CPE Tech®

CPE TECHNOLOGY BERHAD

(Registration No.: 202101015732 (1416032-X))

Integrating Innovation

Enhancing Precision

Annual Report 2024

Contents

Cover Rationale

Fusing with the ever-evolving globalisation, CPE Technology is ready to signal its presence in the market sphere with monumental foresight. Established from a sturdy foundation, the Group has been championing precision in every operation and mechanism since its inception and today, CPE Technology is looking forward to integrating and fortifying innovation within itself with the sole aim of achieving precision across all aspects.

A leading one-stop solution provider in quality precision machining and mechanical assemblies.

CPE Technology Berhad is a holding company of several subsidiaries, including Champion Precision Engineering Pte Ltd, Champion Precision Technology Sdn. Bhd, Champion Component Sdn. Bhd. and Champion Oil Tool Sdn. Bhd.

Our inception started over three decades ago when Champion Precision Engineering Works was founded in Singapore in 1985. Over the next ten years, Champion Precision Engineering Pte Ltd had grown by leaps and bounds and subsequently expanded to Johor, Malaysia in 1995.

Vision

To extend our capabilities and services globally, and provide beyond what is available in the market.

Mission

To be a leading and preferred partner with our customers by providing high-quality, timely and cost-effective products that exceed our customer's requirements, thus satisfying our aspiration to achieve profitable growth.

Our Strengths

01
Precision Capabilities

02
Manufacturing Capacity

03
Cost-effective prices

04
Quality Services

05
Global Recognition

06
Sustainability

Board of Directors

Mr. Ang Seng Wong
Independent Non-Executive Chairman

Mr. Lee Chen Yeong
Executive Director cum Group Chief Executive Officer

Mr. Foo Ming
Non-Independent Non-Executive Director

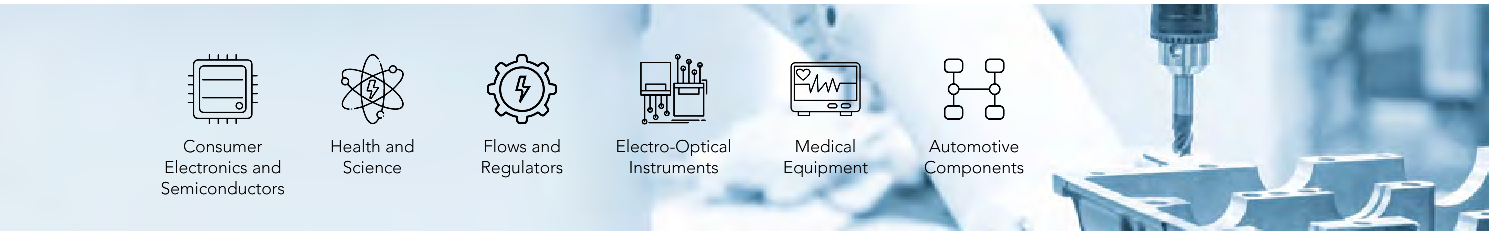
Mr. Mu Woon Chai (Derrick)
Executive Director

Ms. Lai Hooi Yim
Independent Non-Executive Director

Ms. Liew Chee Kar
Independent Non-Executive Director

Mr. Willham Siau
Independent Non-Executive Director

Ms. Tham Wei Mei
Independent Non-Executive Director



Audit and Risk Management Committee

- Chairman
  Ms. Lai Hooi Yim

  Members
  Ms. Liew Chee Kar
- **Mr. Willham Siau**

Nomination and Remuneration Committee

- Chairman
  Mr. Willham Siau

  Members
  Mr. Foo Ming
- **Ms. Tham Wei Mei**

Compliance Committee

- Chairman
  Ms. Liew Chee Kar

  Member
  Ms. Lai Hooi Yim
  Ms. Tham Wei Mei
  Mr. Hun Jiang Yann
  Ms. Tan Lay Choon
  Environmental Competency Consultancy Sdn. Bhd.
- **Active ESH Sdn. Bhd.**

Company Secretary

Wong Chee Yin
(MAICSA No. 7023530)
(SSM Practising No. 202008001953)

Registered Office

Suite 1301, 13th Floor,
City Plaza, Jalan Tebrau,
80300 Johor Bahru, Johor,
Malaysia.
Tel: +607-3354988
Fax: +607-3354977

Share Registrar and Issuing House

Tricor Investor & Issuing House Services Sdn. Bhd.
(Company No. 197101000970 (11324-H))
Unit 32-01, Level 32,
Tower A, Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel: +603 2783 9299
Fax: +603 2783 9222
Email: is.enquiry@vistra.com

Auditors

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF1146)
Level 16, Menara Ansar
Jalan Trus
P.O. Box 296
80730 Johor Bahru, Johor
Tel: +607 218 6000

Principal Bankers

Public Bank Berhad
Public Islamic Bank Berhad

Stock Exchange Listing

Main Market, Bursa Malaysia Securities Berhad
Sector : Industrial Products and Services
Stock Code: 5317
Stock Name: CPETECH

Website

https://www.cpetbhd.com/

CORPORATE STRUCTURE

CPE Tech

CPE TECHNOLOGY BERHAD
(Registration No.: 202101015732 (1416032-X))

100 %
Champion Precision Engineering Pte Ltd
(1996007386M)

100 %
Champion Oil Tool Sdn Bhd
201201033715 (1018203-M)

100 %
Champion Precision Technology Sdn Bhd
199501027211 (356416-M)

100 %
Champion Component Sdn Bhd
201201033711 (1018199-H)

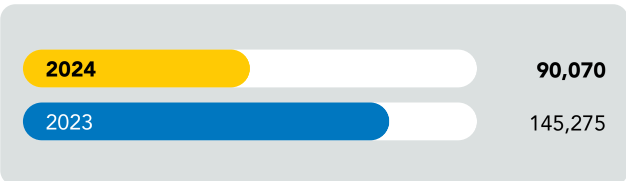
	FYE 2023	FYE 2024
Revenue (RM'000)	145,275	**90,070**
Profit Before Tax (RM'000)	39,101	**14,263**
Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") (RM'000)	49,134	**20,843**
Net Profit After Tax (RM'000)	30,293	**11,093**
Total Equity (RM'000)	137,688	**313,919**
Total Assets (RM'000)	195,585	**343,576**
Total Liabilities (RM'000)	57,897	**29,657**
Gearing Ratio	0.24	**0.04**
Basic Earnings Per Share (Sen)	6.02	**1.85**
Net Assets Per Share Attributable to Owners (Sen) [1]	0.27	**0.47**

Note:
[1] In the calculation of Net Assets Per Share Attributable to Owners is calculated based on the Company's enlarged number of ordinary shares as at FYE 30 June 2024 of 671,314,791 ordinary shares (FYE 30 June 2023: 503,486,091 ordinary shares)

	Revenue (RM'000)	Net Profit After Tax ("PAT") (RM'000)	Net Assets Per Share Attributable to Owners (Sen)[1]	Basic Earnings Per Share (Sen)
FYE 2024	**90,070**	**11,093**	**0.47**	**1.85**
FYE 2023	145,275	30,293	0.27	6.02

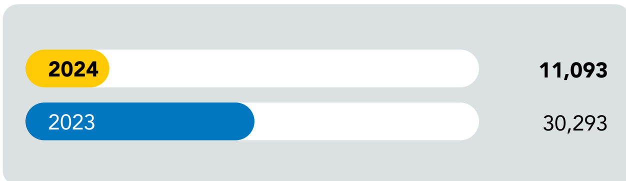
Revenue
(RM'000)

90,070



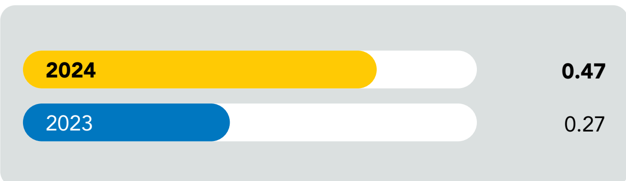
Profit After Taxation ("PAT")
(RM'000)

11,093



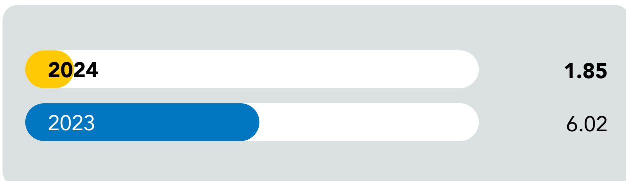
Net Assets Per Share
Attributable to Owners (Sen)

0.47



Basic Earnings Per Share
(Sen)

1.85



STRONG LEADERSHIP CREATES THE OPPORTUNITY

MR. ANG SENG WONG

Independent Non-Executive Chairman

62 years old | Male | Malaysian

Mr. Ang Seng Wong is our Independent Non-Executive Chairman. He was appointed to our Board on 1 April 2022 as our Independent Non-Executive Director and was subsequently appointed as our Independent Non-Executive Chairman on 16 June 2022.

He graduated with a Bachelor of Business (Banking and Finance) and a Bachelor of Arts in May 1988 from the Chisholm Institute of Technology, Australia (currently known as Monash University). He graduated with a Master of Business Administration from Cardiff Metropolitan University, Wales in September 2016. He is a member of the Malaysian Institute of Accountants since May 1998. He is a member of the Institute of Corporate Directors Malaysia since October 2022 and subsequently became a fellow of the Institute of Corporate Directors Malaysia since November 2022.

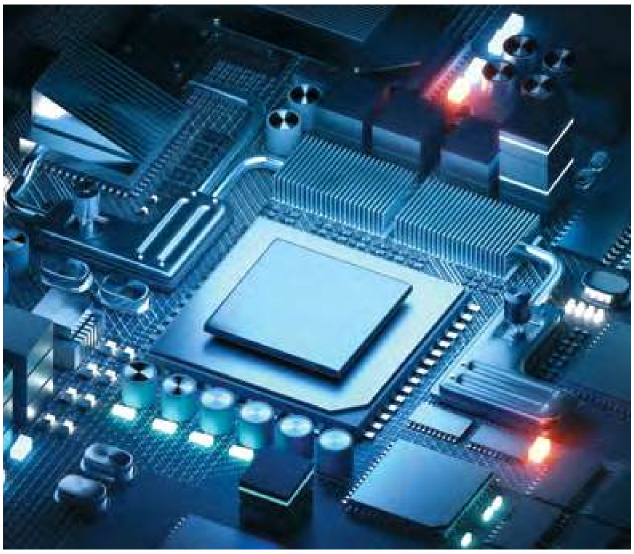
He began his career in January 1986 with Freeman McMurrick Pty. Ltd. in Australia as an Accountant where he was responsible for assisting in the preparation of management accounts, liaising with underwriters and assisting in the preparation of the company's accounts. He left the company in November 1989.

He then returned to Malaysia and joined Apex Securities Sdn. Bhd. (currently known as JF Apex Securities Berhad) from December 1989 to March 1990 where he was involved in conducting research on the stock market, analysing stocks and recommending stocks in a monthly newsletter.

Between his time with JF Apex Securities Berhad and MBf Finance Berhad (as described below), he worked as a freelancer involved in performing feasibility studies, writing marketing reports and business proposals in the plastics industry.

He then joined MBf Finance Berhad in December 1990 until June 1991 as an Assistant Manager where he was responsible for accounting matters such as accounts reconciliation and reporting.

In June 1991, he joined TH-Exima Electronics (M) Sdn. Bhd. as a Finance Director where he was responsible for finance and accounts reporting. He left the company in October 1992.



He was then appointed as a representative of the CIDC (Malaysia) Sdn. Bhd. (a subsidiary company of China Investment Development Company, Taiwan) from January 1993 to July 1994. He was involved in sourcing and recommending investment opportunities to the company.

He subsequently joined NCK Corporation Berhad (a public listed company which was listed on the Main Market of Bursa Securities before transferring of its listing status to APB Resources Berhad on 6 May 2004) as a Corporate Affairs Manager in July 1994 where he was responsible in reporting, assisting and taking instructions from the group's managing director of the company to manage the businesses of its subsidiary companies which includes, inter alia, tasks involving monthly accounts analysis, subsidiary companies' management meetings, business liaison with suppliers, contractors, customers and bankers. During his time with the company, he was appointed to the board of directors of several of the company's subsidiary companies. He left the company in December 1998.

In February 1999, he joined Pacific Asian Exporters Inc as a Regional Representative on a part-time basis where he was involved in establishing a supply chain to produce and export plastic products to the USA. He left his position in June 2007.

In March 2003, he began to conduct training sessions and lectures on subjects such as soft skills, supervisory skills, management skills and corporate governance on a part time basis. He was affiliated with several training companies such as Nobel Konsult Sdn. Bhd. and EMC Management Centre Sdn. Bhd. He is still currently involved in conducting training sessions on various subjects.

He was appointed as a General Manager of Astral Supreme Berhad (currently known as Vizione Holdings Berhad, a public company listed on the Main Market of Bursa Securities) from October 2003 where he was in charge of overseeing the manufacturing, marketing and distribution of electrical and electronic products. He was then appointed as an Executive Director of the company in April 2005. He resigned from his position as an Executive Director in August 2005.

He was appointed as an Independent Non-Executive Director in EG Industries Berhad and Ralco Corporation Berhad, both a public company listed on the Main Market of Bursa Securities, on 30 January 2009 and 14 August 2019 respectively. Subsequently, in May 2023, he was re-designated from his position as an Independent Non-Executive Director to a Non-Independent Non-Executive Director at EG Industries Berhad.

On 27 November 2023, he was appointed as an Independent Non-Executive Director in Life Water Berhad. On 9 January 2024, he was appointed as Independent Non-Executive Chairman in Infoline Tec Group Berhad. On 21 March 2024, he resigned as an Independent Non-Executive Director from Ralco Corporation Berhad. On 31 May 2024, he retired as a Non-Independent Non-Executive Director from EG Industries Berhad.

He was appointed as an Independent Non-Executive Director in Eduspec Holdings Berhad, a public listed company listed on the Main Market of Bursa Securities, on 13 June 2024. Subsequently, he resigned from his position as an Independent Non-Executive Director in Eduspec Holdings Berhad on 23 October 2024.

He has no family relationship with our major shareholders, other Directors and Key Senior Management.

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MR. LEE CHEN YEONG

Executive Director cum Group Chief Executive Officer

52 years old | Male | Malaysian

Mr. Lee is our Executive Director and Group Chief Executive Officer and major shareholder.

He was appointed to our Board on 26 April 2021. He was appointed as our Executive Chairman and Group Chief Executive Officer on 25 April 2022. However, he has relinquished the Executive Chairman post on 15 June 2022 (whilst remaining as the Executive Director and Group Chief Executive Officer) and our Board had, on 16 June 2022, appointed Mr. Ang Seng Wong as the Independent Non-Executive Chairman.

As our Executive Director and Group Chief Executive Officer, he is the main person in charge in overseeing the management and business operations of our Group as well as the strategic planning, formulation and implementation of our Group's strategies, ably assisted by Mr. Foo and Mr. Mu.

Mr. Lee completed the Singapore-Cambridge General Certificate of Education Examination (Normal Level) in Singapore in 1988. He is also a member of the Institute of Corporate Directors Malaysia since October 2022.

In January 1989, he started his career as a Machine Operator in Champion Precision Engineering Works and was promoted as a Production Head in January 1990 where he was primarily responsible for meeting quality standards and deadlines for products. In the year 1995, when Champion Precision Technology Sdn Bhd ("Champion PT") was incorporated, Mr. Lee was further promoted as the director of Champion PT in August 1995 where he was primarily responsible for the overall strategic planning, management, operation and business development of Champion PT. In April 1996, he was appointed as a director of Champion PE.

In June 2012, he was promoted to Managing Director of Champion PT. In September 2012, he was also appointed as a director of Champion Component ("Champion C") and Champion Oil Tool Sdn Bhd ("Champion Oil"). Once he was appointed as the director of Champion Precision Engineering Pte. Ltd. ("Champion PE"), Champion PT, Champion C and Champion Oil, he has been in charge of overseeing the management and business operations of our Group and the respective heads of departments report to him.

Over the years, he has garnered approximately 36 years of experience in the precision engineering industry.

He has no family relationship with the major shareholders of our Company, other Directors and our Key Senior Management.

MR. FOO MING

Non-Independent Non-Executive Director

71 years old | Male | Malaysian

Mr. Foo is our Non-Independent Non-Executive Director, major shareholder and one of the co-founders of our Group. He was appointed to our Board on 26 April 2021 where he is mainly responsible in supervising the key decisions of our management which include, but not limited to, any material investment decisions of our Group, and providing advice to our Board based on his experience in the precision engineering industry as well as overseeing the administrative matters in Champion Precision Engineering Pte. Ltd. ("Champion PE"), particularly on the approvals for payments by Champion PE. He is also a member of our Nomination and Remuneration Committee.

He completed his secondary school education from Sekolah Menengah Kebangsaan St. Paul Tanjung Tualang, Perak, Malaysia in 1969. He was awarded with the Grade Three National Trade Certificate in Metal Machining from the Industrial Training Board Singapore in July 1976 and subsequently obtained the Certificate in Supervisory Studies jointly awarded by the Lancastrian School of Management and the Institution of Industrial Managers in December 1982. He is also a member of the Institute of Corporate Directors Malaysia since October 2022.

From January 1970 to December 1970, he was employed as a general worker by Ngai Cheong Engineering Works located in Kuala Lumpur, where they were mainly involved in the manufacturing of furniture metal parts. Prior to starting his career in Singapore, between January 1971 to September 1972, he was freelancing and doing part-time basis job in Kuala Lumpur with different employers who are involved in the mechanical engineering works industry. In November 1972, he started his career in Singapore with Polygon Products Private Limited as a Junior Machinist where he left in February 1975. Subsequently, he worked as a Senior Setter in Kenwan Precision Engineering Private Limited from March 1975, where he remained until March 1977. In June 1977, he joined Union Hydraulic Jack Pte. Ltd., a machine tools supplies company as Technical Supervisor, he was subsequently promoted as the Assistant Engineer in September 1979 and he left the company in February 1984.

In September 1985, he, together with his wife, Ms. Leong, used their own resources to set up Champion Precision Engineering Works ("Champion PEW") to primarily engage in installation of industrial machinery and equipment, and mechanical engineering works in Singapore. In August 1995, he co-founded Champion Precision Technology Sdn Bhd ("Champion PT") with Mr. Chan Siew Hong who ceased to be the director and the shareholder of Champion PT on 11 May 2012 and 10 September 2012, respectively. Mr. Foo was appointed as a director of Champion PT in August 1995, Champion PE in January 1996, and Champion Component Sdn Bhd ("Champion C") and Champion Oil Tool Sdn Bhd ("Champion Oil") in September 2012.

Over the years, he has obtained approximately 55 years of experience in precision engineering industry.

He has no family relationship with the major shareholders of our Company, other Directors and our Key Senior Management.

BOARD OF DIRECTORS' PROFILE

MR. MU WOON CHAI

Executive Director

58 years old | Male | Singaporean

Mr. Mu is our Executive Director and major shareholder.

He was appointed to our Board on 26 April 2021 and is primarily responsible for our Group's engineering, production and maintenance services related matters and overseeing the administrative matters in Champion Precision Technology Sdn Bhd ("Champion PT").

He completed the Singapore-Cambridge General Certificate of Education Examination (Ordinary Level) in Singapore in December 1982. He took a break after the completion of his Singapore-Cambridge General Certificate of Education Examination (Ordinary Level) in Singapore and was considering his options moving forward. From November 1983 to November 1985, he completed the in-centre training in precision machining at the Tata-Government Training Centre. Subsequently in December 1985, he was awarded with the National Trade Certificate Grade Two in Precision Machining (Practical and Theory Parts) by the Vocational and Industrial Training Board Singapore. He also obtained the Craftsman Certificate from the Singapore Economic Development Board in March 1988 after completing 2 years of in-centre training in precision machining at the Tata-Government Training Centre followed by a 2-year-in-plant attachment from December 1985 to December 1987 with Ordnance Development & Engineering Company of Singapore Pte. Ltd. He is also a member of the Institute of Corporate Directors Malaysia since October 2022.

From December 1987 to June 1995, he continued to work in Ordnance Development & Engineering Company of Singapore Pte. Ltd. as a Machinist where he gained approximately 8 years of experience in programming machines and setting up metal precision parts.

In July 1995, he joined Champion Precision Engineering Works ("Champion PEW") as a supervisor and was made a director of Champion Precision Engineering Pte. Ltd. ("Champion PE") in April 1996 and Champion PT in August 1997 to oversee the engineering and tooling department. Mr. Mu resigned from his directorship in Champion PE and Champion PT in February 2003.

In January 2013, he was appointed as a director of Champion Component Sdn Bhd ("Champion C") and Champion Oil Tool Sdn Bhd ("Champion Oil").

Over the years, he has obtained approximately 39 years of experience in precision engineering industry.

He has no family relationship with the major shareholders of our Company, other Directors and our Key Senior Management.

MS. LAI HOOI YIM

Independent Non-Executive Director

56 years old | Female | Malaysian

Ms. Lai Hooi Yim is our Independent Non-Executive Director. She was appointed to our Board on 1 April 2022, and is the chairman of our Audit and Risk Management Committee. She is also a member of our Compliance Committee.

She graduated with a Diploma in Commerce (Financial Accounting) from Kolej Tunku Abdul Rahman in July 1992. She is a member of the Association of Chartered Certified Accountants (ACCA) since September 1996 and a fellow of the same association (FCCA) in September 2001. She is a member of the Malaysian Institute of Accountants (MIA) since August 1997 and a chartered accountant by the same institute (C.A.) in June 2001. She is also a member of the Institute of Corporate Directors Malaysia (ICDM) since October 2022.

She began her career in 1992 as an auditor and was employed by several audit firms until 1995. Beginning in July 1992 to April 1993, she was an Audit Assistant with Lim, Tay & Co. She then joined Tan & Co as an Audit Semi-Senior from May 1993 to December 1993. Subsequently, she joined Leong Ho & Associates from January 1994 to August 1995 as an Audit Senior.

During her audit career, she was involved in auditing businesses in a range of industries such as trading, manufacturing and property development. Throughout this time, she was involved in conducting financial and field audits, drafting of audited reports, and reviewing the work of junior associates.

She subsequently joined IOI Corporation Berhad (a public company listed on the Main Market of Bursa Securities) in August 1995 as an Accountant in the plantation division. During her tenure with the company, she was responsible for the accounts of 63 companies under the IOI group of companies. She was in charge of financial reporting and tax planning on a monthly, quarterly and yearly basis; conducting feasibility studies on new business opportunities; as well as liaising with various parties such as auditors and tax authorities. She left the company in August 2011.

She was appointed as a Business Development Associate at TCK & Co and Sha, Tan & Co in September 2011 and April 2012 respectively, both of which are positions she still currently holds. Her responsibilities include ensuring that all business portfolio deadlines are met and ensuring that the services rendered by the respective company are provided well.

She joined Platinum Paradise Sdn. Bhd., a subsidiary company of Only World Group Holdings Berhad (a public company listed on the Main Market of Bursa Securities), as a Finance Manager from April 2013 to July 2013 where she was involved in the daily financial recording of the food and beverage division.

She then joined Network Foods Industries Sdn. Bhd., a subsidiary company of Malayan United Industries Berhad (a public company listed on the Main Market of Bursa Securities) as a Senior Finance Manager from March 2015 to August 2015. She was involved in conducting a business review of the factory and warehouse operations as well as the forecast and actual monthly financial reporting.

Thereafter, she joined ASSA ABLOY Opening Solutions Malaysia Sdn. Bhd., a subsidiary company of ASSA ABLOY AB (a public company listed in Nasdaq Stockholm) as a Finance Manager in August 2015. As a Finance Manager, she was involved in monitoring and reviewing the business as well as monitoring and reviewing the inventory, revenue and trade collections. She left the company in May 2019 and thereafter re-joined the same company as a consultant on a part-time basis where she consulted on financial reporting matters. She left her role in November 2019.

In July 2020, she established Figure Portal Sdn. Bhd. and is the director of the company where she is responsible in providing advisory and consultancy in the financial position of her clients' company.

She has no family relationship with our major shareholders, other Directors and Key Senior Management.

MS. LIEW CHEE KAR

Independent Non-Executive Director

40 years old | Female | Malaysian

Ms. Liew Chee Kar is our Independent Non-Executive Director. She was appointed to our Board on 16 June 2022, and is the chairman of our Compliance Committee. She is also a member of our Audit and Risk Management Committee.

She graduated with a Bachelor of Laws (Hons) from University of West of England, Bristol, United Kingdom in July 2006. She obtained her Certificate of Legal Practice in September 2008. She undertook her pupillage with Messrs Albar & Partners from November 2008 to August 2009 and was admitted to the High Court of Malaya in September 2009. She is also a member of the Institute of Corporate Directors Malaysia since October 2022.

After her pupillage, she joined Messrs Lee Choon Wan & Co as a Legal Associate in November 2009 where she was involved in capital market exercises such as initial public offerings as well as mergers and acquisitions. In December 2013, she was made as a partner of the firm and continued to be involved in capital market exercises as well as land, banking and conveyancing matters until March 2014 when she relocated to Sabah.

She subsequently undertook her pupillage with Messrs Lim Chung & Zahbia, Sabah from June 2014 to September 2015. She was then admitted to the High Court of Sabah and Sarawak in September 2015. Upon completion of her pupillage, she was retained at Messrs Lim Chung & Zahbia as a Senior Legal Associate, a position she currently holds, where she is involved in land, conveyancing and banking as well as finance related legal matters.

As at 30 June 2024, she is not a member of the board of directors of any companies.

She has no family relationship with our major shareholders, other Directors and Key Senior Management.

MR. WILLHAM SIAU

Independent Non-Executive Director

49 years old | Male | Malaysian

Willham Siau is our Independent Non-Executive Director. He was appointed to our Board on 16 June 2022 and is the chairman of our Nomination and Remuneration Committee. He is also a member of our Audit and Risk Management Committee.

He graduated with a Bachelor of Commerce in Accounting from Nelson Polytechnic (now known as Nelson Marlborough Institute of Technology) in New Zealand in April 1997.

He is a member of the Malaysian Institute of Management since January 1998. He is a member of the Institute of Chartered Accountants of New Zealand since July 2001 before it merged with the Institute of Chartered Accountants in Australia to form the Chartered Accountants Australia and New Zealand in December 2014, of which he is a member since then. He is a member of the National Institute of Accountants, Australia since January 2004 before it changed its name to the Institute of Public Accountants, Australia, of which he is a fellow since May 2011. He is an associate member of the Institute of Internal Auditors Malaysia since February 2004 and a professional member since January 2008. He is an approved liquidator from Labuan Financial Services Authority since July 2010. He is a fellow of the Institute of Financial Accountants, United Kingdom since January 2015. He is a certified member of the Institute of Commercial and Industrial Accountants, Malaysia since April 2016 before it changed its name to the Association of Certified Accountants, Malaysia, of which he remains a certified member since November 2020. He is a Chartered Accountant of the Malaysian Institute of Accountants since January 2019 and holds a practicing certificate from the same institute since March 2021. He is a registered ASEAN Chartered Professional Accountant since March 2019 and he is a company secretary registered with the Companies Commission of Malaysia since April 2019. He is a member of the Institute of Corporate Directors Malaysia since October 2022 and an affiliate of the Asian Institute of Chartered Bankers since December 2022. He is also an affiliate of the Malaysian Institute of Chartered Secretaries and Administrators since January 2023 and a Registered Nominee with the Malaysian Department of Insolvency since October 2023.

In April 1997, he began his career as an Audit Assistant at Ahmad Abdullah & Goh where he was involved in audit matters. Throughout his time at the firm, he received several promotions and was responsible for various audit matters such as conducting internal audits, investigations, and due diligence, as well as liquidation and receivership matters, business valuation and conducting professional seminars.

In 2007, Ahmad Abdullah & Goh became an approved auditor of Labuan under the Labuan Financial Services Authority and he was registered as the "Officer Responsible for the Management of the Auditing Firm in the Federal Territory of Labuan". He was in charge of the Labuan offshore office in auditing Labuan companies and advising on Labuan company law related matters. He left the firm in September 2012 as a Senior Manager. He acts as a consultant for the firm on an ad-hoc basis since October 2012.

In June 2011, he established Allied Debt Collection Agency as a partnership where he took the role of Ethics Contact. He was responsible for monitoring the professional conduct of the business. The agency changed to a sole proprietorship in January 2015 and he remains as the sole proprietor. He also currently acts as a consultant to various business entities on a freelance basis where he advises on accounting and company law related matters.

In January 2021, he joined SEC Services Sdn. Bhd. as a Senior Manager and was subsequently appointed as a director in June 2021, where he practises as a company secretary and a liquidator. He then resigned from his position as a director in May 2023.

As at 30 June 2024, he is also member of the board of directors of several private limited companies and is involved in several sole proprietorships.

He has no family relationship with our major shareholders, other Directors and Key Senior Management.

MS. THAM WEI MEI

Independent Non-Executive Director

57 years old | Female | Malaysian

Tham Wei Mei is our Independent Non-Executive Director. She was appointed to our Board on 18 July 2023. She is a member of our Nomination and Remuneration Committee, and a member of our Compliance Committee.

She graduated with a Bachelor of Communication (Hons) from Universiti Sains Malaysia in August 1991. She obtained a Professional Certificate in Nutritional Medicine from the School of Complementary and Traditional Medicine managed by DSY Medical Education Sdn. Bhd. (affiliated with University College of Yayasan Pahang) in September 2022. She is a qualified nutritional therapist and a member of the Association of Nutritional and Functional Medicine Practitioners, Malaysia since January 2021.

She began her career in May 1991 with PT Yulinda Duta Fashion, a garment company in Indonesia, as a Marketing Executive (External Markets). She was involved in liaising with external parties such as vendors and suppliers, potential customers, as well as quality control inspectors. She left the company in April 1992.

She then joined Asia PR Publishing Sdn. Bhd. in June 1992 as an Editorial Executive, where she worked on The Cambodia Times, an English-language newspaper in Cambodia. She was promoted to Assistant Bureau Chief in December 1992. During her time with The Cambodia Times, she was involved in investigating and reporting on stories, conducting interviews, and wrote for The Peacekeeper, a newsletter published by the United Nations for its personnel in Cambodia. She was also involved in writing and editing for The Cambodia Times's publishing arm which produced publications for external parties. She left Asia PR Publishing Sdn. Bhd. and her role with The Cambodia Times in August 1995 to return to Malaysia.

Upon her return to Malaysia, she joined World Call Sdn. Bhd., a telecommunications company, in September 1995, as a Marketing and Client Services Consultant. Her responsibilities included preparation of marketing material, client liaison, coordination between technology providers and Malaysian clients, as well as scheduling installations.

She left the company in February 1998 and in April 1998, she established Alpha Platform (M) Sdn. Bhd., a public relations consultancy firm that serves government-linked companies, multinational companies, and government agencies. As a director of the company, she was responsible for communications strategies, execution of public relations programmes, editorial services, production of news and television material, media monitoring and client liaison. She ceased her involvement as a director of the company after it was dissolved in June 2019.

In May 2016, she established Alpha Platform Public Relations Sdn. Bhd., a public relations consultancy firm, and assumed the role of a Executive Director and Head of Client Services, a role that she currently still holds. She is involved in preparing strategy papers, proposals, advisories, and action plans for clients.

From June 2016 to October 2018, she was appointed as a Executive Director of Wisma Setiamas Sdn. Bhd. (now known as Centre for New Inclusive Asia Studies Sdn. Bhd.), a thinktank aimed at bridging ties between China and Malaysia. She was involved in joint activities by organisations from the Henan province, China and Malaysia.

In January 2018, she was appointed as an Independent Non-Executive Director of Protasco Berhad, a company listed on the Main Market of Bursa Securities. In May 2023, she was appointed as an Independent Non-Executive Director of Lay Hong Berhad, a company listed on the Main Market of Bursa Securities.

She joined Livinglyfe Wellness Sdn. Bhd., a wellness centre as a Nutritional Therapist in June 2022 where she was involved in client treatment using nutrition, diet and exercise therapies.

As at 30 June 2024, she is still a member of the board of directors of Protasco Berhad and Lay Hong Berhad.

She has no family relationship with our major shareholders, other Directors and Key Senior Management.

Save as disclosed above, none of the Directors has:

(i) any conflict of interest or potential conflict of interest, including interest in competing business with the Company and its subsidiaries;
(ii) any conviction for offences (excluding traffic offences, if any) within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2024.

The attendance details of the Directors' meetings can be found on Page 41 of the Annual Report.

MR. HUN JIANG YANN

Group Chief Financial Officer

Hun Jiang Yann, a Malaysian aged 56, is our Group Chief Financial Officer. He has approximately 32 years of experience in auditing, accounting and financial management. He is also a member of our Compliance Committee.

In May 1999 and October 2004, he was admitted as an associate and thereafter a fellow member of the Association of International Accountants (United Kingdom), respectively. He was also admitted as a member of the Association of Business Executives in May 2000 and has been accredited by the Financial Planning Association of Malaysia as a Certified Financial Planner since February 2003. He obtained a Master of Financial Planning from University of Southern Queensland, Australia by long distant learning, in April 2005.

In June 1992, he started his career at Syarikat C H. Kam and he subsequently rose through the ranks from an Audit/Tax Assistant to become the Audit Supervisor in June 1993 and he left his position in March 1994. During the period from July 1994 to December 1994, he worked at Chong & Associates as the Audit Supervisor and was subsequently promoted as the Audit Branch Manager in January 1995 where he left his position in December 1999. From January 2000 to December 2005, he worked at KTC Human Resource Consultants Sdn. Bhd. and KTC Megah Sdn. Bhd. During such period in KTC group of companies, he held various positions from Branch Manager to Executive Director where he was responsible for duties, which includes among others, planning and monitoring the development of professional services divisions, managing general operations of the training centre and providing teaching support in the areas of taxation and audit.

In September 2007, he worked as a part-time lecturer in Sunway College Johor Bahru, where he subsequently became a fixed-term lecturer in January 2013 until December 2018. During his tenure as a lecturer in Sunway College Johor Bahru, he taught subjects related to finance, taxation and audit to students who were taking Bachelor's Degree or Associate of Chartered Certified Accountants syllabus. In between his tenure in Sunway College Johor Bahru, from April 2010 to August 2011, he was a partner of Hanson Consulting. He has further set up JY Hun Training & Consultancy in December 2005 to provide management and financial consultancy and training services until December 2014 where he subsequently commenced full time employment with our Group in January 2015.

He joined our Group in January 2013 as a part-time financial adviser and commenced full time employment with our Group as a Financial Controller in January 2015. He is designated as our Group Chief Financial Officer ("CFO") since 1 April 2022 where he is primarily responsible for overseeing and managing all finance related matters including corporate funding, tax planning and overseeing the administration and compliance of our Group.

MR. AKIRA NAKASHIMA

Chief Operating Officer for
International Business Development

Akira Nakashima, a Japanese aged 52, is the Chief Operating Officer for International Business Development of Champion Precision Engineering Pte. Ltd. ("Champion PE"). He has approximately 25 years of experience in various types of international trading business, particularly approximately 19 years of his experience in the semiconductor industry. He obtained a Bachelor of Arts in Psychology from Sonoma State University, USA in August 1998.

In October 1999, he started his career as a Sales Engineer at San-Ei Corporation, Japan, where he left his position in July 2005. Thereafter, from December 2005 to April 2007, he worked as a Sales Manager in Fujikin Incorporated, Japan. Subsequently, he worked as a Technical Sales in Simco-Ion Japan from May 2007 to January 2010.

He re-joined Fujikin Incorporated, Japan in February 2010 to July 2010 as the Overseas Sales Manager for Southeast Asia region and assisted in the preparation for the setting up work for Fujikin subsidiary company in Singapore. Subsequently, in July 2010, he worked as a Deputy General Manager in Fujikin Singapore and left his position in October 2014. He then worked as a Senior Sales Manager in Hitachi Kokusai Electric Inc., Japan from November 2014 to March 2016. Subsequently, in April 2016, he joined Kokusai Electric Asia Pacific Co. Ltd., Singapore as the Senior Sales Manager where he remained until March 2021 and joined our Group thereafter. During his tenure at these companies, his main responsibilities were driving sales in the semiconductor equipment industry for different regions, ranging from Southeast Asia, North America and European Union.

Since joining our Group, he primarily assists our Group in expanding its presence in the international market.

MR. KHERN YENG KAR

General Manager Malaysia

Khern Yeng Kar, a Malaysian aged 56, is the General Manager of Champion Precision Technology Sdn. Bhd. ("Champion PT"). He has approximately 33 years of experience in the area of engineering.

He obtained a Bachelor of Science in Mechanical Engineering from The University of Toledo, USA in March 1991.

He started his career in November 1991 as a Production Engineer in Mechmar Boilers Sdn. Bhd., a company engaged in the manufacturing of industrial steam boilers and pressure vessels, where he remained there until March 1995. He was subsequently seconded to Mechmar (Thailand) Co. Ltd. from April 1995 to May 1998 with his last position as a Factory Manager. From July 1998 to July 2000, he worked at Delta Structure Sdn. Bhd. as an Operation Manager. Thereafter in September 2000, he joined ASM Technology (M) Sdn. Bhd., as a Manufacturing Manager where he remained until February 2011. During his tenures with these companies, he was mainly responsible for overseeing the production and quality improvement implementation.

He joined our Group in March 2011 where he is primarily responsible for overseeing the production operations in Malaysia.

MS. TAN LAY CHOON

General Manager Singapore

Tan Lay Choon, a Singaporean aged 59, is the General Manager of Champion Precision Engineering Pte. Ltd. ("Champion PE"). She has approximately 38 years of experience in QA. She is also a member of our Compliance Committee.

She obtained a Diploma in Mechanical Engineering and a Diploma in Industrial Management by Ngee Ann Polytechnic, Singapore in August 1986 and August 1991, respectively.

In July 1986, she started her career as an Assistant Quality Assurance Engineer in Wearnes Precision Pte. Ltd. And left in June 1989. She then worked as a Quality Assurance Engineer in Techna Telesis International Pte. Ltd. From June 1989 to May 1991. Thereafter in June 1991, she joined Rodime Singapore Pte. Ltd. As a Quality Assurance Assistant Engineer, where she left in August 1991. From September 1991 to March 1995, she worked as a Quality Assurance Engineer at Avimo Singapore Limited and was seconded to Avimo Electro-Optics Pte. Ltd. as a Quality Assurance Engineer as well from March 1995 to July 1996. She subsequently worked at Die Casting Technology Pte. Ltd., as a Quality Assurance Engineer from July 1996 to August 1998. During her tenures with these companies, she was mainly responsible for supervising QA technicians and liaising with suppliers on quality issues.

She joined our Group in October 1998 as the Quality Assurance Engineer before being promoted to Quality Assurance Manager in July 2004. She was then further promoted to her current position in April 2018 where she is primarily responsible for overseeing the operations in Singapore with a focus on customer relations and QA.

MR. NGEIN LIONG FATT

Business Development Manager

Ngein Liong Fatt, a Singaporean aged 64, is the Business Development Manager of Champion Precision Engineering Pte. Ltd. ("Champion PE"). He has approximately 41 years of experience in the manufacturing industry.

He completed the Singapore-Cambridge General Certificate of Education Ordinary Level in Singapore in 1977. He has been qualified as Manufacturing Management Specialist recognised by the Sanno Institute of Business Administration in Japan since September 1984. He obtained a Craftsman Certificate from the Singapore Economic Development Board in March 1985 after completing a 2-year in-centre training in precision machining at the Brown Boveri-Government Training Centre followed by a 2-year in-plant attachment. He was awarded with the National Productivity Awards by the National Productivity Council in 1988 for his contribution to enhance productivity improvement at the workplace.

In December 1983, he started his career as a Senior Technician in Chartered Metal Industries Private Limited before being promoted as a Plant Supervisor in August 1989 and he left his position in August 1993. From August 1993 to May 1994, he worked with Mould Base Manufacturer Singapore Pte. Ltd. as a Production Manager where he was responsible in overseeing the daily production activities on mould base activities.

In May 1994, he joined Rexon Singapore Pte. Ltd. as a Production Supervisor where he was primarily responsible in overseeing the third shift production and he left his position in September 1995. From July 1996 to September 1998, he was employed as a sales executive in Val Tools Pte. Ltd., a company which is involved in wholesale trading from October 1998 to June 1999, he was a Sales Manager in Centrelines Engineering (S) Pte. Ltd. He then joined Norelco Centreline Pte. Ltd. as a Sales Manager from July 1999 to July 2000. From August 2000 to April 2001, he joined ZionTECH Pte. Ltd. as the Sales Manager.

Thereafter, in May 2001 to September 2001, he worked as a Business Development Manager in JP Venture Pte. Ltd., a company engaged in manufacture of fabricated metal products. He then joined Pheng Tat Precision Tools Pte. Ltd. in October 2001 as a Business Development Manager, in which he was primarily responsible in developing new business opportunity for the company and he left his position in May 2003. Between October 1995 to June 1996 and between June 2003 to December 2003, he was actively exploring opportunities relating to business development in the engineering industry.

Subsequently, in January 2004, he joined Solid Tech Engineering Pte. Ltd., a company engaged in manufacture of machinery and equipment as the Business Development Manager where he remained until June 2004 and joined Champion PE thereafter. During his tenure at these companies, he gained vast experience in management sales and business development.

He joined our Group in July 2004 as Business Development Manager of Champion PE and he is primarily responsible to oversee the business development, sales and marketing activities of Champion PE.

Save as disclosed above, none of the Key Senior Management have:

(i) any family relationship with any Director and/or major shareholder of the Company;
(ii) any conflict of interest with the Company;
(iii) any directorship in public companies and listed corporations;
(iv) any conviction of offences (excluding traffic offences, if any) within the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2024.

BUSINESS OVERVIEW

Our Group is a leading provider of engineering support services, specialising in the manufacturing of precision-machined parts and components, as well as offering comprehensive Computer Numerical Control ("CNC") machining solutions. These precision-engineered products serve a wide range of industries, including semiconductor, life sciences, medical devices, sports equipment, sensors, and security, catering to clients both in Malaysia and internationally.

Our core expertise lies in CNC machining processes such as milling, turning, and lathing, which are followed by secondary operations like polishing, grinding, and sandblasting to achieve the desired precision and quality. We manufacture parts from metal rods and blocks, delivering customised solutions to meet the unique requirements of our customers. Depending on client needs, we can source the raw materials or work with materials provided by customers.

For clients who engage us to procure materials and manufacture components, we classify these transactions as 'sales of goods.' Alternatively, when customers supply their own materials for processing, these engagements are classified under 'rendering of services.'

Our unwavering commitment to precision, quality, and adaptability allows us to deliver exceptional value and uphold our reputation as a trusted partner across diverse industries. We continue to drive success by offering versatile machining services and staying responsive to the evolving needs of our customers.

A significant milestone was reached with our successful listing on the Bursa Malaysia Main Board on 07 December 2023. This achievement marks the beginning of a new chapter, strengthening our visibility and credibility within the industry and providing a solid foundation for future growth. The listing underscores our dedication to maintaining strong corporate governance and delivering sustained value to shareholders, employees, and stakeholders.

OPERATIONS REVIEW

Our Group is undergoing a transformation into a Precision Engineering Solution Provider, marking a strategic evolution from a focus on precision machining to offering a comprehensive array of engineering solutions. This shift aims to better address the growing complexity and demands of our customers and the semiconductor industry at large.

We are already recognised as a trusted provider of Integrated Gas Systems ("IGS") components in the semiconductor markets of Japan and the United States, a reputation built on the reliability and precision of our products. As we move forward, we are committed to diversifying our offerings by developing new IGS components and expanding our customer base for existing products. These initiatives form part of a broader strategy to strengthen our position as a key supplier in the global semiconductor supply chain.

As part of our long-term strategy, we are evaluating opportunities for vertical expansion into sub-assembly services. Currently, we specialise in precision machining of high-precision component parts, but by extending into sub-assembly, we aim to provide more integrated solutions, adding significant value for our customers and deepening our involvement in the supply chain.

Our ultimate aspiration is to evolve into a world-class, globally recognised multinational company. We intend to achieve this through continuous innovation, strategic growth, and a steadfast commitment to delivering exceptional value to our customers, partners, and stakeholders worldwide.

TECHNOLOGY

In FY2024, our Group achieved significant progress in refining manufacturing processes, leveraging our extensive experience in precision engineering. A key development has been the integration of 4-axis CNC machines into our production line, complemented by in-house specially designed tools. This advancement enables us to produce complex, high-precision components with a level of accuracy and efficiency previously difficult to attain. The technological upgrade has also reduced our dependence on more advanced 5-axis CNC machines and the highly skilled programmers required to operate them, streamlining operations and lowering overhead costs.

TECHNOLOGY (Cont'd)

Our competitive edge has been strengthened by these improvements in precision and reliability. To support the technological advancements, we have made substantial investments in our quality assurance infrastructure. Acquiring high-precision equipment such as Coordinate Measuring Machine ("CMM"), high-end digital microscopes, and Image Dimension Measuring System has significantly enhanced our quality control capabilities. These tools facilitate detailed inspections and precise measurements, ensuring that every component adheres to the stringent standards demanded by our clients, particularly in the semiconductor sector.

Furthermore, we have implemented International Organization for Standardization ("ISO") Class 5 and Class 6 cleanroom facilities to uphold the highest levels of cleanliness and purity. These controlled environment is essential for semiconductor manufacturing, where even minimal contamination can compromise product performance. By maintaining strict environmental controls within the cleanroom, we ensure the utmost quality and reliability of our products, further solidifying our position in the industry.

Manufacturing Capabilities and Capacities

Aligned with our growth strategy, FY2024 witnessed substantial enhancements in both production capacity and operational efficiency. A pivotal initiative was the reallocation of 94 machines across Plants 2 (manufacturing plant bearing postal address of No.4, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor), Plant 3 (manufacturing plant bearing postal address of No.6, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor), Plant 4 (manufacturing plant bearing postal address of No.5, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor), and Plant 5 (manufacturing plant bearing postal address of No.2, Jalan Indah Gemilang 3, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor). This strategic move not only optimised our workflow but also created valuable space, paving the way for the future installation of up to 30 additional CNC machines.

The relocation also enabled an expansion of cleanroom facilities in Plant 4, which is crucial for meeting the increasing demands of the semiconductor industry. This expansion enhances our capacity to accommodate a growing number of semiconductor customers, aligning with the sector's upward trend.

To support our long-term growth ambitions, we acquired Plant 6 (a property bearing postal address of No.2, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor), located adjacent to our existing Plant 2, spanning approximately 44,595 square feet with a built-up area of 24,858 square feet. This acquisition is a strategic move to enhance our production capacity and manage higher business volumes by FY2026. The proposal for the acquisition was made on 15 July 2024 and approved at the Extraordinary General Meeting ("EGM") on 02 October 2024. We expect to take possession by November 2024, with renovations commencing soon after and full operations projected to begin by July 2025. In line with these ambitions, we are also exploring additional premises within our industrial area to accommodate future growth and rising demand.

Financial Performance Review

The first half of FY2024 presented significant challenges for the semiconductor industry, including efforts to manage excess inventory, geopolitical tensions, and supply chain disruptions, all of which contributed to reduced demand and lower production utilisation rates. These factors, coupled with rising operational costs and increased expenses related to skilled labour recruitment, affected our financial performance.

Nevertheless, anticipating a rebound in 2025, we took strategic steps to bolster our capabilities, notably through the acquisition of additional plant i.e. Plant 6 to expand our manufacturing capacity and support our business growth. This acquisition aligns with government initiatives to foster technological innovation and industry expansion. SEMI's projections for the semiconductor sector anticipate a 6% increase in global manufacturing capacity in 2024 and a 7% increase in 2025, highlighting a positive industry outlook that positions us for accelerated growth and improved performance in the coming year. We remain optimistic about our future prospects.

Throughout the year, we remained focused on enhancing performance by elevating product quality, investing in employee development, and optimising operational efficiency. Moving forward, our commitment to innovation and agility will continue to drive growth and success across all aspects of our business.

<u>Revenue</u>

In FY2024, our Group posted revenue of RM90.1 million, representing a decrease of 38.0% compared to the previous financial year. The decline in revenue was primarily driven by softer market demand due to multiple global challenges, including a cyclical downturn in the semiconductor industry. Despite these headwinds, the semiconductor segment remained our largest revenue generator, followed by the life sciences and medical equipment segments, and the sports equipment segment.

TECHNOLOGY (Cont'd)

Financial Performance Review (Cont'd)

Profit

The Group's profit before tax stood at RM14.3 million, while profit after tax amounted to RM11.1 million, reflecting decreases of 63.5% and 63.4%, respectively, against the prior year. These reductions in profit were largely due to the decline in revenue and increased operating costs, which were exacerbated by global market conditions. Despite the challenging environment, the Group remained profitable, demonstrating resilience and continued focus on cost management and operational efficiency.

Liquidity

The Group maintained a robust financial position with RM213.9 million in deposit, cash and bank balances as of 30 June 2024. This amount includes RM179.6 million in proceeds from the issuance of new shares during our Initial Public Offering ("IPO") on 07 December 2023, as well as RM17.3 million in net cash flow generated from operations. Our total bank borrowings stood at RM10.5 million, with RM4.6 million classified as current borrowings. We anticipate a further reduction in borrowings as a factory loan and several financed machines are scheduled to be paid off in FY2025. The Group continues to uphold a very low gearing ratio of 0.04 as at 30 June 2024, reflecting our prudent financial management.

Key Performance Highlights

	FYE 2024	FYE 2023
Revenue (RM'000)	**90,070**	145,275
Profit Before Tax (RM'000)	**14,263**	39,101
Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") (RM'000)	**20,843**	49,134
Net Profit After Tax (RM'000)	**11,093**	30,293
Total Equity (RM'000)	**313,919**	137,688
Total Assets (RM'000)	**343,576**	195,585
Total Liabilities (RM'000)	**29,657**	57,897
Gearing Ratio	**0.04**	0.24
Basic Earnings Per Share (Sen)	**1.85**	6.02
Net Assets Per Share Attributable to Owners (Sen)	**0.47**	0.27

The Group's Total Equity saw a substantial increase from RM137.7 million in FY2023 to RM313.9 million in FY2024, driven primarily by the successful IPO on 07 December 2023, which introduced significant new capital. Consequently, Total Assets also rose by 75.7% to RM343.6 million, largely due to the unused IPO proceeds bolstering the company's cash reserves. At the same time, Total Liabilities decreased by 48.8%, as part of the IPO funds was used to repay loans, reducing debt. As a result, the Gearing Ratio dropped from 0.24 to 0.04, reflecting the combined effect of equity growth and liability reduction.

Despite these positive changes, Basic Earnings Per Share (EPS) declined by 69.1%, from 6.02 sen to 1.85 sen, due to the lower profits recorded in FY2024 and the higher number of shares post-IPO. However, Net Assets Per Share Attributable to Owners increased from 0.27 sen to 0.47 sen, supported by the significant cash balances from the unused IPO proceeds.

Capital Management

In FY2024, our Group has prioritised effective capital management to ensure sustainable growth and resilience in a dynamic market environment. We are committed to maintaining a balanced debt-to-equity ratio that supports our operational needs while optimising our capital structure. With a robust deposit, cash and bank balances of RM212.9 million, including RM154.6 million from our unused IPO proceeds, we are strategically positioned to reinvest in advanced technologies and expand our manufacturing capabilities.

Our capital allocation strategy focuses on enhancing operational efficiency and driving growth. By relocating machinery and acquiring new facilities, we aim to bolster our production capacity. Additionally, we have implemented strategic hedging measures to mitigate exchange rate fluctuations, aligning our USD-denominated revenues with expenses, which further optimises our cash reserves.

In summary, our proactive approach to capital management positions us favourably for future growth. We remain dedicated to maximising returns for our shareholders while navigating the challenges and opportunities within the semiconductor and engineering sectors.

CHALLENGES AND STRATEGY

Talent - Human Capital

Our Group faces significant challenges in attracting and retaining skilled talent due to the competitive labour market, particularly in neighbouring Singapore. To overcome these recruitment hurdles, we actively engage in career fairs such as the Career Movement Programme ("GEGAR 2024"). These events play a crucial role in showcasing our career development opportunities and pathways for professional growth, enabling us to attract high-calibre candidates seeking long-term career advancement. Participation in these fairs also allows us to connect with job seekers across various sectors, broadening our access to qualified talent and better addressing recruitment challenges.

We are also committed to develop future talent through internship programmes with technical schools. Interns are offered competitive remuneration, and top performers have the opportunity for full-time employment upon completing their internships. Our dedication to employee development goes beyond initial on-boarding, incorporating targeted training programmes that keep our workforce aligned with evolving industry trends and market demands.

In response to the challenge of securing skilled machine operators, we have strategically simplified our manufacturing processes by transitioning to 4-axis CNC machines. This shift makes operations more accessible to workers with less specialised skills, reducing our dependence on highly skilled labour while simultaneously improving operational efficiency.

Exchange Rate Volatility

Fluctuations in the USD have impacted our financial performance, as both sales and raw material purchases are denominated in this currency. To mitigate the effects of exchange rate volatility, we have implemented strategic hedging measures that align our USD-denominated revenue with USD-based expenses, effectively offsetting currency risks. Additionally, we manage surplus USD funds by placing them in interest-bearing accounts with yields above 5%, providing a buffer against USD depreciation and generating positive returns.

PROSPECT AND OUTLOOK

According to SEMI's World Fab Forecast report dated 18 June 2024, the global semiconductor manufacturing industry is projected to expand capacity by 7% in 2025, signaling expectations of sustained growth and increased demand for semiconductor chips. This expansion positions 2025 as a promising year for the sector. Similarly, Statista forecasts significant growth in the global medical devices market, with an expected compound annual growth rate ("CAGR") of 5.71% from 2024 to 2029, potentially reaching a revenue of US$673.10 billion by 2029. The sector's robust expansion is driven by increased investment in research and development, offering dynamic opportunities for suppliers to meet growing market demands and leverage technological advancements.

PROSPECT AND OUTLOOK (Cont'd)

SEMI's World Fab Forecast also anticipates substantial growth in the semiconductor industry, with the addition of 103 new fabs by 2027 and an investment of US$137 billion in global 300mm fab equipment. This growth is fuelled by rising demand across key areas, including artificial intelligence, high-performance computing, automotive applications, and memory technologies.

Aligned with these market trends, the Group is enhancing its capacity to meet rising demand. On 15 July 2024, we entered into a conditional Sale and Purchase Agreement ("SPA") to acquire Plant 6, a 44,595 square feet facility, for RM10 million. This acquisition strategically bolsters our semiconductor manufacturing capabilities while leveraging governmental initiatives promoting technological innovation and industry growth. To further optimise operations, we relocated 94 machines, freeing up 10% of our capacity for new investments and improving overall efficiency. This move reflects our commitment to refining processes and adapting to evolving market conditions.

Moreover, we have secured new customers for pressure sensors and regulators within the IGS, with projects in various stages, from First Article ("FA") clearance to trial phases showing promising results. Our supply already includes parts and components for valves, filters, Mass Flow Controllers ("MFC"), pressure sensors, and regulators. We are continually expanding our offerings within the IGS system, aiming to strengthen our market position.

Despite these positive developments, we remain vigilant about potential risks, including geopolitical uncertainties such as the Russia-Ukraine conflict and the 2024 United States presidential elections, which may impact market stability and global supply chains. Nevertheless, our strategic initiatives, including the acquisition of Plant 6 and customer base expansion, position us well to meet rising demand and enhance market presence. Encouragingly, we have received strong forecasts from our customers for 2025, underscoring our optimistic outlook. We are committed to driving accelerated growth, capitalising on emerging opportunities, and navigating potential challenges with agility.

Dividend Policy

Our ability to pay dividend is dependent upon various factors including, but not limited to, our financial performance, cash flow requirements and capital expenditure plans. Our dividend policy is to recommend and distribute a dividend of at least 25.00% to 50.00% of our annual audited consolidated Profit After Tax ("PAT") attributable to the owners of our Company after deducting non-operating income. Any dividend declared will be at the discretion of our Board and any final dividend declared will be subject to the approval of our shareholders at our Annual General Meeting ("AGM"). You should take note that this dividend policy merely describes our current intention and shall not constitute legally binding statements in respect of our future dividends that are subject to our Board's discretion.

On 17 April 2024, the Group have declared a first interim single tier dividend of 1.15 sen per ordinary share for the current financial year ending 30 June 2024 which was paid on 30 May 2024 to shareholders registered at the closure business on 02 May 2024.

ABOUT THIS REPORT

CPE TECHNOLOGY BERHAD ("CPE") and its subsidiaries ("the Group") is honoured to present our Sustainability Statement ("SS") or ("the Statement") for Financial Year Ended 30 June ("FYE 2024"). This Statement provides an overview of the Group's Sustainability performance during the period from 1 July 2023 till 30 June 2024.

SCOPE AND BASIS OF SCOPE

This Statement covers the Group's sustainability performance and progress all of our business operations in Malaysia and its Singapore subsidiary.

The reporting scope of this Statement includes CPE and its subsidiaries, as detailed below:

CPE Technology Berhad

Champion Precision Engineering Pte Ltd 100%	Champion Precision Technology Sdn Bhd 100%	Champion Component Sdn Bhd 100%	Champion Oil Tool Sdn Bhd 100%

Principal Activities of the Group

Control	Name of Company	Principal Activity
Holding	CPE Technology Berhad	CPE Technology Berhad is an investment holding company listed on the Main Market of Bursa Malaysia Berhad, which focuses on manufacturing precision-machined parts and components through their subsidiaries.
Subsidiaries	Champion Precision Technology Sdn Bhd	Specialist in precision machining and mechanical sub-assembly including CNC Turning & Milling, Turn-Mill, and finishing processes.
	Champion Component Sdn Bhd	Specialist in precision machining and mechanical sub-assembly including CNC Turning & Milling, Turn-Mill, and finishing processes.
	Champion Oil Sdn Bhd	Dormant.
	Champion Precision Engineering Pte Ltd	Trading of precision machine parts and components.

REPORTING FRAMEWORKS AND STANDARDS

In the preparation of this Sustainability Statement, we have been guided by the regulatory framework and guidelines as set out below:

- Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Berhad ("Bursa");
- Sustainability Reporting Guide, 3rd Edition ("SRG") issued by Bursa Malaysia Securities; and
- Malaysian Code on Corporate Governance, updated on 28 April 2021 ("MCCG 2021")

FEEDBACK

Stakeholders are welcome to provide feedback on our Statement and any of the issues discussed herein. Comments, queries and suggestions regarding the content of this Statement may be emailed to ir@cpetbhd.com.

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

We recognise the importance of establishing a robust sustainability governance and leadership framework to effectively drive the sustainability agenda at CPE. Our governance structure has been designed to facilitate the integration of sustainability principles into all aspects of our business operations and decision-making processes. The Board of Directors is ultimately responsible for the Group's strategic direction on sustainability while being supported by the Environmental, Social and Governance ("ESG") Working Group.

In order to develop and implement our Group's ESG strategies, we have established our ESG Working Group to manage our ESG goals and lead the efforts in implementing our Group's ESG strategies. The working group is led by one of our Executive Director, Mr. Mu Woon Chai ("Mr. Mu") and assisted by our Group CFO, our General Manager ("GM") of Champion PT, our General Manager of Champion PE, our Group Accountant, as well as our Compliance Department.

Sustainability Governance Structure

Roles and Responsibilities of the Board and ESG Working Group

Board and ESG Working Group	Roles and Responsibilities
Board of Directors	• Provide general leadership, direction and oversight of the Group's overall Sustainability Framework. • Provide advice and approve sustainability strategy (review periodically) and ensure all business strategies and major business operations are embedded with sustainability considerations. • Ensures sustainability matters are considered within the Group's respective business segment and progressively embed strong sustainability culture throughout the Group.
ESG Working Group Lead – Executive Director, Mr. Mu	• Responsible for the overall governance of our sustainability strategies and performance. • Facilitate the sustainability strategy (review periodically) and ensure all business strategies and major business operations are embedded with sustainability considerations. • Conduct periodic reviews of the material sustainability matters and approve material sustainability matters, indicators and targets, the performance and annual sustainability disclosures and also ensure key decisions on sustainability matters are made and aligned with our Group's overall business strategies and goals. • Determine the adequacy of the response and the current standing and performance of the material sustainability matters of the Group. • Review all sustainability-related framework, initiatives, key sustainability risks and opportunities for sustainability practices across all business operations. • Review and ensure adequate resources are made available for the successful implementation of sustainability strategies and initiatives. • Review and report sustainability progress and performance to our Board.

Board and ESG Working Group	Roles and Responsibilities
Group CFO	• Prepare the reports for material sustainability matters, sustainability progress, performance indicators and targets, the performance and annual sustainability disclosures. • Implement the integration of sustainability management into our Group's business strategy and goals. • Implement sustainability strategies, sustainability-related policies, initiatives, sustainability risks and opportunities for sustainability practices across all business operations. • Set sustainability performance indicators and perform data gathering, compiling and reporting. • Track the targets of sustainability indicators and progress performance indicators.
GM of Champion PT & Champion PE, Group Accountant	• Implement daily management of sustainability matters. • Implement stakeholder engagement efforts.
Compliance Department	• Ensure compliance with ESG related laws, regulations and rules

The Board of Directors strive to continuously be equipped with the necessary knowledge regarding the management of sustainability (including climate-related risks and opportunities) to drive informed decision making by attending training programmes.

Performance evaluations of the Board and Senior Management did not include a review of the performance of each of the Board and Senior Management in addressing the Company's material sustainability risk and opportunities.

However, the performance of the Board and Senior Management in addressing the Company's material sustainability risks and opportunities can be indirectly evaluated by their achievements of the Company's material sustainability goals as follows:

- Awarded by major customers for outstanding vendor performance;
- We have maintained full compliance with Safety, Health, and Environmental regulations, with no violations or penalties; and
- Through its work and commitment in implementing various programmes to promote and enhance employees' well-being, safety and health, employees training and development and also introducing the bicycle programme.

GOVERNANCE POLICIES AND PROCEDURES

In promoting good Corporate Governance, the Group also enforces other policies that add structure to corporate governance and serve as a tool to instil business ethics within employees.

These policies also support the core values by enabling achievement of unity by adopting a singular mindset driven by integrity, mindfulness and accountability.

Anti-Bribery and Anti-Corruption Policy and Guidelines	**Codes of Ethics and Conduct**	**Whistleblower Policy and Procedure**
Fit and Proper Policy	**Safety and Health Policy and Environmental Policy**	**Risk Management and Internal Control Framework**

STAKEHOLDER ENGAGEMENT

Our commitment to stakeholder engagement is fundamental to generating sustainable value for the Group. We proactively work with our key stakeholders throughout our business operations, soliciting their insights to inform our strategic decisions and ensure that their needs and expectations are aligned with our business goals. Below is a summary of our interactions with key stakeholders over the year, detailing the platforms used for engagement and communication and the concerns raised, and how we have addressed them are highlighted at our approach section.

Stakeholders Engagement Method/Frequency and area of interest concern

Stakeholders	Engagement Method/Frequency	Area of interest concern
Shareholders /Investors	i. Annually - Annual General Meetings - Annual Report ii. Quarterly - Financial performance in the Quarterly Report - Announcements to Bursa iii. As Needed - Company's website - Media Releases - Circulars	i. Financial performance ii. Corporate governance iii. Business strategies iv. Dividend payout v. Reliable company with quality products and processes
Employee	i. Annually - Annual performance review ii. As Needed - Employee briefings - Management meetings - Open communication via internal channels such as emails and memo iii. Regularly - Training	i. Fair remuneration, benefits and welfare ii. Safe and conducive working environment iii. Learning and development for career development
Directors	i. Quarterly - Board Meetings and Board Committee Meetings ii. As needed - Virtual informal discussion meeting	i. Compliance with regulatory requirement ii. Business strategies and future plan iii. Financial stability iv. Environmental, Social and Governance matters
Customers	i. Frequently - Virtual discussion or prospect meeting - Customer's feedback ii. As needed - Company's website through sales inquiry - Face to face meetings - Audit by Customers	i. Pricing ii. Product quality and service iii. Updates on product information iv. Delivery lead time
Suppliers/ Vendors	As Needed - Supplier visits - Supplier meetings - Supplier feedbacks	i. Business continuity ii. Payment term iii. Fair Procurement practice

Stakeholders	Engagement Method/Frequency	Area of interest concern
Authorities /Regulators	i. Regularly - Government website - Circulars/Statements ii. As Needed - Telephone/Email iii. Periodically - Participating in seminars/workshops/briefings sessions organised by regulatory authorities.	i. Compliance with regulations and applicable requirements in Malaysia and Singapore
Media	i. As Needed - Feedback from events and training programmes, social media - Donation contribution - Community Support Programmes	i. Market presence ii. Reputation iii. Corporate responsibility
Financial Banks	i. Regularly - Dialogue on existing facilities ii. Periodically - Review on creditability - Corporate Dinner and Forums	i. Financial stability ii. Payment records iii. Reputation iv. Business strategies and plans
Industry Peers	Periodically - Federation of Malaysia Manufacturer group chat, website and consultations	i. Achievement of industries objectives and goals ii. Policies governing industry-related issues

MATERIAL SUSTAINABLE MATTERS

Our materiality assessment process enables us to identify and assess key risks and opportunities to ensure long term sustainable growth. The assessment involves evaluating the significance of each sustainability issue based on its level of impact and influence on the Group.

The materiality assessment below was determined after internal brainstorming by various departments of the Group which resulted in the identification of material issues that have significant impacts on the sustainability of the Group's business.

Materiality Assessment Process

Identification of Sustainability Matters → Prioritisation of Material Matters → Review and Validation of Process and Outcome

Identification of Sustainability Matters
- Understanding of company's operating context
- Identification of key stakeholders and understanding of their needs and expectations concerning sustainability areas and impacts
- Draw out an initial list of sustainability matters

Prioritisation of Material Matters
- Line up material matters according to their importance based on their impact to three aspects, economic, environmental and social; and their influence on stakeholders' decisions

Review and Validation of Process and Outcome
- Validate and review the materiality matters and the assessment process used to identify them.
- Review the frequency of assessment of material matters

Prioritisation of Sustainability Matters

A total of ten (10) material sustainability matters were deliberated and approved by the ESG Working Group as outlined below:

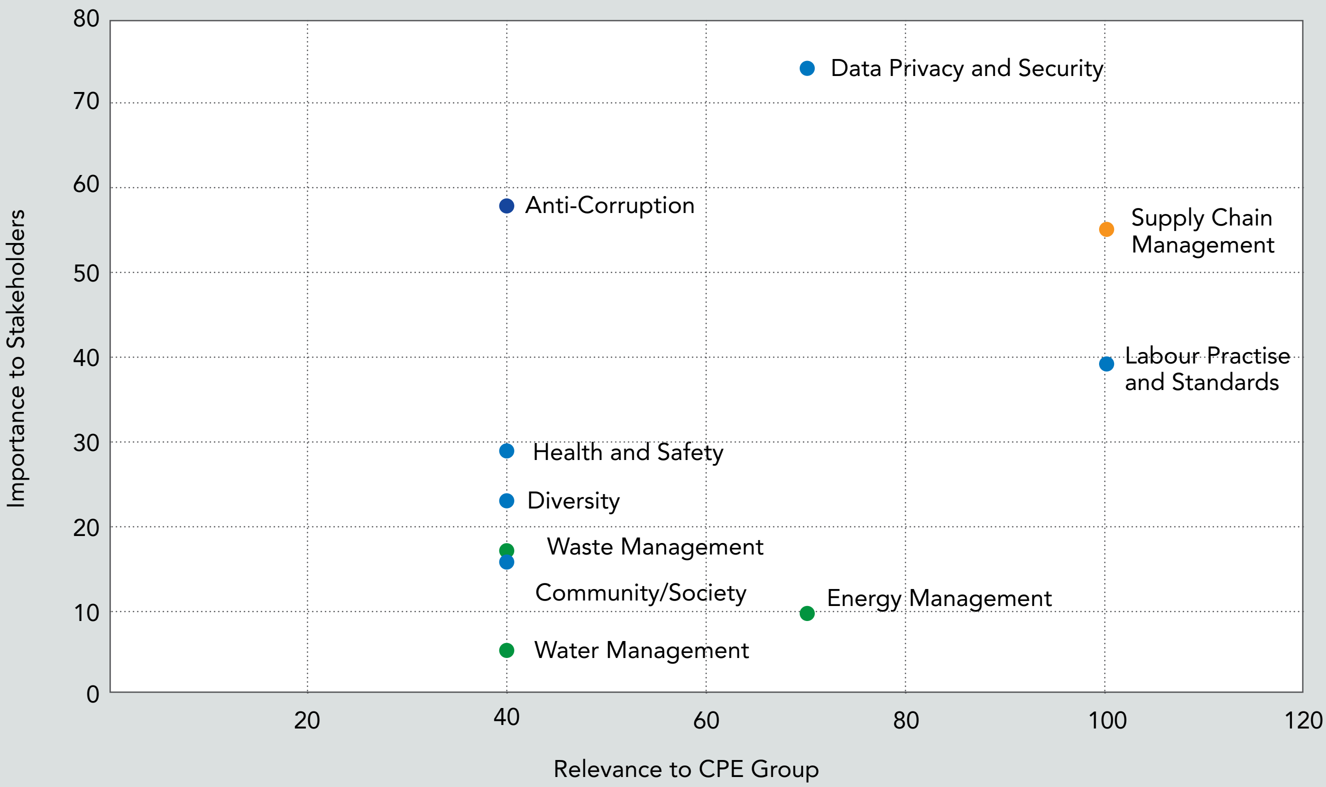


Table of Sustainability Matters

Area	Material Matter
Governance	Anti-Corruption
Economy	Supply Chain Management
Environment	Energy Management
	Water Management
	Waste Management
Social	Diversity
	Community/Society
	Health and Safety
	Labour practice and standards
	Data privacy and security

RISK MANAGEMENT

Each materiality matter presents both risks and opportunities for the Group. By effectively managing the risks while optimising the opportunities, we believe we can turn these milestones into achievements. This step helps us to attain deeper understanding of the materiality matters and develop proactive strategies that give us a competitive advantage in the industry.

Materiality matters, risks and opportunities associated with them and our action plan to address the material matters

Material Matters	Risks	Opportunities	Management Action Plan
Anti-Corruption	Risk of malpractice that may negatively impact company image, affecting sales and business profitability.	Incorporating ethics and good business conduct into processes. Building trust amongst business partners.	Management have put in place the Anti-Bribery and Anti-Corruption Policy and Guidelines indicating the commitment to secure transparency of business practice. Training will also be provided to our staff for awareness on anti-bribery and anti-corruption practice.
Supply Chain Management	Supply chain disruptions may cause inability to fulfil market demands.	Exploration of alternate sourcing of materials and suppliers.	Management is actively exploring local suppliers to supply materials, including those business support activities.
Energy Management	Rising energy prices can inflate operational costs, and as regulations tighten, there's a looming threat of non-compliance penalties. Additionally, any inefficiency in energy management can negatively impact our reputation among environmentally-conscious stakeholders.	Efficient energy management can lead to significant cost savings. By embracing renewable energy sources and innovative technologies, we can introduce new products and services. This commitment to sustainability can also bolster our standing with stakeholders, giving us a competitive edge in markets that value eco-friendly practices.	Management is actively sourcing for renewable energy, i.e. using solar power as an alternative source of electricity to support our manufacturing activities.
Water Management	Poor water management leads to higher costs and potential scarcity of water resources.	Cost saving through reduced water consumption.	Management is considering implementing a rainwater harvesting system to collect rainwater for general cleaning purposes. This initiative could help reduce dependency on the direct water supply from the local utilities company.
Waste Management	Non-compliance with regulatory requirements.	Selling recyclable waste generates small revenues.	Our general waste and scheduled waste disposal are disposed through licensed waste collectors. The general waste collectors and scheduled waste collectors must be the licensee of National Solid Waste Management Department ("JPSPN") and Department of Environment ("DOE") respectively.
Diversity	Reports of discriminative practices and non-compliance to basic human rights regulations can cause reputational risk.	Inclusive, diverse and empowering workforce.	Management is committed to fostering a workplace free from discrimination, where all employees are respected and human rights are upheld. We will enforce a non-discrimination practice, provide regular awareness on diversity and inclusion, and ensure that our practices reflect our dedication to fair treatment and equal opportunities for all.

Material Matters	Risks	Opportunities	Management Action Plan
Community /Society	Lack of engagement and alignment of community investment initiatives with relevant communities and their actual needs may lead to miscommunication and dissatisfaction.	Activities to implement better environmental controls and educate employees on the importance of protecting the environment.	Management is committed to promoting sustainable practices within our organisation. As part of our efforts to reduce our carbon footprint and encourage a healthier lifestyle among employees, the Group will continue providing bicycles to staff as a sustainable alternative to motorbike transportation. Furthermore, we plan to enhance our environmental initiatives by organising more community-focused programmes, such as a beach cleaning initiative in collaboration with local authorities. To encourage a healthier lifestyle among employees, the Group is continue to provide bicycles to staff for commuting purposes as a sustainable alternative to motorbike transportation.
Health and Safety	Major accidents due to non-compliance with health and safety policies and procedures may lead to potential fatalities and serious injuries.	Taking care of overall well-being of employees.	Management is actively conducting training sessions to raise awareness about environmental protection, while also promoting a safe and healthy working environment for all employees.
Labour practice and standards	Risk of non-compliance with Malaysian labour laws and legal actions against the company may result in loss of business. Non-compliance with international labour practices or policies to prevent forced labour may hinder access to export markets and impact the company's reputation.	Constant review and monitoring of employee benefits and compliance to labour laws. Social and recreational activities for employees for their wellbeing.	Management is committed to ensuring that all employee benefits are fully compliant with local labour laws. To stay informed of regulatory updates and ensure proper implementation, our Human Resources Officer will attend relevant training sessions. This proactive approach reflects our dedication to maintaining a fair and lawful workplace for all employees. Management is exploring opportunities to support social and recreational activities by sponsoring sports events proposed by our staff. We believe that encouraging participation in these activities fosters a sense of camaraderie and enhances overall well-being, creating a more vibrant and engaged workplace.
Data privacy and security	Cyber threats including breach of customers data may lead to loss of customer trust and reputational harm.	Robust cybersecurity and improved data management protects customer data and maintains trust.	Management shall invest in strengthening our cybersecurity practices to ensure the optimum standards of data security. This initiative aims to protect sensitive information and reinforce our commitment to safeguarding data management across the Group.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

ANTI-CORRUPTION

Our Group is committed to conduct our business activities in ethical, transparent and responsible manner. As such, we have put in place, Anti-Bribery and Anti-Corruption Policy and Guidelines, in line with the Malaysian Anti-Corruption Commission Act 2009, and of its equivalents in Singapore, that communicates our Group policy against any form of bribery and corruption. We do not tolerate any bribery and corruption practices amongst our employees, as well as external parties such as customers and suppliers.

OUR APPROACH

Prevention of Misconduct and Fraud

To support the implementation of procedures that play an important role in preventing and detecting fraud, the Group adopted a Codes of Ethics and Conduct for its staff. By setting instructions and allocating responsibilities to formulate controls and the execution of investigations, the Group hopes to foster cohesive organisational behaviour and culture.

All personnel must carry out their responsibilities honestly and follow applicable local regulations and laws. The Group strictly evaluates the behaviour of its management team to prevent wrongdoings among the Board, senior management, and employees, such as forbidding benefit transfers while considering new clients, suppliers, or project investments.

Whistleblower Policy and Procedure

Our Group is committed to conduct our business activities in an ethical, transparent and responsible manner. As such we have put in place a Whistleblower Policy and Procedure which is in line with the Whistleblower Protection Act 2010 and it was published on the Company's website. The Whistleblower Policy and Procedure provide guidelines for our stakeholders, such as customers, employees, suppliers, sub-contractors and local community to report genuine concerns or allegations about actual or suspected fraud carried out by our Group, alleged unethical behaviours or improper business conduct carried out by our employees or external parties with business relationships with our Group that may affect our Group.

OUR PERFORMANCE

Sustainability Indicator	Measurement Unit	FYE 2024
Corruption case reported and action taken	Number	Nil
Percentage of operations assessed for corruption-related risks	Percentage	100%

Percentage of employees who have received training on anti-corruption by employee category during FYE 2024:

Employee	Percentage
Directors	0.00%
Management	20.83%
Executive	18.18%
Assistant and Operation	0.95%

Percentage of employees who have received training on anti-corruption by employee category as at 30 June 2024:

Employee	Percentage
Directors	87.5%
Management	37.50%
Executive	31.82%
Assistant and Operation	3.23%

SUPPLY CHAIN MANAGEMENT

Supply chain management is crucial for CPE as it directly impacts operational efficiency, cost-effectiveness, and timely product delivery. By ensuring ethical sourcing and adherence to sustainability standards, the company not only mitigates potential risks and regulatory non-compliance but also enhances its reputation and trustworthiness.

OUR APPROACH

Our Group has established a Procurement Policy, which stipulates that vendor evaluations are conducted based on criteria outlined in ISO 9001:2015. Vendors and suppliers are assessed using key indicators such as product quality, delivery timeliness, cooperation provided by the supplier, and any customer disruptions caused by the vendor.

OUR PERFORMANCE

Local Suppliers

In the FYE 2024, out of RM18,873,934.45 spent on procurement, 27.15% was spent on local suppliers.

Sustainability Indicator	Measurement Unit	FYE 2024
Proportion of spending on local suppliers	Percentage (%)	27.15%

ENERGY MANAGEMENT

The Group acknowledges that our energy consumption and GHG emissions contribute to climate change impacts We recognise that as a corporate citizen, it is our responsibility to reduce our carbon footprint while also embracing opportunities that unfold while making transition to a low-carbon economy.

Energy management is crucial in today's business landscape, not only for cost-saving purposes but also for environmental and sustainability reasons. Efficient energy use reduces a company's carbon footprint, aligns with global sustainability goals, and can enhance a company's reputation among stakeholders. Moreover, as energy costs rise and regulations around emissions become stricter, effective energy management becomes a significant competitive advantage.

OUR APPROACH

In line with our Group's efforts in minimising carbon footprint and reducing the effect of climate change, our Group intends to install a solar Photovoltaic ("PV") system at our Plants. By utilising solar energy, which is a natural, free and accessible source of clean energy, we would be able to reduce usage of other energy sources which may have larger effects on the environment for our Group's energy needs.

In addition to reduce future electricity cost by installing and utilising a solar PV system at our Plants, we have also introduced the usage of LED lights of our Plant 2 and Plant 3.

LED lights are more energy-efficient as they consume less electricity when in use. Furthermore, LED lights emit less heat which would help to further reduce energy usage from climate control and are more long-lasting compared to fluorescent lights thus reducing the need to continuously replace the lights.

OUR PERFORMANCE

Total Electricity Consumption

Sustainability Indicator	Measurement Unit	FYE 2024
Total Energy Consumption (kwh)	kwh	8,811,610

WATER MANAGEMENT

Water resources play a crucial role in safeguarding natural ecosystems and biodiversity. The management of water resources and the enhancement of water quality control are essential to ensure the sustainable development of regional economies and societal stability. In aquatic ecosystems, the presence and quality of water could influence the health and diversity of species by affecting the habitat stability and nutrient cycling. Given that, changes in water levels and pollution could harm aquatic life and disrupt these ecosystems.

OUR APPROACH

Our Group is cognisant that water is an invaluable resource and issues such as water pollution will lead to lack of supply of clean water as well as environmental pollution. Our services include secondary processes such as electroplating and anodising. As such, we have installed a waste water treatment plant in Plant 4 to ensure the wastewater discharged during the aforementioned process carried out by our Group is treated and disposed of in a compliant manner.

Our group will consider in implementing the rainwater harvesting system in our factory for the general cleaning purpose. This may reduce the dependency of direct water supply from local utilities company.

OUR PERFORMANCE

Sustainability Indicator	Measurement Unit	FYE 2024
Total Volumes of Water Used	m^3	35,290.30
Discharge Waste Water	m^3	3,750

WASTE MANAGEMENT

Effective waste management is crucial for a manufacturing industry, as it not only minimises environmental impact but also enhances operational efficiency and cost-effectiveness. By responsibly managing waste, we reduce our carbon footprint, comply with regulatory requirements, and promote sustainable practices within our industry. This commitment to waste reduction reflects our dedication to environmental stewardship and reinforces our role as a responsible corporate citizen.

OUR APPROACH

Waste management is important in order to limit the impact of our business activities on the environment as well as the health of our employees and those around our existing plants. In order to effectively manage the generated waste and reduce generation of waste, we have implemented proper disposal procedures and have educated our employees on the procedures and have requested them to comply with the procedures.

We have implemented a proper waste disposal system to encourage our employees to dispose of waste responsibly. This includes having separate waste bins to collect different types of waste such as recyclable waste (such as paper, plastic and glass) and general waste. We also encourage our employees to practice the principles of "reduce, reuse, recycle" by undertaking actions such as utilising digital communication tools to reduce paper usage, reusing pieces of paper whenever possible, reusing old packing for storage, as well as recycling carbon packaging and paper products.

Management of scheduled waste

Our Group had on 18 April 2022, established and adopted the environment and scheduled waste management policy which established the procedure for handling, storage and disposal of scheduled wastes produced by our Group and had, on even date, circulated the said policy to our employees.

The Group had also engaged an Independent DOE consultant to review the Group's compliance with the relevant environmental regulation in Malaysia.

Further, our Group has installed a wastewater treatment plant in Plant 4 to ensure the wastewater discharged during the electroplating and anodising is treated and disposed of in a complaint manner.

DIVERSITY, EQUAL OPPORTUNITY & NON-DISCRIMINATION

Diversity, equal opportunity, and non-discrimination are fundamental principles that drive innovation, foster a positive workplace culture, and reflect a company's commitment to social responsibility. Embracing these values ensures a broader range of perspectives, promotes creativity, and enhances employee morale. Moreover, it positions the company as an inclusive and forward-thinking entity, appealing to a diverse talent pool and customer base.

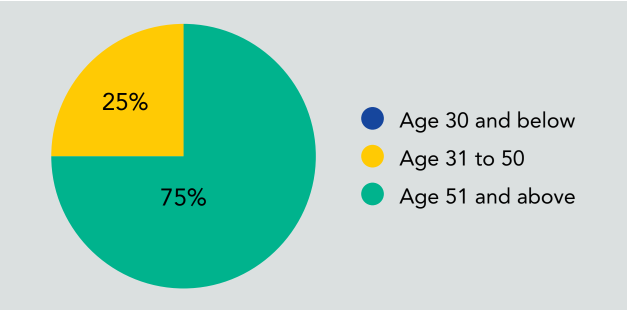
OUR APPROACH

Our approach to diversity, equal opportunity, and non-discrimination is both strategic and value-driven. We actively seek to create a workforce that reflects the diverse communities in which we operate. Recruitment processes are designed to be unbiased, focusing on skills and potential rather than background or identity. Training programmes emphasise the importance of an inclusive workplace, educating employees about unconscious biases and promoting a culture of respect. We also set clear policies against any form of discrimination, ensuring a safe environment for all employees. Regular reviews and feedback mechanisms are in place to assess our progress and address any concerns. By championing these principles, we aim to be industry leaders in inclusivity, ensuring that every individual feel valued, heard, and empowered to contribute to our collective success.

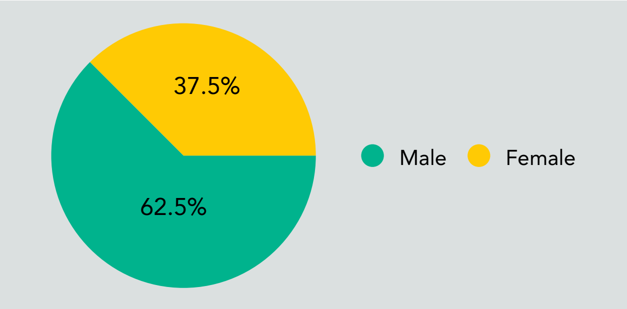
We pledge to embrace diversity and provide equal opportunity to everyone irrespective of their gender, age, and ethnicity to uphold our standard as a non-discriminative employer. Diversity enhances expansion of ideas and sustenance of continued talents, skills, and experience.

OUR PERFORMANCE

Board Diversity by Age



Board Diversity By Gender



Employee Composition

Percentage of Employee Composition by Gender

Gender	Management	Executive	Assistant and Operation
Male	70.83%	59.09%	80.65%
Female	29.17%	40.91%	19.35%

Percentage of Employee Composition by Age

Age	Management	Executive	Assistant and Operation
30 and below	4.17%	4.55%	64.89%
31 to 50	37.5%	81.81%	33.78%
51 and above	58.33%	13.64%	1.33%

COMMUNITY / SOCIETY

Community investment is essential for a company as it fosters goodwill, strengthens stakeholder relationships, and contributes to the sustainable development of the regions in which the company operates. Engaging in community investment not only reflects corporate social responsibility but also can lead to long-term business benefits by creating a positive brand image, fostering loyalty, and facilitating smoother operations through community support.

OUR APPROACH

In the realm of community investment, our approach is holistic and collaborative. We actively engage with local communities to identify their needs and challenges. By partnering with local organisations and leaders, we ensure our investments are impactful and aligned with community aspirations. Our initiatives range from educational programmes, infrastructure development, and healthcare projects to supporting local arts and culture. Regular feedback sessions with community members help us refine our strategies and ensure transparency. By intertwining our business growth with community development, we aim to create shared value, ensuring a prosperous future for both the company and the communities we serve.

CPE has contributed RM6,000.00 worth monetary and non-monetary donations to local charities body and non-profit organisation ("NGO") across the region we operate in.

Moreover, the Group is committed to educate our employee in reducing our carbon footprint and encourage a healthier lifestyle among employees, the Group is continuing to provide bicycles to our staff for commuting purposes as a sustainable alternative to motorbike transportation. Furthermore, we are planning to enhance our environmental efforts by organising more community-focused programmes, such as a beach cleaning initiative in collaboration with local authorities.

OUR PERFORMANCE

Community Investment Performance Data

Sustainability Indicator	Measurement Unit	FYE 2024
Total community investments	RM	6,000.00
Total number of beneficiaries of the investments in community	Number of beneficiaries body	3
Total number of bicycles issued to our staff	Number of bicycles	339
Total of Greenhouse Gases ("GHG") emission saved as the alternative to motorbike during the FY	kg CO_2e	42,980.97

HEALTH AND SAFETY

For our industry, health and safety are paramount, directly influencing the well-being of our workforce, the efficiency of our operations, and our standing in the market. In an industry where precision and attention to detail are crucial, ensuring a safe and conducive work environment minimises disruptions, fosters innovation, and upholds our commitment to our employees and stakeholders.

The Group's Occupational Health and Safety Policy is formulated with the aim to provide a safe and healthy environment for all employees, visitors, customers and our other business partners.

OUR APPROACH

Our company is committed to maintaining the highest standards of health and safety in the workplace. We have engaged with an Independent Department of Occupational Health and Safety ("DOSH") consultant to ensure compliance with national safety regulations and to continuously improve our safety practices. In line with our dedication to creating a safe and sustainable work environment, Management is actively pursuing certification under ISO 14001 and ISO 45001. These certifications reflect our commitment to environmental management and occupational health and safety, and they underscore our efforts to protect both our employees and the environment.

OUR PERFORMANCE

Work Related Injuries

Sustainability Indicator	Measurement Unit	FYE 2024
Total Hours Worked	No. of Hours	1,180,712
Number of Fatalities	No. of Fatalities	0
Number of Lost Time Injuries	No. of Reported Injuries	12
Lost Time Incident Rate ("LTIR")	Rate	2.07

We are delighted to confirm that there were no cases of non-compliance to Occupational Health and Safety regulations for FYE 2024. We are determined to maintain this record for years to come.

LABOUR PRACTICE

CPE believes that labour practices are central to a company's operations, directly influencing employee well-being, productivity, and overall organisational health. Proper labour practices ensure that employees are treated fairly, ethically, and in compliance with local and international labour standards. They also play a pivotal role in attracting and retaining talent, fostering a positive workplace culture, and maintaining a company's reputation.

The Group recognises our responsibility in protecting employees' rights and welfare, as well as ensuring their fair treatment. We strive to foster a conducive work environment that is respectful, engaging and collaborative for employees. As a responsible employer, The Group is committed to protecting and promoting foreign workers' welfare as well as recognising employees' rights to freedom of association and collective bargaining. We conduct employee engagement activities to promote a healthy work-life balance, improve communication and collaboration within teams as well as enhance morale and productivity.

OUR APPROACH

Our Group understands that our employees are our key assets who are vital to our business operations and the success of our Group and as such we are committed to maintain a safe and conducive workplace for our employees. This involves putting in place initiatives to ensure our employees physical and mental wellbeing.

Our strategies to tackle social sustainability matters are as follows :-

(a) Training and development

We are cognisant of the need to continuously train and develop our employees to nurture them. We provide on-the-job training to our employees to keep them up to date with the skills and knowledge required to enhance their competencies.

We also allocate training budget and plan training courses for our employees' development based on their training needs. Furthermore, our Group has also established a training requisition form should our employees request for participation in additional training programmes to improve on their skill sets.

(b) Employee wellbeing

The Group believes that it is important to foster a positive workplace that leads to healthy and motivated employees as it helps them thrive and further contribute to our Group.

The accommodation provided to our local and foreign workers in Malaysia are in compliance with minimum requirements as set out under the relevant regulations.

We also organise activities such as celebration lunches and dinners during festive occasions to reward our employees.

OUR PERFORMANCE

Sustainability Indicator	Measurement Unit	FYE 2024
Overall Employee Turnover Rate	Percentage (%)	33.82
Number of employee turnover by employee category	Number	
Director		0
Management		0
Executive		1
Assistant and Operation		208
Proportion of contract/ temporary staff	Percentage (%)	0
Average training hours per employee	Hours	5.34
Training hours by employee category	Hours	
Director		0
Management		440
Executive		712
Assistant and Operation		1952

DATA PRIVACY AND SECURITY

Data privacy and cybersecurity are increasingly important in today's digital age, as cyberattacks and data breaches have serious consequences for business and stakeholders. In an era where data breaches can lead to significant financial and reputational damages, adhering to stringent data protection regulations is not only a legal necessity but also a competitive differentiator. As customers become increasingly privacy-conscious, CPE's commitment to safeguarding personal and sensitive data ensures operational continuity, fosters stakeholder trust, and underpins its long-term viability in the digital landscape.

OUR APPROACH

The Group has established the following policy to safeguard data and ensure security.

Information Technology Management Policy

Our company places a high priority on IT security and cybersecurity to protect sensitive information and maintain the integrity of our digital infrastructure. We are committed to implementing robust security measures that safeguard against potential threats and vulnerabilities. Through continuous investment in advanced cybersecurity practices and regular employee training, we aim to build a resilient defense against cyber risks. Our approach includes proactive monitoring, threat detection, and adherence to the optimum practices, ensuring that our data management processes remain secure and reliable. This commitment reflects our dedication to protecting the interests of our employees, customers, and stakeholders.

OUR PERFORMANCE

As FYE 2024, there were zero substantiated complaints concerning breaches in customer privacy or data loss.

	Measurement Unit	FYE 2024
Number of substantiated complaints concerning breaches in customer privacy or data loss	Number	Nil

INTERNAL REVIEW AND EXTERNAL ASSURANCE

We strike to improve our data collection in the Group to ensure completeness and accuracy. There is no internal review by its internal auditor and external assurance by its external auditor on seeking an independent evaluation of performance data published in this Statement.

OUR WAY FORWARD

As we move forward, our Group is dedicated to integrating sustainability into every facet of our operations. We recognise that sustainability is not just a responsibility but an opportunity to innovate and create long-lasting positive impacts on our environment and communities. Our approach involves setting ambitious goals to reduce our carbon footprint, optimise resource usage, and minimise waste through efficient practices.

We will invest in sustainable technologies and processes that not only enhance our operational efficiency but also contribute to the well-being of our employees and stakeholders. Collaborating with industry partners and engaging our workforce will be crucial as we strive to cultivate a culture of sustainability across all levels of our organisation.

Moreover, we are committed to transparency and accountability in our sustainability efforts, regularly assessing our progress and seeking feedback from our stakeholders. By aligning our business strategies with sustainable practices, we aim to ensure long-term viability and success, while making a positive difference in the communities we serve.

SUSTAINABILITY PERFORMANCE REPORT 2024

Indicator	Measurement Unit	2024
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Directors	Percentage	87.50
Management	Percentage	37.50
Executive	Percentage	31.82
Assistant and Operation	Percentage	3.23
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
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	6,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	3
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Directors 30 and below	Percentage	0.00
Directors 31 to 50	Percentage	25.00
Directors 51 and above	Percentage	75.00
Management 30 and below	Percentage	4.17
Management 31 to 50	Percentage	37.50
Management 51 and above	Percentage	58.33
Executive 30 and below	Percentage	4.55
Executive 31 to 50	Percentage	81.81
Executive 51 and above	Percentage	13.64
Assistant and Operation 30 and below	Percentage	64.89
Assistant and Operation 31 to 50	Percentage	33.78
Assistant and Operation 51 and above	Percentage	1.33
Gender Group by Employee Category		
Directors Male	Percentage	62.50
Directors Female	Percentage	37.50
Management Male	Percentage	70.83
Management Female	Percentage	29.17
Executive Male	Percentage	59.09
Executive Female	Percentage	40.91
Assistant and Operation Male	Percentage	80.65
Assistant and Operation Female	Percentage	19.35
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	62.50
Female	Percentage	37.50
30 and below	Percentage	0.00
31 to 50	Percentage	25.00
51 and above	Percentage	75.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	8,811.61

Internal assurance | External assurance | No assurance | (*)Restated

SUSTAINABILITY PERFORMANCE REPORT 2024 (CONT'D)

Indicator	Measurement Unit	2024
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	2.07
Bursa C5(c) Number of employees trained on health and safety standards	Number	207
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Director	Hours	0
Management	Hours	440
Executive	Hours	712
Assistant and Operation	Hours	1,952
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		
Director	Number	0
Management	Number	0
Executive	Number	1
Assistant and Operation	Number	208
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	27.15
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	35.290300

Internal assurance | External assurance | No assurance | (*)Restated

The Board of Directors ("the Board") of CPE Technology Berhad ("CPE") and its subsidiaries ("the Group") is dedicated to upholding a high standard of corporate governance across the Group. This commitment to good corporate governance is essential to the effective performance of the Directors' duties and responsibilities, as it enhances shareholders' value and safeguards the interests of the Group's stakeholders. The corporate governance practices adopted by the Group are aligned with the principles and recommendation for best practices outlined in the Malaysian Code on Corporate Governance 2021 ("MCCG 2021").

During the financial year ended 30 June 2024 ("FYE 2024"), the Board is pleased to present the Corporate Governance ("CG") Overview Statement ("CG Overview Statement") which provides shareholders and stakeholders with an overview of the CG practices adopted by the Group in achieving the intended outcomes as set out in the MCCG 2021. This CG Overview Statement is centered around the following three (3) key principles:

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

The detailed application of each corporate governance practice by CPE Group during FYE 2024 is comprehensively reported in the CG Report, which is available on the Company's website at https://www.cpetbhd.com/investor-relations/ as well as on the website of Bursa Malaysia Securities Berhad ("Bursa Securities") at www.bursamalaysia.com. The CG Report is prepared in accordance with the prescribed format outlined in Paragraph 15.25(2) of the Main Market Listing Requirements ("MMLR") of Bursa Securities.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

BOARD ROLE AND RESPONSIBILITIES

The Board members exercise due diligence and care in discharging their duties and responsibilities to ensure that high ethical standards are applied, through compliance with the relevant rules and regulations, directives and guidelines in addition to adopting the practices in the Code and act in the best interest of the Group and shareholders. The Board has adopted a Board Charter that clearly identifies the respective roles and responsibilities of the Board, Board Committees, individual directors and management, and issues and decisions reserved for the Board.

To assist the Board in discharging its oversight function, the Board has delegated specific responsibilities to the following Board Committees:

- Audit and Risk Management Committee ("ARMC")
- Nomination and Remuneration Committee ("NRC")
- Compliance Committee ("CC")

Each Board Committee operates its functions within its respective Terms of Reference ("ToR") approved by the Board. The Chairman of the respective Board Committees reports to the Board on matters deliberated and recommendations made by the respective Board Committees.

STRATEGIC DIRECTION AND OBJECTIVES

The Board plays a critical role in setting out its strategic direction, development and control of the Group including setting and reviewing of goals and strategic directions, overseeing the process and effectiveness of risk management and control environment.

The responsibilities of the Board are inclusive of but not limited to:

- Promoting good corporate governance culture within the Group;
- Reviewing and setting a strategic plan for the Group;
- Reviewing Management proposals for the Group;
- Overseeing the conduct of the Group's business to ensure it is properly managed;
- Identifying principal risks and ensuring implementation of appropriate internal controls and mitigation measures;
- Reviewing the information and risk management and internal control system and the effectiveness of the management;
- Reviewing the responsibilities of each Board Committee as and when required;
- Ensuring the integrity of the Company's financial and non-financial reporting; and
- Developing and implementing an investor relation programmes of shareholders' communication policy for the Group.

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

STRATEGIC DIRECTION AND OBJECTIVES (CONT'D)

The Board has an established formal schedule of matters exclusively reserved for its decision-making authority, ensuring that the Group's direction and control are securely managed by the Board. This schedule encompasses the authorisation of major capital expenditure projects, the evaluation of asset acquisition and divestment strategies, and the review of key financial issues, including the Group's financial and operational performance. The delegation of authority for Board Committee is stipulated in their respective ToR which are reviewed periodically to ensure effective and efficient decision making in the Group.

SEPARATION OF POSITIONS OF CHAIRMAN AND THE GROUP CHIEF EXECUTIVE OFFICER

The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions. The roles of the Chairman and Group Chief Executive Officer ("GCEO") are separately held and each has a clear division and responsibilities between them to ensure the balance of control, power and authority.

CHAIRMAN OF THE BOARD

The Chairman of the Board holds an Independent Non-Executive position and the Chairman acts as facilitator between the Board and the Management by coordinating smooth communication flow between both parties. Additionally, the Chairman is responsible for providing leadership to the Board, enabling it to perform its responsibilities effectively.

Pursuant to the MCCG 2021, the Chairman of the Board does not sit on any Board Committees ensuring the maintenance of checks and balances as well as the preservation of objectivity.

The Non-Executive Directors are independent of Management and free from any business relationship and decision-making that could interfere with the exercise of their independent judgement to the Company and the Group.

ANG SENG WONG
- Independent Non-Executive Chairman
- Appointed on 1 April 2022

LEE CHEN YEONG
- Group Chief Executive Officer / Executive Director
- Appointed on 26 April 2021

FOO MING
- Non-Independent Non-Executive Director
- Appointed on 26 April 2021

MU WOON CHAI
- Executive Director
- Appointed on 26 April 2021

LAI HOOI YIM
- Independent Non-Executive Director
- Appointed on 1 April 2022

LIEW CHEE KAR
- Independent Non-Executive Director
- Appointed on 16 June 2022

WILLHAM SIAU
- Independent Non-Executive Director
- Appointed on 16 June 2022

THAM WEI MEI
- Independent Non-Executive Director
- Appointed on 18 July 2023

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

BOARD MEETINGS

The Board convenes meetings at least four (4) times annually, with additional meetings held as needed. Adequate notice of the matters to be discussed is given to the Board within a reasonable timeframe. The proceedings, deliberations, and decisions made by the Board are documented in the minutes of the meetings, which are maintained by the Company Secretary. These minutes are circulated to the Board and Board Committees for confirmation before the subsequent meetings and are signed by the Chairman of the meeting.

The Chairman ensures that each Director receives timely notice of every Board Meeting along with the relevant board papers for each agenda item. This approach allows Directors ample time to prepare for discussions, seek further explanations or clarifications, and effectively participate in the decision-making process while fulfilling their responsibilities. Board Committee meetings are held separately from Board meetings to facilitate objective and independent discussions.

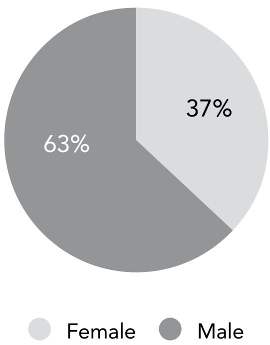
Directors may participate in Board Meetings or any Board Committee meetings through conference calls, video calls, electronic means, or other communication facilities that enable all participants to communicate simultaneously. Occasionally, Board Resolutions are circulated via email or other electronic methods. Additional or special Board meetings are convened as needed to consider and deliberate on urgent proposals or matters requiring the Board's review or consideration.

The Director's commitment in carrying out their duties and responsibilities are affirmed by their attendance at the Board and Board Committees Meeting held during FYE 2024. Details of the attendance of the Directors at the Board and Board Committees' Meetings were as follows:-

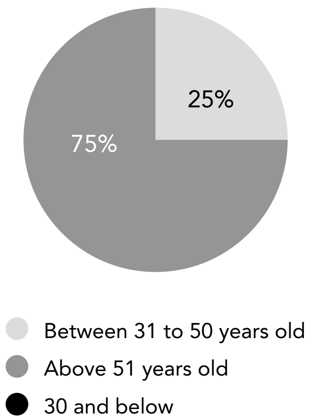
	BOD		ARMC		NRC	
Directors	**Attendance (Attend/Held) Before Listing**	**Attendance (Attend/Held) After Listing**	**Attendance (Attend/Held) Before Listing**	**Attendance (Attend/Held) After Listing**	**Attendance (Attend/Held) Before Listing**	**Attendance (Attend/Held) After Listing**
Ang Seng Wong	3/3	5/5	-	-	-	-
Lee Chen Yeong	3/3	5/5	-	-	-	-
Foo Ming	3/3	4/5	-	-	1/1	2/2
Mu Woon Chai	3/3	5/5	-	-	-	-
Lai Hooi Yim	3/3	5/5	2/2	5/5	-	-
Liew Chee Kar	3/3	5/5	2/2	5/5	-	-
Willham Siau	3/3	5/5	2/2	5/5	1/1	2/2
Tham Wei Mei	3/3	5/5	-	-	1/1	2/2

Board Diversity

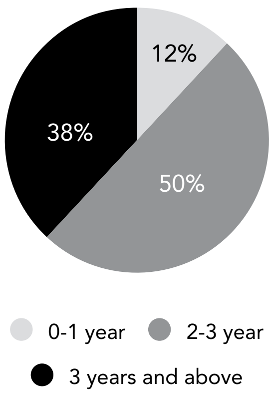
Gender Diversity



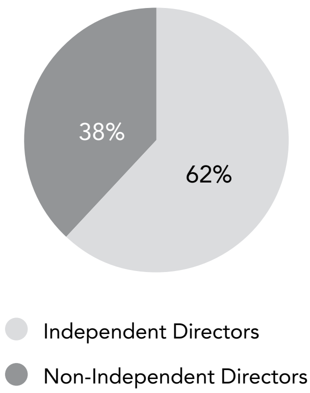
Board Age



Tenure of the Board



Independent and Non-Independent Directors Overview



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

COMPANY SECRETARY

Qualified and Competent Company Secretary

The Company complies with Practice 1.5 of the MCCG 2021 where the Board is supported by a Company Secretary who is qualified, competent and capable of carrying out the duties required. The Board has direct access to the advice and services of the Company Secretary especially relating to procedural and regulatory requirements. Such advisory roles by the Company Secretary include:

- Managing all Board and Committees' meeting logistics. Attending all Board meetings and ensuring that the minutes of all Board and Committees' meetings are properly documented, and subsequently communicated to the relevant party for further appropriate actions.
- Advising the Board on fulfilling the fiduciary roles and responsibilities in shaping the corporate direction of the Company.
- Assisting the Company to ensure that the processes and proceedings of the Board Meetings and Annual General Meeting ("AGM") are properly managed.
- Monitoring the development in CG practices and assisting the Board to apply governance practices to meet the Board's needs and stakeholders' expectations.
- Advising the Board on issues relating to compliance with the provisions of the MMLR of Bursa Securities, the Companies Act 2016 ("CA 2016") and other relevant laws, rules, procedures and regulations affecting the Board and the Group.

ACCESS TO INFORMATION AND ADVICE

All members of the Board have full and unrestricted access to the professional advice and services of the Company Secretaries and Key Senior Management in the course of discharging their duties and responsibilities on matters relating to the procedures governing the Company. The Board may seek independent professional advice, whenever necessary and in appropriate circumstances, either individually or collectively on any matter concerning with the discharge of their responsibilities at the expense of the Company.

BOARD CHARTER

The Board Charter, which clearly sets out the roles and responsibilities of the Board and the Board Committees is available on the corporate website of CPE at https://www.cpetbhd.com/investor-relations/ for easy access by the stakeholders and the public alike. The objective of this Board Charter is to ensure that all Board members of the Company are aware of their roles and responsibilities.

CODES OF ETHICS AND CONDUCT

The Company's Codes of Ethics and Conduct for Directors and Employees outlines the fundamental principles and standards of business ethics and conduct of the Group. The Company's Codes of Ethics and Conduct is available on website at www.cpetbhd.com/investor-relations/.

ANTI-BRIBERY AND ANTI–CORRUPTION POLICY AND GUIDELINES

The Company is committed to operate its business in an ethical and responsible manner, accompanied by the highest standards of integrity. The Board shall be incorporating such policies and procedures on anti-corruption to promote better governance culture and ethical behaviour within the Group and to prevent the occurrence of corrupt practices in accordance with the new Section 17A of the Malaysian Anti-Corruption Commission Act (Amendment) 2018 on corporate liability for corruption.

WHISTLEBLOWER POLICY AND PROCEDURE

The Whistleblower Policy and Procedure ("Whistleblower Policy") encourages its employees, contractors, suppliers, customers and other stakeholders to report of any suspected and/or known improper activities within the control of the Company.

The Company's Whistleblower Policy is available on website at www.cpetbhd.com/investor-relations/.

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

ETHICAL TRADING POLICY - INSIDER TRADING

In line with the MMLR of Bursa Securities and the relevant provisions of the Capital Markets and Services Act 2007, the company has adopted an insider trading policy which is stringently enforced within the Group effective from 18 April 2022 and revised on 25 April 2023.

All directors, key management personnel, and principal officers of the company are strictly prohibited from trading in securities based on any price-sensitive information and knowledge that have not been publicly announced.

CONFLICT OF INTEREST

Members of the Board are required to make a declaration during the Board meeting if they have interests in the proposals being considered by the Board, including interests arising through family members, in accordance with various statutory disclosure requirements. Any Director with an interest in a proposed proposal shall abstain themselves from deliberations. The Conflict of Interest Policy was adopted and is effective from 31 January 2024.

DIRECTOR FIT AND PROPER POLICY

In line with Paragraph 15.01A of the MMLR of Bursa Securities, the Board had adopted the Directors' Fit and Proper Policy on 23 June 2022 which serves as a guide to the NRC and the Board in their review and assessment of the potential candidates for appointment to the Board as well as the retiring Directors who are seeking re-election at the AGM. The Directors' Fit and Proper Policy shall be reviewed periodically by the Board and be revised at any time as it may deem necessary to ensure that they remain consistent with the Board's objectives, current law and practices. The Directors' Fit and Proper Policy is available on the Company's website at https://www.cpetbhd.com/investor-relations/.

SUSTAINABILITY GOVERNANCE

The Board is primarily responsible for ensuring that sustainability practices are implemented throughout the Company's operations.

In order to develop and implement the Group's Environmental, Social and Governance ("ESG") strategies, the Group has established an ESG Working Group led by the Executive Director.

The ESG Working Group is responsible for:

- Implementing the Group's ESG strategies and projects with the primary aim in achieving the Group's Corporate social responsibility initiatives; and
- Identifying additional opportunities for the Group to improve the Group's ESG practices

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

DIRECTORS' INDUCTION, TRAINING AND DEVELOPMENT

Continuing Education Programme

All appointed Directors have attended the Mandatory Accreditation Programme I as required under the MMLR of Bursa Securities , as well as external training courses and programmes during the FYE 2024. The Directors are encouraged to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes to enable them to sustain their active participation in board deliberations.

The Board is also updated by the Company Secretary on the latest update/amendments on MMLR, MCCG 2021 and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities periodically.

During the FYE 2024, the Directors have attended the following training, webinars, and online conferences:

ANG SENG WONG

Date Attended	Seminars/ Conferences/ Trainings Attended
18/10/2023	ICDM Member's Exclusive with PWC: Global megatrends impacting how organisation manage their workforce
October 2023	Certified Coaching & Mentoring Professional
02/11/2023	ICDM Member's Exclusive with Sage 3: Managing Turnaround Situations for PLCs
11/01/2024 – 13/01/2024	Governance, Risk and Compliance Management
22/02/2024	The Launch of the 2024 ASEAN Board Trends Report & The ASEAN Directors Registry
11/03/2024	ICDM PowerTalk Series: Future-Proofing Malaysian Businesses: Navigating Cyber-Threats in the Age of AI & Thriving in a High-Risk Landscape
02/05/2024	How to Detect Financial Warnings in Companies
04/06/2024	ICDM BSC Dialogue with Stewardship Asia Centre: Launch of ''Boards as Stewards of Sustainability: View Across Asia & Pacific" Report
18/09/2024	Bursa Academy: Conflict of Interest (''COI") and Governance of COI
20/09/2024	How Can Boards Make the Most of Blockchain & Digital Assets
25/09/2024 – 26/09/2024	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)

LEE CHEN YEONG

Date Attended	Seminars/ Conferences/ Trainings Attended
18/09/2024 – 19/09/2024	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)

FOO MING

Date Attended	Seminars/ Conferences/ Trainings Attended
04/09/2024 – 05/09/2024	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)

MU WOON CHAI

Date Attended	Seminars/ Conferences/ Trainings Attended
04/09/2024 – 05/09/2024	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)

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

DIRECTORS' INDUCTION, TRAINING AND DEVELOPMENT (CONT'D)

Continuing Education Programme (Cont'd)

LAI HOOI YIM

Date Attended	Seminars/ Conferences/ Trainings Attended
03/01/2023	Training on Malaysian Anti-Bribery and Anti-Corruption Policy (Board Level)
18/01/2023	Training on TCFD, ESG & SUSTAINABILITY (Board Level)
06/06/2023	Board of Audit Committee (BAC) Dialogue & Networking
10/07/2023	Board Sustainability Committee Dialogue & Networking: The ABC Soup of ESG and You (Boards)
26/07/2023	NRC's Role in Championing A Future-Focused Talent Agenda
10/11/2023	Post Budget 2024 Dialogue: Economic Reforms, Empowering the People
11/10/2023	Risk Management Conference 2023 - Malaysia Institute of Accountant
27/04/2023	E-invoicing - YYC Advisors
30/04/2024	Business & Shareholders Equity Laws - YYC Advisors
24/06/2024	MIA Emerging Strategic Risk and Mitigation Strategies for Board and C-Suite Brief
17/07/2024	2024 Chairperson Masterclass Series: Masterclass in Climate Governance 2024
20/08/2024	CGM Masterclass Climate Risk Climate Governance Malaysia @ Bursa Malaysia
21/08/2024	ICDM Group Mentoring - Mentor Mentee Programme
04/09/2024 – 05/09/2024	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)

LIEW CHEE KAR

Date Attended	Seminars/ Conferences/ Trainings Attended
11/07/2023	The Law Society of Hong Kong's Forum on "Doing Business in Hong Kong in a Rapidly Changing World"
11/03/2024	ICDM PowerTalk Series: Future Proofing Malaysian Businesses: Navigating Cyber-Threats in the Age of AI & Thriving in a High-Risk Landscape
10/05/2024	ICDM Power Talk Series: Being Sued as an INED – A Personal Journey
10/07/2024	Bictok #11: Towards Collaborative Contracting; CIDB Form of Contract (2022 Edition)
24/07/2024	Insights from the UK on Navigating Digital Transformation
25/07/2024	YCLA Arbitration Masterclass
01/08/2024	Personal Data Protection in the 21st Century: Legislative Developments & Challenges
04/09/2024 – 05/09/2024	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)

WILLHAM SIAU

Date Attended	Seminars/ Conferences/ Trainings Attended
05/07/2023	Ethics: Essentials of the Code
20/07/2023	Generative AI – An Opportunity or Risk?
04/09/2023	Mastering Automation: Reduce Manual Work in Your Practice
04/09/2023	The Arrival of ISSB Standards and the Continued Relevance of Integrated Reporting
18/10/2023	Seminar Percukaian Kebangsaan 2023
01/12/2023	Climate Change & Carbon Footprint – Getting the Right Financial Risk & Reporting Perspectives
03/12/2023	Understanding Sustainability in Accountancy Profession Survey 2023
04/12/2023	Bursa Malaysia's Enhanced Conflict of Interest Disclosure Requirements
24/01/2024	AI untuk Rakyat
24/01/2024	Get to Know the New Global Internal Audit Standards
11/03/2024	Future-Proofing Malaysian Businesses: Navigating Cyber-Threats in the Age of AI & Thriving in a High-Risk Landscape
14/03/2024	Decoding the TCFD Reporting Framework

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

DIRECTORS' INDUCTION, TRAINING AND DEVELOPMENT (CONT'D)

Continuing Education Programme (Cont'd)

WILLHAM SIAU

Date Attended	Seminars/ Conferences/ Trainings Attended
24/04/2024	MIA Town Hall 2023/2024 (Session 2)
10/05/2024	Being Sued as an INED – A Personal Journey
15/05/2024	Ethics Webinar and Quiz
19/06/2024	E-Invoice: Modernising Business Transactions
19/06/2024	Diversity, equity and inclusion fundamentals
04/09/2024 – 05/09/2024	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)

THAM WEI MEI

Date Attended	Seminars/ Conferences/ Trainings Attended
02/11/2023	A Delicate Balance – Board and Management Relationship by ICDM
10/05/2024	ICDM PowerTalk Series: Being Sued as an INED – A Personal Journey
29/08/2024	CKM Advisory: An Overview of the Listing Requirements
04/09/2024 – 05/09/2024	Mandatory Accreditation Programme Part II: Leading For Impact (LIP)
20/09/2024	ICDM PowerTalk Series: How Boards Can Make the Most of Blockchain & Digital Assets

BOARD COMPOSITION

Board Composition and Balance

The Board currently comprises of eight (8) members and the composition of the current Board is set out in the table below:

Name	Designation
Ang Seng Wong	Independent Non-Executive Chairman
Lee Chen Yeong	Group Chief Executive Officer/Executive Director
Mu Woon Chai	Executive Director
Foo Ming	Non-Independent Non-Executive Director
Lai Hooi Yim	Independent Non-Executive Director
Liew Chee Kar	Independent Non-Executive Director
Willham Siau	Independent Non-Executive Director
Tham Wei Mei	Independent Non-Executive Director

This composition fulfils the requirements as set out under MMLR of Bursa Securities, which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be Independent.

The Group practises non-discrimination in any form, whether based on age, gender, ethnicity or religion in the selection of Board members. In addition, the Group believes it is of utmost importance that the Board is composed of the best-qualified individuals who possess the requisite knowledge, experience, competency, professionalism, independence, foresight and good judgement to ensure that the Board and management team function effectively and are able to discharge their duties in the best interests of the Group and shareholders.

The Board consists of qualified individuals with diverse experiences, backgrounds and perspectives. Their combined expertise and business experience provide insights and diversity of perspective to lead and guide the Group in an increasing complex and competitive environment. The profile of each Director is set out on page 6 to 14 in this Annual Report.

The presence of the Independent Non-Executive Directors promote objectivity and they have the competence necessary to advise the Board on its decisions. They provide an effective check and balance to the Board's decision-making process. The Board's composition brings together an extensive group of experienced Directors from various backgrounds and they bring with them a wide range of skills and experience in areas relevant to managing and directing the Group's operations.

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

BOARD COMPOSITION (CONT'D)

Board Composition and Balance (Cont'd)

The Board deems that its composition is appropriate in terms of its membership and size as there is a good mix of skills and experience in the Board membership and no imbalance in power and authority. The Directors, with their differing backgrounds and specialisation, collectively bring with them a wide range of business, commercial and financial knowledge, expertise and skills essential in the management and direction of a corporation with regional presence.

TENURE OF INDEPENDENT DIRECTORS

The Board acknowledges the recommendation by the MCCG 2021 that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, if the Board intends to retain a Director who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting. Furthermore, the Board recognises that as per MMLR of Bursa Securities, the tenure of an Independent Director should not exceed a cumulative term of twelve (12) years.

The Board has not adopted a policy that limits the tenure of its Independent Directors to nine (9) years, being a step-up practice. Notwithstanding that, the assessment of the independence of Independent Directors will be conducted annually via the Annual Evaluation of Independence of Directors to ensure that they are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment or the ability to act in the best interests of the Company.

The NRC reviews the tenure of each director, and annual re-election of a director is contingent upon satisfactory evaluation of the director's performance and contribution to the Board.

Considering the recommendations outlined in the MCCG 2021 regarding the tenure of an independent director not exceeding a cumulative term of nine years and given that the Company was listed on the Main Market of Bursa Securities on 7 December 2023, none of the independent directors' tenure has exceeded a cumulative term of nine years.

In order to uphold the independence of Independent Directors, the Board has adopted the following policies:

- subject to the Board's justification and shareholders' approval, the tenure of Independent Directors should not exceed a cumulative nine years;
- an annual assessment of the independence of its Independent Directors focusing on events that would affect the ability of Independent Directors to continue bringing independent and objective judgment in deliberations by the Board; and
- the Independent Directors must declare themselves to be independent from management and free of any business or other relationship that could interfere with the exercise of their independent judgment and objective participation in the decision-making process of the Board.

NEW CANDIDATES FOR BOARD APPOINTMENT

The principal function of making recommendations for new appointments or re-election of retiring Directors has been delegated to the Nomination and Remuneration Committee ("NRC").

The evaluation of suitable candidate is not only based on academic but also through experience in this industry to ensure that valuable contribution which will be beneficial to the Company can be given to encourage growth of the Company. In making a recommendation to the Board on the candidates for directorship, the NRC will consider and nominate the candidates based on the objective criteria, including:

- skills, knowledge, expertise and experience;
- professionalism;
- integrity; and
- time commitment to the Company based on the number of directorships held.

In the case of candidates for the position of Independent Non-Executive Directors, the NRC will also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

All Directors shall not hold more than five (5) directorships in other listed issuers as required under Paragraph 15.06 of the MMLR of Bursa Securities.

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

BOARDROOM DIVERSITY

The Company has adopted a board diversity policy on 23 June 2022 and is available at www.cpetbhd.com/investor-relations/. In seeking potential candidate for new appointments, the Board shall take into account the various diversity factors including ethnicity, gender and age distribution of the Directors to maintain a balanced Board Composition.

During the FYE 2024, women directors comprised approximately 37% of the Board members. The age of the Directors ranges from 40 years old to 71 years old, as the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board.

The Board through its NRC conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Group forward. The NRC is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively.

COMPLIANCE COMMITTEE

The Compliance Committee is tasked with ensuring that the Board fulfills its responsibilities regarding the adherence to all relevant laws, regulations, and guidelines governing the Group's business operations, including property assets. It ensures that robust processes are in place for compliance management, provides oversight and guidance to the Compliance Department, and integrates necessary compliance procedures into all business practices. The Committee reviews and evaluates the compliance framework's adequacy, recommends improvements, monitors internal control processes, and addresses any compliance-related issues, ensuring the Group's operations remain in full compliance with legal and regulatory requirements.

The members of the Compliance Committee ("CC") are as follows:

Name of Members	Designation	Role in CC
Liew Chee Kar	Independent Non-Executive Director	Chairman
Lai Hooi Yim	Independent Non-Executive Director	Member
Tham Wei Mei	Independent Non-Executive Director	Member
Hun Jiang Yann	Group CFO	Member
Tan Lay Choon	General Manager of Champion PE	Member
Environmental Competency Consultancy Sdn. Bhd.	Independent DOE consultant	Member
Active ESH Sdn. Bhd.	Independent DOSH consultant	Member

The meeting attendance details for the directors serving on the Compliance Committee are as follows:-

Directors	CC	
	Attendance (Attend/Held) Before Listing	Attendance (Attend/Held) After Listing
Liew Chee Kar	2/2	3/3
Lai Hooi Yim	2/2	3/3
Tham Wei Mei	2/2	3/3

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

NOMINATION AND REMUNERATION COMMITTEE ("NRC") REPORT

The composition of the NRC are as follows:

Name of Members	Designation	Role in NRC
Willham Siau	Independent Non-Executive Director	Chairman
Foo Ming	Non-Independent Non-Executive Director	Member
Tham Wei Mei	Independent Non-Executive Director	Member

The roles and responsibilities of the NRC are incorporated in its ToR, which are available at https://www.cpetbhd.com/investor-relations/.

The NRC is tasked by the Board to make independent recommendations for appointments to the Board. In evaluating the suitability of the candidates, the NRC considers, inter-alia, the character, experience, integrity, commitment, competency, qualification and track record of the proposed new nomination for appointment to the Board. In the case of a nomination for the position of Independent Non-Executive Director, NRC evaluates the nominee's ability to discharge such responsibilities/ functions as expected from Independent Non-Executive Director.

Board Appointment and Re-Appointment Process

In accordance with the MMLR of Bursa Securities and the Company's Constitution, one-third of the Directors of the Company for the time being shall retire at the AGM of the Company provided always that all Directors, shall retire from office at least once in every three years but shall be eligible for re-election at the AGM. Additionally, the Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the conclusion of the next AGM and shall be eligible for re-election. In assessing the candidates' eligibility for re-election, the NRC considers their competencies, commitment, contribution, performance based on their respective performance evaluation to the Board and their ability to act in the best interest of the Company. The Board makes recommendations concerning the re-election, re-appointment and the continuation in office of any Director for shareholders' approval at the AGM.

The Group's nomination process of Directors are as follows:-

1. Identify Candidate
2. Conduct Assessment and Evaluation by NRC
3. Recommendation by NRC to the Board
4. Approval by Board

BOARD EFFECTIVENESS EVALUATION

Evaluation for Board, Board Committees and Individual Directors

The NRC is responsible for evaluating performance and effectiveness of the entire Board, the Board Committees, individual Director and key senior management on a yearly basis. The evaluation process is led by the NRC Chairman and supported by the Company Secretary via questionnaires.

The effectiveness of the Board is assessed in the areas of the Board's roles and responsibilities and composition, attendance record, the intensity of participation at meetings, quality of interventions and special contributions. Additionally, the effectiveness of the Board Committees is assessed in terms of structure and processes, accountability and responsibility, as well as the effectiveness of the Chairman of the respective Board Committees.

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

BOARD EFFECTIVENESS EVALUATION (CONT'D)

Evaluation for Board, Board Committees and Individual Directors (Cont'd)

Following the Listing and subsequent to the FYE 2024, the NRC and the Board carried out the annual assessment of the Board and Board Committees as a whole as well as the individual Director's performance in 23 August 2024.

Based on the annual assessment conducted for the financial year, the NRC was satisfied with the existing Board composition and concluded that each Director has the requisite competence to serve on the Board and has sufficiently demonstrated their commitment to the Company in terms of time and participation during the financial year under review, and recommended to the Board the re-election of retiring Directors at the Company's forthcoming AGM. All assessments and evaluations carried out by the NRC while in the stage of discharging their functions have been properly documented.

Activities of the NRC

During the FYE 2024, the NRC had met one (1) time before the Listing and two (2) times after the Listing, and the following activities were carried out by the Committee:

Reviewed the composition of the Board of Directors;	Assessed the effectiveness of the Board and Board Committees;	Assessed and evaluated the performance and contribution of each Director;	Reviewed the profile of each Director;	Reviewed the training needs of the Directors to ensure that they are acquainted with the latest development

Remuneration of Directors and Key Senior Management

The NRC is also responsible for reviewing and recommending the remuneration packages of the Executive Directors and Key Senior Management to the Board. The determination of remuneration packages for Non-Executive Directors is considered by the Board as a whole. The individuals involved must abstain from discussions related to their own remuneration packages. The total Directors' fees will be presented at the AGM by the Company.

Remuneration Procedures

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

The remuneration of each Director reflects the responsibility and commitment, which goes with the Board membership. In the case of Executive Directors, the component parts of remuneration are structured to link rewards to individual and corporate performances while ensuring that the level of remuneration commensurate with the market, the experience and the level of responsibilities undertaken. For Non-Executive Directors, the level of fees are linked to the contribution and level of responsibilities undertaken by the individual director, including the time spent on the group's matters, as well as the size of the Group's business.

The NRC recommends to the Board the remuneration packages for the Executive Directors. None of the Executive Directors participated in any way in determining their own individual remuneration. The Board as a whole determines the remuneration of Non-Executive Directors, with individual Directors abstaining from making decisions in respect of their individual remuneration. The Directors' fees are approved by the shareholders during the AGM.

During the financial year under review, the NRC has undertaken the following activities in discharging its duties:

- Reviewed the performance of the Executive Directors and submitted recommendations to the Board on specific adjustments in remuneration and/or reward payments; and
- Reviewed and recommended Directors' fees and benefits payable to the Directors of the Group for Board's approval.

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

BOARD EFFECTIVENESS EVALUATION (CONT'D)

Remuneration Procedures

The detailed breakdown of the Directors' fees and benefits paid (both Company and Group level) for the FYE 2024 are as follows:

Category	ED's RM	Non-ED's RM	Total RM
Fees	155,560.00	262,460.00	418,020.00
Salaries	1,334,231.00	458,811.00	1,793,042.00
EPF and SOCSO	128,649.00	22,937.00	151,586.00
Total	1,618,440.00	744,208.00	2,362,648.00

The detailed breakdown of the Directors' fees and benefits paid (both Company and Group level) for the FYE 2024 are as follows:

	By Group					By Company		
Name of Director(s)	Fees	Salaries and Bonuses	Other Emolument	Benefit-in-kind	Total	Fees	Salaries and Bonuses	Total
Ang Seng Wong	60,000.00	0.00	0.00	0.00	60,000.00	60,000.00	0.00	60,000.00
Lee Chen Yeong	77,803.00	720,000.00	87,559.00	0.00	885,362.00	36,000.00	0.00	36,000.00
Foo Ming	77,710.00	458,811.00	22,937.00	0.00	559,458.00	36,000.00	0.00	36,000.00
Mu Woon Chai	77,757.00	614,231.00	41,090.00	0.00	733,078.00	36,000.00	0.00	36,000.00
Lai Hooi Yim	36,000.00	0.00	0.00	0.00	36,000.00	36,000.00	0.00	36,000.00
Liew Chee Kar	30,000.00	0.00	0.00	0.00	30,000.00	30,000.00	0.00	30,000.00
Willham Siau	30,000.00	0.00	0.00	0.00	30,000.00	30,000.00	0.00	30,000.00
Tham Wei Mei	28,750.00	0.00	0.00	0.00	28,750.00	28,750.00	0.00	28,750.00

Remuneration of Senior Management

The remuneration paid to the top 5 Senior Management including salaries, benefits in-kind and other emoluments in bands of RM50,000 during the financial year under review are as follows:

Range of Remuneration	Number of Senior Management
RM50,000 to RM100,000	0
RM100,001 to RM150,000	0
RM150,001 to RM200,000	0
RM200,001 and above	5

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee ("ARMC") of the Company comprises three (3) Independent Non-Executive Directors. The Chairman of the ARMC is not the Chairman of the Board. The ARMC is fully informed about significant matters related to the Company's audit and its financial statements. The ARMC also reviewed the internal audit programme and invited the internal auditors to the meeting for discussion on the internal audit findings. Besides, such discussion also served as an avenue for the ARMC to appropriately communicate its insights, views and concerns about relevant transactions and events to the Internal and External Auditors.

The ARMC comprises of the following Directors:

Name of Members	Designation	Role in ARMC
Lai Hooi Yim	Independent Non-Executive Director	Chairman
Liew Chee Kar	Independent Non-Executive Director	Member
Willham Siau	Independent Non-Executive Director	Member

The ARMC met two (2) times before the Listing and five (5) times during the FYE 2024. The activities of the ARMC during the year are described in the ARMC Report in this 2024 Annual Report on pages 59 to 62.

The Board took note on Practice 9.2 of the MCCG 2021 on the policy that requires a former key audit partner to observe a cooling-off period of at least three years before being appointed as a member of the ARMC. Thus, the ARMC shall observe the said application in the event that a former key audit partner is appointed to the Board of the Company.

The Company does not have any precedent or intention to appoint a former auditor as a member of the ARMC. Therefore, no such policy was implemented for the time being.

Further details on the work performed by ARMC in furtherance of its oversight role are set out in the ARMC Report on pages 59 to 62 of this 2024 Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines.

Management assists the Board in the implementation of the Board's policies and procedures on risk management and internal control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

The Board performs review on an annual basis covering not only financial, but operational and compliance controls and risk management systems, in all material aspects. Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the Board that the processes have been carried out. The ARMC has been entrusted by the Board to ensure the effectiveness of the Group's internal control.

The internal audit function currently conducts independent audits within the Group to identify, evaluate and monitor significant risks affecting the business of the Group and ensure that adequate and effective controls are in place.

The Statement on Risk Management and Internal Control as set out on pages 54 to 58 of this 2024 Annual Report, provides an overview of the Group's approach to ensure the effectiveness of the risk management and internal processes within the Group.

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

COMMUNICATION WITH STAKEHOLDERS

The Board is committed to ensure that the shareholders and other stakeholders are well informed of the Group's strategy performance and major developments of the Company and the information is communicated to them through the following:

- the Annual Report;
- the various disclosures and announcements made to Bursa Securities including the quarterly results and annual results; and
- the website at https://www.cpetbhd.com/ which shareholders as well as members of the public are invited to access for the latest information on the Group.

The Minutes of the AGM of the Company will be available to the shareholders within 30 business days from the conclusion of the AGM.

CONDUCT OF GENERAL MEETINGS

The Board will ensure that the Notice of the forthcoming 3rd AGM to be sent out at least 28 days prior to the meeting to allow sufficient time for the shareholders to go through the Annual Report and make necessary attendance and voting arrangements. In line with Practice 13.1 of MCCG 2021, the notice convening the 3rd AGM of the Company will be issued to shareholders at least twenty-eight (28) days before the date of the AGM, which gives shareholders sufficient time to prepare themselves to attend the 3rd AGM or to appoint a proxy to attend and vote on their behalf. The Chairman of the Board, along with the Chairmen of respective Board Committees and Board members, will attend the 3rd AGM of the Company to address shareholders' inquiries. Additionally, the Board will be supported by External Auditors, Company Secretaries, and relevant senior management personnel, all of whom will also be present at the 3rd AGM to interact with shareholders and to address any queries raised.

The forthcoming 3rd AGM of the Company will be held fully virtual and entirely via Remote Participation and Voting ("RPV") facilities. Shareholders are able to attend, speak (including posing questions to the Company/Board of Directors) and vote remotely at the forthcoming 3rd AGM. Shareholders may also appoint proxies to participate on his/her behalf by submitting the duly executed proxy form to the Company's share registrar in hard copy or by electronic means. The Company will conduct poll voting on all resolutions for all general meetings in compliance with the Listing Requirements of Bursa Securities and the outcome of all resolutions proposed at the forthcoming 3rd AGM will be announced to Bursa Securities accordingly.

KEY FOCUS AREAS AND FUTURE PRIORITIES

The Company's key focus during the year was to comprehend the Principles and Practices introduced in the MCCG 2021, for the subsequent application and disclosure in the annual report for the FYE 2024. Consequently, the Group's existing Board Charter, ToR of the Board Committees and Code of Conduct have been reviewed in line with MCCG 2021.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this CG Statement, and considers that this overview statement provides the information necessary to enable shareholders to evaluate how the MCCG 2021 has been applied. The Board considers and is satisfied that the Group has fulfilled its obligation under the MCCG 2021, MMLR of Bursa Securities and all applicable laws and regulations throughout the financial year under review.

This CG Statement was approved by the Board of Directors of the Company on 28 October 2024.

The Board of Directors ("Board") acknowledges its responsibility in maintaining a sound system of internal control covering financial and operational controls, compliance and risk management to safeguard shareholders' investments and the Group's assets.

The responsibilities of the Board are inclusive of but not limited to:

- Promoting good corporate governance culture within the Group;
- Reviewing and setting a strategic plan for the Group;
- Reviewing Management proposals for the Group;
- Overseeing the conduct of the Group's business to ensure it is properly managed;
- Identifying principal risks and ensuring implementation of appropriate internal controls and mitigation measures;
- Reviewing the information and risk management and internal control system and the effectiveness of the management;
- Reviewing the responsibilities of each Board Committee as and when required;
- Ensuring the integrity of the Company's financial and non-financial reporting; and
- Developing and implementing an investor relation programmes of shareholders' communication policy for the Group.

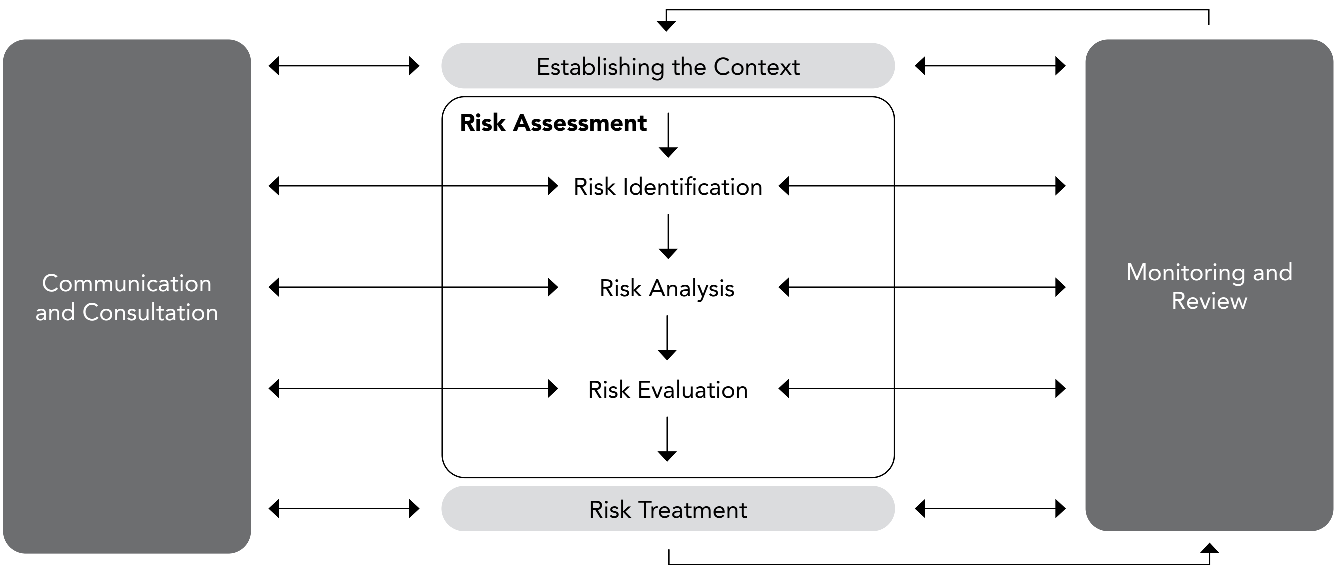
There is an on-going review process by the Board to ensure the adequacy and integrity of the risk management and internal control system in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. However, the Board recognises the review of the Group's system of risk management and internal controls is a concerted and continuous process, designed to manage rather than eliminate the risk of failure to achieve business objectives. As such, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.

The Chief Executive Officer and Chief Financial Officer have provided assurance to the Board that the Group's risk management and internal control systems, in all material aspects, have operated adequately and effectively. There were no major weaknesses in internal controls which resulted in material losses during the financial year under review until the date of approval of this Statement.

RISK MANAGEMENT FRAMEWORK

The Board has put in place an Enterprise Risk Management ("ERM") framework, in accordance with the Malaysian Code on Corporate Governance 2017, to ensure that there is an on-going process of identifying, evaluating, and managing significant business risk exposure. The Group's ERM framework aims to facilitate the execution of strategic business action to achieve the Group's vision of being a leading manufacturer as a one-stop solution provider for quality precision machining and mechanical assembly, by implementing relevant controls or translating the principal risks of the business into upside opportunities.

The Group's ERM is based on the internationally recognised Committee of Sponsoring Organizations ("COSO") framework. Risk factors are incorporated into the risk register and individually rated as Significant, High, Moderate or Low risk. The rating process is guided by a matrix of "Threat Likelihood" and the associated "Consequence Level or Impact", of which both financial and non-financial consequences are duly considered. Thereafter, owners of these risk factors will drive the implementation of risk mitigation measures towards achieving a residual risk that is within the acceptable tolerance.



RISK MANAGEMENT FRAMEWORK (CONT'D)

Management is accountable to the Board for risk management and internal control and has implemented processes to identify, evaluate, monitor and report risks and to design and implement relevant controls in response to the risks. For this, a Risk Management Unit ("RMU") have been established by the Group and RMU is reportable to the ARMC.

Board of Directors
Audit and Risk Management Committee (consist of only Independent Non-Executive Directors)
Risk Management Unit (Super-headed by Group CFO and participated by General Managers)
Group Support Functions

Risk Reporting Structure at CPE Technology

Audit and Risk Management Committee

The members of the Audit and Risk Management Committee ("ARMC") comprises only the Independent Non-Executive Directors appointed by the Board of Directors. The ARMC is responsible for amongst others:

- Advise on the high level risk strategy and policy aligned with the Group's strategic business objectives;
- Communicate Board vision, strategy, policy, responsibilities, and reporting lines to all employees across the Group;
- Identify and communicate to the Board the critical risks (present or potential) the Group faces, their changes, and the management action plans to manage the risk;
- Perform risk oversight and review risk profiles (Company and the Group) and organisational performance;
- Set performance measures for the Company and the Group (e.g. subsidiaries or business unit); and
- Provide guidance to the business units on the Group's and business unit's risk appetite and capacity, and other capacity, and other criteria which, when exceeded, trigger an obligation to report upward to the Board.

Risk Management Unit

The Risk Management Unit ("RMU") comprises the Group Chief Financial Officer (Malaysia) and General Managers (Malaysia and Singapore). The RMU undertakes the following responsibilities:

- Identify and communicate to the ARMC the critical risks (present or potential) of the subsidiary's business unit and its operation faces, their changes, and the management action plans to manage those risks;
- Communicate risk management requirements in the subsidiaries, business units and departments;
- Review risk profiles and performance for the business units; and
- Review and update the business unit's risk management methodologies applied, specifically those related to risk identification, measuring, controlling, monitoring and reporting
- Ensure the quality, adequacy and timeliness of the information that goes to the ARMC

Membership	Designation	Risk Management Category
Head	Group Chief Financial Officer	Super-head the RMU, compile, communicate and report all risk exposures within the Group to ARMC Financial Risk for Overall Group Operations
Member	General Manager (Malaysia)	Strategic, Operational and Compliance risks for Malaysia Operations
Member	General Manager (Singapore)	Strategic, Operational and Compliance risks for Singapore Operations

RISK MANAGEMENT FRAMEWORK (CONT'D)

Group Support Function

The role of the Head of Department ("HOD") or Managers and employees of the Group Support Functions is to manage risks within their spheres of control in accordance with the Group's policies and procedures and follow the Group's Codes of Ethics and Conduct.

The Group Support Function facilitates and supervises the implementation of the ERM framework and processes by the respective business units. Such function reports to the RMU, and RMU reports to ARMC.

RISK MANAGEMENT OPERATION

The First Risk Assessment Review of the Group was carried out by an independent professional consulting firm, namely Kloo Point Risk Management Services Sdn. Bhd.. Scheduled review are carried out based on the review plan approved by the Group. The assessment review report were presented to the ARMC during the quarterly Committee's meeting.

During the financial year under review, the Group's activities were exposed to the following principal risks:

- Operational Risk

  The Group's policy is to assume operational risks that are manageable within its core business competencies. The operational risk management ranges from business planning, human resource, material procurement, inventory management, quality, production planning, occupational safety, health and environmental risks. The management of the Group's day-to-day operational risks are mainly decentralised at the respective business unit level and guided by standard operating procedures (SOPs).

- Financial Risk

  The Group is exposed to various financial risks relating to foreign currency exchanges, commodity price and credit risks. These financial risks are mitigated through internal control processes and constant monitoring.

- Liquidity Risk

  The Group is not expose to liquidity risk as it is the company's policy to maintain a healthy and positive cash flow, along with sufficient reserves, ensuring the availability of funds to meet all financial obligations as they arise.

The key aspects of the risk management process are as follows:

- The Group undertake to update the risk register on an annual basis.

- Documented standard operating policies and procedures to ensure compliance with internal controls, laws and regulations, will be subjected to regular reviews and improvement.

- Taking into cognisance Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, the Group had put in place relevant policies on anti-bribery and anti-corruption, in particular to ensure adequate procedures are in place to mitigate risks of bribery and corruption.

Going forward, the ARMC and RMU will continuously deliberate the following to further strengthen the existing risk management controls within the Group:

- Enhance Crisis Management to handle disruptive incidents and effectively ensure a structural recovery that safeguards the interests of its stakeholders, as well as to protect the credibility and reputation of the Group.

- Committed to identifying and developing future potential successors for key positions by proactively investing in succession planning, aim to build a robust talent pipeline that will secure our business's long-term stability and success.

INTERNAL CONTROL PROCESS

The key elements of the Group's internal control processes are summarised as follows:

- The Board, ARMC and Management meet on a quarterly basis to discuss strategic, operational, risk and control matters raised by the Management, Internal Auditors and External Auditors.

- The Board has delegated its responsibility to Board Committees and the Management of the Group to implement and monitor designated tasks.

- The authority limits delineate authorisation limits for various levels of management and matters reserved for collective decision by the Board to ensure proper identification of accountabilities and segregation of duties.

- Policies, guidelines and procedures are revised to meet the operational requirement, the business and statutory reporting needs when necessary.

- Whistleblower Policy and Procedure is in place and anyone who has a genuine concern on detrimental actions or improper conduct may raise it using the confidential channels laid out in the policy which is available on our corporate website at www.cpetbhd.com.

INTERNAL AUDIT

Internal audit ("IA") function was carried out by an independent professional consulting firm, namely SocialGreen Governance Sdn. Bhd.. Scheduled internal audits are carried out based on audit plan approved by the ARMC. The internal audit reports, summarising the observations of control weaknesses, recommendations for improvement and Management responses were presented to the ARMC on a quarterly basis. These findings were deliberated together with Management at the ARMC's Meetings. ARMC assessed the overall adequacy and effectiveness of the system of internal controls of the Group and reports to the Board of Directors, in particular, the matters relating to significant risks and the necessary recommendations for changes.

The IA work carried out with reference to two primary frameworks:-

- Committee of Sponsoring Organizations ("COSO")
- International Professional Practices Framework ("IPPF")

For the financial year under review, the internal audit's scope covered the following based on the approved audit plan:

- Procurement management, which involved assessing the adequacy of controls over policies and procedures, vendor management and efficiency, supplier pre-qualification control, monitoring of outstanding purchase order and supplier quotations.

- Cash management, which involved aassessing the adequacy of controls over the use of proceeds from the Initial Public Offering ("IPO") activity and ensuring the compliance with Main Market Listing Requirement of Bursa Malaysia Securities Berhad.

- Information technology ("IT") management, which involved assessing the adequacy over the policies and procedures, software licensing, purchase and disposing of IT assets, access security, system security control, training of general IT controls.

REVIEW OF THIS STATEMENT BY THE EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirement, the external auditors have reviewed this Statement of Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

The Board is of the view that the risk management and internal control systems that are in place for the year under review and up to the date of approval of this statement, is adequate and effective to safeguard shareholders' investment and the Group's assets.

There have been no significant breakdowns or weaknesses in the system of internal control of the Group for the financial year under review. The Group continues to take the necessary measures to ensure that the system of internal control is in place and functioning effectively.

This Statement on Risk Management and Internal Control was approved by the Board on 28 October 2024.

The Audit Committee and Risk Management Committee of CPE Technology Berhad ('the Company") were established on 1 April 2022 and 16 June 2022 respectively and these committees were subsequently merged to form Audit and Risk Management Committee ("ARMC") on 8 February 2023.

COMPOSITION

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. This in compliance with Paragraph 15.09(1)(a) & (b) of the Main Market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") which stipulates that the composition of the Audit Committee must be composed of not fewer than 3 members and all the Audit Committee members must be Non-Executive with a majority of them being Independent Directors.

The ARMC comprises of the following members:

Name of Members	Designation	Directorship	Date of appointment	Qualifications/ Memberships
Lai Hooi Yim	Chairman	Independent Non-Executive Director	1 April 2022	- Diploma in Commerce - Member of the Association of Chartered Certified Accountants ("ACCA") - Fellow Member of the Association of Chartered Certified Accountants ("FCCA") - Member of the Malaysian Institute of Accountants ("MIA") - Member of the Institute of Corporate Directors Malaysia ("ICDM")
Liew Chee Kar	Member	Independent Non-Executive Director	16 June 2022	- Bachelor of Laws (Hons) - Certificate of Legal Practice - Member of ICDM
Willham Siau	Member	Independent Non-Executive Director	16 June 2022	- Bachelor of Commerce in Accounting - Member of Malaysian Institute of Management - Member of Chartered Accountants Australia and New Zealand - Fellow of Institute of Public Accountants, Australia - Professional Member of Institute of Internal Auditors Malaysia - Approved Liquidator from Labuan Financial Services Authority - Fellow of Institute of Financial Accountants, United Kingdom - Certified Member of Association of Certified Accountants, Malaysia - Member of MIA - Registered ASEAN Chartered Professional Accountant - Registered Company Secretary with Companies Commission of Malaysia ("CCM") - Member of ICDM - Affiliate of Asian Institute of Chartered Bankers - Affiliate of Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") - Registered Nominee with Malaysian Department of Insolvency

COMPOSITION (CONT'D)

The ARMC Chairman is a member of MIA which complies with Paragraph 15.09(1)(c)(i) of the MMLR of Bursa Securities, which stipulates that at least one member of the Audit Committee must be a member of MIA. Further, in compliance with Paragraph 15.09(2) of the MMLR, there are no alternate directors appointed as a member of the Audit Committee. Additionally, in line with Practice 9.1 of the MCCG 2021, the Chairman of the ARMC is not the Chairman of the Board.

ARMC MEETINGS AND ATTENDANCE

The ARMC held two (2) meetings before the listing date, which was on 7 December 2023.

Member's Name	Designation	Number of Meeting Attendances/Held	% of Attendance
Lai Hooi Yim	Chairman	2/2	100
Liew Chee Kar	Member	2/2	100
Willham Siau	Member	2/2	100

Following the listing, five (5) ARMC meetings were held, and the attendance details for each member are as follows:

Member's Name	Designation	Number of Meeting Attendances/Held	% of Attendance
Lai Hooi Yim	Chairman	5/5	100
Liew Chee Kar	Member	5/5	100
Willham Siau	Member	5/5	100

SUMMARY ACTIVITIES OF THE ARMC

During the Financial Year Ended ("FYE") 2024, the ARMC, in discharging its functions and duties, carried out the following activities:

Financial Reporting

a) Reviewed the Audited Financial Statements of the Group for the FYE 2024 prior to tabling to the Board for approval; and

b) Reviewed the Group's quarterly financial results before recommending them for approval by the Board for releasing announcement to Bursa Securities;

External Auditor ("EA")

a) During the FYE 2024, the ARMC reviewed the EA's, Messrs. PricewaterhouseCoopers PLT presentation as follows:

   i. Audit Plan which outlined its engagement team, audit approach, audit timeline, the areas of audit emphasis, and their focus on Key Audit Matters with reference to the International Standard on Auditing 701; and

   ii. Audit Committee Report for the FYE 2024 which summarises the significant accounting and auditing matters, potential key audit matters and internal control matters and recommendations identified during the statutory audit of the Group.

b) Scrutinised the Key Audit Matter raised by the EA and ensured that adequate work had been done to support the audit conclusions and overall impact on the financial statements. The Key Audit Matter vetted by the ARMC was on:

   - Adequacy of allowance for slow-moving inventories as at 30 June 2024.

SUMMARY ACTIVITIES OF THE ARMC (CONT'D)

External Auditor ("EA") (Cont'd)

c) Discussed with the EA on updates in relation to the new proposed changes in accounting standards, regulatory requirements.

d) Evaluated the EA's suitability, objectivity and independence, taking into consideration their technical competencies, audit quality, manpower resource sufficiency to perform the audit of the Group, and made recommendation to the Board on their re-appointment.

e) Reviewed the statutory audit fees for FYE 2024.

Private Session – External Auditor ("EA")

On 25 September 2023, the ARMC conducted private session meeting with the EA without the presence of the executive board members and management personnel of the Company. The ARMC had the opportunity to assess the co-operation extended by the Management to the EA, their competency and readiness to provide documentation and explanations, as well as the adequacy of resources of the Group's finance department.

Corporate Reporting

Reviewed the ARMC Report, Corporate Governance Overview Statement, Corporate Governance Report 2024 and Statement on Risk Management and Internal Control to ensure compliance with the MMLR of Bursa Securities and recommend to the Board for inclusion in the Annual Report 2024.

Others

a) Reviewed on the progress of Enterprise Risk Management ("ERM");

b) Reviewed the proposed dividend distribution to ensure it is lawfully conducted and complies with the statutory requirements under the Companies Act 2016;

c) Enquired with Management regarding any non-compliance with statutory contributions, any late payments caused by Management, and ensured the completeness and accuracy of accounting records, including no omission of transactions such as revenue recognition and expenditures;

d) Enquired with Management whether the announcement papers have been reviewed for compliance with all necessary requirements under the MMLR and other relevant regulatory obligations;

e) Reviewed the updates on the utilisation of proceeds from the Public Issue of the Initial Public Offering; and

f) Enquired with Management about the implementation status of the e-invoicing practice.

g) Enquired with the Management whether the Company and the subsidiaries in Malaysia are in compliance with Section 17A of Malaysian Anti-Corruption Commission ("MACC") Act 2009.

h) Enquired with the Management whether the subsidiary in Singapore is in compliance with the relevant laws regulating corruption/bribery in Singapore

Related party transaction and conflict of interest

a) Implementation of Conflict-of-Interest Policy, ensuring that Management enforces relevant declarations for Board of Directors and employee holding Managerial position;

b) Reviewed any related party transactions and conflict of interest situations that may arise within the Group during FYE 2024; and

c) Management has also been given the responsibility by the Board to monitor the implementation of the Whistleblower Policy and Procedures. Reporting of any cases are to be reported directly to the ARMC Chairman. During FYE 2024, there were no cases reported through the Whistleblowing channel.

INTERNAL AUDIT ("IA") FUNCTION

The IA function is outsourced to an independent professional firm, SocialGreen Governance Sdn. Bhd. ("SocialGreen") to perform an independent risk-based internal audit review on the key operational areas of the Group. Their main role is to undertake independent and systematic review of the system of internal control so as to provide independent assurance on the adequacy and effectiveness of risk management, internal controls and governance process of the Group.

The internal audit report is prepared in accordance with the Institute of Internal Auditors ("IIA") International Standard for the Professional Practice of Internal Auditing ("IPPF").

Reported Date	Report
Post Listing	• Internal Audit Review on Safety and Health • Internal Audit Review on Fixed Asset Management Internal Audit Plan Proposal
February 2024	Internal Audit Review on Procurement and Cash Management
May 2024	Internal Audit Review on General Information Technology Controls
October 2024	Internal Audit Review on Human Resource Management

The internal audit reports arising from the audit assignments carried out in FYE 2024 were issued to the respective business unit management for their responses and Management was made responsible to ensure that the agreed recommended actions were taken promptly within the required time frames to address the reported risks and weaknesses. Follow-up audit engagements were carried out by SocialGreen to ensure that the key recommended actions were implemented appropriately. The internal audit reports were subsequently tabled to the ARMC for its review.

SocialGreen has unrestricted access to the ARMC and reports directly to the ARMC Chairman. In its current structure, SocialGreen has been able to provide Directors and Senior Management with pertinent information about weaknesses in the system of internal control allowing Management to take prompt remedial actions.

The professional fees incurred for the IA function in respect of the FYE 2024 for the Group amounted to RM36,000.

This statement was approved by ARMC on 28 October 2024.

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

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Group are responsible for the preparation of the Group and of the Company's financial statements to ensure a true and fair view is presented in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. In ensuring the preparation of these financial statements, the Directors have observed the following criteria:

i. Overseeing the overall conduct of the Company's business and that of the Group;
ii. Identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks;
iii. Reviewing the adequacy and integrity of Internal Control System and Management Information System in the Company and within the Group;
iv. Adopting suitable accounting policies and apply them consistently;
v. Making judgments and estimates that are reasonable and prudent; and
vi. Ensuring compliance with application Approved Accounting Standards in Malaysia.

The Directors are responsible for ensuring that proper accounting and other records which are closed with reasonable accuracy at any time the financial position of the Group and ensuring that the financial statements comply with the Main Market Listing Requirements ("MMLR"), the provisions of the Companies Act 2016 and applicable Approved Accounting Standards in Malaysia.

The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 30 June 2024, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

1. Utilisation of Proceeds Raised from Corporate Proposals

The Group was successfully listed on Main Market of Bursa Securities Malaysia Berhad on 7 December 2023, through Initial Public Offering ("IPO") and raised gross proceeds from our Public Issue of approximately RM179.58 million.

As of FYE 30 June 2024, our status of utilisation of proceeds is tabled below;-

No.	Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Brief Explanation
1	Acquisition of the New Industrial Lands and construction of the New Plants	69,595	-	69,595	The Board proposes, and through the Extraordinary General Meeting ("EGM") on 2 October 2024, approved a variation in the utilisation of IPO proceeds amounting to RM69.60 million. These funds will now be used to finance the purchase consideration of Plant 6 along with related expenses, and to acquire and set up new manufacturing facilities. RM10 million of the RM69.60 million will be utilised in the near future.
2	Purchase of new machinery and equipment and relocation of existing machinery and equipment	32,882	240	32,642	The company has invested in some equipment for production purposes.
3	Repayment of bank borrowings	17,454	12,715	4,739	The existing loan facility to finance one of our property, i.e. Plant 4 will not be settled immediately due to a lock-in period imposed by Public Bank Berhad ("PBB"). An early settlement penalty may be incurred if the loan is paid off before the end of this period. However, the remaining proceeds will be utilised once the lock-in period is over.
4	Part-financing working capital expenditure requirements	46,909	-	46,909	Some amount of these proceeds will be used for the purchase of raw materials to support production needs.
5	Part-financing other capital expenditure requirements	1,422	739	683	Some amount of these proceeds will be utilised for engineering software or information technology ("IT") equipment and expected this will be completed by December 2024.
6	Estimated listing expenses	11,315	11,315	-	This proceed has been fully utilised.
Total		**179,577**	**25,009**	**154,568**	

2. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid/payable to the External Auditors for the services rendered to the Group and the Company for the financial year ended 30 June 2024 are as follows;-

	Group RM'000	Company RM'000
Audit Fee	488	60
Non-Audit Fee	12	12
Total	500	72

3. Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interest either still subsisting at the end of FY2024 or entered into since the end of the previous financial year.

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2024.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are as follows:

Mr. Lee Chen Yeong*
Mr. Foo Ming*
Mr. Mu Woon Chai*
Mr. Ang Seng Wong
Ms. Lai Hooi Yim
Ms. Liew Chee Kar
Mr. Willham Siau
Ms. Tham Wei Mei (appointed on 18 July 2023)

* The directors are also the directors of all the Company's wholly-owned subsidiaries as disclosed in Note 15 to the financial statements throughout the financial year ended 30 June 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 15 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Net profit for the financial year	11,093	14,518

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES

The Company has successfully undertaken a public issue of 167,828,700 ordinary shares at an issue price of RM1.07 per ordinary share which amounted to RM179,576,709 ('Public Issue Shares'), representing approximately 66.27% of the enlarged issued share capital of RM270,973,717 comprising 671,314,791 ordinary shares, paid in full upon application in conjunction with the listing and quotation of the entire enlarged issued and paid-up share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad. The Public Issue Shares have been fully allotted to the new shareholders of the Company on 6 December 2023.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those benefits as shown under the Directors' Remuneration section below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except that certain directors received remuneration from the subsidiaries in their capacity as executive/director of these subsidiaries.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016 in Malaysia, none of the directors who held office at the end of the financial year held any interest in shares in, or debentures of, the Company and every other body corporate, being the Company's subsidiaries during the financial year except as follows:

	Number of ordinary shares with no par value				
	At 01.07.2023	Acquired	Offer for sale	Disposed	At 30.06.2024
	'000	'000	'000	'000	'000
CPE Technology Berhad (The Company)					
Mr. Lee Chen Yeong	251,743	-	(33,565)	(29,740)	188,438
Mr. Foo Ming	151,046	-	(20,139)	(17,845)	113,062
Mr. Mu Woon Chai	100,697	-	(13,426)	(11,896)	75,375

As part of the initial public offering of the ordinary shares of the Company, the directors together offered a total of 67,131,000 ordinary shares, representing up to approximately 10.00% of the enlarged number of issued ordinary shares, by way of private placement to the institutional and selected investors, other than identified Bumiputera investors approved by the Ministry of Investment, Trade and Industry of Malaysia.

DIVIDENDS

Dividends declared and paid since the end of the Company's previous financial year are as follows:

	RM'000
In respect of financial year ended 30 June 2024 on 671,314,791 ordinary shares:	
- first interim single-tier tax exempt dividend of RM0.01150 per ordinary share declared on 17 April 2024 and paid on 30 May 2024	7,720

The directors do not recommend the payment of any final dividend in respect of the financial year ended 30 June 2024.

DIRECTORS' REMUNERATION

Details of directors' remuneration received/receivable from the Group and the Company for the financial year ended 30 June 2024 are as follows:

	GROUP RM'000	COMPANY RM'000
Directors' fees	418	293
Salaries and bonus	1,793	-
Defined contribution retirement plan	152	-
	2,363	293

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS OR AUDITORS

The Group maintains a liability insurance which provides appropriate insurance cover for the directors and key management personnel of the Company and its subsidiaries. The amount of insurance premium paid by the Group for the financial year ended 30 June 2024 amounted to approximately RM23,000.

No other indemnity given to or insurance effected for the directors, officers or auditors of the Group and of the Company during the financial year and during the period from the end of the financial year to the date of this report.

EVENTS WHICH OCCURRED DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

Details of the events which occurred during and subsequent to the financial year are set out in Note 34 to the financial statements.

OTHER STATUTORY INFORMATION

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

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

OTHER STATUTORY INFORMATION (CONTINUED)

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

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in their financial statements misleading.

In the opinion of the directors:

(a) except as disclosed in the financial statements respectively, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) 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 financial year in which this report is made other than the subsequent events as disclosed in Note 34.2 to the financial statements.

SUBSIDIARIES

Details of subsidiaries are set out in Note 15 to the financial statements.

AUDITORS' REMUNERATION

The auditors' remuneration in respect of the statutory audit of the financial statements and other assurance services of the Group and of the Company for the financial year ended 30 June 2024 are as follows:

	GROUP RM'000	COMPANY RM'000
Statutory audit	488	60
Other assurance services	12	12
	500	72

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 28 October 2024. Signed on behalf of the Board of Directors:

LEE CHEN YEONG
DIRECTOR

MU WOON CHAI
DIRECTOR

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Lee Chen Yeong and Mu Woon Chai, being two of the directors of CPE Technology Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 78 to 143 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024 and the financial performance of the Group and of the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 28 October 2024.

LEE CHEN YEONG DIRECTOR	MU WOON CHAI DIRECTOR

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Hun Jiang Yann, being the officer primarily responsible for the financial management of CPE Technology Berhad, do solemnly and sincerely declare that the financial statements set out on pages 78 to 143 are, in my opinion, 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 in Malaysia.

HUN JIANG YANN

Subscribed and solemnly declared by the abovenamed, Hun Jiang Yann (NRIC No.: 680916-01-5483) before me at Johor Bahru, Johor Darul Takzim on 28 October 2024.

COMMISSIONER FOR OATHS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of CPE Technology Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position of the Group and of the Company as at 30 June 2024, 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 78 to 143.

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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

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

Key audit matter	**How our audit addressed the key audit matter**
Group Adequacy of allowance for slow-moving inventories The Group's inventory balances as at 30 June 2024 amounted to RM45.2 million after allowance for slow-moving inventories of RM6.0 million. Refer to Notes 3.11 and 5.1 to the financial statements for the accounting policies and the details on the allowance for slow-moving inventories.	We performed the following procedures in relation to determination of adequacy of allowance for slow-moving inventories: • Understood and evaluated the design of controls over determination of the inventory valuation in arriving at the adequacy of the allowance for slow-moving inventories;

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matter	**How our audit addressed the key audit matter**
Group Adequacy of allowance for slow-moving inventories (continued) Inventories are stated at the lower of cost and net realisable value. Allowance for slow-moving inventories are recorded where events or changes in circumstances indicate that the carrying cost of inventories will not be fully realised (i.e. net realisable value is lower than the cost). In determining the allowance for slow-moving inventories, the directors and management took into consideration the age of the inventories, historical sales trend, confirmed orders as at reporting date, estimated future orders (the probability of making the sales) and the net realisable value (i.e. estimated selling price after considering the necessary discount, less estimated costs of completion, and estimated costs necessary to make the sales). We focus on this area because it requires director and management to exercise significant judgements in estimating the sales quantity, selling prices (i.e. the discount necessary to make the sales), costs of completion and cost of sales.	• Evaluated the appropriateness of the assumptions used by management with respect to slow-moving inventories including the estimated future orders and net realisable value of the affected inventories; • Substantively tested on sample basis the reliability of data used by the management in preparation of the ageing report, confirmed orders, and estimated future orders; • Tested the mathematical accuracy of the computations to arrive at the allowance for slow-moving inventories; • Checked the outcome of the related sensitivity analysis based on range of possible changes determined by management to evaluate the impact on the allowance for slow-moving inventories; and • Assessed the adequacy of the disclosures in the financial statements. Based on the procedures performed above, we did not find any material exceptions in the allowance for slow-moving inventories recognised for the inventories at the reporting date.

We have determined that there are no key audit matters to report for the Company.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, Financial Highlights, Corporate Governance Overview Statement, Sustainability Statement, Audit and Risk Management Committee Report, Statement on Risk Management and Internal Control, Management Discussion and Analysis, List of Properties and other contents 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 the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

(d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on 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.

(e) 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.

(f) 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 15 to the financial statements.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

LIM HUCK KHIAM
03192/06/2025 J
Chartered Accountant

Johor Bahru

28 October 2024

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	GROUP 2024 RM'000	GROUP 2023 RM'000	COMPANY 2024 RM'000	COMPANY 2023 RM'000
REVENUE	6	90,070	145,275	14,004	305
COST OF SALES		(66,924)	(93,768)	-	-
GROSS PROFIT		23,146	51,507	14,004	305
Other income		1,533	1,050	15	-
Other gains - net	7	112	1,259	16	-
Selling and marketing expenses		(2,405)	(2,300)	(36)	(12)
General and administrative expenses		(10,605)	(10,866)	(1,887)	(1,498)
OPERATING PROFIT/(LOSS)	8	11,781	40,650	12,112	(1,205)
Finance income		3,604	41	3,117	-
Finance costs		(1,122)	(1,590)	-	-
Finance income/(costs) - net	10	2,482	(1,549)	3,117	-
PROFIT/(LOSS) BEFORE TAX		14,263	39,101	15,229	(1,205)
Tax expenses	11	(3,170)	(8,808)	(711)	-
NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR		11,093	30,293	14,518	(1,205)
OTHER COMPREHENSIVE INCOME, NET OF TAX:					
Items that will not subsequently reclassified to profit or loss					
- Currency translation differences		498	3,805	-	-
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE FINANCIAL YEAR		11,591	34,098	14,518	(1,205)
EARNINGS PER SHARE (SEN)					
- Basic/diluted	12	1.85	6.02		

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

	Note	GROUP 2024 RM'000	GROUP 2023 RM'000	COMPANY 2024 RM'000	COMPANY 2023 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	56,802	62,639	-	-
Right-of-use assets	14	2,375	3,460	-	-
Investments in subsidiaries	15	-	-	91,397	91,397
Deferred tax assets	16	278	276	-	-
Amounts due from related parties	17	-	-	7,290	-
Deposits with licensed banks	18	893	872	-	-
		60,348	67,247	98,687	91,397
CURRENT ASSETS					
Inventories	19	45,176	53,667	-	-
Receivables, deposits and prepayments	20	20,989	21,586	16	1,189
Contract assets	21	118	146	-	-
Amounts due from related parties	17	-	-	568	207
Current tax receivable		2,997	220	-	-
Deposits, cash and bank balances	18	213,948	52,719	167,865	44
		283,228	128,338	168,449	1,440
CURRENT LIABILITIES					
Payables and accrued liabilities	22	11,328	17,101	93	521
Amounts owing to related parties	17	-	-	-	4,692
Current tax provision		2,753	4,437	6	-
Borrowings	23	4,635	7,652	-	-
Lease liabilities	24	805	1,179	-	-
		19,521	30,369	99	5,213
NET CURRENT ASSETS/(LIABILITIES)		263,707	97,969	168,350	(3,773)
		324,055	165,216	267,037	87,624
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	25	263,757	91,397	263,757	91,397
Capital reorganisation reserves	26	(86,215)	(86,215)	-	-
Currency translation reserves	27	5,731	5,233	-	-
Retained profits/(accumulated losses)	28	130,646	127,273	3,025	(3,773)
Shareholders' equity		313,919	137,688	266,782	87,624
NON-CURRENT LIABILITIES					
Borrowings	23	5,881	23,091	-	-
Lease liabilities	24	1,528	2,145	-	-
Deferred tax liabilities	16	2,727	2,292	255	-
		10,136	27,528	255	-
		324,055	165,216	267,037	87,624

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

GROUP	Share capital RM'000	Capital reorganisation reserve RM'000	Currency translation reserves RM'000	Retained profits RM'000	Total RM'000
2024					
As at 1 July 2023	91,397	(86,215)	5,233	127,273	137,688
TOTAL COMPREHENSIVE INCOME:					
Net profit for the financial year	-	-	-	11,093	11,093
Other comprehensive income for the financial year, net of tax	-	-	498	-	498
	-	-	498	11,093	11,591
Transaction with owners					
Issuance of ordinary shares for the Public Issue (Note 25)	179,577	-	-	-	179,577
Shares issuance costs capitalised for the Public Issue (Note 25)	(7,217)	-	-	-	(7,217)
Dividends (Note 30)	-	-	-	(7,720)	(7,720)
	172,360	-	-	(7,720)	164,640
As at 30 June 2024	263,757	(86,215)	5,731	130,646	313,919
2023					
As at 1 July 2022	91,397	(86,215)	1,428	96,980	103,590
TOTAL COMPREHENSIVE INCOME:					
Net profit for the financial year	-	-	-	30,293	30,293
Other comprehensive income for the financial year, net of tax	-	-	3,805	-	3,805
	-	-	3,805	30,293	34,098
As at 30 June 2023	91,397	(86,215)	5,233	127,273	137,688

COMPANY	Share capital RM'000	Retained profits/ (Accumulated losses) RM'000	Total RM'000
2024			
As at 1 July 2023	91,397	(3,773)	87,624
TOTAL COMPREHENSIVE INCOME:			
- Net profit for the financial year	-	14,518	14,518
- Other comprehensive income for the financial year, net of tax	-	-	-
	-	14,518	14,518
Transaction with owners			
Issuance of ordinary shares for the Public Issue (Note 25)	179,577	-	179,577
Shares issuance costs capitalised for the Public Issue (Note 25)	(7,217)	-	(7,217)
Dividends paid (Note 30)	-	(7,720)	(7,720)
	172,360	(7,720)	164,640
As at 30 June 2024	263,757	3,025	266,782
2023			
As at 1 July 2022	91,397	(2,568)	88,829
TOTAL COMPREHENSIVE LOSS:			
- Net loss for the financial year	-	(1,205)	(1,205)
- Other comprehensive income for the financial year, net of tax	-	-	-
	-	(1,205)	(1,205)
As at 30 June 2023	91,397	(3,773)	87,624

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	GROUP 2024 RM'000	GROUP 2023 RM'000	COMPANY 2024 RM'000	COMPANY 2023 RM'000
OPERATING CASH FLOWS					
Net profit/(loss) for the financial year		11,093	30,293	14,518	(1,205)
Adjustments for:					
Property, plant and equipment:					
- depreciation	8	7,814	7,453	-	-
- gain on disposals	7	(64)	(131)	-	-
- written off	8	-	81	-	-
Amortisation of right-of-use assets	8	1,249	1,031	-	-
Allowance for slow-moving inventories	8	1,126	296	-	-
Finance costs	10	1,122	1,590	-	-
Finance income	10	(3,604)	(41)	(3,117)	-
Unrealised foreign currency exchange losses	7	389	347	-	-
Tax expenses	11	3,170	8,808	711	-
		22,295	49,727	12,112	(1,205)
Changes in working capital:					
Inventories		7,393	(12,385)	-	-
Receivables		576	9,724	1,250	(308)
Payables		(5,792)	1,162	(428)	(563)
		24,472	48,228	12,934	(2,076)
Tax paid		(7,195)	(9,662)	(450)	-
Net operating cash flow		17,277	38,566	12,484	(2,076)
INVESTING CASH FLOWS					
Property, plant and equipment					
- purchases	13	(1,977)	(1,531)	-	-
- proceeds from disposals	13	64	131	-	-
Interest received		3,604	41	2,922	-
Additional placement of fixed deposits pledged to the bank		-	(79)	-	-
Additional placement of fixed deposits with banks which have maturity period of more than 3 months	18	(72,510)	-	(72,510)	-
Advanced granted to subsidiaries		-	-	-	(143)
Repayment of term loans on behalf of subsidiaries via advances	17.3	-	-	(9,265)	-
Repayment of advances granted to subsidiaries	17.3	-	-	1,334	-
Repayment of principal portion on loans granted to subsidiaries	17.3	-	-	203	-
Repayment of interest on loans granted to subsidiaries	17.3	-	-	195	-
Net investing cash flow		(70,819)	(1,438)	(77,121)	(143)

	Note	GROUP 2024 RM'000	GROUP 2023 RM'000	COMPANY 2024 RM'000	COMPANY 2023 RM'000
FINANCING CASH FLOWS					
Proceeds from the Public Issue Shares	25	179,577	-	179,577	-
Payment of share issuance costs	25	(7,217)	-	(7,217)	-
Trust receipts	29				
- proceeds from drawn down		-	4,287	-	-
- repayment of principal portion		(327)	(5,588)	-	-
- repayment of interest		(5)	(22)	-	-
Term loans	29				
- repayment of principal portion		(4,225)	(882)	-	-
- repayment of interest		(508)	(790)	-	-
- full settlement of loans		(9,265)	-	-	-
Hire-purchase liabilities	29				
- repayment of principal portion		(6,411)	(7,337)	-	-
- repayment of interest		(470)	(668)	-	-
Lease liabilities	29				
- repayment of principal portion		(1,149)	(1,044)	-	-
- repayment of interest		(139)	(110)	-	-
Repayment to subsidiaries	29	-	-	(4,692)	-
Advances granted by subsidiaries	29				2,143
Dividends paid	30	(7,720)	-	(7,720)	-
Net financing cash flow		142,141	(12,154)	159,948	2,143
NET CHANGE IN CASH AND CASH EQUIVALENTS		88,599	24,974	95,311	(76)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		52,719	26,815	44	120
EFFECT OF CHANGES IN EXCHANGE RATES OF CASH AND CASH EQUIVALENTS		120	930	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	18	141,438	52,719	95,355	44

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

1 GENERAL INFORMATION

The Company is an investment holding company. The principal activities of the subsidiaries are the manufacturing of precision machined parts and components using the computer numerical control (“CNC”) turning and milling technology, sales/trading of such precision machined parts and components, and provision of CNC turning and milling services (please refer to Note 15 to the financial statements for details). There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability Company, incorporated and domiciled in Malaysia.

The address of the registered office of the Company is as follows:

Suite 13.01, 13th Floor, City Plaza
Jalan Tebrau
80300 Johor Bahru
Johor, Malaysia

The address of the principal place of business of the Company is as follows:

No. 6, Jalan Indah Gemilang 5
Taman Perindustrian Gemilang
81800 Ulu Tiram
Johor, Malaysia

2 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared under the historical cost convention and in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date, and the reported amounts of revenues and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Group’s accounting policies. Although these estimates and judgement are based on the directors’ best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5 to the financial statements.

2.1 New standards, amendments to published standards and Issues Committee (“IC”) interpretations to existing standards that are applicable to the Group and the Company and are effective

The new accounting standards, amendments and improvements to published standards and IC interpretations to existing standards that are effective for the Group’s and the Company’s financial year beginning on 1 July 2023 are as follows:

- MFRS 17 ‘Insurance Contracts’ (effective 1 January 2023)
- Amendments to MFRS 7 ‘Insurance Contracts’ (effective 1 January 2023)

2 BASIS OF PREPARATION (CONTINUED)

2.1 New standards, amendments to published standards and Issues Committee ("IC") interpretations to existing standards that are applicable to the Group and the Company and are effective (continued)

- Amendments to MFRS 101 'Presentation of Financial Statements' and MFRS Practice Statement 2 'Disclosure of Accounting Policies' (effective 1 January 2023)
- Amendments to MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors' on 'Definition of Accounting Estimates' (effective 1 January 2023)
- Amendments to MFRS 112 'Income Taxes' on 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' and 'International Tax Reform - Pillar Two Model Rules' (effective 1 January 2023)

IFRS Interpretation Committee ("IFRIC") agenda decisions that are concluded and published

In view that MFRS is fully converged with IFRS, the Group and the Company consider all agenda decisions published by the IFRIC. Where relevant, the Group and the Company may change their accounting policy to be aligned with the agenda decision. The applicable IFRIC agenda decision is on MFRS 8 'Disclosure of Revenues and Expenses for Reportable Segments'. The Group has not adopted this IFRIC agenda decision and is in the process of assessing the impact of application.

The adoption of the new accounting standards and amendments to published standards listed above did not have any impact on the amounts recognised in prior and current financial periods.

2.2 New standards, amendments to published standards and IC interpretations to existing standards early adopted by the Group and the Company

There are no new standards, amendments to published standards and IC interpretations to existing standards early adopted by the Group and the Company.

2.3 New standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group and the Company but not yet effective and not early adopted

The Group and the Company will apply the new standards, amendments to published standards and IC interpretations to existing standards in the following financial periods:

(a) Financial year beginning on or after 1 July 2024

- Amendments to MFRS 101 'Presentation of Financial Statements' on 'Classification of Liabilities as Current or Non-current Liabilities and Deferral of Effective Date (2020 Amendments)' and 'Non-current Liabilities with Covenants (2022 Amendments)' (effective 1 January 2024)
- Amendments to MFRS 16 'Leases' on 'Lease Liability in a Sale and Leaseback' (effective 1 January 2024)
- Amendments to MFRS 107 'Statement of Cash Flows' and MFRS 7 'Financial Instruments Disclosures' on 'Supplier Finance Arrangements' (effective 1 January 2024)

(b) Financial year beginning on or after 1 July 2025

- Amendments to MFRS 121 'The Effects of Changes in Foreign Exchange Rates' on 'Lack of Exchangeability' (effective 1 January 2025)

2 BASIS OF PREPARATION (CONTINUED)

2.3 New standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group and the Company but not yet effective and not early adopted (continued)

(c) Financial year beginning on or after 1 July 2026

- Amendments to MFRS 9 'Financial Instruments' and MFRS 7 'Financial Instruments Disclosures' on 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026)

(d) Financial year beginning on or after 1 July 2027

- MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027)
- MFRS 19 'Subsidiaries without Public Accountability: Disclosures (effective 1 January 2027)

None of these is expected to have a significant effect on the financial statements of the Group and of the Company in the financial year of initial application.

- There are two amendments to MFRS 101 'Presentation of Financial Statements' (effective 1 January 2024). The first amendments, 'Classification of Liabilities as Current or Non-current and Deferral of Effective Date' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

  The second amendments, 'Non-current Liabilities with Covenants' specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 16 'Leases' on 'Lease Liability in a Sale and Leaseback' (effective 1 January 2024) specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 'Revenue from Contracts with Customers' to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the 'lease payments' or 'revised lease payments' in a way that it does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains.

  The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.

- Amendments to MFRS 107 'Statement of Cash Flows' and MFRS 7 'Financial Instruments Disclosures' on 'Supplier Finance Arrangements' (effective 1 January 2024) require entities to disclose information about supplier finance arrangements ('SFAs') that enable the users to understand the effects of SFA on an entity's liabilities, cash flows and exposure to liquidity risk.

  The amendments require the following information about SFAs to be disclosed in the annual period in which the amendments are first applied:
  (a) the terms and conditions of SFAs;

2 BASIS OF PREPARATION (CONTINUED)

2.3 New standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group and the Company but not yet effective and not early adopted (continued)

The amendments require the following information about SFAs to be disclosed in the annual period in which the amendments are first applied (continued):
(b) the carrying amount of financial liabilities that are part of SFAs and the line items in which those liabilities are presented;
(c) the carrying amount of the financial liabilities in (b) above for which suppliers have already received payment from the finance providers;
(d) the range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements;
(e) the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of SFAs; and
(f) liquidity risk information (e.g. concentration of risks; access to SFA facilities for liquidity requirement).

- Amendments to MFRS 121 'The Effects of Changes in Foreign Exchange Rates' on 'Lack of Exchangeability' (effective 1 January 2025) clarify that a currency is exchangeable when an entity is able to exchange it into another currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism that creates enforceable rights and obligations. If an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, then the currency is not exchangeable. In such cases, the entity is required to estimate the spot foreign currency exchange rate at the measurement date.

  The amendments do not specify how an entity estimates the spot foreign currency exchange rate, but permit an entity to use observable foreign currency exchange rate without adjustment or another estimation technique, provided it could meet the objective for estimating the spot foreign currency exchange rate set out in the amendments.

- Amendments to MFRS 9 'Financial Instruments' and MFRS 7 'Financial Instruments Disclosures' on 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026) have:
  - clarify the dates of recognition and de-recognition of a financial asset and liability, specifically:
    - financial assets are de-recognised when the rights to cash flows expire or when asset is transferred; and
    - financial liabilities are de-recognised at the settlement date (i.e. the date the liability is extinguished or qualified for de-recognition)
  - provide an optional exception which permits an entity to de-recognise a financial liability at a date earlier than the settlement date if the cash transfer takes place through an electronic payment system, provided that all the following conditions are met:
    (i) no practical ability to withdraw, stop or cancel the payment instruction;
    (ii) no practical ability to access the cash; and
    (iii) there is no significant settlement risk.
  - the optional exception does not apply to other payment methods such as cheques;
  - the amendments may change the timing when can entity de-recognises receivables and payables, compared to current practices;
  - entities will need to revise their financial reporting systems and processes to align with these potential changes in timing of de-recognition upon adoption of the amendments; and
  - i.e. a sub-total of income and expenses that an entity uses to communicate the performance of the entity to the users of the financial statements.

2 BASIS OF PREPARATION (CONTINUED)

2.3 New standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group and the Company but not yet effective and not early adopted (continued)

- MFRS 18 'Presentation and Disclosure in Financial Statements' replaces MFRS 101 'Presentation of Financial Statements' (effective 1 January 2027).

  This new MFRS introduces a new structure of profit or loss statement.
  (a) Income and expenses are classified into 3 new main categories:
    (i) Operating category which typically includes results from the main business activities;
    (ii) Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
    (iii) Financing category that presents income and expenses from financing liabilities (such as bank borrowings and lease liabilities).

  (b) Entities are required to present two new specified sub-totals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.
    - Disclosures of management-defined performance measures ('MPMs'), i.e. a sub-total of income and expenses that an entity uses to communicate the performance of the entity to the users of the financial statements. MPMs should also be reconciled to the most similar specified sub-total in MFRS Accounting Standards.
    - Enhanced principles on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of the financial statements are set out below. Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the predecessor method of accounting to account for business combinations under common control. Under the predecessor method of accounting, assets and liabilities acquired are not restated to their respective fair values but at the respective carrying amounts immediately before the internal reorganisation adjusted to ensure uniform accounting policies within the Group. The difference between the consideration paid and the carrying amount of the net assets acquired (as of the date of the transaction) is included in capital reorganisation reserves. In addition, the legal share capital of the acquiree prior to the incorporation of the Company is also included in the capital reorganisation reserves. No additional goodwill is recognised. Comparative amounts in the financial statements of the Group are presented as if the entities had been consolidated at the previous reporting date.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Basis of consolidation (continued)

Subsidiaries (continued)

Inter-company transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.2 Investments in subsidiaries in separate financial statements

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses, if any.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

Where an indication of impairment exists, an analysis is performed to assess whether the carrying amount of the investment is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. See Note 3.15 to the financial statements on accounting policy for impairment of non-financial assets.

3.3 Property, plant and equipment

Property plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price, import duties, non-refundable purchase taxes and any other cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. See Note 3.14 to the financial statements for the accounting policy on borrowings and borrowing costs.

After initial recognition, property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if applicable.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. The subsequent costs that are included in an asset's carrying amount are depreciated over the revised useful life of the related asset. All other repairs and maintenance cost are recognised as expenses in the profit or loss during the financial period in which they are incurred.

Freehold land is not depreciated as it has an infinite life. All other property, plant and equipment are depreciated on the straight-line method to allocate the costs of assets to their residual values over their estimated useful lives. The estimated useful lives are as follows:

Buildings	33 years
Renovations	5 years
Plant and machinery	10 years
Furniture, fittings and office equipment	3 - 10 years
Motor vehicles	5 years

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Property, plant and equipment (continued)

Depreciation continues through idle periods and ceases at earlier of when asset is disposed or classified as non-current assets (or disposal groups) held-for-sale.

Residual values and useful life of assets are reviewed and adjusted if appropriate, at the end of each reporting period.

At the end of each reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. See Note 3.4 to the financial statements on accounting policy for impairment of non-financial assets.

3.4 Impairment of non-financial assets

Non-current and non-financial assets that have an indefinite useful life, for example freehold land and intangible assets not ready to use, are not subject to amortisation and tested annually for impairment. Non-current and non-financial assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-current and non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the profit or loss. In respect of other non-current and non-financial assets that are subject to depreciation or amortisation, any subsequent increase in recoverable amount is recognised in the profit or loss. The reversal is recognised to the extent of the carrying amount of the affected asset that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised.

3.5 Financial assets

(a) Classification

The Group and the Company classify their non-derivative financial assets under the 'amortised cost' measurement category. The classification of debt instruments depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(b) Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group or the Company has transferred substantially all the risks and rewards of ownership.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Financial assets (continued)

(c) Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at 'fair value through profit or loss' ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are 'solely payments of principal and interest' ("SPPI").

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flows characteristics of the affected asset. The Group and the Company reclassify debt instruments when and only when its business model for managing those assets changes. The Group and the Company classify their debt instruments under the 'amortised cost' measurement category.

(i) 'Amortised cost'

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at 'amortised cost'. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in the profit or loss and presented in 'other gains/(losses) – net' together with foreign currency exchange gains and losses. Impairment losses are presented as a separate line item in the profit or loss.

(d) Subsequent measurement – Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Impairment for debt instruments

The Group and the Company assess on a forward-looking basis the expected credit loss ("ECL") associated with its debt instruments carried at 'amortised cost'. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company have two types of financial instruments that are subject to the ECL model:
- Trade receivables and contract assets; and
- Other receivables (including non-trade amounts due from related parties) and deposits.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and the present value of cash flows the Group or the Company expects to receive, over the remaining life of the financial instrument.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Financial assets (continued)

(d) Subsequent measurement – Impairment of financial assets (continued)

(i) Impairment for debt instruments (continued)

The measurement of ECL reflects:

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

<u>Simplified approach for trade receivables and contract assets</u>

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. Note 4.1(b)(i) to the financial statements sets out the measurement details of ECL.

<u>General 3-stage approach for other receivables (including non-trade amounts due from related parties) and deposits</u>

At each reporting date, the Group and the Company measure ECL through loss allowance for impairment at an amount equal to 12 months ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance for impairment at an amount equal to lifetime ECL is required. Note 4.1(b)(i) to the financial statements sets out the measurement details of ECL.

(ii) Significant increase in credit risk of financial assets

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. They consider available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; or
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Macroeconomic information such as the expected Gross Domestic Product ("GDP") growth rates is incorporated when assessing whether there is a significant increase in credit risk.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Financial assets (continued)

(d) Subsequent measurement – Impairment of financial assets (continued)

(ii) Significant increase in credit risk of financial assets (continued)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

(iii) Definition of default and credit-impaired financial assets

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The Group and the Company consider a financial instrument as default, when the counterparty fails to make contractual payment within 90 days when they fall due based on historical collection trend.

Qualitative criteria

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtor's financial difficulty;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on an individual basis.

(iv) Groupings of instruments for ECL measured on collective basis

Collective assessment

To measure ECL, trade receivables and contract assets have been grouped together based on their shared credit risk characteristics (i.e. customers' geographical location and/or industry segment) and the days past due. The contract assets relate to unbilled work-in-progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group and the Company have therefore concluded that the expected credit loss rates for trade receivables are a reasonable approximation of the credit loss rates for the contract assets.

Individual assessment

Trade receivables and contract assets which are in default or credit-impaired are assessed individually. Other receivables (including non-trade amounts due from related parties) and deposits are assessed on an individual basis for ECL measurement as credit risk information is obtained and monitored separately.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Financial assets (continued)

(d) Subsequent measurement – Impairment of financial assets (continued)

(v) Write-off

Trade receivables and contract assets

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group or the Company, the debtors are insolvent, or the Group or the Company has exhausted all reasonable recovery action (including legal action).

Loss allowance for impairment of trade receivables and contract assets are presented as a separate line item in the profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables (including non-trade amounts due from related parties) and deposits

The Group and the Company write-off financial assets, in whole or in part, when they have exhausted all practical recovery efforts and have concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor’s sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

3.6 Financial liabilities

(a) Classification

The Group and the Company classify their non-derivative financial liabilities measured at ‘amortised cost’ under ‘other financial liabilities’ measurement category. Management determines the classification of its financial liabilities at initial recognition.

‘Other financial liabilities’

‘Other financial liabilities’ are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. ‘Other financial liabilities’ are recognised as current liabilities unless the Group or the Company has an unconditional right to defer repayment of the liabilities for at least 12 months after the reporting date. The Group’s and the Company’s ‘other financial liabilities’ comprise ‘payables and accrued liabilities’, ‘amounts owing to related parties’ and ‘borrowings’ in the statements of financial position.

(b) Recognition and initial measurement

Financial liabilities are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.6 Financial liabilities (continued)

(b) Recognition and initial measurement (continued)

Financial liabilities are initially recognised at fair value, minus, in the case of non-derivative financial liabilities not at FVTPL, directly attributable transactions costs.

(c) Subsequent measurement

Subsequent to initial recognition, 'other financial liabilities' are measured at amortised cost using the effective interest method.

(d) De-recognition

A financial liability is de-recognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another one from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

3.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

3.8 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 'Financial instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 'Revenue from Contracts with Customers', where appropriate.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.9 Leases - Accounting by lessee

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices in accordance with the principles in MFRS 15 'Revenue from Contracts with Customers'. However, for leases of properties for which the Group is a lessee, it has elected the practical expedient provided in MFRS 16 'Leases' not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

(i) Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:
- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- decommissioning or restoration costs, if any.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of assets' useful lives or the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying assets' useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities. The ROU assets are depreciated over the underlying assets' useful life ranging from 2 to 6 years with an extension option included.

ROU assets are presented as a separate line item in the statements of financial position.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.9 Leases (continued)

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within the 'finance costs' in the profit or loss.

(iv) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture and equipment with individual value of RM20,000 and below. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line bases as an expense in the profit or loss.

3.10 Current and deferred taxes

Tax expense for the financial period comprises current and deferred taxes. The income tax expense or credit for the financial period is the tax payable on the current financial period's taxable income based on the applicable income tax rate for each jurisdiction where the entities within the Group operate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses, if any. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in 'other comprehensive income' or directly in equity. In this case, the tax is also recognised in 'other comprehensive income' or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting period in the countries where the group entities operate and generate taxable income.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.10 Current and deferred taxes (continued)

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes (i.e. tax bases) and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply in the financial period when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses, if any, can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the parent and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductible temporary difference can be utilised.

Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same tax authority where there is an intention to settle the balances on a net basis.

3.11 Inventories

Inventories are stated at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, slow-moving or obsolete inventories. Cost is determined on the weighted average basis. Cost of raw materials includes purchase price and any other costs that are directly attributable to bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates, discounts, import duties and non-refundable taxes.

The cost of work-in-progress and finished goods consists of raw materials, direct labour, other direct costs, and an appropriate proportion of variable and fixed production overhead expenditures, the latter being allocated on the basis of normal production capacity. It excludes borrowing costs (if any).

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services rendered in the ordinary course of business. Other receivables generally arise from transactions outside the ordinary course of business of the Group and of the Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include non-refundable taxes and duties.

Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance for impairment. See Notes 3.5(d) to the financial statements on the accounting policy for impairment of financial assets.

3.13 Cash and cash equivalents

For the purpose of the statements of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts (if any) which are repayable on demand and form an integral part of the Group’s and the Company’s cash management are included as a component of cash and cash equivalents in the statements of cash flows. In the statements of financial position, bank overdrafts (if any) are shown within borrowings in current liabilities.

3.14 Trade and other payables

Trade payables represent liabilities for goods or services provided to the Group or the Company prior to the end of the financial year which are unpaid. Other payables generally arise from transactions outside the ordinary course of business of the Group and of the Company. Trade and other payables are classified as current liabilities unless the Group or the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value net of transaction costs incurred, which include non-refundable taxes and duties.

Trade and other payables are subsequently measured at ‘amortised cost’ using the effective interest method.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.15 Borrowings and borrowing costs

(a) Borrowings

Borrowings are recognised initially at fair values, net of transaction costs incurred. Borrowings are subsequently carried at 'amortised cost'; any difference between the initial recognised amount and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss within 'finance costs'.

Where the terms of a financial liability are renegotiated and the Group or the Company issue equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group or the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

When borrowings measured at amortised cost is modified without this resulting in de-recognition, any gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, shall be recognised immediately in the profit or loss within 'finance costs'.

(b) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.16 Provisions

Provisions are recognised when the Group or the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group or the Company expects a provision to be reimbursed by another party (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as 'finance costs' in the profit or loss.

3.17 Contingent assets and contingent liabilities

The Group and the Company do not recognise contingent assets and contingent liabilities other than those arising from business combinations, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and of the Company, or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and of the Company. The Group and the Company do not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

3.18 Share capital

(a) Classification

Ordinary shares are classified as equity.

(b) Share issue costs

Incremental costs directly attributable to the issue of new shares are deducted against equity. Incremental costs directly attributable to the issue of new shares that were incurred prior to the completion of the issuance of the new ordinary shares are recognised as a prepayment in statements of financial position. Costs that relate to the stock market listing (if any), or are otherwise not incremental and directly attributable to issuing new shares, are charged to the profit or loss.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.18 Share capital (continued)

(c) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group or the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument are recognised directly in equity.

(d) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:
- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3.19 Revenue

Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities.

If contracts involve the sale of multiple elements, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

Revenue is recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance:
- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.19 Revenue (continued)

Revenue from contracts with customers (continued)

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services. Specific criteria where revenue is recognised are described below.

(a) Sales of precision machined parts and components

The Group's revenue is generated from sale of goods, i.e. precision machined parts and components that are enhanced with computer numerical control ("CNC") turning and milling process.

Revenue from sale of goods is recognised when the Group has transferred the control over the products to the customer, the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Although there are arrangement to deliver the products to the customers, they are not considered as a separate performance obligation but a fulfilment activity as the control of goods does not transfer to the customers before delivery.

No element of financing is deemed present as the sales are made with a credit term of 30 to 120 days, which is consistent with market practice.

(b) Rendering of service

Revenue from providing CNC turning and milling services is recognised over the financial period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the financial period as a proportion of the total services to be provided.

This is determined based on the actual machining hours spent relative to the total budgeted machining hours. The revenue for the CNC turning and milling services is recognised over time using the input method. Revenue is recognised over the period of the contract with reference to the progress towards complete satisfaction of that performance obligation. The Group produces or enhances an asset that the customer controls as the asset is produced or enhanced.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increase or decrease in the estimated revenue or cost is reflected in the profit or loss in the financial period in which the circumstances that give rise to the revision become known by management.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.19 Revenue (continued)

Revenue from contracts with customers (continued)

(b) Rendering of service (continued)

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceeds the payment made by the customer, a contract asset is recognised. If the payments made by the customer exceed the services rendered, a contract liability is recognised.

A liquidated and ascertained damages will be recognised for any expected non-conformity within and or arising from the Group's products and parts and the service.

Revenue from other sources

Dividend income from investments in subsidiaries is recognised when the Company's right to receive payment is established and is recognised in the profit or loss as part of revenue from other sources. Dividend income from investment in a subsidiary that clearly represents a recovery of part of the cost of an investment is recognised as a reduction of the Company's costs of investment in subsidiaries. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

3.20 Other income

The following items are included under 'other income' or 'finance income' in the profit or loss; where appropriate:

(a) Interest income

Interest income on financial assets at 'amortised cost' calculated using the effective interest method is recognised in the profit or loss as part of 'finance income'.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance for impairment).

(b) Rental income

Rental income is recognised on an accrual basis in the profit or loss on a straight-line basis over the term of the leases in accordance with the terms of rental agreement or contract. Refer to Note 3.9 to the financial statements for the accounting policy on lessor accounting.

(c) Other income

Any other income is recognised on an accrual basis unless collectability is uncertain.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.21 Employee benefits

(a) Short-term employee benefits

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses, other employee benefits and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the financial period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as part of 'payables and accrued liabilities' in the statements of financial position.

The Group and the Company recognise a liability and an expense for bonuses; based on the performance of the employees and a formula that takes into consideration the profit attributable to the shareholder(s) of the entities within the Group and the Company after certain adjustments. The entities within the Group recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(b) Post-employment benefits – Defined contribution plan

The Group's and the Company's post-employment benefit scheme comprises only the defined contribution plan. A defined contribution plan is a pension plan under which the entities within the Group pay fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and the entities within the Group have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior financial periods.

Certain active entities within the Group in Malaysia contribute to the Employee Provident Fund, the national defined contribution plan in Malaysia. The contributions to the said defined contribution plan by the entities within the Group are charged to the profit or loss in the financial period to which they relate. Once the contributions have been paid to the said defined contribution plan, the entities within the Group have no further payment obligations.

Subsidiary in Singapore

A subsidiary in Singapore contributes to Central Provident Fund, the national defined contribution plan in Singapore. The contributions by the said subsidiary range from 7.5% to 17% (2023: 7.5% to 17%) of the employees' monthly basic salary, which are determinable by reference to the subsidiary's Human Resource Policy. Once the contributions have been paid, the subsidiary has no further payment obligations.

3.22 Foreign currency

(a) Functional and Presentation Currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements of the Group and of the Company are presented in Ringgit Malaysia, which is the Company's functional and presentation currency as required by the provisions of the Companies Act 2016 in Malaysia.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.22 Foreign currency (continued)

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the foreign currency exchange rates approximating those prevailing at the dates of the transactions or valuation where items are re-measured. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the end of the financial year using the foreign currency exchange rates approximating those prevailing at the reporting date, are recognised in the profit or loss. All foreign currency exchange gains and losses are presented on net basis in the profit or loss under 'other gains/(losses) – net'.

(c) Group entities

The financial results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of the Company are translated from their functional currency into the presentation currency of the Company as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing foreign currency exchange rates approximating those prevailing at the reporting date;
- income and expenses for each profit or loss are translated at average foreign currency exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the foreign currency exchange rates prevailing on the transaction dates, in which case income and expenses are translated at the foreign currency exchange rates on the dates of the transactions); and
- all resulting foreign currency exchange differences are recognised as a separate component in 'other comprehensive income'.

On consolidation, foreign currency exchange differences arising from the translation of any net investment in foreign entities and borrowings are recognised in 'other comprehensive income'.

3.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group only has one operating segment qualified as reporting segment under MFRS 8, because the operating results of the Group are regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") to make decisions about resources allocation and assessment of performance as a single segment. The Group's CODM has been identified as the Group's Chief Executive Officer, who makes strategic decisions and also holds the position as the executive director of the Company.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's and the Company's activities expose them to a variety of financial risks: market risk (including foreign currency exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

Risk management is carried out by the finance department headed by the chief financial officer of the Group (the ''Finance Department''). The Finance Department identifies and evaluates financial risks in close co-operation with the entities within the Group for the overall risk management, as well as specific areas, such as foreign currency exchange risk, interest rate risk, price risk, credit risk and liquidity risk.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates and other rates/prices will affect the fair value or future cash flows of financial instruments of the Group. The Group and the Company are not subject to significant exposure to other price risks apart from those described below:

(i) Price risk

Price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate as a result of changes in market prices (other than foreign currency exchange rates or interest rates).

The Group's exposure to price risk arises mainly from fluctuation in the prices of key raw materials. The Group manages its price risk by monitoring the prices quoted by various vendors closely and may source from alternate vendors if the price is not competitive.

As at 30 June 2024 and 30 June 2023, the Group and the Company are not exposed to price risk as there is no outstanding purchase contract with variable purchase price.

(ii) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

The Group operates internationally and is exposed to foreign currency exchange risk arising from fluctuations in the foreign currency exchange rates of various currencies, primarily with respect to US Dollar and EURO. Foreign currency exchange risks arise from future commercial transactions, and recognised assets and liabilities which are denominated in a currency that is not the functional currency of the entities within the Group. The Group uses natural hedge to the extent possible that payments for foreign currency denominated payables are matched against receivables denominated in the same foreign currency.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Foreign currency exchange risk (continued)

The Group's exposures to foreign currency exchange risk, based on the carrying amounts as at reporting date were as follows:

GROUP	Functional currencies of group entities		Currencies other than functional currencies of the group entities				
	RM	SGD	USD	EUR	SGD	Others*	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30.06.2024							
FINANCIAL ASSETS							
Receivables and deposits ^	3,410	177	15,423	359	-	525	19,894
Contract assets	118	-	-	-	-	-	118
Deposits, cash and bank balances	173,821	9,178	27,110	2,490	644	535	213,778
	177,349	9,355	42,533	2,849	644	1,060	233,790
FINANCIAL LIABILITIES							
Payables and accrued liabilities #	(4,159)	(622)	(1,023)	-	(838)	(672)	(7,314)
Borrowings	(10,516)	-	-	-	-	-	(10,516)
Lease liabilities	(1,098)	(1,235)	-	-	-	-	(2,333)
	(15,773)	(1,857)	(1,023)	-	(838)	(672)	(20,163)
Net exposure in the statements of financial position	161,576	7,498	41,510	2,849	(194)	388	213,627
As at 30.06.2023							
FINANCIAL ASSETS							
Receivables and deposits ^	1,985	789	15,008	574	466	-	18,822
Contract assets	146	-	-	-	-	-	146
Deposits, cash and bank balances	4,140	16,336	28,027	4,571	511	6	53,591
	6,271	17,125	43,035	5,145	977	6	72,559
FINANCIAL LIABILITIES							
Payables and accrued liabilities #	(3,260)	(790)	(6,900)	-	(859)	-	(11,809)
Borrowings	(30,416)	(327)	-	-	-	-	(30,743)
Lease liabilities	(1,716)	(1,608)	-	-	-	-	(3,324)
	(35,392)	(2,725)	(6,900)	-	(859)	-	(45,876)
Net exposure in the statements of financial position	(29,121)	14,400	36,135	5,145	(118)	6	26,683

* Included in 'Others' are Renminbi ("RMB"), Japanese Yen ("JPY"), French Franc ("Franc"), Great Britain Pound ("GBP") and South Korean Won ("KRW").
# Excluding payroll liabilities.
^ Excluding VAT receivables.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Foreign currency exchange risk (continued)

The Company is only exposed to foreign currency exchange risk arising from amounts due/owing to related parties denominated in Singapore Dollar, based on the carrying amounts as at 30 June 2024 and 30 June 2023. All other financial asset and liabilities balances of the Company are denominated in Ringgit Malaysia.

Sensitivity analysis

The following table details the sensitivity analysis when USD and EUR strengthens/ weakens by 5% (2023: 5%) against the respective functional currencies of the entities within the Group. With all other variables held constant, profit after tax for the financial year, and equity of the Group would have been higher/(lower) by approximately:

	GROUP	
	2024 RM'000	2023 RM'000
USD/MYR		
- strengthened 5% (2023: 5%)	172	106
- weakened 5% (2023: 5%)	(172)	(106)
EUR/MYR		
- strengthened 5% (2023: 5%)	16	7
- weakened 5% (2023: 5%)	(16)	(7)
USD/SGD		
- strengthened 5% (2023: 5%)	1,405	1,268
- weakened 5% (2023: 5%)	(1,405)	(1,268)
EUR/SGD		
- strengthened 5% (2023: 5%)	92	378
- weakened 5% (2023: 5%)	(92)	(378)

(iii) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rate.

The Group's exposure to interest rate risk is mainly arising from interest earning financial assets and liabilities such as bank balances and fixed deposits with licensed banks, hire-purchase, trust receipts, term loans and lease liabilities. The Group's fixed interest rate borrowings, which are hire-purchases, are exposed to risk of change in fair value due to changes in interest rates. The Group's floating interest rate borrowings, which are term loans and trust receipts, are exposed to cash flows interest rate risk due to changes in interest rates.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

As the Group’s fixed interest rate financial assets and financial liabilities are carried at amortised cost, the fair value interest rate risk has no financial impact on the profit or loss of the Group. The Group monitors interest rates at inception to ensure that they are established at favourable rates.

The interest rate profile of the Group’s significant interest-bearing financial instruments based on their carrying amounts as of the end of the reporting period were as follows:

	GROUP	
	2024 RM’000	2023 RM’000
Floating interest rate borrowings	5,370	19,187
Fixed interest rate borrowings	5,146	11,556
	10,516	30,743

Sensitivity analysis

As at reporting date, the Group’s exposure to cash flows interest rate risk in respect of the borrowings which are at the floating interest rate is minimal even if the market interest rates had been changed by 1% or 100 basis points, with all other variables held constant.

The Group is not exposed to fair value interest rate risk as the fixed interest rate borrowings are not subject to any contractual repricing.

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial assets should a counterparty default on its obligations, as and when they fall due.

The credit risk of the Group and of the Company mainly arises outstanding receivables from ‘receivables and deposits’, contract assets’, ‘amounts due from related parties’ and ‘deposits, cash and bank balances’, where applicable. Fixed deposits and bank balances are only maintained with licensed and established banks in Malaysia and Singapore. The directors are of the view that the possibility of non-performance by these banks is remote.

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit quality evaluation procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group’s exposure to bad debts is not significant and there was no bad debt incurred throughout the financial year.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Measurement of expected credit losses ("ECL")

The Group's financial assets that are subject to the ECL model are trade receivables, contract assets, other receivables and deposits, fixed deposits and bank balances. Whereas, the Company's financial assets that are subject to the ECL model are other receivables and deposits, fixed deposits and bank balances. While fixed deposits and bank balances placed with banks are also subject to the impairment requirements of MFRS 9, the loss allowance for impairment (if any) is expected to be immaterial as the fixed deposits and bank balances are placed with credit-worthy licensed banks in Malaysia and Singapore.

<u>Trade receivables and contract assets using simplified approach</u>

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets.

The Group applies a provision matrix (i.e. net flow rate method) to derive the expected credit loss rates for each ageing band to be applied to trade receivables and contract assets as at 30 June 2024 and 30 June 2023. The expected credit loss rates are based on the payment profiles of sales over a period of 60 (2022: 36) months before each reporting date and the corresponding historical credit losses experienced within these periods. The historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomics factors affecting the ability of the customers to settle the receivables if they are expected to have a material impact. The Group has identified the expected GDP growth rate of the countries where its customers operate in to be the most relevant factor, and accordingly adjust the historical credit loss rates based on expected changes in the GDP growth rates. No significant changes to estimation techniques or assumptions were made during the reporting period except for the historical period used to estimate the expected credit loss rates has changed from 36 months to 60 months due to availability of data that management foresees will better predict the expected credit loss in the portfolio.

Based on management assessment, the loss allowance for impairment of trade receivables and contract assets as at 30 June 2024 and 30 June 2023 were immaterial and no recognition of the loss allowance for impairment of trade receivables for the financial year ended 30 June 2024. The expected credit loss rates based on the ageing bucket have been disclosed in the Note 4.1(b)(ii) to the financial statements.

<u>Other receivables (including non-trade amounts due from related parties) and deposits using general 3-stage approach</u>

The Group and the Company use three (3) categories for other receivables (including non-trade amounts due from related parties) and deposits which reflect the credit risk and how the loss allowance for impairment is determined for each of these categories. A summary of the assumptions underpinning the Group's and the Company's 3-stage ECL model is as follows:

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Measurement of expected credit losses ("ECL") (continued)

Other receivables (including non-trade amounts due from related parties) and deposits using general 3-stage approach (continued)

CATEGORY	GROUP'S DEFINITION OF CATEGORY	BASIS FOR RECOGNISING ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows.	12-month ECL
Under-performing	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due. See Note 3.5(d)(ii) to the financial statements.	Lifetime ECL
Non-performing	Interest and/or principal repayments are 90 days past due or there is evidence indicating the asset is credit-impaired. See Note 3.5(d)(iii) to the financial statements.	Lifetime ECL (credit-impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of the debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. See Note 3.5(d)(v) to the financial statements.	Asset is written off

Based on the above, loss allowance for impairment is measured on either 12-month ECL or lifetime ECL using a PD x LGD x EAD methodology as follows:

- PD ('probability of default') - the likelihood that the debtor would not be able to repay during the contractual period (12-month or lifetime depending on category);
- LGD ('loss given default') - the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ('exposure at default') - the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group and the Company consider historical data by each debtor by category and adjusts for forward-looking macroeconomic data. The Group and the Company have identified the expected GDP growth rates in the countries where the debtors operate in to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in GDP growth rates. Loss allowance for impairment is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Measurement of expected credit losses ("ECL") (continued)

Other receivables (including non-trade amounts due from related parties) and deposits using general 3-stage approach (continued)

Based on the assessment performed above, all other receivables (including non-trade amounts due from related parties) and deposits of the Group and of the Company are classified under the performing category and are evaluated for ECL based on 12-month ECL.

Based on management assessment, the identified loss allowance for impairment of other receivables (including non-trade amounts due from related parties) and deposits of the Group and of the Company as at 30 June 2024 and 30 June 2023 were immaterial.

(ii) Information on the Group's credit risk exposure and significant credit risk concentrations

Trade receivables and contract assets using simplified approach

The following table contains an analysis of the credit risk exposure of financial instruments for which no ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets:

		GROUP	
	Expected loss rate	2024 RM'000	2023 RM'000
Gross carrying amount:			
- Trade receivables:			
- current	0.0%	14,118	18,016
- overdue - less than 30 days	0.0%	544	149
- overdue - between 31 to 90 days	0.1 to 0.3%	1,438	-
- overdue - between 91 to 180 days	0.5 to 1.7%	1,666	-
- overdue - more than 180 days	N/A	-	-
		17,766	18,165
- Contract assets - current	0%	118	146
		17,884	18,311
Loss allowance for impairment		-	-
Net carrying amount		17,884	18,311

Concentration of credit risk arises when a number of customers are engaged in similar business activities or activities within the same geographic region, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Group continuously monitors its portfolios to identify and assess significant concentration of credit risk. The Group considers individual trade receivables balances exceeding 10% of the total trade receivable balances for the analysis of significant concentration of credit risk.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Information on the Group's credit risk exposure and significant credit risk concentrations (continued)

Trade receivables and contract assets using simplified approach (continued)

The Group was exposed to concentration of credit risk on trade receivables from 3 (2023: 4) major external customers amounting to approximately RM12,200,000 (2023: RM10,814,000) which accounted for 78% (2023: 58%) of total trade receivables balance. The Group's major customers are established organisations which have good payment history with the Group.

Other receivables (including non-trade amounts due from related parties) and deposits using general 3-stage approach

The following table contains an analysis of the credit risk exposure of other receivables (including non-trade amounts due from related parties) and deposits, for which no ECL allowance is recognised. The gross carrying amount disclosed below represents the Group's and Company's maximum exposure to credit risk on these assets:

GROUP	Performing	Under-performing	Non-performing	Written off	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Internal credit rating	A	B	C	D	
ECL rate	0%*	50%	100%	100%	
Basis of recognition of ECL allowance	12-month ECL	Lifetime ECL	Lifetime ECL (credit-impaired)	Assets is written off	
As at 30.06.2024					
Gross carrying amount					
- Other receivables	87	-	-	-	87
- Deposits	978	-	-	-	978
	1,065	-	-	-	1,065
Loss allowance for impairment	-	-	-	-	-
Carrying amount (net of loss allowance)	1,065	-	-	-	1,065
As at 30.06.2023					
Gross carrying amount					
- Other receivables	11	-	-	-	11
- Deposits	646	-	-	-	646
	657	-	-	-	657
Loss allowance for impairment	-	-	-	-	-
Carrying amount (net of loss allowance)	657	-	-	-	657

* Less than 0.1%.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Information on the Group's credit risk exposure and significant credit risk concentrations (continued)

Other receivables (including non-trade amounts due from related parties) and deposits using general 3-stage approach (continued)

COMPANY (2024 only)	Performing	Under-performing	Non-performing	Written off	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Internal rating	A	B	C	D	
ECL rate	0%*	50%	100%	100%	
Basis of recognition of ECL allowance	12-month ECL	Lifetime ECL	Lifetime ECL (credit-impaired)	Assets is written off	
As at 30.06.2024					
Gross carrying amount					
- Deposits	10	-	-	-	10
Loss allowance for impairment	-	-	-	-	-
Carrying amount (net of loss allowance)	10	-	-	-	10

* Less than 0.1%.

The Company has no exposure to credit risk as at 30 June 2023.

(c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting its obligations due to shortage of funds.

The Group and the Company maintain sufficient level of cash and cash equivalents to meet the operational needs by continuously monitoring actual cash flows. The Group also maintains adequate amount of committed credit facilities with different licensed banks in Malaysia and Singapore. Excess cash may be placed in fixed deposits with reputable government approved licensed banks in the country where the Group entities operate.

The Company provides corporate guarantee to banks for the credit facilities granted to its subsidiaries of which risk of default is assessed as low. The Company is also able to obtain funding from its subsidiaries via dividend payments when required, to meet the Company's obligations as and when they fall due.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities based on the remaining period at the respective reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Contractual undiscounted cash flows					
GROUP	Within 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000	Total RM'000	Carrying amount RM'000
As at 30.06.2024						
Payable and accrued liabilities #	7,314	-	-	-	7,314	7,314
Borrowings	4,800	1,220	668	4,015	10,703	10,516
Lease liabilities	1,197	1,658	-	-	2,855	2,333
	13,311	2,878	668	4,015	20,872	20,163
As at 30.06.2023						
Payable and accrued liabilities #	11,809	-	-	-	11,809	11,809
Borrowings	8,122	5,262	4,170	13,845	31,399	30,743
Lease liabilities	1,295	1,169	1,089	-	3,553	3,324
	21,226	6,431	5,259	13,845	46,761	45,876
COMPANY						
As at 30.6.2024						
Payable and accrued liabilities #	81	-	-	-	81	81
Financial guarantee contracts*	494	193	668	4,015	5,370	-
	575	193	668	4,015	5,451	81
As at 30.6.2023						
Payable and accrued liabilities #	518	-	-	-	518	518
Amount owing to related parties	4,692	-	-	-	4,692	4,692
	5,210	-	-	-	5,210	5,210

* The contractual undiscounted cash flows for the financial guarantee contracts represent the outstanding credit facilities of its subsidiaries at the end of the reporting period.

Excluding accrued payroll liabilities.

4.2 Capital risk management

The Group and the Company consider their equity as capital as presented in the statements of financial position. The Group's and the Company's capital management objectives are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns to the shareholders and to repay/settle the amounts owed to other stakeholders, as well as maintaining an optimal capital structure to reduce the cost of capital.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Capital risk management (continued)

In order to maintain or adjust the capital structure, entities within the Group may adjust the amount of dividends paid to shareholder(s), issue new shares, return capital to shareholder(s), sell assets to reduce debt, or secure additional debts.

The Group and the Company monitor their capital on the basis of gearing ratio. This ratio is calculated as borrowings and lease liabilities divided by total equity.

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Borrowings and lease liabilities (Notes 23 and 24)	12,849	34,067	-	-
Total equity	313,919	137,688	266,782	87,624
Gearing ratio	0.04	0.24	-	-

As at reporting date, the Group is in compliance with the externally imposed capital requirements on borrowings. There was no change in the Group's approach to capital management during the financial year.

4.3 Fair value estimation

The Group and the Company adopted MFRS 13 'Fair Value Measurement' for financial instruments that are measured in the statements of financial position at fair value. This requires disclosure of fair value measurements by the level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs) (level 3).

(a) Fair value of assets and liabilities that are carried at fair value

As at 30 June 2024 and 30 June 2023, none of the assets and liabilities of the Group and of the Company are measured at fair value which required classification under fair value measurement hierarchy in accordance with MFRS 13.

(b) Fair value of assets and liabilities that are not carried at fair value and whose carrying amounts are reasonable approximation of their fair values.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

Financial instruments not carried at fair value	Note
Amounts due from/owing to related parties	17
Deposits, cash and bank balances	18
Receivables and deposits	20
Contract assets	21
Payables and accrued liabilities	22
Borrowings	23

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value estimation (continued)

The carrying amounts of the current financial assets and financial liabilities of the Group and of the Company that are not carried at fair value as reflected in the statements of financial position at the reporting date approximate their fair values because they are mostly short-term in nature or are repaid frequently, except for the borrowings and amounts due from subsidiaries.

The fair value of the borrowings which are carried at floating interest rate (i.e. term loans), approximate their carrying amount in the statements of financial position at the reporting date.

The fair value of the borrowings which are carried at fixed interest rate (i.e. hire-purchase liabilities), approximate their carrying amounts in the statements of financial position at the reporting date as the effect of discounting is not material.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outline below.

5.1 Allowance for slow-moving inventories

Allowance for slow-moving inventories are recorded where events or changes in circumstances indicate that the carrying cost of inventories will not be fully realised. The quantification of allowances for inventories requires the use of estimates and judgements (i.e. net realisable value is lower than the cost).

In determining the allowance for slow-moving inventories, the directors and management took into consideration the age of the inventories, historical sales trend, confirmed orders as at reporting date, estimated future orders (the probability of making the sales) and the net realisable value (i.e. estimated selling price after considering the necessary discount, less estimated costs of completion, and estimated costs necessary to make the sales).

Where the actual outcomes are different from the original estimates, such differences will impact the allowance for slow-moving inventories for the affected inventories and consequential increase or decrease to the carrying value of the affected inventories in the years in which such estimates have been changed.

A 10% decrease in the likelihood of future selling price (after discount) would result in a decrease in the carrying value of the inventories with a corresponding additional allowance for slow-moving inventories amounted to approximately RM114,000 to be charged to the profit or loss for the financial year ended 30 June 2024.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (CONTINUED)

5.2(a) Impairment assessment of recoverability of non-financial assets

Non-current non-financial assets comprising property, plant and equipment and right-of-use ("ROU") assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Significant judgment is required in the estimation of value in use for the cash generating units ("CGU") comprising these assets, which involves uncertainties and are significantly affected by assumptions used, estimates of future cash flows and discount rate used. Projected future cash flows are calculated based on historical trends, general market outlook and economic conditions, changes in technology and other available information. Changes in any of these assumptions can significantly affect the computed value in use and the results of the Group's test for impairment of non-financial assets.

The Group has property, plant and equipment and ROU assets with the carrying amount of RM56,802,000 and RM2,375,000 respectively as at 30 June 2024. Management performed an impairment assessment on the Group's property, plant and equipment and ROU assets as a result of the existence of impairment indicator, e.g. significant decline in sales volume and margin in the financial year ended 30 June 2024 as compared to the previous financial year.

The impairment assessment was performed at the lowest level of identifiable CGU which is the property, plant and equipment and ROU assets of the Group. Management assessed the recoverable amount of the CGU based on discounted cash flows analysis to determine its value in use. Cash flows are projected based on past experiences, historical performances and management's expectation of market development and future business performance.

In view of the uncertain economic conditions, management has prepared three scenarios of cash flows projections. The base scenario takes into consideration the most likely estimates of the Group's financial performance considering the last 5 year's financial performance and industry trends. Growth rate for FY2025 is applied based on the sales to-date and current confirmed orders on hand with the annual growth rate of 7% (expected general industry growth rate based on 7%) for the remaining years from FY2026 to FY2029. The best case scenario assume a higher revenue growth rates based on the historical achievement where the Group was able to out-perform the average industry's growth in certain years with readily available production capacities to cater for higher demand. The worst case scenario assumes lower revenue growth rates considering the slower than expected recovery. Management applies a probability-weighting of occurrence to these three different scenarios to estimate the expected cash flows.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (CONTINUED)

5.2(a) Impairment assessment of recoverability of non-financial assets (continued)

The following are the key assumptions used by management for the 5-year cash flows projections from financial year 2025 to 2029 for the three different scenarios:

	Base scenario	Best scenario	Worst scenario
Probability-weighting	60%	20%	20%
Revenue growth rate	20% for FY2025, 7% for FY2026 to FY2029	28% for FY2025, 10% for FY2026 to FY2029	0% for 2025, 4% for FY2026, 5% for FY2027 to FY2029
Inflationary rate	4%	3%	5%
Terminal growth rate	2%	3%	0%
Pre-tax discount rate	12.4%	12.4%	12.4%

Based on the management's assessment, no impairment loss has been identified for the Group's property, plant and equipment and ROU assets.

Based on sensitivity analysis performed by the management, a reasonable possible change in key assumptions will not result in the carrying amounts exceeding its recoverable amount.

5.2(b) Impairment of costs of investments in subsidiaries

The Company has costs of investments in subsidiaries with the carrying amount of RM91,397,000 as at 30 June 2024. Management performed an impairment assessment on the Company's costs of investments in subsidiaries as a result of the existence of impairment indicator, e.g. significant decline in sales volume and margin in the financial year ended 30 June 2024 as compared to the previous financial year.

The Company has performed impairment assessment for each of the subsidiary, using multiple scenario model and applying the same key assumptions used in the cash flow projections for the impairment assessment as stated in Note 5.2(a) above except for the pre-tax discount rate where the cost of equity of 12.5% is applied.

Based on the management's assessment, no impairment loss has been identified for the Company's costs of investments in subsidiaries.

Based on sensitivity analysis performed by the management, a reasonable possible change in key assumptions will not result in the carrying amounts exceeding its recoverable amount.

6 REVENUE

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue from contracts with customers:				
Sales of goods	77,373	131,692	-	-
Rendering of services	12,697	13,583	-	-
	90,070	145,275	-	-
Revenue from other sources:				
Management fee	-	-	344	305
Dividend income	-	-	13,660	-
	-	-	14,004	305
TOTAL REVENUE	90,070	145,275	14,004	305
Timing of revenue recognition:				
At a point in time	77,373	131,692	-	-
Over time	12,697	13,583	-	-
	90,070	145,275	-	-
Revenue from contracts with customers by geographical locations:				
United States of America	40,735	77,766	-	-
Singapore	32,659	46,825	-	-
Malaysia	13,025	16,893	-	-
Italy	1,360	495	-	-
Japan	954	1,071	-	-
Thailand	666	502	-	-
Germany	357	1,251	-	-
Portugal	228	263	-	-
Switzerland	73	195	-	-
Romania	6	10	-	-
China	7	4	-	-
	90,070	145,275	-	-

The analysis of Group's revenue by geographical locations is based on the country where the goods were delivered.

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue from the major customers contributing over 10% of the total revenue of the Group are as follows:				
Customer A (Semi-Conductor)	15,921	18,550	-	-
Customer B (Semi-Conductor)	13,688	22,838	-	-
Customer C (Sport Equipment)	12,127	15,588	-	-
Customer D (Life science and medical devices)	9,879	28,522	-	-
Customer E (Semi-Conductor)	12,121	28,237	-	-
	63,736	113,735	-	-

6 REVENUE (CONTINUED)

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Aggregated amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) which will be recognised as revenue in the next 12 months	42,586	50,585	-	-

7 OTHER GAINS/(LOSS) - NET

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Net foreign currency exchange gain/(loss)				
- realised	437	1,475	16	-
- unrealised	(389)	(347)	-	-
Gain on disposals property, plant and equipment	64	131	-	-
	112	1,259	16	-

8 OPERATING PROFIT/(LOSS)

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) is arrived at after charging/(crediting):				
Auditors' remuneration:				
- statutory audit	488	476	60	60
- other assurance services	12	-	12	-
Costs of raw materials consumed	13,543	27,962	-	-
Changes in inventories of work-in-progress and finished goods	(4,180)	7,892	-	-
Allowance for slow-moving and obsolete inventories	1,126	296	-	-
Employee benefit costs (Note 9)	29,979	36,495	189	149
Non-executive directors' fees	185	156	185	156
Depreciation of property, plant and equipment (Note 13)	7,814	7,453	-	-
Property, plant and equipment written off	-	81	-	-
Upkeep, repair and maintenance	2,211	3,266	-	-
Amortisation of right-of-use assets (Note 14)	1,249	1,031	-	-
Leases of low value assets and short-term leases	292	197	-	-
Utilities	4,618	5,017	-	-
Idle costs	7,292	-	-	-
Scrap sales*	(644)	(790)	-	-
Listing expenses	1,227	925	1,227	925

* Under other income.

9 EMPLOYEE BENEFIT COSTS

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Directors' remuneration and emolument:				
Directors' fees	233	229	108	108
Salaries and bonus	1,793	1,743	-	-
Defined contribution benefit plans	152	142	-	-
	2,178	2,114	108	108
Other employees:				
Salaries, bonus and other allowances	25,095	30,867	45	36
Defined contribution benefit plans	1,778	1,799	6	5
Other employee benefits	934	1,724	30	-
	27,807	34,390	81	41
Total employee benefit costs	29,985	36,504	189	149
Government grants	(6)	(9)	-	-
Total employee benefit costs, net of government grants	29,979	36,495	189	149

The number of employees of the Group and of the Company at the end of the financial year is 577 (2023: 651) and 3 (2023: 2) respectively.

10 FINANCE INCOME/(COSTS) - NET

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Finance income				
Interest income - fixed deposits	3,604	41	2,922	-
Interest income - loan to subsidiaries	-	-	195	-
	3,604	41	3,117	-
Finance costs				
Interest expense on term loans	(508)	(790)	-	-
Interest expense on hire-purchase liabilities	(470)	(668)	-	-
Interest expense on lease liabilities	(139)	(110)	-	-
Interest expense on trust receipts	(5)	(22)	-	-
	(1,122)	(1,590)	-	-
	2,482	(1,549)	3,117	-

11 TAX EXPENSES

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current income tax:				
- Malaysian income tax	(2,503)	(5,833)	(456)	-
- foreign income tax	(556)	(2,563)	-	-
- over accrual in previous financial year	322	33	-	-
	(2,737)	(8,363)	(456)	-
Deferred tax (Note 16):				
- current financial year	(447)	(340)	(255)	-
- under/(over) accrual in previous financial year	14	(105)	-	-
	(433)	(445)	(255)	-
Tax expenses	(3,170)	(8,808)	(711)	-

The numerical reconciliation between tax expense and accounting profit/(loss) multiplied by the Malaysian income tax rate is as follows:

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit/(loss) before tax	14,263	39,101	15,229	(1,205)
Tax at statutory income tax rate of 24% (2023: 24%)	(3,423)	(9,385)	(3,655)	289
Tax effects of:				
- different tax rate in Singapore	302	1,082	-	-
- expenses not deductible for tax purposes	(402)	(654)	(334)	(289)
- income not subject to tax	17	-	3,278	-
- utilisation of previously unrecognised deductible temporary differences	-	221	-	-
- over accrual of current income tax in previous financial year	322	33	-	-
- under/(over) deferred tax assets in previous financial year	14	(105)	-	-
	(3,170)	(8,808)	(711)	-

12 EARNINGS PER SHARE ("EPS")

Basic EPS of the Group is calculated by dividing the net profit for the financial year attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2024	2023
Net profit for the financial year attributable to owners of the Company (RM'000)	11,093	30,293
Weighted average number of ordinary shares in issue during the financial year ('000)	598,406	503,486
Basic earnings per share (sen)	1.85	6.02

12 EARNINGS PER SHARE ("EPS") (CONTINUED)

Diluted EPS is similar to Basic EPS as the Company does not have any potential dilutive ordinary shares.

13 PROPERTY, PLANT AND EQUIPMENT

GROUP 2024	Freehold land RM'000	Buildings and renovations RM'000	Plant and machinery RM'000	Furniture, fitting and office equipment RM'000	Motor vehicles RM'000	Total RM'000
COST						
As at 01.07.2023	11,653	18,735	100,673	1,862	555	133,478
Additions	-	945	825	207	-	1,977
Disposal	-	-	(418)	(3)	(82)	(503)
Currency translation differences	-	2	1	3	2	8
As at 30.06.2024	11,653	19,682	101,081	2,069	475	134,960
ACCUMULATED DEPRECIATION						
As at 01.07.2023	-	6,600	62,553	1,299	387	70,839
Depreciation	-	1,161	6,470	132	51	7,814
Disposal	-	-	(418)	(4)	(81)	(503)
Currency translation differences	-	3	1	3	1	8
As at 30.06.2024	-	7,764	68,606	1,430	358	78,158
CARRYING AMOUNT						
As at 30.06.2024	11,653	11,918	32,475	639	117	56,802

2023	Freehold land RM'000	Buildings and renovations RM'000	Plant and machinery RM'000	Furniture, fitting and office equipment RM'000	Motor vehicles RM'000	Total RM'000
COST						
As at 01.07.2022	11,653	18,646	94,886	1,884	534	127,603
Additions	-	61	7,556	85	-	7,702
Disposal	-	-	(1,431)	(3)	-	(1,434)
Written off	-	-	(347)	(136)	-	(483)
Currency translation differences	-	28	9	32	21	90
As at 30.06.2023	11,653	18,735	100,673	1,862	555	133,478
ACCUMULATED DEPRECIATION						
As at 01.07.2022	-	5,440	58,193	1,218	300	65,151
Depreciation	-	1,136	6,066	175	76	7,453
Disposal	-	-	(1,431)	(3)	-	(1,434)
Written off	-	-	(284)	(118)	-	(402)
Currency translation differences	-	24	9	27	11	71
As at 30.06.2023	-	6,600	62,553	1,299	387	70,839
CARRYING AMOUNT						
As at 30.06.2023	11,653	12,135	38,120	563	168	62,639

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The net cash outflow for the acquisition of property, plant and equipment ("PPE") are as follows:

	GROUP	
	2024 RM'000	2023 RM'000
Acquisition during the financial year	(1,977)	(7,702)
Less:		
- Acquisition under hire-purchase liabilities (Note 29)	-	6,632
- Repayment to other payables	-	(461)
Net cash outflow for the acquisition of PPE	(1,977)	(1,531)

The net cash inflow for the disposal of PPE are as follows:

	GROUP	
	2024 RM'000	2023 RM'000
Net carrying amount of disposed assets	-	-
Gain on disposals of PPE (Note 7)	64	131
Proceeds from disposals of PPE	64	131

The carrying amount of the assets acquired under hire-purchase arrangement as at 30 June 2024 amounted to approximately RM14,773,000 (2023: RM17,497,000).

The carrying amount of the assets acquired under term loan agreement and pledged as security for term loans as at 30 June 2024 amounted to approximately RM9,602,000 (2023: RM22,851,000).

14 RIGHT-OF-USE ("ROU") ASSETS

GROUP 2024	Copier machines RM'000	Residential units RM'000	Factory lot RM'000	Total RM'000
COST				
As at 01.07.2023	146	1,361	3,323	4,830
Additions – lease liabilities	-	324	-	324
Early termination	-	(388)	-	(388)
Derecognition of expired lease	-	(56)	-	(56)
Currency translation difference	1	-	27	28
As at 30.06.2024	147	1,241	3,350	4,738
ACCUMULATED AMORTISATION				
As at 01.07.2023	37	578	755	1,370
Amortisation	24	408	817	1,249
Early termination	-	(214)	-	(214)
Derecognition of expired lease	-	(56)	-	(56)
Currency translation difference	-	-	14	14
As at 30.06.2024	61	716	1,586	2,363
CARRYING AMOUNT				
As at 30.06.2024	86	525	1,764	2,375

14 RIGHT-OF-USE ("ROU") ASSETS (CONTINUED)

GROUP 2023	Copier machines RM'000	Residential units RM'000	Factory lot RM'000	Total RM'000
COST				
As at 01.07.2022	133	1,316	2,241	3,690
Additions – lease liabilities	-	703	2,694	3,397
Early termination	-	-	(1,805)	(1,805)
Derecognition of expired lease	-	(658)	-	(658)
Currency translation difference	13	-	193	206
As at 30.06.2023	146	1,361	3,323	4,830
ACCUMULATED AMORTISATION				
As at 01.07.2022	13	795	1,427	2,235
Amortisation	23	407	601	1,031
Early termination	-	-	(1,363)	(1,363)
Derecognition of expired lease	-	(624)	-	(624)
Currency translation difference	1	-	90	91
As at 30.06.2023	37	578	755	1,370
CARRYING AMOUNT				
As at 30.06.2023	109	783	2,568	3,460

15 INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2024 RM'000	2023 RM'000
Unquoted shares, at cost	91,397	91,397

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Percentage held 2024 %	2023 %	Principal activities
Champion Precision Technology Sdn. Bhd.#	Malaysia	100	100	Manufacturing of precision machined parts and components using computer numerical control ("CNC") turning and milling technology and provision of CNC turning and milling services
Champion Component Sdn. Bhd.#	Malaysia	100	100	Provision of CNC turning and milling services
Champion Oil Tool Sdn. Bhd.#	Malaysia	100	100	Dormant
Champion Precision Engineering Pte. Ltd.*	Singapore	100	100	Trading of precision machined parts and components

\# All subsidiaries in Malaysia are audited by PricewaterhouseCoopers PLT, Malaysia.
* The subsidiary in Singapore is audited by PricewaterhouseCoopers, Singapore.

16 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Subject to income tax:				
Deferred tax assets	278	276	-	-
Deferred tax liabilities	(2,727)	(2,292)	(255)	-
	(2,449)	(2,016)	(255)	-

The movement in deferred tax during the financial year are as follows:

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Subject to income tax:				
At 1 July	(2,016)	(1,571)	-	-
(Charged)/credited in the profit or loss (Note 11):				
- Hire-purchase liabilities	(1,533)	(169)	-	-
- Accrued liabilities	(996)	139	-	-
- Lease liabilities	(206)	405	-	-
- Property, plant and equipment	1,338	(600)	-	-
- Contract assets	(11)	(7)	-	-
- Rights-of-use assets	253	(409)	-	-
- Inventories	804	341	-	-
- Interest receivables	(255)	-	(255)	-
- Others	173	(145)	-	-
	(433)	(445)	(255)	-
At 30 June	(2,449)	(2,016)	(255)	-

The deferred tax assets and liabilities as at the end of the financial year are as follows:

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Subject to income tax:				
Deferred tax assets (before offsetting):				
- Hire-purchase liabilities	1,235	2,768	-	-
- Accrued liabilities	290	1,286	-	-
- Inventories	1,145	341	-	-
- Lease liabilities	468	674	-	-
	3,138	5,069	-	-
Offsetting	(2,860)	(4,793)	-	-
Deferred tax assets (after offsetting)	278	276	-	-

16 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The deferred tax assets and liabilities as at the end of the financial year are as follows (continued):

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Deferred tax liabilities (before offsetting):				
- Property, plant and equipment	(4,867)	(6,205)	-	-
- Contract assets	(28)	(17)	-	-
- Right-of-use assets	(437)	(690)	-	-
- Interest receivables	(255)	-	(255)	-
- Others	-	(173)	-	-
	(5,587)	(7,085)	(255)	-
Offsetting	2,860	4,793	-	-
Deferred tax liabilities (after offsetting)	(2,727)	(2,292)	(255)	-

17 RELATED PARTY DISCLOSURES

17.1 Related parties and relationships

The subsidiaries of the Company are listed in Note 15 to the financial statements.

The other related party is as follows:

Related party	Country of citizenship	Relationship
Mr. Lee Chen Yeong ("Mr Lee")	Malaysian	Ultimate controlling shareholder/director

A key management personnel is a person who has responsibility for planning, directing and controlling the activities of the Group and of the Company directly or indirectly. The Group and the Company regard the directors of the Company and senior management of Champion Precision Technology Sdn. Bhd. and Champion Precision Engineering Pte. Ltd. as key management personnel.

17.2 Related party balances

	COMPANY	
	2024 RM'000	2023 RM'000
AMOUNTS DUE FROM RELATED PARTIES		
- Non-trade:		
- Amounts due from subsidiaries		
- Champion Precision Engineering Pte. Ltd.	75	170
- Champion Precision Technology Sdn. Bhd.	52	34
- Champion Component Sdn. Bhd.	3	3
	130	207

17 RELATED PARTY DISCLOSURES (CONTINUED)

17.2 Related party balances (continued)

	COMPANY	
	2024 RM'000	2023 RM'000
AMOUNTS DUE FROM RELATED PARTIES (CONTINUED)		
- Loans to subsidiaries (current)		
- Champion Precision Technology Sdn. Bhd.	189	-
- Champion Component Sdn. Bhd.	249	-
	438	-
Total current	568	207
- Loans to subsidiaries (non-current)		
- Champion Precision Technology Sdn. Bhd.	4,660	-
- Champion Component Sdn. Bhd.	2,630	-
Total non-current	7,290	-
	7,858	207
AMOUNTS OWING TO RELATED PARTIES		
- Non-trade (current):		
- Amounts owing to subsidiaries		
- Champion Precision Engineering Pte. Ltd.	-	722
- Champion Precision Technology Sdn. Bhd.	-	3,970
	-	4,692

Credit term of the trade amounts due from/owing to subsidiaries is 60 days (2023: 60 days) from the invoice date. The non-trade amounts due from/owing to subsidiaries are unsecured and interest free and repayable on demand.

The loans to subsidiaries are unsecured and subject to interest of 4.57% (2023: N/A) per annum. The loans are repayable over 120 to 216 monthly instalments commencing from December 2023 through to December 2033 and 2041 respectively.

The currency exposure profile of the related party balances is as follows:

	COMPANY	
	2024 RM'000	2023 RM'000
Amounts due from related parties:		
Ringgit Malaysia	7,783	37
Singapore Dollar	75	170
	7,858	207
Amounts owing to related parties:		
Ringgit Malaysia	-	3,970
Singapore Dollar	-	722
	-	4,692

17 RELATED PARTY DISCLOSURES (CONTINUED)

17.3 Significant related party transactions

	COMPANY	
	2024 RM'000	2023 RM'000
Payment made on behalf of subsidiaries:		
- Champion Precision Technology Sdn. Bhd.	-	(1,833)
- Champion Precision Engineering Pte. Ltd.	-	(349)
Management fee charged to subsidiaries:		
- Champion Precision Technology Sdn. Bhd.	169	132
- Champion Precision Engineering Pte. Ltd.	162	163
- Champion Component Sdn. Bhd.	13	10
Interest income from loans to subsidiaries:		
- Champion Precision Technology Sdn. Bhd.	117	-
- Champion Component Sdn. Bhd.	78	-
Term loans settled on behalf of subsidiaries via advances:		
- Champion Precision Technology Sdn. Bhd.	(4,931)	-
- Champion Component Sdn. Bhd.	(4,334)	-
Repayment of advances granted to a subsidiary:		
- Champion Component Sdn. Bhd.	1,334	-
Repayment of loans granted to subsidiaries (principal):		
- Champion Precision Technology Sdn. Bhd.	82	-
- Champion Component Sdn. Bhd.	121	-

The above transactions were established based on terms and rates agreed between the entities within the Group.

17.4 Key management compensation

Included in the employee benefit costs are compensations paid to key management personnel as follows:

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Salaries, bonus and other allowances	4,495	4,417	18	18
Defined contribution benefit plans	313	300	3	3
Directors' fees	418	385	293	264
	5,226	5,102	314	285

18 DEPOSITS, CASH AND BANK BALANCES

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

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
NON-CURRENT:				
Fixed deposits pledged	893	872	-	-
CURRENT:				
Cash on hand	19	38	-	44
Bank balances	121,366	52,681	75,302	-
Fixed deposits	92,563	-	92,563	-
	213,948	52,719	167,865	44
Deposits, cash and bank balances	214,841	53,591	167,865	44
Less: Fixed deposits pledged	(893)	(872)	-	-
Less: Fixed deposits with maturity more than 3 months (unencumbered)	(72,510)	-	(72,510)	-
Cash and cash equivalents	141,438	52,719	95,355	44

Bank balances are deposits held at call with licensed banks and earn minimal interest.

Fixed deposits as at 30 June 2024 carry effective interest rate ranging from 3.40% - 4.00% (2023: 2.46%) per annum. The maturity period of fixed deposits of the Company is ranging from 30 - 213 days (2023: 30 days). Included in the fixed deposits are an amount of RM893,000 (2023: RM872,000) pledged as securities for custom duties and electricity supply.

Included in fixed deposits with maturity more than 3 months of the Group and of the Company are interest receivables on fixed deposits of RM1,010,000 (2023: N/A).

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

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Ringgit Malaysia	174,884	4,140	167,865	44
Singapore	9,822	16,847	-	-
US Dollar	27,110	28,027	-	-
Euro Dollar	2,490	4,571	-	-
Others (i.e. Japanese Yen, Renminbi, Franc, Pound and Korean Won)	535	6	-	-
	214,841	53,591	167,865	44

19 INVENTORIES

	GROUP	
	2024	2023
	RM'000	RM'000
Raw materials	23,258	26,523
Work-in-progress	10,696	8,882
Finished goods	17,319	23,222
	51,273	58,627
Less: Allowance for slow-moving inventories*:		
Raw materials	(912)	(825)
Work-in-progress	(439)	(330)
Finished goods	(4,746)	(3,805)
	(6,097)	(4,960)
	45,176	53,667

* Included the allowance for write down of finished goods to net realisable value amounted to approximately RM238,000 (2023: RM329,000).

Movements in allowance for slow-moving inventories of the Group are as follows:

	GROUP	
	2024	2023
	RM'000	RM'000
As at 1 July	4,960	4,664
Addition	1,721	580
Reversal of allowance	(595)	(393)
Currency translation differences	11	109
As at 30 June	6,097	4,960

The reversal of allowance made is due to new orders on these products from the affected customers.

For the financial years ended 30 June 2024, the cost of inventories recognised as expense and included in cost of sales amounted to approximately RM66,924,000 (2023: RM93,768,000).

20 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Trade receivables	17,766	18,165	-	-
Other receivables	87	11	-	-
Deposits	978	646	10	-
Other receivables and deposits	1,065	657	10	-
Value added tax ("VAT") receivables	1,177	1,289	-	-
Prepayment	981	286	6	-
Deferred listing expenses	-	1,189	-	1,189
Total receivables, deposits and prepayments	20,989	21,586	16	1,189

20 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Deferred listing expenses in the prior year represented transaction costs incurred up to 30 June 2023 that are directly attributable to the new issuance of shares in connection with the initial public offering and listing of the Company on Bursa Malaysia Securities Berhad. These transaction costs have subsequently reclassified as a deduction from equity upon completion of the issuance of the new shares issued on 7 December 2024.

Credit terms of trade and other receivables range from 30 to 120 days (2023: 60 days) from the invoice date.

The currency exposure profile of the trade receivables, other receivables and deposits is as follows:

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
US Dollar	15,423	15,008	-	-
Ringgit Malaysia	2,347	1,985	10	-
Japanese Yen	525	-	-	-
Euro Dollar	359	574	-	-
Singapore Dollar	177	1,255	-	-
	18,831	18,822	10	-

As at 30 June 2024, included in prepayment is advances paid to suppliers for the purchase of raw materials amounted to approximately RM680,000 (2023: RM17,000).

21 CONTRACT ASSETS

	GROUP	
	2024 RM'000	2023 RM'000
Contract assets:		
Movements in contract assets are as follows:		
At 1 July	146	285
Transfer to trade receivables	(146)	(285)
Increases as a result of changes in the measure of work in progress	118	146
At 30 June	118	146

The amount for contract assets at end of the financial year is denominated in Ringgit Malaysia.

22 PAYABLES AND ACCRUED LIABILITIES

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade payables	4,938	9,840	-	-
Other payables	911	535	1	60
Accrued liabilities:				
- payroll liabilities	4,014	5,292	12	3
- others	1,465	1,434	80	458
	5,479	6,726	92	461
Total other payables and accrued liabilities	6,390	7,261	93	521
Total payables and accrued liabilities	11,328	17,101	93	521

Trade payables are non-interest bearing and with credit terms of 30 days (2023: 30 days) from invoice date.

The currency exposure profile of payables and accrued liabilities (excluding accrued payroll liabilities) is as follows:

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Ringgit Malaysia	4,159	3,260	81	518
Singapore Dollar	1,460	1,649	-	-
US Dollar	1,023	6,900	-	-
Japanese Yen	672	-	-	-
	7,314	11,809	81	518

23 BORROWINGS

	GROUP	
	2024 RM'000	2023 RM'000
CURRENT - SECURED		
Term loans	494	915
Hire-purchase liabilities	4,141	6,410
Trust receipts	-	327
	4,635	7,652
NON-CURRENT - SECURED		
Term loans	4,876	17,945
Hire-purchase liabilities	1,005	5,146
	5,881	23,091
Total borrowings	10,516	30,743

23 BORROWINGS (CONTINUED)

The currency exposure profile of borrowings is as follows:

	GROUP	
	2024	2023
	RM'000	RM'000
Ringgit Malaysia	10,516	30,416
Singapore Dollars	-	327
	10,516	30,743

23.1 Term loans

	GROUP	
	2024	2023
	RM'000	RM'000
Maturity period of the term loans:		
- within 1 year	494	915
- between 1 and 2 years	193	957
- between 2 and 5 years	668	3,143
- over 5 years	4,015	13,845
	5,370	18,860

The term loans were secured by the followings:
(i) legal charges over certain land and buildings of the Group (Note 13); and
(ii) a corporate guarantee provided by the Company.

The Group has early settled certain of its term loans in full amounted to RM9,265,000 on 31 December 2023.

The term loans and trust receipts are carried at floating interest rates based on the base lending rate ("BLR") less a margin determined at inception. The effective interest rates are as follows:

	GROUP	
	2024	2023
	%	%
Floating interest rate:		
Term loans (BLR less 2.32% per annum)	4.40 - 4.52	4.40 - 4.57
Trust receipts (BLR less 2.50 % per annum)	N/A	4.38 - 7.60

23 BORROWINGS (CONTINUED)

23.1 Term loans (continued)

No	Term loan	Tenure (month)	Monthly Instalment (RM)	Effective interest rates	Maturity period
(i)	Term loan 1	240	16,932	4.17%	Dec 2035
(ii)	Term loan 2	300	33,440	3.93%	Aug 2042
(iii)	Term loan 3	240	10,360	4.16%	Sep 2041
(iv)	Term loan 4	240	3,890	4.16%	Sep 2041
(v)	Term loan 5	240	31,060	4.39%	Nov 2041
(vi)	Term loan 6	240	36,430	4.05%	Aug 2037

Term loans 2 and 6 were fully settled during the financial year ended 30 June 2024.

23.2 Hire-purchase liabilities

	GROUP	
	2024 RM'000	2023 RM'000
Gross instalments payable:		
- within 1 year	4,306	6,880
- between 1 and 2 years	1,027	4,305
- between 2 and 5 years	-	1,027
Total minimum hire-purchase payments	5,333	12,212
Less: Future finance charges	(187)	(656)
Present value of the hire-purchase liabilities	5,146	11,556
Repayable at net present value:		
Current	4,141	6,410
Non-current	1,005	5,146
	5,146	11,556

The hire-purchase liabilities are denominated in Ringgit Malaysia.

Hire-purchase liabilities are effectively secured as the rights to the hire-purchase assets revert to the lessors in the event of default. Hire-purchase liabilities are secured by a corporate guarantee provided by the Company.

The hire-purchases are carried at fixed interest rates. As at 30 June 2024, the effective interest rates ranged from 4.38% to 6.05% (2023: 4.38% to 6.05%) per annum.

24 LEASE LIABILITIES

	GROUP	
	2024	2023
	RM'000	RM'000
Gross lease payable:		
- within 1 year	1,197	1,295
- between 1 and 2 years	1,658	1,169
- between 2 to 5 years	-	1,089
Total minimum lease payments	2,855	3,553
Less: Future finance charges	(522)	(229)
Present value of the lease	2,333	3,324
Repayable at net present value:		
Current	805	1,179
Non-current	1,528	2,145
	2,333	3,324
Lease payment within financing cash flows	1,288	1,154
Lease payment within operating cash flows:		
- short-term leases and leases of low value assets	292	197
Total cash outflows for leases	1,580	1,351

The currency exposure profile of lease liabilities is as follows:

	GROUP	
	2024	2023
	RM'000	RM'000
Ringgit Malaysia	1,098	1,716
Singapore Dollars	1,235	1,608
	2,333	3,324

The Group leases office equipment, residential units (as hostel for employees) and factory buildings for the purpose of its business operations. Rental agreements are made for a fixed period of 2 to 6 years (2023: 2 to 6 years) including extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as a security for borrowing purposes. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

During the financial year ended 30 June 2024, the Group has early terminated and de-recognised certain of its lease of residential units upon expiry of the lease terms. No such terminated and de-recognition during the financial year ended 30 June 2023.

25 SHARE CAPITAL

	GROUP & COMPANY			
	2024		2023	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
ISSUED AND FULLY PAID-UP:				
Ordinary shares with no par value				
At 1 July	503,486	91,397	503,486	91,397
Shares issued upon the Public Issue	167,829	179,577	-	-
Shares issuance costs capitalised for the Public Issue	-	(7,217)	-	-
At 30 June	671,315	263,757	503,486	91,397

The Company has successfully undertaken a public issue of 167,828,700 ordinary shares at an issue price of RM1.07 per ordinary share which amounted to RM179,576,709 ("Public Issue Shares"), representing approximately 66.27% of the enlarged issued share capital of RM270,973,717 comprising 671,314,791 ordinary shares, paid in full upon application in conjunction with the listing and quotation of the entire enlarged issued and paid-up share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad. The Public Issue Shares have been fully allotted to the new shareholders of the Company on 6 December 2023.

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

	GROUP & COMPANY RM'000
Included in the shares issuance costs capitalised for the Public Issue were as follows:	
Professional fees	1,564
Brokerage, placement fees and underwriting commission	5,330
Others	323
	7,217

26 CAPITAL REORGANISATION RESERVES

Capital reorganisation reserves in the consolidated statement of financial position of the Group arises from the internal reorganisation entered into by the Company on 13 January 2022 and 31 March 2022 respectively, to acquire the entire paid-up capital of the Malaysian subsidiaries, namely Champion Precision Technology Sdn. Bhd., Champion Component Sdn. Bhd. and Champion Oil Tool Sdn. Bhd, and the Singapore subsidiary, Champion Precision Engineering Pte. Ltd..

The capital reorganisation reserves comprise of:
(i) the difference between the consideration paid to acquire the subsidiaries under common control of the ultimate controlling shareholder (i.e. the acquirees) and the issued share capital of the acquirees acquired on the date of the transaction; and
(ii) the legal share capital of the acquirees prior to the incorporation of the Company.

27 CURRENCY TRANSLATION RESERVES

The foreign currency translation reserves comprise all foreign currency exchange differences arising from the translation of the financial statements from the functional currency of the Singapore subsidiary to the presentation currency of the Company. See Note 3.22 to the financial statements on accounting policy for foreign currency translation.

28 RETAINED PROFITS

Dividends paid out of retained profits of the entities within the Group are single-tier dividends which are tax exempt in the hands of shareholder(s) of the respective entities.

29 THE ANALYSIS OF MOVEMENTS IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

GROUP		Cash flow movements		Non-cash movements				
2024	As at 01.07.2023	Principal paid	Interest paid	Interest expenses	Currency translation differences	Addition	Cash termination	As at 30.06.2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trust receipts	327	(327)	(5)	5	-	-	-	-
Term loans	18,860	(13,490)	(508)	508	-	-	-	5,370
Hire-purchase liabilities	11,556	(6,411)	(470)	470	-	-	-	5,145
Lease liabilities	3,324	(1,149)	(139)	139	8	324	(174)	2,333
	34,067	(21,377)	(1,122)	1,122	8	324	(174)	12,848

GROUP		Cash flow movements			Non-cash movements				
2023	As at 01.07.2022	Principal paid	Interest paid	Drawn down	Interest expenses	Currency translation differences	Addition	Expired	As at 30.06.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trust receipts	1,544	(5,588)	(22)	4,287	22	84	-	-	327
Term loans	19,742	(882)	(790)	-	790	-	-	-	18,860
Hire-purchase liabilities	12,261	(7,337)	(668)	-	668	-	6,632	-	11,556
Lease liabilities	1,366	(1,044)	(110)	-	110	188	3,397	(583)	3,324
	34,913	(14,851)	(1,590)	4,287	1,590	272	10,029	(583)	34,067

COMPANY		Cash flow movements		
2024	As at 01.07.2023	Advances	Repayment	As at 30.06.2024
	RM'000	RM'000	RM'000	RM'000
Advances granted by subsidiaries	4,692	-	(4,692)	-

2023	As at 01.07.2022	Advances	Repayment	As at 30.06.2023
	RM'000	RM'000	RM'000	RM'000
Advances granted by subsidiaries	2,549	2,143	-	4,692

30 DIVIDENDS

	GROUP & COMPANY	
	2024	2023
	RM'000	RM'000
In respect of financial year ended 30 June 2024 on 671,314,791 ordinary shares:		
- First interim single-tier tax exempt dividend of RM0.01150 per ordinary share, declared on 17 April 2024 and paid on 30 May 2024	7,720	-

The directors do not recommend the payment of any final (2023: any) dividend in respect of the financial year ended 30 June 2024.

31 SEGMENT INFORMATION

The chief executive officer of the Company has been identified as the Chief Operating Decision-Maker ("CODM") of the Group who reviews the Group's internal reporting in order to assess performance of the Group on a regular basis and allocate resources.

The Group is principally engaged in manufacturing of precision machined parts and components using the computer numerical control ("CNC") turning and milling technology and provision of CNC turning and milling services. The precision machined parts and components are manufactured for machines used in the semi-conductor, automotive, healthcare and various other industries. The CODM assesses the performance of the Group based on the measure of operating results and considers the Group as a single operating segment.

As the Group only has one operating segment, which is the precision machine parts and components manufacturing, qualified as reporting segment under MFRS 8 and the information that is regularly reported to and reviewed by the CODM for the purpose of allocating resources and assessing performance of the operating segment is the financial statements of the Group, accordingly, no separate segmental analysis is presented.

The basis of measurement of reported segment profit or loss, segment assets and segment liabilities are consistent with the basis used for the consolidated statement of comprehensive income for the financial years ended 30 June 2024 and 2023 and the consolidated statement of financial position as at 30 June 2024 and 30 June 2023. The components of the segment assets and liabilities include classes of assets and liabilities disclosed in the consolidated statement of financial position.

31 SEGMENT INFORMATION (CONTINUED)

Analysis of sales by customer segment is as follows:

	GROUP	
	2024	2023
	RM'000	RM'000
Semiconductor	49,962	86,079
Life science and medical devices	16,855	28,719
Sport equipment	12,127	15,588
Aerospace	2,802	2,618
Security	2,475	3,012
Sensor equipment	2,128	3,866
Automotive	1,682	732
Instrumentation	1,282	1,834
Opto-mechanical	735	2,753
General engineering industry	22	74
	90,070	145,275

The Group's property, plant and equipment and right-of-use assets by geographical location, which is determined by the country in which the asset is located, is as follows:

	GROUP	
	2024	2023
	RM'000	RM'000
Property, plant and equipment:		
Malaysia	56,709	62,508
Singapore	93	131
	56,802	62,639
Right-of-use assets:		
Malaysia	1,073	1,695
Singapore	1,302	1,765
	2,375	3,460
	59,177	66,099

Refer to Note 6 to the financial statements for the analysis on the Group's revenue by geographical location and information about major customers.

32 FINANCIAL GUARANTEE CONTRACTS

The Company provides financial guarantee contracts to licensed banks in Malaysia in respect of credit facilities granted to its subsidiaries in Malaysia. As at 30 June 2024, the outstanding credit facilities amounted to RM10,516,000 (2023: N/A).

33 FINANCIAL INSTRUMENTS

33.1 Classification of financial instruments

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Financial assets measured at amortised cost				
Receivables and deposits	18,831	18,822	10	-
Contract assets	118	146	-	-
Amounts due from related parties	-	-	7,858	207
Deposits, cash and bank balances	214,841	53,591	167,865	44
	233,790	72,559	175,733	251
Financial liabilities measured at amortised cost				
Payables and accrued liabilities (excluding accrued payroll liabilities)	7,314	11,809	81	518
Amounts owing to related parties	-	-	-	4,692
Borrowings	10,516	30,743	-	-
	17,830	42,552	81	5,210

33.2 Fair value of financial instruments

See details of fair value of financial instruments as disclosed in Note 4.3 to the financial statements

34 EVENTS WHICH OCCURRED DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

Significant events during the financial year

34.1 Initial Public Offering

On 7 December 2023, the entire enlarged issued share capital of the Company comprising 671,314,791 ordinary shares (including a public issue of 167,828,700 new ordinary shares in the Company) was successfully listed and quoted on the Main Market of the Bursa Malaysia Securities Berhad.

Subsequent events

34.2 Acquisition of freehold land and factory

On 15 July 2024, Champion Precision Technology Sdn. Bhd.('CPT') a wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement (SPA") to acquire a piece of freehold land together with a unit of factory erected thereon amounting to RM10 million, subject to fulfilment of conditions precedent as stipulated in the SPA, to expand their current production capacity. As at 30 June 2024, a deposit of RM300,000 has been paid. As at the date of issuance of this financial statements, the acquisition has yet to be completed.

35 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 28 October 2024.

LIST OF PROPERTIES

AS OF 30 JUNE 2024

No.	Registered Owner/ Postal Address/ Title Details	Descriptions/ Existing use	Land area (Sq. Ft.)	Tenure	Age of the Buildings (Years)	Carrying Amount of Land and Buildings (RM'000)	Date of Acquisition/ Revaluation*
1	**Champion Precision Technology Sdn. Bhd.** No.18, Jalan Istimewa 4, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor. H.S.(D) 346939, PTD 166522, in Mukim Plentong, District of Johor Bahru, State of Johor.	Single storey detached factory with an annexed 2-storey office building and a guard house, refuse chamber/ Manufacturing Plant and Office (Plant 1)	50,213	Freehold	20	3,108	18 June 2005
2	**Champion Precision Technology Sdn. Bhd.** No. 4, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor. H.S.(D) 541153, PTD 221505, in Mukim Plentong, District of Johor Bahru, State of Johor.	Single storey detached factory with an annexed 3-storey office building a guard house, a Tenaga Nasional Berhad substation, a rubbish bin centre and a pump room/ Manufacturing Plant and Office (Plant 2)	41,338	Freehold	9	6,280	20 April 2017
3	**Champion Component Sdn. Bhd.** No. 6, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor. H.S.(D) 541154, PTD 221506, in Mukim Plentong, District of Johor Bahru, State of Johor.	Single storey detached factory with an annexed 3-storey office building a guard house, a Tenaga Nasional Berhad substation, a rubbish bin centre and a pump room/ Manufacturing Plant (Plant 3)	41,513	Freehold	9	6,538	20 April 2017
4	**Champion Precision Technology Sdn. Bhd.** No. 5, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor. H.S.(D) 506800, PTD 212911, in Mukim Plentong, District of Johor Bahru, State of Johor.	Single storey detached factory with an annexed 3-storey office building a guard house, a Tenaga Nasional Berhad substation, a rubbish bin centre and a pump room/ Manufacturing Plant and Office (Plant 4)	43,475	Freehold	12	6,494	30 June 2021

ORDINARY SHARES

Number of Shares issued : 671,314,791
Class of shares : Ordinary shares
Voting rights : One vote per ordinary shares

ANALYSIS BY SIZE OF HOLDINGS

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF HOLDERS	%
1 - 99	6	0.582	48	0.000
100 - 1,000	142	13.786	83,200	0.012
1,001 - 10,000	448	43.495	2,448,200	0.364
10,001 - 100,000	263	25.533	8,063,552	1.201
100,001 - 33,565,738 (*)	168	16.310	283,845,400	42.282
33,565,739 AND ABOVE (**)	3	0.291	376,874,391	56.139
TOTAL :	**1,030**	**100.000**	**671,314,791**	**100.000**

REMARK :
* - LESS THAN 5% OF ISSUED SHARES
** - 5% AND ABOVE OF ISSUED SHARES

THIRTY LARGEST SHAREHOLDERS (Based on the Record of Depositors)
(Without aggregating the shares from different securities accounts belonging to the same depositor)

NO.	NAME	HOLDINGS	%
1	LEE CHEN YEONG	188,437,146	28.069
2	FOO MING	113,062,328	16.841
3	MU WOON CHAI	75,374,917	11.227
4	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	15,539,600	2.314
5	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)	15,208,400	2.265
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHB INV)	12,164,000	1.811
7	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 22)	10,372,200	1.545
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN BHD (2)	9,780,400	1.456
9	MALAYSIAN TECHNOLOGY DEVELOPMENT CORPORATION SDN BHD	9,345,700	1.392
10	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	8,825,200	1.314
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN BHD (AHAM AM 2)	8,445,700	1.258
12	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (UOB AMM6939-406)	7,071,100	1.053
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD LEMBAGA TABUNG HAJI (AIIMAN)	7,006,400	1.043

THIRTY LARGEST SHAREHOLDERS (Based on the Record of Depositors) (Cont'd)

NO.	NAME	HOLDINGS	%
14	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PETROLIAM NASIONAL BERHAD (ACF-KENANGA-EQ)	6,516,100	0.970
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR KENANGA SYARIAHEXTRA FUND (N14011960240)	5,847,200	0.871
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AIIMAN IS EQ)	5,766,000	0.858
17	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA MALAYSIAN INC FUND	5,190,000	0.773
18	CARTABAN NOMINEES (TEMPATAN) SDN BHD CN CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH FUND SERIES 2	5,000,000	0.744
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHBISLAMIC)	4,954,000	0.737
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (UOB AM SC EQ)	4,739,900	0.706
21	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	4,645,900	0.692
22	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PETROLIAM NASIONAL BERHAD (ACF-AFFIN-EQ)	4,612,200	0.687
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA PUBLIC TAKAFUL BHD.	4,469,800	0.665
24	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PETROLIAM NASIONAL BERHAD (PET-KENANGA-EQET)	4,329,800	0.644
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR ARECA EQUITYTRUST FUND (211882)	4,221,600	0.628
26	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PETROLIAM NASIONAL BERHAD (AFFIN)	4,017,300	0.598
27	UOBM NOMINEES (TEMPATAN) SDN BHD UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR MALAYSIAN TIMBER COUNCIL (OF-EQ)	3,992,900	0.594
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM KENANGA) (410196)	3,830,100	0.570
29	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT AL-FAID (4389)	3,688,400	0.549
30	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH OPPORTUNITIES FUND (50154 TR01)	3,687,100	0.549
		560,141,391	**83.439**

SUBSTANTIAL SHAREHOLDERS AS AT 15 OCTOBER 2024
(Based on the Register of Substantial Shareholders)

NAME	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
LEE CHEN YEONG	188,437,146	28.069	-	-
FOO MING	113,062,328	16.841	-	-
MU WOON CHAI	75,374,917	11.227	-	-

DIRECTORS' INTEREST
(Based on the Register of Directors' Shareholdings)

NAME	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
ANG SENG WONG	-	-	-	-
LEE CHEN YEONG	188,437,146	28.069	-	-
MU WOON CHAI	75,374,917	11.227	-	-
FOO MING	113,062,328	16.841	-	-
LAI HOOI YIM	-	-	-	-
LIEW CHEE KAR	-	-	-	-
WILLHAM SIAU	-	-	-	-
THAM WEI MEI	-	-	-	-

NOTICE IS HEREBY GIVEN THAT the 3rd Annual General Meeting of CPE Technology Berhad will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd via TIIH Online website at https://tiih.online (Domain registration number with MYNIC-D1A282781) on **Friday, 13 December 2024** at **10.00 a.m.** for the following purposes:

AGENDA	**Resolution on Proxy Form**
ORDINARY BUSINESS:	
1. To receive the Audited Financial Statements for the financial year ended 30 June 2024 and the Reports of the Directors and Auditors thereon.	**(Please refer Explanatory Note 1)**
2. To approve the payment of Directors' fees of RM418,020 for the financial year ended 30 June 2024.	**(Resolution 1)**
3. To approve the payment of Directors' benefits payable to the Directors of the Company up to an approximate amount of RM2,363,898 from the close of 3rd Annual General Meeting until conclusion of the 4th Annual General Meeting in year 2025.	**(Resolution 2)**
4. To re-elect the following Directors who retire by rotation pursuant to Clause 76(3) of the Company's Constitution.	
(a) Mr Ang Seng Wong	**(Resolution 3)**
(b) Mr Mu Woon Chai	**(Resolution 4)**
(c) Ms Lai Hooi Yim	**(Resolution 5)**
5. To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	**(Resolution 6)**

SPECIAL BUSINESS:
To consider and if thought fit, to pass the following resolution, with or without modifications:

6. **ORDINARY RESOLUTION 1** **(Resolution 7)**
AUTHORITY TO DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016

"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approval of the relevant regulatory authorities, where such approval is required, the Directors be and are hereby authorised to issue and allot shares in the Company, from time to time, at such price, upon such terms and conditions and for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued during the preceding twelve (12) months does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until conclusion of the next annual general meeting of the Company after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting."

7. To transact any other business of which due notice shall have been given.

By Order of the Board
CPE TECHNOLOGY BERHAD

WONG CHEE YIN (f) (MAICSA7023530)
(SSM Practising Certificate No. 202008001953)
Company Secretary
Johor Bahru
30 October 2024

NOTES

1. *An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 if the online platform located in Malaysia and all meeting participants including Chairman of the meeting, board members, senior management and shareholders are to participate in the meeting online.*

   Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 3rd AGM via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its ***TIIH Online*** *website at https://tiih.online.* ***Please follow the Procedures for RPV in the Administrative Guide for the 3rd AGM and take note of procedure below in order to participate remotely via RPV.***

2. *For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the* ***Record of Depositors as of 04 December 2024****. Only a member whose name appears in this Record of Depositors shall be entitled to participate in this AGM via RPV or appoint a proxy to attend, speak and vote on his/her/its behalf.*

3. *A member entitled to participate via RPV at the 3rd AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her stead. A proxy may but need not be a member of the Company.*

4. *A member of the Company who is entitled to participate at the 3rd AGM of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the Annual General Meeting.*

5. *Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*

6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*

7. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

8. *A member who has appointed a proxy or attorney or authorised representative to participate at the 3rd AGM via RPV* ***must request his/her proxy or attorney or authorised representative to register himself/herself for RPV*** *via TIIH Online website at https://tiih.online. Please refer to the procedures for RPV in the Administrative Guide for the 3rd AGM.*

9. *The appointment of a proxy may be made in a hard copy form or by electronic means shall be deposited in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:*

   - *In hard copy form*
     By hand or post to the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or its the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan

   - *By electronic means*
     The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Guide for the 3rd AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

10. *Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.*

11. *Last date and time for lodging this proxy form is* ***Wednesday, 11 December 2024*** *at* ***10.00 a.m.***

NOTES (CONT'D)

12. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*

13. *For a corporate member who has appointed an authorised representative, please deposit the* ***ORIGINAL*** *certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:*

    (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

    (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:

    (a) at least two (2) authorised officers, of whom one shall be a director; or

    (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

EXPLANATORY NOTES

ORDINARY BUSINESS:

1. ITEM 1 OF THE AGENDA
AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 JUNE 2024

The Audited Financial Statements under this Agenda item is meant for discussion only as the provision of Section 248(1) and Section 340(1)(a) of the Companies Act 2016 (the "Act") does not require a formal approval of the shareholders and hence this Agenda item is not put forward for voting by shareholders of the Company.

2. ITEM 2 AND 3 OF THE AGENDA RESPECTIVELY
RESOLUTION 1 – DIRECTORS' FEES
RESOLUTION 2 – DIRECTORS' BENEFITS

In compliance with Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

- **Resolution 1** on payment of Directors' Fees in respect of the financial year ended 30 June 2024; and
- **Resolution 2** on payment of Directors' benefits with effect from the 3rd AGM 2024 to the 4th AGM 2025 of the Company.

The Directors' benefits payable would comprise of directors' fees, salaries, meeting allowances, and statutory contributions from the close of the 3rd AGM 2024 until the conclusion of the 4th AGM 2025.

EXPLANATORY NOTES (CONT'D)

ORDINARY BUSINESS: (CONT'D)

3. ITEM 4 OF THE AGENDA
RESOLUTIONS 3, 4 AND 5 – RE-ELECTION OF DIRECTORS

Mr. Ang Seng Wong, Mr. Mu Woon Chai, and Ms. Lai Hooi Yim are subject to retirement by rotation as directors of the Company and, being eligible, have offered themselves for re-election at the 3rd AGM 2024.

The Board has through the Nomination and Remuneration Committee, considered, and assessed the retiring Directors and agreed that they meet the qualification of Directors as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Securities and have the character, experience, integrity, competence and time to effectively discharge their roles as Directors.

4. ITEM 5 OF THE AGENDA
RESOLUTION 5 – RE-APPOINTMENT OF AUDITORS

The Board has through the Audit and Risk Management Committee, considered the re-appointment of Messrs. PricewaterhouseCoopers PLT as External Auditors of the Company. The factors considered by the Audit and Risk Management Committee in making the recommendation to the Board to table the re-appointment of Messrs. PricewaterhouseCoopers PLT at the forthcoming Annual General Meeting, included an assessment of the Auditors' independence and objectivity, calibre and quality process/performance.

SPECIAL BUSINESS:

5. ITEM 5 OF THE AGENDA
RESOLUTION 6 - AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

The Ordinary Resolution proposed under Resolution 6 is the renewal of the mandate obtained from the members at the Extraordinary General Meeting held on 06 December 2023 ("the Previous Mandate").

The Ordinary Resolution proposed under Resolution 6, if passed would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital, and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of issued shares of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire of the conclusion of the next Annual General Meeting of the Company.

1. Further details of individuals who are standing for election as directors (excluding directors standing for re-election): -

   There is no person seeking election as director of the Company at this Annual General Meeting.

2. A statement relating to general mandate for issue of securities in accordance with paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad: -

   Kindly refer to item 5 of the Explanatory Notes on Special Business on page 151.

CPE Tech®
CPE TECHNOLOGY BERHAD
(Registration No.: 202101015732 (1416032-X))

FORM OF PROXY

CDS Account No.	Number of shares held

I/We ______________________________ (NRIC No./Passport No./Company No. ______________)

of ____

Telephone No, ______________________ being a Member/Members of CPE TECHNOLOGY BERHAD [Registration No. 202101015732 (1416032-X)] hereby appoint:

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and (if more than one (1) proxy)

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her/them, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 3rd Annual General Meeting ("**3rd AGM**") of the Company which will be conducted on a fully virtual basis through online meeting platform of TIIH Online via its website at https://tiih.online (Domain registration number with MYNIC-D1A282781) on **Friday, 13 December 2024** at **10.00 a.m.** and any adjournment thereof and my/our proxy is to vote as indicated below:

Item	Agenda	Resolution	*FOR	*AGAINST
1.	Receipt of the Audited Financial Statements for the financial year ended 30 June 2024 and the Reports of the Directors and Auditors thereon.			
Ordinary Business:				
2.	Approval of the payment of Directors' fees of RM418,020 for the financial year ended 30 June 2024.	Resolution 1		
3.	Approval of the payment of Directors' benefits payable to the Directors of the Company up to an approximate amount of RM2,363,898 from the close of the 3rd Annual General Meeting until conclusion of the 4th Annual General Meeting in year 2025.	Resolution 2		
4.	Re-election of the following Directors who retire by rotation pursuant to Clause 76(3) of the Company's Constitution. (a) Mr Ang Seng Wong (b) Mr Mu Woon Chai (c) Ms Lai Hooi Yim	 Resolution 3 Resolution 4 Resolution 5		
5.	Re-appointment of Messrs. PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Resolution 6		
Special Business:				
6.	Authority to Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	Resolution 7		

(*Please indicate with an "**X**" in the appropriate space how you wish your proxy to vote. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.)

Dated this……………..day of…………………………2024

………………………………………………………
**Signature/Common Seal of Shareholder

*** Manner of execution:*
(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
(i) at least two (2) authorised officers, of whom one shall be a director; or
(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

NOTES:-

1. ***IMPORTANT NOTICE***
An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 if the online meeting platform located in Malaysia and all meeting participants including Chairman of the meeting, board members, senior management and shareholders are to participate in the meeting online.
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NOTES:- (CONT'D)

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    (a) at least two (2) authorised officers, of whom one shall be a director; or
    (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

Please fold here to seal

STAMP

The Share Registrar
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia

Please fold here to seal

CPE TECHNOLOGY BERHAD
(Registration No.: 202101015732 (1416032-X))
No. 6, Jalan Indah Gemilang 5,
Taman Perindustrian Gemilang,
81800 Ulu Tiram, Johor.
Tel: 607-863 7718
Email: contactus@cpetbhd.com

www.cpetbhd.com