

# COLLABORATING *in* Changing Times





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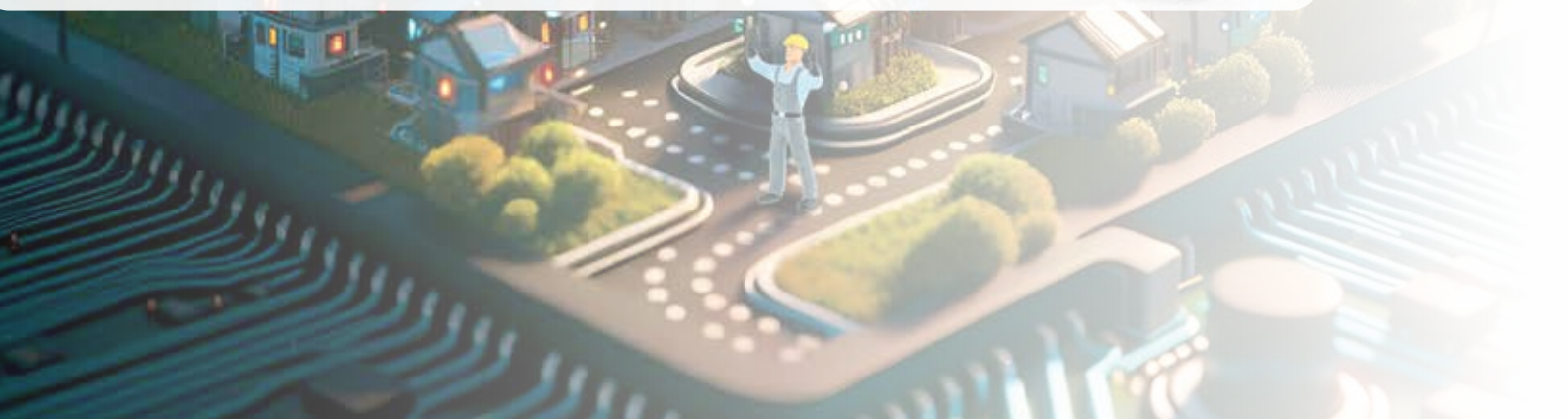
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## JHM Cover Rationale

### Collaborating in Changing Times

Encapsulating the spirit of collaboration, innovation and progress within JHM Consolidation Berhad (JHM), the concept of an interactive board game radiating different icons of systems and gears is utilised to represent the technological advancements and strategic skills of JHM is achieving success together.

The bright sun shining upon JHM's framework showcases the organisation's sense of optimism and resilience, even in face of adversities. With teamwork and positivity, JHM continuously strives to create value to stakeholders, by incorporating cutting-edge developments and diverse expertise, to its evolving board of competitive advantages.



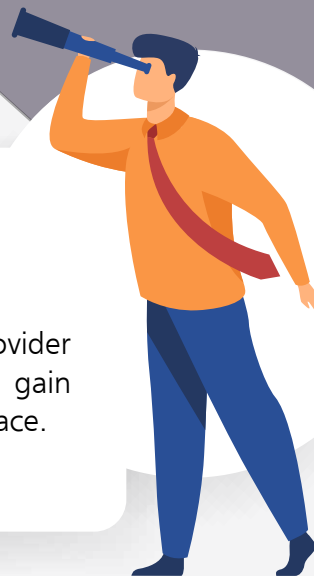


## MISSION

1. Manufacture and deliver products that give our customers the peace of mind.
2. Acquire and enhance technologies with the required skill sets that will continue to provide net positive values.
3. Retain, attract and reward high job performers to provide an unrivalled and sustainable customer experience.

## VISION

To be the best manufacturing service provider that will enable our customers to gain competitive advantages in the market place.



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Lim Chun Thang**

(Non-Executive Chairman,  
Independent Non-Executive Director)

**Dato' Seri Tan King Seng**

(Executive Director/ Group Chief Executive Officer)

**Cheah Choon Ghee**

(Executive Director)

**Low Soo Kim**

(Executive Director)

**Wong Chi Yeng**

(Independent Non-Executive Director)

**Lai Fah Hin**

(Independent Non-Executive Director)

**Khor Cheng Kwang**

(Independent Non-Executive Director)

### AUDIT COMMITTEE AND RISK MANAGEMENT COMMITTEE

**Wong Chi Yeng**

(Chairman,  
Independent Non-Executive Director)

**Lai Fah Hin**

(Member,  
Independent Non-Executive Director)

**Khor Cheng Kwang**

(Member,  
Independent Non-Executive Director)

### NOMINATION COMMITTEE

**Lim Chun Thang**

(Chairman,  
Independent Non-Executive Director)

**Wong Chi Yeng**

(Member,  
Independent Non-Executive Director)

### REMUNERATION COMMITTEE

**Lim Chun Thang**

(Chairman,  
Independent Non-Executive Director)

**Wong Chi Yeng**

(Member,  
Independent Non-Executive Director)

**Lai Fah Hin**

(Member,  
Independent Non-Executive Director)

### COMPANY SECRETARIES

Chee Wai Hong (BC/C/1470)  
SSM Practicing Certificate  
No. 202008001804

Tan She Chia (MAICSA 7055087)  
SSM Practicing Certificate  
No. 202008001923

### MANAGEMENT OFFICE

15-1-21 Bayan Point  
Medan Kampung Relau  
11900 Penang  
Tel: 04-646 5121  
Fax: 04-645 7326  
Email: corpinfo@jhm.net.my  
Website: www.jhm.net.my

### SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.  
Suite 18.05, MWE Plaza  
No. 8, Lebuhr Farquhar  
10200 George Town, Penang  
Tel: 04-263 1966  
Fax: 04-262 8544  
Email: info@sshbsb.com.my

### SOLICITORS

Allen Chee Ram  
Wong Beh & Toh  
Wong Chooi & Mohd Nor  
Zaid Ibrahim & Co.

### REGISTERED OFFICE

Suite 16.06 MWE Plaza  
No. 8 Lebuhr Farquhar  
10200 George Town, Penang  
Tel: 04-226 2188  
Email: enquiry@ascendbps.com

### AUDITORS

Grant Thornton Malaysia PLT  
Chartered Accountants  
Level 5, Menara BHL  
51, Jalan Sultan Ahmad Shah  
10050 Penang  
Tel: 04-228 7828  
Fax: 04-227 9828

### PRINCIPAL BANKERS

AmBank (M) Berhad  
AmBank Islamic Berhad  
Hong Leong Bank Berhad  
Hong Leong Islamic Bank Berhad  
RHB Bank Berhad

### STOCK EXCHANGE LISTING

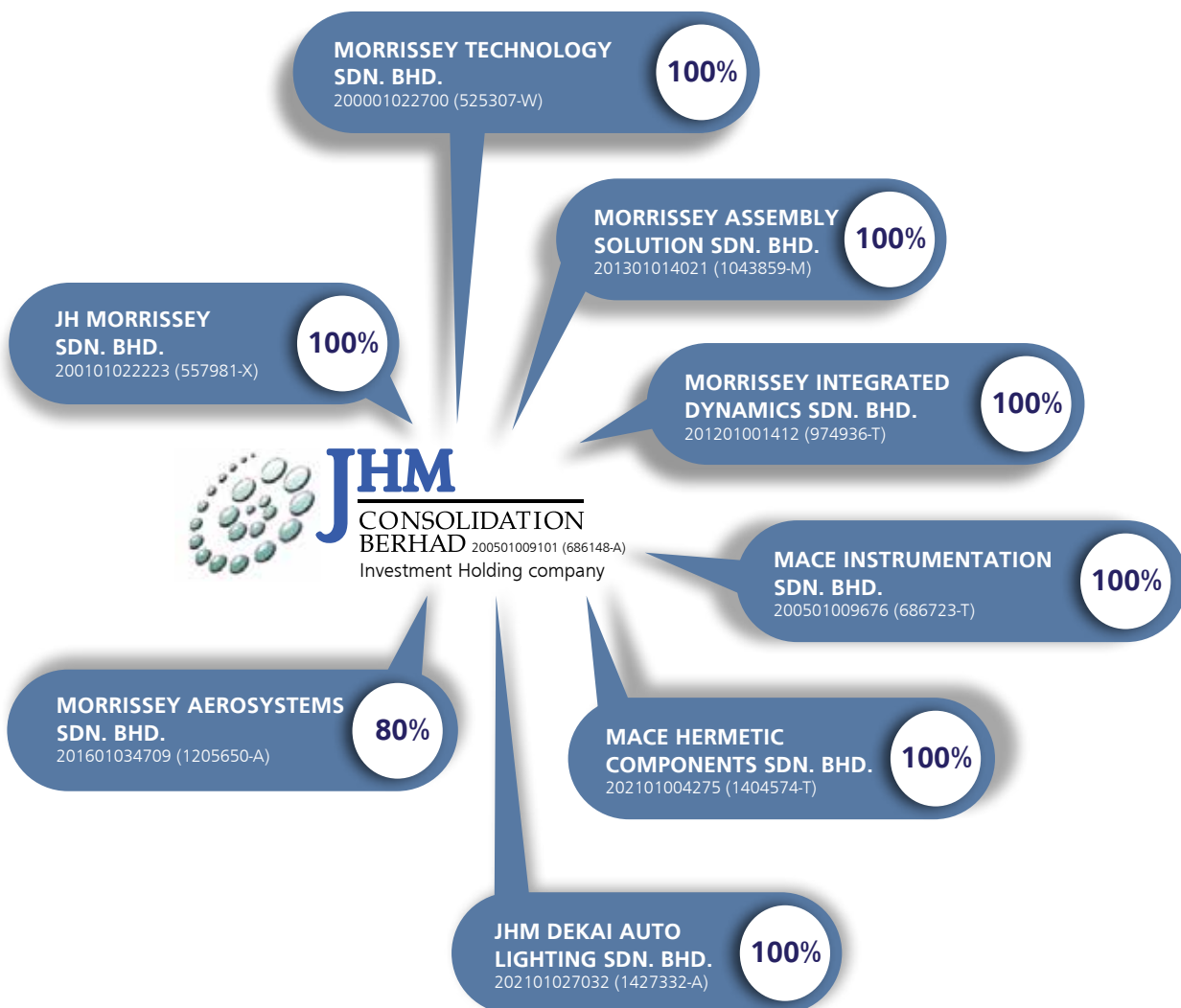
Main Market of Bursa Malaysia  
Securities Berhad  
Stock Name: JHM  
Stock Code: 0127

## GROUP STRUCTURE OF JHM GROUP

JHM Consolidation Berhad ("JHM") was incorporated in Malaysia on 26 March 2005 and listed on the MESDAQ Market (now known as the ACE Market) on 13 July 2006. The Company has on 12 November 2020 transferred the listing of and quotation for the entire share capital of the Company from ACE Market to the Main Market of Bursa Malaysia Securities Berhad.

JHM is principally an investment holding company with eight (8) subsidiaries, namely Morrissey Technology Sdn. Bhd. ("MTSB"), Morrissey Assembly Solution Sdn. Bhd. ("MASSB"), JH Morrissey Sdn. Bhd. ("JMSB"), Morrissey Aerosystems Sdn. Bhd. ("MASB"), Morrissey Integrated Dynamics Sdn. Bhd. ("MIDSB"), Mace Instrumentation Sdn. Bhd. ("MISB"), Mace Hermetic Components Sdn. Bhd. ("MHCSB") and JHM Dekai Auto Lighting Sdn. Bhd. ("JDALSB")

The current group structure is as follows:-



## GROUP STRUCTURE OF JHM GROUP (CONT'D)

The principal activities of its subsidiaries are as follows:-

Companies	Date of Incorporation	Total Issued Shares	Principal activities
Subsidiaries:			
Morrissey Technology Sdn. Bhd.	5 September 2000	1,000,000	Design and manufacturing of precision miniature engineering metal parts and components.
Morrissey Assembly Solution Sdn. Bhd.	24 April 2013	30,000,000	Manufacturing and assembling of electronic components.
JH Morrissey Sdn. Bhd.	5 September 2001	200,000	International procurement office and research and development centre.
Morrissey Aerosystems Sdn. Bhd.	18 October 2016	2,500,000	Manufacturing of machined metal parts, secondary processes, sub-assemblies and assembly of LED lighting for aerospace industry. Currently, the company has not commenced operations.
Morrissey Integrated Dynamics Sdn. Bhd.	12 January 2012	30,000,000	Manufacturing of precision mechanical parts, die casting, moulding of precision plastic lenses and modular assembly.
Mace Instrumentation Sdn. Bhd.	31 March 2005	5,000,000	Manufacturing, assembling and dealing of testing measuring equipment.
Mace Hermetic Components Sdn. Bhd.	4 February 2021	2,500,000	Design and manufacture of mechanical parts, electronic and electrical component and module assembly for semiconductor industry.
JHM Dekai Auto Lighting Sdn. Bhd.	18 August 2021	100	Manufacturing and module assembling for electronics and electrical components.

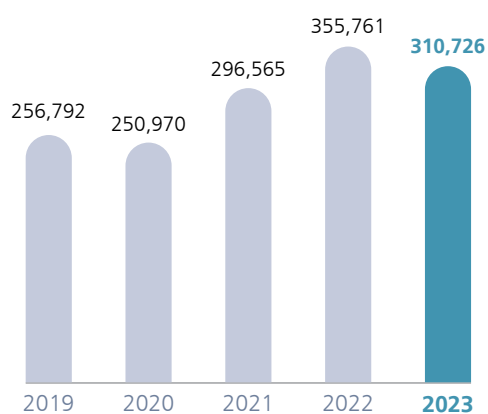


## FINANCIAL HIGHLIGHTS

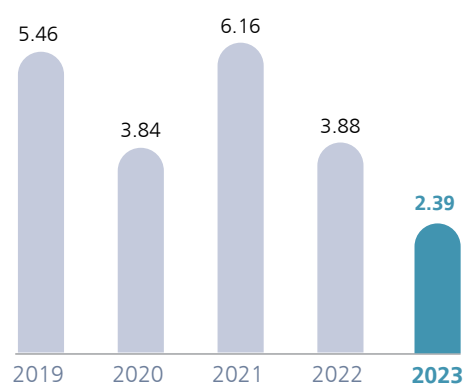
Year Ended 31 December	Audited				
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Revenue (RM'000)	256,792	250,970	296,565	355,761	<b>310,726</b>
Profit Attributable to Owners of the Company (RM'000)	30,466	21,387	34,371	21,654	<b>14,497</b>
Net Earnings per share (sen) *	5.46	3.84	6.16	3.88	<b>2.39</b>
Net Assets per share (RM) *	0.36	0.39	0.45	0.55	<b>0.53</b>

\* The comparative figures for Net Earnings per share and Net Assets per share have been restated to reflect the effects of the bonus issue and share split completed in financial year ended 2019 and 2020 respectively.

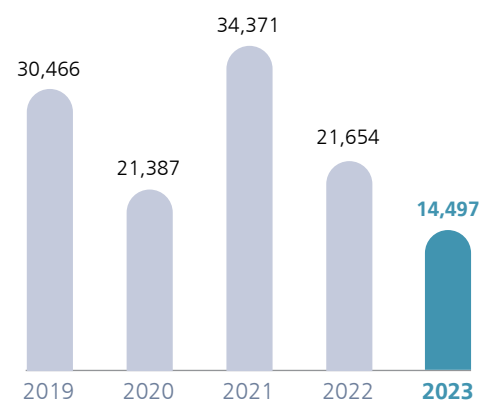
**REVENUE**  
(RM'000)



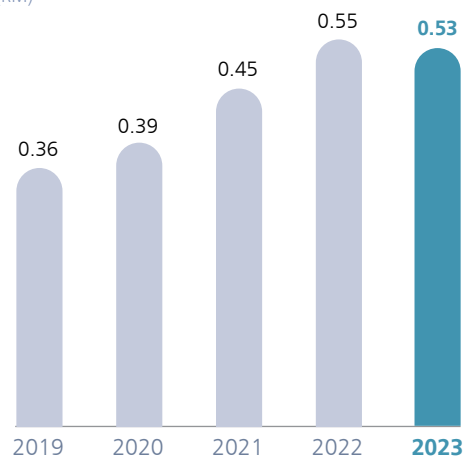
**NET EARNING PER SHARE**  
(sen)



**PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY**  
(RM'000)



**NET ASSETS PER SHARE**  
(RM)



## GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

**On behalf of the Board of Directors and Management team of JHM Consolidation Berhad ("JHM"), I am very delighted and pleased to present to you the Annual Report and Financial Statements of JHM for the financial year ended 31 December 2023 ("FY2023").**

### **Financial Performance & Operating Environment**

FY2023 marked a challenging period for the overall local technology sector, exacerbated by a confluence of factors. Sluggish demand recovery, as well as geopolitical tensions and global economic uncertainties have created a complex operating environment for industry players. The prolonged conflict between Russia and Ukraine and escalating trade tensions between the United States and China further contributed to a climate of instability. These factors, along with persistent inflation and rising interest rates, significantly influenced market dynamics. The mismatch in supply and demand resulted in an inventory build-up, weighing on prices and profitability across the industry.

Notably, the demand for automotive, industrial, and semiconductor products experienced an overall downturn amid the prevailing uncertainties. Most local technology companies recorded a decline in revenue during FY2023. The lack of economies of scale further exacerbated the issue, as fixed overheads remained high despite lower sales volume.

In FY2023, JHM recorded a 12.66% year over year ("y-o-y") lower revenue of RM310.73 million compared to RM355.76 million in the financial year ended 31 December 2022 ("FY2022"). This was mainly due to lower sales volume in both automotive and industrial segments as a result of lingering effects of the United Auto Workers strike in October 2023 and the slowdown in semiconductor industry respectively. Automotive segment remains the largest revenue contributor, accounting for about 68% in FY2023. Correspondingly, net profit decreased y-o-y to RM14.29 million in FY2023 as compared to RM21.02 million in FY2022. The lower net profit was mainly attributed to the drop in economies of scale from lower sales volume, as well as the increase in labour cost following the amendment of Employment Act effective January 2023.

Going forward, we remained steadfast in our commitment to proactive risk management and strategic preparedness, ensuring our Group's sustainable business growth and success. We leveraged strategic capabilities while recognising the importance of remaining vigilant and adaptable in meeting the evolving business environment. We prioritise continuous engagement with stakeholders and active participation with industry events to stay abreast of developments and explore collaborative partnership within the industry. Under close management oversight, our Group will ensure the continuous enhancement of our production capabilities and efficiency as well as improvement in technological advancement to meet customer demand. We are committed to embrace and uphold our core values — Sincerity, Integrity, and Responsibility. These values serve as guiding principles that underpin every decision we make and every action we take. By upholding these core values, we strive to deliver value to our stakeholders in a sustainable and responsible manner. The commitment ensures that our strategic and key business initiatives thrive with vigor and integration, demonstrating our dedication to ethical practices and sustainable business growth.

While the geopolitical tensions and economic uncertainties continue to pose challenges, our Group remains cautiously optimistic about its long-term prospects. Through embracing innovation, developing strategic partnerships, and maintaining a customer-centric approach, we are confident in our competitive position to thrive in the dynamic landscape.

### **Continuing our ESG Journey**

Our Group's Environment, Social and Governance ("ESG") practices are based on four (4) key Pillars: (1) Economic; (2) Environment; (3) Workplace; and (4) Social. Throughout 2023, we continue to integrate each pillar within our business value chain to demonstrate our commitment in making progress on our ESG journey. Our Group continues to focus on creating long-term value for all stakeholders - customers, suppliers, shareholders, employees, business partners and communities. Our Group is committed to adhering to the best practice in corporate governance and observing the highest standards of integrity and behaviour in our business operations. In alignment with our Industrial 4.0 roadmap, we continue to increase the adoption of Industry 4.0 principles in our operations. Among those initiatives are enhancement of system integration and improvement of process traceability in the production floor to minimise lead-time and improve quality control. This would improve yields and enhance productivity over the long term.

To incorporate sustainability practices in minimising the environmental impact arising from our operations, Our Group continues to implement energy efficiency initiatives in minimising energy utilisation and improving optimisation of energy efficiency. We are currently considering the integration of renewable sources to replace conventional electricity as part of our ESG journey. As employees are our most valuable asset and fundamental to our Group's sustainable success, we have been and will continue to be committed to upholding fair and ethical employment practices and prioritised the well-being and rights of our employees. In FY2023, we continued to contribute to the social and communities through various local community engagements and sustainability initiatives.

More details of our Group's ESG initiatives is stated in the "Sustainability Statement" on pages 25 to 44 of this Annual Report.



## GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE (CONT'D)

### Industry Trends and Business Outlook

Over the intermediate to long term, the global outlook of global automotive lighting industry is expected to continue its positive trajectory, driven by few key trends and factors:

- Increasing adoption of Advanced Lighting Technology

Lighting Emitting Diodes (LED) lighting is becoming increasingly essential in automotive lighting applications including exterior and interior lighting. This is due to its energy efficiency, durability, and design flexibility. As the automotive industry continues to prioritize sustainability and innovation, the demand for LED automotive lighting is expected to rise.

OLED (Organic Light-Emitting Diode) lighting enables innovative lighting designs and customization options. It can be seamlessly integrated with smart lighting systems and adaptive lighting functionalities. It also produces high-quality light with excellent colour rendering and brightness uniformity.

As advanced lighting technologies continue to advance, both adoption of LED and OLED lighting are expected to be vital in the future of automotive lighting.

- Increasing focus on Road Safety

There is a growing emphasis on enhancing safety features in vehicles. Thus, improvement in visibility is one of the priorities to ensure road safety. Advanced lighting systems, including adaptive headlights, automatic high-beam control, and dynamic lighting, are increasingly being integrated into automotive vehicles to achieve the goal.

- Connectivity and Smart Lighting

Smart lighting systems utilise sensors and data from vehicle-to-vehicle (V2V) and vehicle-to-infrastructure (V2I) communication to adapt lighting patterns in real-time based on driving conditions, traffic situations, and environmental factors. It can also be integrated with onboard sensors, cameras, and navigation systems to provide intelligent lighting control. The smart lighting system would improve visibility and road safety.

As vehicles become increasingly connected and autonomous, smart lighting will play a crucial role in shaping the future of automotive lighting solutions.

### Group's Prospects

JHM is primarily engaged in the manufacture and assembly of Automotive Surface Mount Technology ("SMT")/Printed Circuit Board Assembly ("PCBA") and Automotive Level 2 LED Lighting modules and is one of the main Electronics Manufacturing Services ("EMS") player in providing one-stop solutions from fabrication of tooling, design to final assembly and test of LED Lighting modules/applications.

Automotive segment remains our key business focus. Our Group continues to enhance technical knowledge and expertise to expand our capabilities to build and assemble complete automotive lighting products based on customers' specifications and requirements. We continue to invest in LED lighting technology and advanced manufacturing techniques. This would enhance the competitive position of our Group to grow into a Tier 1 automotive lighting manufacturer and enable us to deal directly with global automotive original equipment manufacturers (OEM). Going forward, we see significant opportunities in the continued demand growth of advanced automotive lighting applications. We believe that our track record in the automotive lighting industry, coupled with our technological improvement and customer-oriented approach, will enable us to capitalize on these opportunities.

For non-automotive segment, our Group has been focusing on improving our mechanical manufacturing capabilities in Die-casting and Computerised Numerical Control (CNC) machining to mainly support the industrial segment. We are also exploring strategic partnership to enhance our competitive position. This would strengthen the group to capture growth opportunities in the industrial segment.

Proactive risk management, effective cost management and optimal utilisation of manufacturing resources as well as prioritisation of customer satisfaction are our Group's key performance drivers. With the commitment to remain focused on our core competencies, we strive to enhance our competitive position. We constantly pursue technological innovation to optimise costs, improve efficiency and strengthen our core competencies to meet customer demands. By leveraging these key strengths, this would enable us to achieve sustainable growth in meeting evolving market conditions and vast emerging growth opportunities. Over the intermediate term, automotive and industrial segments will continue to serve as our Group's key growth catalyst. We strive to demonstrate our commitment to excellence and steadfast execution of our strategic initiatives to ensure that we continue to deliver value to our customers and shareholders.

## GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE (CONT'D)

### Board Changes

We had to bid farewell to former Executive Director, Mr. Lim Khai Teng in the later part of year 2023 and I wish to record our sincere thanks and appreciation for his valuable contribution and active participation in serving the Board in year 2023.

### Appreciation

On behalf of the Board of Directors, I would like to take this opportunity to convey our sincere appreciation to our customers, suppliers, affiliates, business partners and shareholders for your continuous support and confidence in our Group.

I would also like to extend my sincere appreciation to all our staffs and employees for your tremendous perseverance and determination as well as the commendable team spirit you have all exhibited. These very noble traits and personal attributes are the fundamental in ensuring the Group to secure continuous success and advancement in all future opportunities.

Last but not least, my sincere thanks to all Board Members for your leadership, patience, prudent advice and valuable contributions. As always, I eagerly look forward to your unconditional support and continuous commitment to ensure the future growth and success of the Group. I am confident that with the right business strategy and direction complemented by expansion plans, JHM would continue to deliver remarkable performance for our shareholders, notwithstanding the challenging business environment and economy uncertainties in the year ahead.

Thank you.

**Dato' Seri Tan King Seng**  
Group Chief Executive Officer

# MANAGEMENT DISCUSSION & ANALYSIS

## 1. OVERVIEW OF BUSINESS OPERATION

The business operation is segmented into three (3) business segments as below:

- a) Electronics business unit;
- b) Mechanical business unit; and
- c) Others

The above was disclosed in Note 32 (Operating Segment) of the notes to the financial statements.

The key performance for the Group is mainly contributed from electronic and mechanical business units which is serving automotive and industrial industry respectively. Details as below:

### (a) Electronic Business Unit

- Design, Surface Mount Technology ("SMT") production and assembly of automotive rear, interior and front headlamp lighting, inclusive of shifter control and turn signal indicator (*Automotive industry*);
- SMT production and assembly for Industrial products, i.e. motor controller (*Industrial industry*).

### (b) Mechanical Business Unit

- One stop solution provider for high precision, high speed tooling design, fabrication and production for Micro Electronic Components (*Industrial industry*);
- Production on LEDs application to support 3D effects as well as signature lighting effect substrate (*Automotive industry*);
- Manufacturing of sheet metal enclosures and value-added electro-mechanical assembly for a broad range of industries which includes electronics (semiconductors and telecommunication), medical device and instrumentation industries (*Industrial industry*);
- Manufacturing of precision mechanical parts, die casting, moulding of precision plastic lenses and modular assembly (*Industrial industry*).

The resource allocation and assessment of performance are mainly based on the nature of business for each of the subsidiaries of JHM. Morrissey Technology Sdn. Bhd. ("MTSB"), Morrissey Integrated Dynamics Sdn. Bhd. ("MIDSB"), Mace Instrumentation Sdn. Bhd. ("MISB") are operating under the Mechanical Business Unit and Morrissey Assembly Solution Sdn. Bhd. ("MASSB"), JH Morrissey Sdn Bhd ("JMSB"), Mace Hermetic Components Sdn. Bhd. ("MHCSB"), JHM Dekai Auto Lighting Sdn. Bhd. ("JDAL") are operating under the Electronics Business Unit.

For additional segmental information, please refer to Note 32 (Operating Segment) under the Notes to the financial statements.

## 2. FINANCIAL RESULTS AND FINANCIAL CONDITION

### **Financial performance**

The Group achieved revenue of RM310.73 million in the financial year ended 31 December 2023 ("FY2023"), a decrease of 12.66% from RM355.77 million recorded in the financial year ended 31 December 2022 ("FY2022"). The Group recorded a net profit of RM14.29 million in FY2023, a decrease of 32% compared to RM21.02 million in FY2022.

#### *Revenue:*

The lower revenue was mainly due to lower sales from both automotive and industrial segments as a result of United Auto Workers strike started October 2023 and the slowdown in semiconductor industry respectively.

#### *Net profit:*

The higher other income in FY2023 was primarily derived from gain on disposal of investment in an associate of RM1.50 million couple with higher foreign exchange gain of RM4.87 million as compared to RM3.76 million in FY2022.

## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### 2. FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

#### *Financial performance (Cont'd)*

However, the additional income was off-set by the below factors:

- (i) Increase in labour cost as a result of amendment of Employment Act effective January 2023 onwards.
- (ii) Higher finance cost due to higher borrowing coupled with interest rate hike especially in US Dollar denominated loans.
- (iii) Depreciation and amortization cost have increased from RM14.32 million to RM15.77 million in FY2023.
- (iv) Lower sales from both automotive and industrial segments resulting drop in economy of scale especially in the Fourth Quarter of 2023.
- (v) Lower margin of product mix from automotive segment.

#### *Liquidity and capital resources*

In terms of liquidity, the operations continue to generate positive cash flows and closed the year with cash and cash equivalents of RM72.39 million [FY2022: RM61.94 million]. The increase in cash and cash equivalents was mainly due to cash inflow from operating activities amounting to RM54.91 million in year 2023 compared to RM0.19 million for year 2022. Net assets stood at RM320.76 million, translating to NTA per share of RM0.53. As a measure of liquidity, our current ratio at the end of the year was healthy at 2.77 times.

### 3. REVIEW OF OPERATING ACTIVITIES BY INDUSTRY

#### *Automotive Industry*

The automotive segment is the largest revenue contributor to the Group, contributing approximately 68% [FY2022: 60%] of the Group's total revenue for FY2023.

During the financial year under review, the revenue from the automotive segment was mainly attributable to the export of automotive LED lighting modules to the Group's customers who in turn supply to tier 1 automotive manufacturers in USA.

JHM has been actively working towards growing its automotive segment and it is expecting more automotive customers to be on board in this financial year ending 2024.

#### *Industrial Industry*

The industrial segment is the second largest revenue contributor to the Group, contributing approximately 32% [FY2022:40%] of the Group's total revenue for FY2023.

During the financial year under review, the revenue from the industrial segment was mainly attributable to the sales of, amongst others, Printed Circuit Board Assembly ("PCBA") for fan speed controllers, fine pitch connector pins and sheet metal enclosures. These sales were mainly generated from customers based in Singapore and Malaysia.

Moving forward, the Group intends to continue to capture growth opportunities in the industrial segment by further enhancing its mechanical manufacturing capabilities in die-casting and Computer Numerical Control ("CNC") high precision machining.

### 4. OPERATIONAL AND FINANCIAL RISKS

#### *Operational Risks - Dependence on Automotive industry*

Our Group is dependent on automotive sector for a significant portion of its revenue. However, the Group is taking the necessary steps to diversify the revenue contribution by industrial industry. Details as below:

Segmental industry	FY2020	FY2021	FY2022	FY2023
Automotive	62%	61%	60%	68%
Industrial products	37%	39%	40%	32%
Others	1%	-	-	-
	100%	100%	100%	100%

As part of the Group's risk mitigation strategy, we continue developing new automotive customers to broaden the automotive customers' base. Currently, we have been successfully serving total of eight (8) automotives customers as at FY2023.



## MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

### 4. OPERATIONAL AND FINANCIAL RISKS (CONT'D)

#### Financial Risks Management

The Group's financial risks are set out in Note 33.2 under the notes to the financial statements.

### 5. FORWARD-LOOKING

#### Outlook

World Economic Outlook ("WEO") updated by International Monetary Fund in January 2024, global growth is projected at 3.1 percent in 2024 and 3.2 percent in 2025, with the 2024 forecast 0.2 percentage point higher than that in the October 2023 WEO on account of greater-than-expected resilience in the United States and several large emerging market and developing economies, as well as fiscal support in China. The forecast for 2024 and 2025 is, however, below the historical (2000 till 2019) average of 3.8 percent, with elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth. Inflation is falling faster than expected in most regions, in the midst of unwinding supply side issues and restrictive monetary policy. Global headline inflation is expected to fall to 5.8 percent in 2024 and to 4.4 percent in 2025, with the 2025 forecast revised down.

With disinflation and steady growth, the likelihood of a hard landing has receded, and risks to global growth are broadly balanced. On the upside, faster disinflation could lead to further easing of financial conditions. Looser fiscal policy than necessary and then assumed in the projections could imply temporarily higher growth, but at the risk of a more costly adjustment later on. Stronger structural reform momentum could bolster productivity with positive cross border spillovers. On the downside, new commodity price spikes from geopolitical shocks including continued attacks in the Red Sea and supply disruptions or more persistent underlying inflation could prolong tight monetary conditions. Deepening property sector woes in China or, elsewhere, a disruptive turn to tax hikes and spending cuts could also cause growth disappointments.

Trade and geographical tensions from US-China relationship has created ample of opportunities for EMS companies locally to grow as a result of MNCs' reconfiguration of their manufacturing supply chains to ASEAN from China. There have been enquiries on these potential relocation opportunities and we are engaging and assessing on these prospects to bring additional revenue into the Group.

We expect the Group's outlook remains positive and is continuing with the business expansion plans to support new customers from automotive as well as industrial segments. Barring any unforeseen circumstances, the Board believes that with our continuing pursuit of excellence and steadfast execution of our strategies, the Group's prospects in the financial year ending 31 December 2024 remains optimistic.

### 6. DIVIDEND POLICY

The Board of Directors highly values the unwavering support the Group has received from its loyal shareholders over the years. While the Board recognises the importance of rewarding the shareholders for their support, the decision to declare dividend is subject to several factors, including earnings, capital commitment, financial conditions, future expansion and other factors.

In view of ongoing market challenges and the need to maintain a good cash flow position, the Board has not recommended a dividend payment for FY2023. Nevertheless, once the Group is comfortable distributing dividends, the Board is committed to resuming the payment of dividends in the future.

## DIRECTORS' PROFILE

### DATO' SERI TAN KING SENG | 68, Male, Malaysian

**Dato' Seri Tan King Seng** was appointed to the Board on 13 April 2006 and is presently the Executive Director/Group Chief Executive Officer of the Company. He graduated with a Bachelor of Science Degree in Mechanical Engineering from National Cheng Kung University of Taiwan in 1983. Dato' Seri Tan started his career as an engineer with Intel Technology Sdn. Bhd. in 1984, and thereafter in Hewlett Packard Sdn. Bhd. in 1989. Prior to starting his own business in 1995, he was a Senior Production Engineer in charge of Optoelectronic Production at Hewlett Packard Sdn. Bhd.

He is the major shareholder of the Company.

### CHEAH CHOON GHEE | 61, Male, Malaysian

**Cheah Choon Ghee** was appointed to the Board on 11 December 2007 and is presently the Executive Director of the Company. Prior to his appointment to the Board, he was the Senior Administration Manager of the Group. He graduated with a Diploma in Electronic Engineering from Tunku Abdul Rahman College in 1984. Mr. Cheah started his career as an Assistant Engineer with National Semiconductor Sdn. Bhd. in 1985. He left National Semiconductor Sdn. Bhd. in 1989 and joined Cintronic Marketing Sdn. Bhd. as its Administrator Manager in charge of the company's operation until 1995. In 1996, Mr. Cheah joined Allied Stamping Corporation Sdn. Bhd. as its Sales Director overseeing the company's business and later left in year 2000. Currently, Mr. Cheah is appointed as Chief Operating Officer in charge of the Mace Instrumentation Sdn. Bhd. ("MISB")

He is the major shareholder of the Company by virtue of he being a director and shareholder of Noble Matters Sdn. Bhd. ("NMSB") pursuant to Section 8 of the Companies Act 2016, where NMSB is a major shareholder of the Company .

### LOW SOO KIM | 46, Female, Malaysian

**Low Soo Kim** was appointed to the Board on 26 February 2021 and is presently the Executive Director of the Company. Ms. Low graduated with a Bachelor of Accounting (Hons) from University of Malaya in 2002 and is a member of the Malaysian Institute of Accountants.

She started her career in the tax division of Ernst & Young Tax Consultants Sdn. Bhd. ("EY") and left EY in January 2009 when she held the position of Assistant Tax Manager. She joined a manufacturing company, a wholly owned subsidiary of a Public Listed Company ("PLC") as Accounts/Finance Manager in year 2009 and was promoted to Group Financial Controller of the PLC in year 2013. She joined the Company as Finance Manager on 30 November 2015 and she currently holds a position as Finance Director in the Company. Ms. Low is in charge of the Group's financial reporting, investor relations and corporate planning.

### WONG CHI YENG | 62, Female, Malaysian

**Wong Chi Yeng** was appointed to the Board on 4 January 2017 and is presently the Independent Non-Executive Director. She serves as the Chairman of the Audit Committee and Risk Management Committee, and as a member of Nomination Committee and Remuneration Committee of the Company.

She graduated from University of Malaya, Kuala Lumpur with a Bachelor of Accounting (Honours) in 1987. She started her career as an auditor in a Chartered Accountants firm in Penang in 1987. Mdm. Wong is currently a Director of Interresources Tax Advisory Sdn Bhd. She is a member of both Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia. She is also an Audit Committee member of The Institute of Internal Auditors Malaysia (CACD).

## DIRECTORS' PROFILE (CONT'D)

### LAI FAH HIN | 68, Male, Malaysian

**Lai Fah Hin** was appointed to the Board on 30 August 2017 and is presently the Independent Non-Executive Director. He serves as a member of the Audit Committee and Risk Management Committee and Remuneration Committee. He graduated with Malaysian Certificate of Education in year 1975.

Mr. Lai started his career in the government service (Royal Malaysia Police) on 1 October 1977 as a Police Inspector. In year 2006, he was promoted to Deputy Superintendent of Police (DSP) and he became an officer in charge of Police District (OCPD) (South West District of Penang) in year 2014 until his retirement on 11 July 2016. He is currently a Chief of Security of MTT Group of Companies and Security Consultant for Bandar Kepala Batas Sdn. Bhd., a subsidiary of Hunza Properties Berhad.

### LIM CHUN THANG | 59, Male, Malaysian

**Lim Chun Thang** was appointed as the Non-Executive Chairman/Independent Non-Executive Director of the Company on 23 August 2018. He serves as Chairman of the Nomination Committee and Remuneration Committee.

He graduated from Middlesex University, London with a Bachelor Degree in Accounting and Finance (Honours). Upon returning from London, he joined Arab-Malaysian Merchant Bank in 1995 and left in 1997 as a Corporate Finance Officer. Subsequently, he joined a few companies with his main scope of work in planning the success of their listings on Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad).

Thenceforth, from 2002 to 2018, he was attached to a public listed company in Malaysia, as the Personal Assistant to the Group Chairman and Managing Director in assisting the Group Chairman and Managing Director mainly overseeing the Group's corporate planning related matters; investor relations by dealing with fund managers, institutional shareholders, the press and analyst; the Group's compliance with corporate governance and Listing Requirements. He had also participated in Board meetings and involved in various corporate exercises of the Group.

### KHOR CHENG KWANG | 52, Male, Malaysian

**Khor Cheng Kwang** was appointed as the Independent Non-Executive Director of the Company on 3 March 2020. He serves as a member of the Audit Committee and Risk Management Committee.

He graduated with a Diploma in Mechanical & Manufacturing Engineering from Tunku Abdul Rahman College (TARC) in 1996 and subsequently furthered his studies with a Master of Science (Msc) in Manufacturing Systems Engineering from The Queen's University of Belfast, United Kingdom in 1997.

In December 1997, he joined Intel Technology (M) Sdn. Bhd. as an engineer. His last position held was Intel marketing manager, responsible for business development for embedded communication products and solutions in the China and Asia-Pacific region, working closely with MNCs, OEMs & ODMs corporations. He was part of the Malaysian Development Economic Corporation's (MDEC) program 'Grow the Tech Sector' which promoted embedded technology under the country's Economic Transformation Program (ETP).

In 2012, he became the Founder and Managing Director of Metro Green Adventure Sdn. Bhd., a company specialising in eco-friendly initiatives, educational, coaching and 'Building Future' programs for corporates and educational institutions. In addition to his directorship in the Company, he currently holds directorship in other private limited companies.

#### Notes:

1. Save as disclosed above, none of the Directors of the Company have any family relationship with any Director and/or major shareholder of the Company.
2. All the Directors do not have any conflict of interest with the Company.
3. Other than traffic offences, none of the Directors of the Company have any convictions for offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
4. The Directors' shareholdings are as disclosed on page 120 of this Annual Report.
5. The details of the number of Board Meetings attended by the Directors of the Company for the financial year are disclosed on page 17 of this Annual Report.
6. None of the Directors hold any directorships in other public companies and listed issuers.

## PROFILE OF KEY SENIOR MANAGEMENT

**68, Male, Malaysian** | **Dato' Seri Tan King Seng**

**Dato' Seri Tan King Seng** was appointed as the Executive Director/Group Chief Executive Officer on 13 April 2006. Dato' Seri Tan's profile is set out on page 13 of this Annual Report.

**61, Male, Malaysian** | **CHEAH CHOON GHEE**

**Cheah Choon Ghee** was appointed as the Executive Director/Chief Operating Officer of MISB on 11 December 2007. Mr. Cheah's profile is set out on page 13 of this Annual Report.

**46, Female, Malaysian** | **LOW SOO KIM**

**Low Soo Kim** was appointed as the Executive Director/Finance Director of the Company on 26 February 2021. Ms. Low's profile is set out on page 13 of this Annual Report

**56, Male, Malaysian** | **AZHAR BIN JAAFAR**

**Azhar bin Jaafar** was appointed as Director of Operations in Morrissey Assembly Solution Sdn. Bhd. on 15 July 2018 and was promoted to Senior Director of Operations in year 2022. En. Azhar completed high school in 1984 and graduated with a Bachelor of Business Administration from Greenwich University in 2002. He started his career in 1985 as a production Supervisor in Statsym Sdn. Bhd., Selangor, responsible for in-circuit testing and temperature cycle burn-in.

In 1993, he joined a multinational EMS company with various functions such as Production Manager, Focus Factory Manager, Operation Director and Assistant General Manager responsible for end-to-end Surface Mount Technology operations.

### Notes:

1. Save as disclosed on page 13 of the Annual Report, none of the key senior management of the Company have any family relationship with any director and/or major shareholder of the Company.
2. All the above Key Senior Management do not have any conflict of interest with the Company.
3. Other than traffic offences, none of the Key Senior Management of the Company has any convictions for offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
4. None of our Key Senior Management hold or have held any directorships in other public companies and listed companies.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) is committed to ensure that a high standard of corporate governance is practiced throughout the Company and its subsidiaries (“the Group”) in discharging its responsibilities with integrity, transparency and professionalism to protect and enhance shareholders’ value and the financial position of the Group. The Board has always been vigilant of the fiduciary duties entrusted upon the Board as a principle guide in discharging its duties.

The Board is pleased to provide a Corporate Governance Overview Statement pursuant to Paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) that explains an overview of the application of the corporate governance practices of the Group during the financial year ended 31 December 2023 (“FY2023”) in this Annual Report with reference to the following three (3) principles as set out in the Malaysian Code on Corporate Governance issued by Securities Commission Malaysia on 28 April 2021 (“MCCG”):

**A. Board Leadership and Effectiveness;**

**B. Effective Audit and Risk Management; and**

**C. Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.**

The Board has also provided specific disclosures on the application of each Practices in its Corporate Governance Report (“CG Report”). This CG Report was announced together with the Annual Report of the Company on 26 April 2024. Shareholders may obtain this CG Report by accessing this link [www.jhm.net.my](http://www.jhm.net.my) for further details.

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### (I) Board Responsibilities

The Group acknowledges the pivotal role played by the Board in the stewardships of its direction and operations. To fulfil this role, the Board is responsible for the following:

- a) Review, approve and monitor the overall strategies and direction of the Group;
- b) Identify the principal risks and implementing appropriate system to manage such risks;
- c) Oversee and evaluate the conduct and performance of the Group’s business;
- d) Review the adequacy of the Group’s internal control policy; and
- e) Ensure that appropriate plans are in place in respect of the succession plan of the Group.

The Board has overall responsibility for the proper conduct of the Group.

#### ***Clear functions of the Board and Management***

To ensure the effective discharge of its function and responsibilities, the Board has established a Board Charter which clearly set out the relevant matters reserved for the Board’s approval, as well as those is delegated to the Board committees and Group Chief Executive Officer.

Key matters reserved for the Board’s decision include, inter alia, the following:-

- a) Approval of business strategy and group operational plan and annual budget;
- b) Acquisition and disposal of assets of the Company or its subsidiaries that are material in nature;
- c) Approval of investment or divestment in a company/business/property/undertaking;
- d) Approval of investment or divestment of a capital project which represents a significant diversification from the existing business activities;
- e) Any other significant business direction; and
- f) Corporate proposal on fund raising.

#### ***Appointment to the Board***

The Board has established the Nomination Committee for the purpose of making recommendations on suitable candidates for appointment to the Board and for assessing Directors on an ongoing basis. Candidates recommended must be approved and appointed by the Board. The Nomination Committee is responsible for recommending the right candidates with the required skills, experience and attributes to the Board for appointment.

Further details on the Nomination Committee are set out on pages 20 and 21 of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### (I) Board Responsibilities (Cont'd)

##### **Retirement and Re-election of Directors**

In accordance with the Company's Constitution, one-third (1/3) of the Directors including the Managing Director shall retire by rotation from office at each Annual General Meeting ("AGM") and they shall be eligible for re-election at the AGM. The Directors to retire shall be the Directors who have been longest in office since their appointment or last re-election. In addition, all Directors including the Managing Director shall be subject to retirement by rotation at least once every three (3) years.

Directors who are standing for re-election at the Nineteenth AGM of the Company to be held on 27 May 2024 are as per detailed set out in the Notice of the Nineteenth AGM.

##### **Board Meetings and Time Commitment**

The Board is to meet at least four (4) times a year with additional meetings convened as and when necessary. Besides Board meetings, the Board also exercises control on matters that require Board's approval through Directors' Circular Resolutions. Among others, key matters such as approval of annual and quarterly results, financial statements, major acquisitions and disposals, major capital expenditure and risk management policies are discussed and decided by the Board.

During the financial year, the Board met four (4) times. The Board is satisfied with the time commitment given by the Directors of the Company in discharging their duties for FY2023 as evidenced by the attendance record of the Directors at the Board Meeting. The details of attendance of the Directors during FY2023 are as follows: -

Name of Directors	Number of Meetings Attended	Number of Meetings Attended
Lim Chun Thang	4/4	100%
Dato' Seri Tan King Seng	4/4	100%
Cheah Choon Ghee	4/4	100%
Low Soo Kim	4/4	100%
Wong Chi Yeng	4/4	100%
Lai Fah Hin	4/4	100%
Khor Cheng Kwang	4/4	100%
Lim Khai Teng (resigned on 31 October 2023)	2/2	100%

The Directors are in compliance with the provision of MMLR on the restriction of not holding more than five directorships in the listed issuers.

##### **Company Secretaries**

The Board is of the view that current Company Secretaries are suitably qualified, competent and can support the Board in carrying out its roles and responsibilities. The Company Secretaries ensure there are a quorum for all meetings and that such meetings are convened in accordance with the relevant Terms of Reference. The minutes prepared by the Company Secretaries memorialise the proceedings of all meetings including pertinent issues, the substance of inquiries and responses, members' suggestions and the decision made. This reflects the fulfillment of the Board's fiduciary duties and the significant oversight role performed by the respective Board Committees.

The Board obtained appropriate advice and services, if necessary, from Company Secretaries to ensure adherence to Board meeting procedures and compliance with regulatory requirements.

##### **Code of Ethics**

The Directors observed the code in accordance with the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. This code can be assessed through the Company's website at [www.jhm.net.my](http://www.jhm.net.my).

##### **Code of Conduct**

In order to enhance the standard of corporate governance and behaviours, the Board observed the Company's Code of Conduct which set out standards of business and ethical conduct based on general principles including, amongst others, integrity and honesty, fair dealing and confidentiality as guidance to all directors and employees in the conduct of their business. This code can be assessed through the Company's website at [www.jhm.net.my](http://www.jhm.net.my).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### (I) Board Responsibilities (Cont'd)

##### **Board Charter**

The Board has adopted a charter to provide a reference for directors in relation to the Board's role, duties and responsibilities, division of responsibilities between the Board, the Board Committees, the Chairman and Group Chief Executive Officer. The Charter, which serve as referencing point for Board's activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties to the Group, also contains a formal schedule of matters reserved to the Board for deliberation and decision so that control and direction of the Group's business are in its hands.

The Charter is available on the Company's website at [www.jhm.net.my](http://www.jhm.net.my) in line with Practice 2.1 of the MCCG. The Board will review the Board Charter from time to time in order to ensure consistency with the Board's strategic intent and relevant standards of corporate governance.

##### **Sustainability**

The Group recognises the importance of sustainability and its increasing impact to the business and is committed to the goal of developing a sustainable future.

The Group is committed to provide a safe workplace for its employees and conducting its business in a way that is environmentally safe and sound. The sustainability activities are set out in the Sustainability Statement on pages 25 to 44 of this Annual Report.

##### **Gender Diversity Policy**

The Board has adopted Gender Diversity Policy which can be found on the Company's website at [www.jhm.net.my](http://www.jhm.net.my). In considering Board member appointment, the Board provides equal opportunity to candidates who have the necessary skills, experience, competencies and other attributes regardless of gender, ethnicity and age. The Board is taking steps to identify women candidates for appointment to the Board. The Board is currently having two (2) women members out of Seven (7) members.

The Board acknowledges the best practice of the MCCG for the Board comprises at least 30% women Directors. In heading this, there was a positive development for the Company in making greater strides towards notable gender diversity on the Board with the appointments of Ms. Wong Chi Yeng to the Board on 4 January 2017 and Ms. Low Soo Kim on 26 February 2021.

The Board is mindful that any gender representation should be in the best interest of the Company. Although the Company has not reached the 30% women representation target at the Board level as required, the Board decisions are made objectively in the best interests of the Group taking into account diverse perspectives and insights. The Board is of the view that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age to maximise the effectiveness of the Board.

The Board notwithstanding the view that diversity should be in tandem with expertise, experience and skills and not gender alone acknowledges the importance of the establishment of a gender diversity policy. Hence, the Nomination Committee has been tasked to look for suitably qualified female candidates when there is a vacancy.

##### **Internal Corporate Disclosure Policies and Procedures**

Along with good corporate governance practices, the Company is committed to provide the investors and the public with comprehensive, accurate and material information on a timely basis.

In line with this commitment and in order to enhance transparency and accountability, the Board has adopted an Internal Corporate Disclosure Policies and Procedures to facilitate the handling and disclosure of material information on a timely and accurate manner.

##### **Anti Corruption Policy**

The Company has adopted an Anti Corruption Policy to prevent the occurrence of bribery and corrupt policies in relation to the Group's businesses.

The Anti Corruption Policy can be assessed through the Company's website at [www.jhm.net.my](http://www.jhm.net.my).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### (I) Board Responsibilities (Cont'd)

##### *Directors' Training*

The Directors are encouraged to attend continuous education programmes such as seminars and conferences. This is to keep themselves abreast with the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and the need to be cognizant of commercial opportunities and risks as well as to be adequately equipped to execute judicious decision making.

All members of the Board have attended and successfully completed the Mandatory Accreditation Programme ("MAP") as required by the Bursa Securities.

During FY2023, the Directors of the Company had attended seminar or conference organised externally. The programmes attended by the Directors during the financial year, include the following:

Name	No. of days	Mode of Training	Title
Dato' Seri Tan King Seng	3 hours	Seminar	Discover IR 4.0 & ESG: Training for Manufacturers by AmBank BizRACE
	2 days	Webinar	Green Practices for the Manufacturing Sector by AmBank BizRACE
	2 hours	Webinar	National E-Invoicing Initiative 2023 by MDEC
	1 day	Webinar	High Impact Workshop on IR4.0 and ESG by AmBank BizRACE
Cheah Choon Ghee	2 days	Webinar	Green Practices for the Manufacturing Sector by AmBank BizRACE
	2 hours	Webinar	National E-Invoicing Initiative 2023 by MDEC
	1 day	Webinar	High Impact Workshop on IR4.0 and ESG by AmBank BizRACE
Low Soo Kim	3 hours	Seminar	Discover IR 4.0 & ESG: Training for Manufacturers by AmBank BizRACE
	1 day	Seminar	Tax Seminar on Budget 2023 by Grant Thornton
	1 day	Seminar	Tax Seminar on Budget 2024 by Grant Thornton
	½ day	Seminar	Seminar Developments and Impacts of ESG on Corporate Malaysia by Grant Thornton
	½ day	Seminar	Customs Handholding Programme with Kedah FMM Kedah Perlis Branch
	1 day	Webinar	Essential tax Updates in 2023 by CTIM
	2 days	Webinar	Green Practices for the Manufacturing Sector by AmBank BizRACE
	1 day	Webinar	High Impact Workshop on IR4.0 and ESG by AmBank BizRACE
	2 hours	Webinar	Taxation On Foreign Source Income by Grant Thornton
	2 hours	Webinar	Latest Tax Developments Affecting Investors In Malaysia and Indonesia by Grant Thornton
	1.5 hours	Webinar	Budget 2024 - Reform And Empowering The Rakyat by RHB Group
	2 hours	Webinar	E-Invoicing by Grant Thornton
	2 hours	Webinar	SDVP 2.0 (Direct Tax) by Grant Thornton
2 hours	Webinar	VDP (Indirect Tax) by Grant Thornton	
2 hours	Webinar	E-Invoicing: Are you Ready by EY	
Wong Chi Yeng	1 day	Seminar	2024 Budget Seminar by MIA
	1 day	Conference	Audit Committee Conference by MIA
	2 days	Conference	National Tax Conference 2023 by CTIM
	1 day	Webinar	2023 Budget Seminar by CTIM
1 day	Webinar	New Public Ruling in 2022 by CTIM	
Lim Chun Thang	2 hours	Webinar	Taxation On Foreign Source Income by Grant Thornton
	2 hours	Webinar	Latest Tax Developments Affecting Investors In Malaysia and Indonesia by Grant Thornton
	1.5 hours	Webinar	Budget 2024 - Reform And Empowering The Rakyat by RHB Group
Lai Fah Hin	3 hours	Webinar	2023 Budget seminar by YYC
	1 hour	Webinar	Navigating Madani Economy: Empowering The People by RHB Group
Khor Cheng Kwang	3 hours	Webinar	2023 Budget seminar by YYC
	1 hour	Webinar	Navigating Madani Economy: Empowering The People by RHB Group
	1 day	Conference	Penang ESG Conference & Exhibition 2023 by Penang Green Council



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### (I) Board Responsibilities (Cont'd)

##### *Directors' Training (Cont'd)*

In addition to the above training attended, the Directors also received updates from time to time from Company Secretaries on the amendments or any updates on MMLR, Companies Act 2016 as well as MCCG.

##### *Supply of Information*

The Board members have full and unrestricted access to information on the Group's business and affairs in discharging their duties. Prior to the meetings, all Directors are provided with sufficient and timely reports and supporting documents which are circulated in advance of each meeting to ensure sufficient time is given to understand the key issues and contents. In addition, the Board is kept informed of the updates and requirements issued by Bursa Securities and various regulatory authorities.

Where necessary, the Directors may engage independent professional advice at the Company's expense on specific issues to enable the Board to discharge their duties on the matters being deliberated.

##### *Committees of the Board*

The Board, in discharging its fiduciary duties and responsibilities has appointed the following Board Committees with specific terms of reference to assist the Board:-

- Audit Committee and Risk Management Committee
- Nomination Committee
- Remuneration Committee

##### *Audit Committee and Risk Management Committee*

The summary of the activities of the Company's Audit Committee and Risk Management Committee during the financial year are set out under the Audit Committee Report on pages 47 to 49 of this Annual Report.

##### *Nomination Committee*

The Nomination Committee currently comprises of the following members:-

Name of Directors	Designation
Lim Chun Thang (Chairman)	Independent Non-Executive Director
Wong Chi Yeng	Independent Non-Executive Director

The Committee consists entirely of Non-Executive Directors, where all its members are independent. The Nomination Committee meets at least once a year and as and when necessary and may make decisions by way of circular resolutions.

The duties and responsibilities of the Nomination Committee are guided by its terms of reference. The main responsibilities of the Nomination Committee included the following:-

- Nominate the right candidates with the required skills, experience and attributes for recommendation to and appointment by the Board.
- Regularly review the structure, size and composition (including the skills, knowledge and experience) required by the Board compared to its current position and make recommendations to the Board with regard to any changes.
- Review and recommend the membership of the Audit Committee and Risk Management Committee and Remuneration Committee, in consultation with the Chairman of those committees.
- Assess the effectiveness of the Board and the contribution of individual directors and his/her independence where applicable.
- To develop, maintain and review the criteria to be used in the recruitment process and annual assessment of directors.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### (I) Board Responsibilities (Cont'd)

##### *Nomination Committee (Cont'd)*

The Nomination Committee has developed criteria to assess the effectiveness of the Board, the Board committees and individual Director. The evaluation on the Board's effectiveness is divided into four sections on the following key areas:-

- Board mix & composition;
- Quality of information and decision making; and
- Boardroom activities.

The process also assesses the competencies of each Director in the areas of fit and proper, contribution and performance, calibre and personality.

The Nomination Committee also undertakes annual assessment of the independence of the independent directors based on required mix skills, criteria of independence as per requirements of MMLR, meeting attendance, ability to ensure effective checks and balances on the Board's decision making process, constructively challenge business propositions and contributes to the development of business strategy and direction of the Company, ensures that adequate systems and controls to safeguard the interests of the Company are in place and continuous updating of knowledge and enhancing of skills through attendance of business related trainings.

The Company has adopted the Fit and Proper Policy on 30 May 2022. When considering new appointment as well as Directors who are seeking for re-election as Director in the Company, the Nomination Committee shall evaluate the balance of skills, knowledge and experience on the board. In identifying suitable candidates, the Committee should consider the following fit and proper criteria of the candidates:-

- (i) Character and Integrity
- (ii) Experience and Competence
- (iii) Time and Commitment

The Company has conducted the fit and proper assessment on 27 February 2023 on Directors who were proposed for re-election at the Eighteenth AGM of the Company in accordance with the Fit and Proper Policy. The Nomination Committee is satisfied with the performance of the retiring directors.

A familiarisation programme, including visits to the Group's business and operations premises and meetings with senior management will be arranged for new Directors to facilitate their understanding of the Group.

The Nomination Committee had met two (2) times during FY2023 and activities of the Nomination Committee are summarized as follows:

- (a) Reviewed and assessed the effectiveness of the Board and the committees of the Board.
- (b) Reviewed and recommended the appointment of Mr. Lim Khai Teng as executive director of the company.
- (c) Reviewed and recommended the re-election and re-appointment of Directors who were retiring and seeking for re-election and re-appointment at Eighteenth AGM.
- (d) Reviewed and assessed the independence of the Independent Non-Executive Directors.
- (e) Reviewed the terms of office and performance of an Audit Committee and its members.
- (f) Reviewed the Company's performance in addressing the Company's Sustainability or Environmental, Social and Governance ("ESG").
- (g) Reviewed and assessed the performance of each individual Directors.

##### *Remuneration Committee*

The Remuneration Committee currently comprises the following members:

Name of Directors	Designation
Lim Chun Thang (Chairman)	Independent Non-Executive Director
Wong Chi Yeng	Independent Non-Executive Director
Lai Fah Hin	Independent Non-Executive Director

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### (I) Board Responsibilities (Cont'd)

##### *Remuneration Committee (Cont'd)*

The Committee consists of three (3) Independent Non-Executive Directors. The Committee is responsible for recommending to the Board the appropriate remuneration of the Executive Directors in all forms to commensurate with the respective contributions of the Executive Directors. The Executive Directors are to abstain from deliberation and voting on the decision in respect of their own remuneration packages.

The remuneration of the Non-Executive Directors is a matter for the Board as a whole and the Director concerned is required to abstain from deliberation and voting on decisions relating to his/her own remuneration. Directors' fees and benefits payable are subject to shareholders' approval at the forthcoming AGM.

#### (II) Board Composition

The Company is led and managed by a well-balanced Board which consists of members with a wide range of business, technical and financial background. The Board is entrusted with the proper stewardship of the Company's resources for the best interest of its shareholders and also to steer the Group towards achieving the maximum economic value. The members of the Board, who have extensive experience and expertise in a wide range of related and unrelated industries, have been selected based on their skills, knowledge and their ability to add strength to the leadership. The business and financial experience of each member of the Board has inevitably contributed to the success in steering the Group towards sustaining its financial performance.

The Board is currently made up of Seven (7) members as follows:-

- Three (3) Executive Directors, and
- Four (4) Independent Non-Executive Directors.

This is in compliance with the one-third requirement for Independent Non-Executive Directors to be appointed to the Board under MMLR. The Nomination Committee and the Board assess the independence of the Independent Non-Executive Directors annually, taking into account the individual Director's ability to exercise independent judgement at all times and to contribute to the effective functioning of the Board. The Nomination Committee and the Board had reviewed and assessed its Independent Non-Executive Directors.

There is a clear division of authority between the Chairman and Executive Directors, to ensure a balance of power and authority. The Independent Non-Executive Directors are independent from Management and have no relationships that could interfere with the exercise of their independent judgement. They play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process.

All decisions of the Board are made based on a majority decision and no individual Board member can make any decision on behalf of the Board, unless duly authorised by the Board. As such, no individual or a group of individuals dominate the decision-making process.

##### *Tenure of Independent Directors*

The Board notes the recommendation of the MCCG on the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director.

Presently, the tenure of all the Independent Non-Executive Directors does not exceed a cumulative term of nine (9) years as recommended by the MCCG.

##### *Separation of Roles of Chairman and Group Chief Executive Officer*

The roles of the Independent Non-Executive Chairman and Group Chief Executive Officer are distinct and separate to ensure that there is a balance of power and authority. The Independent Non-Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board.

The Group Chief Executive Officer has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The Group Chief Executive Officer is responsible to ensure due execution of strategic goals, effective operations within the Group, and to explain, clarify and inform the Board on key matters pertaining to the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### (III) Remuneration

The objective of the Company's policy on Directors' remuneration is to attract and retain the appropriate Directors of their caliber to run the Group successfully. In general, the remuneration is structured so as to link rewards to corporate and individual performance, as in the case of the Executive Directors and senior management. As for the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken individually by the Director concerned.

While the Board has formalised its remuneration policies, it is the policy of the Company and the Group that all Executive Directors and Senior Management are remunerated based on the Group's performance, market conditions and their responsibilities whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience, level of responsibilities assumed in the Board Committees and the Board, their attendance and/or special skills and expertise they bring to the Board. This policy is available on the Company's website at [www.jhm.net.my](http://www.jhm.net.my)

The aggregate remuneration paid or payable to all Directors of the Company during the financial year ended 31 December 2023 is listed on a named basis with the detailed remuneration breakdown is available on Practice 8.1 of CG Report.

The disclosure on the remuneration of Senior Management in relation to Practice 8.2 of MCCG are provided in the CG Report.

### PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

#### (I) Audit Committee and Risk Management Committee

The Board has established an effective and independent Audit Committee. The members of the Audit Committee comprise fully Independent Non-Executive Directors and the Chairman of the Audit Committee is not the Chairman of the Board. With the present composition structure and practice, the Audit Committee is able to objectively review and report its findings and recommendations to the Board.

A summary of the activities of the Audit Committee during the financial year are set out in the Audit Committee's Report on pages 47 to 49 of this Annual Report.

The Audit Committee discusses the nature and scope of audit and reporting obligations with the external auditors before commencement of audit engagement. It is also the practice of the Audit Committee to respond to auditors' enquiries and recommendations, if any, to ensure compliance with various approved accounting standards in the preparation of the Group's financial statements.

The Audit Committee is empowered by the Board to review all issues in relation to appointment and re-appointment, resignation or dismissal of external auditors. The Audit Committee has also assessed the suitability and independence of the external auditors. The external auditor attends Audit Committee meetings when necessary and have direct access to the Audit Committee and Internal Auditors for independent discussion.

The external auditors met with the Audit Committee twice in FY2023 without the presence of the Executive Directors, with the purposes of finalising the Group's audited financial statement and approving the audit planning memorandum. The external auditors have confirmed that they are independent throughout the conduct of audit engagement in accordance with terms of professional and regulatory requirements.

#### (II) Risk Management and Internal Control Framework

The Board affirms the importance of maintaining a sound system of internal controls and risk management practices for good corporate governance. In order to enhance consistency within the Group, the Board has appointed an external consultant to provide professional services for internal control assessment and to carry out internal audit functions for the Group.

The Statement on Risk Management and Internal Control set out on pages 45 and 46 of this Annual Report provides an overview of the state of internal control within the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### (I) Communication with Stakeholders

The Group acknowledges the importance of timely dissemination of information to shareholders and accordingly, ensures that they are well informed of any major developments of the Group. Such information is communicated through:

- Announcements and corporate disclosure to Bursa Securities that are available on the website [www.bursamalaysia.com](http://www.bursamalaysia.com);
- Company website at [www.jhm.net.my](http://www.jhm.net.my) provides corporate information on the Group; and
- Annual Report of the Company.

#### (II) Conduct of General Meetings

The AGM is the principal forum for dialogue with all shareholders and the Board encourages shareholders to attend and participate in the AGM. Shareholders are provided with an opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns. Shareholders are also encouraged to participate in the question and answer session.

In compliance with the MMLR, all resolutions set out in the notice of any general meeting or notice of resolution will be voted by the poll.

A copy of the Annual Report and the notice of the AGM are sent to all shareholders at least 28 days before the AGM. The notice of the AGM is also published in a nationally circulated daily newspaper. The Board is available to respond to shareholders' questions during the meeting. Where appropriate, the Board will undertake to provide written answers to any questions that cannot be readily answered at the meeting.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

Shareholders are also informed of and invited to attend any Extraordinary General Meetings through circulars and notices of meetings.

#### Statement of Compliance with Corporate Governance

The Company is committed to achieve high standards of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings. The Board considers that it has complied substantially with the principles and recommendations as stipulated in the MCCG throughout FY2023.

This statement is made in accordance with the resolution of the Board of Directors dated 18 April 2024.

# SUSTAINABILITY STATEMENT

## CORPORATE SUSTAINABILITY STATEMENT

The Board of Directors is pleased to present the Sustainability Statement of the Group, which has been prepared based on the Bursa Malaysia Securities Berhad Sustainability Reporting Guide and toolkits.

Sustainability in the context of this Statement is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

To sustain its operations for the long term, the Board recognizes that sustainable development is an important and integral part of the pursuit of value creation for shareholders, employees, customers and society at large. In this regard, the Board is responsible for setting the Group's sustainability strategies. In fact, sustainability practices are embedded in the Group's day to day operations. In this report, the Board has set the key elements of the Group's practices with respect to economic, environmental and social sustainability matters.

### A. STATEMENT OF ASSURANCE

In strengthening the credibility of our reporting, selected parts of this Sustainability Statement have been subjected to an internal review by the company's internal auditors and has been approved by the Company's Audit Committee.

Subject Matters covered are as per Performance Data Table generated from the ESG Reporting Platform set out on pages 43 and 44 of this Annual Report.

### B. GOVERNANCE STRUCTURE

The Group is presently at Phase 2 of the governance structure as prescribed by the Bursa Malaysia Sustainability Reporting Guide. The governance structure for the Group's Sustainability is as per below.



### SCOPE

This Sustainability Statement covers the following subsidiaries, as they are the three most significant subsidiaries of the Group, together contributing about 99.68% of the Group's revenue:

- (a) Morrissey Technology Sdn. Bhd. ("MTSB")
- (b) Morrissey Assembly Solution Sdn. Bhd. ("MASSB")
- (c) Morrissey Integrated Dynamics Sdn. Bhd. ("MIDSB")
- (d) Mace Instrumentation Sdn. Bhd. ("MISB")

In order to enable the Group to achieve sustainable growth and enhance long-term value for its shareholders, the Group applies a good corporate governance framework, environmentally responsible practices and sound social policies. In 2023, the Group continues with this commitment as a good and responsible corporate citizen.

### C. STAKEHOLDERS' ENGAGEMENT

The Board of Directors recognizes that the Directors can make better progress in their sustainability journey by collaborating with the stakeholders. The Group continuously engage the stakeholders to identify and respond to their concerns.









## SUSTAINABILITY STATEMENT (CONT'D)

### CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

#### C. STAKEHOLDERS' ENGAGEMENT (CONT'D)

We strive to improve our stakeholders' engagement approach by identifying the sustainability stakeholders as follows.

Key Stakeholders	Engagement objectives	Stakeholders' Interest	Engagement Channel
Shareholders and Investors 	To assist investors in making informed investment decisions by providing timely and regular updates on financial performance, business strategy and other issues.	<ul style="list-style-type: none"> <li>- Strong financial performance</li> <li>- Sustainability reporting</li> </ul>	<ul style="list-style-type: none"> <li>- Annual General Meeting</li> <li>- Investor briefing and meetings</li> <li>- Corporate website</li> </ul>
Employees 	To create a safe and healthy workplace and provide training programmes.	<ul style="list-style-type: none"> <li>- Employee welfare</li> <li>- Training and Development</li> </ul>	<ul style="list-style-type: none"> <li>- Training and learning programmes</li> <li>- Orientation programmes</li> <li>- Employee performance self-appraisal</li> </ul>
Customers 	To create stronger market integrity.	<ul style="list-style-type: none"> <li>- Operational matters</li> <li>- Customers' satisfaction</li> <li>- Value added services and products</li> </ul>	<ul style="list-style-type: none"> <li>- Customer feedback survey</li> <li>- Face-to-face meetings</li> <li>- Annual operation audit</li> </ul>
Suppliers 	To drive sustainability across the supply chain.	<ul style="list-style-type: none"> <li>- Sustainable practices</li> </ul>	<ul style="list-style-type: none"> <li>- Supplier/Vendor selection via tender</li> <li>- Code of Conduct questionnaires</li> <li>- Supplier/Vendor performance evaluation</li> </ul>
Government and Regulators 	To comply with applicable laws and regulations across all operations.	<ul style="list-style-type: none"> <li>- Regulatory compliance</li> <li>- Annual reporting</li> <li>- Sustainability reporting</li> </ul>	<ul style="list-style-type: none"> <li>- Participate as a member in industry associations such as Federation of Malaysian Manufacturers (FFM) and Malaysia Semiconductor Industry Association (MSIA)</li> <li>- Annual audit performed by relevant authorities</li> </ul>
Local Communities 	To support local communities in economic, environmental and social development.	<ul style="list-style-type: none"> <li>- Financial contributions and non-financial contributions</li> </ul>	<ul style="list-style-type: none"> <li>- Corporate Social Responsibility programmes</li> </ul>

#### D. MATERIAL SUSTAINABILITY MATTERS

The principal businesses of the Group are designing and manufacturing of precision miniature engineering metal parts and components, precision mechanical parts, die casting and assembling and dealing of testing measuring equipment as well as manufacturing and assembling of electronic components. These businesses require the hiring of many operational employees.

The Group's operations do not release harmful emissions into the air or discharge hazardous effluent into the drainage system. By their nature, there are minimal industrial wastes generated from the operations which go to the landfill. For example, metal scraps generated from the production of manufacturing of precision miniature engineering metal parts and components are fully recyclable.

## SUSTAINABILITY STATEMENT (CONT'D)

### CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

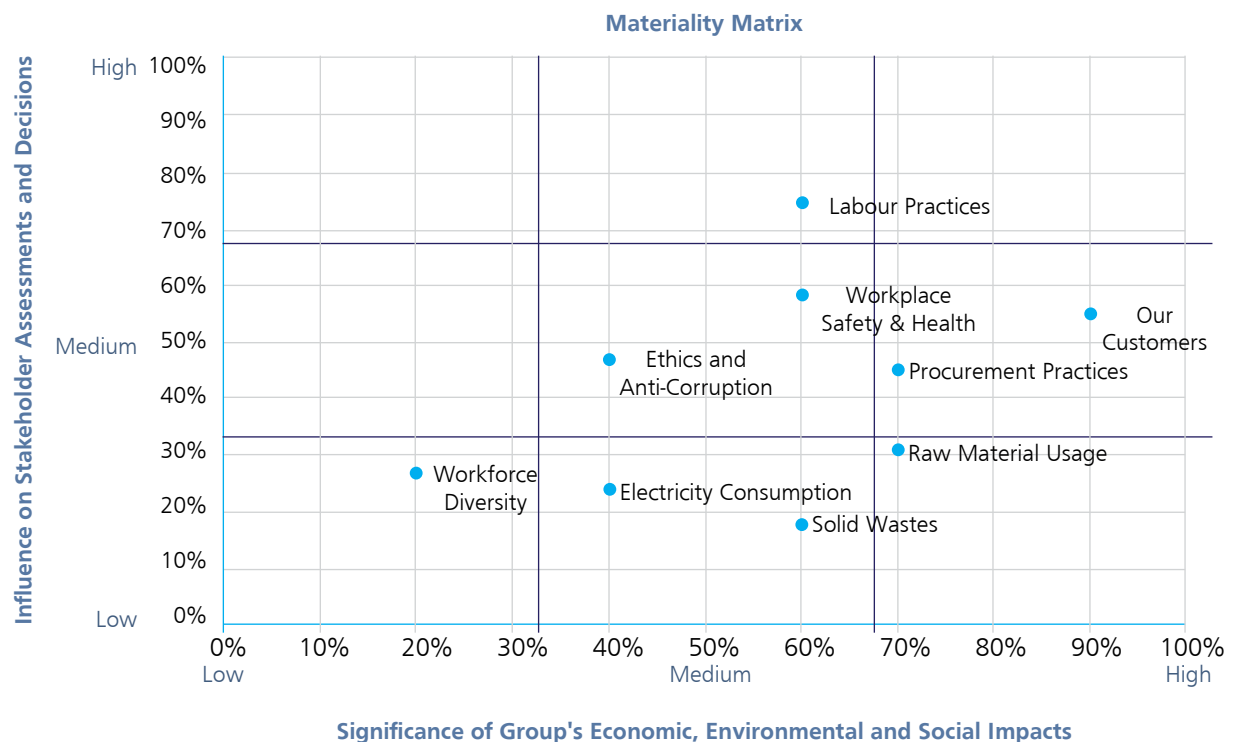
#### D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Sustainability matters are the risks and opportunities arising from the economic, environmental and social (EES) impacts of an organisation's operations and activities. Sustainability matters are considered material if they: (i) reflect our Group's organisation's significant EES impacts; or (ii) substantively influence the assessment and decisions of your stakeholders.

Our sustainability matters are categorised according to four (4) ESG Pillars: (1) Economic; (2) Environment; (3) Workplace; and (4) Social. To demonstrate our commitment towards sustainable development, we have integrated each pillar within our business value chain.

#### Materiality Matrix

A materiality assessment is vital to the identification and prioritisation of sustainability matters that can affect our Group's business and stakeholders. In FY2023, our Group conducted a materiality assessment by engaging with both internal and external stakeholders. The Materiality Matrix below shows the Material Sustainability Matters with their significance to the Group's EES impact and the influence on the stakeholder's assessments and decision:



### ESG STATEMENT

#### United Nation's Sustainable Development Goals (UN SDGs)




The SDGs constitute the blueprint that was agreed upon by 193 UN member states to address the world's most pressing issues by 2030. The SDGs are the blueprint that set by UN with collection of 17 interlinked global goals to achieve a better and more sustainable future for all. Our Group is committed to support and integrate UN SDGs into our overall sustainability initiatives and embrace our efforts into our organisational culture and business operations as a fundamental element to achieve our sustainability goals.

# SUSTAINABILITY STATEMENT (CONT'D)

## CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

### D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

The overview of the Group’s sustainability initiatives aligned with our ESG pillars and focus areas are shown as below:


ESG Pillars	Focus Areas	Our response
<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>Corporate Governance and Ethics Practices</li> <li>Customer Satisfaction</li> <li>Industrial 4.0 journey</li> <li>Supply Chain Management</li> <li>Business Strategy</li> </ul> 	<ul style="list-style-type: none"> <li>Good corporate governance framework, environmentally responsible practices and sound social policies</li> <li>Ensure high quality products and communicate with customer engagement with various feedback channels</li> <li>Engage employees on Code of Business Conduct and Ethics</li> <li>Engage suppliers on Social Responsibility Policy</li> <li>Prioritise purchase from local suppliers</li> <li>Continuously identify opportunities guided by business strategy</li> </ul>	<ul style="list-style-type: none"> <li>Established Code of Conduct and Whistle Blowing Policy</li> <li>Established Anti-Bribery and Anti-Corruption Policy and provided training for all employees</li> <li>Zero cases reported for non-compliance with regulatory requirement</li> <li>Communicate with all new suppliers to acknowledge and sign off our Social Responsibility Policy</li> <li>Conduct annual performance evaluation on key suppliers</li> <li>Increased number of local suppliers and spending on local sourcing</li> </ul>
<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>Energy Management</li> <li>Climate Change and Emissions</li> <li>Water Management</li> <li>Waste Management</li> </ul> 	<ul style="list-style-type: none"> <li>Optimise energy consumption</li> <li>Comply with local environmental regulations</li> </ul>	<ul style="list-style-type: none"> <li>Uses high energy-efficient light emitting diode (LED) lighting</li> <li>Metal scraps generated from the production is fully recyclable</li> <li>Fully compliant with the Environmental Quality Act 1994 (“EQA”)</li> <li>Not using environmentally harmful raw materials in its products.</li> <li>Practices 4R (Reduce, Replace, Reuse and Recycle)</li> </ul>
<p><b>Workplace</b></p> <ul style="list-style-type: none"> <li>Workforce diversity</li> <li>Talent Development and Retention</li> <li>Human Rights</li> <li>Workplace Safety and Health</li> <li>Employee Well-being</li> </ul> 	<ul style="list-style-type: none"> <li>Equal career opportunity for all employees</li> <li>Employee engagement and enhancement</li> <li>Practice gender neutrality in hiring practices</li> <li>Provide career development and training programmes</li> <li>Fully compliant with human and labour rights</li> <li>Safe and healthy workplace</li> </ul>	<ul style="list-style-type: none"> <li>All employees completed performance reviews and self-assessment</li> <li>50% of female employees in the workforce</li> <li>Completed a total of 12,812 training hours; an average of 10.2 hours per employee</li> <li>No cases reported for violation of human rights i.e. forced labour or child labour.</li> <li>No penalty due to non-compliance with OSHA.</li> </ul>

# SUSTAINABILITY STATEMENT (CONT'D)

## CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

### D. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

The overview of the Group's sustainability initiatives aligned with our ESG pillars and focus areas are shown as below: (Cont'd)

ESG Pillars	Focus Areas	Our response
<b>Social</b> <ul style="list-style-type: none"> <li>Contribution to the Community</li> <li>Internship Programmes</li> </ul> 	<ul style="list-style-type: none"> <li>Responsible in supporting the wellbeing and living standard the local society and community through corporate social responsibility programmes</li> <li>Financial and non-financial contributions to local communities</li> <li>Develop internship programme to improve students' employability</li> </ul>	<ul style="list-style-type: none"> <li>Our CSR initiatives has contributed a total of RM123,000 to various organisations.</li> <li>20 interns were hired.</li> </ul>

### Economic

Our Group focuses on creating long-term value for all stakeholders - customers, suppliers, shareholders, employees, business partners and communities. We continuously implementing sustainability practices in our Group by building sustainable relationships with stakeholders and utilising our resources to contribute to sustainable business growth and support economic development.

Our Group is committed to adhering to the best practice in corporate governance and observing the highest standards of integrity and behaviour in all activities conducted by the Group, including the interaction with our stakeholders, and within the community and environment in which the Group operates. We have in place control measures in the form of policies, guidelines and practices to govern our business as well as to uphold good corporate governance and ethics.

The Group's products play an important role in supporting the local economy. As one of the key local microelectronics components suppliers for the automotive as well as industrial sectors, we place high priority on customer engagement with various customer feedback channels in order to ensure our customers are satisfied, not only with our products but also services.

### (1) Corporate Governance and Ethics Practices

Our Group applies a good corporate governance framework, environmentally responsible practices and sound social policies. This would enable the Group to achieve sustainable growth and enhance long-term value for its shareholders.

In our practices to promote integrity and accountability culture, we communicate to all employees regarding adherence to our various corporate policies. All employees acknowledged and adhered to Code of Conduct and its related policies. New employees are provided briefing for Code of Conduct and related compliance as part of their induction programme. All the policies are available on the company website.

#### Code of Conduct

The Code states the standards of business conduct and ethical behaviour of all Directors and employees in the performance and exercise of their responsibilities as Directors and employees of the Group or when representing our Group. This provides ethical and legal guidance to all Directors and employees in the conduct of their business and our Group. All employees of the Group including Directors and senior management are bounded by the Code. By upholding and aligning with our ethical standards, this would enhance public confidence and trust in the integrity, objectivity and impartiality of our Group. The Board reviews and reassesses the adequacy of Code of Conduct periodically.

For FY2023, there were no cases reported for non-compliance with the Code of Conduct.

#### Anti-Bribery and Corruption Policy

Our group is committed to upholding the highest ethical standards of integrity and transparency in our conduct of business and will continue to take measures towards a corruption-free environment. We are adopting a zero-tolerance approach towards fraud, bribery and corruption. The Board has oversight responsibilities over the management of anti-fraud, bribery and corruption matters. To support this, the Anti-Bribery and Corruption Policy is established to support the Group's Code of Conduct.

## SUSTAINABILITY STATEMENT (CONT'D)

### CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

#### Economic (Cont'd)

##### (1) Corporate Governance and Ethics Practices (Cont'd)

###### *Whistleblowing Policy*

Our Group established a Whistle Blowing Policy, comprising proper channels and procedures for whistleblowing. This allows internal and external stakeholders to report any complaints or violations of the Group's policies as outlined in our Whistleblowing Policy. As stated in the Whistle Blowing Policy on our website, the stakeholders can make report in writing via email to our Group. The identity of whistle-blower will be kept confidential.

There were no whistleblowing cases reported during the year.

##### (2) Customer Satisfaction

To ensure the sustainability and growth of our Group, customer satisfaction is essential and has always been our top priority to our business. We continuously strive to provide a high-quality one-stop engineering solution and value-added services to our customers, from the design and development of our automotive and industrial products to the complete design, fabrication and assembly of tooling.

We constantly drive technological innovation to lower costs, improve efficiency and strengthen our core competencies to meet customer demands. Consistency in delivering high and acceptable quality products ensure that the Group's products are of high quality, minimising wastages as well as avoiding unnecessary costs associated with product returns. To ensure high quality performance, employees are provided trainings in enhancing product knowledge and development. During FY2023, our Group's subsidiaries, MTSB, MASSB, MIDSB and MISB successfully maintained the following certifications:

Company	Certifications
MTSB	ISO 9001:2015, ISO 14001: 2015 and IATF 16949: 2016
MASSB	ISO 9001:2015, ISO 14001: 2015, IATF 16949: 2016, ISO 13485:2016
MIDSB	ISO 9001:2015, ISO 14001: 2015, ISO 13485:2016, ISO AS9100
MISB	ISO 9001:2015

As part of our practices to ensure customer satisfaction, our Group engage with customers by conducting annual customer satisfaction surveys to obtain their feedback on our products and services. This allows our Group to identify areas of improvement and build long-term relationships with customers.

Product acceptance level is one of the key matrices the management uses to measure the Group's performance in meeting customer's satisfaction. In FY2023, the average defective return rate received from customers was as below:

Company	Average defective
MTSB and MASSB	Below 8 defect parts per million
MISB and MIDSB	Defective RMA return rate (cases of part number) returned from customers below 3% per month

##### (3) Industrial 4.0 journey

As an effort in progressing towards full Industry 4.0 adoption as an effective one-stop engineering solution centre, the Group is focusing on adopting a higher degree of automation to optimise operational cost-efficiency, improve yields and enhance productivity for the long-term. The Group also undertakes sustainable initiatives including technological advancements, investment in new technologies, machinery and equipment upgrading and development of talent pool. This includes adoption of Information Technology Systems in the production floor to minimize lead-time and improve quality control as well as robotic arms integration and automated material handlers. Our Group's Industrial 4.0 roadmap is adopting our eight (8) Technology Advancement pillars:

## SUSTAINABILITY STATEMENT (CONT'D)

### CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

#### Economic (Cont'd)

#### (3) Industrial 4.0 journey (Cont'd)

1. System Integration
2. Augmented Reality
3. Additive Manufacturing
4. Cyber Security
5. Autonomous Systems
6. Simulation
7. Internet of Things
8. Big Data

System integration allows for different computer systems to be linked together, enabling actual communication and the passing of data between systems as software can act as a coordinated whole. This is ideal for all manufacturing industries as machinery from across the factory can be linked together across the production line ensuring everything runs smoothly and efficiently. The interconnected machine network with a real-time monitoring system is essential to sustainable success of our operations.

Our Group developed an in-house robotic optical and electrical tester, an autonomous technology which allows machine and robot to communicate autonomously after programming work is completed. As this technology is undergoing a trial run, we are actively conducting a cost-benefit analysis to assess the financial outcomes of implementing the robotic technology and identifying areas for improvement. Our main objective is to improve our Group's process and cost competitiveness and productivity through the effective use of robotic technology.



In-house robotic optical and electrical tester

#### (4) Supply Chain Management

The Group sets our priority to sourcing from local suppliers. With more localisation of supply chain and procurement, we hope to support the growth of the local economy and indirectly promote socio-economic development and creates local employment opportunities. This would enhance local vendors' capability and capacity in serving the manufacturing industry. Local suppliers which provide services and products with higher efficiency would improve sourcing efficiency, this would enable the group to have a shorter lead time in material sourcing and reduce the carbon footprint and costs arising from overseas shipment. In the long term, the Group will be in a better position to develop and maintain a sustainable and efficient supply chain through strategic cooperation with local suppliers.

In FY2023, the proportion of spending on local suppliers of the Group is as below:

	FY2022	FY2023
% of spending on local suppliers	33%	32%



## SUSTAINABILITY STATEMENT (CONT'D)

### CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

#### Economic (Cont'd)

##### (4) Supply Chain Management (Cont'd)

There was slight decrease in % of spending on local suppliers from 33% in FY2022 to 32% in FY2023. We continued to work closely with customers to explore opportunities to increase material sourcing from local suppliers.

##### Vendor Selection and Performance Evaluation

Group has put in place a fair and transparent procurement process, whereby standard operating procedure (SOP) for Vendor Selection and Performance Evaluation Criteria are established. For any procurement made, the process will have to be approved by the relevant authority subject to the production needs and inventory level to fulfil customers' orders. This would ensure that the vendor selection is carried out through a fair and transparent procurement process.

We only source our materials from approved vendors which meets our procurement guidelines. We communicate with our suppliers via our procurement guidelines and Social Responsibility Policy – Code of Conduct. The guidelines and policy comprise our expectation on suppliers' ethical values, level of integrity and compliance with our ESG commitments. This includes but not limited to human rights, labour standards, principles of business ethics and Restriction of Hazardous Substances (ROHS)-compliance.

We also practice annual quality process audits on key direct material suppliers. Our Quality Assurance team is responsible to conduct the audits to review their facilities and processes. This would ensure that the key suppliers are providing the services in line with our performance requirements. We also work closely with our suppliers to improve on areas which may face any risk of non-compliance or social issues.

##### (5) Business Strategy

We are committed to delivering high-quality and cost-effective solutions that meet our customers' expectations while driving sustainable growth for our Group. We are adopting prudent business plans, disciplined capital management and financial performance to create long-term economic value to our customers and shareholders. In line with the Group's long-term business strategy, we are developing sustainable partnership with key customers to ensure recurring revenue streams as well as expanding our customer base.

In our key automotive segment, our Group continues to focus on developing technical knowledge and expertise to expand our capabilities to build and assemble complete automotive lighting products based on customers' specifications and requirements. We continue to invest in LED lighting technology and advanced manufacturing techniques. This would enhance the competitive position of our Group to grow into a Tier 1 automotive lighting manufacturer and enable us to deal directly with global automotive original equipment manufacturers (OEM). The outlook for global automotive lighting industry is expected to remain positive, driven mainly by the increasing global automotive sales coupled with the growth fundamentals of automotive LED applications.

While our focus on automotive segment remains steadfast, our Group has been actively enhancing our mechanical manufacturing capabilities in Die-casting and Computerised Numerical Control (CNC) machining to support non-automotive segment particularly industrial segment. This would strengthen the group to capture growth opportunities in the industrial segment.

Our Group regularly engages with customers and suppliers to gather feedback and insights into market trends and emerging demands. By integrating customer feedback and supplier perspectives into our business strategic planning, this would enable us to identify market opportunities and prioritise initiatives. With the formulation of strategy in place, our Group will focus on executing our business strategy to expand our market presence and seize new opportunities to achieve long-term sustainable business growth.

## SUSTAINABILITY STATEMENT (CONT'D)

### CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

#### Environment

Our Group continues to be committed in incorporating sustainability practices into our daily activities and minimise the environmental impact arising from our activities. We strive to maintain environmental care responsibilities with our stakeholders including employees, customers, and suppliers. Our Group established the Environmental Policy to govern our environmental management and practices. As stated in our Environmental Policy, Our Group is committed to:

- comply with the requirement of the Environmental Management System Standard and Environmental Management System of the company;
- comply to the applicable legal and other requirements;
- protect and conserve the environment including prevent pollution to the environment that caused by the company's nature of business and activities specified within the scope of EMS; and
- continually improve the effectiveness of environmental management system's performance.

In terms of waste management, metal scraps generated from our production are fully recyclable. There are minimal industrial wastes generated from operations which go to the landfill. The Group's operations do not release harmful emissions into the air or discharge hazardous effluent into the drainage system. The Group complies with the sustainability conditions set by our customers, which include not using environmentally harmful raw materials in its products. We target to achieve 100% RoHS-compliant in the raw materials purchase in our products and ensure zero use of hazardous material. These environmental-friendly measures have significantly reduced the material wastage to a minimum level and improve the electricity consumption efficiency.

We also ensure that FY2023 manufacturing factories are certified as an ISO 14001 organization holder by an international body, which sets out the criteria for our environmental management system. We also always ensure compliance with the Environmental Quality Act 1994. In FY2023, our Group complied with all relevant environmental regulations, none of the Group's subsidiaries was subject to penalties due to non-compliance with EQA.

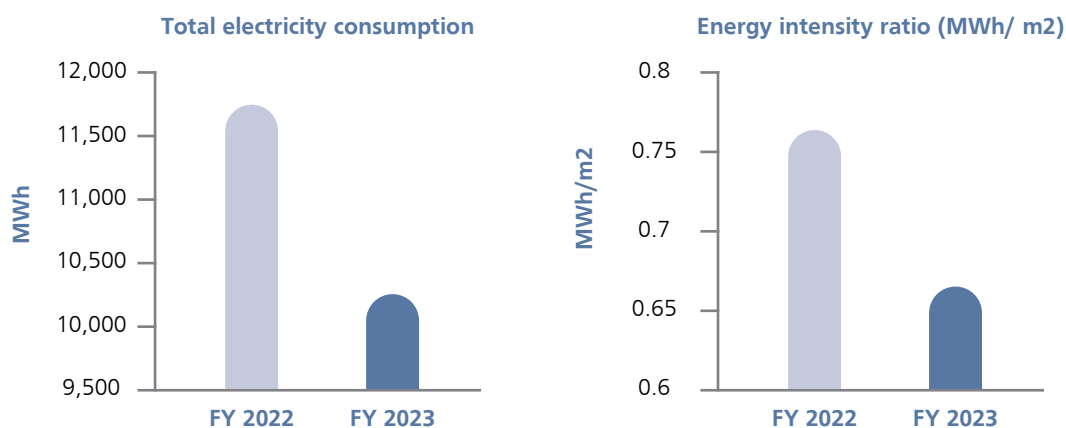
#### (1) Energy Management

The Group's manufacturing process involves the use of machines and equipment that are powered by electricity. Measures to control electricity use are an important factor in the Group's business sustainability. The management monitors and evaluates the Group's electricity usage on a monthly basis. The Group continues to seek ways to improve energy management across our operations by evaluating variables affecting energy indicators.

For the financial year 2023, our Group's energy consumption was as below:

Total electricity consumption (MWh)	FY2022	FY2023
MTSB, MASSB and MDSB	8,431	7,973
MISB	3,278	2,312
Total	11,709	10,285
Energy intensity ratio (MWh/ m2) *	0.76	0.67

\* Energy intensity ratio was calculated by total energy consumption divided by self-occupied areas.



## SUSTAINABILITY STATEMENT (CONT'D)

### CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

#### Environment (Cont'd)

##### (1) Energy Management (Cont'd)

There was a notable reduction in total electricity consumption and energy intensity ratio in FY2023. This was primarily attributed to reduced production and sales volume as well as improving energy management from our energy efficiency initiatives.

Our Group continues to implement energy efficiency initiatives in minimising the environmental impact of energy utilisation and improving optimisation of energy efficiency. Currently, we are practising energy efficiency measures as below:

- Setting an optimum temperature for air-conditioning units ("ACUs")
- Replacement of indoor light bulbs with high-quality light emitting diode ("LED") lights
- Displaying reminders to create awareness in encouraging employees to switch off unused lights and equipments
- Installation of solar lights at outdoor car parking area

Going forward, the Group is exploring ways to substitute electricity with renewable sources as part of our sustainability journey. We are currently engaging with a few Solar Photovoltaic (PV) system consultants to seek feedback on the feasibility of solar installation as well as energy and cost savings with the installation of solar PV system.

##### (2) Climate Change and Emissions

Our Group recognises the importance of addressing climate change and is committed to managing our carbon footprints across our business activities. We continue implementing and undertaking energy efficiency measures at our plants to reduce GHG emissions. The energy data for each plant is converted into GHG emissions. This enables us to track the emissions and variables affecting significant areas of energy usage and implement measures for improvement.

Scope	Emission Type	Definition
Scope 1	Direct emissions	GHG emissions from consumption of fuel and diesel in operations such as company-owned vehicles
Scope 2	Indirect emissions	GHG emissions from consumption of electricity in operation

GHG Emissions (tCO <sub>2</sub> e)	FY2023
Scope 2 emissions *	8,022.95
GHG emissions intensity ratio (tCO <sub>2</sub> e/sqm)	0.52

\* Scope 2 emissions value represents both location and market-based. As we only purchase electricity from one source, which is Tenaga Nasional Berhad, both location and market-based computations of our scope 2 emissions are the same. We used the grid emissions factor published by Energy Commission of Malaysia.

##### (3) Water Management

Water is a finite resource essential for our Group's manufacturing and site operations, serving as a key component for various production activities. We prioritise the responsible management of water resources and optimisation of water consumption in our production processes. We strive to enhance our water efficiency and conservation in our production processes while minimising water wastage to ensure sustainable management of water resources.

Our Group's water consumption is tracked on a monthly basis by our internal facility team for each plant via usage bill from local municipal water service provider. This would enable the management to monitor water consumption across our sites and mitigate the risks of any water leakage or water wastage at some sites. During FY2023, there is no water disruption at our plants. In terms of internal initiatives, we continue to focus in raising awareness among our employees to encourage water conservation habits in daily operations and improve the optimisation of water consumption.

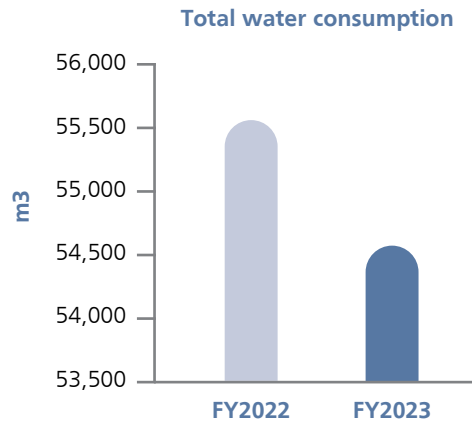
Total water consumption (M3)	FY2022	FY2023
MTSB, MASSB and MDSB	29,071	33,746
MISB	26,451	20,758
Total	55,522	54,504

## SUSTAINABILITY STATEMENT (CONT'D)

### CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

#### Environment (Cont'd)

#### (3) Water Management (Cont'd)



In FY2023, total water consumption was lower at 54,504 m<sup>3</sup>. Our primary water is from local municipal water supply systems. During the year, there was zero case of non-compliance with water quality standards and regulations.

#### (4) Waste Management

Our Group strives to support sustainable environment by ensuring waste management practices are compliant with the local environmental regulations. Our waste management practices are complying with relevant environmental and waste management regulations pursuant to the Environmental Quality Act 1974 and guidelines under ISO 14001:2015 for our environmental management systems.

We promote sustainable waste management practices through the implementation of the 3R programme (Reduce, Reuse and Recycle). Through this programme, we aim to reduce waste generation by minimising the consumption of resources and materials, encouraging internal material reuse, and facilitating the identification and collection of waste suitable for external repurposing through recycling initiatives. For non-hazardous waste that meet the criteria for recycling, we engaged locally registered recycling management companies to collect the waste.

In our industry metal scraps and aluminium are the by-products of production. Thus, the minimisation of metal scraps and aluminium are the primary objectives of the Group in achieving greater production efficiency, lowering production costs, and eventually resulting in higher profitability.

For hazardous waste, our Group appoints Department of Environment approved scheduled waste contractors to ensure the proper handling and disposal practices. This approach is guided by the provisions of the Environmental Quality Act, 1974, which states that special handling is required for scheduled waste. Our scheduled wastes mainly comprise electronic waste, metal waste and solder dross.

For FY2023, our Group was fully compliant with local environmental and waste management regulations.

#### Workplace

Our Group recognises that our employees are our most valuable asset and fundamental to our sustainable success. We are committed to upholding fair and ethical employment practices and prioritised the well-being and rights of our employees. We established Code of Conduct to govern the ethics and behaviour of our employees. Our Employee Handbook states our HR policies and practices and ensure the compliance with local labour laws and regulations, including the Employment Act, 1955. As a responsible manufacturing employer, the Group provides and maintains a safe and healthy workplace for its employees. As corporate citizen, we are conscious about the impact we have on society. Through our commitment to workplace diversity and inclusion, compliance with local labour laws and regulations, respect for human rights, promotion of employee safety and health, we strive to create a workplace where all employees feel valued and empowered to contribute to our shared vision of sustainable future.

## SUSTAINABILITY STATEMENT (CONT'D)

### CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

#### Workplace (Cont'd)

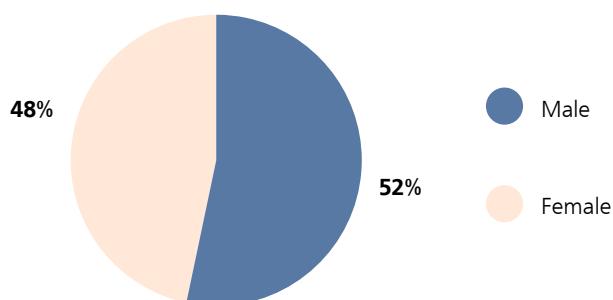
##### 1) Workforce Diversity

Our Group is committed to building a diverse and inclusive workforce where all employees are provided equal opportunity to progress in their careers, based on merits and without discrimination, regardless of age, race, gender, nationality, religion or disability. Our recruitment, hiring and promotion processes are fair, transparent and merit-based, where all employees are evaluated based on a set of metrics which include job scope and performance targets.

The Management practices gender neutrality in its hiring practices. For FY2023, 48% of our Group’s total employees are female. We demonstrated our efforts in prioritising the local hires to support the local talent development. Our workforce comprises primarily local hires, constitutes about 89%. The workforce demographics of our Group at the end of FY2023 is as follows:

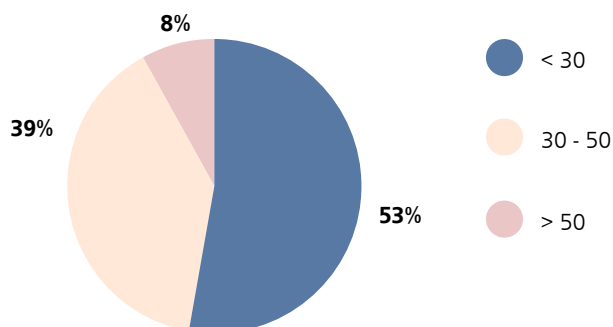
Employee Category by Gender (FY2023)	Female		Male		Total
Non-Executive	518	41%	544	43%	1,062
Executive	72	6%	76	6%	148
Middle Management	12	1%	24	2%	36
Senior Management	2	n.m.	11	1%	13
<b>Total</b>	<b>604</b>	<b>48%</b>	<b>655</b>	<b>52%</b>	<b>1,259</b>

Employee Breakdown by Gender



Employee Category by Age (FY2023)	Age Group (Years)			Total
	< 30	30-50	> 50	
Total	667	496	96	<b>1,259</b>
%	53%	39%	8%	<b>100%</b>

Employee Breakdown by Age



## SUSTAINABILITY STATEMENT (CONT'D)

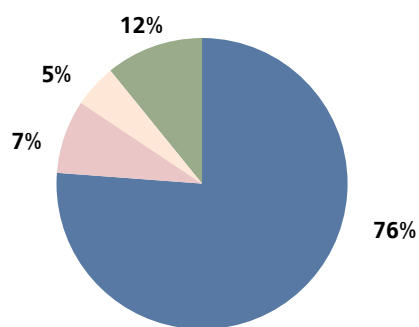
### CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

#### Workplace (Cont'd)

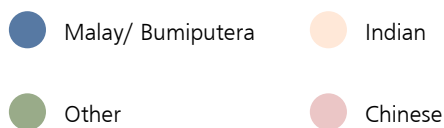
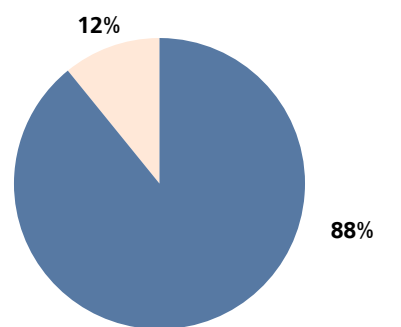
##### 1) Workforce Diversity (Cont'd)

Employee Category by Ethnicity (FY2023)	Ethnicity				Total
	Malay/ Bumiputera	Chinese	Indian	Other	
Total	960	89	66	144	<b>1,259</b>
%	76%	7%	5%	12%	<b>100%</b>

Employee Breakdown by Ethnicity



Employee Breakdown by Nationality



During FY2023, our Group recorded a total of 259 new employee hires, of which 68% is female. We continue to promote gender equality in work rights and support the development of female employees as equally as possible at all levels.

Total Number of New Employee Hires (FY2023)	Number	%
<b>By Gender</b>		
Male	84	32%
Female	175	68%
<b>Total</b>	<b>259</b>	<b>100%</b>
<b>By Age Group</b>		
< 30	154	59%
30 – 50	101	39%
> 50	4	2%
<b>Total</b>	<b>259</b>	<b>100%</b>

##### 2) Talent Development and Retention

Our Group recognises lifelong learning and continuous development are the key to attract and retain talent. We are committed to continuously invest in our people to foster talent development and advancement, while empowering our workforce to stay abreast of emerging trends and skills in our industry. We provide training programmes in numerous areas to employees. During the financial year, our employees were trained in the following areas:



## SUSTAINABILITY STATEMENT (CONT'D)

### CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

#### Workplace (Cont'd)

#### 2) Talent Development and Retention (Cont'd)

- Safety & Health
- Waste Management
- E-invoicing programme
- Focus on Industrial 4.0 and ESG in manufacturing operations
- Accounting & Tax rules and regulations
- Quality/Systems Compliance Training
- Various technical on-job trainings
- Employment Act 1955 (latest amendments)

In FY2023, our Group has invested a total of RM148,500 in training and skill development programmes. A total of 12,812 training hours has been provided to our employees. This translates to an average of 10.2 training hours per employee.

Total Training Hours (FY2023)	Hours
Total Training Hours for all employees	12,812
Average training hours per employee	10.2
<b>Total Training Hours - By Gender</b>	
<i>Male</i>	6,631
<i>Female</i>	6,181
<b>Total Training Hours - By Employee Category</b>	
<i>Senior Management</i>	356
<i>Middle Management</i>	432
<i>Executive</i>	1,968
<i>Non-Executive</i>	10,056
<b>Average Training Hours By Employee Category</b>	
<i>Senior Management</i>	27.4
<i>Middle Management</i>	12.0
<i>Executive</i>	13.3
<i>Non-Executive</i>	9.5

#### Internship Programmes

As an initiative to support talent development, our Group provides opportunities for undergraduates to undertake their internship programmes in various departments. This would provide opportunity to undergraduates from universities and colleges in gaining practical experience and developing relevant skill sets.

Our Group offers internship programme to students at universities, colleges and polytechnics from different states of Malaysia. During FY2023, we offered internships to a total of 20 students (2022:9 students) from various courses.

#### Employee Turnover

We engage employees on an annual basis to gather feedback and employee satisfaction on our Group. The feedback helps our Group to identify areas for improvement and implement measures that contribute to talent retention. In addition to existing employees, we continuously lookout for new talent right people in place to position our Group for continued growth and success.

Employee Turnover Rate	FY2023
Total number of turnover	322
Turnover rate (%)	26%

\* The employee turnover rate is calculated based on total number of employees who left voluntarily divided by the total number of employees at the end of the reporting period.

## SUSTAINABILITY STATEMENT (CONT'D)

### CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

#### Workplace (Cont'd)

#### 3) Human Rights

We continue to adhere to all relevant labour practices and standards and ensure that we comply with the relevant laws and regulations that govern human resources.

##### ***Labour and Ethics Policy and Human Resource Policy***

Our policies highlighted the adherence to the following:

a) Freely Chosen Employment and No Child Labour

We do not, and will not tolerate the use of forced, bonded or involuntary prison labour. All work must be voluntary, and workers are free to terminate their employment. Workers must not be required to surrender any government-issued identification, passports, or work permits as a condition of employment.

b) Working hours comply with local laws

We comply with the local laws as regarding to working hours and will strive to achieve 45 hours per week and one day off per week.

c) Wages and Benefits provided as per statutory requirements

d) Humane Treatment

Any disciplinary action taken must be in accordance with the approved disciplinary procedures. No harsh or inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse, will be tolerated.

e) Non-discrimination

We do not tolerate any form of discrimination based on race, colour, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status during hiring or employment with us.

f) Freedoms of Association

We respect the rights of workers to associate freely. They can communicate openly with management regarding working conditions without fear of reprisal, intimidation or harassment.

g) Business Integrity

We have zero tolerance for any forms of corruption, extortion and embezzlement. All standards of fair business, advertising and competition must be upheld and customer information must be safeguarded.

h) Privacy Protection

We undertake to process the personal information/data provided by employees, customers or vendors in full compliance of the legal provisions of the Personal Data Protection Act 2010 (Act 709).

i) Non-retaliation

Anyone who, in good faith, reports a potential or actual violation of the Code will not be disciplined or disadvantaged. Anyone who violates this prohibition on retaliation against another employee will be subject to disciplinary action.

j) Freedoms of Movement

Workers are free to enter or exit facility during their non-work hours or emergency. Workers are allowed to access basic facilities without restriction through procedure or undue security guard or regulation.

## SUSTAINABILITY STATEMENT (CONT'D)

### CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

#### Workplace (Cont'd)

#### 3) Human Rights (Cont'd)

##### *Anti-Slavery and Human Trafficking Policy*

Our Group prohibits the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children. In addition to due diligence on our plants, this prohibition extends to our suppliers and vendors as we recognise the importance to promote human rights adherence across our supply chain. We developed a Supplier Social Responsibility Policy for suppliers and vendors, highlighting our expectations relating to adherence to human rights to suppliers and vendors during selection process. Suppliers and vendors would need to acknowledge and sign off on the document before supplier onboarding process.

During FY2023, there was zero case of violation of labour standards, including human rights such as discrimination, child labour or forced labour.

#### 4) Workplace Safety and Health

Our Group established Occupational Safety and Health Policy. We are committed to create a safe and healthy working environment through the compliance of good safety practices at all times. The safety and health of the employee must be safeguarded as far as practicable at all times, this includes the continual efforts of the followings:

- To ensure safe healthy operation, handling, storage and proper system of work
- To provide information, instruction, training and supervision on safety in workplace
- To maintain safe condition in the workplace
- To provide adequate resources and facilities for employee's safety and health
- To comply with applicable stipulated statutory laws and regulation which apply to our business

Our Group places a high priority in ensuring a safe and healthy working environment at all its factories. In doing so, the Board ensures that the requirements of Occupation Safety and Health 1994 (OSHA) are complied with as well as observing good safety and health practices. For existing employees, they receive training on the Group's Occupational Safety and Health Policy; while for new employees, they are provided Occupational Safety and Health training as part of their induction training. A total of 403 employees attended trainings on workplace health and safety during 2023. In FY2023, there were no cases reported by relevant authorities such as Department of Occupational Safety and Health and Department of Environment, for any non-compliance with OSHA in our Group. We conduct safe and health committee meetings periodically during the year.

	FY2023
Lost Time Injury Rate	0.56

\* Number of lost time injuries divided by total number of hours worked in the reporting period, multiplied by 200,000 (represents a standardised value of the total amount of hours that 100 employees work weekly for 40 hours for a duration of 50 weeks)

We put in place the key safety and health measures as follows:

- (a) Appointment of a safety officer. The responsibility of the safety officer is to manage matters relating to safety and health. In addition to safety officers, there is a safety committee set up at each factory with the purpose of providing a forum for management and workers to identify and resolve safety and health related issues.
- (b) Ensuring that employees are well aware of the safety and health procedures. The Group provides personal protective equipment to employees in the production areas, which is required to be worn during work. Emergency Eyewash & Shower station has been installed during the year.

## SUSTAINABILITY STATEMENT (CONT'D)

### CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

#### Workplace (Cont'd)

#### 4) Workplace Safety and Health (Cont'd)

The Group has conducted the below test/assessment for employees during the year:

- Health Screening Program by Kementerian Kesihatan Malaysia
- Chemical Health Risk Assessment
- Chemical Exposure Monitoring for employees who are handling chemicals.
- Audiometry Test employees who expose to noise level exceeding action level at the workplace.
- Local Exhaust Ventilation (LEV) assessment



Zumba Dance with employees



Safety Driving Programme

(c) Providing adequate training to employees. Safety and health related trainings attended by employees in FY2023 include:

- Hearing Conservation programme
- 5S, Schedule Waste, Chemical Handling including PPE & Emergency Preparedness & Response
- 5S + 1S New Approach and Implementation programme
- Safety Riding Motorcycle Training
- 3M Product Training & PPE Used
- Hazardous Chemical & Spill Kit handling
- Safety Induction Training
- Fire safety Organisation (FSO) training and drills
- First Aid & CPR & AED Training



Automated External Defibrillator (AED) Training



## SUSTAINABILITY STATEMENT (CONT'D)

### CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

#### Workplace (Cont'd)

#### 5) Employee Well-being

The management recognises the importance of employee's well-being. We constantly focus on improving working environment, employee benefits and wellbeing. Employees are celebrated at events such as employee appreciation dinner in conjunction with various festivals, team building and recreational activities for the employees.



2023 Jamuan Buka Puasa with employees

#### Social

#### 1) Contribution to the Community

We are committed to extending our values and contributing to the communities where we operate through various local community engagements and sustainability initiatives. Our Group continues with our participation and donations in fund raising activities to local charitable organisations. In FY2023, our Group contributed RM123,000 to various organisations.

JHM has been contributing its sponsorship to the Penang Rotary Club Dialysis Centre since 2017. Over the years, our Group have contributed more than RM1,000,000 to the Penang Rotary Club Dialysis Centre. The dialysis centre provides free or affordable dialysis treatment for the healthcare needs to be accessible to the community. In FY2023, more than 15 patients had benefited through subsidised charges from this contribution.

JHM also participates in sponsoring charitable events such as the "Jump Stronger" organised by Penang Adventist Hospital. The event was held on 29th April 2023 (Saturday) at Gurney Plaza, Penang to raise RM200,000 for Cancer Fund.



Mock cheque presentation for "Jump Stronger"

## SUSTAINABILITY STATEMENT (CONT'D)

### PERFORMANCE DATA

Indicator	Measurement Unit	2023
<b>Bursa (Anti-corruption)</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	100.00
Middle Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
<b>Bursa (Community/Society)</b>		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	123,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	18
<b>Bursa (Diversity)</b>		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	15.38
Senior Management Above 50	Percentage	84.62
Middle Management Under 30	Percentage	0.00
Middle Management Between 30-50	Percentage	66.67
Middle Management Above 50	Percentage	33.33
Executive Under 30	Percentage	12.84
Executive Between 30-50	Percentage	71.62
Executive Above 50	Percentage	15.54
Non-executive Under 30	Percentage	61.02
Non-executive Between 30-50	Percentage	34.27
Non-executive Above 50	Percentage	4.71
Gender Group by Employee Category		
Senior Management Male	Percentage	84.62
Senior Management Female	Percentage	15.38
Middle Management Male	Percentage	66.67
Middle Management Female	Percentage	33.33
Executive Male	Percentage	51.35
Executive Female	Percentage	48.65
Non-executive Male	Percentage	51.22
Non-executive Female	Percentage	48.78
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	71.43
Female	Percentage	28.57
Under 30	Percentage	0.00
Between 30-50	Percentage	14.29
Above 50	Percentage	85.71
<b>Bursa (Energy management)</b>		
Bursa C4(a) Total energy consumption	Megawatt	10,285.80
<b>Bursa (Health and safety)</b>		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.56
Bursa C5(c) Number of employees trained on health and safety standards	Number	403
<b>Bursa (Labour practices and standards)</b>		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	356
Middle Management	Hours	432
Executive	Hours	1,968
Non-executive	Hours	10,056
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	3
Middle Management	Number	3
Executive	Number	19
Non-executive	Number	297
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
<b>Bursa (Supply chain management)</b>		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	32.00
<b>Bursa (Data privacy and security)</b>		



## SUSTAINABILITY STATEMENT (CONT'D)

### PERFORMANCE DATA

Indicator	Measurement Unit	2023
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
<b>Bursa (Water)</b>		
Bursa C9(a) Total volume of water used	Megalitres	54.504000

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### (A) INTRODUCTION

The Board of Directors is pleased to provide this Statement on Risk Management and Internal Control of JHM Consolidation Berhad and its subsidiaries. This Statement has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers issued by the Institute of Internal Auditors Malaysia and as adopted by Bursa Malaysia Securities Berhad.

### (B) BOARD RESPONSIBILITY

The Board affirms its overall responsibility for the adequacy and effectiveness of the Group's risk management and internal control system. Effective risk management and internal control processes play a key role in the pursuit of the Group's business objectives and sustaining success.

The risk management and internal control system are designed to identify and manage the Group's risk with the acceptable risk profile, rather than to eliminate the risk of failure in achieving the business objectives. Thus, they provide reasonable but not absolute assurance against material misstatement of financial information or losses, contingencies, fraud or any irregularities.

### (C) RISK MANAGEMENT FRAMEWORK

The Board has engaged an external consultant to assist the Board in establishing a risk management framework for the Group. Under this framework, risks relevant to the Group were identified and quantified and have been compiled into the risk profiles of the various operating units in the Group.

Relevant business risks and their potential impact and likelihood of crystallisation are evaluated on an ongoing basis by the key executives and senior management. Key risks affecting the Group are deliberated at Board meetings. Such process has been in place for the financial year under review up to the date of approval of this statement.

The Group's Risk Management Working Groups ("RMWG") are responsible to perform a periodic review and assessment. The RMWG consists of the Chief Operating Officer/ Vice President of Operations, Business Unit Directors and the Department Heads.

The risks are identified and assessed by employing the following methodologies:

- Identification of risks by the process owners;
- Assessment of the likelihood and impact of the risks identified;
- Evaluating the control strategies in relation to the risks;
- Formulating action plan to address control deficiencies; and
- Setting Key Risk Indicators to monitor the risks

Formal database of risks and controls information arising from the annual risk assessment exercise shall be captured in the format of risk registers. The identified risks are assessed and rated from low, moderate, high to significant depending on the severity of consequence, the likelihood of its occurrence and financial impact on the Group's cash flow and profit. Thereafter, RMWG and where applicable the owner of the risk profile shall present the Group's Risk Report and update the Audit Committee and Risk Management Committee annually on the status of the Group's Enterprise Risk Management process, changes in risk profiles and the corresponding controls which are in place.

### (D) KEY ELEMENTS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The risk management and internal control systems are embedded in the various work processes and procedures of the Group.

The key elements of risk management and controls in place are as follows:

- Authorizing Board Committee members to investigate and report on any areas of improvement for the betterment of the Group;
- Conducting in-depth study on major variances and deliberating irregularities at Board meetings and Audit Committee and Risk Management Committee meetings so as to identify the causes of the problems and to formulate appropriate solutions;
- Delegating necessary authority to the Group Chief Executive Officer in order for him to play a major role as the link between the Board and Senior Management in implementing the Board's expectation of effective system of internal control and managing the Group's various operations;

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

### (D) KEY ELEMENTS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

The key elements of risk management and controls in place are as follows: (Cont'd)

- Maintaining an organisational chart which sets out each individual's responsibility, authority and reporting lines;
- Ensuring that the Management is informed of the development of action plan for enhancing system of internal control and allowing various management personnel to have access to important information for effective decision-making;
- Senior Management personnel make frequent on-site visits to the business and operating premises so as to acquire a first-hand information on various operational matters and address the issues accordingly; and
- Systematic and regular audit on the compliance of ISO14001, ISO9001, IATF16949, AS9100 Rev C and ISO13485 by external quality assurance auditors.

### (E) INTERNAL AUDIT FUNCTION

The Board has outsourced the internal audit function to an external consultant. The Board believes that, due to its independence and objectivity, the consultant has provided the Board much assurance about the state of internal controls of the Group. The internal auditors report directly to the Audit Committee and Risk Management Committee.

The internal audit function carries out its internal audit works through a risk-based approach. Based on the risk profile of the Group, the internal audit function prepares its audit plan by focusing on areas of high risk. During the course of carrying out their reviews, full cooperation of the staff and unrestricted access to all information were given to the internal auditors in order to discharge their duties.

During the financial year, the internal auditors carried out reviews on the following areas to assess the adequacy and effectiveness of internal controls and risk management processes:

- Purchase process and control environment, financial reporting, purchases and account payables as well as payments procedure for Morrissey Technology Sdn. Bhd. and Morrissey Assembly Solution Sdn. Bhd..
- Human resources management including succession plan for key positions, statutory compliance for payroll and safety and health compliance in Mace Instrumentation Sdn. Bhd.
- Inventory management, procedures, policies and controls for raw materials in Morrissey Technology Sdn. Bhd. and Morrissey Assembly Solution Sdn. Bhd..

The internal auditors noted some weaknesses in the controls, and these together with improvement recommendations have been reported to the Audit Committee and Risk Management Committee. However, none of the weaknesses have resulted in material losses, contingencies or uncertainties to the Group.

The fees paid to the internal auditors in respect of the internal audit function of the Group for the financial year 2023 amounted to RM36,800.

### (F) CONCLUSION

The Board has received assurance from the Group Chief Executive Officer and the Finance Director that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Group.

Overall, the Board and Management are satisfied that the process of identifying, evaluating and managing significant risks that may affect achievement of the Group's business objectives are in place. There are continuing efforts to strengthen the internal control environment taking into consideration the recommendations from the internal auditors.

This statement is made in accordance with the resolution of the Board of Directors dated 18 April 2024 and has been reviewed by the External Auditors.

# AUDIT COMMITTEE REPORT

## FORMATION

The Audit Committee was formed by the Board of Directors on 14 April 2006. The said Committee is now known as the Audit Committee and Risk Management Committee ("AC").

## MEMBERS

The AC currently consists of the following members: -

1. Wong Chi Yeng - Chairman  
(Independent Non-Executive Director)
2. Lai Fah Hin - Member  
(Independent Non-Executive Director)
3. Khor Cheng Kwang - Member  
(Independent Non-Executive Director)

## MEETINGS AND ATTENDANCE

During the financial year under review, the AC held four (4) meetings with all the members of the AC in attendance as follows: -

Name of AC Members	Number of Meetings Attended	Percentage of Attendance
Wong Chi Yeng	4/4	100%
Lai Fah Hin	4/4	100%
Khor Cheng Kwang	4/4	100%

The AC meetings were attended by the AC members and Senior Management. The Company Secretaries acted as Secretaries at the meetings to record and maintain minutes for the proceedings of the meetings.

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In line with the terms and reference of the AC, the following activities were carried out by AC during the financial year ended 31 December 2023 ("FY2023") in discharging its functions and duties: -

- i. Financial Reporting Oversight
  - a) Reviewed the quarterly unaudited financial results with the finance team and thereafter recommended to the Board for approvals, for announcements to Bursa Malaysia Securities Berhad ("Bursa Securities").
- ii. Oversee Activities of External Auditors in dealing with the Group
  - a) Discussed and reviewed the external auditors' audit planning report for FY2023 outlining their audit team, audit timeline, recent development of the Group, identified risks and audit approach, key areas of audit focus, communication of other significant audit matters, updates on accounting standards and audit fees.
  - b) The AC reviewed the external auditors' findings arising from audits and their recommendations.
  - c) The AC also discussed and reviewed with external auditors the applicability of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board.
  - d) The AC reviewed and evaluated the performance and independence of the external auditors. The AC was satisfied with the performance and independence of the external auditors and recommended their re-appointment to the Board.
  - e) The AC reviewed the external auditors' audit completion for FY2022.
  - f) The AC met two times with the external auditors without the presence of the Executive Directors and management staff to discuss any issues of concern to the External Auditors arising from the annual statutory audit.
  - g) The AC reviewed the audit fees of the external auditors for the ensuing year prior to the Board of Directors for approval.

## AUDIT COMMITTEE REPORT (CONT'D)

### SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

- iii. Internal Audit ("IA")
  - a) Reviewed the IA plan for the financial year ending 31 December 2024 as tabled by the internal auditors.
  - b) Reviewed IA reports from internal auditors and assessed the internal auditors' findings and recommendations together with the management's comments.
  - c) Reviewed the Risk Management Report in respect of risk management working group of Morrissey Technology Sdn. Bhd. ("MTSB"), Morrissey Assembly Solution Sdn. Bhd. ("MASSB") and Mace Instrumentation Sdn. Bhd. ("MISB").
- iv. Related Party Transaction and Conflict of Interest
  - a) Reviewed any related party transaction and conflict of interest situation that may arise within the Company and the Group.
- v. Other matters considered by the Committee
  - a) Reviewed the Financial Analysis and Debtors Ageing Report prepared by the Management.
  - b) Reviewed the Terms of Reference of AC.
  - c) Environmental, Social and Governance Implementation.

### HOW THE AUDIT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR

#### a) Financial Reporting

The AC reviewed the quarterly unaudited financial results of the Company and the Group and made recommendations to the Board for approval and announcement to Bursa Securities as follows:

Date of meetings	Financial Statements
27 February 2023	Unaudited Interim Financial Report for the Fourth Quarter ended 31 December 2022
31 May 2023	Unaudited Interim Financial Report for the First Quarter ended 31 March 2023
28 August 2023	Unaudited Interim Financial Report for the Second Quarter ended 30 June 2023
24 November 2023	Unaudited Interim Financial Report for the Third Quarter ended 30 September 2023

#### b) External Auditors

- i) The AC met twice with the External Auditors on 27 February 2023 and 24 November 2023 respectively without the presence of any Executive Director or Management of the Company to review on the issues relating to financial controls and operational efficiencies of the Company and its subsidiaries arising from the audit.
- ii) On 27 February 2023, the AC reviewed the External Auditors' Audit Findings Report for FY2022.
- iii) On 27 February 2023, the AC also evaluated the performance and independence of the External Auditors covering areas such as calibre, quality process / performance, audit team, independence and objectivity, audit scope and planning, audit fees as well as the audit communications of the External Auditors. The AC having been satisfied with the independence and performance of Messrs Grant Thornton Malaysia PLT ("GTM"), had recommended the re-appointment of GTM as External Auditors to the Board for consideration and tabled to the shareholders for approval at the Eighteenth Annual General Meeting.
- iv) On 24 November 2023, the AC reviewed and evaluated the audit planning memorandum prepared by GTM for the financial year ending 31 December 2023 which covered the following subject matters:
  - audit team;
  - objective and scope of audit;
  - identified risks and audit approach including areas of significant risks;
  - recent developments of the Group;
  - key areas of audit focus;
  - communication of other significant audit matters;
  - proposed audit timeline and reporting schedule; and
  - proposed audit fees.
- v) The proposed audit fees for the External Auditors in respect of their audit of the financial statements of the Company and its subsidiaries were analysed and reviewed by the AC for recommendation to the Board for approval.

## AUDIT COMMITTEE REPORT (CONT'D)

### HOW THE AUDIT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR (CONT'D)

- c) Internal audit
- i) On 27 February 2023, the AC evaluated the performance of the internal audit function of the Company covering the adequacy of scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
  - ii) On 27 February 2023 and 28 August 2023, the AC reviewed the risk management reports in respect of risk management working group of MISB, MTSB and MASSB in the areas of strategic, operations and financial.
  - iii) On 31 May 2023, the AC reviewed the internal audit report ("IAR") which covers purchase process and control environment, financial reporting, purchases and account payables as well as payments procedure for MTSB and MASSB.
  - iv) On 28 August 2023, the AC reviewed the internal audit which covers human resources management including succession plan for key positions, statutory compliance for payroll and safety and health compliance in MISB.
  - v) On 24 November 2023, the AC reviewed the internal audit which covers Inventory management, procedures, policies and controls for raw materials in MTSB and MASSB
  - vi) On 24 November 2023, the AC reviewed and approved the Internal Audit Plan for the financial year ending 31 December 2024.

The IAR on audit findings, description, implications, recommendation to improve any weaknesses and the management action plan and comments thereto were tabled to the AC for their review and deliberations. The management was invited to attend the meetings as and when necessary to brief the AC on matters relating to their area of responsibility.

Some weaknesses in the internal control were identified for the year under review and measures have been or are being taken to address these weaknesses. The Internal Auditors monitored the implementation of management's action plan on the outstanding issues through follow up reports to ensure that all key risk and control weaknesses are being properly addressed.

### EXECUTIVE SHARE OPTION SCHEME

Executive Share Option Scheme ("ESOS") which had been approved by the shareholders of the Company at an Extraordinary General Meeting held on 24 January 2018 and shall be in force for a duration of five years from 3 April 2018 until 2 April 2023. However, the ESOS may at the absolute discretion of the Board upon the recommendation by the ESOS committee be extended, provided always that the initial ESOS period stipulated above and such extension made pursuant to the By-Laws shall not in aggregate exceed a duration of ten (10) years.

The Company has extended its existing ESOS for another five (5) years until 2 April 2028 in accordance with the terms of the By-Laws of the ESOS.

No share options were granted to the employees pursuant to the ESOS during the financial year.

### INTERNAL AUDIT FUNCTION

The Group has appointed an independent professional firm to carry out the internal audit function. In order to act independently from the management, the external consultant will report directly to the Audit Committee and Risk Management Committee and assists the Board in monitoring and reviewing the effectiveness of the risk management, internal control and corporate governance process within the Group.

The independent internal audit function and activities were carried out according to the internal audit plan presented by the external consultant. The internal audit plan is derived based on a risk-based assessment of all units and operations of the Group.

The internal audit reports highlight any deficiencies or findings which are discussed with the management and relevant action plans agreed and to be implemented. Significant findings are presented in the Audit Committee and Risk Management Committee Meetings for consideration and reporting to the Board. A follow-up audit review is also conducted to determine whether all audit recommendations are effectively implemented.

Further details on the internal audit function and its activities are set out in the Statement on Risk Management and Internal Control on pages 46 of this Annual Report.

The Board is of the view that there is no significant breakdown or weaknesses in the systems of internal controls of the Group that may result in material losses incurred by the Group for FY2023.



## STATEMENT ON DIRECTORS' RESPONSIBILITY IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

This statement is prepared pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required to prepare audited financial statements that give a true and fair view of the state of affairs, including the cash flow and results, of the Group and the Company as at the end of each financial year.

In preparing these financial statements, the Directors have considered the following:-

- The Group and the Company have used appropriate accounting policies, and are consistently applied;
- That reasonable and prudent judgements and estimates were made; and
- That the approved accounting standards in Malaysia have been applied.

The Directors are responsible for ensuring that the Company maintains proper accounting records which disclose with reasonable accuracy of the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of the Companies Act 2016.

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

This statement is made in accordance with a resolution of the Board of Directors dated 18 April 2024.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE OR MAJOR SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Company and its subsidiaries involving interests of Directors, chief executive who is not a Director or major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

### 2. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

There was no recurrent related party transactions of a revenue or trading nature during the financial year ended 31 December 2023.

### 3. UTILISATION OF PROCEEDS

On 23 December 2022, the Company completed the listing of 48,400,000 new ordinary shares to third party investors through private placement. The placement shares were issued at an issue price of RM0.73 per ordinary share and total proceeds of RM35.33 million was received from the said placement.

The total proceeds raised of RM35.33 million has been utilised as follows:

Details of Utilisation	Proposed utilisation (RM'000)	Proposed utilisation based on proceed received (RM'000)	Actual utilisation RM'000	Reallocation RM'000	Balance unutilised Proceed as at 28 March 2024 (RM'000)	Intended timeframe for utilisation	Status
i. Capital expenditure for its existing automotive segment and industrial products segment	5,000	3,860	2,450	-	-	12 months	Completed
ii. General working capital requirements	28,000	21,640	6,477	39	-	12 months	Completed
iii. Investment in embedded design	5,000	3,860	NIL	-	3,860	24 months	In progress
iv. Partial repayment of interest-bearing borrowing	7,220	5,580	5,580	-	-	12 months	Completed
v. Estimated expenses in relation to the Private Placement <sup>^</sup>	500	390	351	39	-	Immediate	Completed
<b>Total</b>	<b>45,720</b>	<b>35,330</b>	<b>14,858</b>	<b>-</b>	<b>3,860</b>		

<sup>^</sup>The actual amount incurred for expenses in relation to the Private Placement was RM0.35 million with the lower amount of RM0.04 million being reallocated to general working capital.

Note:-

The Company had on 3 November 2022 announced to vary the utilisation of the proceeds raised from the Private Placement for the purpose of "Construction of Batu Kawan factory to the above details of utilisation.

## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

### 4. AUDIT FEES

During the financial year ended 31 December 2023, the amount of audit fees payable to external auditors by the Company and the Group respectively were as follows: -

	<b>Audit Fee (RM)</b>
Company	44,000
Group	165,000

### 5. NON-AUDIT FEES

During the financial year ended 31 December 2023, the amount of non-audit fees payable to external auditors and its affiliates by the Company and the Group respectively were as follows: -

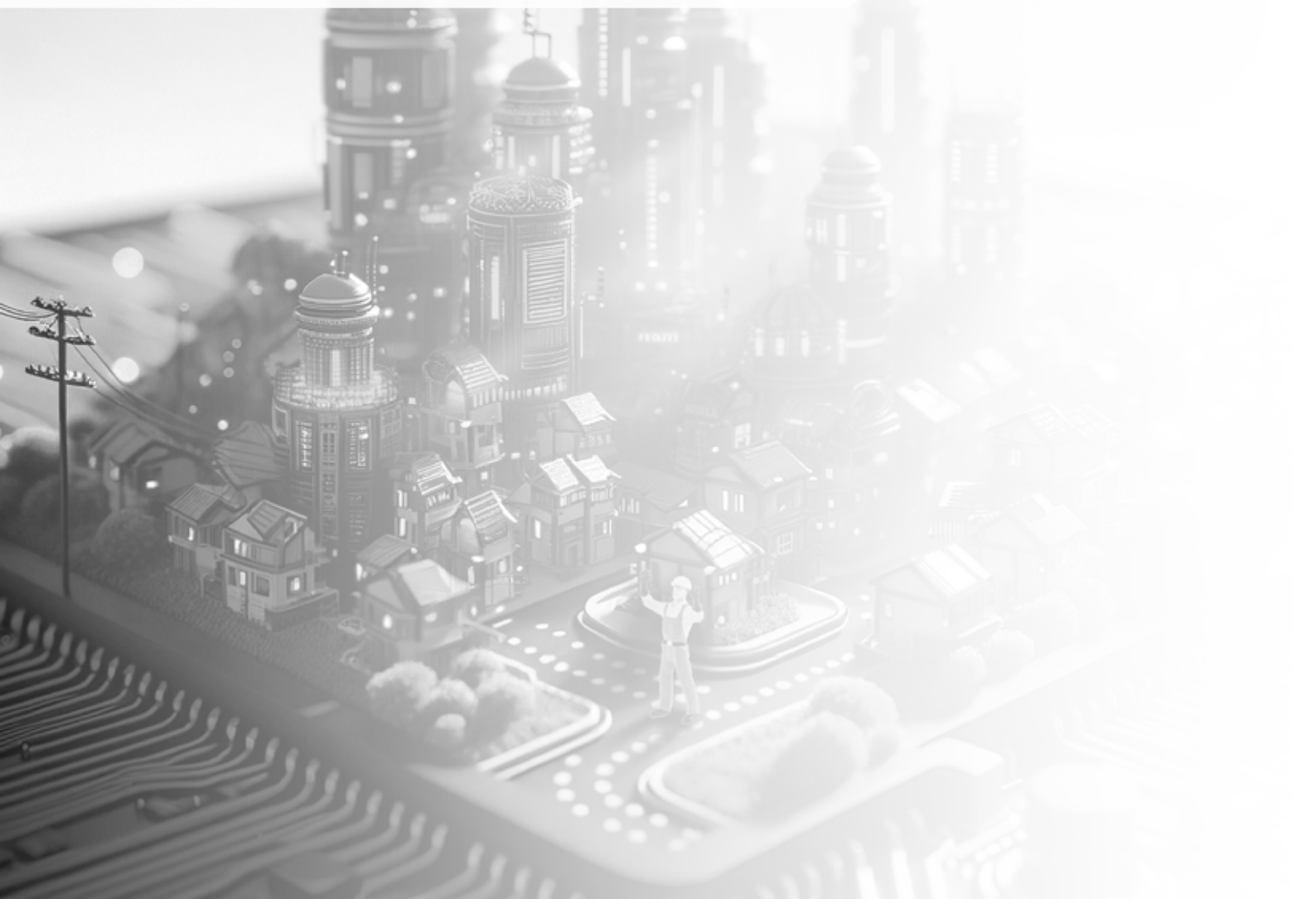
	<b>Assurance Related and Non-Audit services fees (RM)</b>
Company	6,000
Group	54,700

Assurance related and non-audit services rendered by Grant Thornton Malaysia PLT and its affiliates for the financial year ended 31 December 2023:

- Review statement on risk management and internal control
- Tax compliance services fee

# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

#### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

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

#### RESULTS

	GROUP RM	COMPANY RM
Profit/(Loss) for the financial year	<u>14,293,057</u>	<u>(26,622,446)</u>
Attributable to:		
Owners of the Company	14,496,509	(26,622,446)
Non-controlling interests	<u>(203,452)</u>	<u>-</u>
	<u>14,293,057</u>	<u>(26,622,446)</u>

In the opinion of the directors, the results of operations of the Group and of the Company for the financial year ended **31 December 2023** have not been substantially affected by any item, transaction or event of a material and unusual nature, other than the effect arising from the impairment loss on investment in subsidiaries amounting to RM30,860,000 as disclosed in Note 27 to the financial statements.

#### DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

The directors do not recommend any final dividend payment for the financial year.

#### RESERVES AND PROVISIONS

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

#### SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any share or debentures.

#### EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The effective date for the implementation of the Company's ESOS is 3 April 2018 which is the date of full compliance of all relevant requirements of Rule 6.44(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The ESOS shall be in force for a period of five (5) years from 3 April 2018 and will expire on 2 April 2023. On 15 March 2023, the Company has extended its existing ESOS period for another five (5) years until 2 April 2028.

There were no options granted during the financial year.

The salient features of the ESOS are disclosed in Note 36 to the financial statements.

## DIRECTORS' REPORT (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### DIRECTORS

The directors of the Company in office since the beginning of the financial year to the date of this report are:

##### **Directors of the Company:**

Lim Chun Thang  
 \* Dato' Seri Tan King Seng  
 \* Cheah Choon Ghee  
 Low Soo Kim  
 Wong Chi Yeng  
 Lai Fah Hin  
 Khor Cheng Kwang  
 Lim Khai Teng (appointed on 27.2.2023, resigned on 31.10.2023)

##### **Director of a subsidiary:**

Tan Chee Ming

\* The directors are also directors of the Company's certain subsidiaries.

#### DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			Balance at 31.12.2023
	Balance at 1.1.2023	Bought	Sold	
<b>Direct Interest:</b>				
Dato' Seri Tan King Seng	192,060,000	70,000	-	192,130,000
Cheah Choon Ghee	1,830,000	-	-	1,830,000
Low Soo Kim	50,000	-	-	50,000
Wong Chi Yeng	30,000	-	-	50,000
Lai Fah Hin	40,000	-	-	40,000
Khor Cheng Kwang	39,400	-	-	39,400
<b>Deemed Interest:</b>				
<sup>1</sup> Dato' Seri Tan King Seng	-	50,000	-	50,000
<sup>2</sup> Cheah Choon Ghee	67,441,452	-	-	67,441,452
<sup>3</sup> Lai Fah Hin	60,000	-	-	60,000

<sup>1</sup> Deemed interest pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of shares held by his son.

<sup>2</sup> Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of his substantial shareholdings in Noble Matters Sdn. Bhd.

<sup>3</sup> Deemed interest pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of shares held by his spouse.

By virtue of his shareholdings in the Company, **Dato' Seri Tan King Seng** is also deemed interested in the shares of all the subsidiaries of the Company, to the extent that the Company has interests.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interests in shares in the Company or its related corporations during the financial year.



## DIRECTORS' REPORT (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### DIRECTORS' REMUNERATION AND BENEFITS

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

	COMPANY RM	SUBSIDIARIES RM	GROUP RM
Fees	144,000	-	144,000
Salaries, allowances and bonus	12,000	1,954,398	1,966,398
Defined contribution plan	-	282,350	282,350
Social security contribution	-	4,011	4,011
Employment insurance scheme	-	218	218
Benefits-in-kind	-	68,266	68,266
	<b>156,000</b>	<b>2,309,243</b>	<b>2,465,243</b>

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

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

#### INDEMNITY AND INSURANCE FOR DIRECTORS OR OFFICERS

No indemnity has been given to or insurance effected for any of the directors or officers of the Group and of the Company 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:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts to be written off and no provision for doubtful debts was required; and
- (ii) to ensure that any current assets which were unlikely to realise their value 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:

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

## DIRECTORS' REPORT (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### OTHER STATUTORY INFORMATION (CONT'D)

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

- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (ii) 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:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
- (ii) 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 the operations of the Group and of the Company for the current financial year in which this report is made.

#### SIGNIFICANT EVENT

The details of the significant event are disclosed in Note 37 to the financial statements.

#### EVENT AFTER THE REPORTING PERIOD

The details of the event after the reporting period are disclosed in Note 38 to the financial statements.

#### AUDITORS

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

The total amount of fees paid to or receivable by the auditors and its affiliate as remuneration for their services to the Group and the Company for the financial year ended 31 December 2023 are as follows:

	GROUP RM	COMPANY RM
Statutory audit	165,000	44,000
Assurance related and non-audit services	54,700	6,000
Total	<u>219,700</u>	<u>50,000</u>

The Company has agreed to indemnify the auditors to the extent permissible under the provisions of the Companies Act 2016 in Malaysia. However, no payment has been made under this indemnity for the financial year.

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

.....  
**Dato' Seri Tan King Seng**

.....  
**Cheah Choon Ghee**

**Penang,**

**Date: 18 April 2024**

## DIRECTORS' STATEMENT

In the opinion of the directors, the financial statements set out on pages 63 to 118 are properly drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 December 2023** and of their financial performance and cash flows for the financial year then ended.

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

.....  
**Dato' Seri Tan King Seng**

.....  
**Cheah Choon Ghee**

**Date: 18 April 2024**

## STATUTORY DECLARATION

I, **Low Soo Kim**, the director primarily responsible for the financial management of **JHM Consolidation Berhad** do solemnly and sincerely declare that the financial statements set out on pages 63 to 118 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
 the abovenamed at Penang, this **18th** )  
 day of **April 2024**. )

.....  
**Low Soo Kim**  
**MIA No. 28242**

**Before me,**

.....  
**Goh Suan Bee (P125)**  
**Commissioner for Oaths**

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF JHM CONSOLIDATION BERHAD  
REGISTRATION NO. 200501009101 (686148-A)  
(INCORPORATED IN MALAYSIA)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **JHM Consolidation Berhad**, which comprise the statements of financial position as at **31 December 2023** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 63 to 118.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at **31 December 2023** and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. 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 judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How Our Audit Addressed the Key Audit Matters
<p><b>Goodwill impairment assessment</b> <i>(Note 9 to the financial statements)</i></p> <p>As at the reporting date, the Group has goodwill amounting to RM21.53 million which has been allocated to its manufacturing segment as the cash generating unit ("CGU").</p> <p>The management is required to perform annual impairment assessment for its goodwill. We focus on this area as management's assessment of the value-in-use of the CGU involves estimation uncertainty and judgements about the future results of the business and key assumptions applied to future cash flows projection.</p>	<p>Our audit procedures in relation to the goodwill impairment assessment included, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the model used in determining the value-in-use of the CGU as well as assessed the discount rate used;</li> <li>• Challenged the reasonableness of key assumptions based on our knowledge of the business and industry;</li> <li>• Compared actual performance of the CGU to assumptions applied in prior years model and assessed the accuracy of management's estimates;</li> <li>• Performed sensitivity analysis on the key assumptions inputted to the model and understood the impact on the overall carrying amount of goodwill with the alterations to the key assumptions; and</li> <li>• Assessed the adequacy of disclosures in the financial statements.</li> </ul>

## INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF JHM CONSOLIDATION BERHAD  
REGISTRATION NO. 200501009101 (686148-A)  
(INCORPORATED IN MALAYSIA)

### Key Audit Matters (Cont'd)

Key Audit Matters	How Our Audit Addressed the Key Audit Matters
<p><b>Valuation of inventories</b> <i>(Note 11 to the financial statements)</i></p> <p>The Group has significant balance of inventories as at 31 December 2023 which exposed the Group to a risk that the inventories may become slow moving or obsolete and eventually non-saleable or recoverable below their carrying amounts.</p> <p>We focused on this area as it involves estimation uncertainty by the management in determining the accuracy of inventories written down and in assessing the adequacy of inventories not stated at the lower of cost and net realisable value.</p>	<p>Our audit procedures in relation to the valuation of inventories included, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of: <ul style="list-style-type: none"> <li>- the Group's inventory management process;</li> <li>- how the Group identifies and assesses inventory write-downs; and</li> <li>- how the Group makes the accounting estimates for inventory write-downs.</li> </ul> </li> <li>• Attended the year end physical inventory counts to identify whether any inventories are slow moving or obsolete;</li> <li>• Reviewed and tested the net realisable value of inventories on a sampling basis;</li> <li>• Reviewed the ageing analysis of inventories and tested the reliability thereof;</li> <li>• Checked the subsequent movements of the raw materials and finished goods to identify any slow moving items;</li> <li>• Reviewed the consistency of the application of management's methodology in determining and estimating the inventories written down from year to year; and</li> <li>• Evaluated the adequacy of the inventories written down recognised for identified exposures.</li> </ul>

There is no key audit matter to be communicated in the audit of the separate financial statements of the Company.

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

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

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

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

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

### Responsibilities of the Directors for the Financial Statements

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

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

## INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF JHM CONSOLIDATION BERHAD  
REGISTRATION NO. 200501009101 (686148-A)  
(INCORPORATED IN MALAYSIA)

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

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from 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 the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**INDEPENDENT AUDITORS' REPORT (CONT'D)**

TO THE MEMBERS OF JHM CONSOLIDATION BERHAD  
REGISTRATION NO. 200501009101 (686148-A)  
(INCORPORATED IN MALAYSIA)

**Other Matter**

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

**Grant Thornton Malaysia PLT**  
**AF: 0737**  
**201906003682 (LLP0022494-LCA)**  
**Chartered Accountants**

**Loo Wei Teng**  
**No. 03487/03/2026 J**  
**Chartered Accountant**

**Penang**

**Date: 18 April 2024**

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	NOTE	GROUP		COMPANY	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	149,102,181	146,031,494	565,382	652,863
Investment properties	5	-	-	27,968,383	28,509,045
Right-of-use assets	6	4,028,684	3,040,674	-	-
Investment in subsidiaries	7	-	-	72,301,123	103,161,098
Investment in an associate	8	-	-	-	1,500,000
Goodwill on consolidation	9	21,531,534	21,531,534	-	-
Trade and other receivables	10	-	-	19,362,349	8,781,092
		<b>174,662,399</b>	<b>170,603,702</b>	<b>120,197,237</b>	<b>142,604,098</b>
<b>Current assets</b>					
Inventories	11	101,734,513	95,211,505	-	-
Trade and other receivables	10	107,163,293	159,434,927	5,690,565	17,463
Contract costs	12	5,331,166	4,610,913	-	-
Other investments	13	6,243,948	-	259,589	-
Tax recoverable		791,454	411,107	172,263	220,200
Cash and bank balances	14	72,393,186	61,941,734	22,432,491	34,805,371
		<b>293,657,560</b>	<b>321,610,186</b>	<b>28,554,908</b>	<b>35,043,034</b>
<b>TOTAL ASSETS</b>		<b>468,319,959</b>	<b>492,213,888</b>	<b>148,752,145</b>	<b>177,647,132</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	15	132,532,586	132,532,586	132,532,586	132,532,586
Capital reserve	16	(276,976)	(276,976)	-	-
Retained profits	17	188,008,728	173,906,350	2,587,976	29,210,422
		<b>320,264,338</b>	<b>306,161,960</b>	<b>135,120,562</b>	<b>161,743,008</b>
Non-controlling interests		492,545	301,891	-	-
<b>Total equity</b>		<b>320,756,883</b>	<b>306,463,851</b>	<b>135,120,562</b>	<b>161,743,008</b>
<b>Non-current liabilities</b>					
Borrowings	18	33,045,129	31,207,849	10,569,358	12,892,916
Lease liabilities	6	3,019,130	2,070,075	-	-
Deferred tax liabilities	19	5,548,825	5,552,332	619,000	593,000
		<b>41,613,084</b>	<b>38,830,256</b>	<b>11,188,358</b>	<b>13,485,916</b>
<b>Current liabilities</b>					
Trade and other payables	20	59,213,550	80,559,944	107,026	96,727
Borrowings	18	32,795,749	53,747,779	2,336,199	2,321,481
Lease liabilities	6	1,107,530	925,399	-	-
Contract liabilities	21	11,662,403	4,511,037	-	-
Refund liabilities	22	61,902	114,912	-	-
Tax payable		1,108,858	7,060,710	-	-
		<b>105,949,992</b>	<b>146,919,781</b>	<b>2,443,225</b>	<b>2,418,208</b>
<b>Total liabilities</b>		<b>147,563,076</b>	<b>185,750,037</b>	<b>13,631,583</b>	<b>15,904,124</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>468,319,959</b>	<b>492,213,888</b>	<b>148,752,145</b>	<b>177,647,132</b>

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

## STATEMENTS OF COMPREHENSIVE INCOME

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	NOTE	GROUP		COMPANY	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	23	310,725,840	355,760,894	5,962,089	10,194,623
Cost of sales		<u>(272,111,992)</u>	<u>(296,463,710)</u>	-	-
<b>Gross profit</b>		<b>38,613,848</b>	59,297,184	<b>5,962,089</b>	10,194,623
Other income	24	7,629,356	4,545,932	550,221	993,906
Administrative expenses		<b>(23,928,831)</b>	(23,741,935)	<b>(1,307,182)</b>	(1,366,568)
Other operating expenses		-	-	<b>(30,860,000)</b>	-
<b>Operating profit/(loss)</b>		<b>22,314,373</b>	40,101,181	<b>(25,654,872)</b>	9,821,961
Finance costs	25	<b>(3,463,990)</b>	(3,236,887)	<b>(598,949)</b>	(551,158)
Finance income	26	1,120,960	312,969	-	-
Share of results of associates		-	(811,003)	-	-
<b>Profit/(Loss) before tax</b>	27	<b>19,971,343</b>	36,366,260	<b>(26,253,821)</b>	9,270,803
Income tax expense	28	<b>(5,678,286)</b>	(15,347,272)	<b>(368,625)</b>	(383,591)
<b>Profit/(Loss) for the financial year, representing total comprehensive income/ (loss) for the financial year</b>		<b>14,293,057</b>	21,018,988	<b>(26,622,446)</b>	8,887,212
<b>Total comprehensive income/ (loss) attributable to:</b>					
Owners of the Company		14,496,509	21,653,963	(26,622,446)	8,887,212
Non-controlling interests		<u>(203,452)</u>	<u>(634,975)</u>	-	-
		<b>14,293,057</b>	21,018,988	<b>(26,622,446)</b>	8,887,212
<b>Earnings per share attributable to owners of the Company (sen)</b>					
- Basic/Diluted	29	<b>2.39</b>	3.88		

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Attributable to owners of the Company					Total Equity
		Distributable					RM
NOTE		Share Capital	Capital Reserve	Retained Profits	Non-controlling Interests	Total	RM
		RM	RM	RM	RM	RM	RM
	<b>2023</b>						
	Balance at beginning	132,532,586	(276,976)	173,906,350	301,891	306,161,960	306,463,851
	Total comprehensive income for the financial year	-	-	14,496,509	(203,452)	14,496,509	14,293,057
	<b>Transactions with owners of the Company:</b>						
	Acquisition from non-controlling interests	-	-	(394,131)	394,106	(394,131)	(25)
	Balance at end	132,532,586	(276,976)	188,008,728	492,545	320,264,338	320,756,883
	<b>2022</b>						
	Balance at beginning	97,550,900	(276,976)	152,252,387	311,891	249,526,311	249,838,202
	Total comprehensive income for the financial year	-	-	21,653,963	(634,975)	21,653,963	21,018,988
	<b>Transactions with owners of the Company:</b>						
15	Issuance of ordinary shares	35,332,000	-	-	-	35,332,000	35,332,000
15	Issuance of shares to non-controlling interests	-	-	-	624,975	-	624,975
	Share issuance expenses	(350,314)	-	-	-	(350,314)	(350,314)
	Total transactions with owners of the Company	34,981,686	-	-	624,975	34,981,686	35,606,661
	Balance at end	132,532,586	(276,976)	173,906,350	301,891	306,161,960	306,463,851

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

## STATEMENT OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	NOTE	Share Capital RM	Distributable Retained Profits RM	Total Equity RM
<b>2023</b>				
Balance at beginning		132,532,586	29,210,422	161,743,008
Total comprehensive loss for the financial year		-	(26,622,446)	(26,622,446)
Balance at end		<b>132,532,586</b>	<b>2,587,976</b>	<b>135,120,562</b>
<b>2022</b>				
Balance at beginning		97,550,900	20,323,210	117,874,110
Total comprehensive income for the financial year		-	8,887,212	8,887,212
<i>Transactions with owners of the Company:</i>				
Issuance of ordinary shares	15	35,332,000	-	35,332,000
Share issuance expenses	15	(350,314)	-	(350,314)
Total transactions with owners of the Company		34,981,686	-	34,981,686
Balance at end		132,532,586	29,210,422	161,743,008

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

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(Loss) before tax	<b>19,971,343</b>	36,366,260	<b>(26,253,821)</b>	9,270,803
Adjustments for:				
Accretion of interest on lease liabilities	<b>185,636</b>	118,902	-	-
Depreciation of:				
- investment properties	-	-	<b>540,662</b>	540,662
- property, plant and equipment	<b>15,770,342</b>	14,315,284	<b>90,729</b>	90,405
- right-of-use assets	<b>1,245,653</b>	931,795	-	-
Distribution income	<b>(150,195)</b>	-	<b>(69,315)</b>	-
Fair value loss on other investments designated at FVTPL	<b>185,026</b>	-	<b>189,947</b>	-
(Gain)/Loss on disposal of investment in associates	<b>(1,500,000)</b>	380,371	-	-
Gain on derecognition of right-of-use assets and lease liabilities	<b>(69,005)</b>	-	-	-
Gain on disposal of property, plant and equipment	<b>(233,336)</b>	(195,941)	-	-
Gain on disposal of other investments	<b>(547,943)</b>	-	<b>(550,221)</b>	-
Gross dividend income	-	-	<b>(3,200,000)</b>	(8,300,000)
Impairment loss on investment in subsidiaries	-	-	<b>30,860,000</b>	-
Interest expense	<b>3,278,354</b>	3,117,985	<b>598,949</b>	551,158
Interest income	<b>(1,232,728)</b>	(351,596)	<b>(976,474)</b>	(178,323)
Property, plant and equipment written off	<b>2,724</b>	11,725	-	-
Reversal of inventories written down	<b>(158,099)</b>	(377,147)	-	-
Share of results of associates	-	811,003	-	-
Unrealised loss on foreign exchange	<b>214,731</b>	620,816	-	-
Unwinding discount on financial assets	-	-	-	(987,066)
Operating profit before working capital changes	<b>36,962,503</b>	55,749,457	<b>1,230,456</b>	987,639
Changes in:				
Inventories	<b>(6,364,909)</b>	(24,099,300)	-	-
Receivables	<b>54,235,367</b>	(28,127,614)	<b>(538,512)</b>	112,812
Payables	<b>(21,012,851)</b>	5,079,533	<b>10,299</b>	(122,862)
Contract costs	<b>(720,253)</b>	(1,936,374)	-	-
Contract liabilities	<b>7,151,366</b>	2,296,978	-	-
Refund liabilities	<b>(53,010)</b>	(164,958)	-	-
Cash generated from operations	<b>70,198,213</b>	8,797,722	<b>702,243</b>	977,589
Income tax paid	<b>(12,017,181)</b>	(7,011,676)	<b>(294,688)</b>	(185,729)
Income tax refunded	<b>3,189</b>	1,519,375	-	-
Interest paid	<b>(3,278,354)</b>	(3,117,985)	<b>(598,949)</b>	(551,158)
Net cash from/(used in) operating activities	<b>54,905,867</b>	187,436	<b>(191,394)</b>	240,702

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



## STATEMENTS OF CASH FLOWS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	NOTE	GROUP		COMPANY	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Additions in investment in associates		-	(750,000)	-	(750,000)
Additions in investment in subsidiaries		-	-	(25)	-
Additions in other investments		<b>(84,201,200)</b>	-	<b>(68,500,000)</b>	-
Proceeds from disposal in other investments		<b>78,470,364</b>	-	<b>68,670,000</b>	-
Gross dividend received		-	-	<b>3,200,000</b>	8,300,000
Interest received		<b>1,032,359</b>	210,438	<b>111,768</b>	178,323
Net change in subsidiaries' balances		-	-	<b>(14,851,141)</b>	(10,645,701)
Proceeds from disposal of associates		<b>1,500,000</b>	800,004	<b>1,500,000</b>	800,004
Proceeds from disposal of property property, plant and equipment		<b>241,589</b>	237,510	-	-
Acquisition of interest of non- controlling interests		(25)	-	-	-
Purchase of property, plant and equipment	A	<b>(4,000,163)</b>	(25,260,257)	<b>(3,248)</b>	-
Net cash used in investing activities		<b>(6,957,076)</b>	(24,762,305)	<b>(9,872,646)</b>	(2,117,374)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issuance of ordinary shares		-	35,332,000	-	35,332,000
Share issuance expenses		-	(350,314)	-	(350,314)
Proceeds from issuance of ordinary shares to non-controlling interests of a subsidiary		-	624,975	-	-
Net changes in amount due to a director		<b>(2,000,000)</b>	7,489,725	-	-
Net changes in short term borrowings	B	<b>(21,128,906)</b>	9,363,381	-	-
Repayment of finance lease liabilities	B	<b>(6,680,312)</b>	(7,257,270)	-	-
Repayment of term loans	B	<b>(5,810,651)</b>	(5,126,565)	<b>(2,308,840)</b>	(2,280,904)
Repayment of lease liabilities	B	<b>(1,219,108)</b>	(961,300)	-	-
Net cash (used in)/from financing activities		<b>(36,838,977)</b>	39,114,632	<b>(2,308,840)</b>	32,700,782

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

## STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	NOTE	GROUP		COMPANY	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>11,109,814</b>	14,539,763	<b>(12,372,880)</b>	30,824,110
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		<b>(571,605)</b>	(203,769)	-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>		<b>52,684,369</b>	38,348,375	<b>34,805,371</b>	3,981,261
<b>CASH AND CASH EQUIVALENTS AT END</b>		<b>63,222,578</b>	52,684,369	<b>22,432,491</b>	34,805,371
<b>Cash and cash equivalents represented by:</b>					
Fixed deposits with licensed banks		<b>8,612,683</b>	8,412,314	-	-
Short term money market deposit		<b>7,434,684</b>	20,707,205	<b>6,842,609</b>	18,141,994
Cash in hand and at banks		<b>56,345,819</b>	32,822,215	<b>15,589,882</b>	16,663,377
		<b>72,393,186</b>	61,941,734	<b>22,432,491</b>	34,805,371
Less: Bank overdraft		<b>(557,925)</b>	(845,051)	-	-
Fixed deposits pledged to licensed banks		<b>(8,612,683)</b>	(8,412,314)	-	-
		<b>63,222,578</b>	52,684,369	<b>22,432,491</b>	34,805,371

### A. Purchase of property, plant and equipment

	NOTE	GROUP		COMPANY	
		2023 RM	2022 RM	2023 RM	2022 RM
Total acquisition cost		<b>18,852,006</b>	33,597,176	<b>3,248</b>	-
Acquired under finance lease liabilities	<b>B</b>	<b>(12,169,123)</b>	(5,777,572)	-	-
Acquired under term loan	<b>B</b>	<b>(2,682,720)</b>	(2,559,347)	-	-
Total cash acquisition		<b>4,000,163</b>	25,260,257	<b>3,248</b>	-

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

## STATEMENTS OF CASH FLOWS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### B. Liabilities arising from financing activities

Reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities of the Group and of the Company is as follows:

	Balance at beginning RM	Cash flows RM	Others <sup>1</sup> RM	Balance at end RM
<b>GROUP</b>				
<b>2023</b>				
Borrowings excluding bank overdraft	84,110,577	(18,768,026)	(59,598)	65,282,953
Lease liabilities	2,995,474	(1,219,108)	2,350,294	4,126,660
Total liabilities arising from financing activities	<u>87,106,051</u>	<u>(19,987,134)</u>	<u>2,290,696</u>	<u>69,409,613</u>
<b>2022</b>				
Borrowings excluding bank overdraft	78,681,143	5,316,465	112,969	84,110,577
Lease liabilities	2,036,922	(961,300)	1,919,852	2,995,474
Total liabilities arising from financing activities	<u>80,718,065</u>	<u>4,355,165</u>	<u>2,032,821</u>	<u>87,106,051</u>
<b>COMPANY</b>				
<b>2023</b>				
Borrowings, representing total liabilities arising from financing activities	15,214,397	(2,308,840)	-	12,905,557
<b>2022</b>				
Borrowings, representing total liabilities arising from financing activities	17,495,301	(2,280,904)	-	15,214,397
<sup>1</sup> Others consist of non-cash movement as follows:				
		<b>2023</b>		2022
		<b>RM</b>		<b>RM</b>
Accretion of interest on lease liabilities		185,636		118,902
Addition of lease liabilities		3,120,778		1,800,950
Derecognition of lease liabilities		(956,120)		-
Unrealised loss on foreign exchange		(59,598)		112,969
		<u>2,290,696</u>		<u>2,032,821</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The registered office of the Company is located at Suite 16.06 MWE Plaza, No. 8 Lebuhr Farquhar, 10200 George Town, Penang.

The principal place of business of the Company is located at 15-1-21, Bayan Point, Medan Kampung Relau, 11900 Bayan Lepas, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 April 2024.

### 2. BASIS OF PREPARATION

#### 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 ("MFRS"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### 2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, except for investment properties and other investments that are measured at fair values.

#### 2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company and its subsidiaries.

#### 2.4 Adoption of New Standard/Amendments to MFRSs

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial years except for the adoption of the following new standard/amendments to MFRSs that are mandatory for the current financial year.

##### **Effective for annual periods beginning on or after 1 January 2023**

*MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts*

*Amendments to MFRS 17 Insurance Contracts: Initial application of MFRS 17 and MFRS 9 - Comparative Information*

*Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies*

*Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*

*Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

*Amendments to MFRS 112 Income Taxes: International Tax Reform - Pillar Two Model Rules*

Initial application of the above new standard/amendments to MFRSs did not have any material impact to the financial statements upon adoption, except for *Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies*. The amendments change the requirements in MFRS 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant' with 'material'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

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

### 31 DECEMBER 2023

#### 2. BASIS OF PREPARATION (CONT'D)

##### 2.4 Adoption of New Standard/Amendments to MFRSs (Cont'd)

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

The amendments have had an impact on the Group's and the Company's disclosures of accounting policies but not on the measurement, recognition or presentation of any items in the Group's financial statements.

##### 2.5 Standards Issued But Not Yet Effective

The following are accounting standards that have been issued by the MASB but are not yet effective for the Group and the Company:

###### **Effective for annual periods beginning on or after 1 January 2024**

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

*Amendments to MFRS 101 Presentation of Financial Statements: Non-Current Liabilities with Covenants*

*Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements*

###### **Effective for annual period beginning on or after 1 January 2025**

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

###### **Effective date yet to be confirmed**

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

The initial application of the above amendments to MFRSs is not expected to have any material impact to the financial statements of the Group and of the Company upon adoption.

#### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

##### 3.1 Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

###### **Determining the lease term of contracts with renewal and termination options - Group as lessee**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

### 31 DECEMBER 2023

#### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### 3.1 Judgements made in applying accounting policies (Cont'd)

###### **Determining the lease term of contracts with renewal and termination options - Group as lessee (Cont'd)**

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group has included the extension options period as part of the lease term for lease of factory buildings as it is reasonably certain that the extension options will be exercised. The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

##### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

###### (i) **Impairment of goodwill**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying amount, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in assumptions are disclosed in Note 9 to the financial statements.

###### (ii) **Inventories**

The management reviews for damage, slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

The carrying amount of the Group's inventories as at the end of the reporting period is disclosed in Note 11 to the financial statements.

###### (iii) **Impairment of investment in subsidiaries**

Investment in subsidiaries are tested for impairment whenever there is objective evidence or indication that these assets may be impaired. Judgment is required to determine if any such indication exists, based on the evaluation of both internal and external sources of information. If any such higher of value in use or indication exists, management assesses the recoverable amount of the investment in subsidiaries based on the higher of value-in-use or fair value less cost to sell as at the end of the reporting period. If the recoverable amount of the investment in subsidiaries is less than its carrying amount, an impairment loss is recognised in profit or loss to reduce the carrying amount of the investment in subsidiaries. An impairment loss of **RM30,860,000** (2022: Nil) is recognised in profit or loss to write down the subsidiaries to their recoverable amount.

###### (iv) **Provision for expected credit loss ("ECL") of receivables**

The Group uses a provision matrix to calculate ECL for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

31 DECEMBER 2023

### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

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

##### (iv) Provision for expected credit loss ("ECL") of receivables (Cont'd)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecasted economic conditions. The Group's 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 the ECL on the Group's trade receivables is disclosed in Note 33.3.1 to the financial statements.

##### (v) Estimating variable consideration for volume rebates

The Group estimates variable consideration to be included in the transaction price for the sales of mechanical components with volume rebates.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining a customer's rebate entitlement is dependent upon the customer's historical rebates entitlement and accumulated purchases to date.

##### (vi) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).



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

31 DECEMBER 2023

### 4. PROPERTY, PLANT AND EQUIPMENT GROUP

	Freehold land RM	Leasehold land RM	Freehold office lot and buildings RM	Plant and machinery and factory equipment RM	Office equipment, furniture and fittings RM	Electrical installation and renovation RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
<b>2023</b>									
<b>At cost</b>									
Balance at beginning	8,576,720	27,577,440	20,538,924	127,813,695	17,727,145	25,090,633	7,383,787	14,216,775	248,925,119
Additions	-	-	-	5,624,148	898,677	1,241,426	183,213	10,904,542	18,852,006
Disposal	-	-	-	-	-	-	(613,326)	-	(613,326)
Write offs	-	-	-	(15,000)	(70,686)	-	-	-	(85,686)
Reclassification	-	-	-	12,389,864	-	344,400	27,000	(12,761,264)	-
<b>Balance at end</b>	<b>8,576,720</b>	<b>27,577,440</b>	<b>20,538,924</b>	<b>145,812,707</b>	<b>18,555,136</b>	<b>26,676,459</b>	<b>6,980,674</b>	<b>12,360,053</b>	<b>267,078,113</b>
<b>Accumulated depreciation</b>									
Balance at beginning	-	969,043	1,976,266	73,850,433	10,158,455	11,526,227	4,413,201	-	102,893,625
Current charge	-	568,637	444,297	9,562,263	1,973,201	2,338,830	883,114	-	15,770,342
Disposal	-	-	-	-	-	-	(605,073)	-	(605,073)
Write offs	-	-	-	(12,308)	(70,654)	-	-	-	(82,962)
<b>Balance at end</b>	<b>-</b>	<b>1,537,680</b>	<b>2,420,563</b>	<b>83,400,388</b>	<b>12,061,002</b>	<b>13,865,057</b>	<b>4,691,242</b>	<b>-</b>	<b>117,975,932</b>
<b>Carrying amount</b>	<b>8,576,720</b>	<b>26,039,760</b>	<b>18,118,361</b>	<b>62,412,319</b>	<b>6,494,134</b>	<b>12,811,402</b>	<b>2,289,432</b>	<b>12,360,053</b>	<b>149,102,181</b>

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

31 DECEMBER 2023

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

#### GROUP (CONT'D)

2022	Freehold land RM	Leasehold land RM	Freehold office lot and buildings RM	Plant and machinery and factory equipment RM	Office equipment, furniture and fittings RM	Electrical installation and renovation RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
<b>At cost</b>									
Balance at beginning	8,576,720	6,015,240	20,538,924	113,993,487	15,622,493	21,558,768	5,716,922	24,373,286	216,395,840
Additions	-	-	-	10,402,942	2,124,341	3,426,611	2,313,516	15,329,766	33,597,176
Disposals	-	-	-	(381,287)	(7,500)	-	(646,651)	-	(1,035,438)
Write offs	-	-	-	(12,620)	(12,189)	(7,650)	-	-	(32,459)
Reclassification	-	21,562,200	-	3,811,173	-	112,904	-	(25,486,277)	-
<b>Balance at end</b>	<b>8,576,720</b>	<b>27,577,440</b>	<b>20,538,924</b>	<b>127,813,695</b>	<b>17,727,145</b>	<b>25,090,633</b>	<b>7,383,787</b>	<b>14,216,775</b>	<b>248,925,119</b>
<b>Accumulated depreciation</b>									
Balance at beginning	-	648,714	1,504,271	65,580,227	8,203,165	9,472,676	4,183,891	-	89,592,944
Current charge	-	320,329	471,995	8,657,965	1,973,607	2,055,682	835,706	-	14,315,284
Disposals	-	-	-	(381,286)	(6,187)	-	(606,396)	-	(993,869)
Write offs	-	-	-	(6,473)	(12,130)	(2,131)	-	-	(20,734)
<b>Balance at end</b>	<b>-</b>	<b>969,043</b>	<b>1,976,266</b>	<b>73,850,433</b>	<b>10,158,455</b>	<b>11,526,227</b>	<b>4,413,201</b>	<b>-</b>	<b>102,893,625</b>
<b>Carrying amount</b>	<b>8,576,720</b>	<b>26,608,397</b>	<b>18,562,658</b>	<b>53,963,262</b>	<b>7,568,690</b>	<b>13,564,406</b>	<b>2,970,586</b>	<b>14,216,775</b>	<b>146,031,494</b>

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

31 DECEMBER 2023

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

#### COMPANY

	Office equipment, furniture and fittings RM	Electrical installation RM	Renovation RM	Capital work- in-progress RM	Total RM
<b>2023</b>					
<b>At cost</b>					
Balance at beginning	50,172	90,000	723,700	4,953	868,825
Addition	3,248	-	-	-	3,248
Balance at end	<u>53,420</u>	<u>90,000</u>	<u>723,700</u>	<u>4,953</u>	<u>872,073</u>
<b>Accumulated depreciation</b>					
Balance at beginning	19,287	15,750	180,925	-	215,962
Current charge	9,359	9,000	72,370	-	90,729
Balance at end	<u>28,646</u>	<u>24,750</u>	<u>253,295</u>	<u>-</u>	<u>306,691</u>
<b>Carrying amount</b>	<u>24,774</u>	<u>65,250</u>	<u>470,405</u>	<u>4,953</u>	<u>565,382</u>
<b>2022</b>					
<b>At cost</b>					
Balance at beginning/end	<u>50,172</u>	<u>90,000</u>	<u>723,700</u>	<u>4,953</u>	<u>868,825</u>
<b>Accumulated depreciation</b>					
Balance at beginning	10,252	6,750	108,555	-	125,557
Current charge	9,035	9,000	72,370	-	90,405
Balance at end	<u>19,287</u>	<u>15,750</u>	<u>180,925</u>	<u>-</u>	<u>215,962</u>
<b>Carrying amount</b>	<u>30,885</u>	<u>74,250</u>	<u>542,775</u>	<u>4,953</u>	<u>652,863</u>

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

### 31 DECEMBER 2023

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

- (i) The carrying amount of property, plant and equipment which are pledged to licensed banks as securities for banking facilities granted to certain subsidiaries as disclosed in Note 18 to the financial statements are as follows:

	<b>GROUP</b>	
	<b>2023</b>	2022
	<b>RM</b>	RM
Freehold land	<b>8,576,720</b>	8,576,720
Leasehold land	<b>26,039,760</b>	26,608,397
Freehold office lot and buildings	<b>18,118,361</b>	18,562,658
Plant and machinery	<b>7,448,618</b>	8,058,880
	<b><u>60,183,459</u></b>	<u>61,806,655</u>

- (ii) The carrying amount of leased assets which are pledged as securities for the finance lease liabilities as disclosed in Note 18 to the financial statements are as follows:

	<b>GROUP</b>	
	<b>2023</b>	2022
	<b>RM</b>	RM
Plant and machinery and factory equipment	<b>29,035,446</b>	24,900,085
Motor vehicles	<b>2,115,999</b>	2,748,893
	<b><u>31,151,445</u></b>	<u>27,648,978</u>

- (iii) The information of right-of-use assets which are included in the property, plant and equipment is as follows:

#### GROUP

	<b>Carrying amount RM</b>	<b>Current depreciation RM</b>
<b>2023</b>		
Leasehold land	<b><u>26,039,760</u></b>	<u>568,637</u>
<b>2022</b>		
Leasehold land	<u>26,608,397</u>	<u>320,329</u>

#### Material accounting policy information

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

31 DECEMBER 2023

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

#### Material accounting policy information (Cont'd)

Property, plant and equipment are depreciated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

<u>Categories</u>	<u>Years</u>
Leasehold land	30 to 60
Freehold office lot and buildings	50
Plant and machinery and factory equipment	3 to 10
Office equipment, furniture and fittings	5 to 10
Electrical installation and renovation	10
Motor vehicles	5

Freehold land is not depreciated as it has an infinite life.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

### 5. INVESTMENT PROPERTIES

#### COMPANY

	<b>Freehold land RM</b>	<b>Leasehold land RM</b>	<b>Buildings RM</b>	<b>Total RM</b>
<b>2023</b>				
<b>At cost</b>				
Balance at beginning/end	<u>8,576,720</u>	<u>4,785,240</u>	<u>16,831,535</u>	<u>30,193,495</u>
<b>Accumulated depreciation</b>				
Balance at beginning	-	612,094	1,072,356	1,684,450
Current charge	-	204,031	336,631	540,662
Balance at end	-	<u>816,125</u>	<u>1,408,987</u>	<u>2,225,112</u>
<b>Carrying amount</b>	<u>8,576,720</u>	<u>3,969,115</u>	<u>15,422,548</u>	<u>27,968,383</u>
<b>2022</b>				
<b>At cost</b>				
Balance at beginning/end	<u>8,576,720</u>	<u>4,785,240</u>	<u>16,831,535</u>	<u>30,193,495</u>
<b>Accumulated depreciation</b>				
Balance at beginning	-	408,062	735,726	1,143,788
Current charge	-	204,032	336,630	540,662
Balance at end	-	<u>612,094</u>	<u>1,072,356</u>	<u>1,684,450</u>
<b>Carrying amount</b>	<u>8,576,720</u>	<u>4,173,146</u>	<u>15,759,179</u>	<u>28,509,045</u>

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

### 31 DECEMBER 2023

#### 5. INVESTMENT PROPERTIES (CONT'D)

- (i) The investment properties have an open market value of approximately **RM29,200,000** (2022: RM29,200,000). The valuations are performed by independent professional valuers using the market comparison approach. The appraised values were derived from unobservable prices per square foot for comparable properties in similar locations (i.e. Level 3).
- (ii) The entire investment properties are pledged to licensed banks as securities for banking facilities granted to the Company as disclosed in Note 18 to the financial statements.
- (iii) **Company as lessor**

The Company has entered into operating leases on its investment properties. These leases have terms of between two to three years.

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

	COMPANY	
	2023	2022
	RM	RM
Rental income from income generating properties	1,716,300	1,716,300
Direct operating expenses	<u>75,551</u>	<u>100,230</u>

Future minimum rental receivables under non-cancellable operating leases as at the end of the reporting period are as follows:

	COMPANY	
	2023	2022
	RM	RM
Within one year	433,500	361,250
More than one year and less than five years	<u>361,250</u>	<u>-</u>
	<u>794,750</u>	<u>361,250</u>

#### Material accounting policy information

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Investment properties are depreciated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

<u>Categories</u>	<u>Years</u>
Leasehold land	24
Buildings	50

Freehold land is not depreciated as it has an infinite life.

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

### 31 DECEMBER 2023

#### 6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

##### Group as a lessee

The Group has lease contracts for factory buildings used in its operations that have lease terms between 2 to 3 years, with an option to renew the lease for another 3 years. The lease contracts restrict the Group from assigning and subleasing the leased assets.

The Group also has certain leases of hostels with lease terms of 12 months or less and leases of low-value assets such as office equipment. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

##### *Right-of-use assets*

Set out below are the carrying amount of right-of-use assets recognised and the movements during the financial year:

	<b>Factory buildings</b>	
	<b>2023</b>	2022
	<b>RM</b>	RM
Balance at beginning	<b>3,040,674</b>	2,171,519
Additions	<b>3,120,778</b>	1,800,950
Depreciations	<b>(1,245,653)</b>	(931,795)
Derecognitions	<b>(887,115)</b>	-
	<hr/> <b>4,028,684</b>	<hr/> 3,040,674
Balance at end	<b>4,028,684</b>	3,040,674

##### *Lease liabilities*

Set out below are the carrying amount of lease liabilities recognised and the movements during the financial year:

	<b>Factory buildings</b>	
	<b>2023</b>	2022
	<b>RM</b>	RM
Balance at beginning	<b>2,995,474</b>	2,036,922
Additions	<b>3,120,778</b>	1,800,950
Accretion of interest	<b>185,636</b>	118,902
Derecognitions	<b>(956,120)</b>	-
Payments	<b>(1,219,108)</b>	(961,300)
	<hr/> <b>4,126,660</b>	<hr/> 2,995,474
Balance at end	<b>4,126,660</b>	2,995,474
Represented by:		
Non-current liabilities	<b>3,019,130</b>	2,070,075
Current liabilities	<b>1,107,530</b>	925,399
	<hr/> <b>4,126,660</b>	<hr/> 2,995,474



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

### 31 DECEMBER 2023

#### 6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

##### *Lease liabilities (Cont'd)*

The maturity analysis of lease liabilities is disclosed in Note 33.4 to the financial statements.

The followings are the amounts recognised in profit or loss:

	<b>GROUP</b>	
	<b>2023</b>	2022
	<b>RM</b>	RM
Accretion of interest on lease liabilities	<b>185,636</b>	118,902
Depreciation expense of right-of-use assets	<b>1,245,653</b>	931,795
Expenses relating to leases of low-value assets	<b>31,763</b>	20,600
Expenses relating to short-term lease	<b>715,850</b>	853,739
Gain on derecognition of right-of-use assets and lease liabilities	<b>(69,005)</b>	-
<b>Total amount recognised in profit or loss</b>	<b><u>2,109,897</u></b>	<u>1,925,036</u>

The total cash outflows for leases during the financial year are **RM1,966,721** (2022: RM1,835,639).

##### **Material accounting policy information**

##### **Right-of-use assets**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. Right-of-use assets are depreciated on a straight-line basis over their lease term of 2 to 6 years.

#### 7. INVESTMENT IN SUBSIDIARIES

	<b>COMPANY</b>	
	<b>2023</b>	2022
	<b>RM</b>	RM
Unquoted shares, at cost	<b>103,161,123</b>	103,161,098
Less: Allowance for impairment	<b>(30,860,000)</b>	-
	<b><u>72,301,123</u></b>	<u>103,161,098</u>

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

### 31 DECEMBER 2023

#### 7. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries, which are all incorporated and principal place of business in Malaysia, are as follows:

Name of Companies	Effective		Principal Activities
	Equity Interest 2023	2022	
Morrissey Technology Sdn. Bhd.	100%	100%	Design and manufacturing of precision miniature engineering metal parts and components.
JH Morrissey Sdn. Bhd.	100%	100%	International procurement office and research and development centre.
Morrissey Assembly Solution Sdn. Bhd.	100%	100%	Manufacturing and assembling of electronic components.
Morrissey Aerosystems Sdn. Bhd.	80%	80%	Manufacturing of machined metal parts, secondary processes, sub-assemblies and assembly of LED lighting for aerospace industry. Currently, the company has not commenced operations.
Morrissey Integrated Dynamics Sdn. Bhd. ("MIDSB")	100%	100%	Manufacturing of precision mechanical parts, die casting, moulding of precision plastic lenses and modular assembly.
Mace Instrumentation Sdn. Bhd.	100%	100%	Manufacturing, assembling and dealing of testing measuring equipment.
Mace Hermetic Components Sdn. Bhd. ("MHCSB")	100%	75%	Design and manufacture of mechanical parts, electronic and electrical component and module assembly for semiconductor industry.
JHM Dekai Auto Lighting Sdn. Bhd.	100%	100%	Manufacturing and module assembling for electronics and electrical components.

##### 7.1 Subscription of ordinary shares in subsidiaries

###### 2023

During the financial year, the Company has subscribed additional 625,000 ordinary shares in MHCSB for a total consideration of RM25.

###### 2022

In the prior financial year, the Company had subscribed additional 1,874,925 and 20,000,000 ordinary shares in MHCSB and MIDSB respectively for a total consideration of RM1,874,925 and RM20,000,000 respectively by way of converting amount due from MHCSB and MIDSB respectively.

##### 7.2 Impairment on investment in a subsidiary

The Company reviews the material investment in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investment in subsidiaries are assessed by reference to the higher of value-in-use or fair value less cost to sell of the respective subsidiaries as at the end of the reporting period. Accordingly, an impairment loss of **RM30,860,000** (2022: Nil) is recognised in other operating expenses in respect of investment in a subsidiary during the financial year due to the continuous losses incurred by a subsidiary.

##### 7.3 Subsidiaries with material non-controlling interests

Summarised financial information of non-controlling interests has not been included as the non-controlling interests of the subsidiaries are not individually material to the Group.

###### Material accounting policy information

Investment in subsidiaries is measured at cost less any impairment losses in the Company's separate financial statements.

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

31 DECEMBER 2023

**8. INVESTMENT IN AN ASSOCIATE**

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Unquoted shares, at cost	-	1,500,000	-	1,500,000
Share of post-acquisition reserves	-	(1,500,000)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>

Details of the associate, which are incorporated and principal place of business in Malaysia, are as follows:

Name of Company	Effective Equity Interest		Principal Activities
	2023	2022	
Mass Precision Sdn. Bhd. ("MPSB")	-	30%	Designing and engineering, fabrication, precision machining, assembly, painting, stamping and metal finishing.

The Group's share of the associate's prior year loss and accumulated losses amounting to RM464,716 have not been recognised in the Group's comprehensive income as equity accounting has ceased when the Group's share of losses of the associate exceeded the carrying amount of its investment in an associate.

**2023**

On 28 December 2023, the Company has disposed of 1,500,000 ordinary shares, representing 30% equity interest in MPSB for a total cash consideration of RM1,500,000.

**2022**

- (i) On 18 May 2022, the Company had disposed of 66,667 ordinary shares, representing 40% equity interest in Skywoo Manufacturing Sdn. Bhd. ("SMSB") for a total cash consideration of RM800,004.
- (ii) On 26 July 2022, the Company had subscribed additional 750,000 ordinary shares in MPSB for a total cash consideration of RM750,000. No changes in the equity interest subsequent to the subscription of additional ordinary shares.

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

### 31 DECEMBER 2023

#### 8. INVESTMENT IN AN ASSOCIATE (CONT'D)

The following table summarises the financial information of MPSB, reconciles the information to the carrying amount of the Group's interest in an associate, which is accounted for using the equity method.

#### GROUP

	2023 RM	MPSB 2022 RM
<b>Assets and liabilities</b>		
Non-current assets	-	16,223,379
Current assets	-	5,125,461
Non-current liabilities	-	(4,592,256)
Current liabilities	-	(18,305,637)
	<hr/>	<hr/>
Net assets/(liabilities)	-	(1,549,053)
	<hr/>	<hr/>
<b>Reconciliation of net liabilities to carrying amount</b>		
Group's share of net liabilities	-	(464,716)
Proceeds from disposal	(1,500,000)	-
Gain on disposal	1,500,000	-
	<hr/>	<hr/>
Carrying amount in the statements of financial position	-	(464,716)
	<hr/>	<hr/>

**MPSB  
RM**

#### Year ended 31 December 2023

#### Results

Revenue	12,291,178
Profit for the financial year, representing total comprehensive loss for the financial year	<hr/> 1,621,402
<b>Group's share of total comprehensive income</b>	<hr/> <b>486,421</b>

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

### 31 DECEMBER 2023

#### 8. INVESTMENT IN AN ASSOCIATE (CONT'D)

	MPSB RM	SMSB RM	Total RM
Year ended 31 December 2022			
Results			
Revenue	2,382,612	3,162,569	5,545,181
Loss for the financial year, representing total comprehensive loss for the financial year	<u>(5,463,793)</u>	<u>908,547</u>	<u>(4,555,246)</u>
Group's share of total comprehensive loss	<u>(1,174,422)</u>	<u>363,419</u>	<u>(811,003)</u>

#### Contingent liabilities and capital commitments

The associate has no contingent liabilities or capital commitments as at the end of the reporting period.

#### Material accounting policy information

The Group's investment in associate is accounted for using the equity method. In the Company's separate financial statements, investment in an associate is measured at cost less impairment losses.

#### 9. GOODWILL ON CONSOLIDATION

The goodwill is allocated to the Group's subsidiary, Mace Instrumentation Sdn. Bhd. as the cash-generating unit ("CGU").

For annual impairment testing purposes, the recoverable amount of the CGU are determined based on their value-in-use, which apply a discounted cash flow model using cash flow projections based on approved financial budget and projections covering a five (5)-year period.

#### Key assumptions used in value-in-use calculations

The key assumptions on which the management has based on for the computation of value-in-use are as follows:

(i) Cash flow projections and growth rate

The 5-year cash flow projections are prepared based on management's past experience. The revenue for the first year of the 5-year cash flow projections is prepared based on the most recent approved financial budget by the Board of Directors and a **8.00%** (2022: 6.80%) annual growth rate is applied.

(ii) Discount rate

The pre-tax discount rate of **10.37%** (2022: 7.65%) is applied to the cash flow projections, which is based on the weighted average cost of capital of the Group for the financial year.

#### Sensitivity to changes in key assumptions

The management believes that any reasonable change in the key assumptions would not cause the recoverable amounts of the CGU to differ materially from their carrying amounts.

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

31 DECEMBER 2023

### 10. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-current</b>				
<b>Other receivables</b>				
Amount due from subsidiaries				
- interest bearing at <b>4.00%</b> (2022: 3.67%)	-	-	<b>18,617,643</b>	7,314,311
- non-interest bearing	-	-	<b>744,706</b>	1,466,781
	<u>-</u>	<u>-</u>	<u><b>19,362,349</b></u>	<u>8,781,092</u>
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	<b>102,984,080</b>	155,343,066	-	-
<b>Other receivables</b>				
Sundry receivables	<b>160,954</b>	79,566	-	-
Amount due from subsidiaries				
- interest bearing at <b>4.00%</b> (2022: 3.67%)	-	-	<b>3,000,000</b>	-
- non- interest bearing	-	-	<b>2,134,590</b>	-
	<u>-</u>	<u>-</u>	<u><b>5,134,590</b></u>	<u>-</u>
Refundable deposits	<b>1,576,631</b>	1,507,871	<b>1,000</b>	1,000
Deposits for purchase of machinery and office equipment	<b>73,600</b>	533,432	-	-
Prepayments	<b>2,368,028</b>	1,970,992	<b>554,975</b>	16,463
	<u><b>4,179,213</b></u>	<u>4,091,861</u>	<u><b>5,690,565</b></u>	<u>17,463</u>
Total current trade and other receivables	<b>107,163,293</b>	159,434,927	<b>5,690,565</b>	17,463
<b>Total trade and other receivables</b>	<b>107,163,293</b>	159,434,927	<b>25,052,914</b>	8,798,555

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

### 31 DECEMBER 2023

#### 10. TRADE AND OTHER RECEIVABLES (CONT'D)

The trade receivables are non-interest bearing and generally on **30 to 150 days** (2022: 30 to 150 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The amount due from subsidiaries are non-trade related, unsecured and classified based on the expected timing of realisation.

Included in the prepayments of the Group and of the Company is an amount of **RM530,000** (2022: RM Nil) paid to MIDF Property Berhad for the acquisition of one parcel of land as disclosed in Note 38 to the financial statements.

The currency profile of trade and other receivables of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	<b>6,870,700</b>	13,162,383	<b>25,052,914</b>	8,798,555
United States Dollar	<b>100,246,198</b>	145,994,702	-	-
Euro	<b>46,395</b>	277,842	-	-
	<b>107,163,293</b>	159,434,927	<b>25,052,914</b>	8,798,555

#### 11. INVENTORIES

	GROUP	
	2023 RM	2022 RM
<b>At cost</b>		
Raw materials	<b>67,305,002</b>	67,336,593
Work-in-progress	<b>6,903,397</b>	6,761,765
Finished goods	<b>22,352,260</b>	11,352,381
Consumables	<b>529,446</b>	469,627
Goods-in-transits	<b>4,644,408</b>	9,291,139
	<b>101,734,513</b>	95,211,505
Cost of inventories recognised in profit or loss:		
Inventories recognised as cost of sales	<b>272,270,091</b>	296,840,857
Reversal of inventories written down	<b>(158,099)</b>	(377,147)

The reversal of inventories written down was made during the financial year when the related inventories were sold above their carrying amounts.

#### Material accounting policy information

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is determined on the first-in, first-out basis.



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

31 DECEMBER 2023

### 12. CONTRACT COSTS

	GROUP	
	2023	2022
	RM	RM
<b>Cost to fulfill contract</b>		
- Manufacture of tooling	<u>5,331,166</u>	<u>4,610,913</u>

Cost to fulfil contract in relation to the manufacture of tooling comprises costs incurred to manufacture tooling which the related tooling sales has yet to be recognised as revenue.

These costs are amortised to profit or loss when the related tooling sales is recognised. During the financial year, the amount of amortisation is **RM745,554** (2022: RM2,471,696).

### 13. OTHER INVESTMENTS

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Financial assets at fair value through profit or loss ("FVTPL")</b>				
Short term funds with licensed financial institutions	<u>6,243,948</u>	-	<u>259,589</u>	-

Short term funds with licensed financial institutions of the Group and of the Company are primarily invested in a mixture of money market instruments with different maturity period. The funds can be redeemed at any point in time upon requested.

### 14. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Unencumbered:</b>				
Short term money market deposit	<b>7,434,684</b>	20,707,205	<b>6,842,609</b>	18,141,994
Cash in hand and at banks	<u>56,345,819</u>	<u>32,822,215</u>	<u>15,589,882</u>	<u>16,663,377</u>
	<b>63,780,503</b>	53,529,420	<b>22,432,491</b>	34,805,371
<b>Encumbered:</b>				
Fixed deposits with licensed banks	<u>8,612,683</u>	8,412,314	-	-
	<u><b>72,393,186</b></u>	<u>61,941,734</u>	<u><b>22,432,491</b></u>	<u>34,805,371</u>

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

### 31 DECEMBER 2023

#### 14. CASH AND BANK BALANCES (CONT'D)

The currency profile of cash and bank balances is as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	<b>40,681,003</b>	52,928,216	<b>22,432,491</b>	34,805,371
United States Dollar	<b>31,711,928</b>	9,013,283	-	-
Others	<b>255</b>	235	-	-
	<b><u>72,393,186</u></b>	<u>61,941,734</u>	<b><u>22,432,491</u></b>	<u>34,805,371</u>

The encumbered fixed deposits are pledged to licensed banks as securities for banking facilities granted to certain subsidiaries as disclosed in Note 18 to the financial statements.

The effective interest rate per annum and maturity of the short term money market deposit of the Group and of the Company as at the end of the reporting period are **2.95%** (2022: 2.70%) per annum and **1 day** (2022: 1 day) respectively.

The effective interest rate per annum and maturity of the fixed deposits with licensed banks of the Group as at the end of the reporting period are **2.30% to 2.80%** (2022: 1.55% to 2.25%) per annum and **12 months** (2022: 12 months) respectively.

#### 15. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Issued and fully paid with no par value:</b>				
Balance at beginning	<b>606,000,000</b>	557,600,000	<b>132,532,586</b>	97,550,900
Issuance of ordinary shares pursuant to private placement	-	48,400,000	-	35,332,000
Share issuance expenses	-	-	-	(350,314)
Balance at end	<b><u>606,000,000</u></b>	<u>606,000,000</u>	<b><u>132,532,586</u></b>	<u>132,532,586</u>

In the prior financial year, the Company had issued 48,400,000 new ordinary shares at an issue price of RM0.73 per ordinary share pursuant to a private placement for cash.

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

#### 16. CAPITAL RESERVE

Capital reserve represents premium paid to non-controlling interests to acquire additional equity interest in an existing subsidiary.

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

### 31 DECEMBER 2023

#### 17. RETAINED PROFITS

##### COMPANY

The franking of dividends of the Company is under the single tier system and therefore, there is no restrictions on the Company to distribute dividends subject to the availability of retained profits.

#### 18. BORROWINGS

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-current liabilities</b>				
<b>Secured:</b>				
<u>Finance lease liabilities</u>				
Minimum payments:				
Within one year	7,258,094	7,202,563	-	-
More than one year and less than two years	5,692,864	4,467,146	-	-
More than two years and less than five years	10,900,791	5,392,130	-	-
More than five years	127,708	346,708	-	-
	<b>23,979,457</b>	17,408,547	-	-
Future finance charges	(2,412,254)	(1,330,154)	-	-
	<b>21,567,203</b>	16,078,393	-	-
Amount due within one year included under current liabilities	(6,261,240)	(6,547,182)	-	-
	<b>15,305,963</b>	9,531,211	-	-
<u>Term loans</u>				
Total amount repayable	24,556,200	27,743,728	12,905,557	15,214,397
Amount due within one year included under current liabilities	(6,817,034)	(6,067,090)	(2,336,199)	(2,321,481)
	<b>17,739,166</b>	21,676,638	<b>10,569,358</b>	12,892,916
	<b>33,045,129</b>	31,207,849	<b>10,569,358</b>	12,892,916
<b>Current liabilities</b>				
<b>Secured:</b>				
Bank overdraft	557,925	845,051	-	-
Bankers' acceptance	10,500,000	21,105,532	-	-
Finance lease liabilities	6,261,240	6,547,182	-	-
Revolving credit	8,659,550	19,182,924	-	-
Term loans	6,817,034	6,067,090	2,336,199	2,321,481
	<b>32,795,749</b>	53,747,779	<b>2,336,199</b>	2,321,481
<b>Total borrowings</b>	<b>65,840,878</b>	84,955,628	<b>12,905,557</b>	15,214,397

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

### 31 DECEMBER 2023

#### 18. BORROWINGS (CONT'D)

The borrowings are secured by way of:

- (i) A first party legal charge over the freehold land, leasehold land, freehold office lot and buildings of certain subsidiaries as disclosed in Note 4 to the financial statements;
- (ii) A first party legal charge over the freehold land, leasehold land and buildings of the Company as disclosed in Note 5 to the financial statements;
- (iii) A fixed charge over the plant and machinery of a subsidiary as disclosed in Note 4 to the financial statements;
- (iv) Fixed deposits with licensed banks of certain subsidiaries as disclosed in Note 14 to the financial statements;
- (v) A third party first fixed charge over the properties of a company in which a director of the Company has substantial financial interest;
- (vi) Corporate guarantee of the Company; and
- (vii) Leased assets as disclosed in Note 4 to the financial statements.

The currency profile of borrowings is as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	<b>46,450,337</b>	48,862,931	<b>12,905,557</b>	15,214,397
United States Dollar	<b>19,390,541</b>	36,092,697	-	-
	<b>65,840,878</b>	84,955,628	<b>12,905,557</b>	15,214,397

A summary of the effective interest rates and maturities of the borrowings is as follows:

	Effective interest rates per annum (%)	Total RM	More than one year and less than two years		More than two years and less than five years		More than five years RM
			Within one year RM	RM	RM	RM	
<b>GROUP</b>							
<b>2023</b>							
Bank overdraft	<b>6.95</b>	<b>557,925</b>	<b>557,925</b>	-	-	-	-
Bankers' acceptance	<b>4.10 to 4.41</b>	<b>10,500,000</b>	<b>10,500,000</b>	-	-	-	-
Finance lease liabilities	<b>2.18 to 6.75</b>	<b>21,567,203</b>	<b>6,261,240</b>	<b>5,062,124</b>	<b>10,117,723</b>	<b>126,116</b>	-
Revolving credit	<b>6.75</b>	<b>8,659,550</b>	<b>8,659,550</b>	-	-	-	-
Term loans	<b>3.50 to 7.95</b>	<b>24,556,200</b>	<b>6,817,034</b>	<b>8,215,699</b>	<b>8,585,272</b>	<b>938,195</b>	-
<b>2022</b>							
Bank overdraft	6.70	845,051	845,051	-	-	-	-
Bankers' acceptance	4.02 to 6.09	21,105,532	21,105,532	-	-	-	-
Finance lease liabilities	1.88 to 3.62	16,078,393	6,547,182	4,099,069	5,096,236	335,906	-
Revolving credit	5.65	19,182,924	19,182,924	-	-	-	-
Term loans	3.50 to 7.70	27,743,728	6,067,090	6,017,844	12,503,408	3,155,386	-

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

### 31 DECEMBER 2023

#### 19. DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Balance at beginning	5,552,332	4,619,806	593,000	318,000
Recognised in profit or loss	56,139	251,808	26,000	26,000
	<b>5,608,471</b>	4,871,614	<b>619,000</b>	344,000
(Over)/Under provision in prior year	(59,646)	680,718	-	249,000
Balance at end	<b>5,548,825</b>	5,552,332	<b>619,000</b>	593,000

The deferred tax liabilities of the Group and of the Company are represented by temporary differences arising from:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Property, plant and equipment	5,923,763	5,575,342	128,000	149,000
Investment properties	-	-	491,000	444,000
Right-of-use assets	175,153	355,280	-	-
Lease liabilities	(159,748)	(366,569)	-	-
Unabsorbed reinvestment tax allowance	(176,063)	-	-	-
Provisions	(160,851)	(43,732)	-	-
Other deductible temporary differences	(53,429)	32,011	-	-
	<b>5,548,825</b>	5,552,332	<b>619,000</b>	593,000

#### 20. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Trade payables</b>				
Third parties	43,568,141	59,987,732	-	-
<b>Other payables</b>				
Sundry payables	4,123,091	8,279,569	23,435	11,727
Amount due to a director	5,525,000	7,525,000	-	-
Accruals	5,997,318	4,767,643	83,591	85,000
	<b>15,645,409</b>	20,572,212	<b>107,026</b>	96,727
<b>Total trade and other payables</b>	<b>59,213,550</b>	80,559,944	<b>107,026</b>	96,727

The trade payables are non-interest bearing and are normally settled within **30 to 180 days** (2022: 30 to 180 days) credit terms.

The amount due to a director of the Group is unsecured, non-interest bearing and repayable on demand.

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

### 31 DECEMBER 2023

#### 20. TRADE AND OTHER PAYABLES (CONT'D)

The currency profile of trade and other payables is as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	<b>21,822,773</b>	34,128,896	<b>107,026</b>	96,727
United States Dollar	<b>36,667,908</b>	44,520,733	-	-
Singapore Dollar	<b>473,703</b>	1,565,377	-	-
Euro	<b>243,322</b>	82,504	-	-
Others	<b>5,844</b>	262,434	-	-
	<b><u>59,213,550</u></b>	<u>80,559,944</u>	<b><u>107,026</u></b>	<u>96,727</u>

#### 21. CONTRACT LIABILITIES

	GROUP	
	2023 RM	2022 RM
<b>Deposits received from customers</b>		
Balance at beginning	<b>4,511,037</b>	2,214,059
Revenue recognised during the financial year	<b>(1,396,219)</b>	(3,401,407)
Progress billing issued during the financial year	<b>8,547,585</b>	5,698,385
Balance at end	<b><u>11,662,403</u></b>	<u>4,511,037</u>

Contract liabilities of the Group represent deposits received from customers in advance to manufacture tooling. The increase in contract liabilities in 2023 is mainly due to advance progress billing issued to a customer amounting to RM6,391,859 before the shipment.

#### 22. REFUND LIABILITIES

	GROUP	
	2023 RM	2022 RM
Arising from volume rebates	<b><u>61,902</u></b>	<u>114,912</u>

Refund liabilities arising from volume rebates represent volume rebates provided to certain customers who are entitled to the rebate on accumulated purchases to date. The rebates will be offset against outstanding balance owing by the customers. The volume rebates provided are expected to be materialised in the next financial year.

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

31 DECEMBER 2023

### 23. REVENUE

#### 23.1 Disaggregated revenue information

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Types of goods</b>				
Sales of goods	<b>309,148,538</b>	352,320,860	-	-
Tooling sales	<b>1,396,219</b>	3,401,407	-	-
<b>Total revenue from contracts with customers</b>	<b>310,544,757</b>	355,722,267	-	-
Distribution income	<b>69,315</b>	-	<b>69,315</b>	-
Gross dividend income from subsidiaries	-	-	<b>3,200,000</b>	8,300,000
Interest income	<b>111,768</b>	38,627	<b>976,474</b>	178,323
Rental income	-	-	<b>1,716,300</b>	1,716,300
<b>Other revenue</b>	<b>181,083</b>	38,627	<b>5,962,089</b>	10,194,623
<b>Total revenue</b>	<b>310,725,840</b>	355,760,894	<b>5,962,089</b>	10,194,623
<b>Geographical markets</b>				
United States of America	<b>179,852,253</b>	168,606,413	-	-
Malaysia	<b>74,044,352</b>	112,514,792	-	-
Asia Pacific	<b>55,859,073</b>	73,690,967	-	-
Europe	<b>623,851</b>	683,442	-	-
Oceania	<b>165,228</b>	226,653	-	-
<b>Total revenue from contracts with customers</b>	<b>310,544,757</b>	355,722,267	-	-
<b>Timing of revenue recognition</b>				
Revenue recognised at a point in time, representing total revenue from contracts with customers	<b>310,544,757</b>	355,722,267	-	-

#### 23.2 Contract balances

	GROUP	
	2023 RM	2022 RM
Trade receivables (Note 10)	<b>102,984,080</b>	155,343,066
Contract liabilities (Note 21)	<b>11,662,403</b>	4,511,037



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

### 31 DECEMBER 2023

#### 23. REVENUE (CONT'D)

##### 23.3 Performance obligations

The performance obligations of the Group to recognise revenue are as follows:

(i) **Sales of electronic components**

Revenue from sales of electronic components encompasses manufacturing and assembling of electronic components and is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

(ii) **Sales of mechanical components**

Revenue from sales of mechanical components encompasses the design and manufacturing of precision miniature engineering metal parts and components, precision mechanical parts, die casting and assembling and dealing of testing measuring equipment and is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

##### Unsatisfied performance obligations

The transaction price allocated to the remaining performance obligations of the Group (unsatisfied or partially unsatisfied) to be fulfilled within one year as at the end of the reporting period is **RM3,323,509** (2022: RM1,717,336).

#### 24. OTHER INCOME

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Distribution income	<b>80,880</b>	-	-	-
Gain on derecognition of right-of-use assets and lease liabilities	<b>69,005</b>	-	-	-
Gain on disposal of investment in an associate	<b>1,500,000</b>	-	-	-
Gain on disposal of property, plant and equipment	<b>233,336</b>	195,941	-	-
Gain on disposal of other investments	<b>547,943</b>	-	<b>550,221</b>	-
Realised gain on foreign exchange	<b>4,870,525</b>	3,761,133	-	-
Scrap sales	<b>282,478</b>	373,477	-	6,840
Sundry income	<b>45,189</b>	215,381	-	-
Unwinding discount on financial assets	-	-	-	987,066
	<b>7,629,356</b>	4,545,932	<b>550,221</b>	993,906

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

### 31 DECEMBER 2023

#### 25. FINANCE COSTS

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Accretion of interest on lease liabilities	<b>185,636</b>	118,902	-	-
Interest expenses on:				
- bank overdraft	<b>10,788</b>	14,231	-	-
- bankers' acceptance	<b>258,657</b>	590,634	-	-
- finance lease liabilities	<b>701,796</b>	844,354	-	-
- revolving credit	<b>890,547</b>	646,710	-	-
- term loans	<b>1,416,566</b>	1,022,056	<b>598,949</b>	551,158
	<b>3,463,990</b>	3,236,887	<b>598,949</b>	551,158

#### 26. FINANCE INCOME

	GROUP	
	2023 RM	2022 RM
Interest income from financial institutions	<b>1,120,960</b>	312,969

#### 27. PROFIT/(LOSS) BEFORE TAX

This is arrived at:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
After charging:				
Auditors' remuneration				
- Statutory audit				
- Grant Thornton Malaysia PLT				
- current year	<b>165,000</b>	151,000	<b>44,000</b>	42,000
- over provision in prior year	-	(5,000)	-	(5,000)
Assurance related and non-audit services				
- Grant Thornton Malaysia PLT	<b>3,000</b>	3,000	<b>3,000</b>	3,000
- Affiliate of Grant Thornton Malaysia PLT	<b>51,700</b>	34,700	<b>3,000</b>	3,000
Depreciation of:				
- investment properties	-	-	<b>540,662</b>	540,662
- property, plant and equipment	<b>15,770,342</b>	14,315,284	<b>90,729</b>	90,405
- right-of-use assets	<b>1,245,653</b>	931,795	-	-
Emoluments for non-executive directors <sup>(i)</sup>	<b>156,000</b>	155,500	<b>156,000</b>	155,500
Expenses relating to leases of low-value assets	<b>31,763</b>	20,600	-	-

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

### 31 DECEMBER 2023

#### 27. PROFIT/(LOSS) BEFORE TAX (CONT'D)

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Expenses relating to short-term leases	<b>715,850</b>	853,739	-	-
Fair value loss on other investments designated at FVTPL	<b>185,026</b>	-	<b>189,947</b>	-
Impairment loss on investment in subsidiaries	-	-	<b>30,860,000</b>	-
Loss on disposal of investment in an associate	-	380,371	-	-
Property, plant and equipment written off	<b>2,724</b>	11,725	-	-
Realised loss on foreign exchange	<b>139,112</b>	412,222	-	-
Staff costs <sup>(ii)</sup>	<b>57,354,963</b>	53,044,174	-	-
Unrealised loss on foreign exchange	<b>214,731</b>	620,816	-	-
And crediting:				
Reversal of inventories written down	<b>158,099</b>	377,147	-	-
<b>(i) Emoluments for non-executive directors</b>				
- Fees	<b>144,000</b>	144,000	<b>144,000</b>	144,000
- Allowance	<b>12,000</b>	11,500	<b>12,000</b>	11,500
	<b>156,000</b>	155,500	<b>156,000</b>	155,500
<b>(ii) Staff costs</b>				
- Salaries, allowances, bonus and wages	<b>51,360,275</b>	47,337,845	-	-
- Defined contribution plan	<b>5,250,632</b>	4,999,359	-	-
- Social security contribution	<b>671,462</b>	637,603	-	-
- Employment insurance scheme	<b>72,594</b>	69,367	-	-
	<b>57,354,963</b>	53,044,174	-	-

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

31 DECEMBER 2023

### 27. PROFIT/(LOSS) BEFORE TAX (CONT'D)

#### Directors' remuneration

The aggregate amount of remuneration received and receivable by the directors of the Company and its subsidiaries are as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Executive directors of the Company:</b>				
- Salaries, allowances and bonus	1,954,398	2,052,620	-	-
- Defined contribution plan	282,350	306,621	-	-
- Social security contribution	4,011	3,932	-	-
- Employment insurance scheme	218	269	-	-
	<u>2,240,977</u>	<u>2,363,442</u>	<u>-</u>	<u>-</u>
Benefits-in-kind	68,266	135,755	-	-
	<u>2,309,243</u>	<u>2,499,197</u>	<u>-</u>	<u>-</u>

### 28. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Malaysian income tax:				
Based on results for the financial year				
- Current tax	(5,760,003)	(10,507,000)	(328,000)	(112,000)
- Deferred tax relating to the origination and reversal of temporary differences	(56,139)	(251,808)	(26,000)	(26,000)
	<u>(5,816,142)</u>	<u>(10,758,808)</u>	<u>(354,000)</u>	<u>(138,000)</u>
Over/(Under) provision in prior year				
- Current tax	78,210	(3,907,746)	(14,625)	3,409
- Deferred tax	59,646	(680,718)	-	(249,000)
	<u>137,856</u>	<u>(4,588,464)</u>	<u>(14,625)</u>	<u>(245,591)</u>
	<u>(5,678,286)</u>	<u>(15,347,272)</u>	<u>(368,625)</u>	<u>(383,591)</u>

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

### 31 DECEMBER 2023

#### 28. INCOME TAX EXPENSE (CONT'D)

The reconciliation of tax expense of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before tax	<b>19,971,343</b>	36,366,260	<b>(26,253,821)</b>	9,270,803
Add: Share of results of associates	-	811,003	-	-
	<b>19,971,343</b>	<b>37,177,263</b>	<b>(26,253,821)</b>	<b>9,270,803</b>
Income tax at Malaysian statutory tax rate of 24%	<b>(4,793,122)</b>	(8,922,543)	<b>6,300,917</b>	(2,224,993)
Income not subject to tax	<b>527,553</b>	47,232	<b>932,188</b>	2,232,043
Expenses not deductible for tax purposes	<b>(1,047,835)</b>	(1,121,850)	<b>(7,587,105)</b>	(145,050)
Utilisation of reinvestment allowance	<b>1,934,055</b>	1,467,503	-	-
Deferred tax assets not recognised	<b>(2,814,072)</b>	(2,229,150)	-	-
Deferred tax assets recognised on unabsorbed reinvestment allowance	<b>377,279</b>	-	-	-
	<b>(5,816,142)</b>	(10,758,808)	<b>(354,000)</b>	(138,000)
Over/(Under) provision in prior year	<b>137,856</b>	(4,588,464)	<b>(14,625)</b>	(245,591)
	<b>(5,678,286)</b>	<b>(15,347,272)</b>	<b>(368,625)</b>	<b>(383,591)</b>

The deferred tax assets (gross amount) have not been recognised as at the end of the reporting period as it is not probable that future taxable profit will be available against which they may be utilised. As at the end of the reporting period, the Group's deferred tax position is as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax recognised:				
Property, plant and equipment	<b>3,748,592</b>	1,868,710	-	-
Unabsorbed capital allowances	<b>(3,748,592)</b>	(1,868,710)	-	-
	-	-	-	-
Deferred tax assets not recognised:				
Unused tax losses	<b>(24,261,345)</b>	(16,595,072)	-	-
Unabsorbed capital allowances	<b>(17,093,488)</b>	(13,994,360)	-	-
Unabsorbed reinvestment allowance	<b>(6,637,000)</b>	(5,798,000)	-	-
Other deductible temporary differences	<b>(557,689)</b>	(436,790)	-	-
	<b>(48,549,522)</b>	<b>(36,824,222)</b>	-	-

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

### 31 DECEMBER 2023

#### 28. INCOME TAX EXPENSE (CONT'D)

The gross amount and future availability of unused tax losses and unabsorbed allowances which are available to be carried forward for set-off against future taxable income is estimated as follows:

	GROUP	
	2023 RM	2022 RM
Unused tax losses	24,261,345	16,595,072
Unabsorbed capital allowances	20,842,080	15,863,070
Unabsorbed reinvestment allowance	<u>6,637,000</u>	<u>5,798,000</u>

The unused tax losses can be carried forward for ten (10) consecutive years of assessment immediately following that year of assessment ("YA") of which tax losses was incurred and this is effective from YA 2019. Unabsorbed reinvestment allowance at the end of the qualifying reinvestment allowance period of fifteen years can be carried forward for seven (7) consecutive YAs while unabsorbed capital allowances can be carried forward indefinitely.

The unabsorbed reinvestment allowance will be disregarded in YA 2032 while the unused tax losses will be disregarded in the following YAs:

	GROUP	
	2023 RM	2022 RM
YA 2029	297,000	297,000
YA 2030	2,211,000	2,211,000
YA 2031	3,091,000	3,091,000
YA 2032	4,060,499	4,060,499
YA 2033	6,935,573	6,935,573
YA 2034	<u>7,666,273</u>	<u>-</u>
	<u>24,261,345</u>	<u>16,595,072</u>

#### 29. EARNINGS PER SHARE

##### (i) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year as follows:

	GROUP	
	2023 RM	2022 RM
Profit attributable to owners of the Company (RM)	<u>14,496,509</u>	<u>21,653,963</u>
Weighted average number of ordinary shares in issue	<u>606,000,000</u>	<u>558,663,736</u>
Basic earnings per share (sen)	<u>2.39</u>	<u>3.88</u>

##### (ii) Diluted earnings per share

The earnings per share is not diluted as the Company does not have any dilutive potential ordinary shares as at the end of the reporting period.

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

### 31 DECEMBER 2023

#### 30. CAPITAL COMMITMENTS

	GROUP	
	2023	2022
	RM	RM
Contracted but not provided for:		
- Plant and equipment	817,012	-
- Machines	65,803	-
- Renovation of factory building	723,683	390,666
	<b>1,606,498</b>	<b>390,666</b>
Authorised but not contracted for:		
- Plant and equipment	-	121,350
- Machines	-	12,942,651
- Renovation of factory building	-	576,464
- Building	4,770,000	-
	<b>4,770,000</b>	<b>13,640,465</b>

#### 31. RELATED PARTY DISCLOSURES

##### (i) Related party transactions

Related party transactions have been entered into at terms agreed between the parties during the financial year.

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
Gross dividend income from subsidiaries	-	-	3,200,000	8,300,000
Interest receivable from subsidiaries	-	-	864,706	139,696
Rental income received from subsidiaries	-	-	1,716,300	1,716,300
Net advances to subsidiaries	-	-	<b>27,998,780</b>	<b>12,047,931</b>

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

### 31 DECEMBER 2023

#### 31. RELATED PARTY DISCLOSURES (CONT'D)

##### (ii) Compensation of key management personnel

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

The remuneration of the directors and other members of key management during the financial year is as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Fees	144,000	144,000	144,000	144,000
Salaries and other short-term employee benefits	3,683,096	3,380,590	12,000	11,500
Defined contribution plan	481,490	464,270	-	-
Social security contribution	12,119	9,673	-	-
Employment insurance scheme	1,109	925	-	-
Benefits-in-kind	91,658	162,439	-	-
	<b>4,413,472</b>	<b>4,161,897</b>	<b>156,000</b>	<b>155,500</b>
<b>Analysed as:</b>				
- Directors	2,465,243	2,654,697	156,000	155,500
- Other key management personnel	1,948,229	1,507,200	-	-
	<b>4,413,472</b>	<b>4,161,897</b>	<b>156,000</b>	<b>155,500</b>

#### 32. OPERATING SEGMENT

Operating segment is presented in respect of the Group's business segments. The business segments are based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

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

##### Business Segments

The Group comprises the following main business segments:

- (i) Electronic business unit      Manufacturing and assembling of electronic components.
- (ii) Mechanical business unit      Design and manufacturing of precision miniature engineering metal parts, precision mechanical parts, die casting and assembling and dealing of testing measuring equipment.
- (iii) Others      Investment holding.



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

### 31 DECEMBER 2023

#### 32. OPERATING SEGMENT (CONT'D)

Performance is measured based on segment operating profit as included in the internal management reports that are reviewed by the Group's Chief Executive Officer (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current financial year and previous financial year.

Segment assets exclude tax assets and unallocated assets.

Segment liabilities exclude tax liabilities and unallocated liabilities.

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

### 31 DECEMBER 2023

#### 32. OPERATING SEGMENT (CONT'D)

##### By business segments

2023

	Electronic RM	Mechanical RM	Others RM	Elimination RM	Note	Total RM
<b>Revenue</b>						
External customers	213,254,125	97,290,632	181,083	-		310,725,840
Inter-segment revenue	<u>2,399,893</u>	<u>317,221</u>	<u>5,781,006</u>	<u>(8,498,120)</u>	A	<u>-</u>
Total revenue	<u>215,654,018</u>	<u>97,607,853</u>	<u>5,962,089</u>	<u>(8,498,120)</u>		<u>310,725,840</u>
<b>Results</b>						
Segment results	17,673,521	3,722,880	917,972	-		22,314,373
Finance costs						(3,463,990)
Finance income						<u>1,120,960</u>
Profit before tax						19,971,343
Income tax expense						<u>(5,678,286)</u>
Profit for the financial year						<u>14,293,057</u>
<b>Assets</b>						
Segment assets	275,721,775	96,501,065	1,380,945	-		373,603,785
Goodwill						21,531,534
Tax recoverable						791,454
Cash and bank balances						<u>72,393,186</u>
Total assets						<u>468,319,959</u>
<b>Liabilities</b>						
Segment liabilities	97,136,555	30,755,255	13,013,583	-		140,905,393
Deferred tax liabilities						5,548,825
Tax payable						<u>1,108,858</u>
Total liabilities						<u>147,563,076</u>
<b>Other segment information</b>						
Additions to non-current assets	14,441,732	7,527,804	3,248	-	B	21,972,784
Depreciation						
- property, plant and equipment	6,837,729	8,301,222	631,391	-		15,770,342
- right-of-use assets	309,078	936,575	-	-		1,245,653
Non-cash expenses/ (income) other than depreciation	368,408	(788,674)	(1,500,000)	-	C	(1,920,266)

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

### 31 DECEMBER 2023

#### 32. OPERATING SEGMENT (CONT'D)

By business segments

2022

	Electronic RM	Mechanical RM	Others RM	Elimination RM	Note	Total RM
Revenue						
External customers	217,648,828	138,073,439	38,627	-		355,760,894
Inter-segment revenue	<u>2,513,064</u>	<u>528,203</u>	<u>10,155,996</u>	<u>(13,197,263)</u>	A	<u>-</u>
Total revenue	<u>220,161,892</u>	<u>138,601,642</u>	<u>10,194,623</u>	<u>(13,197,263)</u>		<u>355,760,894</u>
Results						
Segment results	23,849,973	16,970,492	(719,284)	-		40,101,181
Finance costs						(3,236,887)
Finance income						312,969
Share of results of associates						<u>(811,003)</u>
Profit before tax						36,366,260
Income tax expense						<u>(15,347,272)</u>
Profit for the financial year						<u>21,018,988</u>
Assets						
Segment assets	296,823,819	110,835,368	670,326	-		408,329,513
Goodwill						21,531,534
Tax recoverable						411,107
Cash and bank balances						<u>61,941,734</u>
Total assets						<u>492,213,888</u>
Liabilities						
Segment liabilities	114,543,515	43,281,355	15,312,125	-		173,136,995
Deferred tax liabilities						5,552,332
Tax payable						<u>7,060,710</u>
Total liabilities						<u>185,750,037</u>
Other segment information						
Additions to non- current assets	19,562,999	15,835,127	-	-	B	35,398,126
Depreciation						
- property, plant and equipment	6,109,867	7,574,350	631,067	-		14,315,284
- right-of-use assets	257,565	674,230	-	-		931,795
Non-cash (income)/ expenses other than depreciation	(613,875)	792,230	380,371	-	C	558,726

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

### 31 DECEMBER 2023

#### 32. OPERATING SEGMENT (CONT'D)

Notes to segment information:

- A. Inter-segment revenue are eliminated on consolidation.
- B. Additions to non-current assets consist of total cost incurred to acquire property, plant and equipment and additions of right-of-use assets.
- C. Other material non-cash expenses/(income) other than depreciation consist of the following items:

	2023	2022
	RM	RM
Accretion of interest on lease liabilities	<b>185,636</b>	118,902
Fair value loss on other investments designed at FVTPL	<b>185,026</b>	-
(Gain)/Loss on disposal of investment in associates	<b>(1,500,000)</b>	380,371
Gain on derecognition of right-of-use assets and lease liabilities	<b>(69,005)</b>	-
Gain on disposal of other investments	<b>(547,943)</b>	-
Gain on disposal of property, plant and equipment	<b>(233,336)</b>	(195,941)
Property, plant and equipment written off	<b>2,724</b>	11,725
Reversal of inventories written down	<b>(158,099)</b>	(377,147)
Unrealised loss on foreign exchange	<b>214,731</b>	620,816
	<b><u>(1,920,266)</u></b>	<b><u>558,726</u></b>

#### Geographical Segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers as disclosed in Note 23.1 to the financial statements. Segment assets are based on the geographical location of assets.

The entire non-current assets of the Group are derived from Malaysia.

#### Information about major customers

The major customers which individually contributed to 10% or more of the Group's revenue are as follows:

		Revenue	
	Segment	2023	2022
		RM	RM
Customer A	Electronic	<b>159,962,308</b>	160,562,004
Customer B	Electronic	<b>31,705,867</b>	44,204,498
Customer C	Mechanical	<b>31,689,084</b>	39,979,599

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

### 31 DECEMBER 2023

#### 33. FINANCIAL INSTRUMENTS

##### 33.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as FVTPL and amortised cost ("AC"):

	Carrying amount RM	FVTPL RM	AC RM
<b>GROUP</b>			
<b>2023</b>			
<b>Financial assets</b>			
Trade and other receivables, excluding non-refundable deposits and prepayments	104,721,665	-	104,721,665
Other investments	6,243,948	6,243,948	-
Cash and bank balances	72,393,186	-	72,393,186
	<u>183,358,799</u>	<u>6,243,948</u>	<u>177,114,851</u>
<b>Financial liabilities</b>			
Trade and other payables	59,213,550	-	59,213,550
Borrowings	65,840,878	-	65,840,878
	<u>125,054,428</u>	<u>-</u>	<u>125,054,428</u>
<b>2022</b>			
<b>Financial assets</b>			
Trade and other receivables, excluding non-refundable deposits and prepayments	156,930,503	-	156,930,503
Cash and bank balances	61,941,734	-	61,941,734
	<u>218,872,237</u>	<u>-</u>	<u>218,872,237</u>
<b>Financial liabilities</b>			
Trade and other payables	80,559,944	-	80,559,944
Borrowings	84,955,628	-	84,955,628
	<u>165,515,572</u>	<u>-</u>	<u>165,515,572</u>

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

### 31 DECEMBER 2023

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

##### 33.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	FVTPL RM	AC RM
<b>COMPANY</b>			
<b>2023</b>			
<b>Financial assets</b>			
Trade and other receivables, excluding prepayments	24,497,939	-	24,497,939
Other investments	259,589	259,589	-
Cash and bank balances	22,432,491	-	22,432,491
	<u>47,190,019</u>	<u>259,589</u>	<u>46,930,430</u>
<b>Financial liabilities</b>			
Trade and other payables	107,026	-	107,026
Borrowings	12,905,557	-	12,905,557
	<u>13,012,583</u>	<u>-</u>	<u>13,012,583</u>
<b>2022</b>			
<b>Financial assets</b>			
Trade and other receivables, excluding prepayments	8,782,092	-	8,782,092
Cash and bank balances	34,805,371	-	34,805,371
	<u>43,587,463</u>	<u>-</u>	<u>43,587,463</u>
<b>Financial liabilities</b>			
Trade and other payables	96,727	-	96,727
Borrowings	15,214,397	-	15,214,397
	<u>15,311,124</u>	<u>-</u>	<u>15,311,124</u>

##### 33.2 Financial risk management

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

##### 33.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables while the Company's exposure to credit risk arises principally from advances to its subsidiaries and financial guarantees provided to financial institutions in respect of credit facilities granted to certain subsidiaries.

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

31 DECEMBER 2023

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

#### 33.3 Credit risk (Cont'd)

##### 33.3.1 Trade receivables

The Group extends credit terms to customers that range between **30 to 180 days** (2022: 30 to 180 days). Credit period extended to its customers is based on careful evaluation of the customers' financial condition and payment history. Receivables are monitored on an ongoing basis via Group's management reporting procedures and action will be taken for long outstanding debts. In order to further minimise its exposure to credit risk, the Group, in some instances, requires letters of credits and deposits from the customers.

New customers are subject to a credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to set appropriate terms of trade and credit limits. Where appropriate, further sales are suspended and legal actions are taken to attempt recoveries and mitigate losses for delinquent accounts.

The Group assesses expected credit losses ("ECL") under MFRS 9 on trade receivables based on a provision matrix. The expected credit loss rates are based on the payment profile for sales in the past as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the outstanding amount. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed.

The Group applies the simplified approach to recognise lifetime expected credit losses for all trade receivables. The Group's ECL calculated under MFRS 9 is not material as at the end of the reporting period and hence, it was not provided for.

The ageing analysis of the Group's trade receivables as at the end of the reporting period is as follows:

	2023 RM	2022 RM
Not past due	<b>80,955,983</b>	117,469,079
1 to 30 days past due	<b>18,195,385</b>	17,688,224
31 to 60 days past due	<b>3,449,931</b>	18,910,776
61 to 90 days past due	<b>238,244</b>	1,107,031
More than 90 days past due	<b>144,537</b>	167,956
	<b>22,028,097</b>	37,873,987
	<b>102,984,080</b>	155,343,066

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group has trade receivables amounting to **RM22,028,097** (2022: RM37,873,987) that are past due but not impaired as the management is of the view that these debts will be collected in due course.

As at the end of the reporting period, the Group has significant concentration of credit risk in the form of outstanding balance due from **1 customer** (2022: 2 customers), representing **80%** (2022: 87%) of total trade receivables.

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

31 DECEMBER 2023

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

#### 33.3 Credit risk (Cont'd)

##### 33.3.2 Intercompany balances

The Company provides advances to its subsidiaries and monitors the results of the subsidiaries regularly.

The maximum exposure to credit risk is represented by the carrying amount as disclosed in Note 10 to the financial statements.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of these advances.

##### 33.3.3 Financial guarantees

The Company provides unsecured financial guarantees to financial institutions for banking facilities granted to certain subsidiaries. The limit of the financial guarantees and the maximum exposure of the financial guarantees are **RM127,928,991** (2022: RM116,864,239) and **RM67,237,976** (2022: RM76,338,689) respectively.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by them. As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment. The directors considered that the fair value of the financial guarantee contracts on initial recognition is insignificant.

#### 33.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

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

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one years and less than five years RM	More than five years RM
<b>GROUP</b>					
<b>2023</b>					
<b><i>Non-derivative financial liabilities</i></b>					
Trade and other payables	59,213,550	59,213,550	59,213,550	-	-
Borrowings	65,840,878	70,844,439	34,821,485	34,967,101	1,055,853
Lease liabilities	4,126,660	4,465,948	1,243,344	3,222,604	-
Total undiscounted financial liabilities	<b>129,181,088</b>	<b>134,523,937</b>	<b>95,278,379</b>	<b>38,189,705</b>	<b>1,055,853</b>



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

### 31 DECEMBER 2023

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

##### 33.4 Liquidity risk (Cont'd)

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one years and less than five years RM	More than five years RM
2022					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	80,559,944	80,559,944	80,559,944	-	-
Borrowings	84,955,628	88,523,029	54,627,185	30,330,420	3,565,424
Lease liabilities	2,995,474	3,189,800	1,023,600	2,166,200	-
Total undiscounted financial liabilities	168,511,046	172,272,773	136,210,729	32,496,620	3,565,424

#### COMPANY

##### 2023

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

Trade and other payables	107,026	107,026	107,026	-	-
Borrowings	12,905,557	14,433,024	2,857,612	10,647,267	928,145
* Financial guarantees	-	67,237,976	67,237,976	-	-
Total undiscounted financial liabilities	13,012,583	81,778,026	70,202,614	10,647,267	928,145

##### 2022

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

Trade and other payables	96,727	96,727	96,727	-	-
Borrowings	15,214,397	17,107,985	2,875,148	11,014,121	3,218,716
* Financial guarantees	-	76,338,689	76,338,689	-	-
Total undiscounted financial liabilities	15,311,124	93,543,401	79,310,564	11,014,121	3,218,716

\* This has been included for illustration purpose only as the related financial guarantees have not crystallised as at the end of the reporting period.

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

31 DECEMBER 2023

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

#### 33.5 Interest rate risk

The Group's and the Company's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's and of the Company's interest-bearing financial instruments based on their carrying amount as at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Fixed rate instruments</b>				
Financial assets	<b>16,047,367</b>	29,119,519	<b>28,682,252</b>	25,456,305
Financial liabilities	<b>32,509,783</b>	37,825,553	-	-
<b>Floating rate instruments</b>				
Financial liabilities	<b>33,331,095</b>	47,130,075	<b>12,905,557</b>	15,214,397

#### Sensitivity analysis for fixed rate instruments

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

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

An increase of 25 basis point at the end of the reporting period would have decreased the Group's profit before tax and equity by **RM83,328** (2022: RM117,825) and **RM63,329** (2022: RM89,547) respectively and the Company's profit before tax and equity by **RM32,264** (2022: RM38,036) and **RM24,521** (2022: RM28,907) respectively. A corresponding decrease would have an equal but opposite effect. These changes are considered to be reasonably possible based on observation of current market condition. This analysis assumes that all other variables remain constant.

#### 33.6 Foreign currency risk

The objectives of the Group's foreign exchange policies are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group is exposed to foreign currency risk mainly on sales and purchases that are denominated in currencies other than the functional currency of the Group entities. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currency giving rise to this risk is primarily United States Dollar ("USD").

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

31 DECEMBER 2023

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

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

##### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currencies exchange rates against Ringgit Malaysia, with all other variables being held constant, of the Group's profit before tax and equity. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have decreased profit before tax and equity by the amount shown below and a corresponding weakening would have an equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

	GROUP	
	2023	2022
	RM	RM
USD	(7,589,968)	(7,439,456)
Others	67,622	163,224
Decreased in profit before tax	<u>(7,522,346)</u>	<u>(7,276,232)</u>
Decreased in equity	<u>(5,716,983)</u>	<u>(5,529,936)</u>

#### 33.7 Equity price risk

Equity price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial assets designated at FVTPL will fluctuate because of changes in market prices. Equity price risk arises from the Group's and the Company's other investments which are the short term funds with licensed financial institutions.

Management of the Group and of the Company monitor the investment in short term fund and it can be redeemed at any time upon notice given to the financial institutions.

##### Sensitivity analysis for equity price risk

As at the end of the reporting period, if the prices of the short term funds has been 1% higher/lower, with all other variables held constant, the Group's and the Company's profit before tax and equity would have been higher/lower by the amount shown below, arising as a result of higher/lower fair value gain on investment in short term funds.

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
Increase in profit before tax and equity	<u>64,440</u>	<u>-</u>	<u>2,596</u>	<u>-</u>

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

31 DECEMBER 2023

### 34. FAIR VALUE MEASUREMENT

#### 34.1 Fair value measurement of financial instruments

The carrying amounts of the Group's and of the Company's financial assets (other than other investments) and financial liabilities as at the end of the reporting period approximate their fair values 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 period.

The carrying amount of the non-current portion of finance lease liabilities is reasonable approximation of fair values due to the insignificant impact of discounting.

#### 34.2 Financial assets that are measured at fair value on a recurring basis

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Carrying amount RM
<b>GROUP</b>					
<b>2023</b>					
<b>Financial asset</b>					
Other investments	<u>6,243,948</u>	-	-	<u>6,243,948</u>	<u>6,243,948</u>
<b>2022</b>					
<b>Financial asset</b>					
Other investments	<u>259,589</u>	-	-	<u>259,589</u>	<u>259,589</u>

#### Level 1 fair value

Level 1 fair value of the other investments is derived by reference to their quoted market prices in active markets at the end of reporting period.

#### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between level 1, 2 and 3 during the financial year.

#### 34.3 Non-financial assets that are measured at fair value

The directors determine the recurring fair values of the Company's investment properties based on the followings:

- (i) With reference to valuation report by external independent professional valuer using the market comparison method, being comparison of current price in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, size, present market trends and other differences; and
- (ii) Current market values with reference to the selling prices of similar properties.

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

### 31 DECEMBER 2023

#### 34. FAIR VALUE MEASUREMENT (CONT'D)

##### 34.3 Non-financial assets that are measured at fair value (Cont'd)

Details of the Company's investment properties and information about the fair value hierarchy are as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Carrying amount RM
<b>COMPANY</b>					
<b>2023</b>					
Investment properties	-	-	29,200,000	29,200,000	27,968,383
<b>2022</b>					
Investment properties	-	-	29,200,000	29,200,000	28,509,045

##### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

Level 3 fair value of investment properties have been generally derived using the market comparison approach. Selling price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

##### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1, 2 and 3 during the financial year.

#### 35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and to maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it in the light of changes in economic conditions or expansion of the Group and of the Company. The Group and the Company may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

The Group and the Company consider their total equity and total loans and borrowings to be the key components of their capital structure. The Group and the Company monitor capital using a debt to equity ratio, which is calculated as total borrowings divided by total equity as follows:

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

### 31 DECEMBER 2023

#### 35. CAPITAL MANAGEMENT (CONT'D)

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Total borrowings	<b>65,840,878</b>	84,955,628	<b>12,905,557</b>	15,214,397
Less: Cash and bank balances	<b>(72,393,186)</b>	(61,941,734)	<b>(22,432,491)</b>	(34,805,371)
Net (cash)/debt	<b>(6,552,308)</b>	23,013,894	<b>(9,526,934)</b>	(19,590,974)
Total equity	<b>320,756,883</b>	306,463,851	<b>135,120,562</b>	161,743,008
Gearing ratio	<b>N/A<sup>(i)</sup></b>	0.08	<b>N/A<sup>(i)</sup></b>	N/A <sup>(i)</sup>

<sup>(i)</sup> N/A – Not applicable as net cash position

#### 36. EMPLOYEE SHARE OPTION SCHEME (“ESOS”)

The effective date for the implementation of the Company’s ESOS is 3 April 2018 which is the date of full compliance of all relevant requirements of Rule 6.44(1) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The ESOS shall be in force for a period of five (5) years from 3 April 2018 and will expire on 2 April 2023. On 15 March 2023, the Company has extended its existing ESOS period for another five (5) years until 2 April 2028.

There were no options granted during the financial year.

The salient features of the ESOS are as follows :

- (i) the total number of options offered under the ESOS shall not exceed ten per centum (10%) of the issued and paid-up share capital of the Company at any point in time during the duration of the ESOS;
- (ii) an employee (including executive and non-executive directors) shall be eligible to participate in the ESOS if the employee is at least eighteen (18) years of age on the date of offer; employed for a continuous period of at least six (6) months in the Group and has not served a notice to resign or received a notice of termination prior to the offer date;
- (iii) not more than fifty per centum (50%) of the new shares available under the ESOS shall be allocated, in aggregate, to directors and senior management of the Group. In addition, not more than ten per centum (10%) of the new shares available under the ESOS shall be allocated to any individual director or employee who, either singly or collectively through person connected with the director or employee, holds twenty per centum (20%) or more in the issued and paid-up share capital of the Company, or such adjustment which may be made under the By-Law, the maximum number of new shares that may be offered and allotted to any employee shall be determined at the discretion of the ESOS Committee, subject to always to the provisions of the Listing Requirements relating to allocation to directors and employees;
- (iv) the option price shall be the higher of a price which is at a discount of not more than ten per centum (10%) from the weighted average market price of the shares as shown in the daily official list issued by the Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of offer, or such other percentage of discount as may be permitted by the Bursa Securities or any other relevant authorities from time to time during the duration of the ESOS;
- (v) the new shares to be allotted upon any exercise of the options shall upon allotment and issuance rank pari passu in all respects with the existing issued and paid-up shares of the Company except that the new shares so issued will not be entitled for any dividend, rights, allotments and/or other distribution where the entitlement date (namely the date as at the close of business on which shareholders must be entered in the Record of Depositors with the Bursa Depository in order to be entitled to any dividends, rights, allotments and/or other distributions) precedes the date of allotment of the ESOS;

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

### 31 DECEMBER 2023

#### 36. EMPLOYEE SHARE OPTION SCHEME ("ESOS") (CONT'D)

- (vi) the ESOS shall come into force for a period of five (5) years from the effective date. The Company may, if the Board of Directors deem fit, extend the ESOS for another five (5) years; and
- (vii) the new shares to be issued and allotted to a director or employee pursuant to the exercise of option will not be subject to any retention period or restriction except for non-executive director, who must not sell, transfer or assign any new shares obtained through the exercise of option offered to him under the ESOS within one (1) year from the date of offer.

#### 37. SIGNIFICANT EVENT

On 13 September 2023, the Company has entered into a Memorandum of Understanding with Jiangsu Dekai Auto Parts Co. Ltd. ("JDAPCL") to form a joint venture for the purpose of designing, manufacturing, marketing and selling automotive lighting products in Malaysia and other South East Asian Countries.

Both parties principally agree that JHM and/or its nominated party shall hold 55% of the shareholding and JDAPCL and/or its nominated party shall hold 45% of the shareholding in the abovementioned joint venture.

#### 38. EVENT AFTER THE REPORTING PERIOD

On 3 January 2024, the Company has entered into a Sale and Purchase Agreement with MIDF Property Berhad for the acquisition of one parcel of land for a total consideration of RM5.3 million. As at the date of this report, the acquisition transaction has been completed.

## LIST OF PROPERTIES

Title/Location	Date of Acquisition	Description	Built-up Area / Land area	Existing Use	Tenure	Approximate Age of Buildings	Carrying Amount as at 31/12/2023 RM
15-1-20 & 15-1-21, Bayan Point, Medan Kampung Relau, 11900 Penang	18.09.2006	Office Lot	2,132 sq. ft.	Sales and administration office	Freehold	25 years	287,219
15-1-22, Bayan Point, Medan Kampung Relau, 11900 Penang	10.10.2012	Office Lot	1,066 sq. ft.	Sales and administration office	Freehold	25 years	194,999
HS(D) 87019 PT 19554 Bandar Sungai Petani Daerah Kuala Muda, Kedah Darul Aman	23.05.2018	Industrial Land & Building	45,317 sq. ft.	Factory building	Freehold	28 years	2,988,850
HS(D) 87781 PT 19560 Bandar Sungai Petani Daerah Kuala Muda, Kedah Darul Aman	23.05.2018	Industrial Land & Building	71,318 sq. ft.	Factory building	Freehold	26 years	4,506,920
HS(D) 87778 PT 19559 Bandar Sungai Petani Daerah Kuala Muda, Kedah Darul Aman	23.05.2018	Industrial Land & Building	81,358 sq. ft.	Factory building	Freehold	26 years	4,533,587
HS(D) 10078 PT 6692 Bandar Kulim Daerah Kulim, Kedah Darul Aman	05.08.2013	Industrial Land & Building	82,215 sq. ft.	Factory building	Leasehold for 60 years expiring on 22/8/2046	23 years	4,673,539
Lot 1341, Section 38 Bandar Kulim Daerah Kulim, Kedah Darul Aman	02.04.2019	Industrial Land & Building	227,119 sq. ft.	Factory building	Leasehold for 60 years expiring on 9/9/2043	26 years	15,450,030
P326D, Batu Kawan Industrial Park, Penang	28.05.2021	Industrial Land	392,040 sq. ft.	Vacant land	Leasehold for 60 years expiring on 2/11/2082	N/A	21,142,935



## ANALYSIS OF SHAREHOLDINGS AS AT 1 APRIL 2024

Class of Shares	:	Ordinary shares
Voting Rights	:	On a show of hands, 1 vote
	:	On a poll, 1 vote for 1 ordinary share

### LIST OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

Name	Number of Shares Held			
	Direct	%	Deemed	%
DATO' SERI TAN KING SENG	192,130,000	31.70	50,000*	0.01
NOBLE MATTERS SDN. BHD.	67,441,452	11.13	-	-
CHEAH CHOON GHEE	1,830,000	0.30	67,441,452 <sup>#</sup>	11.13
ONG HOCK SEONG	-	-	67,441,452 <sup>#</sup>	11.13

<sup>#</sup> Deemed interested by virtue of his shareholdings of not less than 20% in Noble Matters Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

\* Deemed interest held through his son's shareholding in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.

### DIRECTORS' SHAREHOLDINGS IN THE COMPANY

Name	Number of Shares Held			
	Direct	%	Deemed	%
LIM CHUN THANG	-	-	-	-
DATO' SERI TAN KING SENG	192,130,000	31.70	50,000*	0.01
CHEAH CHOON GHEE	1,830,000	0.30	67,441,452 <sup>#</sup>	11.13
LOW SOO KIM	50,000	0.01	-	-
WONG CHI YENG	30,000	0.00	-	-
LAI FAH HIN	40,000	0.01	60,000 <sup>^</sup>	0.01
KHOR CHENG KWANG	39,400	0.01	-	-

Note :

<sup>#</sup> Deemed interested by virtue of his shareholdings of not less than 20% in Noble Matters Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

<sup>^</sup> Deemed interest held through his spouse's shareholdings in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.

\* Deemed interest held through his son's shareholdings in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.

### INTEREST IN RELATED CORPORATIONS

Dato' Seri Tan King Seng, by virtue of his interest in shares in the Company, is deemed interested in shares of all the Company's related corporations to the extent that the Company has an interest. Save as disclosed above, none of the other Directors in office has any interest in shares in the Company's related corporations as at 1 April 2024.

### ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
Less than 100 shares	16	0.13	380	0.00
100 to 1,000 shares	1,873	15.49	1,243,499	0.21
1,001 to 10,000 shares	6,169	51.03	31,142,100	5.14
10,001 to 100,000 shares	3,558	29.43	112,085,250	18.50
100,001 to less than 5% of issued shares	470	3.89	201,957,319	33.33
5% and above of issued shares	2	0.02	259,571,452	42.83
<b>Total</b>	<b>12,088</b>	<b>100.00</b>	<b>606,000,000</b>	<b>100.00</b>

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 1 APRIL 2024

### LIST OF THIRTY LARGEST SHAREHOLDERS

	NAME	NO. OF SHARES HELD	%
1	TAN KING SENG	55,432,000	9.15
2	TAN KING SENG	52,270,000	8.63
3	TAN KING SENG	48,000,000	7.92
4	NOBLE MATTERS SDN.BHD.	42,143,316	6.95
5	TAN KING SENG	36,428,000	6.01
6	NOBLE MATTERS SDN.BHD.	25,298,136	4.17
7	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	12,059,500	1.99
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)	9,089,900	1.50
9	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI KENG THYE	8,796,100	1.45
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD SAW KONG BENG	7,330,600	1.21
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	4,748,550	0.78
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AM INV)	4,600,000	0.76
13	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD AIIMAN ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	4,593,900	0.76
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ARIM)	4,318,500	0.71
15	GAN KOK KENG	2,700,000	0.45
16	GAN KOK KENG	2,500,000	0.41
17	TEY THIAN SING @ TEE THIAN KERN	2,150,000	0.35
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG WAH PENG	2,097,800	0.35
19	AMANAH RAYA BERHAD KUMPULAN WANG BERSAMA	2,000,000	0.33
20	AMANAHRAYA TRUSTEES BERHAD ASN EQUITY 2	2,000,000	0.33
21	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD AIIMAN ASSET MANAGEMENT SDN BHD FOR SUN LIFE MALAYSIA TAKAFUL BERHAD	1,937,700	0.32
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (GROWTH)	1,900,000	0.31
23	CHEAH CHOON GHEE	1,830,000	0.30
24	AFFIN HWANG NOMINEES (ASING) SDN BHD EXEMPT AN FOR LIM & TAN SECURITIES PTE LTD (CLIENTS A/C)	1,742,100	0.29
25	OOI KENG THYE	1,634,200	0.27
26	CHAW TECK LONG	1,620,000	0.27
27	GOH ENG HOE	1,602,100	0.26
28	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	1,282,089	0.21
29	KENANGA NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FORPHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	1,194,000	0.20
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (DANA EKT PRIMA)	1,158,000	0.19
	Total	<b>344,465,491</b>	<b>56.84</b>

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting of the Company will be held at Angsana Room, Level 3, Eastin Hotel Penang, 1 Solok Bayan Indah, Queensbay, 11900 Bayan Lepas, Penang, Malaysia on Monday, 27 May 2024 at 2.30 p.m. for the following purposes:-

### AGENDA

#### As Ordinary Business:

- |   |   |
|---|---|
| <ol style="list-style-type: none"> <li>1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon.</li> <li>2. To approve the payment of Directors' fees and Directors' benefits of RM159,000.00 for the financial year ending 31 December 2024.</li> <li>3. To re-elect Ms. Low Soo Kim who retires in accordance with the Article 95 of the Company's Constitution.</li> <li>4. To re-elect Mr. Lai Fah Hin who retires in accordance with the Article 95 of the Company's Constitution.</li> <li>5. To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.</li> </ol> | <p><b>Please refer to the Explanatory Notes</b></p> <p><b>Ordinary Resolution 1</b></p> <p><b>Ordinary Resolution 2</b></p> <p><b>Ordinary Resolution 3</b></p> <p><b>Ordinary Resolution 4</b></p> |
|---|---|

#### As Special Business :

To consider and if thought fit, to pass with or without modifications the following resolutions :-

6. **ORDINARY RESOLUTION  
AUTHORITY TO ISSUE SHARES**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (the "**Act**"), Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**") and/or the approvals of the relevant regulatory authorities, where required, the Directors be and are hereby empowered to issue and allot shares in the Company, at such time and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

AND THAT the existing shareholders of the Company hereby waive their pre-emptive rights to be offered new shares ranking equally to the existing issued shares in the Company pursuant to Section 85 of the Act read together with Article 57 of the Constitution of the Company arising from any issuance of new shares of the Company pursuant to Sections 75 and 76 of the Act."

**Ordinary  
Resolution 5**

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### As Special Business : (Cont'd)

To consider and if thought fit, to pass with or without modifications the following resolutions :- (Cont'd)

7. **ORDINARY RESOLUTION**  
**PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED SHARE BUY-BACK AUTHORITY")**

"THAT subject to Sections 112, 113 and 127 of the Act, the provisions of the Listing Requirements and all other applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised, to make purchase(s) of ordinary shares in the Company on Bursa Securities subject to the following: -

- (a) The maximum number of shares which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares of the Company for the time being;
- (b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits of the Company; and
- (c) Upon completion of the purchase by the Company of its own shares, the Directors of the Company are authorised to deal with the shares so bought-back in their absolute discretion in any of the following manner:-
  - (i) cancel the shares so purchased; or
  - (ii) retain the shares so purchased as treasury shares and held by the Company; or
  - (iii) retain part of the shares so purchased as treasury shares and cancel the remainder; or
  - (iv) distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or
  - (v) transfer all or part of the treasury shares for purposes of an employees' share scheme, and/or as purchase consideration; or

in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act, the Listing Requirements and other relevant guidelines issued by Bursa Securities and any other relevant authority for the time being in force;

AND THAT the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the general meeting at which such resolution was passed at which time the said authority will lapse unless renewed by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed under Section 340(4) of the Act); or
- (c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the Listing Requirements and other relevant guidelines issued by the Bursa Securities or any other relevant authorities.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### As Special Business : (Cont'd)

To consider and if thought fit, to pass with or without modifications the following resolutions :- (Cont'd)

7. **ORDINARY RESOLUTION  
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN  
SHARES ("PROPOSED SHARE BUY-BACK AUTHORITY") (CONT'D)**

AND THAT the Directors of the Company be and are authorised to take all such steps to implement, finalise and give full effect to the Proposed Share Buy-Back Authority with full power to assent to any conditions, modifications, revaluations and/or amendments as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter in accordance with the Act, the Listing Requirements and other relevant guidelines issued by Bursa Securities and any other relevant authorities."

**Ordinary  
Resolution 6**

8. To transact any other business for which due notices shall have been given in accordance with the Companies Act 2016.

By Order of the Board,

**CHEE WAI HONG (BC/C/1470)**  
**SSM PC No. 202008001804**  
**TAN SHE CHIA (MAICSA 7055087)**  
**SSM PC No. 202008001923**

Company Secretaries

Penang

Date: 26 April 2024

Notes :

1. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. The proxy form must be duly completed and deposited at the Registered Office of the Company, Suite 16.06, MWE Plaza, No. 8, Lebuh Farquhar, 10200 George Town, Pulau Pinang not less than 48 hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint not more than 2 proxies to attend and vote at the same meeting.
4. Where a member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
8. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to the Article 69 of Company's Constitution and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("**ROD**") as at 20 May 2024 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
9. All resolutions as set out in this notice of Nineteenth Annual General Meeting are to be voted by poll.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### *Explanatory Note on Ordinary Business*

#### **Item 1 of the Agenda**

#### **To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon.**

This item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require shareholders' approval for the audited financial statements. Therefore, this item will not be put forward for voting.

#### **Ordinary Resolution 1 – Payment of Directors' fees and Directors' benefits**

The proposed Ordinary Resolution 1 is to facilitate payment of Directors' fees and Directors' benefits on current financial year basis, calculated based on the number of scheduled Board and Committee meetings for 2024 and assuming that all Non-Executive Directors will hold office until the end of the financial year. In the event the Directors' fees and Directors' benefits proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for additional fees and benefits to meet the shortfall.

#### **Ordinary Resolutions 2 and 3– Re-election of Directors**

The following Directors are standing for re-election as Directors of the Company pursuant to Article 95 of the Company's Constitution respectively at the Nineteenth Annual General Meeting of the Company and being eligible have offered themselves for re-election in accordance with the Company's Constitution :-

- a) Ms. Low Soo Kim (Article 95)
  - b) Mr. Lai Fah Hin (Article 95)
- (collectively referred to as "**Retiring Directors**")

The Board has through the Nomination Committee ("**NC**") carried out the necessary assessment of the Retiring Directors and concluded that the Retiring Directors met the criteria as prescribed under Paragraph 2.20A of the Listing Requirements and the Fit and Proper Policy of the Company on character, experience, integrity, competence and time commitment to effectively discharge their role as Directors.

The Board has also through the NC assessed the performance and contribution of each of the Retiring Directors, including the assessment on the independence of Mr. Lai Fah Hin, being an Independent Non-Executive Director ("**INED**"). The Board is satisfied with the performance of each of the Retiring Directors and the independence of the INED.

The Board has endorsed the NC's recommendation to seek shareholders' approval for the re-election of the Retiring Directors. The details and profiles of the Retiring Directors are provided in the Directors' profile on pages 13 and 14 of the Annual Report 2023.

### *Explanatory Note on Special Business*

#### **Ordinary Resolution 5 – Authority to issue shares**

#### **Renewal of authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016**

The proposed Ordinary Resolution 5, if passed, will give authority to the Board of Directors of the Company to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company without convening a general meeting. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next AGM.

As at the date of this Notice, the Company has not issued any new shares pursuant to the general authority granted to the Directors at the Eighteenth AGM held on 31 May 2023 and which will lapse at the conclusion of the Nineteenth AGM to be held on 27 May 2024.

A renewal of this authority is being sought at the Nineteenth AGM under proposed Ordinary Resolution 5.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### *Explanatory Note on Special Business (Cont'd)*

#### **Ordinary Resolution 5 – Authority to issue shares (Cont'd)**

#### **Renewal of authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 (Cont'd)**

Pursuant to Section 85 of the Companies Act 2016 read together with Article 57 of the Constitution of the Company, the shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company.

The proposed Ordinary Resolution 5, if passed, would allow the Directors to issue new shares to any person under the said mandate without having to offer the new shares in the Company to be issued equally to all existing shareholders of the Company prior to issuance.

This authority if granted will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

#### **Ordinary Resolution 6 - Proposed Share Buy-Back Authority**

The proposed Ordinary Resolution 6, if passed, will allow the Directors of the Company to exercise the power of the Company to purchase up to 10% of the total number of issued shares of the Company at any time within the time period stipulated in the Listing Requirements.

The details of the proposal are set out in the Statement to Shareholders dated 26 April 2024.

### **PERSONAL DATA POLICY**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the AGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"). (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

## **STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming AGM.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 5 as stated in the Notice of Nineteenth AGM of the Company for the details.



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# PROXY FORM

**JHM CONSOLIDATION BERHAD**  
Company No. 200501009101 (686148-A)  
(Incorporated in Malaysia)

CDS Account No.	
No. of ordinary shares held	

I/We ..... (FULL NAME IN BLOCK LETTERS)

(NRIC No./Passport No./Registration No.....) of.....

..... (FULL ADDRESS) being a

\*member/members of **JHM CONSOLIDATION BERHAD** (the "Company"), hereby appoint

Name of Proxy	NRIC No./Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Address			
E-mail	Contact No.		

\*and

Name of Proxy	NRIC No./Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Address			
E-mail	Contact No.		

to attend and vote for \*me/ us and on \*my/ our behalf at the Nineteenth Annual General Meeting of the Company to be held at Angsana Room, Level 3, Eastin Hotel Penang, 1 Solok Bayan Indah, Queensbay, 11900 Bayan Lepas, Penang, Malaysia on Monday, 27 May 2024 at 2.30 p.m. and at every adjournment thereof to vote as indicated below :

Resolutions			
As Ordinary Business:		For	Against
Ordinary Resolution 1	Approval of payment of Directors' fees and Directors' benefits for the financial year ending 31 December 2024		
Ordinary Resolution 2	Re-election of Ms. Low Soo Kim as Director		
Ordinary Resolution 3	Re-election of Mr. Lai Fah Hin as Director		
Ordinary Resolution 4	Re-appointment of Messrs. Grant Thornton Malaysia PLT as Auditors and to authorise the Directors to fix the Auditors' remuneration		
As Special Business:		For	Against
Ordinary Resolution 5	Authority to issue shares		
Ordinary Resolution 6	Proposed Renewal of Share Buy Back Authority		

Please indicate with an "X" in the spaces provided above as to how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

In the case of a vote taken by a show of hands, the First Proxy shall vote on \*my/our behalf.

As witness my hand this ..... day of ....., 2024.

\* Strike out whichever is not desired

.....  
Signature of Member (s)/ Common Seal

Contact No.:

Notes :

1. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. The proxy form must be duly completed and deposited at the Registered Office of the Company, Suite 16.06, MWE Plaza, No. 8, Lebuhraya Farquhar, 10200 George Town, Pulau Pinang not less than 48 hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint not more than 2 proxies to attend and vote at the same meeting.
4. Where a member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
8. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to the Article 69 of Company's Constitution and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 20 May 2024 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
9. All resolutions as set out in this notice of Nineteenth Annual General Meeting are to be voted by poll.

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Stamp

THE COMPANY SECRETARIES  
**JHM CONSOLIDATION BERHAD**  
Company No. 200501009101 (686148-A)  
Suite 16.06, MWE Plaza  
No. 8, Lebuhr Farquhar  
10200 George Town, Pulau Pinang

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Please fold here to seal

**JHM Consolidation Berhad** 200501009101 (686148-A)

15-1-21 Bayan Point,  
Medan Kampung Relau,  
11900 Penang.

Tel : 604 646 5121  
Fax : 604 645 7326

[www.jhm.net.my](http://www.jhm.net.my)

