis for the financial year ended 31 December 2022, in such proportions and manner as the Directors may determine as follows:-

*[Please refer to
Explanatory Note 1]*

*[Please refer to
Explanatory Note 2]
[Ordinary Resolution 1]*

No.	Type of Director	Non-Executive Directors’ fees (RM)		
		the Company	the Board of subsidiaries	Total
1.	Chairman of the Board	40,833	-	40,833
2.	Senior Independent Non-Executive Director	35,000	-	35,000
3.	Independent Non-Executive Directors	105,000	-	105,000
4.	Non-Independent Non-Executive Director	12,500	-	12,500
Total				193,333

AND THAT to approve the Non-Executive Directors’ benefits (excluding Directors’ fees) for an amount of up to RM58,000 payable to Non-Executive Directors for the financial year ended 31 December 2022, in such manner as the Directors may determine:-

No.	Type of Director	Non-Executive Directors’ benefits (RM)		
		the Company	the Board of subsidiaries	Total
1.	Chairman of the Board	10,000	-	10,000
2.	Senior Independent Non-Executive Director	10,000	-	10,000
3.	Independent Non-Executive Directors	28,000	-	28,000
4.	Non-Independent Non-Executive Director	10,000	-	10,000
Total				58,000

Notice of Annual General Meeting (Cont'd)

3. To approve the payment of Non-Executive Directors' fees for an amount of up to RM554,500 payable to Non-Executive Directors on a monthly basis for the period from 1 January 2023 until the next Annual General Meeting of the Company, in such proportions and manner as the Directors may determine as follows:-

**[Please refer to
Explanatory Note 2]
[Ordinary Resolution 2]**

No.	Type of Director	Non-Executive Directors' fees (RM)		
		the Company	the Board of subsidiaries	Total
1.	Chairman of the Board	122,500	-	122,500
2.	Senior Independent Non-Executive Director	108,000	-	108,000
3.	Independent Non-Executive Directors	324,000	-	324,000
Total				554,500

AND THAT to approve the Non-Executive Directors' benefits (excluding Directors' fees) for an amount of up to RM170,000 payable to Non-Executive Directors for the period from 1 January 2023 until the next Annual General Meeting of the Company, in such manner as the Directors may determine:-

No.	Type of Director	Non-Executive Directors' benefits (RM)		
		the Company	the Board of subsidiaries	Total
1.	Chairman of the Board	34,000	-	34,000
2.	Senior Independent Non-Executive Director	34,000	-	34,000
3.	Independent Non-Executive Directors	102,000	-	102,000
Total				170,000

4. To approve the payment of Executive Directors' fees for an amount of up to RM491,400 payable to an Executive Director on a monthly basis for the financial year ended 31 December 2022.
5. To approve the payment of Executive Directors' fees for an amount of up to RM765,789 payable to an Executive Director on a monthly basis for the period from 1 January 2023 until the next Annual General Meeting of the Company.
6. To re-elect the following Directors who retire pursuant to Clause 84.1 of the Company's Constitution and being eligible, have offered themselves for re-election:-
- (i) Mr. Alex Miranda Juntado;
- (ii) Ms. Tee Kim Yok; and
- (iii) Ms. Lim Chue Wan.
7. To re-appoint Messrs. Grant Thornton Malaysia PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

**[Please refer to
Explanatory Note 2]
[Ordinary Resolution 3]**

**[Please refer to
Explanatory Note 2]
[Ordinary Resolution 4]**

[Ordinary Resolution 5]

[Ordinary Resolution 6]

[Ordinary Resolution 7]

[Ordinary Resolution 8]

Notice of Annual General Meeting (Cont'd)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolution:-

8. ORDINARY RESOLUTION

- AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

[Please refer to
Explanatory Note 3]
[Ordinary Resolution 9]

“THAT subject always to the Companies Act 2016 (***“the Act”***), the Constitution of the Company, the Main Market Listing Requirements (***“MMLR”***) of Bursa Malaysia Securities Berhad (***“Bursa Securities”***) and approvals of the relevant government and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer (***“New Shares”***) from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued, to be subscribed under any rights granted, to be issued from the conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) for the time being (***“Proposed General Mandate”***);

THAT the existing shareholders of the Company do hereby waive their pre-emptive rights pursuant to Section 85(1) of the Act read together with Paragraph 7.08 of the MMLR of Bursa Securities and the Company’s Constitution to be offered the New Shares to be allotted and issued under the Proposed General Mandate, which rank equally with the existing issued shares in the Company;

THAT such approval on the Proposed General Mandate shall continue to be in force until:-

- a) The conclusion of the next Annual General Meeting of the Company held after the approval was given;
- b) The expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- c) Revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier.

THAT the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation for such New Shares on Bursa Securities;

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.”

Notice of Annual General Meeting (Cont'd)

9. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and/or the Companies Act 2016.

BY ORDER OF THE BOARD

TEO SOON MEI (SSM PC No. 201908000235) (MAICSA 7018590)
LIM JIA HUEY (SSM PC No. 201908000929) (MAICSA 7073258)
Company Secretaries

Kuala Lumpur
Dated: 28 April 2023

Explanatory Notes on Ordinary and Special 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 Companies Act 2016 does not requires a formal approval of the shareholders for the Audited Financial Statements. As such, this Agenda item is not put forward for voting.

2. Items 2 to 5 of the Agenda

Section 230(1) of the Companies Act 2016 provides that the fees of the directors and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting.

The Directors remuneration policy of the Company and its subsidiaries for the financial year ended 31 December 2022 for Non-Executive Directors and Executive Director as follows:-

Non- Executive Directors

Type of Director	the Company		The Board of subsidiaries		Total ("Column II")	
	Directors' Fee (RM)	Meeting allowance and claimable benefits (RM)	Directors' Fee (RM)	Meeting allowance and claimable benefits (RM)	Directors' Fee (RM)	Meeting allowance and claimable benefits (RM)
Chairman of the Board	40,833	10,000	-	-	40,833	10,000
Senior Independent Non-Executive Director	35,000	10,000	-	-	35,000	10,000
Independent Non-Executive Directors	105,000	28,000	-	-	105,000	28,000
Non-Independent Non-Executive Director	12,500	10,000	-	-	12,500	10,000
Total	193,333	58,000	-	-	193,333	58,000

Executive Director

Type of Director	Executive Directors' fees (RM)		
	the Company	the Board of subsidiaries	Total ("Column III")
Executive Director	-	491,400	491,400

Notice of Annual General Meeting (Cont'd)

2. Items 2 to 5 of the Agenda (Cont'd)

Details of the Directors' Remuneration for the financial year ended 31 December 2022 are contained in the 2022 Corporate Governance Report of the Company.

The Directors' Fees and Directors' benefits (excluding Directors' fees) payable to the Directors and Directors for the financial year ended 31 December 2022 set out in Column II and Column III are subject to the shareholders' approval at the AGM. As agreed by the Board of Directors of the Company, the shareholders' approval shall be sought at the AGM on the Directors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2022 through the following separate resolutions as follows:

- (i) Ordinary Resolution 1 on the payment of the Non-Executive Directors' fees of RM193,333 and Non-Executive Directors' benefits of RM58,000 for the financial year ended 31 December 2022; and
- (ii) Ordinary Resolution 3 on the payment of the Executive Directors' fees of RM491,400 for the financial year ended 31 December 2022.

The Company is also seeking shareholders' approval for the payment of:-

- a) Non-Executive Directors' fees for an amount up to RM554,500 and Non-Executive Directors' benefits for an amount up to RM170,000 payable to the Non-Executive Directors on a monthly basis for the period from 1 January 2023 until the next Annual General Meeting of the Company under Ordinary Resolution 2; and
- b) Executive Directors' fees for an amount up to RM765,789 payable to an Executive Director for the period from 1 January 2023 until the next Annual General Meeting of the Company under Ordinary Resolution 4.

The estimated Directors' fees proposed for the financial period from 1 January 2023 until the next Annual General Meeting of the Company are derived based on the current Board size. The benefits payable to the Directors comprising of meetings allowances based on actual attendance of meetings by the Directors and other claimable benefits including reimbursable expenses incurred in the course of carrying out their duties as Directors. The payment of benefits to the Directors will be made by the Company on a monthly basis and/or as and when incurred.

Ordinary Resolutions 2 and 4 are to facilitate payment of Directors' fees and benefits for the financial year 2023/2024.

In the event that the proposed Directors' fees and benefits payable are insufficient due to the enlarged Board size, the Company will seek shareholders' approval at the next annual general meeting of the Company for the additional Directors' fees and benefits payable to meet the shortfall.

3. Item 8 of the Agenda

Ordinary Resolution 9, if passed, shall give power to the Directors to issue ordinary shares in the capital of the Company up to an aggregate amount not exceeding 10% of the total number of issued share in the share capital of the Company for the time being ("**General Mandate**"). The General Mandate is a new general mandate to seek for allotment and issuance of shares by the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed the prescribed limit under the MMLR of Bursa Securities.

The purpose of this General Mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or such other purposes as the Directors may deem fit in the best interest of the Company, provided that the aggregate number of shares or convertible securities issued must not be more than 10% of the total number of issued shares. This General Mandate, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

However, pursuant to Section 85(1) of the Act and Clause 53 of the Company's Constitution and Paragraph 7.08 of MMLR of Bursa Securities, the New Shares will have to be offered to the existing shareholders of the Company unless there is a direction to the contrary given in the general meeting of the Company. Should the existing shareholders of the Company approve the proposed Ordinary Resolution 9, they are waiving their pre-emptive rights pursuant to Section 85(1) of the Act, which then would allow the Directors to issue New Shares to any person without having to offer the said New Shares equally to all existing shareholders of the Company prior to the issuance. This will result in a dilution to the shareholding percentage of the existing shareholders of the Company.

Notice of Annual General Meeting (Cont'd)

3. Item 8 of the Agenda (Cont'd)

The Board of Directors of the Company is of the view that the General Mandate is in the best interest of the Company and its shareholders as it will provide flexibility to the Company to issue new shares without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time. It will also enable the Directors to take swift action in case of a need to issue and allot new shares in the Company's fund raising activities, including but not limited to further placement of shares for the purpose of funding the Company's current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such applications as the Directors may deem fit in the best interest of the Company and its shareholders, provided that the aggregate number of shares or convertible securities issued must not be more than 10% of the total number of issued shares of the Company.

Notes:-

- (1) *The AGM of the Company will be held virtually through live streaming from the **Broadcast Venue** and online remote voting using Remote Participation and Voting ("**RPV**") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") via its TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain Registration No. with MYNIC: D1A 282781). Please refer to the Administrative Guide for the AGM which is available at the Company's website at www.cape-group.com.my for the procedures to register, participate and vote remotely at the AGM through the RPV facilities.*
- (2) *Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the AGM using the RPV.*
- (3) *The Broadcast Venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairperson of the meeting to be at the main venue of the meeting. The Broadcast Venue is to inform shareholders where the electronic AGM production and streaming would be conducted from. No shareholder(s)/proxy(ies) from the public will be physically present at the meeting venue on the day of the AGM.*
- (4) *A member who is entitled to attend and vote at the AGM shall be entitled to appoint not more than two (2) proxies to attend, participate and vote on his/her behalf at the AGM. A proxy may but need not be a member of the Company, and need also not be an advocate, an approved company auditor or a person approved by the registrar of the Company. Where a member appoints two (2) proxies to attend the AGM, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which the appointment shall be invalid.*
- (5) *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, he/she may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*
- (6) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of two (2) or more proxies in respect of any particular omnibus account shall be invalid unless the exempt authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*
- (7) *The instrument appointing a proxy and the power of attorney or other authority, if any, shall be in writing under the hand of appointer or of his attorney duly authorised in writing or a copy of that power of attorney, certified by an advocate and solicitor, or where the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. Any alteration in the form of proxy must be initialled.*
- (8) *A member who has appointed a proxy or attorney or authorised representative to participate at the AGM via RPV facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPV facilities via TIIH Online at <https://tiih.online>. Procedures for RPV can be found in the Administrative Guide for the AGM.*

Notice of Annual General Meeting (Cont'd)

- (9) *The instrument appointing a proxy may be made via hardcopy or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or at any adjournment thereof:*
- (i) *In Hard Copy*
The Form of Proxy shall be deposited by hand or post to the Share Registrar's office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) *By Electronic Form*
The Form of Proxy can be lodged electronically via Tricor's TIH Online website at <https://tihi.online>. Kindly refer to the Procedure for Electronic Submission of Form of Proxy as set out in the Administrative Guide for the AGM.
- (10) *Pursuant to Paragraph 8.29A of the MMLR of Bursa Securities, all the resolutions set out in this Notice of AGM will be put to vote by poll.*
- (11) *In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 June 2023 (General Meeting Record of Depositors) shall be entitled to attend, participate and vote at the AGM, or to appoint proxy(ies) to attend, participate and vote on their behalf.*
- (12) *Those forms of proxy which are indicated with "X" in the spaces provided to show how the votes are to be cast will also be accepted. Any alteration in the form of proxy must be initialed.*

Personal data privacy:

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company:

- (i) *consents to the collection, use and disclose of the member's personal data by the Company (or its agents) for the purpose of processing and the administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");*
- (ii) *warrants that the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclose of the proxy(ies) and/or representative(s) personal data by the Company for the Purposes; and*
- (iii) *agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses, and damages as a result of the member's breach of warranty.*

STATEMENT ACCOMPANYING THE NOTICE OF THE ANNUAL GENERAL MEETING (“AGM”)

1. STATEMENT RELATING TO THE RE-ELECTION OF DIRECTOR

(Pursuant to Paragraph 8.27(2) of the MMLR of Bursa Securities)

A. Director standing for election or appointment

There is no individual seeking election or appointment as a Director at the AGM.

B. Directors standing for re-election

The following Directors who retire pursuant to Clause 84.1 of the Company's Constitution and being eligible, have offered themselves for re-election at the AGM (the “Retiring Directors”) under Ordinary Resolutions 5 to 7: -

- (i) Mr. Alex Miranda Juntado ;
- (ii) Ms. Tee Kim Yok; and
- (iii) Ms. Lim Chue Wan.

Pursuant to Paragraph 8.27(2) of the MMLR of Bursa Securities, the details of the Retiring Directors are as set out in their respective Directors' Profile of the Company's 2022 Annual Report. The details of their interest in the securities of the Company can be found in the Company's 2022 Annual Report.

The Nomination Committee (“NC”) has considered the performance and contribution of the abovesaid Retiring Directors from the Board Effectiveness Evaluation conducted following factors were taken into consideration:-

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

The NC and Board also review the tenure of the Directors and the Board composition to ensure the Board has an appropriate mix of skills and experience for the requirements of the business.

2. STATEMENT RELATING TO A GENERAL MANDATE FOR THE ISSUE OF SECURITIES

Ordinary Resolution 9 on the general mandate for the issuance of securities

Statement relating to a general mandate for the issuance of securities in accordance with Paragraph 6.03(3) of the MMLR of Bursa Securities.

Please refer to the Explanatory Note 3 of the Notice of the AGM set out on Pages 176 and 177.

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CAPE EMS BERHAD ("THE COMPANY")
[formerly known as CAPE EMS Manufacturing (M) Berhad]
 [Registration No.: 199901026859 (501759-M)]
 (Incorporated in Malaysia)

FORM OF PROXY

(before completing this Form of Proxy, please refer to the notes below)

Number of Shares Held	
CDS Account No.	

*I/We _____ NRIC No./Passport No./Registration No. _____
 (FULL NAME IN BLOCK LETTER)

of _____
 (FULL ADDRESS)

with email _____ and mobile phone no. _____,

being a *member/members of **CAPE EMS BERHAD [formerly known as CAPE EMS Manufacturing (M) Berhad]**, do hereby appoint(s):-

Full Name (in Block) [Proxy 1]	NRIC/Passport No.	Proportion of shareholding	
		No of shares	%
Address:			
Email Address:			
Mobile Phone No.:			

and (If more than one (1) proxy)/or

Full Name (in Block) [Proxy 2]	NRIC/Passport No.	Proportion of shareholding	
		No of shares	%
Address:			
Email Address:			
Mobile Phone No.:			

or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Annual General Meeting ("AGM") of the Company to be held virtually through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("**Broadcast Venue**") using the Remote Participation and Voting ("**RPV**") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("**TIIH**") via its TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain Registration No. with MYNIC: D1A 282781) on Tuesday, 27 June 2023, at 10.00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy(ies) will vote or abstain for voting at his(her) discretion.

ORDINARY BUSINESS (ORDINARY RESOLUTION)		FOR	AGAINST
1.	To approve the payment of Non-Executive Directors' fees for an amount of up to RM193,333 payable to Non-Executive Directors on a monthly basis for the financial year ended 31 December 2022 AND THAT to approve the Non-Executive Directors' benefits (excluding Directors' fees) for an amount of up to RM58,000 payable to Non-Executive Directors for the financial year ended 31 December 2022, in such manner as the Directors may determine..		
2.	To approve the payment of Non-Executive Directors' fees for an amount of up to RM554,500 payable to Non-Executive Directors on a monthly basis for the period from 1 January 2023 until the next Annual General Meeting of the Company, in such proportions and manner as the Directors may determine AND THAT to approve the Non-Executive Directors' benefits (excluding Directors' fees) for an amount of up to RM170,000 payable to Non-Executive Directors for the period from 1 January 2023 until the next Annual General Meeting of the Company, in such manner as the Directors may determine.		
3.	To approve the payment of Executive Directors' fees for an amount of up to RM491,400 payable to an Executive Director on a monthly basis for the financial year ended 31 December 2022.		
4.	To approve the payment of Executive Directors' fees for an amount of up to RM765,789 payable to an Executive Director on a monthly basis for the period from 1 January 2023 until the next Annual General Meeting of the Company.		
5.	Re-election of Mr. Alex Miranda Juntado as Director of the Company pursuant to the Company's Constitution.		
6.	Re-election of Ms. Tee Kim Yok as Director of the Company pursuant to the Company's Constitution.		
7.	Re-election of Ms. Lim Chue Wan as Director of the Company pursuant to the Company's Constitution.		
8.	Re-appointment of Grant Thornton Malaysia PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
SPECIAL BUSINESS (ORDINARY RESOLUTION)			
9.	Authority to allot and issue shares pursuant to the Companies Act 2016.		

Dated this _____ day of _____ 2023

Signature of Member/Common Seal

*Strike out whichever is not desired.

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Notes:-

- (1) The AGM of the Company will be held virtually through live streaming from the **Broadcast Venue** and online remote voting using Remote Participation and Voting ("**RPV**") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") via its TIH Online website at <https://tiah.online> or <https://tiah.com.my> (Domain Registration No. with MYNIC: D1A 282781). Please refer to the Administrative Guide for the AGM which is available at the Company's website at www.cape-group.com.my for the procedures to register, participate and vote remotely at the AGM through the RPV facilities.
- (2) Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the AGM using the RPV.
- (3) The Broadcast Venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairperson of the meeting to be at the main venue of the meeting. The Broadcast Venue is to inform shareholders where the electronic AGM production and streaming would be conducted from. No shareholder(s)/proxy(ies) from the public will be physically present at the meeting venue on the day of the AGM.
- (4) A member who is entitled to attend and vote at the AGM shall be entitled to appoint not more than two (2) proxies to attend, participate and vote on his/her behalf at the AGM. A proxy may but need not be a member of the Company, and need also not be an advocate, an approved company auditor or a person approved by the registrar of the Company. Where a member appoints two (2) proxies to attend the AGM, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which the appointment shall be invalid.
- (5) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, he/she may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- (6) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of two (2) or more proxies in respect of any particular omnibus account shall be invalid unless the exempt authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- (7) The instrument appointing a proxy and the power of attorney or other authority, if any, shall be in writing under the hand of appointer or of his attorney duly authorised in writing or a copy of that power of attorney, certified by an advocate and solicitor, or where the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. Any alteration in the form of proxy must be initialled.
- (8) A member who has appointed a proxy or attorney or authorised representative to participate at the AGM via RPV facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPV facilities via TIH Online at <https://tiah.online>. Procedures for RPV can be found in the Administrative Guide for the AGM.
- (9) The instrument appointing a proxy may be made via hardcopy or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or at any adjournment thereof:
- (i) In Hard Copy
The Form of Proxy shall be deposited by hand or post to the Share Registrar's office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia
- (ii) By Electronic Form
The Form of Proxy can be lodged electronically via Tricor's TIH Online website at <https://tiah.online>. Kindly refer to the Procedure for Electronic Submission of Form of Proxy as set out in the Administrative Guide for the AGM.
- (10) Pursuant to Paragraph 8.29A of the MMLR of Bursa Securities, all the resolutions set out in this Notice of AGM will be put to vote by poll.
- (11) In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 June 2023 (General Meeting Record of Depositors) shall be entitled to attend, participate and vote at the AGM, or to appoint proxy(ies) to attend, participate and vote on their behalf.
- (12) Those forms of proxy which are indicated with "X" in the spaces provided to show how the votes are to be cast will also be accepted. Any alteration in the form of proxy must be initialled.

Personal data privacy:

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 28 April 2023.

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AFFIX
STAMP

The Share Registrar of
CAPE EMS BERHAD
(formerly known as **CAPE EMS Manufacturing (M) Berhad**)
[Registration No.: 199901026859 (501759-M)]
c/o: TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Malaysia.

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CAPE EMS BERHAD

(formerly known as Cape EMS Manufacturing (M) Berhad)
Reg no.: 199901026859 (501759-M)

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

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