



EG INDUSTRIES BERHAD

199101012585 (222897-W)



.. OUR LOVE IS EXPANDING....

Annual Report 2024

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WE ARE PROUDLY NAMED **EG INDUSTRIES BERHAD** AS

毅 靖

毅 果决，志向坚定持久而不摇动
Decisive, firm and unwavering in ambition

靖 忠肝义胆，立容安静，谦卑恭敬的样子，安定，和平
Loyal heart and courageous spirit, stoic and tranquil,
with an attitude of humility and respect, stability and peace

OUR MILESTONES

ENHANCING EFFICIENCY AND REFINING THE PRODUCT MIX

Over the years, EG Industries Berhad ("EG" or "the Company") and its subsidiaries ("the Group") have demonstrated both agility and resilience, overcoming operational challenges while preparing for long-term growth and sustainability.

This year, EG has further intensified its focus on enhancing operational efficiency and right sizing its product mix to meet market demand more effectively. By improving yield and refining its product portfolio to target high-growth sectors such as 5G photonics, and advanced communication technologies, the Group has optimised production and maximised value for its clients.

The Batu Kawan Smart Factory 4.0 has been fully constructed, positioning EG to move further into the upstream value chain in the coming financial year. Moving forward, EG is set to transform from an Electronics Manufacturing Services ("EMS") and Vertical Integration ("VI+") provider to a high-value upstream component manufacturer. With the completion and commissioning of this state-of-the-art facility, EG will be fully capable of delivering a truly end-to-end solution for both existing and future clients. This capability has already started to open the door to new opportunities from around the globe, enabling EG to capitalise on its advanced manufacturing expertise and provide integrated solutions that meet the evolving needs of the industry.

In collaboration with global industry leaders, EG is positioned to advance its upstream trajectory, setting new standards for the manufacturing industry and creating a positive ripple effect throughout the broader EG community and beyond.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Ong Lye Soon

Independent Non-Executive Director and Chairman

Dato' Alex Kang Pang Kiang

Group Chief Executive Officer/Executive Director

Lim Sze Yan

Non-Independent Non-Executive Director

Lee Kean Teong

Independent Non-Executive Director

Tan Jie En

Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman

Lee Kean Teong

Members

Lim Sze Yan

Tan Jie En

NOMINATION COMMITTEE

Chairman

Tan Jie En

Members

Lim Sze Yan

Lee Kean Teong

REMUNERATION COMMITTEE

Chairman

Lee Kean Teong

Members

Lim Sze Yan

Tan Jie En

COMPANY SECRETARIES

Ong Tze-En [MAICSA 7026537]

SSM PC NO.: 202008003397

Lau Yoke Leng [MAICSA 7034778]

SSM PC NO.: 202008003368

REGISTERED OFFICE

170-09-01 Livingston Tower

Jalan Argyll, 10050

George Town, Penang, Malaysia

Tel : 04-229 4390

Fax : 04-226 5860

Email : boardroom-kl@boardroomlimited.com

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd

Suite 18.05, MWE Plaza

No. 8 Lebuhr Farquhar

10200 Penang, Malaysia

Tel : 04-263 1966

Fax : 04-262 8544

Email : info@sshsb.com.my

AUDITORS

UHY Malaysia (formerly known as UHY)

AF1411

Chartered Accountants

PRINCIPAL BANKERS

Al Rajhi Banking and Investment Corporation (Malaysia) Berhad

AmBank Islamic Berhad

CIMB Islamic Bank Berhad

Hong Leong Islamic Bank Berhad

HSBC Amanah Malaysia Berhad

Kasikornbank Public Company Limited (Thailand)

OCBC Bank (Malaysia) Berhad

TMBThanachart Bank Public Company Limited (Thailand)

United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Name : EG

Stock Code : 8907

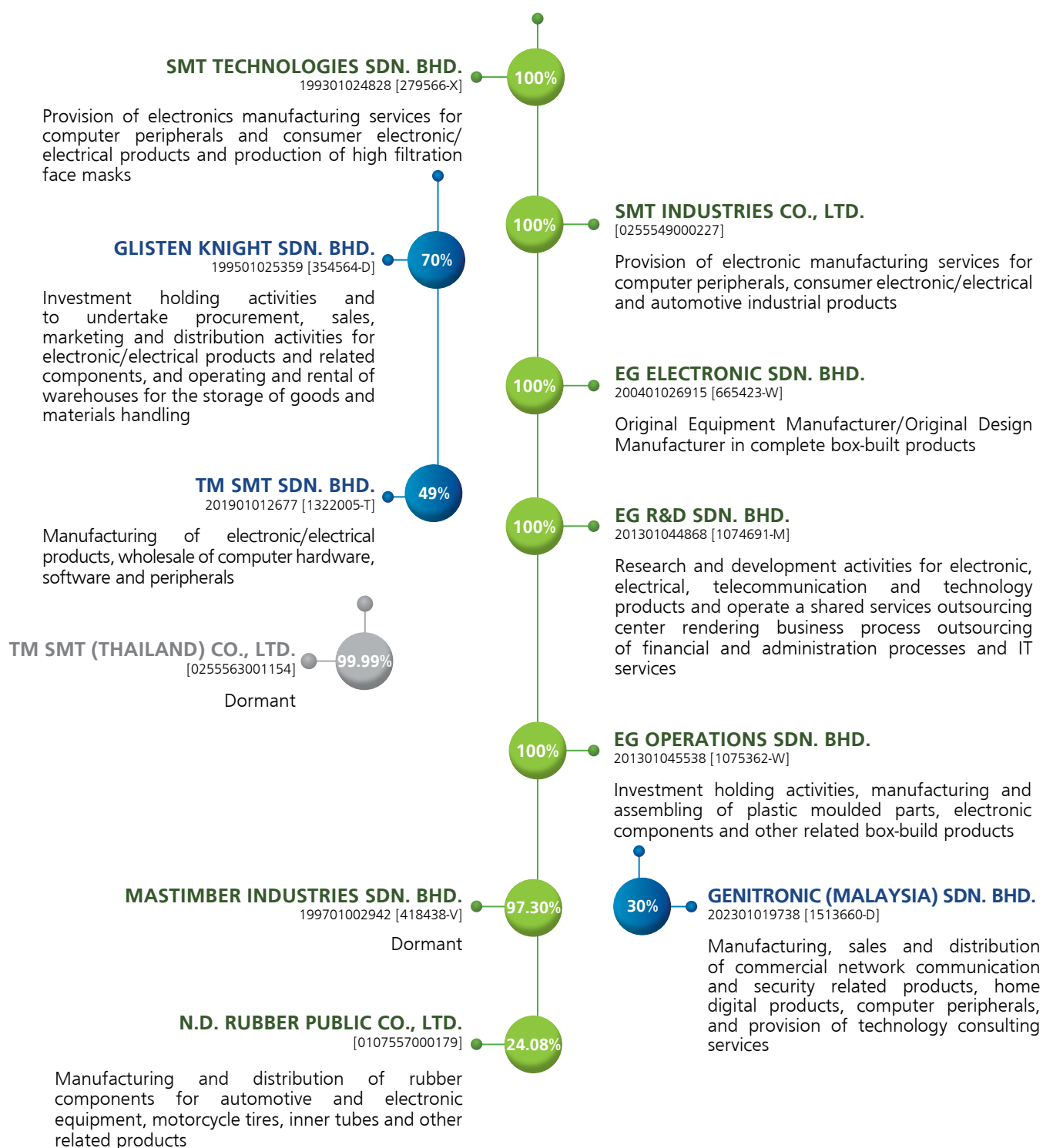
GROUP STRUCTURE



EG INDUSTRIES BERHAD

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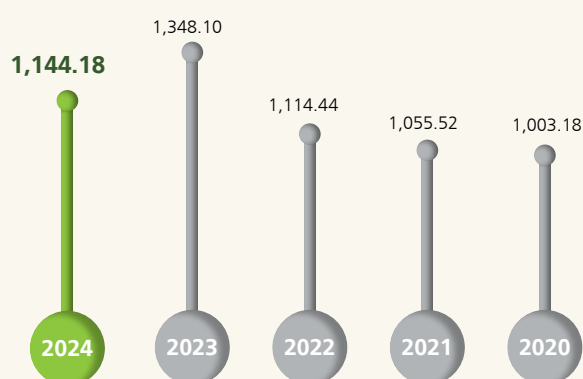
Investment holding company listed on Main Market of Bursa Malaysia Securities Berhad



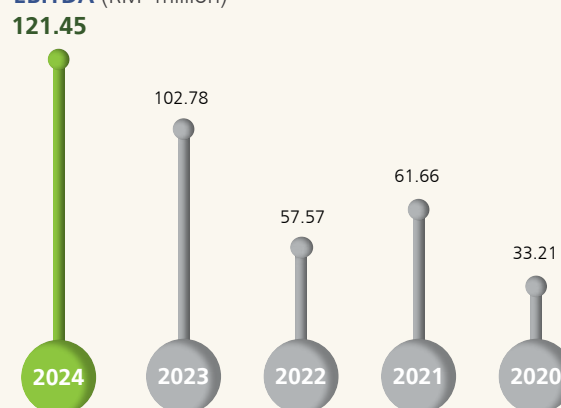
GROUP FINANCIAL HIGHLIGHTS

Year ended 30 June	2024	2023	2022	2021	2020
Amount in RM'million					
Revenue	1,144.18	1,348.10	1,114.44	1,055.52	1,003.18
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")	121.45	102.78	57.57	61.66	33.21
Profit/(Loss) Before Tax	49.73	41.39	10.76	14.20	(12.81)
Profit/(Loss) Attributable to the Owners of the Company	49.74	38.96	10.82	13.97	(13.61)
Shareholders' Funds	520.00	438.98	385.46	364.85	323.05
Basic earnings/(loss) per ordinary share (sen)	10.66	9.16	2.75	4.12	(5.29)
Net assets per ordinary share (RM)	1.15	1.06	0.97	1.01	1.25

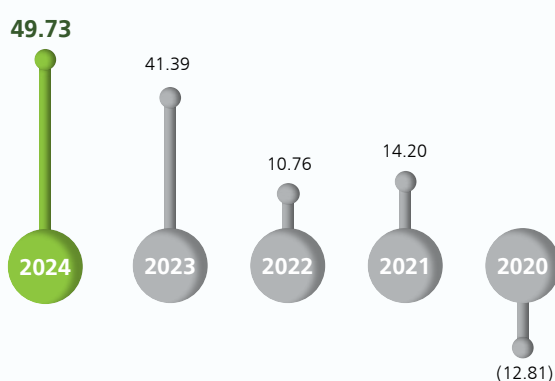
Revenue (RM'million)



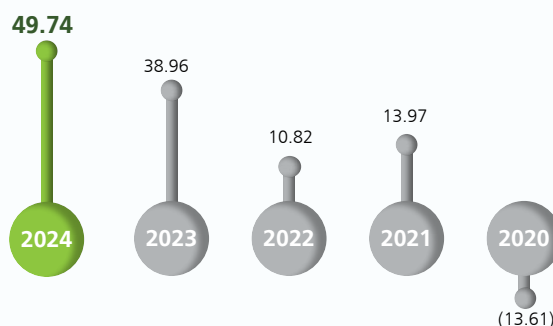
EBITDA (RM' million)



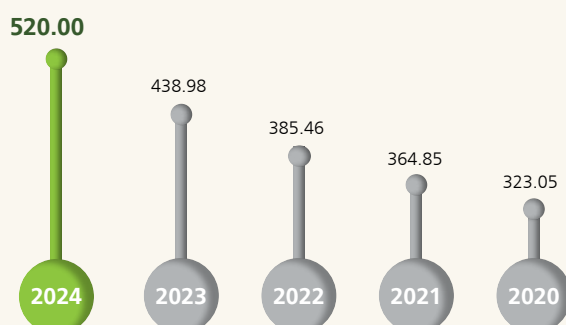
Profit/(Loss) Before Tax (RM' million)



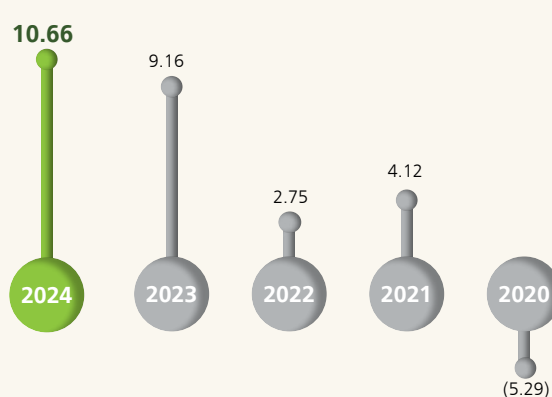
Profit/(Loss) Attributable to the Owners of the Company (RM' million)



Shareholders' Funds (RM' million)



Basic earnings/(loss) per ordinary share (sen)



MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the Board of Directors of EG, it is my privilege to present you a report of our performance in the financial year ended 30 June 2024 ("FY2024").

BUSINESS AND OPERATIONS

EG is a leading Electronics Manufacturing Services ("EMS") and Vertical Integration ("VI+") provider that has remained within the global list of Top 50 EMS providers: cementing our reputation as a manufacturer and technological partner for several crucial industries including consumer electronics, data storage, automotive, information and communications technologies ("ICT") and telecommunications sectors. Our customer base of internationally renowned clients and brands attest to the benchmark standards that we uphold and deliver.

The Group's core business consists of two key categories, namely printed circuit board assembly ("PCBA") and box-build. Our PCBA segment manufactures high and low-mix printed circuit boards while our box-build segment provides a wide range of services to electronics providers including design, manufacturing, testing, and shipping of completed products to customers' end users.

SECTOR REVIEW

The global EMS industry continues to witness significant growth, fuelled by the increasing demand for next-generation communication technologies. The transition to 5G wireless networks has driven a surge in demand for high-performance processors and telecommunication equipment. Emerging standards like Wi-Fi 6 and Wi-Fi 7 are further accelerating the need for advanced electronic components, as industries require faster, more reliable connectivity. The global rollout of 5G networks, combined with growing consumer expectations for seamless communication across multiple devices, is pushing Original Equipment Manufacturers ("OEM") to rely on EMS providers for the design, manufacturing, and assembly of next-generation communication infrastructure.

Additionally, the growing investment in data centres, driven by the rapid adoption of artificial intelligence ("AI"), cloud computing, and big data analytics, is a critical trend shaping the EMS market. These data centres require cutting-edge technology, high-speed network switches, and vast server capacity, creating significant opportunities for EMS providers. In addition, the increased connectivity demands of electric vehicles ("EVs"), as they become more prevalent, also require the integration of advanced communication technologies. EMS providers play an essential role in ensuring the stability and availability of these specialised components in the supply chain, supporting the automotive sector's shift to electrification.

On the company front, EG stands to especially benefit from this shift. The contributions from its partnerships with a few world-renowned research and development and manufacturing firms have already been growing steadily and are expected to further expand. These collaborations, particularly in the 5G and advanced communication technology sectors, align EG perfectly with the increasing demand for high-tech, specialised manufacturing services. As the global need for sophisticated communication and data infrastructure grows, EG's role in supporting these key clients will only strengthen, further enhancing its position in the EMS market.

Share Performance (1 July 2023 to 30 June 2024):



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OPERATIONAL HIGHLIGHTS

- **Letter of Intent ("LOI") with Cambridge Industries Group ("CIG")**

During FY2024, EG continued to strengthen its partnership with CIG, entering a new LOI in April 2024. This latest agreement is to produce 800G and 1.6T Advanced High-Speed Optical Signal Transmitters and Receivers for 5G wireless networks, marking a significant step forward in EG's capabilities. These next-generation optical modules are crucial for supporting the growing demand in data centres and global telecommunications infrastructure, ensuring EG's place at the forefront of high-speed communication technology manufacturing.

This development builds upon the relationship established in October 2022 when EG signed its initial LOI with CIG to produce Advanced High-Speed Optical Signal Transmitters and Receivers for 5G wireless networks. This collaboration, leveraging advanced photonics and semiconductor technologies, positioned EG as the first recipient of CIG's pioneering technology transfer into Southeast Asia. This milestone not only enhanced EG's portfolio but also solidified its role in the production of high-tech communication components.

EG's partnership with CIG dates to 2018, when the Group began providing box-build services for high-speed routers and gateway products. Over the years, this collaboration has grown stronger, with EG now expanding its offerings to include 5G photonics modules-related products and a broader range of wireless access technologies. This long-term relationship continues to thrive, with the recent LOI representing a key development in both companies' strategic growth in the global communications market.

- **Smart Factory 4.0 in Batu Kawan, Penang**

In July 2024, EG's Smart Factory 4.0 in Batu Kawan, Penang, reached a key milestone by receiving its Certificate of Completion and Compliance ("CCC"). With the certification in place, the Group has moved into the next phase, which involves renovations and fit-out works. This cutting-edge facility is set to commence operations in early 2025, with CIG securing a substantial portion of the floor space to produce 5G optical modules and other advanced technologies.

To recap, on 9 November 2022, EG broke ground on the RM180.0 million Smart Factory 4.0, which spans 22,500 square meter. The plant was designed for the manufacturing of next-generation technologies, including 5G optical modules, network switches and other critical components for existing and future multinational clients.

- **Investment in N.D. Rubber Public Co., Ltd ("NDR")**

On 4 October 2024, EG subscribed an additional 55,000,000 ordinary shares in NDR at an offering price of THB1.80 per share. This follows an earlier subscription of 55,000,000 ordinary shares on 9 September 2024, bringing EG's total shareholding in NDR to 110,000,000 ordinary shares, representing 24.08% of NDR's issued share capital.

NDR, a public company listed on the Stock Exchange of Thailand ("SET") since May 2014, is engaged in the manufacturing and distribution of rubber components for automotive and electronic equipment, motorcycle tires, inner tubes and Air Locks, an innovative replacement product for inner tubes, for both OEMs and replacement equipment manufacturers ("REMs") domestically and internationally.

The total investment of THB198,000,000 (equivalent to RM26,046,900) for the share subscription was financed through internally generated funds. This investment aligns with EG's strategic expansion into the 5G photonics embedded EV and 5G photonics markets in Thailand. Through this partnership, EG and NDR aim to establish an EV 5G Photonics Module Testing Centre under NDR's new subsidiary, Xtronic Co., Ltd.. Xtronic will collaborate with EG's subsidiary, SMT Industries Co., Ltd., to inspect and test electronic components that support 5G network systems and wireless internet devices.

In addition to entering the 5G photonics embedded EV market, EG benefits from NDR's extensive experience in producing rubber-related parts for renowned automotive brands. Being listed on the Approved Vendor Lists ("AVL") for major automotive and EV manufacturers, NDR provides EG an opportunity to integrate into the global EV supply chain, accelerating its growth in this sector. This strategic investment also paves the way for EG to establish a 5G test service centre in Thailand, further solidifying its position in the high growth 5G photonics market and enhancing the technological capabilities of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OPERATIONAL HIGHLIGHTS (CONT'D)

- **Smart Warehouses and International Procurement Centre**

EG's new warehouses in Sungai Petani have been fully constructed, marking a significant milestone in our ongoing expansion. These facilities are now in the final stages of obtaining a public bonded warehouse license, which is expected to be completed in the coming months. Once operational by early 2025, it will establish a new revenue stream for EG and strengthen its position as a true end-to-end one-stop centre for its multinational clients, offering integrated storage and procurement solutions.

In addition, we shall setup an International Procurement Centre ("IPC") that is equipped with advanced infrastructure, including the Vendor Management Inventory ("VMI") system which allow clients to monitor inventories in real time. This innovation will provide significant cost advantages and encourage the relocation of overseas storage hubs to Malaysia for improved coordination and efficiency. Additionally, the IPC will promote local sourcing, further enhancing EG's ability to meet the needs of its global clients by optimising supply chains and supporting industrial productivity.

Through these strategic developments, EG is positioning itself as a critical partner for global firms, helping them streamline operations in an increasingly competitive and technologically driven market.

FINANCIAL REVIEW

In FY2024, the Group achieved a record net profit of RM49.0 million, reflecting a growth of 25.8% compared to RM39.0 million in FY2023. This significant increase in profitability was largely driven by improved profit margins, resulting from a strategic alignment of the product mix and a continuous emphasis on yield enhancement and operational efficiency.

While profitability surged, revenue for FY2024 came in at RM1.1 billion, a decrease from RM1.3 billion in FY2023. This moderated revenue performance was primarily due to a temporary softening in market demand for consumer electronics, and 5G wireless access and photonic-related products in the first half of the year. Notably, the Group focus on higher-margin products and increasing operational efficiencies enabled it to improve overall profitability despite the decline in revenue.

The Group's balance sheet remains robust, with cash and cash equivalents and fixed deposits increasing to RM90.3 million as at end FY2024, up from RM53.7 million in the prior year. This contributed to a current ratio of 1.10x, reflecting the Group's solid liquidity position.

Net gearing rose slightly to 0.98 times, compared to 0.90 times in FY2023. Total borrowings increased to RM598.1 million as at end FY2024, up from RM450.5 million in the prior year primarily due to funding for its expansion plans in Batu Kawan and Sungai Petani. Consequently, total liabilities grew to RM1.0 billion, compared to RM773.6 million in FY2023.

Additionally, shareholders' equity rose to RM520.0 million in FY2024 from RM439.0 million, with net assets per share attributable to owners of the company increasing to RM1.15 per share, up from RM1.06 per share in FY2023.

CAPITAL EXPENDITURE

In FY2024, the Group allocated its capital expenditure across the following key areas:

- Building and construction of Smart Factory 4.0: RM77.1 million
- Upgrading equipment and machinery for both new and existing production lines: RM164.5 million

Looking ahead to FY2025, the Group has earmarked a total capital expenditure of approximately RM200.0 million to continue supporting its growth plans. This includes funding for ongoing initiatives/enhancements in its existing facilities and the new Smart Factory 4.0, as well as further developments in the Smart Warehouses and IPC. This ongoing investment strategy positions EG for long-term success and strengthens its ability to capitalise on emerging opportunities in high-growth markets.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

CORPORATE EXERCISES

- **Private Placement**

On 14 July 2023, EG successfully completed its Private Placement Exercise, issuing 10% new shares and raising RM47.0 million in gross proceeds. This was achieved through the listing of 40,928,700 new ordinary shares on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

- **Bonus Issue of Warrants**

On 2 January 2024, EG completed the bonus issuance of 225,108,007 free Warrants-D 2023/2028, based on 1 Warrant for every 2 existing Shares held by entitled shareholders on the entitlement date, on the Main Market of Bursa Securities.

Assuming full conversion of the Warrants-D 2023/2028 at RM1.80 per share over the five-year period, the Group expects to raise approximately RM405.2 million in gross proceeds. These proceeds will be put towards the repayment of bank borrowings and as working capital to support the Group's day-to-day operations.

DIVIDEND

EG declared and paid its maiden dividend on 26 August 2024 with an Interim Single-Tier Dividend of 1.0 sen per ordinary share, marking a significant milestone in the Group's history. This dividend serves as a token of appreciation for shareholders' continued support.

At the same time, the Board remains committed to a prudent approach to dividend distribution. Given the high capital expenditure required for ongoing expansion plans in Sungai Petani and Batu Kawan, as well as investments in new machinery to stay ahead of technological advancements, the Board will continue to carefully balance reinvesting earnings for growth with considering future dividend distributions.

ANTICIPATED OR KNOWN RISKS

Competitive Environment

EG operates in a highly competitive environment, facing stiff competition from other EMS manufacturers both in Malaysia and abroad. The Group is addressing this risk by increasing its involvement in upstream activities, upgrading technological capabilities, and working closely with clients to understand their needs.

Supply Chain Disruptions

The supply of electronics-related raw materials has been adversely impacted by various factors, including disruptions in shipping lines and ongoing geopolitical tensions, such as the Russia-Ukraine conflict and US-China Trade War. These challenges create uncertainties in the global supply chain, affecting the availability, timing of delivery and cost of essential components.

To address these issues, EG plans to leverage real-time monitoring capabilities within its IPC warehouse system to mitigate potential disruptions from shortages. The Group will also maintain close communication with suppliers to ensure a consistent supply of raw materials. Additionally, by collaborating closely with clients, EG aims to anticipate changes in demand dynamics, ensuring that adequate stock levels are maintained to effectively meet customer needs.

Foreign Currency Fluctuations

As an export-oriented manufacturer, EG conducts transactions in various currencies, including USD, Thai Baht, Singapore Dollar, and Euro. A portion of the Group's borrowings is denominated in USD, which means that any unfavourable fluctuations in these currencies may adversely impact performance. However, this risk is mitigated through a natural hedge, as the Group primarily services the export market where transactions are predominantly in USD.

Labour Cost and Availability

EG takes pride in being a leading employer in Sungai Petani, with a workforce of approximately 3,000 staff members. With most employees being Malaysian, the impact of the foreign labour shortage affecting the Malaysian industrial sector has been minimal. However, there have been multiple minimum wage hikes, the latest occurring in May 2022, which resulted in a 25% increase in labour costs. Future increases are anticipated as the government continues to review and adjust wage policies to reflect economic conditions.

In response to these changes, the Group proactively runs programs designed to train and upskill employees to enhance efficiency and invests more heavily in automation to reduce reliance on labour. This strategic approach aims to optimise the Group's cost structure while maintaining a skilled and motivated workforce.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

BUSINESS OUTLOOK AND PROSPECTS

EG is well-positioned to capitalise on the rising demand for high-tech products driven by the expansion of 5G wireless networks, Wi-Fi 6, and Wi-Fi 7 technologies, as well as significant investments in data centres around the globe, making these next-generation optical modules essential for meeting the growing requirements of global telecommunications and data infrastructure. The Group's production of Advanced High-Speed Optical Signal Transmitters and Receivers for 5G networks significantly enhances its capabilities, ensuring its place at the forefront of manufacturing high-speed communication technology.

The contributions from the new Smart Factory 4.0 and Smart Warehouses will further enhance production capabilities and operational efficiencies. The Smart Factory 4.0, equipped with cutting-edge automation and digital technologies, will enable EG moving upstream to manufacture sophisticated components for 5G applications and photonics-related products more efficiently and at scale.

Moreover, the Smart Warehouses and IPC will facilitate improved inventory management and supply chain coordination, ensuring timely delivery of materials and products to clients. This integrated approach will enhance service levels and position EG to respond swiftly to evolving market demands.

As the need for reliable connectivity and robust data infrastructure continues to rise, EG is optimistic about its ability to leverage its technological expertise and manufacturing capabilities. The Group is dedicated to driving sustainable growth and remains committed to exploring new opportunities in high-growth sectors such as 5G technology, Wi-Fi 6 and 7, data centre network devices, and other connected devices.

APPRECIATION

I would like to take this opportunity to extend my sincere gratitude to the Board for their strategic counsel and guidance throughout this financial year. Your insights and leadership have been invaluable in navigating the challenges we face and in shaping the direction of the Group.

I also want to thank our employees for their hard work and dedication. They are truly the backbone of the Company, and their commitment to excellence is what drives our success. Each member of the team plays a critical role in achieving our goals, and I deeply appreciate their efforts in contributing to our collective achievements.

Dato' Alex Kang Pang Kiang

Group Chief Executive Officer/Executive Director

DIRECTORS' PROFILE

ONG LYE SOON

Independent Non-Executive Director and Chairman

Age	Gender	Nationality
61	Male	Malaysian



Qualifications

- Sijil Pelajaran Malaysia ("SPM") Certificate

Date Appointed to the Board

31 May 2023

Board Committee

Nil

Other Directorships in Public Companies/ Listed Issuers

Nil

Family Relationships with Other Directors and/or Major Shareholder of the Listed Issuer

Nil

Conflict of Interest and Potential Conflict of Interest with the Group

Nil

Offences Convicted for the Past 5 Years Other than Traffic Offences, if any

Nil

No. of Board Meeting Attended during the Financial Year

4

Working Experience

Mr. Ong Lye Soon has been involved in the property development industry for more than a decade and is the founder of Savalut Development Sdn. Bhd., a local property development player. An entrepreneur by nature and drawing on his business acumen, Mr. Ong invested in a wide portfolio of local private limited companies transversing several industries.

Mr. Ong is currently a Committee Member of Kedah Chinese Chamber of Commerce and Industry which he has built a strong business network in Kedah.

DIRECTORS' PROFILE (CONT'D)

DATO' ALEX KANG PANG KIANG

Group Chief Executive Officer/Executive Director

Age	Gender	Nationality
52	Male	Malaysian

Qualifications

- Double degrees in Bachelor of Commerce and Bachelor of Science, University of Auckland, New Zealand
- Chartered Accountant of Malaysian Institute of Accountants ("MIA")
- Associate Chartered Accountant ("ACA") of Chartered Accountant Association, New Zealand

Date Appointed to the Board

23 November 2009

Board Committee

Nil

Other Directorships in Public Companies/ Listed Issuers

- Executive Chairman of Eduspec Holdings Berhad
- Executive Director of Kang Foundation Berhad

Family Relationships with Other Directors and/or Major Shareholder of the Listed Issuer

Nil

Conflict of Interest and Potential Conflict of Interest with the Group

Nil, other than as disclosed in the notes to the financial statements and Circular to Shareholders dated 30 October 2024 on the Recurrent Related Party Transactions

Offences Convicted for the Past 5 Years Other than Traffic Offences, if any

Nil

No. of Board Meeting Attended during the Financial Year

5

Working Experience

Dato' Alex Kang Pang Kiang ("Dato' Alex"), the Group CEO of EG plays a leading role on the Group's overall planning and operations since he took over the company 10 years ago, on 18th July 2014. With his visionary leadership insight expertising in financial management, planning, corporate restructuring exercises, risk management and investor relations for more than 20 years, he plays an essential role in formulating and providing solutions for EG Group's strategic positioning and business expansion.

For his exceptional entrepreneurship and dedication, he has been awarded the Best Chief Executive Officer and Best Investor Relations Professional by Malaysian Investor Relations Association ("MIRA") under the Micro-cap category "The Investor Relations Awards 2015".

On top of that, he was conferred the title of Dato' in 2018 in appreciation of his dedication to the business and social communities. Subsequently in year 2019, Persatuan Kebajikan Keluarga Bekas Polis dan Tentera ("POLTERA") had also appointed Dato' Alex as an honorable POLTERA life V.I.P to honor and recognise the remarkable value on his kind support, cooperation and contribution towards POLTERA's accomplishment.

Dato' Alex is a distinguished "Adjunct Professor" at AIMST University in 2020, where he will impart his businesses and industry knowledge to our next generation. He was also appointed as the Honorary Advisor of Malaysia-China Chamber of Commerce ("MCCC") for the year 2022-2025 in recognition for his rich expertise and experiences in the manufacturing business across the world.

In addition, he was appointed as the Honorary Advisor of Kelab Rekreasi Pekerja Dan Pedagang Cina Negeri Pulau Pinang in September 2022.

DIRECTORS' PROFILE (CONT'D)

LIM SZE YAN

Non-Independent Non-Executive Director

Age	Gender	Nationality
47	Male	Malaysian



Qualifications

- Bachelor of Commerce (Accounting and Finance), Curtin University of Technology, Australia
- Master of Business Administration, Cardiff Metropolitan University, United Kingdom
- Member of Certified Practising Accountant ("CPA") Australia
- Associate member of FIAT - IFTA

Working Experience

Mr. Lim Sze Yan started his profession as an audit assistant at Tay and Associate from 2001 to 2003. He subsequently transitioned to the business environment by joining Aim Strong Industries Sdn. Bhd., where he served in several positions with increasing responsibilities before becoming the General Manager in 2007. Presently, he is the Executive Director of both Aim Strong Industries Sdn. Bhd. and V-Hua Management Sdn. Bhd.

Date Appointed to the Board

28 February 2012

Board Committee

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

Other Directorships in Public Companies/ Listed Issuers

Nil

Family Relationships with Other Directors and/or Major Shareholder of the Listed Issuer

Nil

Conflict of Interest and Potential Conflict of Interest with the Group

Nil

Offences Convicted for the Past 5 Years Other than Traffic Offences, if any

Nil

No. of Board Meeting Attended during the Financial Year

5

DIRECTORS' PROFILE (CONT'D)

LEE KEAN TEONG

Independent Non-Executive Director

Age	Gender	Nationality
65	Male	Malaysian



Qualifications

- Chartered Accountant of Malaysia Institute of Certified Public Accountants ("MICPA")
- Chartered Accountant of MIA

Date Appointed to the Board

1 June 2016

Board Committee

- Chairman of Audit and Risk Management Committee
- Chairman of Remuneration Committee
- Member of Nomination Committee

Other Directorships in Public Companies/ Listed Issuers

- Independent Non-Executive Director of Oriental Holdings Berhad
- Independent Non-Executive Director of Asas Dunia Berhad
- Independent Non-Executive Director of Thong Guan Industries Berhad

Family Relationships with Other Directors and/or Major Shareholder of the Listed Issuer

Nil

Conflict of Interest and Potential Conflict of Interest with the Group

Nil

Offences Convicted for the Past 5 Years Other than Traffic Offences, if any

Nil

No. of Board Meeting Attended during the Financial Year

4

Working Experience

Mr. Lee Kean Teong served KPMG Malaysia for over 35 years and was a Partner with KPMG until his retirement on 31 December 2014.

Throughout his tenure, he has obtained extensive knowledge in auditing and management consulting. He was an engagement partner for a broad range of companies, including public listed corporations and multinationals in various industries, mainly manufacturing, property development, construction, hospitality, stock broking, and finance.

DIRECTORS' PROFILE (CONT'D)

TAN JIE EN

Independent Non-Executive Director

Age	Gender	Nationality
30	Female	Malaysian



Qualifications

- Bachelor of Laws, University of Sheffield, United Kingdom
- Barrister-at-Law from Middle Temple, England
- Advocate and Solicitor of the High Court of Malaya

Date Appointed to the Board

31 May 2023

Board Committee

- Chairman of Nomination Committee
- Member of Audit and Risk Management Committee
- Member of Remuneration Committee

Other Directorships in Public Companies/ Listed Issuers

Nil

Family Relationships with Other Directors and/or Major Shareholder of the Listed Issuer

Nil

Conflict of Interest and Potential Conflict of Interest with the Group

Nil

Offences Convicted for the Past 5 Years Other than Traffic Offences, if any

Nil

No. of Board Meeting Attended during the Financial Year

5

Working Experience

Miss Tan Jie En was admitted as an Advocate and Solicitor of the High Court of Malaya in 2020 after she completed her pupillage at Messrs. Zaid Ibrahim & Co, Penang in 2019. Subsequently, she joined Messrs. Wong & Loh as a Legal Assistant.

In December 2020 to April 2023, Miss Tan joined Messrs. Wong Chooi & Mohd. Nor. as a Legal Assistant where she handled conveyancing matters, banking and finance, share sale and purchase transaction, and probate and the administration of estates. In addition, she also handled commercial and corporate loan documentations for various financial institutions.

At present, she is the Partner of Messrs. Ng Law Firm. Her legal expertise spans across the areas of real estate, banking and finance, and probate and estate administration. She is also a registered company secretary with the Companies Commission of Malaysia ("SSM").

CORPORATE KEY MANAGEMENT PROFILE

LOW JOO HIANG

Supply Chain Management ("SCM")/Plant Senior Director

Age : 55
Gender : Male
Nationality : Malaysian

Qualifications

- Diploma in Electronic Engineering, Federal Institute of Technology, Kuala Lumpur, Malaysia
- Full Certification in Power Electrical, City and Guilds of London Institute, Kuala Lumpur, Malaysia

Other Committee

Member of the Group's Risk Management Committee

Working Experience

Mr. Low Joo Hiang joined EG Group in 1996 with over 28 years of expertise in various fields such as Assembly, Test, Process, Equipment, Surface Mount Technology ("Front End"), Back End Line, Facility, Security, Production Planning, Warehousing, Logistics, Material Control, Sourcing and Purchasing.

He is presently in charge of the organisation's overall Supply Chain Management and Operation which includes Production, Production Planning, Purchasing, Sourcing, Material Control and Logistics operations.

TAI CHEE SEONG

Information Technology ("IT") Senior Director

Age : 59
Gender : Male
Nationality : Malaysian

Qualifications

- Diploma in Electronic Engineering, Tunku Abdul Rahman University of Management and Technology
- Master of Business Administration, Heriot-Watt University, Edinburgh, Scotland

Other Committee

Nil

Working Experience

Mr. Tai Chee Seong joined EG Group in year 2008 as Process Engineering Manager and subsequently his responsibilities were extending to Equipment Engineering, New Product Introduction ("NPI") and Product Process Analysis ("PPA"). He was appointed as the IT Director and IT Senior Director in June 2019 and January 2022 respectively.

Since 1990, he started his career in the field of electronics and possessed extensive working experience in various western, Japanese and local firms before joining the Group.

Presently he is taking the lead of the Group IT and Smart Manufacturing function.

GOH KAR LING

Financial Controller

Age : 50
Gender : Female
Nationality : Malaysian

Qualifications

- Associate member of the Chartered Institute of Management Accountants ("CIMA")
- Member of the Chartered Global Management Accountants ("CGMA")

Other Committee

Member of the Group's Risk Management Committee

Working Experience

Ms. Goh Kar Ling joined EG Group in 2021 as Senior Finance Manager and was promoted to Financial Controller in December 2022. Currently, she oversees the Group's financial management, treasury and corporate finance functions, with additional responsibilities including investor relation, merger and acquisition, as well as legal and regulatory compliances.

She began her career in December 1996 as an auditor, and transitioned into finance, credit and risk assessment roles for a few public listed companies since June 2000.

Notes:

None of the corporate key management personnel has any directorship in public companies and listed issuers, nor has any family relationship with any Director and/or Major Shareholder of the Company, nor any conflict of interest or potential conflict of interest with the Group. They have not been convicted any offences within the past 5 years other than traffic offences, if any.

SUSTAINABILITY STATEMENT

About This Statement

EG is pleased to present our Annual Sustainability Statement ("the Statement") for 2024. We welcome and encourage our stakeholders to provide feedback pertaining to this Statement to strengthen our sustainability efforts further via the 'Contact Us' section of our corporate website at www.eg.com.my.

Reporting Period	This Statement provides an overview of EG's sustainability performance during the period from 1 July 2023 to 30 June 2024, unless stated otherwise.								
Reporting Scope and Boundary	<p>Similar to the scope in FY2023, this Statement covers the following active subsidiaries of our key business segment of EMS and VI+ provider, which accounts for more than 99% of the Group's revenue.</p> <table border="1"> <thead> <tr> <th>Business Entities</th><th>Operating Country</th></tr> </thead> <tbody> <tr> <td>SMT Technologies Sdn. Bhd. ("SMTT")</td><td>Malaysia</td></tr> <tr> <td>SMT Industries Co. Ltd. ("SMTI")</td><td>Thailand</td></tr> <tr> <td>EG R&D Sdn. Bhd.</td><td>Malaysia</td></tr> </tbody> </table> <p>The scope is applicable to the disclosures of all sustainability matters, unless specific reference is made in this Statement. The reported data for FY2022 and FY2023 is restated to include the active subsidiaries in Malaysia and Thailand, unless stated otherwise.</p>	Business Entities	Operating Country	SMT Technologies Sdn. Bhd. ("SMTT")	Malaysia	SMT Industries Co. Ltd. ("SMTI")	Thailand	EG R&D Sdn. Bhd.	Malaysia
Business Entities	Operating Country								
SMT Technologies Sdn. Bhd. ("SMTT")	Malaysia								
SMT Industries Co. Ltd. ("SMTI")	Thailand								
EG R&D Sdn. Bhd.	Malaysia								
Reporting Frameworks and Standards	<p>The Statement has been developed in accordance with the Bursa Malaysia's Main Market Listing Requirements, with reference to the Bursa Malaysia's Sustainability Reporting Guide (3rd edition, 2022).</p> <p>We also align our disclosures with the following recognised standards or guidelines, including:</p> <ul style="list-style-type: none"> • Global Reporting Initiatives ("GRI") Standards, • Sustainability Accounting Standards Board ("SASB") Standards, • United Nations Sustainable Development Goals ("UNSDGs"), • Responsible Business Alliance ("RBA") Code of Conduct ("COC"), and • Task Force on Climate-related Financial Disclosures ("TCFD") Recommendations. 								
Assurance	This Sustainability Statement has not been subjected to a formal assurance process. However, EG has undertaken internal reviews to ensure that the information reported is reliable and credible. Moving forward, we are looking to engage independent assurance for selected sustainability performance data and processes.								



SUSTAINABILITY STATEMENT (CONT'D)

Sustainability Framework

With more than 30-year history, we continue to stay true to our mission and vision statement with the aim of providing the best quality products to our customers and continuously introducing more sustainable practices within our business. This year, we have aligned our sustainability framework, guided by the Economic, Environmental and Social ("EES") pillars, with the UNSDGs.



OUR VISION

To reach global benchmarks in consistently delivering outstanding value to customers and all stakeholder



OUR MISSION

Our corporate culture will be shaped by being **GREAT**

Growth-focused in nurturing long-term customers
Robust in delivering design, quality and innovation
Empowering in developing and advancing employees
Ardent in creating value for shareholders
Tenacious in upholding socio-environment well-being



ECONOMIC

Conducting business with good compliance and practices for our shareholders and all EG's stakeholders



ENVIRONMENTAL

Reducing EG's business impacts towards the environment via resource efficiency, energy, waste, water and air



SOCIAL

Managing our relationship with our employees and community through engagement and various initiatives

In alignment to:



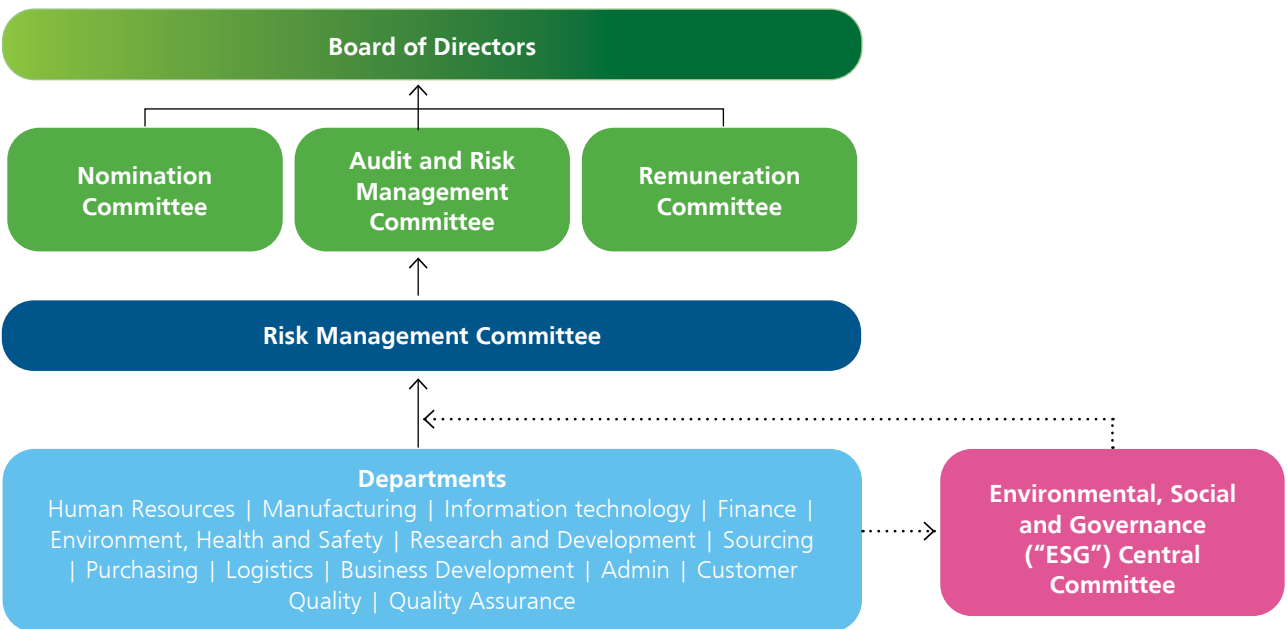
SUSTAINABILITY STATEMENT (CONT'D)

Sustainability Governance

The Group's sustainability governance structure is integrated into our corporate governance framework. As the Group looks to ensure sustainability is embedded across all aspects of our organisation, the responsibilities of our Board of Directors ("Board") and its committees have been broadened to encompass sustainability elements.

The Board is ultimately responsible for overseeing the Group's sustainability strategies and targets, while being supported by the Audit and Risk Management Committee ("ARMC") and the Group Chief Executive Officer ("CEO")/ Executive Director. The Board is also accountable for the oversight of the Group's sustainability matters and embedding sustainability culture across the Group.

The Risk Management Committee ("RMC"), overseen by the Group CEO, assists the ARMC to oversee the implementation, monitoring and achievement of the Group's material sustainability initiatives and performance. The RMC is chaired by the HR Director and supported by selected senior and middle management representatives of significant departments, including Operations, Finance, Admin, Purchasing and Human Resources ("HR").



The Board strives to stay abreast with the necessary knowledge required to address sustainability issues relevant to the Group and its operations, including climate-related risks and opportunities. To date, several Directors have attended training on sustainability and climate risk management to enhance their understanding of these critical areas.













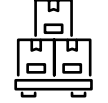










Stakeholder Engagement

We aim to maintain positive relationship with our stakeholders through both formal and informal channels of communications. These regular engagements enable us to align our sustainability initiatives with their needs, shaping our ESG focus and strategic direction.

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder Engagement (cont'd)

Our key stakeholder groups based on latest Stakeholder Prioritisation Exercise are as follows:

Key stakeholder	Area of interest or concerns	Engagement platforms	Our response
Customers/Business Partners   			
	<ul style="list-style-type: none"> Affordable products and services High-quality products and services Customer experience (i.e. speed, execution) Consumer data privacy Labour hiring practices at manufacturing site Conflict mineral 	<ul style="list-style-type: none"> Monthly or quarterly business review Periodic and ad-hoc meetings and interactions Periodic and surprise quality control and audit by customers Site visits Customer satisfaction survey Customer support channels (i.e. mobile app, website) Social media 	<ul style="list-style-type: none"> Offer one-stop VI+ solutions Adhere to quality standards (i.e. ISO 9001, ISO 13485, ISO 16949, ISO/IEC 80079, TL 9000) Adhere to the Personal Data Protection Act 2010 Adhere to RBA COC Conflict mineral reporting
Employees   			
	<ul style="list-style-type: none"> Business growth Corporate culture Learning and development Career advancement Inclusive workplace Health and safety Employee welfare and benefits 	<ul style="list-style-type: none"> Internal channels (i.e. emails, newsletters, intranet) Company events Corporate announcements Yearly Management Review Employee appraisal Employee survey Town Hall Training and development programmes 	<ul style="list-style-type: none"> Promote transparent communication with employees Employee-focused events or programmes (i.e. Elite Generation) Adhere to RBA COC Update policies regularly against Employment Act Occupational Safety and Health Act ("OSHA")
Suppliers/Vendors    			
	<ul style="list-style-type: none"> Transparent procurement processes Efficient supply chain management processes 	<ul style="list-style-type: none"> E-mails, phone calls and conferences Supplier support service Site visits Periodic and ad-hoc meetings Supplier rating system Supplier due diligence and assessment Supplier audit and performance Satisfaction survey 	<ul style="list-style-type: none"> Adhere to ISO 9001 standards and RBA COC Member of Supplier Ethical Data Exchange ("SEDEX") Supplier rating system Supplier survey and auditing report
Government/Regulatory Authorities  			
	<ul style="list-style-type: none"> Regulatory compliance Corporate governance practices Anti-corruption practices Labour practices 	<ul style="list-style-type: none"> Programme and conferences Information disclosures On-site inspection and site visits Seminars and workshops Meeting and email correspondence 	<ul style="list-style-type: none"> Risk assessment Full compliance with regulatory requirements, such as Malaysian Code of Corporate Governance Support government initiatives
Investors/Shareholders   			
	<ul style="list-style-type: none"> Business strategy and future plan Good management and corporate governance Sustainability, including climate risk mitigation 	<ul style="list-style-type: none"> Press releases and announcements Quarterly financial reports Annual report General meetings Analyst briefing Corporate website and social media 	<ul style="list-style-type: none"> Timely updates on Group's strategy and performance Compliance to regulatory requirements and adopt good governance practices Report on climate strategy
Local Communities  			
	<ul style="list-style-type: none"> Community welfare and continued livelihood Job opportunity 	<ul style="list-style-type: none"> Corporate website and social media Corporate volunteering activities Charitable event 	<ul style="list-style-type: none"> Community events Creating job opportunity via new plant built Monetary and non-monetary contributions

Engagement Frequency:



Ongoing



Annually



Quarterly



As needed

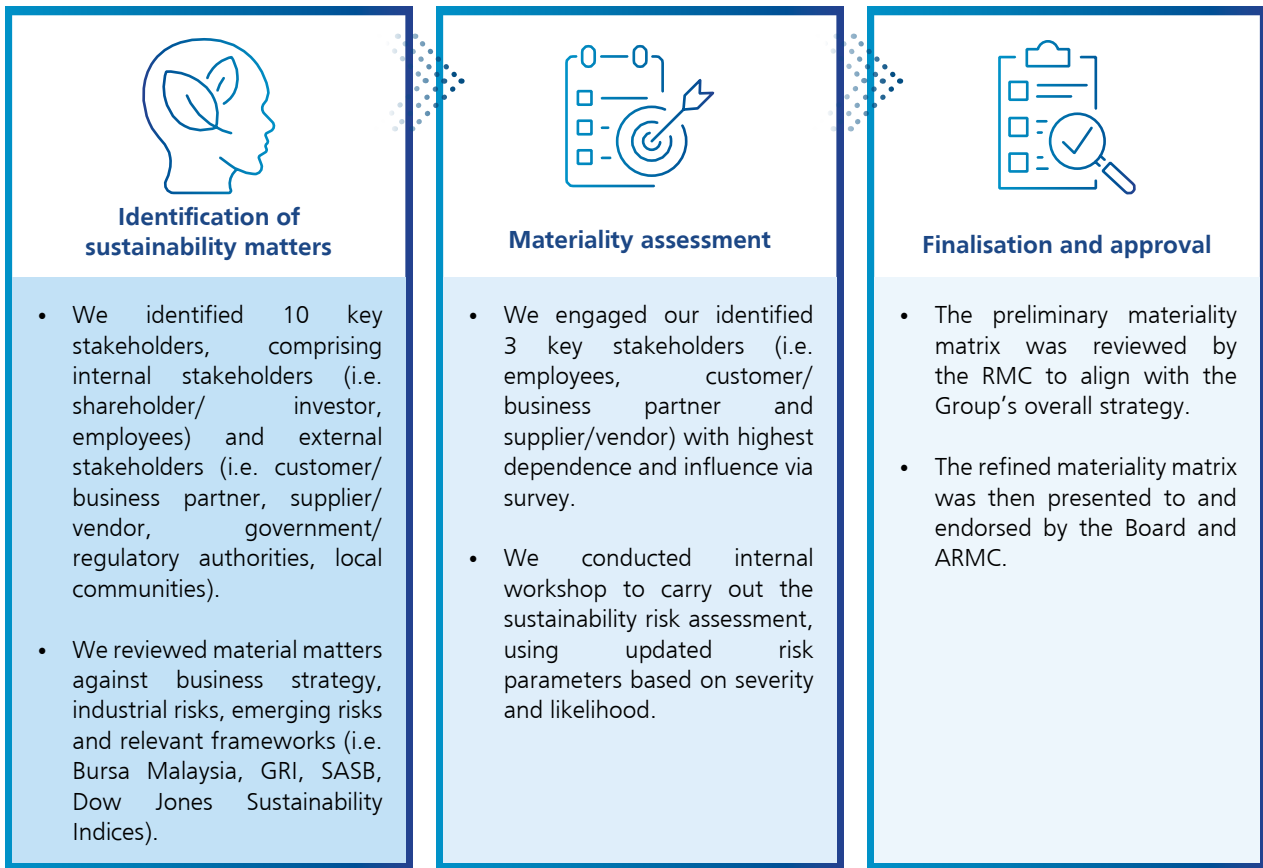


Bi-annually

SUSTAINABILITY STATEMENT (CONT'D)

Materiality Matters

We are cognisant that our material matters can significantly influence our capacity to generate long-term value for our stakeholders, both directly and indirectly. This year, we have conducted a materiality assessment to update our materiality matrix which was first carried out in 2022. This assessment involved both our key internal and external stakeholders to ensure their interests and concerns are addressed. While we aim towards conducting a full-scale materiality assessment, we undertake an annual review of the relevance of our previously prioritised ESG impacts arising from our day-to-day activities.



For better representation of our material issues, we revised our previous 11 material matters to 13 material matters. The latest materiality matrix has shown that more environmental and social related matters have repositioned due to increased interest in our environmental footprint and protection of human rights, rather than just economic matters topping at the top quadrant in the previous materiality matrix.

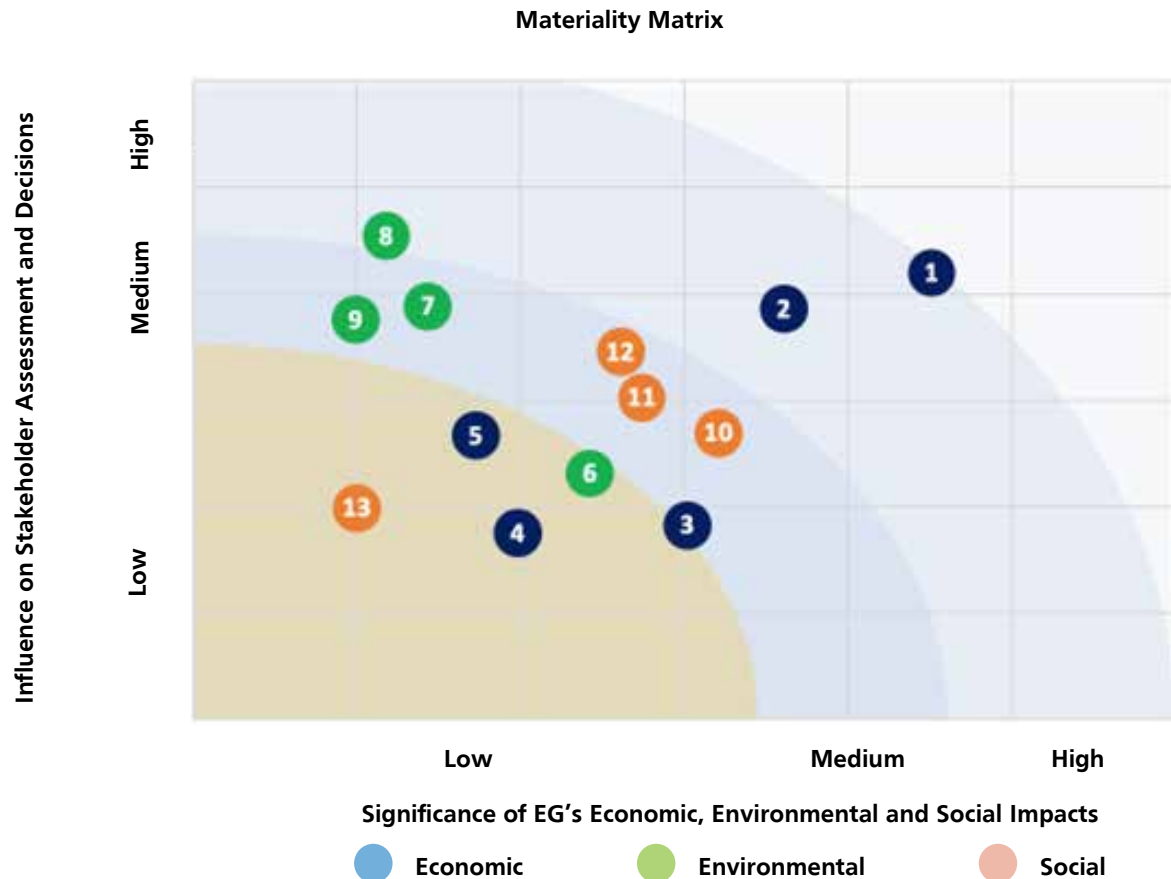
SUSTAINABILITY STATEMENT (CONT'D)

Materiality Matters (cont'd)

Sustainability Matter	Topics included
ECONOMIC	
Quality and Customer Satisfaction	<ul style="list-style-type: none"> Promoting quality at operations to ensure high levels of customer satisfaction Maintaining good relationship with customers for product recalls and grievances, marketing and brand perception
Sustainable Production and Innovation	<ul style="list-style-type: none"> Responsible consumption of materials and production of goods Customer partnership for social and environmental responsibility Innovative one-stop manufacturing solutions to world-renowned customers
Responsible Sourcing and Supply Chain Management	<ul style="list-style-type: none"> Due diligence for sourcing of raw materials, good and services Local sourcing of materials, goods and services Engagement with suppliers for improvement and impact
Data Privacy and Security	<ul style="list-style-type: none"> Stakeholder privacy and consent Responsible collection, protection and management of personal and sensitive data Secure IT systems, cyber hygiene, and incident response strategy
Corporate Governance	<ul style="list-style-type: none"> Cultivating a strong culture of transparency and responsibility Engagement of leadership within company and at board level with strong culture of transparency and responsibility Integration of ESG topics or risks into the Group's risk management system and major business decisions
ENVIRONMENTAL	
Energy and Climate Change	<ul style="list-style-type: none"> Energy reduction and renewable energy consumption Climate strategy to reduce Greenhouse gases ("GHG") emissions
Waste Management	<ul style="list-style-type: none"> Hazardous/non-hazardous wastes and material management Recycling, reuse and repair
Pollution Control	<ul style="list-style-type: none"> Air emission from production Noise pollution from machineries within the operations Legal compliance and monitoring of local complaints on pollution
Water Management	<ul style="list-style-type: none"> Water withdrawal and consumption within the operations Wastewater treatment and discharge
SOCIAL	
Human Rights and Labour Practices	<ul style="list-style-type: none"> Alignment to internationally recognised frameworks Human-rights focused labour practices Diversity, equal opportunity and inclusion Fair, inclusive and accessible employee benefits and well-being
Employee Engagement and Retention	<ul style="list-style-type: none"> Employee engagement, satisfaction and communication Employee learning, development, career advancement and retention
Health and Safety	<ul style="list-style-type: none"> Health and safety management systems across EG's operations Incident and injury rate tracking and reduction Training and safety-first culture
Community and Society	<ul style="list-style-type: none"> Engagement to maintain good relationship with local communities Having positive influence on local communities or society

SUSTAINABILITY STATEMENT (CONT'D)

Materiality Matters (cont'd)















EG's Material Matters

ECONOMIC	ENVIRONMENTAL	SOCIAL
01 Quality and Customer Satisfaction 02 Sustainable Production and Innovation 03 Responsible Sourcing and Supply Chain Management 04 Data Privacy and Security 05 Corporate Governance	06 Energy and Climate Change 07 Waste Management 08 Pollution Control 09 Water Management	10 Human Rights and Practices 11 Employee Engagement and Retention 12 Health and Safety 13 Community and Society

Our revised Materiality Matrix renews our focus on material matters which forms the basis of this Statement, while the respective indicators facilitate the monitoring and measurement of our sustainability performance.

SUSTAINABILITY STATEMENT (CONT'D)

FY2024 Achievement

ECONOMIC	
	Achieved 83% production productivity and 93% production efficiency
	Achieved 84% from our customer satisfaction survey
	Zero substantiated reports of corruption have been found
	100% suppliers declared sourcing from conflict-free nations
ENVIRONMENTAL	
	Achieved 10% from the target of consuming energy (GHG gas released) as much as being produced (GHG gas removed) by 2050
	Achieved 90% from our target to sustainable balance between water availability and demand (amount use same as amount return to source) by 2050
	Achieved 70% from our target of eliminating 90% industrial waste sent to landfills by 2050
	1,775 MW renewable energy generated from our installed solar panels
SOCIAL	
	Zero fatality recorded across our operations in Malaysia and Thailand
	12,616 hours invested in employees training
	Zero cases in relation to discrimination and grievance cases
	Obtained 75% from our inaugural employee survey



SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH FOR MATERIAL MATTERS

ECONOMIC PILLAR: SUSTAINING GROWTH THROUGH RESPONSIBLE PRACTICES



EG Group's strong reputation is built on the trust and confidence of our stakeholders. We are dedicated to providing high-quality products and services while maintaining high standards of integrity in everything we do. Our focus on excellence is central to our corporate culture, helping us remain a responsible and reliable business partner.

QUALITY AND CUSTOMER SATISFACTION

Related UNSDGs:



Our customers are EG's most important stakeholder. Hence, meeting our customer's requirements is pivotal for our business longevity and preserving our reputation as a leading EMS and VI+ provider in the market. With this in mind, we strive to maintain high quality standards across all our products and services to ensure customer satisfaction.

EG's Quality Policy is a testament to gain the trust and confidence of our customers in critical industries. We put in place the following international management systems that consistently meet and exceed our customer's expectations in terms of quality, technology and delivery.

Certifications	
ISO 9001:2015	Quality Management System
ISO 14001:2015	Environment Management System
ISO 45001:2018	Occupational Health and Safety Management System
ISO 13485:2016	Medical Quality Management System
TL 9000:2016	Telecommunication Quality Management System
ISO 22301:2019	Business Continuity Management
TS/ IATF 16949:2016	Automotive Quality Management System

To meet our customers' expectations and maintain the quality of our products and operations, we have implemented several enhanced measures. These include implementing Design for Manufacturability ("DFM") for stencil design, sustaining Zero Defect Mindset ("ZDM"), Failure Mode and Effects Analysis ("FMEA+") and error-proofing initiatives for continuous improvement, as well as upskilling people competency for measurement and data analysis.



SUSTAINABILITY STATEMENT (CONT'D)

QUALITY AND CUSTOMER SATISFACTION (CONT'D)

Started in February 2024, we introduced ZDM projects to increase the awareness on the importance of operational excellence and continuous improvement by implementing two projects per quarter focused on enhancing quality, productivity, and cost efficiency. Utilising Six Sigma concept and tools, we aim to prevent and reduce defects across our operations. We welcome feedbacks and suggestions from our employees and provide rewards to the selected and implementable ZDM projects.

Key Highlights Of FY2024



"The Core Partner" Award

SMTT is honoured to be recognised as "The Core Partner" by our US business partner. This award is not just a symbol of our achievements but a reflection of the trust and strong partnership we have built thus far. Our commitment to innovation, excellence, and mutual growth continues to drive us forward as we celebrate this incredible milestone.

2nd Letter of Intent ("LOI")

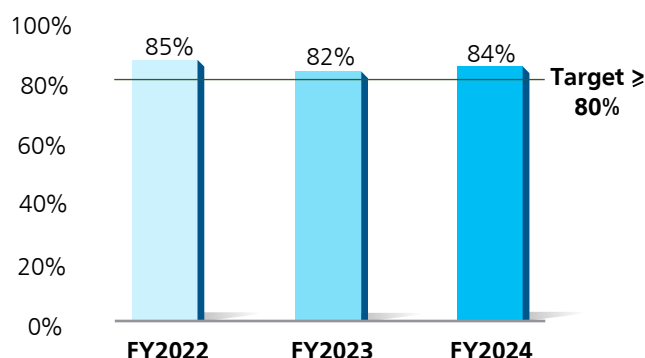
In April 2024, our Group has signed a second LOI with our prestigious business partner in conjunction with our new plant's soft launch event in Batu Kawan. This collaboration symbolises our business partner's recognition towards the Group's business strengths, including production efficiency, cost efficiency and global distribution capabilities.



Our key account managers act as key communication touch points with our customers, providing 24/7 services and helping deliver breakthrough solutions and drive improvement plans. We have enhanced our Eight Disciplines of Problem Solving ("8D") methodology and Turn Around Time ("TAT") with effective validation and preventive measures to improving quality and reliability.

During the year under review, we have solved an average of 0.29 case per month with a TAT of 16 days.

CUSTOMER SATISFACTION SCORE



SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABLE PRODUCTION AND INNOVATION

Related UNSDGs:

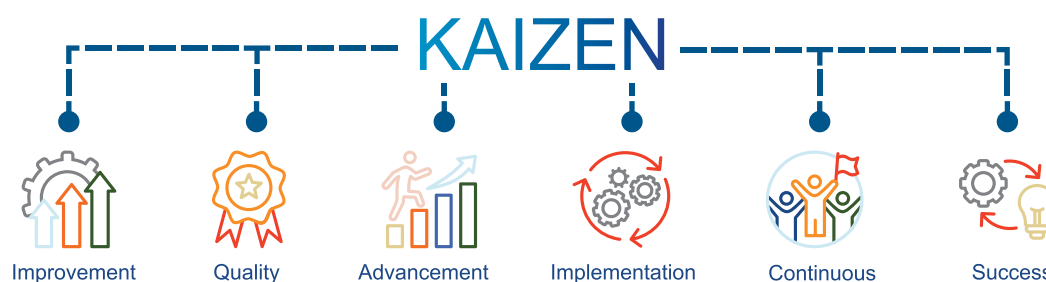


As interest in sustainability continues to grow and our customers and partners become increasingly sophisticated in sustainable innovation, we remain focused on exploring opportunities and enhancing our capacity to innovate, driving growth through new products, services and customers' relationships.

We offer one-stop VI+ solutions and services tailored to our customers' needs, all leveraging the strength of EG being an established EMS player with many multinational clients and our core businesses in PCB assembly and box-built. EG provides technology innovation and manufacturing solutions and services to diverse industries and end markets, including consumer electronics, data storage, information technology and telecommunications, ICT, medical and automotive sectors.

We continue to embark on strategic projects to keep us ahead of the competition, such as utilising computer simulation software to optimise production parameters, increasing the use of automation to reduce labour dependency and harnessing the use of robots to assure consistent quality.

In addition, we are committed to maintain an efficient production with appropriate use of resources. We adopt Kaizen methodology, also known as Continuous Improvement, to achieve operational excellence in our production. Through ZDM, we utilise pre-alert triggering to eliminate defects, improve product quality, and reduce costs associated with waste.



Our 6S Lean Manufacturing Methodology also aims to reduce the risk of accidents and limiting the amount of production downtime. We incorporated Manufacturing Execution System ("MES"), which provides real-time digital data for analysis and optimisation of productivity and production yields, to digitally track and document the transformation from raw materials to finished goods.



	Unit	Target	FY2022	FY2023	FY2024
Group production productivity	%	≥ 80	85	85	83
Group production efficiency	%	≥ 90	91	94	93

SUSTAINABILITY STATEMENT (CONT'D)

RESPONSIBLE SOURCING AND SUPPLY CHAIN MANAGEMENT

Related UNSDGs:



EG is dedicated to promoting responsible procurement practices and enhancing our supply chain resilience by incorporating sustainability elements throughout our procurement lifecycle. We place significant importance on ensuring the materials sourced are of good quality and in compliance with all relevant international standards. We ensure that our sustainability expectations pertaining to procurement practices are extended to our suppliers, contractors, service providers, and consultants.

In managing our material purchase, we are guided by our Quality Policy and Purchasing Procedure to source and purchase of direct and indirect materials from reliable source at competitive price, good quality and timely deliveries. Our Conflict Minerals Policy Statement shows the Group's commitment to compliance with the U.S. Securities and Exchange Commission's ("SEC") final rules relating to the implementation of reporting and disclosure requirements with respect to "conflict minerals". These rules were mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

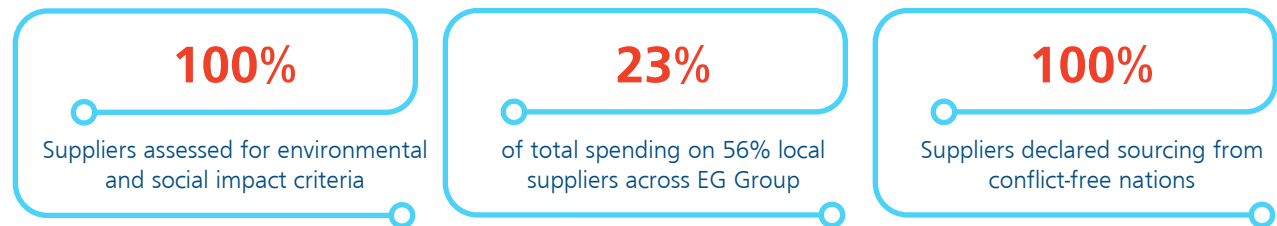
Our Purchasing Department is responsible for 100% compliance of Restriction of Hazardous Substances ("RoHS-3") declaration and Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") for Substances of Very High Concern ("SVHC") declaration for all products purchased. Meanwhile, our Quality Assurance ("QA") Department is responsible for inspecting all incoming raw materials, semi-products and packaging materials through its Sampling Plan Methodology.

We are committed to ensuring, to the best of our ability, that the minerals used in our products—such as tantalum, tin, tungsten, and gold—are sourced without violating human rights within the supply chain. Due diligence on the source and chain of custody of these minerals, as well as annual Conflict Mineral Reporting are conducted in alignment to our customers' requirement. Additionally, our suppliers are required to declare that products and services they provide comply with the RBA COC on Responsible Sourcing of Minerals.

To ensure ethical practices and adherence to our BCOC along the supply chain, we have in place a supplier management system ensuring our procurement practices are fair and transparent, enabling us to award contracts to the most credible suppliers while also collaborating with socially and environmentally conscious suppliers. This includes Supplier Evaluation and Selection Procedure for identifying qualified suppliers, and Supplier Monitoring and Performance Appraisal Procedure that assesses the performance of direct material suppliers on a quarterly basis in the area of quality, service and technology. We also conduct supplier audit regularly and supplier satisfaction twice a year to ensure our suppliers' processes are well-maintained.

Whether we are able to procure direct materials locally depends largely on the approved suppliers from our customers, as well as the availability and suitability of natural resources in the countries we operate in. Nonetheless, we strive to maintain a balanced participation in and continuously contribute to the local economy in various ways, such as local procurement of general goods and services, local employment, and contribution to the local community.

FY2024 Highlights



SUSTAINABILITY STATEMENT (CONT'D)

DATA PRIVACY AND SECURITY

Related UNSDGs:



Protecting customer information is critical to EG Group as we continue to digitalise our processes and system utilising technology and Internet of Things ("IoT"). In the digital age, safeguarding data builds trust with stakeholders and complies with legal requirements, preventing costly breaches and reputational damage. Prioritising data security demonstrates our commitment to ethical practices and long-term resilience, reinforcing its role as a responsible and sustainable entity.

The Group continues to strengthen its data privacy and cybersecurity measures through regular review of our policies and procedures and strict adherence to Personal Data Protection Act ("PDPA") 2010. This year, we developed SMTT IT Disaster and Recovery Plan to ensure a sound emergency response mechanism for sudden IT system failures and emergency security information incident. Our IT team regularly reviews and audits systems and processes to ensure their effectiveness.

In our day-to-day operations, we place a strong emphasis on implementing internal mitigative measures, such as antivirus installation, endpoint protection, firewall protection, yearly cyberattack drill simulation and detection of malicious network traffic. Throughout FY2024, we successfully completed several upgrading works to improve the Group's network efficiency at our Malaysia plants. These upgrades include the transition from UTP cable to fibre optic cable for greater network speed and stability in production areas, as well as installation of two core switches for continuous network availability. The Group also set up a new email server to enhance protection against viruses and spam.

Furthermore, we continue to educate our employees on data privacy and security. They are required to complete annual mandatory online training which comprehensively covers their responsibility to safeguard data.

During the financial year, there were no major reported cases of data leakage, data misuse or other non-compliance nor cybersecurity incidents.

CORPORATE GOVERNANCE

Related UNSDGs:



EG upholds high standards of business ethics and compliance across the Group. This is crucial for us to protect the interests of both the business and stakeholders while building trust and reinforcing confidence of our stakeholders in us.

The Board and senior management remain committed to conducting business with integrity, guided by our BCOC, which defines our promise to upholding the highest standards of integrity, transparency, and ethical practices in alignment with all applicable laws, rules and regulations, in alignment with the RBA COC. The details of the BCOC can be found at our corporate website at www.eg.com.my.

The Group's zero-tolerance stance against corruption is outlined in our Anti-Corruption and Anti-Bribery ("ACAB") Policy, which is regularly reviewed to ensure alignment with the Malaysian Anti-Corruption Commission ("MACC") Act 2009. We take proactive measures to ensure widespread awareness and adherence to the policies, with regular training and communication initiatives for our Board of Directors, Management as well as our employees. During the year under review, all of our employees have received training on anti-corruption in every region where EG operates.

Our suppliers are also subject to ethical conduct and anti-bribery and corruption guidelines as entailed within the RBA COC declaration form. Additionally, EG's internal audit function conducts regular assessments to identify areas for improvement and promptly address any concerns and evolving risks of corruption. This year, we have undertaken a corruption risk assessment that covers all of our operations.

EG has in place our Whistle-Blowing Policy that provides an avenue for employees to report on any bribery, corruption and other suspicious activities or wrongdoings that may lead to bribery through its whistleblowing channels. The Group has made our BCOC, ACAB Policy and Whistle-Blowing Policy available on our corporate website and company intranet to ensure they are accessible to all stakeholders.

SUSTAINABILITY STATEMENT (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

As part of our commitment to the accreditation of the RBA, we have to undergo RBA Validated Assessment Program ("VAP") audit, a key step of a capability development model that assesses conformance to the RBA COC, local laws, and regulations through a management systems approach to drive sustainable solutions.

Group Performance	FY2022	FY2023	FY2024
Major cases on compliance violations	0	0	0
Breaches in ethics and integrity conduct	0	0	0
Percentage of employees receive training on anti-corruption	100	100	100
Percentage of operations assessed for corruption-related risks	100*	100*	100
Confirmed incidents of corruption and action taken	0	0	0

* The assessment for corruption-related risks were only conducted for SMTT in FY2022 and FY2023.

ENVIRONMENT PILLAR: CHAMPIONING A GREENER FUTURE



We embrace our role in protecting the environment and recognise the urgent need to tackle environmental challenges. By adopting innovative technologies and efficient practices, we actively reduce our environmental impact through energy conservation, waste reduction, and responsible resource management, all aimed at continuously improving our environmental performance.

EG recognises the importance of complying with relevant laws and regulations and taking responsibility for the environment across all operational areas. This includes efforts to reduce direct and indirect impacts on the environment, such as climate change, waste, and pollution. Our primary goal is to maintain a zero-case target for environmental compliance violations, which is monitored regularly. During the financial year under review, there were no fines, penalties or non-monetary sanctions for non-compliance with environmental laws and regulations.




As part of our commitment to our BCOC and RBA COC, our operations are accredited with ISO 14001:2015 for Environmental Management System, ensuring continuous improvement of our environmental performance across all operations and the supply chain. Under the system, we have various measures in place including environmental training, competency program, compliance audit, monitoring of the environmental data.

Guided by our Environmental, Safety, and Health ("ESH") Policy, a dedicated ESH Committee ensures compliance and implementation throughout our operation. We continue to maintain our RBA certification and Intertek Workplace Conditions Assessment ("WCA") COC against the international environmental standards.

During the year under review, EG has developed a net zero strategy to achieve 50% net zero GHG emissions by 2030, with the aim towards meeting Malaysia's commitment of net zero GHG emissions by 2050. Our net zero team has been established to oversee the implementation of the core activities under these 3 areas – GHG, waste and water.

SUSTAINABILITY STATEMENT (CONT'D)

EG's 2050 Net Zero Targets and Core Activities

EG's 2050 Net Zero Targets and Core Activities			
Targets	Consume energy (GHG gas released) as much as being produced (GHG gas removed)	Eliminating solid waste sent to landfills	Achieving sustainable balance between water availability and demand (amount use same as amount return to source)
Core Activities	 GHG Emission Compliance via Energy Efficiency Management	 Efficient Waste Management by Means of Reuse and Recycle	 Water Conservation and Wastewater Treatment

ENERGY AND CLIMATE CHANGE

Related UNSDGs:



As we continue our journey toward sustainable manufacturing, we acknowledge the environmental impact of our operations, particularly the energy consumption that contributes to greenhouse gas emissions. We recognise the role we play in utilising finite resources to power our operations and recognise our responsibility and the valuable impact of remediating the environmental impact of our activities.

In meeting EG's net zero strategy, the key programmes in place are as follows:

Energy Efficiency

We continuously strive to improve our energy use and efficiency through the following initiatives:

- Air condition saving at offices, warehouses and production area
- Air handling unit ("AHU") saving
- Shutdown of non-critical equipment
- Monitoring of air leakage in the production line

Our appointed energy manager conducts monthly monitoring of energy efficiency and wastage, in which the annual efficiency report is presented at management meeting.

Solar Panel Installation

To reduce our dependence on purchased electricity, we installed solar panels at our premise which is our main focus in reducing our Scope 2 emission drastically. This project has been initiated since February 2022 at 2 sites, whereas the 3rd site was completed in June this year. The total energy generated for all 3 phases is estimated at 320 MWh (250 tCO₂e).



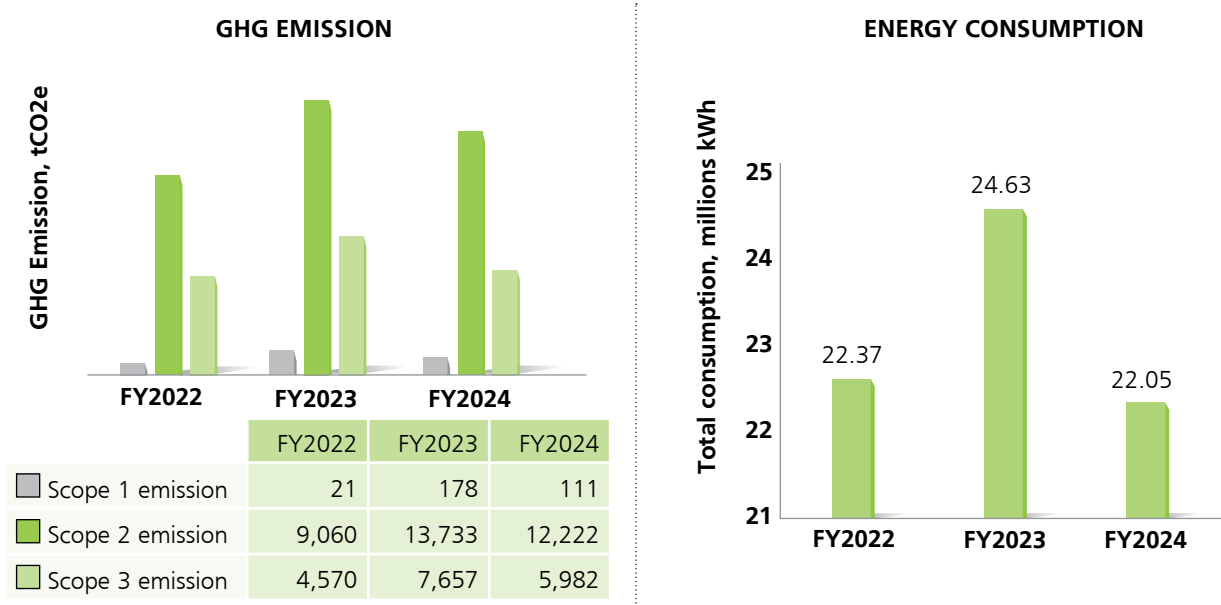
Carbon Offsetting

During our Transformation Day celebration in July 2023, our effort to offset the carbon was seen through the planting of 3,000 shrubs around the facility. It is estimated that the initiative could offset around 2 tCO₂e, equivalent to 1,000 kg of coal burned.

SUSTAINABILITY STATEMENT (CONT'D)

ENERGY AND CLIMATE CHANGE (CONT'D)

In our commitment to reducing GHG impacts at the Group level, we actively engage our employees in this journey. We provide monthly training for all employees, in which climate change topic is included to keep them abreast with the current issues. We are committed to ensuring environmental transparency towards our stakeholders by disclosing our carbon emission data through CDP (formerly known as Carbon Disclosure Project) platform annually. In addition, we also conduct climate risk assessment to ensure climate risks within our operations are being addressed.



WASTE MANAGEMENT

Related UNSDGs:



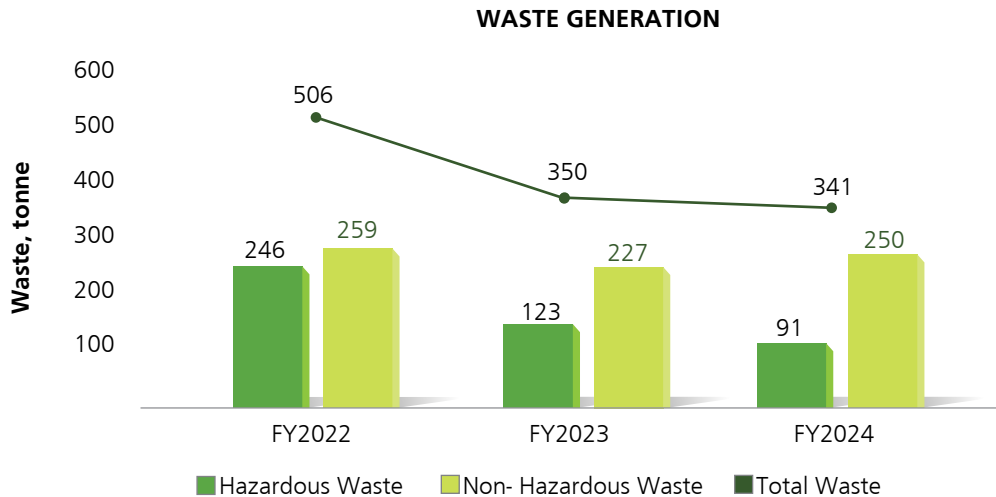
Our commitment to sustainability drives our efforts to eliminate solid waste sent to landfills, ensuring full compliance with local regulations across all operational areas. We provide regular training to waste handlers and employees on the latest regulations, 3Rs (Reduce, Reuse, Recycle) principles, and emergency response to ensure effective waste management practices.

We track and report waste disposal monthly, promoting waste reduction and recycling across our operations. Employees are encouraged to reuse materials like paper, plastics, and aluminium, with dedicated bins for waste segregation. We engage with registered contractors to manage all reusable and recyclable waste, reinforcing our commitment to minimising environmental impact and fostering a circular economy.

Scheduled wastes, which include toxic materials that can impact the environment and human health, are managed as part of our continuous improvement efforts under ISO 14001. We have developed a scheduled waste reduction plan aimed to minimise the amount of waste generated, and we constantly monitor the treatment and disposal of the scheduled waste.

SUSTAINABILITY STATEMENT (CONT'D)

WASTE MANAGEMENT (CONT'D)



POLLUTION CONTROL

Related UNSDGs:



EG is committed to addressing air and noise pollution by avoiding its environmental impact to the surrounding communities. Our air emission from the operations consists of volatile organic chemicals ("VOC"), particulate matter and sulphur dioxide. Our noise pollution comes from the machineries within our operations.

As part of the Environmental Management System activities, we conduct annual air emission monitoring of our exhaust gases and stack from our operations, as well as air quality in the workplace, in accordance with the local requirement. We monitor our boundary noise annually to ensure our operations do not cause any nuisance to the surrounding communities.

During the year under review, we achieved good results in our pollution parameters for VOC, particulate and matter are way below the local quality standards. Apart from air pollution, our boundary noise is also below the noise level as per the local requirements.

WATER MANAGEMENT

Related UNSDGs:



Given the growing issue of water scarcity caused by factors such as climate change, poor water management, and contamination, we are committed to mitigating the risk of water shortages through efficient water management across our operations.

Our water consumption primarily stems from manufacturing activities such as equipment and machinery cooling, site cleaning, irrigation as well as from our site office, worker facilities, owned office buildings and properties. With the aim to achieving our group target, we are dedicated to implementing water conservation initiatives and raising employees' awareness on proper water and wastewater management at all our premises.

SUSTAINABILITY STATEMENT (CONT'D)

WATER MANAGEMENT (CONT'D)

These initiatives include:



Water Usage Optimisation

- Control the use of water in all activities (turn off when not in use)
- Monthly water usage monitoring
- Annual usage reported through CDP portal



Water Wastage Control

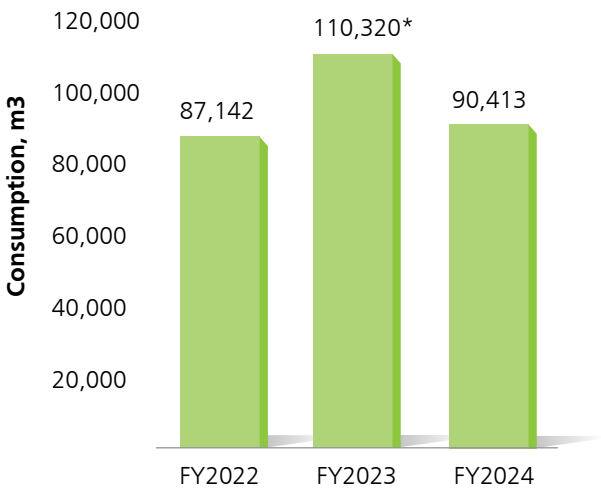
- Replacing existing rubber piping with squeeze type bidet hose in toilets to reduce tap water wastage
- Monitoring of faucet condition before it breaks
- Regular awareness to the employees



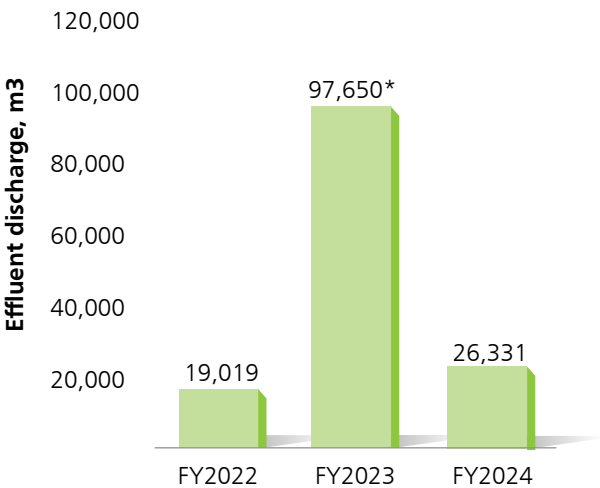
Wastewater Treatment Plant ("WWTP") Efficiency

- Increase WWTP efficiency to ensure zero incident
- Annual discharge monitoring of water discharge within allowable limit

WATER CONSUMPTION



WATER DISCHARGE



* Increased water consumption and water discharge in FY2023 was due to SMTT re-operating of its WWTP in January 2023.

SUSTAINABILITY STATEMENT (CONT'D)

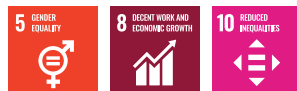
SOCIAL PILLAR: CARING FOR OUR PEOPLE AND THE COMMUNITIES



We believe our success is closely linked to the well-being and empowerment of our employees. At EG, we are dedicated to creating an inclusive and supportive workplace, prioritising employee safety and growth. Additionally, we strive to positively impact the communities where we operate.

HUMAN RIGHTS AND LABOUR PRACTICES

Related UNSDGs:



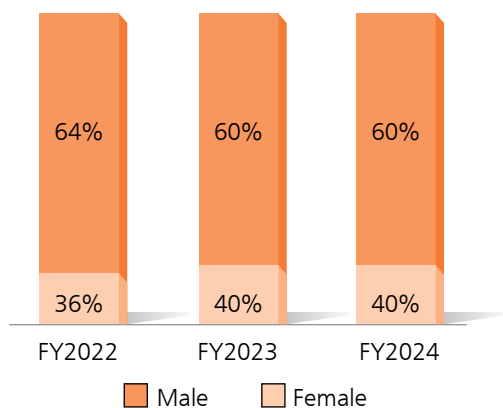
We are committed to upholding the internationally recognised human rights of all workers in our operations and value chain. Our employees are treated with equal respect, dignity, and care, and we value the diverse perspectives and contributions of each employee regardless of age, religion, gender identity, ability, ethnicity, and nationality. We work to foster a culture of inclusion and respect in all hiring and employment practices such as wages, promotion, rewards and access to training. Several initiatives were undertaken in 2024 to continue fostering mutual respect among our employees which includes celebrating cultural holidays and religious events.

Our robust social management system and Human Rights Policy demonstrate this commitment across our operations. Aligned with our BCOC and RBA, we regularly review and update our policies and procedures, as well as conduct annual risk assessments and due diligence activities to mitigate risks and address human rights and labour concerns. On an annual basis, the human rights operations are reporting to the management team.

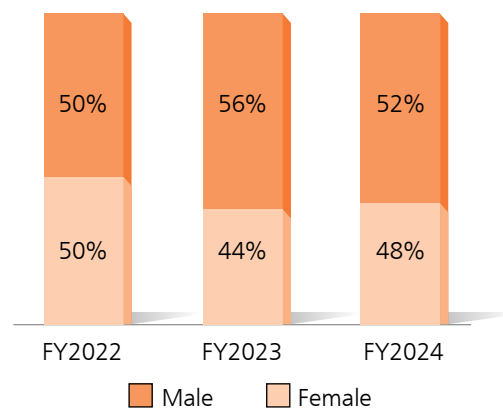
All newly joined employees are required to undergo orientation which covers EG's procedures and guidelines of labour law compliances and RBA manual. These procedures and guidelines are also accessible on the Group's intranet. We communicated to all our employees and workers about our grievance system and whistleblowing policy. It is a safe and confidential channel for them to convey information about indications of violations that occur within the company, and to capture complaints and work related issues.

Workforce Gender Diversity

GENDER DIVERSITY OF OUR WORKFORCE



GENDER DIVERSITY OF MANAGERIAL ROLE (%)



SUSTAINABILITY STATEMENT (CONT'D)

HUMAN RIGHTS AND LABOUR PRACTICES (CONT'D)

Age Group of Employees by Employment Category

FY2022			
Employment Category	< 30 years old	30-50 years old	> 50 years old
- Top Management	0%	3%	26%
- Middle Management	5%	15%	32%
- Non Management	95%	82%	42%
Total	100%	100%	100%

FY2023			
Employment Category	< 30 years old	30-50 years old	> 50 years old
- Top Management	0%	3%	22%
- Middle Management	4%	12%	26%
- Non Management	96%	85%	52%
Total	100%	100%	100%

FY2024			
Employment Category	< 30 years old	30-50 years old	> 50 years old
- Top Management	0%	3%	19%
- Middle Management	4%	13%	28%
- Non Management	96%	84%	53%
Total	100%	100%	100%

	FY2022	F2023	FY2024
Substantiated complaints concerning human rights violations	8	5	0
% of employees that complied with RBA rest day requirements	95%	95%	100%

EMPLOYEE ENGAGEMENT AND RETENTION

Related UNSDGs:



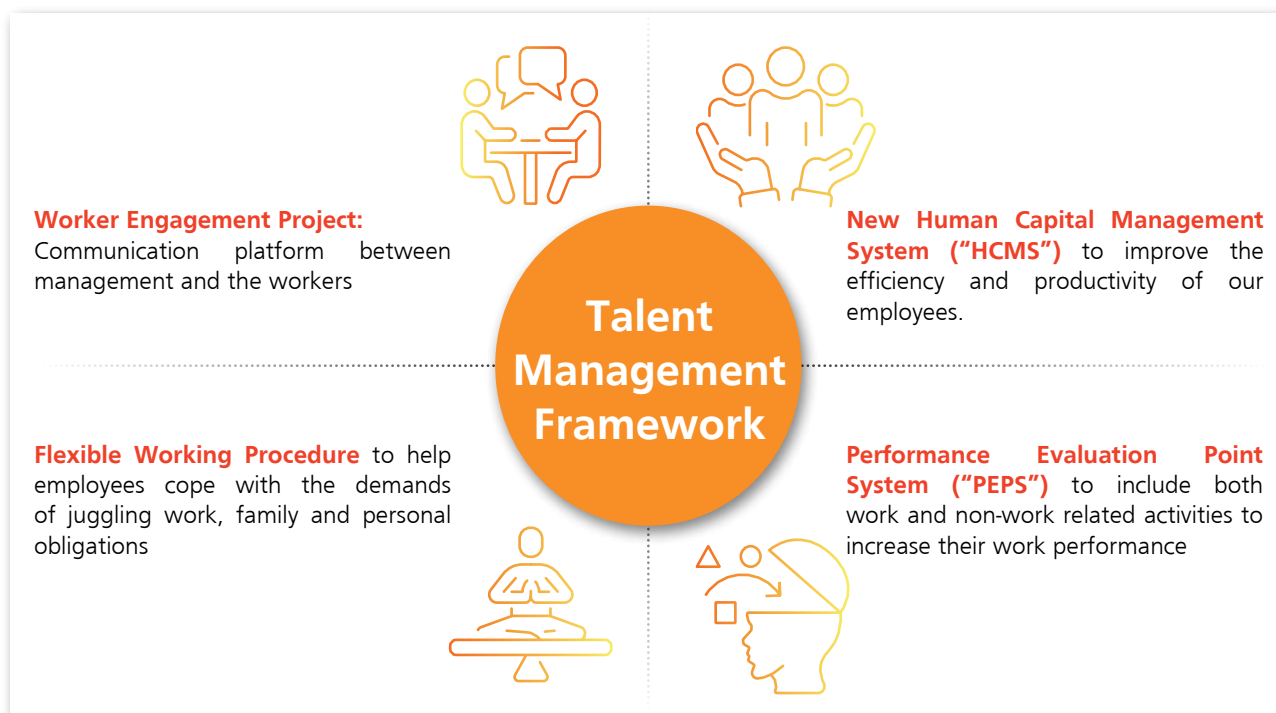
At EG, we believe our employees are our most valuable assets and driving force of our success and growth. Hence, we prioritise the growth and development of our workforce, applying a learn-and-adapt approach that provides team members opportunities to acquire new skills and knowledge. Our approach to employee development integrates learning into the flow of work, ensuring accessibility and impact and aligning learning with business goals and learners' needs.

Aligning to our human rights practices, we are dedicated to maintaining fair employment practices, and consistently reviewing our recruitment process to ensure equality from the beginning, in alignment with our Recruitment Policy and Procedures. All decisions regarding career advancement, recognition, and rewards are approached in a fair and unbiased manner, strictly based on employees' performance and merit.

SUSTAINABILITY STATEMENT (CONT'D)

EMPLOYEE ENGAGEMENT AND RETENTION (CONT'D)

We firmly hold onto our principles of shared success to drive individual and team performance. In promoting a high-performance culture, our talent management framework focuses on the following areas:



We recognise and celebrate achievements when one has demonstrated exceptional performance within their peer group, deliver high quality results and display outstanding behaviour, through bonuses and promotions. During the year under review, we conducted various activities such as annual awards ceremony, as well as awards or gift certificates for participating in the ZDM project on a monthly basis.

To prepare the upcoming commission of our new facility in Batu Kawan, the Group is working with our business partner and customers to jointly explore plans to establish a training and development centre to nurture local talents and engineers, particularly in advanced 5G technology sectors. This strategic collaboration is expected to contribute positively to its capabilities to capture growth opportunities amid robust demand for photonics and AI modules in the coming years.

As part of our succession planning, we intensify our talent management efforts by identifying individuals who are capable of taking on critical roles. We have our ELITE Generation, whereby selected employees will act as leaders to bring about cultural changes in their own line of work. Communications and meetings will take place on a quarterly basis to communicate about corporate culture, update skills, knowledge and news as well as foster good relationships.

The Group adopts a holistic approach to employee wellness by investing in both the physical and mental health of our workforce. Our commitment to cultivating a culture of health and wellness is evident in our diverse range of programmes designed to support our employees. This commitment not only enhances the well-being of our team but also gives EG a competitive edge, attracting and retaining top talent through our comprehensive benefits and compensation packages.

We highly value employee feedback and thus, we conduct annual employee satisfaction survey to gather insights that help us implement changes that create a greater employee experience. Additionally, we provide an online message box for employees' suggestions on how to improve the way of working. We also undertake various employee engagement initiatives to address employees concerns and motivate our employees. Amongst the activities conducted in FY2024 are meeting the top and inspirational leadership talks.

SUSTAINABILITY STATEMENT (CONT'D)

EMPLOYEE ENGAGEMENT AND RETENTION (CONT'D)

Total Training Hours By Employee Category	FY2022	FY2023	FY2024
Non-Executive	7,239	10,065	9,060
Executive	722	829	2,203
Middle Management	396	373	885
Management	139	139	468

APPRECIATING OUR EMPLOYEES' CONTRIBUTION

Our EG Annual Dinner 2024 brought together our employees to celebrate the achievements of the past year, rekindle friendships, and remind our employees of the power of unity.

EG Annual Dinner 2024 at SMTI



EG Annual Dinner 2024 at SMTT



SUSTAINABILITY STATEMENT (CONT'D)

EMPLOYEE ENGAGEMENT AND RETENTION (CONT'D)

APPRECIATING OUR EMPLOYEES' CONTRIBUTION (CONT'D)

This year, we organised a movie night with our ELITE Generation and the management team. It was a great opportunity to celebrate the efforts and hard work the ELITE team has contributed, as well as reinforcing the values that bind our employees together.

ELITE Movie Night



EMPLOYEE WELFARE

At EG, we collaborated with various Preferred Outlets to provide our employees with exclusive privileges and discount in the area of food and beverages, health and beauty, as well as auto care and services.



The grand opening of new S-Mart on 25 May 2024 at N-City Sungai Petani marked another significant step in our commitment to employee welfare. S-Mart, a collaboration with our joint venture partner, provides employees with convenient access to daily necessities and enhanced by the integration of our in-house developed EGPAY Cashless System. It also helps to create a more supportive and efficient workplace, meeting employees' needs with ease.

SUSTAINABILITY STATEMENT (CONT'D)

EMPLOYEE ENGAGEMENT AND RETENTION (CONT'D)

HEALTH AND WELLNESS INITIATIVES

We care about the health and wellness of our employees, where we invest in various programmes to keep our employees fit and healthy. The key events of the year include the World Ozone Day Run – a part of environmental awareness programme, and the Penang Bridge Marathon 2023. To promote a healthy working environment, we also organised team-building activities to strengthen bonding among colleagues.

Penang Bridge Marathon 2023



Team building



CELEBRATING FESTIVE SEASON

At EG, we embrace diversity through celebration of festive seasons with all our employees. In Malaysia, we celebrate Chinese New Year, Hari Raya Aidilfitri, Christmas and Deepavali, while in Thailand, we celebrate Songkran - Thailand's most famous festival that marks the beginning of the traditional Thai New Year.

Deepavali Celebration



Lion Dance during Chinese New Year



Buka Puasa Dinner



Christmas Party



SUSTAINABILITY STATEMENT (CONT'D)

EMPLOYEE ENGAGEMENT AND RETENTION (CONT'D)

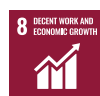
CELEBRATING FESTIVE SEASON (CONT'D)

Songkran celebration at SMTI, Thailand



HEALTH AND SAFETY

Related UNSDGs:



We prioritise the health and safety of our employees and contractors in all our operations and workplaces. By maintaining a healthy, safe, and conducive environment, we aim to prevent injuries and illnesses, ultimately leading to increased efficiency and productivity.

At EG, we are guided by our updated ESH Policy Statement which integrates environment management with occupational health and safety. We continue to reduce OSH impact through continuous improvement and compliance with ISO 45001:2018, other requirements stipulated by the local government, RBA certification and Intertek WCA COC.

We have established the Group's Occupational Health and Safety Management Systems ("OHSMS"), which conforms to the Occupational Safety and Health Act ("OSHA") 1994 and ISO 45001:2018 Occupational Health and Safety Management System standards.

EG Health and Safety Activities



Health
screening



Machinery
inspection



Emergency
preparedness



Training and
information



Workplace
assessment

SUSTAINABILITY STATEMENT (CONT'D)

HEALTH AND SAFETY (CONT'D)

In order to monitor the ESH more efficiently, we have invested in the IR4.0 Big Data technology for ESH data management, including remote ESH control system and compliance monitoring via centralised CCTV.

We provide comprehensive medical care for our employees, including mandatory health screening and annual health surveillance. Our health screening also covers non-communicable diseases including assessments for mental stress. Additionally, we offer other benefits such as dental and glasses benefits, pregnant women and nursing mother facility.

	FY2022	FY2023	FY2024
Occupational health and safety non-compliance cases reported	0	0	0
Work-related fatalities	0	0	0
Lost time injuries	6	10	111
Employees trained on health and safety standards	2,114	2,768	2,646

COMMUNITY AND SOCIETY

Related UNSDGs:



At EG, our commitment to sustainable development and community engagement remain at the heart of our corporate ethos. Throughout 2024, our CSR Committee has been at the forefront to ensure our initiatives are not only meaningful but also mindful of potential challenges. By focusing programs that strengthen both our business and the communities we serve, we remain committed to driving meaningful, responsible growth everything we do.

ORGANISING CSR PROGRAMMES AND CHARITY CONTRIBUTIONS

We take pride in our commitment to supporting and strengthening local communities through various in-kind charitable contributions and CSR programmes, cementing our role as a socially responsible organisation that prioritises societal well-being.

LOCAL INFRASTRUCTURE

In line with our role as a corporate citizen, we strive to generate positive impacts for the communities we serve, through our transformation of the public spaces. To this end, our notable contributions to local communities including the vibrant and inspiring artwork on public walls in Sungai Petani, and continuous Sungai Petani Bus Stop Revitalisation Project by our EG employees.

Wall painting at Taman Sejati Tunnel



3rd Phase of Bus Stop Revitalisation Project



SUSTAINABILITY STATEMENT (CONT'D)

COMMUNITY AND SOCIETY (CONT'D)

ORGANISING CSR PROGRAMMES AND CHARITY CONTRIBUTIONS (CONT'D)

ENVIRONMENT

Playing our part in fostering a positive environmental impact within local communities, we have initiated the following projects:

- Participated in the Coral Planting activity hosted by Department of Environment as part of the SDG 2030 in September 2023. A total of 1,000 corals were planted around Langkawi's Jemuruk Island area.
- Championed in the Green Earth Program in July 2023, a project to offset the GHG emissions, in line with the nation's target of achieving net zero emission by 2050.

Coral Planting



Green Earth Programme



HEALTH

We support our local health sector in various forms, including financial support and resource contributions, aiming to make a substantial impact on community health. This year, we organised a blood donation campaign to improve blood supply for Sungai Petani's Hospital Sultan Abdul Halim Hospital.

Blood donation campaign



SUSTAINABILITY STATEMENT (CONT'D)

COMMUNITY AND SOCIETY (CONT'D)

ORGANISING CSR PROGRAMMES AND CHARITY CONTRIBUTIONS (CONT'D)

EDUCATION

As education plays a pivotal role in the socio-economic development of communities, we are dedicated to equipping youths with the necessary skills and knowledge to succeed.

In January 2024, we strengthened our commitment to education by providing essential resources to Prong-Ka-Por School in Prachinburi, Thailand. Our support included offering scholarships and providing sports equipment worth THB 15,000 for 50 students to ensure that next generation has access to both academic and extracurricular opportunities, fostering a well-rounded and successful future. During the event, a total of 20 staff participated in the event with a total of 6 volunteering hours.

Sponsorship of equipment and scholarship to Prong-Ka-Por School



	FY2022	FY2023	FY2024
Amount invested in the community	RM 42,420	RM 49,861	RM 41,430
Estimated Number of Direct and Indirect Beneficiaries	10,060	22,000	10,834

In conclusion, our commitment to sustainability is at the core of our operations. As we progress, we will prioritise the adoption of innovative solutions to minimise our environmental footprint, conserve resources and mitigate operational impacts. Through proactive engagement and regular communication with our stakeholders, we are committed to realising our shared vision and mission that benefits the business, our communities and the environment.

SUSTAINABILITY STATEMENT (CONT'D)

Performance Data Table

Indicator	Measurement Unit	FY2022	FY2023	FY2024
Responsible Sourcing and Supply Chain Management				
Bursa C7(a) Proportion of spending on local suppliers	%	34.00	22.00	23.00
New suppliers screened using environmental criteria	%	100.00	100.00	100.00
New suppliers screened using social criteria	%	100.00	100.00	100.00
Sustainable Production and Innovation				
Production productivity	%	85.00	85.00	83.00
Production efficiency	%	91.00	94.00	93.00
Quality and Customer Satisfaction				
Key customer satisfaction score	%	85.00*	82.00*	84.00
Bursa C8(a) Substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Data Privacy and Security				
Major cases of data leakage, data misuse or other non-compliance reported	Number	0*	0*	0
Cybersecurity attacks	Number	0*	0*	0
Corporate Governance				
Major cases on compliance violations	Number	0*	0*	0
Breaches in ethics and integrity conduct	Number	0*	0*	0
Fines and penalties from the authorities	MYR	0*	0*	0
Bursa C1(a) Employees who have receive of training on anti-corruption by employee category				
• Management	%	100.00	100.00	100.00
• Executive	%	100.00	100.00	100.00
• Non-Executive	%	100.00	100.00	100.00
Bursa C1(b) Operations assessed for corruption-related risks	%	100.00*	100.00*	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0*	0*	0
Energy and Climate Change				
Bursa C4(a) Total energy consumption	MWh	22,366.81*	24,629.53*	22,049.84
Bursa C11(a) Scope 1 emission	tCO ₂ e	21.00	178.00	111.00
Bursa C11(b) Scope 2 emission	tCO ₂ e	9,060.00	13,733.00	12,222.00
Bursa C11(c) Scope 3 emission	tCO ₂ e	4,570.00	7,657.00	5,982.00
Water Management				
Bursa C9(a) Water consumption	ML	87.142	110.320*	90.413
Volume of water (effluent) discharge	m ³	19,019*	97,650*	26,331
Waste management				
Hazardous waste generated	kg	246,490*	122,730*	90,915
Non-hazardous waste generated	kg	259,485*	227,290*	250,279
Bursa C10(a) Total waste generated	t	505.98*	350.02*	341.19
• Total waste diverted from disposal	t	-	-	-
• Total waste directed to disposal	t	246.49	122.73	90.92
Waste recycled	kg	133,875	79,404	144,239
Pollution Control				
Air emissions of VOC	mg/m ³	<20	<20	<0.50
Air emissions of particulate matter	mg/m ³	0.6	0.4	0.45
Air emissions of sulphur dioxide	ppm	<1.3	<1.3	<1.3
Noise level	dB	70	72	68
Health and Safety				
Bursa C5(a) Work-related fatalities	Number	0*	0*	0
Bursa C5(b) Lost time incident rate	Rate	0.15	0.11	0.06
Bursa C5(c) Employees trained on health and safety standards	Number	2,114*	2,768*	2,646

Internal assurance	External assurance	No assurance	(*) Restated data
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SUSTAINABILITY STATEMENT (CONT'D)

Performance Data Table (Cont'd)

Indicator	Measurement Unit	FY2022	FY2023	FY2024
Human Rights and Labour Practices				
Bursa C3(a) Employees by gender and age group, for employee category				
Age Group by Employee Category				
Top management				
• Under 30	%	2.13	2.17	0.00
• Between 30-50	%	61.70	60.87	64.15
• Above 50	%	36.17	36.96	35.85
Middle management				
• Under 30	%	23.23	32.91	27.56
• Between 30-50	%	66.82	58.23	61.81
• Above 50	%	9.95	8.86	10.63
Non-management				
• Under 30	%	56.41	62.69	57.73
• Between 30-50	%	42.14	35.79	40.26
• Above 50	%	1.45	1.52	2.01
Gender Group by Employee Category				
Top management				
• Male	%	76.60	67.39	66.04
• Female	%	23.40	32.61	33.96
Middle management				
• Male	%	43.60	39.24	44.49
• Female	%	56.40	60.76	55.51
Non-management				
• Male	%	33.87	39.78	38.78
• Female	%	66.13	60.22	61.22
Bursa C3(b) Directors by gender and age group				
• Male	%	100.00	83.33	80.00
• Female	%	0.00	16.67	20.00
• Under 30	%	0.00	16.67	0.00
• Between 30-50	%	20.00	16.67	40.00
• Above 50	%	80.00	66.66	60.00
Bursa C6(b) Employees that are contractors or temporary staff	%	0.30	2.00	3.10
Bursa C6(c) Employee turnover by employee category	Number	333	252	215
• Top management	Number	13	14	8
• Middle management	Number	57	48	35
• Non-management	Number	263	190	172
Bursa C6(d) Substantiated complaints concerning human rights violations	Number	8	5	0
Employee Engagement and Retention				
Bursa C6(a) Total hours of training by employee category	Hours	8,496*	11,406*	12,616
• Non-executive	Hours	7,239*	10,065*	9,060
• Executive	Hours	722*	829*	2,203
• Mid-management	Hours	396*	373*	885
• Management	Hours	139*	139*	468
Community and Society				
Bursa C2(a) Amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	42,420	49,861*	41,430
Bursa C2(b) Estimated number of beneficiaries of the investment in communities	Number	10,060	22,000*	10,834

Internal assurance	External assurance	No assurance	(*) Restated data
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CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of EG Industries Berhad ("EG" or "Company") is committed to maintaining high standards of corporate governance within the Group for the long term sustainable business growth, protection and enhancement of shareholder value. The Board acknowledged that good corporate governance is a fundamental part of its responsibility in managing the business and operations of the Group and discharging its accountability to the shareholders.

The Board is pleased to present the FY2024 Corporate Governance Overview Statement ("CG Overview Statement") which is prepared in compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and take guidance from the following principles set out in the Malaysian Code on Corporate Governance 2012 ("MCCG"):

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

This CG Overview Statement is to be read together with the Company's Corporate Governance Report 2024 ("CG Report") which is available on the Company's website at www.eg.com.my.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1. Strategic Aims, Values and Standards

The Board of EG is responsible for the overall business framework within the Company and its subsidiaries ("EG Group" or "Group").

In order to assist in discharging of its stewardship role, the Board has established Board Committees, namely the Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC") to oversee matters within their purview approved by the Board and to report to the Board on key issues deliberated at their respective meetings. Each of the ARMC, NC and RC comprises majority Independent Non-Executive Directors ("INEDs"). The ARMC, NC and RC carry out their roles and responsibilities in accordance with their respective Terms of References ("TOR") objectively. The ultimate responsibility for decision-making resides within the Board.

The Board has delegated the responsibility of implementing the Group's strategic plans, policies and decisions adopted by the Board to the Management, which is led by the Group Chief Executive Officer/Executive Director, Dato' Alex Kang Pang Kiang, ("Group CEO"). The Group CEO is the conduit between the Board and the Management in ensuring smooth and effective running of the Group.

The Board also meets with management representatives on a quarterly basis where management reports on the business performance and results of the Company and the Group which are benchmarked against the previous period and/or year, as applicable, in order for the Board to monitor and assess performance, and consider corrective actions to achieve the Group's targets.

Management is responsible for the execution of activities to meet corporate plans as well as instituting various measures to ensure due compliance with various governing legislations. In addition, management has the authority to deal with particular issues and report to the Board with recommendations and solutions.

Separation of the Positions of Chairman and Group CEO

The role of Chairman and Group CEO are strictly separated and distinct. Their respective roles and responsibilities are defined to promote accountability, facilitate efficiency and to further ensure a balance of power and authority.

No individual Director has powers that span the two roles. The Chairman and the Group CEO are not related to each other.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1. Strategic Aims, Values and Standards (Cont'd)

Separation of the Positions of Chairman and Group CEO (Cont'd)

Mr. Ong Lye Soon, the INED and Chairman, is responsible in leading the overall functioning of the Board, while Dato' Alex Kang Pang Kiang is the Group CEO that focuses on the day-to-day operations of the Group's business and implementation of strategic plans, targets and policies.

Qualified and Competent Company Secretaries

The Board is supported by qualified and competent Company Secretaries. The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, MCCG or guidance and legislations. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its functions.

The roles and the responsibilities of the Company Secretaries include:

- (a) Attend and ensure all meetings are properly convened and the proceedings of all meetings including pertinent issues, substance of enquiries and responses, suggestions and proposals are duly minuted;
- (b) Update and advise on the Board's procedures and ensure that applicable rules and regulations for the conduct of the affairs of the Board are complied with and all matters associated with the maintenance of the Board or otherwise required for its efficient operation;
- (c) Ensure proper upkeep of statutory registers and records of the Company; and
- (d) Advise the Board on compliance of statutory and regulatory requirements.

All members of the Board, whether as a whole or in their individual capacity, have access to the advice and services of the Company Secretaries on all matters relating to the Group to assist them in the furtherance of their duties.

Access to Information and Advice

The Group CEO, working with the Chairman, have the primary responsibility for organising information necessary for the Board to deal with the agenda and ensuring all Directors have full and timely access to the information relevant to matters that will be deliberated at Board meetings.

In exercising their duties, all Directors have the same right of access to all information within the Group and they have a duty to make further enquiries which they may require in discharging their duties. If necessary, the services of other senior management will be arranged to brief and help the Directors to clear any doubt or concern over issues being tabled for deliberation to further facilitate the decision-making process.

All Directors are provided with agenda and board papers in advance of the relevant meetings to ensure that the Directors can apprehend the issues to be deliberated on, and where necessary, to obtain further explanation. The board papers would include updates on financial performance, operational and corporate developments of the Group and other issues that might require the Board's deliberation or decisions, policies, strategic issues which might affect the Group's businesses and factors imposing potential risks affecting the performance of the Group.

Other matters presented for the Board's decision included the approval of corporate plans, acquisitions or disposals of assets that are material to the Group, major investments, changes to the Group's management and control structure, as well as key policies and procedures.

Minutes of meetings are prepared by the Company Secretaries. Upon completion of the meeting, draft minutes of meetings are circulated to all members in a timely manner for review and finalisation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

2. Demarcation of Responsibilities

Board Charter

The Board is guided by the Board Charter ("Charter"), which provides a reference for Directors in relation to the Board's role, powers, duties and functions. The Charter also provides guidance for Directors and Management on the responsibilities of the Board, Board Committees and requirements of Directors.

The Charter is subject to periodical review by the Board as and when required to ensure consistency with the Board's strategic intent as well as in line with the latest statutory and regulatory requirements.

The Charter is made available on the Company's website at www.eg.com.my.

3. Promoting Good Business Conduct and Corporate Culture

Business Code of Conduct

The Board is committed towards establishing a corporate culture to nurture a high standard of ethical conduct throughout the Group.

The Group's Business Code of Conduct ("BCOC") and Anti-Corruption and Anti-Bribery Policy ("ACAB Policy") set out basic principles and guidelines to all Directors, management and employees of EG Group on the standards of ethical behaviour and values expected of Directors, management and employees and serves as a guide and reference in the course of the performance of their responsibilities. The BCOC and ACAB Policy encompass compliance with laws including abuse of power, competition and fair dealing, corruption, insider trading, corporate governance and conflict of interest.

The Board has implemented appropriate processes and systems to support, promote and ensure its compliance. The Board will periodically review the BCOC and ACAB Policy which are available on Company's website at www.eg.com.my.

Whistle-Blowing Policy

The Board has adopted a Whistle-Blowing Policy which sets out the disclosure procedures and protection for whistle blowers to meet the Group's ethical obligations. Employees and stakeholders are encouraged to raise any serious concerns they have on any suspected misconduct or malpractices without fear of victimisation in a responsible manner rather than avoiding or overlooking them.

All whistle-blowing reports are addressed to the ARMC Chairman. This policy is administered by the ARMC with the assistance of the Management.

The Whistle-Blowing Policy is available on the Company's website at www.eg.com.my.

4. Sustainability Risks and Opportunities

Governance of Sustainability

The Board recognises that sustainable development is an important and integral part of the Group's pursuit of its long-term business success.

The Board is responsible for the governance of sustainability. The Board, at the apex of the structure, is ultimately responsible for the endorsement of the sustainability strategies, and related policies and initiatives within the Group.

The Group CEO which is supported by Risk Management Committee ("RMC") oversees the Group's sustainability initiatives. The RMC, which comprises mainly of senior management, is entrusted to drive the strategic management of material sustainability matters ("MSM") as well as the implementation, monitoring and delivery of the Group's sustainability initiatives and performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

4. Sustainability Risks and Opportunities (Cont'd)

Communication of Sustainability Strategies, Priorities and Targets

The Board has identified thirteen (13) MSM across three (3) main sustainability pillars, namely Economic, Environmental and Social. Managements has engaged with selected stakeholders to gauge the importance of these MSM to the stakeholders. Audit and surveys were carried out from time to time to gather feedback and evaluate performance of the MSM against targets set.

Staying Abreast with Sustainability Issues

The Board is aware of the sustainability issues that are relevant to the Group and its businesses. They are mindful of the capacity and competency required in addressing sustainability issues and is taking necessary steps to enhance the understanding and knowledge of the Directors.

The Group has appointed a Registered Electrical Energy Consultant to guide the Group in complying with the provisions of Efficient Management of Electrical Every Regulation 2008. The Group also appointed Department of Environment ("DOE") approved contractors to handle scheduled waste.

As of the date of this Report, some of the Directors have attended sustainability and climate risk training to stay abreast with the sustainability as well as climate-related risks and opportunities.

PART II – BOARD COMPOSITION

5. Board's Objectivity

Annual Evaluation of the Directors and the Board

NC is empowered by the Board through clearly defined TOR to ensure appropriate procedures are in place for the nomination, selection and evaluation of Directors ("Annual Assessment"). The NC assesses the effectiveness of the Board as a whole and each of the Board Committees and the individual Directors on an annual basis. All assessments and evaluations carried out by the NC in discharging its duties are documented in the minutes of meetings.

The objective of assessing the effectiveness of the Board as a whole and the Board Committee was to improve their effectiveness, and to enhance the Director's awareness on the key areas that need to be addressed. The evaluation result was tabled for consideration of the NC with recommendations informed to the Board for deliberation and decision making.

On 22 February 2024, Mr. Lim Sze Yan was re-designated from INED to Non-INED, while Mr. Ang Seng Wong retired as Non-INED on 31 May 2024.

Based on the outcome of Annual Assessment for the financial year under review, the NC and the Board are satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively and the contribution and performance of each individual Director is satisfactory. The annual performance assessment formed the basis for recommendation of re-election of Director(s) retiring in that material year.

In addition, the Board has adopted its Fit and Proper Policy to guide the NC and Directors in their review and assessment of candidates who are to be appointed or reappointed onto the Board of the Group. The Fit and Proper Policy is available on Company's website at www.eg.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – BOARD COMPOSITION (CONT'D)

5. Board's Objectivity (Cont'd)

Board Composition

The Board composition as at FY2024 consists of five (5) members, details are set out as below:

Directors	Designation
Mr. Ong Lye Soon	INED, Chairman
Dato' Alex Kang Pang Kiang	Group CEO/ED
Mr. Lim Sze Yan	Non-INED
Mr. Lee Kean Teong	INED
Ms. Tan Jie En	INED

Mr. Ang Seng Wong retired as the Non-INED on 31 May 2024 while Mr. Lim Sze Yan was re-designated from INED to Non-INED on 22 February 2024.

The INEDs make up more than half of the Board membership and this has exceeded the ratio recommended under the MCCG. As such, the INEDs have effectively provide the necessary checks and balance to the decisions making process of the Board as evidenced by the contributions and participation of Directors in Board Committees and their independent oversight in the Board.

The INEDs are independent of management and free from any business relationship which could materially interfere with the exercise of their judgment. They provide unbiased, balanced and independent views, guidance, advice and judgment during meetings.

During FY2024, the Board held five (5) meetings to deliberate and decide on various issues including the Group's financial results and annual evaluation of Director. Detail of attendance of each Director at Board meetings is tabulated as below:

Directors	Attendance
Mr. Ong Lye Soon	4/5
Dato' Alex Kang Pang Kiang	5/5
Mr. Ang Seng Wong*	5/5
Mr. Lim Sze Yan	5/5
Mr. Lee Kean Teong	4/5
Ms. Tan Jie En	5/5

* Attendance at meetings up to the date of retirement on 31 May 2024

All Directors do not hold more than 5 directorships in other public listed companies as required under paragraph 15.06 of the MMLR to enable the Directors to discharge their duties effectively by ensuring that their commitment, resources and time are more focused.

The Board is satisfied with the time commitment given by the Directors as demonstrated by their attendance at the meetings of the Board and Board Committees.

Tenure of Independent Director

The Board, through the NC, carried out Annual Assessment of the Directors which included an assessment of the independence of all INEDs. The Board is satisfied with the level of independence of the INEDs as they have demonstrated, throughout the term of their office, their independence not only by the mere fulfilment of the criterion in the MMLR but subjectively too by exercising independent judgment as well as providing unbiased views and opinions when matters are put forward for decisions. They are able to draw on their expertise and professional experience as well as the necessary knowledge of the business and operations of the Group to participate actively and contribute positively during deliberations or discussions leading to decision-making at meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – BOARD COMPOSITION (CONT'D)

5. Board's Objectivity (Cont'd)

Tenure of Independent Director (Cont'd)

The Board is mindful of the recommendation of the MCCG where the tenure of an INED should not exceed a cumulative term limit of nine (9) years. If the Board intends to retain an INED beyond nine (9) years, it should justify and seek annual shareholders' approval.

At the 32nd AGM held on 29 November 2023, the shareholders had, on recommendation from the Board, voted in favour of the resolution for Mr. Lim Sze Yan to continue to act as INED of the Company as he served the Group for more than eleven (11) years.

The Company opted to maintain the present voting practice as there may be potential legal implication if the Company opted to go for 2-tier voting as this will be inconsistent with 1-share 1-vote stand under the Companies Act 2016. The Company would like to allow an advocacy period for the awareness and implications of the 2-tier voting to be better understood.

Mr. Lim Sze Yan was then redesignated as Non-INED on 22 February 2024 in accordance with the definition of INED and requirements under Practice Note 13 of the MMLR.

Diversity of Board and Senior Management

The Board strives for an effective and balanced Board and acknowledges the importance of diversity, including gender, ethnicity, cultural background, tenure, age, and professional experience, which establish the context for decisions being made objectively.

It believes that an inclusive culture will enable the Group to leverage differences in perspective, knowledge, skill and experience to achieve a sustainable and balanced development. All appointments have been and will be based on objective criteria and merit with due regards for diversity.

The Board ensures that the corporate key management is of sufficient calibre to implement corporate strategies and objectives, taking into account the needs to promote sustainability and safeguard interest of stakeholders.

Different Sources for New Candidate(s) for Board Appointment

The Board relies on several sources to identify new candidates for directorship, including recommendation from current Directors. However, it recognises the importance of not relying exclusively on suggestions from existing board members, management or major shareholders. To enhance the selection process, the Board will also consider third party sources to identify qualified candidate(s) for directorship, if any. Additionally, the management will undertake background check on candidates on behalf of the NC.

There was no new appointment to the Board during the financial year under review.

Board Information for Decision on Appointment and Reappointment of Director

Profile of all Director is detailed under Directors' Profile in this Annual Report. Information contained therein included age, gender, tenure of service, qualification, directorship in other companies, working experience, any conflict of interest and potential conflict of interest, and any offences convicted over the past five (5) years.

In order to ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director, a brief profile of Director concerned together with statement from the Board (on whether it supports the appointment or reappointment) as well as disclosure of any conflict of interest and potential conflict of interest is included in the explanatory notes accompanying notice of Annual General Meeting ("AGM").

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – BOARD COMPOSITION (CONT'D)

5. Board's Objectivity (Cont'd)

Nomination Committee

Members of the NC are as follows:

Ms. Tan Jie En	- Chairman, INED
Mr. Lim Sze Yan	- Non-INED
Mr. Lee Kean Teong	- INED

On 22 February 2024, Mr. Ang Seng Wong resigned as member of the Committee, Mr. Lim Sze Yan was re-designated as Non-INED and member of the Committee whilst Ms. Tan Jie En was appointed as Chairman of the Committee. The restructuring of composition of the Committee complied with paragraph 15.08A(1) of the MMLR.

During FY2024, the NC met one (1) time and the attendance of each member is as follows:

Directors	Attendance
Ms. Tan Jie En	1/1
Mr. Ang Seng Wong*	1/1
Mr. Lim Sze Yan	1/1
Mr. Lee Kean Teong	1/1

* Attendance at meeting up to the date of retirement on 31 May 2024

During the financial year under review, key activities undertaken by the NC are summarised as follows:

- Assessed the contribution and effectiveness of the Board, Board Committees and Directors by using a questionnaire which is guided by the Corporate Governance Guide issued by Bursa Securities. After reviewing the responses from the Directors, the NC reported the results to the Board for review and deliberation. The findings of the assessment confirmed that the Board, the Board Committees and Directors have discharged their duties and responsibilities effectively;
- Reviewed and assessed the mix of skills, expertise, composition, experience, fit and proper of the Directors;
- Reviewed the term of office and performance of the ARMC;
- Reviewed the level of independence of INEDs;
- Discussed the character, experience, integrity and competence of the Directors, and to ensure they have the time to discharge their respective roles;
- Noted the training attended by Directors and recommended to the Board for adoption and disclosure in the CG Overview Statement for publication in the Annual Report;
- Recommended for Directors to attend training or seminars particularly those in connection with updates to regulations and financial reporting standards in the coming year; and
- Reviewed and recommended re-election of Directors, in accordance with the Constitution of the Company, at the forthcoming AGM.

Gender Diversity

Ms. Tan Jie En, the sole female Director testified to the Company's commitment on gender diversity for female representation on the Board.

The Board presently does not have any policy on gender diversity. The NC and the Board will consider gender diversity as part of its future selection and will look into increasing female board representation going forward.

The Board believes that there is no detriment in not adopting a formal gender, ethnicity and age group diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group.

Notwithstanding with the above, the Board affirms its commitment to diversity as a truly diversified Board and corporate key management can enhance the Group's effectiveness, perspective, creativity and capacity to thrive in good times and to weather through the tough times.

In identifying suitable candidates for appointment to the Board, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – BOARD COMPOSITION (CONT'D)

6. Overall Effectiveness of the Board and its Individual Directors

Formal and Objective Evaluation

The NC assessed the effectiveness of the Board as a whole and the Board Committees as well as assess contribution of the Directors through the Annual Assessment. All assessments and evaluations carried out by the NC in discharging its functions have been documented.

Additionally, the NC also reviews the required mix of skills, experience and other qualities, including core competencies of the Board members in discharging their duties. The skills and experience of each Director is analysed, inter-alia, in the areas of business operations, technical and governmental affairs and legislation.

All Directors are provided with the same set of assessment forms for their completion. The Chairman of the NC will report the results and deliberate with the Board.

The criteria used in the assessment of the Board and the Board Committees focused on board mix and composition, quality of information and decision-making, boardroom activities, Board's relationship with management and board committees. The assessment of individual Director focused on fit and proper, contribution and performance, calibre and personality, skills set and independence.

The assessment in respect of FY2024 was carried out with the results deemed satisfactory by the Board.

Directors' Continuing Education

All Directors have completed the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities. They are provided with opportunities for training and update from time to time, particularly on relevant new laws and regulations, financial reporting, risk management and investor relations to equip themselves with the knowledge to effectively discharge their duties as Directors.

The Board had, through the NC, undertaken an assessment of the training needs of the Directors and concluded that the Directors are to determine their training needs as they are in the better position to assess their areas of concern. Nonetheless, the NC had recommended for training to improve financial literacy and keep with changes to financial reporting environment as well as understanding the impact of the changes arising from implementation of the relevant regulations.

From last AGM to the date of this Annual Report, the directors have attended the following training programmes to enhance their skills and knowledge.

Name of Directors	Training
Mr. Ong Lye Soon Dato' Alex Kang Pang Kiang Mr. Lim Sze Yan	<ul style="list-style-type: none">• Navigating Through Red Flags in Corporate Governance on Bursa Malaysia• Risk Management and Section 17A MACC Act 2009• E-Invoicing Mastery• Marketing: Turning Strategy into Action• ESG Disclosure Guide for SMEs• Risk Management and Section 17A MACC Act 2009
Mr. Lee Kean Teong	<ul style="list-style-type: none">• Conflict of Interest• E-Invoicing - the digital way forward• Conflict of Interest Bursa Disclosure Requirement• KPMG Tax Seminar• E-Invoicing• Longevity in Banking Fundamentals• How to Detect Financial Warnings in Companies• MAP Part II: Leading to Impact
Ms. Tan Jie En	<ul style="list-style-type: none">• How to Detect Financial Warnings in Companies• Risk Management and Section 17A MACC Act 2009• Submission of e-CKHT by Role of Lawyers and e-invoicing for law firms

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – BOARD COMPOSITION (CONT'D)

6. Overall Effectiveness of the Board and its Individual Directors (Cont'd)

Directors' Continuing Education (Cont'd)

All Directors received updates from time to time, on relevant new laws and regulations to enhance their business acumen and skills to meet challenging commercial risks and challenges. The Directors were also briefed by the Company Secretaries on the various amendments to the MMLR from time to time.

The management facilitate the organisation of training programmes for Directors and maintain a record of the trainings attended by the Directors.

PART III – REMUNERATION

7. Level and Composition of Remuneration

Remuneration Policy

The Board has put in place a Remuneration Policy which sets out the determinants and structure of remuneration of Executive Directors and Non-Executive Directors of the Company, as well as the procedure to determine their remuneration.

This Policy is established for the purpose of ensuring that the Company has remuneration guidelines that are:

- (a) Appropriate to attract, retain and motivate the Directors;
- (b) Fair and reasonable having regard to the demands, complexities and performance of the Company as well as the level of competencies, scope of work and responsibilities of the individual Directors; and
- (c) Aligned with the business strategy and long-term objectives of the Company and the Group.

The remuneration package of the Executive Director is determined based on the scope of work and responsibilities and is linked to individual as well as corporate performance. As for Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities, and the onerous challenges in discharging their fiduciary duties and is comparable to market rate.

The Remuneration Policy is made available on the Company's website at www.eg.com.my.

Remuneration Committee

Members of the RC are as follows:

Mr. Lee Kean Teong	- Chairman, INED
Mr. Lim Sze Yan	- Non- INED
Ms. Tan Jie En	- INED

On 22 February 2024, Mr. Ang Seng Wong resigned as member of the Committee while Mr. Lim Sze Yan was re-designated as Non-INED.

During the financial year, the RC met one (1) time and the attendance of each member is as follows:

Directors	Attendance
Mr. Lee Kean Teong	1/1
Mr. Ang Seng Wong*	1/1
Mr. Lim Sze Yan	1/1
Ms. Tan Jie En	1/1

* Attendance at meeting up to the date of retirement on 31 May 2024

The RC ensures that remuneration of the Board commensurate with the level of responsibilities, with due consideration in attracting, retaining and motivating the directors to lead and run the Group successfully. The TOR of the RC is available on the Company's website at www.eg.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART III – REMUNERATION (CONT'D)

8. Remuneration of Directors

During the financial year under review, the RC reviewed and recommended to the Board the remuneration of Group CEO which was then unanimously approved with the Group CEO duly abstaining from deliberation and decision-making. The Board, as a whole, approved the remuneration of Non-Executive Directors.

The details of FY2024 remuneration for Directors of the Company comprising remuneration received/receivable from the Company and its subsidiary companies are as follows:-

Category	Fees RM	Salaries and Other Emoluments RM	Total RM
Group and Company			
Executive Director			
Dato' Alex Kang Pang Kiang	5,000	853,309	858,309
Non-Executive Directors			
Mr. Ong Lye Soon	60,000	-	60,000
Mr. Ang Seng Wong *	44,000	3,000	47,000
Mr. Lim Sze Yan	36,000	3,000	39,000
Mr. Lee Kean Teong	36,000	2,400	38,400
Ms. Tan Jie En	36,000	3,000	39,000
Total	217,000	864,709	1,081,709

* Remuneration received up to the date of retirement on 31 May 2024

Details of Senior Management's Remuneration

The Board is aware of the need for transparency in the disclosure of its corporate key management's remuneration. Nonetheless, it is of the view that such disclosure could be detrimental to its business interests given the highly competitive human resource environment in which the Group operates where intense headhunting for personnel with the right expertise, knowledge and relevant working experience is the norm. As such, disclosure of specific remuneration information could give rise to recruitment and talent retention issues going forward.

The Board ensures that the remuneration of these personnel commensurate with the level of responsibilities, with due consideration in attracting, retaining and motivating these corporate key managements to lead and run the Group successfully.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT AND RISK MANAGEMENT COMMITTEE

9. Effective and Independent Audit Committee

The Chairman of the ARMC is not the Chairman of the Board

The Chairman of the ARMC is Mr. Lee Kean Teong while Chairman of the Board is Mr. Ong Lye Soon. Both are the INED of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

9. Effective and Independent Audit Committee (Cont'd)

Former Key Audit Partner

The Board had in placed the TOR of the ARMC to observe a cooling-off period of at least 3 years in the event any potential candidate to be appointed as a member of the ARMC is a former key audit partner.

Assessment on the Suitability, Objectivity and Independence of External Auditors

The Group maintains a transparent and professional relationship with the external auditors in seeking professional advice towards ensuring compliance with applicable accounting standards and policies. The independent external auditors play a critical role by enhancing the reliability of the Company's and the Group's financial statements and giving assurance of that reliability to users of these financial information.

The ARMC undertakes annual assessment of the performance and suitability of the external auditors based on the quality of services, sufficiency of resources, adequate resources and trained professional staff assigned to the audit.

The ARMC has also assessed the independence of the external auditors before deciding to recommend their re-appointment to the Board. This includes reviewing professional fees so as to ensure a proper balance between objectivity and value for money.

The external auditors have confirmed to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with professional and regulatory requirements.

At least once (1) a year and whenever necessary, the ARMC will meet with the external auditors without the presence of executive Board members or Management personnel, to exchange independent views on matters which require the ARMC's attention. The ARMC met with the external auditors twice (2) during the financial year to discuss their audit plan, audit findings and financial statements of the Company.

The ARMC is satisfied with the independence, performance and suitability of the external auditors based on the assessment and has recommended the retention of UHY Malaysia as auditors to the Board.

The ARMC has considered the non-audit service provided by the external auditors during financial year under review and concluded that the provision of these services did not compromise the external auditors' independence and objectivity. The details of the fees paid/payable in respect of the financial year under review to the external auditors or an affiliated firm of the external auditors are set out in the Additional Compliance Information in this Annual Report.

Composition of the ARMC

The members of the ARMC are as follows:

Mr. Lee Kean Teong	- INED, Chairman
Mr. Lim Sze Yan	- Non-INED
Ms. Tan Jie En	- INED

On 22 February 2024, Mr. Ang Seng Wong resigned as a member of the Committee. Mr. Lim Sze Yan was re-designated as a member of the Committee and Mr. Lee Kean Teong was appointed as the Chairman of the Committee.

Mr. Lee Kean Teong is a member of the Malaysian Institute Accountants ("MIA") thus fulfilling the requirement under para 15.09(1)(c)(i) of the MMLR which required at least one (1) of the ARMC to be a member of the MIA.

The ARMC members are individuals with professional experience in financial, taxation, general management and business environment. All members are financially literate and are able to read, interpret and understand the financial statements. The diversity in skills set coupled with their financial literacy gave the ARMC the ability to effectively discharge their roles and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

10. Risk Management and Internal Control Framework

Establishment of Risk Management and Internal Control Framework

The Board has endorsed an on-going risk management and internal control framework which included the following key elements:

- Reviewing and appraising the adequacy, effectiveness and application of accounting, financial, operational and other controls, recommending improvement in control and promoting effective control in the Group;
- Ascertaining the extent of compliance with established policies, procedures and statutory requirements;
- Ascertaining the extent to which the Group's assets are accounted for and safeguarded from losses; and
- Appraising the reliability and usefulness of data and information generated for management.

The risk management and internal control framework is applied to determine, evaluate and manage significant risks of the Group. This is further assured by the implementation of an internal control and risk management system that has been integrated into the Group's operations and working culture. Therefore, any significant risks arising from factors within the Group and from changes in the business environment can be addressed on a timely basis.

Features of the Risk Management and Internal Control Framework

The Board is responsible for the adequacy and effectiveness of our Group's risk management and internal control systems. The Board ensures that the systems manage the Group's key areas of risk within an acceptable risk profile to ensure that the Group's policies and business objectives will not be affected. Due to the inherent limitations in any risk management and internal control system, the Board continually reviews the system to ensure that the risk management and internal control systems provide a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

Regular reviews are carried out by the Group's internal audit function to assess risks affecting the business and ensure that adequate and effective risk management and internal controls systems are in place. The findings of the internal audit function are reported to the ARMC regularly and onwards to the Board.

Further details on the features of the Company's risk management and internal control are set out in the Statement on Risk Management and Internal Control in this Annual Report.

11. Effective Governance, Risk Management and Internal Control Framework

Internal Audit Function

The Group's internal audit function is independent of the operations of the Group and reports directly to the ARMC. The function is outsourced to an independent professional consulting firm, Kloo Point Risk Management Services Sdn. Bhd. ("KPRMS"). As internal auditors, KPRMS assists the ARMC by providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system and processes. The internal auditors report directly to the ARMC.

The ARMC reviews and approves the Internal Audit Plan annually and ensures that the internal auditors are accorded with appropriate standing and authority to facilitate the discharge of its duties. Audits of the practices, procedures, expenditure and internal controls of identified business and support units and subsidiaries are undertaken on a regular basis. The activities of the internal auditors during FY2024 are set out in the Audit and Risk Management Committee Report in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

11. Effective Governance, Risk Management and Internal Control Framework (Cont'd)

Disclosure Pertaining to the Internal Audit Function

KPRMS adopts internal audit standards and best practices based on the International Professional Practices Framework, endorsed by the Institute of Internal Auditors Malaysia (“IIAM”).

The KPRMS team is headed by an Executive Director – Advisory who is a fellow of Association of Chartered Certified Accountants and a member of the IIAM and is assisted by 2 senior staff. None of the internal audit personnel has any relationship or conflict of interest that could impair their objectivity and independence in conducting their internal audit engagements.

The internal audit adopted a risk-based approach and prepared its plan based on the risk profiles of the major business units in the Group in accordance with the Committee of Sponsoring Organizations of the Treadway Commission.

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

PART I – ENGAGEMENT WITH STAKEHOLDERS

12. Effective, Transparent and Regular Communication with its Stakeholders

The Board is committed to ensure that there is effective engagement with its shareholders to facilitate a mutual understanding of objectives. The Group has several formal channels in place to effectively communicate information to all shareholders and stakeholders. The Board disseminate information in relation to its financial performance, operations and corporate developments through the annual report, quarterly reports, various announcements, corporate website and investor relations.

The Group CEO is the designated spokesperson for all matters related to the Group.

The Company’s general meetings remain the principal forum for dialogue and communication with shareholders and investors. Shareholders are encouraged to attend these general meetings and given sufficient time and opportunity to participate in the proceedings, ask questions about the resolutions being proposed and the operations of the Group, and communicate their expectations and possible concerns.

The Company’s website at www.eg.com.my has incorporated a tab marked as “Investor Relations” which contains vital information, including annual reports, quarterly reports and official announcements made to Bursa Securities, concerning the Group which is updated on a regular basis.

However, in any circumstances, while the Group endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. The Directors are cautious not to provide undisclosed material information about the Group and frequently stress the importance of timely and equal dissemination of information to all shareholders and stakeholders.

PART II – CONDUCT OF GENERAL MEETINGS

13. Shareholders are Able to Participate, Engage the Board and Senior Management

Notice of AGM

The notice of 32nd AGM held in 2023 was sent to the shareholders at least twenty-eight (28) days prior to the meeting date and published in a major local newspaper. Items of special business included in the notice of 32nd AGM were accompanied by explanation of the proposed resolutions to enable the shareholders to make informed decisions in exercising their voting rights.

The upcoming 33rd AGM of EG will be held on 29 November 2024. The notice will be issued at least 28 days prior to the date of the AGM to allow sufficient time for the shareholders to consider the proposed resolutions to be tabled at the AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – CONDUCT OF GENERAL MEETINGS (CONT'D)

13. Shareholders are Able to Participate, Engage the Board and Senior Management (Cont'd)

Notice of AGM (Cont'd)

EG's 2024 Annual Report together with the Notice of the 33rd AGM will be published on the Company's website at www.eg.com.my.

Attendance at AGM

All Directors, the Company Secretaries, External Auditors and Senior Management attended and participated the fully virtual 32nd AGM held in 2023 through video conferencing.

Shareholders were invited to ask questions about the proposed resolutions before they were put to a vote as well as matters relating to the Company's operations in general. Meaningful responses were provided to the questions raised.

Leveraging on Technology for Voting in Absentia and Remote Shareholders' Participation

The concern over voting in absentia and/or remote shareholders' participation at general meetings is not applicable as the Company has leveraged on technology to facilitate shareholders' participation at the 32nd AGM which was convened virtually using Remote, Participation and Voting ("RPV") facilities through online meeting platform. This allowed shareholders to participate and vote during the 32nd AGM without having to physically present at the meeting venue.

The Board continued to opt for virtual meeting arrangements and shareholders were advised to take advantage of the RPV facilities. Detailed procedures were provided to shareholders in the Administrative Guide and is available on the Company's website and 2024 Annual Report.

Shareholders who had registered to participate in the 32nd AGM had participated remotely via live streaming. At the same time, they were able to cast their votes online from start of the event until the close of the voting session.

The Company also encourages participation of shareholders through the issuance of proxies when there is indication that shareholders are unable to attend and vote at general meetings.

The remote polling process for the 32nd AGM was conducted by Securities Services (Holdings) Sdn Bhd, and results of the poll were verified by the Independent Scrutineer, Commercial Quest Sdn. Bhd..

The polling agent had assured the Company of their procedures and practices on data privacy and security to prevent cyber threats.

Meaningful Engagement Between the Board, Senior Management and Shareholders

The Chairman of the meeting had, at the 32nd AGM, informed that every member present virtually at the AGM either in person, or by proxy/corporate representative has the right to participate, ask question and vote on the resolutions as stated in the notice of AGM.

The shareholders were able to capitalise on the virtual tolls made available by the pooling agent to participate in and pose questions at the 32nd AGM.

The AGM provide a platform for shareholders to seek clarifications on the Group's businesses, performance and prospects. The Chairman of the meeting had responded to questions posed at the 32nd AGM.

The Key Senior Management, Company Secretaries and External Auditors were present during the 32nd AGM to engage with shareholders and address any areas of interest or concern brought up by the shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – CONDUCT OF GENERAL MEETINGS (CONT'D)

13. Shareholders are Able to Participate, Engage the Board and Senior Management (Cont'd)

Virtual General Meeting

The 32nd AGM was conducted through live streaming and online remote participation by using RPV facilities through online meeting platform.

The virtual tool made available through the RPV facilities allows shareholders to participate and pose questions through type-text format. The Board encourages shareholders to actively participate in virtual general meeting by raising questions. Shareholders could submit questions prior to the general meeting which were then responded by the Chairman of the meeting.

The Minutes of the 32nd AGM as well as questions posted by the shareholders and response thereto are made available on the Company's website at www.eg.com.my.

COMPLIANCE STATEMENT

The Board is satisfied that to the best of its knowledge, the Company has substantially complied with the Best Practices set out in the MCCG. Any Practices which have not been implemented during the financial year will be reviewed by the Board and implemented where possible and relevant to the Group's business.

This Statement is made in accordance with the resolution of the Board dated 24 October 2024.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the MMLR and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"), the Board is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of the Group's internal control and risk management during FY2024.

BOARD'S RESPONSIBILITY

The Board affirms its overall responsibility for the Group's system of internal control and risk management and for reviewing the adequacy, effectiveness and integrity of the system. The system of internal control covers risk management, financial, operational, management information system, regulatory and compliance control matters.

In view of the limitations inherent in any system of risk management and internal control, the Board recognises that this system is designed to manage, rather than eliminate the risk of not adhering to the Group's policies, goals and objectives within the risk tolerance established by the Board and RMC. Therefore, the system provides reasonable, but not absolute, assurance against any material misstatement, loss or fraud.

RISK MANAGEMENT

The Board acknowledges that the Group's business activities involve some degree of risk that may affect the achievement of its business objectives and an effective risk management framework is an integral part of the Group's daily operations. RMC together with Head of Departments and key management staff are delegated with the responsibility to manage identified risks within defined parameters and standards. In addition, key risk profiles have been put in place in order to identify, evaluate and manage key risks faced by the Group.

During the financial year under review, the Group engaged external consultants to perform a risk management exercise which include the following:

- Defining a yearly understanding of risk classification tolerance;
- Identifying key risk affecting business objectives and strategic plans;
- Identifying changes to risks or emerging risks and promptly bringing these to the attention of the Board where appropriate;
- Identifying and evaluating existing controls; and
- Completing the Group Key Risk Profile, action plans are identified to manage and mitigate the risks by the risk owners.

The results of the above risk management exercise were presented to ARMC on 28 August 2024. Risks identified were prioritised in terms of the possibility of occurrence and impact on the Group's business objectives and goals. This allows Management to allocate appropriate resources in the mitigation of such risks identified.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a professional service firm to assist the Board and ARMC in providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's system of internal control. The internal audit plan entails the audit scope, coverage and frequency based on a risk-based approach and is approved by the ARMC.

During the financial year under review, the outsourced internal audit function has carried out the following audit reviews in accordance to the approved annual internal audit plan:

- Manufacturing unit in Malaysia: Incoming and Outgoing Quality Assurance
- Manufacturing unit in Malaysia: Sourcing and Buying

The result of the audit review was discussed with the Senior Management and subsequently, significant internal audit findings, recommendations for improvements, management's response and proposed action plans were reported directly to the ARMC. In addition, follow-up reviews of the implementation of action plans were carried out to ensure matters highlighted in the internal audit reports have been adequately addressed.

Based on the internal audit reviews conducted, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

KEY INTERNAL CONTROL PROCESSES

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

1. Planning, Monitoring and Reporting
 - (a) The Board is updated on the Group's performance at the scheduled meetings on a quarterly basis. The Group's business plan and financial results for the year are reviewed and deliberated by the Board on a quarterly basis.
 - (b) There is a regular and comprehensive flow of information to the Management on all aspects of the Group's operations to facilitate the monitoring of performance against the Group's corporate strategy, business and regulatory plans.

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

KEY INTERNAL CONTROL PROCESSES (CONT'D)

2. Policies and Procedures

Policies and procedures of business processes are documented and set out in a series of Standard Operating Manual and implemented throughout the Group. These policies and procedures are subject to regular reviews, updates and continuous improvements to reflect the changing risks and operational needs. Common Group policies and procedures can be easily accessed by all employees via the Company's intranet.

3. Quality Control

Strong emphasis is placed on ensuring the manufacturing processes of all factories adhere to quality standards as required by the respective authorities. Annual certification for the Quality Management System ISO 9001:2015 and ISO 13485:2016 as well as Environmental Management System ISO 14001:2015 were carried out by SIRIM QAS International. Surveillance audits were conducted on annual basis by assessors of the ISO certification body to ensure that standard operating procedures are being adhered to.

4. Employees' Competency

Training and development programs are conducted to ensure that employees acquire the necessary competencies required to carry out their respective tasks in achieving the Group's objectives.

5. Conduct of Employees

- (a) BCOE is published on the Company website, which defines the ethical standards and conduct at work to ensure that working conditions are safe, workers are treated with respect and dignity, and manufacturing processes are environmentally responsible.
- (b) Whistle-Blowing Policy is established to provide appropriate communication and feedback channels which facilitate whistleblowing in a transparent and confidential manner to enable employees and stakeholders to raise genuine concerns about possible improprieties, improper conduct or other malpractices within the Group in an appropriate way.
- (c) ACAB Policy is in place to perform a sound fraud, bribery and corruption risk management and prevention approach. The policy covers anti-fraud, bribery and corruption measures in areas of governance, prevention, detection, investigation and monitoring. The policy is also incorporated into the employee handbook and published on the Company's website.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement for inclusion in the 2024 Annual Report, and have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines to be set out, nor is factually inaccurate. As set out in their terms of engagement, the limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and Audit and Assurance Practice Guide 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report*.

CONCLUSION

The Board is of the view that the system of internal control and risk management is in place for the year under review, and up to the date of approval of this Statement, is sound and sufficient to safeguard the Group's assets, as well as the shareholders' investments, and the interests of customers, employees and other stakeholders. The Board has received assurance from the RMC that the Group's internal control and risk management system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system adopted by the Group.

This statement was made in accordance with a Board's resolution dated 24 October 2024.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION

The members of the Audit and Risk Management Committee ("ARMC" or "Committee") are as follows:

Mr. Lee Kean Teong	- Chairman, INED
Mr. Lim Sze Yan	- Non-INED
Ms. Tan Jie En	- INED

On 22 February 2024, Mr. Ang Seng Wong resigned as member of the Committee, Mr. Lim Sze Yan was re-designated to Non-INED and member of the Committee whilst Mr. Lee Kean Teong was appointed as Chairman of the Committee. The restructuring of composition of the Committee complied with paragraph 15.09(1) of the MMLR.

MEETING HELD DURING FY2024

The Committee held four (4) meetings during the financial year under review and the attendance of each member is as below:

Directors	Attendance
Mr. Lee Kean Teong	4/4
Mr. Lim Sze Yan	4/4
Ms. Tan Jie En	4/4
Ms. Ang Seng Wong*	3/3

*Attendance at meeting up to the date of resignation as member of the Committee on 22 February 2024.

In line with the ARMC TOR, the following works were carried out by the Committee during FY2024: -

1. Financial Reporting

- Reviewed and discussed the quarterly unaudited financial statements of the Group with the management before recommending to the Board for their consideration and approval.
- Reviewed and discussed the annual audited financial statements of the Group with the management and external auditors before recommending to the Board for approval.

2. External Audit

- Reviewed the Audit Planning Memorandum, which includes reporting responsibility and scope of work, audit timeline, areas of audit emphasis, audit materiality, updates on financial reporting and proposed audit fees with the external auditors prior to their commencement of audit for FY2024.
- Reviewed and discussed key audit issues raised by the external auditors in their management letter for the FY2024 annual statutory audit, along with management's response and actions taken to resolve those issues.
- Appraised the performance of the external auditors and evaluated their independence and objectivity in providing their services, and made recommendation to the Board on their re-appointment and the proposed audit fees.
- Conducted 2 meetings with the external auditors in the absence of the management and Executive Director to discuss additional matters in relation to audit issues noted during their audit.

3. Internal Audit

- Reviewed and approved the risk based internal audit plan for FY2024 to ensure adequate audit coverage over the Group's key risk areas.
- Reviewed and discussed the internal audit reports which highlighted audit issues, major findings, recommendations and management's response to ensure that risk identified were adequately addressed, and reported any significant matters to the Board.
- Conducted a meeting with the internal auditors without the presence of the management and Executive Director to facilitate discussions on concerns or audit issues noted in the course of their audit.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(CONT'D)

3. Internal Audit (cont'd)

- (d) Assessed the adequacy and suitability of the resource requirements and professionalism of internal auditors and the performance of internal audit function.

4. Related Party Transactions

- (a) Reviewed the related party transactions and recurrent related party transactions of a revenue or trading nature on a quarterly basis to ensure that the transactions were on normal commercial terms which were not detrimental to the interest of minority shareholders and in accordance with the approved mandate.
- (b) Reviewed the circular to shareholders in relation to the proposed new and renewal of existing shareholders' mandate for recurrent related party transactions of a revenue and trading nature to ensure that the transactions are carried out on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders.

5. Others

- (a) Reviewed the Audit and Risk Management Committee Report, and Statement on Risk Management and Internal Control for inclusion in the 2024 Annual Report prior to the submission to the Board for their consideration and approval.
- (b) Reviewed and discussed the Risk Management Report through the yearly presentations by Risk Management Officer and made relevant recommendation to the Board for identified risks and mitigations actions.
- (c) Met and discussed with the relevant Head of Divisions to monitor the operations of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 compliance procedures.
- (d) Reviewed TOR of ARMC to include the enhanced duty of the Committee to monitor, resolve, eliminate and mitigate conflict of interest ("COI") situations and to expand the duties of ARMC to be more comprehensive.
- (e) Reviewed and adopted the COI Policy for Directors and Key Senior Management to include measures to address COI of Directors and Key Senior Management that arose, persisted or may arise within the Group, including any transaction, procedure or course of conduct that raises questions of Management's integrity, during the financial year under review.

INTERNAL AUDIT FUNCTION

The Company has appointed an independent professional accounting firm to provide outsourced internal audit function of the Group in order to assist the Committee in discharging its duties and responsibilities.

The internal auditors are responsible for the independent assessment of the adequacy and effectiveness of the internal control systems in place in anticipation of the risks exposure of key business processes and to provide assurance on the systems and recommend improvements to the systems, if necessary, so as to enable the Group to achieve its corporate objectives.

During the financial year under review, the internal auditors conducted audit reviews of the key operating subsidiary, SMT Technologies Sdn. Bhd. ("SMTT") and the Group's risk management exercise, in accordance with the internal audit plan approved by the Committee.

The internal auditors reviewed (1) the Incoming and Outgoing Quality Assurance in SMTT, including the quality assurance strategy, criteria and planning, documentation of testing procedures, defect recording and follow up actions for non-conformity issues; and (2) the Sourcing and Buying processes in SMTT, including supplier selection and evaluation, material price setting and updates, quotation review and control, supplier pricing maintenance in the ERP system and the approval processes for purchase requisitions and orders. There are areas for improvement in both audited areas.

The internal auditors presented their findings, recommendation and management's responses and action plans to the Committee for their review and deliberation. Additionally, they conducted follow-up reviews to monitor the implementation of the management's action plans and reported their progress to the Committee.

The cost incurred by the internal audit function of the Group in respect of FY2024 was RM45,000.

ADDITIONAL COMPLIANCE INFORMATION

1. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees paid or payable to the external auditors during the financial year ended 30 June 2024 were as follows:

Fees	Group RM'000	Company RM'000
Audit	256	41
Non-audit ^[1]	19	19

^[1] Included in the non-audit fees was services paid for the review of Statement on Risk Management and Internal Control and foreign subsidiary's audit papers.

2. MATERIAL CONTRACTS

The Company had, on 28 August 2024, entered into a Subscription Agreement to subscribe 110,000,000 ordinary shares in N.D. Rubber Public Co., Ltd ("NDR"), at a subscription price of THB1.80 per ordinary share via Private Placement, representing 24.08% of the issued share capital in NDR for a total consideration of THB198,000,000 ("Shares Subscription"). The Shares Subscription was completed on 8 October 2024. Further details of the Shares Subscription can be found in the Company's announcement made to Bursa Securities on 4 October 2024 and 8 October 2024 respectively.

Save as disclosed above, there were no material contracts entered into by the Company and/or its subsidiaries involving interests of Directors and/or Major Shareholders.

3. CONTRACT RELATING TO LOANS

There were no contracts relating to loans by the Company and/or its subsidiaries involving interests of Directors and/or Major Shareholders during the financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS

Details of recurrent related party transactions with related parties undertaken by the Group during the financial year are disclosed in Note 29.2(a) to the financial statements.

5. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

On 14 July 2023, the Company had completed its Private Placement Exercise by raising gross proceeds of RM46.97 million from the listing of 40,928,700 new ordinary shares on the Main Market of Bursa Securities.

The details of proceeds utilisation are as follows:

Details	Proposed utilisation (as per Circular) RM'000	Actual amount raised RM'000	Actual utilisation RM'000	Expected timeframe for utilisation of proceeds (from listing date)
Business expansion				
- Construction of a two-storey factory	12,000	12,968	12,968	Within 12 months
- Building and setting up of 4 additional warehouses	4,000	4,000	4,000	Within 12 months
General working capital	5,908	29,674	29,674	Within 6 months
Expenses for the Private Placement	500	329	329	Immediate
Total	22,408	46,971	46,971	

DIRECTORS' REPORT

For The Financial Year Ended 30 June 2024

The Directors hereby present their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2024.

Principal activities

The Company is principally engaged in investment holding and provision of management service, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

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

Results

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year	<u>49,000</u>	<u>(2,473)</u>
Attributable to:		
Owners of the Company	49,739	(2,473)
Non-controlling interests	<u>(739)</u>	<u>-</u>
	<u>49,000</u>	<u>(2,473)</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

On 25 May 2024, the Directors declared an interim single-tier dividend of RM0.01 per ordinary share amounting to RM4,545,401 in respect of the financial year ended 30 June 2024 which was paid on 26 August 2024. Such dividend will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ended 30 June 2024.

The Directors do not recommend any payment of final dividend for the current financial year.

Directors of the Company

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

Dato' Kang Pang Kiang*
Lim Sze Yan
Lee Kean Teong
Ong Lye Soon
Tan Jie En
Ang Seng Wong (Retired on 31 May 2024)

DIRECTORS' REPORT (CONT'D)

For The Financial Year Ended 30 June 2024

Directors of the Company (Cont'd)

The Directors who have held office in the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year and up to the date of this report are:

Low Joo Hiang
 Tan Eng Hock
 Lee Sin Li
 Lee Boon Li
 Tay Min Cheah
 Tai Lee Bee (Appointed on 21 December 2023)
 Nor Azmi Bin Abdul Latif (Appointed on 21 October 2024)
 Khong Hong Wai (Resigned on 22 December 2023)

* Director of the Company and its subsidiaries

Directors' interests in shares and warrants

The interests and deemed interests in the shares and warrants of the Company and of its related corporations for the Directors in office at the financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of Ordinary Shares			At 30.6.2024
	At 1.7.2023	Bought	Sold	

Shares in the Company

Direct interest

Dato' Kang Pang Kiang	38,512,500	3,841,500	-	42,354,000
Ong Lye Soon	1,767,100	-	(517,100)	1,250,000
Lee Kean Teong	32,900	-	-	32,900

Indirect interest

Dato' Kang Pang Kiang*	27,945,200	1,618,600	-	29,563,800
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	Number of Ordinary Shares of Thai Baht ("THB") 10 each			At 30.6.2024
	At 1.7.2023	Bought	Sold	

Related corporation

SMT Industries Co., Ltd

Direct interest

Dato' Kang Pang Kiang	1#	-	-	1#
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	Number of Ordinary Shares of Thai Baht ("THB") 100 each			At 30.6.2024
	At 1.7.2023	Bought	Sold	

Related corporation

TM SMT (Thailand) Co., Ltd.

Direct interest

Dato' Kang Pang Kiang	1	-	-	1
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DIRECTORS' REPORT (CONT'D)

For The Financial Year Ended 30 June 2024

Directors' interests in shares and warrants (Cont'd)

	Number of Warrants 2023/2028			At 30.6.2024
	At 1.7.2023	Bonus Issue	Converted	
<u>The Company</u>				
Direct interest				
Dato’ Kang Pang Kiang	-	19,506,250	-	19,506,250
Ong Lye Soon	-	625,000	-	625,000
Lee Kean Teong	-	16,450	-	16,450
Indirect interest				
Dato’ Kang Pang Kiang*	-	13,972,600	-	13,972,600

* Shares held through QYH Capital Sdn. Bhd.

Share held in trust for EG Industries Berhad

Save as disclosed above, none of the other Directors holding office at 30 June 2024 held any interest in the ordinary shares and/or warrants of the Company and of its related corporations during the financial year.

Warrants

The Warrants 2023/2028 are constituted by the Deed Poll dated 12 December 2023.

The Company issued 225,108,007 free detachable warrants on the basis of one (1) warrant for every two (2) existing shares held, which were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 2 January 2024.

The main features of the Warrants 2023/2028 are as follows:

- Each Warrant entitles the registered holder to subscribe for one (1) new ordinary share in the Company at the exercise price of RM1.80 during the exercise period, subject to the adjustments in accordance with the Deed Poll constituting the Warrants;
- The Warrants may be exercised at any time on or after 27 December 2023 until the end of the tenure of the Warrants. The tenure of the Warrants is for a period of five (5) years from 27 December 2023 and expired on 26 December 2028;
- The new shares to be issued upon the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the then existing share of the Company except that they will not be entitled to any dividends, rights, allotments and/or distributions declared, made or paid by the Company prior to the relevant date of allotment and issue of the new shares to be issued pursuant to the exercise of the Warrants;
- For purpose of trading on Bursa Securities, a board lot for the Warrants shall comprise one hundred (100) Warrants carrying right to subscribe for 100 new shares at any time during the exercise period for such denomination as determined by Bursa Securities; and
- The Deed Poll and accordingly the Warrants are governed by and shall be construed in accordance with the laws of Malaysia.

No Warrants were exercised during the financial year. As at the financial year end, 225,108,007 (2023: NIL) Warrants remained unexercised.

DIRECTORS' REPORT (CONT'D)

For The Financial Year Ended 30 June 2024

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown 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 other than as disclosed in Note 29 to the financial statements.

The details of the directors' remuneration for the financial year ended 30 June 2024 are set out below:

	Group RM'000	Company RM'000
Directors' remuneration		
Fees	217	217
Remuneration	984	754
Defined contribution plans	138	111
	<u>1,339</u>	<u>1,082</u>

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

During the financial year, the Company increased its issued and paid-up share capital by issuance of 35,928,700 new ordinary shares at an issue price of RM1.13 per ordinary share for RM40,599,431 pursuant to the final tranche of its Private Placement Exercise.

Save as disclosed above, there were no other changes in the share capital of the Company and no debentures were in issue during the financial year.

Treasury Shares

During the financial year, the Company disposed a total of 1,440,000 treasury shares with a total consideration received, after deducting transaction costs, was RM2,283,620.

The treasury shares are being disposed in accordance with Section 127 (7)(b) of the Companies Act, 2016 in Malaysia and further relevant details are disclosed in Note 14 to the financial statements.

Options granted over unissued shares

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

Indemnity and insurance cost

Expenses incurred on indemnity given or insurance effected for the Director or officer of the Company during the financial year was amounted to RM19,080. No indemnity was given to or insurance effected for auditors of the Company during the financial year.

DIRECTORS' REPORT (CONT'D)

For The Financial Year Ended 30 June 2024

Other statutory information

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

- i) 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 adequate allowance had been made for doubtful debts and there were no bad debts to be written off, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

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

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2024 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant event

The detail of the significant event is disclosed in Note 34 to the financial statements.

Subsequent events

The details of the subsequent events are disclosed in Note 35 to the financial statements.

DIRECTORS' REPORT (CONT'D)

For The Financial Year Ended 30 June 2024

Auditors

The auditors, Messrs. UHY Malaysia (formerly known as UHY), have expressed their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 23 to the financial statements.

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

Dato' Kang Pang Kiang

Director

Lim Sze Yan

Director

Penang

24 October 2024

STATEMENT BY DIRECTORS

Pursuant To Section 251(2) Of The Companies Act, 2016

In the opinion of the Directors, the financial statements set out on pages 78 to 165 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 24 October 2024.

Dato' Kang Pang Kiang

Director

Lim Sze Yan

Director

STATUTORY DECLARATION

Pursuant To Section 251(1)(b) Of The Companies Act, 2016

I, **Dato' Kang Pang Kiang (MIA Number: CA 27127)**, being the Director primarily responsible for the financial management of EG Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 78 to 165 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **Dato' Kang Pang Kiang** at George Town in the State of Penang on 24 October 2024

Dato' Kang Pang Kiang

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EG INDUSTRIES BERHAD

Registration No. 199101012585 (222897-W) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EG Industries Bhd., which comprise the statements of financial position as at 30 June 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 78 to 165.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 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, IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key audit matters	How our audit addressed the key audit matters
Recoverability of trade receivables Refer to Note 11 – Trade and other receivables to the financial statements The trade receivables balance represented 34% of the Group's current assets as at 30 June 2024. During the financial year, the Group assessed the impairment of trade receivables and the assessment of impairment involves significant estimation uncertainty subjective assumptions and the application of significant judgement.	We designed and performed the following key procedures, among others: <ul style="list-style-type: none">• Inquired and assessed the Group's process in identifying debts that are potentially doubtful of recovery.• Tested the reliability of the ageing of trade receivables by testing the age profile of the debts to the respective invoices.• Considered the reasonableness of the basis of expected credit loss rate of trade receivables.• Inspected post year end cash receipt relating to collection of past due debts.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EG INDUSTRIES BERHAD (CONT'D)

Registration No. 199101012585 (222897-W) (Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
<p>Carrying amount of inventories</p> <p>Refer to Note 12 – Inventories to the financial statements</p> <p>The Group held significant inventory balances as at 30 June 2024 of RM521 million. There is a risk over the valuation of inventories due to possible slow moving and obsolete inventories. Slow moving inventories may be due to items that are generally not fast moving such as replacement parts for the repair of the products sold. Obsolete inventories may be due to phasing out of older models or inventories that are no longer saleable. The valuation of inventories is a key audit matter because of the judgement involved in assessing the level of inventory allowance required.</p>	<p>We designed and performed the following key procedures, among others:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Group's process for measuring the amount of write down required and tested the appropriateness of the costing of inventories. • Reviewing the stock movement report and stock ageing report to identify slow moving aged items. • Attending year end physical inventory count to observe physical existence and condition of raw material and finished goods and assessing the implementation of controls during the count. <p>We tested net realisable values to the selling prices.</p>

We have determined that there are no key audit matters in the audit of the financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the annual report 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 annual report and, in doing so, consider whether the annual report 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 annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group 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 and the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EG INDUSTRIES BERHAD (CONT'D)

Registration No. 199101012585 (222897-W) (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EG INDUSTRIES BERHAD (CONT'D)

Registration No. 199101012585 (222897-W) (Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries, of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

Other Matters

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

UHY Malaysia

Firm Number: AF 1411
Chartered Accountants

24 October 2024

Penang

Tio Shin Young

Approval Number: 03355/02/2026 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

As At 30 June 2024

	Note	Group		Company	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment	3	503,112	259,053	-	-
Right-of-use assets	4	47,983	46,754	-	-
Investment properties	5	14,698	14,664	-	-
Investments in subsidiaries	6	-	-	260,530	187,944
Investment in associates	7	2,902	2,443	-	-
Other investments	8	9,751	14,723	9,751	14,723
Intangible assets	9	17,736	10,868	-	-
Deferred tax assets	10	1,589	1,570	-	-
Trade and other receivables	11	-	-	-	49,040
		597,771	350,075	270,281	251,707
Current assets					
Trade and other receivables	11	327,721	248,454	24,961	34,789
Inventories	12	520,555	560,091	-	-
Current tax assets		475	57	2	2
Fixed deposits with licensed banks	13	1,094	1,076	-	-
Cash and bank balances		89,237	52,580	1,283	541
		939,082	862,258	26,246	35,332
Total assets		1,536,853	1,212,333	296,527	287,039
Equity					
Share capital	14	244,910	204,310	244,910	204,310
Treasury shares	14	(7,385)	(8,043)	(7,385)	(8,043)
Reserves	15	282,478	242,714	51,847	57,270
Total equity attributable to owners of the Company		520,003	438,981	289,372	253,537
Non-controlling interests		8,160	(217)	-	-
Total equity		528,163	438,764	289,372	253,537

STATEMENTS OF FINANCIAL POSITION (CONT'D)

As At 30 June 2024

	Note	Group		Company	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Liabilities					
Non-current liabilities					
Lease liabilities	16	7,420	8,291	-	-
Loans and borrowings	17	142,908	60,886	-	-
Provision for retirement benefits	18	914	796	-	-
		<u>151,242</u>	<u>69,973</u>	<u>-</u>	<u>-</u>
Current liabilities					
Lease liabilities	16	7,005	6,025	-	-
Loans and borrowings	17	440,757	375,248	-	-
Trade and other payables	19	409,036	320,999	7,155	33,502
Provision for warranties	20	650	632	-	-
Current tax liabilities		-	692	-	-
		<u>857,448</u>	<u>703,596</u>	<u>7,155</u>	<u>33,502</u>
Total liabilities		<u>1,008,690</u>	<u>773,569</u>	<u>7,155</u>	<u>33,502</u>
Total equity and liabilities		<u>1,536,853</u>	<u>1,212,333</u>	<u>296,527</u>	<u>287,039</u>

The notes on pages 90 to 165 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 30 June 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	21	1,144,184	1,348,104	782	804
Cost of sales		(1,029,722)	(1,244,665)	-	-
Gross profit		114,462	103,439	782	804
Administrative expenses		(27,975)	(28,306)	(2,705)	(1,642)
Distribution expenses		(3,959)	(4,009)	-	-
Other expenses		(10,298)	(21,131)	(560)	(4,192)
Other income		5,996	10,705	10	8,446
Operating profit		78,226	60,698	(2,473)	3,416
Finance costs	22	(28,954)	(19,192)	-	-
Share of profit/(loss) of equity-accounted associate, net of tax	7	459	(116)	-	-
Profit/(Loss) before tax	23	49,731	41,390	(2,473)	3,416
Tax expense	25	(731)	(2,428)	-	-
Profit/(Loss) for the financial year		49,000	38,962	(2,473)	3,416
Other comprehensive income/ (expense), net of tax					
Item that will not be reclassified subsequently to profit or loss					
- Net change in fair value of equity instruments designated at fair value through other comprehensive income ("FVOCI")		(36)	229	(36)	229
		(36)	229	(36)	229
Items that are or may subsequently be reclassified to profit or loss					
- Foreign currency translation differences for foreign operations		(7,863)	8,013	-	-
		(7,863)	8,013	-	-

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

For The Financial Year Ended 30 June 2024

	Note	Group		Company	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Other comprehensive (expense)/ income for the financial year, net of tax		(7,899)	8,242	(36)	229
Total comprehensive income/ (expense) for the financial year		41,101	47,204	(2,509)	3,645
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		49,739	38,962	(2,473)	3,416
Non-controlling interests		(739)	-	-	-
		49,000	38,962	(2,473)	3,416
Total comprehensive income/ (expenses) attributable to:					
Owners of the Company		41,840	47,204	(2,509)	3,645
Non-controlling interests		(739)	-	-	-
		41,101	47,204	(2,509)	3,645
Basic earnings per ordinary share (sen)	26	10.66	9.16	-	-
Diluted earnings per ordinary share (sen)	26	10.66	9.16	-	-

The notes on pages 90 to 165 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2024

Group	Note	Attributable to owners of the Company												
		Share capital			RCPS-Equity component		Non-distributable			Distributable			Non-controlling interests	
RM'000	RM'000	RM'000	Treasury shares	Fair value reserve	Translation reserve	Capital reserve	Retained earnings	Total	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2022														
		188,060	7,078	(8,043)	(4,337)	10,713	28,558	163,431	385,460	(217)	385,243			
Foreign currency translation differences for foreign operations		-	-	-	-	8,013	-	-	8,013	-	8,013	-	-	8,013
Net change in fair value of equity instruments designated at FVOCI		-	-	-	229	-	-	-	229	-	229	-	-	229
Total other comprehensive income for the financial year		-	-	-	229	8,013	-	-	8,242	-	8,242	-	-	8,242
Profit for the financial year		-	-	-	-	-	-	38,962	38,962	-	38,962	-	-	38,962
Total comprehensive income for the financial year														
		-	-	-	229	8,013	-	38,962	47,204	-	47,204	-	-	47,204
Conversion of RCPS to ordinary shares	14	9,879	(7,078)	-	-	-	-	(2,801)	-	-	-	-	-	-
Dividend paid	27	-	-	-	-	-	-	(54)	(54)	-	(54)	-	-	(54)
Private placement	14	6,371	-	-	-	-	-	-	6,371	-	6,371	-	-	6,371
Total transactions with owners of the Company														
		16,250	(7,078)	-	-	-	-	(2,855)	6,317	-	6,317	-	-	6,317
At 30 June 2023														
		204,310	-	(8,043)	(4,108)	18,726	28,558	199,538	438,981	(217)	438,764			

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(CONT'D)

For The Financial Year Ended 30 June 2024

Group	Note	Attributable to owners of the Company						
		Share capital	Treasury shares	Fair value reserve	Translation reserve	Capital reserve	Retained earnings	Non-controlling interests
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2023		204,310	(8,043)	(4,108)	18,726	28,558	199,538	(217)
Foreign currency translation differences for foreign operations		-	-	-	(7,863)	-	-	-
Net change in fair value of equity instruments designated at FVOCI		-	-	(36)	-	-	-	-
Total other comprehensive income/(expense) for the financial year		-	-	(36)	(7,863)	-	(7,899)	-
Profit for the financial year		-	-	-	-	-	49,739	(739)
Total comprehensive income/(expense) for the financial year		-	-	(36)	(7,863)	-	41,840	(739)
Private placement	14	40,600	-	-	-	-	-	-
Treasury shares sold	14	-	658	-	-	1,631	-	-
Dividend payable	27	-	-	-	-	-	(4,545)	-
Non-controlling interest from acquisition of a new subsidiary	6	40,600	658	-	-	1,631	(4,545)	-
Changes in ownership interest in a subsidiary	6	-	-	-	-	-	838	(88)
Total transactions with owners of the Company		40,600	658	-	-	1,631	(3,707)	9,116
At 30 June 2024		244,910	(7,385)	(4,144)	10,863	30,189	245,570	8,160
							520,003	528,163

The notes on pages 90 to 165 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2024

Company	Note	Attributable to owners of the Company						
		Share capital RM'000	RCPS- Equity component RM'000	Treasury shares RM'000	Fair value reserve RM'000	Capital reserve RM'000	Distributable	
							Retained earnings RM'000	Total equity RM'000
At 1 July 2022		188,060	7,078	(8,043)	(4,337)	28,558	32,259	243,575
Total other comprehensive income for the financial year								
- Net change in fair value of equity instruments designated at FVOCI		-	-	-	229	-	-	229
Profit for the financial year		-	-	-	-	-	3,416	3,416
Total comprehensive income for the financial year		-	-	-	229	-	3,416	3,645
Conversion of RCPS to ordinary shares		9,879	(7,078)	-	-	-	(2,801)	-
Dividend paid		-	-	-	-	-	(54)	(54)
Private placement		6,371	-	-	-	-	-	6,371
Total transactions with owners of the Company		16,250	(7,078)	-	-	-	(2,855)	6,317
At 30 June 2023		204,310	-	(8,043)	(4,108)	28,558	32,820	253,537

STATEMENT OF CHANGES IN EQUITY (CONT'D)

For The Financial Year Ended 30 June 2024

Company	Note	Attributable to owners of the Company					Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Non-distributable	Distributable		
				Fair value reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	
At 1 July 2023		204,310	(8,043)	(4,108)	28,558	32,820	253,537
Total other comprehensive income for the financial year							
- Net change in fair value of equity instruments designated at FVOCI		-	-	(36)	-	-	(36)
Loss for the financial year		-	-	-	-	(2,473)	(2,473)
Total comprehensive income for the financial year		-	-	(36)	-	(2,473)	(2,509)
Private placement	14	40,600	-	-	-	-	40,600
Treasury shares sold	14	-	658	-	1,631	-	2,289
Dividend payable	27	-	-	-	-	(4,545)	(4,545)
Total transactions with owners of the Company		40,600	658	-	1,631	(4,545)	38,344
At 30 June 2024		244,910	(7,385)	(4,144)	30,189	25,802	289,372

The notes on pages 90 to 165 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 June 2024

		Group		Company	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit/(Loss) before tax from continuing operations		49,731	41,390	(2,473)	3,416
Adjustments for:					
Depreciation of property, plant and equipment	3	38,730	38,666	-	-
Depreciation of right-of-use assets	4	3,343	2,798	-	-
Depreciation of investment properties	5	65	65	-	-
Amortisation of intangible assets	9	622	671	-	-
Bad debt written off		-	149	-	-
Interest expense	22	28,954	19,192	-	-
Dividend income		(2)	(26)	(2)	(26)
Loss/(Gain) on disposal of property, plant and equipment		139	(80)	-	-
Gain on disposal of right-of-use assets		(43)	(118)	-	-
Loss on disposal of other investments		274	432	274	432
Interest income		(1,843)	(426)	(2)	-
Property, plant and equipment written off		33	-	-	-
Provision for retirement benefits	18	151	140	-	-
Provision for slow moving stocks	12	2,401	219	-	-
Provision for warranties, net	20	18	365	-	-
Fair value loss/(gain) on financial instruments mandatorily measured at fair value through profit or loss ("FVTPL"), net		285	(8,446)	285	(8,446)
Net impairment losses on:					
- investment in subsidiaries		-	-	-	502
- intangible assets		-	675	-	-
- trade and other receivables		2,222	311	-	3,260
Share of results of an associate		(459)	116	-	-
Loss/(Gain) on foreign exchange, net - unrealised		8,092	5,841	-	(1)
Operating profit/(loss) before changes in working capital		132,713	101,934	(1,918)	(863)
Changes in working capital:					
Inventories		28,285	(99,661)	-	-

STATEMENTS OF CASH FLOWS (CONT'D)

For The Financial Year Ended 30 June 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade and other receivables		(91,046)	2,298	58,868	4,532
Trade and other payables		82,703	(30,192)	(30,892)	(12,670)
Cash generated from/(used in) operations		152,655	(25,621)	26,058	(9,001)
Tax paid		(1,872)	(51)	(1)	(1)
Tax refunded		5	955	-	-
Dividend received		2	26	2	26
Net cash generated from/(used in) operating activities		150,790	(24,691)	26,059	(8,976)
Cash flows from investing activities					
Subscription of shares in an associate		-	(1)	-	-
Subscription of shares in a subsidiary		-	-	(72,586)	-
Issue of share capital to non-controlling interest of subsidiary company		9,954	-	-	-
Acquisition of:					
- property, plant and equipment	A	(216,116)	(33,663)	-	-
- right-of-use assets	B	-	(2,076)	-	-
- investment properties		(99)	(11,220)	-	-
- other investments		(8,700)	-	(8,700)	-
- intangible assets		(7,491)	-	-	-
Interest received		1,843	426	2	-
Proceeds from disposal of plant and equipment		3,176	319	-	-
Proceeds from disposal of other investments		13,077	2,835	13,077	2,835
Proceeds from disposal of right-of-use assets		43	270	-	-
Net cash (used in)/generated from investing activities		(204,313)	(43,110)	(68,207)	2,835

STATEMENTS OF CASH FLOWS (CONT'D)

For The Financial Year Ended 30 June 2024

	Note	Group		Company	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities					
Issue of shares pursuant to private placement		40,600	6,371	40,600	6,371
Proceeds from resale of treasury shares		2,290	-	2,290	-
Drawdown of bank borrowings, net		67,956	130,000	-	-
Drawdown of lease liabilities		6,761	4,894	-	-
Repayment of lease liabilities		(7,313)	(4,726)	-	-
Drawdown/(Repayment) of term loans, net		16,592	(7,189)	-	-
Dividend paid		-	(252)	-	(252)
Interest paid		(28,950)	(19,192)	-	-
Placement of pledged deposits		(38)	(138)	-	-
Net cash generated from financing activities		97,898	109,768	42,890	6,119
Net increase/(decrease) in cash and cash equivalents		44,375	41,967	742	(22)
Effect of exchange rate fluctuations on cash and bank balances		(7,718)	845	-	1
Cash and cash equivalents at 1 July 2023/2022		52,580	9,768	541	562
Cash and cash equivalents at 30 June		89,237	52,580	1,283	541

Notes

A. Acquisition of property, plant and equipment

Payments for the acquisition of property, plant and equipment are as follows:

Group	Note	2024	2023
		RM'000	RM'000
Purchase by way of cash		216,116	33,663
Purchase by way of term loan		64,137	24,642
Other payables		12,161	18,109
Additions of property, plant and equipment	3	292,414	76,414

STATEMENTS OF CASH FLOWS (CONT'D)

For The Financial Year Ended 30 June 2024

B. Acquisition of right-of-use assets

Payments for the acquisition of right-of-use assets are as follows:

Group	Note	2024 RM'000	2023 RM'000
Cash payments		-	2,076
Lease liabilities		655	5,258
Additions of right-of-use assets	4	655	7,334

C. Cash outflows for leases as lessee

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000

Included in net cash from operating activities:

Payment relating to short-term leases	1,207	1,347	-	-
Payment relating to leases of low-value assets	33	26	-	-
Interest paid in relation to lease liabilities	856	615	-	-

Included in net cash from financing activities:

Payment of lease liabilities	7,313	4,726	-	-
Total cash outflows for leases	9,409	6,714	-	-

The notes on pages 90 to 165 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

The registered office of the Company is located at 170-09-01 Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang and its principal place of business is located at Plot 102, Jalan 4, Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah.

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates.

The Company is principally engaged in investment holding and provision of management service, whilst the principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 24 October 2024.

1. Basis of preparation

(a) Statement of compliance

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

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year.

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts* and its amendments
- Amendments to MFRS 101 and MFRS Practice Statement 2, *Presentation of Financial Statements – Disclosure of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules*

Adoption of the above standards did not have any material effect on the financial performance or position of the Group and of the Company except for:

Amendment to MFRS 101 and MFRS Practice Statement 2 Disclosure of Accounting Policies

The Group and the Company have adopted the amendments to MFRS 101 *Presentation of Financial Statements* and MFRS Practice Statement 2 *Materiality Practice Statement* for the first time in the current financial year. The amendments change the requirements in MFRS 101 *Presentation of Financial Statements* with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

Amendments to MFRS 101 *Presentation of Financial Statements* are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments have no effect on the measurement, recognition or presentation of any items in the Group's and the Company's financial statements but affect the disclosure of accounting policies.

Standards issued but not yet effective

The following are accounting standards, interpretations and amendments that have been issued by the MASB but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases* – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, *Presentation of Financial Statements* – Non-Current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
- Amendment to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures* – Supplier Finance Arrangements

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendment to MFRS 121, *The Effects of Changes in Foreign Exchange Rates* – Lack of Exchangeability

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosure* – Amendments to the Classification and Measurement of Financial Instruments
- Amendments to MFRSs, *Amendments that are part of Annual Improvements* – Volume 11

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability* : Disclosures

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments, where applicable in the respective financial years when the abovementioned standards, interpretations and amendments become effective.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost convention except as otherwise stated in the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 and Note 4 - Useful lives of property, plant and equipment and right-of-use assets
- Note 6 - Control of subsidiary and Impairment of investments in subsidiaries
- Note 9 - Intangible asset (measurement of the recoverable amounts of cash generating units)
- Note 9.1 - Impairment testing for goodwill
- Note 10 - Deferred tax assets
- Note 11 - Trade and other receivables
- Note 12 - Valuation of inventories
- Note 25 - Income taxes

2. Material accounting policies information

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Material accounting policies information (Cont'd)

(a) Basis of consolidation

(i) Subsidiaries

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

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

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

(ii) Business Combinations

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

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

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

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

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

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

(iii) Acquisition of non-controlling interests

The Group accounts for all changes in its ownership interest in subsidiaries that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Material accounting policies information (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Loss of control

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

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies. Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

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

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

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

(vi) Non-controlling interest

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Material accounting policies information (Cont'd)

(a) Basis of consolidation (Cont'd)

(vii) Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

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

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

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 July 2012 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

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

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Material accounting policies information (Cont'd)

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition of issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified to subsequent to the initial recognition unless the Group and the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) *Amortised cost*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profits or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(h)(i)) where the effective interest rate is applied to the amortised cost.

(b) *Fair value through other comprehensive income*

(i) *Debt investments*

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Material accounting policies information (Cont'd)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(b) Fair value through other comprehensive income (Cont'd)

(i) Debt investments (Cont'd)

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(h)(i)) where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(h)(i)).

Financial liabilities

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Material accounting policies information (Cont'd)

(c) Financial instruments (Cont'd)

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

- (a) the recognition of an asset on the day it is received by the Group or the Company, and
- (b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Material accounting policies information (Cont'd)

(c) Financial instruments (Cont'd)

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the assets and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Material accounting policies information (Cont'd)

(d) Property, plant and equipment (Cont'd)

(iii) Depreciation (Cont'd)

The estimated useful lives and principal annual depreciation rates for the current and comparative periods are as follows:

Leasehold land	25 - 65 years
Buildings	1% - 5%
Plant and machinery	10% - 33%
Furniture and fittings	10% - 33%
Warehouse equipment and fittings	10%
Office equipment	10% - 33%
Tools and equipment	10% - 20%
Motor vehicles	20%
Factory/Office renovation	10%

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leases

(i) Definition of a lease

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

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

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

(ii) Recognition and initial measurement

(a) As a lessee

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Material accounting policies information (Cont'd)

(e) Leases (Cont'd)

(ii) Recognition and initial measurement (Cont'd)

(a) As a lessee (Cont'd)

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

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

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

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

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

(b) As a lessor

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

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

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Material accounting policies information (Cont'd)

(e) Leases (Cont'd)

(iii) Subsequent measurement (Cont'd)

(a) As a lessee (Cont'd)

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

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

(b) As a lessor

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

(f) Investment properties

(i) Investment property carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administration purpose. These include land (other than prepaid lease payments) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are measured initially at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2 (d).

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Right-of-use asset held under a lease contract that meets the definition of investment property is unlikely measured similarly as other right-of-use assets.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment properties

When an item of property, plant and equipment is transferred to investment properties following a change in its use, evidenced by commencement of owner-occupation, for a transfer from investment properties to owner-occupied property or end owner-occupation, for a transfer from owner-occupied property to investment property.

Transfers between investment properties and property, plant and equipment does not change the carrying amount of the property transferred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Material accounting policies information (Cont'd)

(g) Intangible assets

(i) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(ii) Other intangible assets

Intangible assets, other than goodwill, comprises of software costs and intellectual property that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful life of intangible assets are as follows:

Software	3 to 10 years
Intellectual property	NIL (2023: NIL)

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(v) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when asset is derecognised.

(h) Impairment

(i) Financial assets

The Group and the Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Material accounting policies information (Cont'd)

(h) Impairment (Cont'd)

(i) Financial assets (Cont'd)

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Material accounting policies information (Cont'd)

(h) Impairment (Cont'd)

(ii) Other assets (Cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the first-in, first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Material accounting policies information (Cont'd)

(j) Employee benefits (Cont'd)

(iii) Defined benefit plan

The liability recognised in the consolidated statement of financial position relates to the Company's subsidiary in Thailand in respect of defined benefit pension plan. The liability represents the present value of the defined benefit obligation at the end of the reporting year less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefit will be paid.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other component of equity in the year in which they arise.

(k) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Interest income

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

(iv) Rental income

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

(v) Services

Revenue from services rendered is recognised in profit or loss when the services are performed.

(vi) Management fee

Management fee is recognised on accrual basis when the services are rendered.

(l) Statements of cash flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows. Cash and cash equivalents comprise cash and bank balances and deposits with licensed banks.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. Property, plant and equipment

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and fittings RM'000	Warehouse equipment and fittings RM'000	Office equipment RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Factory/Office renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Cost											
At 1 July 2022	1,868	38,447	442,250	3,103	-	8,104	18,227	2,212	31,207	65	545,483
Additions	-	-	18,887	433	-	809	316	1,080	2,497	52,392	76,414
Disposals	-	-	(952)	(27)	-	(135)	(1)	(31)	-	-	(1,146)
Reclassification	-	-	286	-	-	-	-	-	-	(286)	-
Transfer to right-of-use assets, net	-	-	(3,001)	-	-	-	-	-	-	-	(3,001)
Written off	-	-	-	-	-	-	-	(3)	-	-	(3)
Foreign exchange differences	70	1,405	6,998	13	-	45	136	32	53	-	8,752
At 30 June/1 July 2023	1,938	39,852	464,468	3,522	-	8,823	18,678	3,290	33,757	52,171	626,499
Additions	-	1,887	169,880	242	50	1,026	2,468	239	4,970	111,652	292,414
Disposals	-	-	(29,838)	(6)	-	(66)	(3)	(164)	(4)	-	(30,081)
Reclassification	-	-	912	-	-	15	-	-	-	(927)	-
Transfer to right-of-use assets, net	-	1,020	(3,708)	-	-	-	-	263	-	-	(2,425)
Written off	-	-	(3,146)	-	-	-	-	-	-	(33)	(3,179)
Foreign exchange differences	(72)	(464)	(6,591)	(13)	-	(46)	(138)	(33)	(54)	-	(7,411)
At 30 June 2024	1,866	42,295	591,977	3,745	50	9,752	21,005	3,595	38,669	162,863	875,817

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. Property, plant and equipment (Cont'd)

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and fittings RM'000	Warehouse equipment and fittings RM'000	Office equipment RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Factory/Office renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment losses											
At 1 July 2022											
Accumulated - depreciation	-	15,078	273,284	1,656	-	6,042	12,608	1,989	10,192	-	320,849
- impairment losses	-	-	2,260	4	-	17	173	-	-	-	2,454
	-	15,078	275,544	1,660	-	6,059	12,781	1,989	10,192	-	323,303
Charge for the financial year	-	1,122	33,155	272	-	694	1,191	193	2,039	-	38,666
Disposals	-	-	(729)	(21)	-	(125)	(1)	(31)	-	-	(907)
Transfer from right-of-use assets, net	-	-	1,086	-	-	-	-	-	-	-	1,086
Written off	-	-	-	-	-	-	-	(3)	-	-	(3)
Foreign exchange differences	-	330	4,737	10	-	39	123	32	30	-	5,301

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. Property, plant and equipment (Cont'd)

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and fittings RM'000	Warehouse equipment and fittings RM'000	Office equipment RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Factory/Office renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment losses (Cont'd)											
Accumulated - depreciation	-	16,530	311,533	1,917	-	6,650	13,921	2,180	12,261	-	364,992
- impairment losses	-	-	2,260	4	-	17	173	-	-	-	2,454
At 30 June/1 July 2023	-	16,530	313,793	1,921	-	6,667	14,094	2,180	12,261	-	367,446
Charge for the financial year	-	1,219	32,999	292	1	705	1,078	306	2,130	-	38,730
Disposals	-	-	(26,539)	(5)	-	(64)	(3)	(151)	(4)	-	(26,766)
Transfer from right-of-use assets, net	-	-	1,229	-	-	-	-	263	-	-	1,492
Written off	-	-	(3,146)	-	-	-	-	-	-	-	(3,146)
Foreign exchange differences	-	(359)	(4,446)	(11)	-	(42)	(131)	(32)	(30)	-	(5,051)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. Property, plant and equipment (Cont'd)

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and fittings RM'000	Warehouse equipment and fittings RM'000	Office equipment RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Factory/Office renovation RM'000	Capital work-in-progress RM'000	Total RM'000
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Accumulated depreciation and impairment losses (Cont'd)

Accumulated - depreciation	-	17,390	311,630	2,193	1	7,249	14,865	2,566	14,357	-	370,251
- impairment losses	-	-	2,260	4	-	17	173	-	-	-	2,454
At 30 June 2024	-	17,390	313,890	2,197	1	7,266	15,038	2,566	14,357	-	372,705

Carrying amount

At 1 July 2022	1,868	23,369	166,706	1,443	-	2,045	5,446	223	21,015	65	222,180
At 30 June/ 1 July 2023	1,938	23,322	150,675	1,601	-	2,156	4,584	1,110	21,496	52,171	259,053
At 30 June 2024	1,866	24,905	278,087	1,548	49	2,486	5,967	1,029	24,312	162,863	503,112

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. Property, plant and equipment (Cont'd)

Company	Office equipment RM'000
Cost	
At 1 July 2022/30 June 2023/30 June 2024	1
Accumulated depreciation	
At 1 July 2022/30 June 2023/30 June 2024	1
Carrying amount	
At 1 July 2022/30 June 2023/30 June 2024	-

3.1 Securities

Property, plant and equipment of certain subsidiaries with the following carrying amounts are charged as securities to financial institutions for borrowings granted to the Group as disclosed in Note 17.1 to the financial statements:

Group	2024 RM'000	2023 RM'000
Carrying amount		
Freehold land	28,346	1,938
Buildings	1,867	15,999
Plant and machinery	13,718	27,548
	43,931	45,485

3.2 Capitalisation of borrowing costs

The amount of borrowing costs capitalised during the financial year was RM5,518,612 (2023: RM176,739). The rate used to determine the amount of borrowing costs eligible for capitalisation was 7.52% (2023: 0.42%), which is the effective interest rate of the specific borrowing.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. Right-of-use assets

Group	Leasehold land and building RM'000	Plant and machinery RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 1 July 2022	29,224	15,145	-	1,005	45,374
Additions	2,076	5,258	-	-	7,334
Disposals	-	-	-	(621)	(621)
Transfer from property, plant and equipment, net	-	3,001	-	-	3,001
At 30 June/1 July 2023	31,300	23,404	-	384	55,088
Additions	-	-	488	167	655
Disposals	-	-	-	(121)	(121)
Transfer (to)/from property, plant and equipment, net	(1,020)	3,708	-	(263)	2,425
At 30 June 2024	30,280	27,112	488	167	58,047
Accumulated Depreciation					
At 1 July 2022	2,220	4,119	-	752	7,091
Charge for the financial year	531	2,180	-	87	2,798
Disposals	-	-	-	(469)	(469)
Transfer to property, plant and equipment, net	-	(1,086)	-	-	(1,086)
At 30 June/1 July 2023	2,751	5,213	-	370	8,334
Charge for the financial year	570	2,654	81	38	3,343
Disposals	-	-	-	(121)	(121)
Transfer to property, plant and equipment, net	-	(1,229)	-	(263)	(1,492)
At 30 June 2024	3,321	6,638	81	24	10,064

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. Right-of-use assets (Cont'd)

Group	Leasehold land and building RM'000	Plant and machinery RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Total RM'000
Carrying amount					
At 1 July 2022	27,004	11,026	-	253	38,283
At 30 June/1 July 2023	28,549	18,191	-	14	46,754
At 30 June 2024	26,959	20,474	407	143	47,983

4.1 Assets pledged as securities for the related lease liabilities

Plant and machinery and motor vehicles are pledged as security for the related lease payables.

4.2 Assets pledged as securities to financial institutions

Leasehold land and building are pledged as securities for bank borrowings as disclosed in Note 17.1 to the financial statements.

4.3 Leasehold land

At 30 June 2024, the remaining period of the lease term of the leasehold land ranges from 25 to 65 years (2023: 26 to 57 years).

4.4 Transfer (to)/from

Plant and machinery transferred from property, plant and equipment with carrying amount of RM1,071,667 (2023: RM5,839,616) were refinanced by lease liabilities amounting to RM56,765,838 (2023: RM5,076,616).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. Investment properties

Group	Leasehold land RM'000	Buildings RM'000	Properties under construction RM'000	Total RM'000
Cost				
At 1 July 2022	687	3,265	-	3,952
Additions	-	-	11,220	11,220
At 30 June/1 July 2023	687	3,265	11,220	15,172
Additions	-	-	99	99
At 30 June 2024	687	3,265	11,319	15,271
Accumulated depreciation				
At 1 July 2022	168	275	-	443
Charge for the financial year	24	41	-	65
At 30 June/1 July 2023	192	316	-	508
Charge for the financial year	24	41	-	65
At 30 June 2024	216	357	-	573
Carrying amount				
At 1 July 2022	519	2,990	-	3,509
At 30 June/1 July 2023	495	2,949	11,220	14,664
At 30 June 2024	471	2,908	11,319	14,698
Fair Value				
At 30 June 2023	4,000	3,800	N/A	7,800
At 30 June 2024	2,800	3,800	N/A	6,600

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. Investment properties (Cont'd)

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

Group	2024 RM'000	2023 RM'000
Rental income	303	264
Direct operating expenses:		
- income generating	31	62

5.1 Fair value information

The fair value of the investments properties of the Group is based on the Directors' estimation using the latest available market information and recent experience and knowledge in the location and category of property being valued. (2023: The fair value of the investments properties of the Group was based on an independent valuation carried out by an independent firm of valuers on an open market basis conducted on 30 June 2023. The fair value was using the comparison and cost approach with relevant adjustments made to key attributes such as land size, location, tenure and other relevant factors.)

Properties under construction are currently under construction and the fair value of the properties are unable to be determined as there are uncertainties in estimating its fair value.

5.2 Securities

Certain investment properties are charged as securities to financial institutions for borrowings granted to the Group as disclosed in Note 17.1 to the financial statements.

5.3 Investment properties under leases

Investment properties are leased to third parties or were vacant. The lease contains a cancellable period. No contingent rents are charged.

5.4 Capitalisation of borrowing costs

The amount of borrowing costs capitalised during the financial year was RM30,482 (2023: RMNIL). The rate used to determine the amount of borrowing costs eligible for capitalisation was 0.41% (2023: NIL%), which is the effective interest rate of the specific borrowing.

6. Investments in subsidiaries

Company	2024 RM'000	2023 RM'000
Unquoted shares, at cost	273,366	200,780
Less: Accumulated impairment losses	(12,836)	(12,836)
	260,530	187,944

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. Investments in subsidiaries (Cont'd)

The details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2024 %	2023 %	
SMT Technologies Sdn. Bhd.	Malaysia	100	100	Provision of electronic manufacturing services for computer peripherals and consumer electronic/electrical products and production of high filtration face masks
Mastimber Industries Sdn. Bhd.*	Malaysia	97.3	97.3	Dormant
EG Electronic Sdn. Bhd.	Malaysia	100	100	Original Equipment Manufacturer/Original Design Manufacturer in complete box built products
SMT Industries Co., Ltd.*#	Thailand	100	100	Provision of electronic manufacturing services for computer peripherals, consumer electronic/electrical and automotive industrial products
EG R&D Sdn. Bhd.	Malaysia	100	100	Research and development activities for electronic, electrical, telecommunication and technology products and operate a shared services outsourcing center rendering BP outsourcing in financial and administration processes and IT services
EG Operations Sdn. Bhd.	Malaysia	100	100	Investment holding activities and manufacturing and assembling of plastic moulded parts, electronic components and other related box-build products
Glisten Knight Sdn. Bhd.	Malaysia	70	100^	Investment holding activities and to undertake procurement, sales, marketing and distribution activities for electronic and electrical products and related components and operating and rental of warehouses for the storage of goods and materials handling
Genitronic (Malaysia) Sdn. Bhd.*@	Malaysia	30	-	Manufacturing, sales and distribution of commercial network communication and security related products, home digital related products, computer peripherals, and provision of technology consulting services

* Not audited by UHY Malaysia

Shares are held in trust by certain Director for EG Industries Berhad

^ Held through SMT Technologies Sdn. Bhd. ("SMTT")

@ Held through EG Operations Sdn. Bhd. ("EGO")

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. Investments in subsidiaries (Cont'd)

6.1 Acquisition of subsidiary companies

- (i) Genitronic (Malaysia) Sdn. Bhd. ("GTR"), held through EGO, is regarded as a subsidiary of the Group and ceased to be an associate of the Group as disclosed in Note 7 to the financial statements although the Group owns less than half of the ownership interest and voting interest in GTR, the Group controls this subsidiary by virtue of an agreement with its other investors and its ability to participate in the financial and operating policy decisions of this subsidiary by way of representation on the board of directors. Consequently, the Group consolidates its investment in this subsidiary.

On 14 August 2023, GTR increased its paid up share capital from 2,000 to 5,789,146 ordinary shares. EGO subscribed additional 1,736,246 ordinary shares of RM1.50 per share in GTR by way of cash. There is no change in shareholdings resulted from the additional investment.

On 23 October 2023, GTR increased its paid up share capital from 5,789,146 to 11,577,966 ordinary shares. EGO subscribed additional 1,736,646 ordinary shares of RM1.50 per share in GTR by way of cash. There is no change in shareholdings resulted from the additional investment.

GTR was incorporated on 25 May 2023 and is the first set of financial statements prepared since its incorporation, covering the period from incorporation to 30 June 2024.

- (ii) On 24 January 2024, Glisten Knight Sdn. Bhd. ("GK"), a wholly-owned subsidiary company of SMT Technologies Sdn. Bhd. ("SMTT"), increased its paid-up share capital from 500,000 to 2,500,000. SMTT subscribed additional 1,250,000 ordinary shares of RM1 per share in GK by capitalisation of debts due to SMTT and the remaining 750,000 ordinary shares of RM1 per share have been subscribed by non-controlling interest. Consequently, the Group's effective equity interest in GK decreased from 100% to 70%.
- (iii) On 7 April 2024, SMT Industries Co., Ltd. ("SMTI"), a wholly-owned subsidiary company of the Company, increased its paid-up share capital from 78,000,000 to 134,000,000 ordinary shares. The Company subscribed additional 56,000,000 ordinary shares of THB10 (RM1.296) per share in SMTI by capitalisation of debts due to Company. There is no change in shareholdings resulted from the additional investment.

The effect of changes in the equity interest in GK that is attributable to owners of the Company:

	RM'000
Carrying amount of non-controlling interest disposed	88
Consideration received from non-controlling interest	750
Increase in parent's equity	838

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. Investments in subsidiaries (Cont'd)

6.2 Non-controlling interest in subsidiaries

The Group's subsidiaries that have non-controlling interest ("NCI") are as follows:

- (i) Partly-owned subsidiary companies

Name of company	NCI Percentage of ownership interest and voting interest		Profit/(Loss) allocated to NCI		Accumulated non-controlling interests	
	2024	2023	2024	2023	2024	2023
	%	%	RM'000	RM'000	RM'000	RM'000
Mastimber Industries Sdn. Bhd.	2.7	2.7	-	-	(217)	(217)
Glisten Knight Sdn. Bhd.	30	-	(50)	-	(138)	-
Genitronic (Malaysia) Sdn. Bhd.	70	-*	(689)	-	8,515	-
			(739)	-	8,160	(217)

* In previous financial year was regarded as an associate.

Summarised financial information for each subsidiary company that has non-controlling interests is set out below. The summarised financial information below represents amounts before inter-company eliminations.

Summarised statements of financial position

	Mastimber Industries Sdn. Bhd.		Glisten Knight Sdn. Bhd.		Genitronic (Malaysia) Sdn. Bhd.	
	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	-	-	11,912	-	17,207	-
Current assets	7	10	579	-	25,916	-
Non-current liabilities	(8,051)	(8,051)	(7,225)	-	(1,681)	-
Current liabilities	(2)	(2)	(3,137)	-	(28,012)	-
Net liabilities	(8,046)	(8,043)	2,129	-	13,430	-

Summarised statements of profit or loss and other comprehensive income

	Mastimber Industries Sdn. Bhd.		Glisten Knight Sdn. Bhd.		Genitronic (Malaysia) Sdn. Bhd.	
	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	170	-	11,549	-
Loss for the financial year	(4)	(4)	(435)	-	(985)	-
Total comprehensive expense	(4)	(4)	(435)	-	(985)	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. Investments in subsidiaries (Cont'd)

6.2 Non-controlling interest in subsidiaries (Cont'd)

(i) Partly-owned subsidiary companies (Cont'd)

Summarised statements of cash flows

	Mastimber Industries Sdn. Bhd.		Glisten Knight Sdn. Bhd.		Genitronic (Malaysia) Sdn. Bhd.	
	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows (used in)/generated from						
- operating activities	(4)	(4)	(9,683)	-	9,069	-
- investing activities	-	-	1,779	-	(14,590)	-
- financing activities	-	-	7,520	-	13,461	-
Net (decrease)/increase in cash and cash equivalents	(4)	(4)	(384)	-	7,940	-

6.3 Impairment loss

In previous financial year, the Company recognised impairment loss of RM502,674 on certain investments in subsidiaries as these subsidiaries are unlikely to turn profitable in the foreseeable future. The impairment loss was included in other expense.

7. Investment in associates

Group	2024	2023
	RM'000	RM'000
At cost		
Unquoted shares in Malaysia	1,960	1,960
Share of post-acquisition reserves	942	483
	<u>2,902</u>	<u>2,443</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. Investment in associates (Cont'd)

Details of the associates are as follows:

Name of associate	Country of incorporation	Effective ownership interest		Principal activities
		2024	2023	
		%	%	
TM SMT Sdn. Bhd. ^{*#@^}	Malaysia	49	49	Manufacturing of electronic and electrical products, wholesale of computer hardware, software and peripherals
TM SMT (Thailand) Co., Ltd. ^{*#@&}	Thailand	49	49	Dormant
Genitronic (Malaysia) Sdn. Bhd. ^{*@%}	Malaysia	-	30	Production of commercial network communication and security related products, home digital products, computer peripherals and provision of technology consulting services

* Not audited by UHY Malaysia

Financial year end 31 December

@ Unaudited financial statements

^ Held through SMT Technologies Sdn. Bhd.

& Held through TM SMT Sdn. Bhd, TM SMT Sdn. Bhd. hold 99% of TM SMT (Thailand) Co., Ltd.

% Held through EG Operations Sdn. Bhd.

In previous financial year, EG Operations Sdn. Bhd. acquired 600 units of ordinary shares of Genitronic (Malaysia) Sdn. Bhd. at RM1 per share, representing 30% of its total issued share capital, by way of cash.

The investment in the associates over which the Group has significant influence (but no control over its operations) is accounted for using the equity method. The investment is initially recognised at cost and adjustment thereafter to include the Group's share of post-acquisition distributable and non-distributable reserves of the associate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. Investment in associates (Cont'd)

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

	2024	2023
	RM'000	RM'000

TM SMT Sdn. Bhd.

Summarised financial information as at 30 June

Total assets	13,458	22,287
Total liabilities	(7,675)	(17,246)
Net assets	5,783	5,041

Year ended 30 June

Net profit/(loss) and total comprehensive income/(expense) for the financial year	939	(236)
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Included in total comprehensive income:

Revenue	46,140	46,307
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Reconciliation of net assets to carrying amount as at 30 June

	2024	2023
	RM'000	RM'000

Group's share of net assets representing the carrying amount in the statement of financial position	2,902	2,443
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Group's share of results for the year ended 30 June

	2024	2023
	RM'000	RM'000

Group's share of net profit/(loss) and total comprehensive income/(expense)	459	(116)
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. Investment in associates (Cont'd)

Other information

	2024 RM'000	2023 RM'000
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Dividend received

-

The Group has not recognised RM4,018 loss related to Genitronic (Malaysia) Sdn. Bhd. in financial year 2023 since the Group has no obligation in respect of the loss.

8. Other investments

Group and Company	2024 RM'000	2023 RM'000
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Non-current

Fair value through other comprehensive income

Quoted shares in Malaysia

9,689

35

Quoted shares outside Malaysia

62

2,742

9,751

2,777

Fair value through profit or loss

Quoted shares in Malaysia

-

11,946

Total other investments

9,751

14,723

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. Intangible assets

Group	Goodwill RM'000	Software cost RM'000	Intellectual property RM'000	Total RM'000
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Cost

At 1 July 2022	10,148	3,490	8,875	22,513
Foreign exchange differences	-	11	-	11
At 30 June/1 July 2023	10,148	3,501	8,875	22,524
Additions	-	7,491	-	7,491
Foreign exchange differences	-	(12)	-	(12)
At 30 June 2024	10,148	10,980	8,875	30,003

Accumulated amortisation and impairment loss

At 1 July 2022

Accumulated amortisation	-	2,437	3,902	6,339
Accumulated impairment loss	-	-	3,960	3,960
	-	2,437	7,862	10,299
Amortisation for the financial year	-	333	338	671
Impairment loss	-	-	675	675
Foreign exchange differences	-	11	-	11

At 30 June/1 July 2023

Accumulated amortisation	-	2,781	4,240	7,021
Accumulated impairment loss	-	-	4,635	4,635
	-	2,781	8,875	11,656
Amortisation for the financial year	-	622	-	622
Foreign exchange differences	-	(11)	-	(11)

At 30 June 2024

Accumulated amortisation	-	3,392	4,240	7,632
Accumulated impairment loss	-	-	4,635	4,635
	-	3,392	8,875	12,267

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. Intangible assets (Cont'd)

Group	Goodwill RM'000	Software cost RM'000	Intellectual property RM'000	Total RM'000
Carrying amount				
At 1 July 2022	10,148	1,053	1,013	12,214
At 30 June/1 July 2023	10,148	720	-	10,868
At 30 June 2024	10,148	7,588	-	17,736

Company	Software cost RM'000
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Cost

At 1 July 2022/30 June 2023/30 June 2024	89
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Accumulated amortisation

At 1 July 2022/30 June 2023/30 June 2024	89
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Carrying amount

At 1 July 2022/30 June 2023/30 June 2024	-
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9.1 Impairment testing for goodwill

For the purpose of annual impairment testing, goodwill arising from business combination has been allocated to the following cash generating units ("CGU") at which the goodwill is monitored for internal management purpose:

- i) Electronic Manufacturing Services (RM10,142,066); and
- ii) Investment holding (RM5,606).

The Group has determined the recoverable amount of the goodwill relating to the above CGUs based on value in use calculations. Value in use is determined by discounting the cash flow projections from the five-year period and extrapolated cash flows beyond the five-year period business plan developed based on management's assessment of future trends and market developments primarily in the data storage, consumer electronic/electrical and information and communication technologies industries. The values assigned to the key assumptions such as maintaining sales in the budget for each of the financial year, represent management's estimate derived from both external and internal sources (historical data).

In determining the recoverable amount of the CGUs, the projected cash flows were discounted using a pre-tax discount rate of 4.32% (2023: 4.18%).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. Intangible assets (Cont'd)

9.1 Impairment testing for goodwill (Cont'd)

The future cash flows were projected based on the actual net operating cash flows achieved by the CGUs in the current financial year, assuming 5.00% growth rate in the next five (5) years.

Based on management's assessment, no impairment is required as the recoverable amount exceeds the carrying amount of the goodwill.

There are no reasonably possible changes in significant assumptions used in the fair value calculations which would cause the recoverable amount of the CGUs to fall below its carrying amount.

9.2 Intellectual property

Intellectual property paid is for the transfer of licensed technology and know-how in connection with the manufacture, application and sale of licensed products.

In previous financial year, an impairment loss of RM675,000 is recognised in the Group's profit or loss due to low demand of the products from the customers.

9.3 Software cost

Software cost paid is for the acquisition of computer software that are not integral to other equipment.

10. Deferred tax assets

Recognised deferred tax assets

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Property, plant and equipment						
- capital allowance	-	-	(27,421)	(16,667)	(27,421)	(16,667)
Unutilised reinvestment allowance	10,360	-	-	-	10,360	-
Unutilised increased in export allowance	14,289	13,397	-	-	14,289	13,397
Provisions	3,441	2,756	-	-	3,441	2,756
Other temporary differences	920	2,084	-	-	920	2,084
Tax assets/(liabilities)	29,010	18,237	(27,421)	(16,667)	1,589	1,570
Set off of tax	(27,421)	(16,667)	27,421	16,667	-	-
Net tax assets	1,589	1,570	-	-	1,589	1,570

Deferred tax assets and liabilities are offset when there are legally enforceable rights to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. Deferred tax assets (Cont'd)

Recognised deferred tax assets (Cont'd)

Management estimated the amount of deferred tax assets to be recognised using profit projections from the five-year business plan developed based on management's assessment of future trends and market developments primarily in the data storage, consumer electronic/electrical and information and communication technologies industries.

Movements in temporary differences during the financial year are as follows:

Group	At 30 June 2022 RM'000	Recognised in profit or loss (Note 25) RM'000	Exchange difference RM'000	30 June 2023/ 1 July 2023 RM'000	At 30 June 2023/ 1 July 2023 RM'000	Recognised in profit or loss (Note 25) RM'000	Exchange difference RM'000	At 30 June 2024 RM'000
Property, plant and equipment - capital allowance	(15,375)	(1,292)	-	(16,667)	(10,754)	-	-	(27,421)
Unutilised reinvestment allowance	1,233	(1,233)	-	-	10,360	-	-	10,360
Increase in export allowance	13,029	368	-	13,397	892	-	-	14,289
Provisions	1,966	790	-	2,756	685	-	-	3,441
Other temporary differences	685	1,393	6	2,084	(1,157)	(7)	(7)	920
	1,538	26	6	1,570	26	(7)	(7)	1,589

The unutilised reinvestment allowances can only be carried forward to be absorbed for a maximum period of 7 consecutive years of assessment after the expiry of the qualifying period for reinvestment allowances. The Group's unutilised reinvestment allowance is expiring on year of assessment 2031.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. Deferred tax assets (Cont'd)

Unrecognised deferred tax asset

Deferred tax asset has not been recognised in respect of the following item (stated at gross):

Group	2024 RM'000	2023 RM'000
Unutilised increased export allowance	11,926	17,375

The unutilised increased export allowance does not expire under current tax legislation.

Deferred tax asset has not been recognised in respect of the above items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

The comparative figure has been restated to reflect the revised unutilised increased export allowance available to the Group.

11. Trade and other receivables

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000

Non-current

Non-trade

Amount due from subsidiaries	11.1	-	-	-	49,040
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Current

Trade

Trade receivables

- third parties	311,772	227,017	-	-	-
- an associate	7,674	16,841	-	-	-
	319,446	243,858	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. Trade and other receivables (Cont'd)

		Group		Company	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Non-trade					
Amount due from subsidiaries	11.1	-	-	24,946	34,774
Amount due from an associate	11.1	-	2	-	-
Other receivables		1,151	967	-	-
Deposits		1,270	300	2	2
Prepayments		5,854	3,327	13	13
		8,275	4,596	24,961	34,789
		327,721	248,454	24,961	34,789
		327,721	248,454	24,961	83,829

11.1 Amount due from subsidiaries/an associate

The amount due from subsidiaries and an associate are unsecured, interest-free and repayable on demand.

12. Inventories

Group	2024 RM'000	2023 RM'000
Raw materials	388,608	449,914
Work-in-progress	66,058	76,481
Manufactured inventories	65,889	33,696
	520,555	560,091
Recognised in profit or loss:		
Inventories recognised as cost of sales	886,076	1,104,440
Provision for slow moving stocks	2,401	219

Provision for slow moving stocks

Group	2024 RM'000	2023 RM'000
At 1 July 2023/2022	685	466
Provision made during the year	2,401	219
At 30 June	3,086	685

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. Fixed deposits with licensed banks

The fixed deposits with licensed banks are with maturities of less than 3 months and are held in lien for borrowings granted to certain subsidiaries (Note 17.1).

14. Share capital and treasury shares

Group and Company		2024		2023	
		Amount RM'000	Number of shares ('000)	Amount RM'000	Number of shares ('000)
	Note				
Issued and fully paid:					
At 1 July		204,310	431,873	188,060	416,475
Issue pursuant to:					
- Conversion of redeemable convertible preference shares ("RCPS")	14.1	-	-	9,879	10,398
- Private placement	14.2	40,600	35,929	6,371	5,000
At 30 June		244,910	467,802	204,310	431,873

During the financial year, the Company increased its issued and paid-up share capital by way of:

14.1 issuance of NIL (2023: 10,398,085) new ordinary shares at the issue price of RM0.95 each pursuant to conversion of NIL (2023: 10,398,085) RCPS on the basis of 1 ordinary share for 1 RCPS held.

14.2 issuance of 35,928,700 (2023: 4,000,000 and 1,000,000) new ordinary shares at an issue price of RM1.13 (2023: RM1.2613 and RM1.3266) per ordinary share for RM40,599,431 (2023: RM5,045,200 and RM1,326,600) pursuant to the final tranche of its private placement exercise.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

14.3 Treasury shares

Group and Company	2024		2023	
	Amount RM'000	Number of shares ('000)	Amount RM'000	Number of shares ('000)
Treasury shares				
At 1 July	8,043	17,586	8,043	17,586
Treasury shares sold	(658)	(1,440)	-	-
At 30 June	7,385	16,146	8,043	17,586

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. Share capital and treasury shares (Cont'd)

14.3 Treasury shares (Cont'd)

During the financial year, the Company has disposed a total of 1,440,000 treasury shares with a total consideration received, after deducting transaction costs, was RM2,283,620.

The treasury shares are being disposed in accordance with Section 127 (7)(b) of the Companies Act, 2016 in Malaysia.

At 30 June 2024, the Company held 16,145,900 (2023: 17,585,900) of its shares as treasury shares. The number of outstanding ordinary shares in issue after deducting treasury shares held is 451,656,074 (2023: 414,287,374).

15. Reserves

	Note	Group		Company	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Non-distributable:					
Fair value reserve	15.1	(4,144)	(4,108)	(4,144)	(4,108)
Translation reserve	15.2	10,863	18,726	-	-
Capital reserve	15.3	30,189	28,558	30,189	28,558
		<u>36,908</u>	<u>43,176</u>	<u>26,045</u>	<u>24,450</u>
Distributable:					
Retained earnings		245,570	199,538	25,802	32,820
		<u>282,478</u>	<u>242,714</u>	<u>51,847</u>	<u>57,270</u>

The movements in the reserves are disclosed in the statements of changes in equity.

15.1 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity and debt securities designated at fair value through other comprehensive income until the assets are derecognised or impaired.

15.2 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

15.3 Capital reserve

Capital reserve arose from the capital reduction exercise and the disposal of treasury shares.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. Lease liabilities

Group	2024 RM'000	2023 RM'000
At 1 July 2023/2022	14,316	8,890
Additions	7,422	10,152
Payments	(7,313)	(4,726)
At 30 June	14,425	14,316
Presented as:		
Non-current	7,420	8,291
Current	7,005	6,025
	14,425	14,316

The maturity analysis of lease liabilities of the Group at the end of the reporting period:

	2024 RM'000	2023 RM'000
Less than 1 year	7,750	6,691
Between 1 and 5 years	8,163	9,041
	15,913	15,732
Less: Future finance charges	(1,488)	(1,416)
	14,425	14,316

Additions during the financial year include plant and machinery financed/refinanced as disclosed in Note 4.4 to the financial statements.

The Group leases plant and machinery and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Certain lease liabilities are collateralised by corporate guarantee from the Company.

17. Loans and borrowings

Group	2024 RM'000	2023 RM'000
Non-current		
Secured		
Term loans	142,908	60,886

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. Loans and borrowings (Cont'd)

Group	2024 RM'000	2023 RM'000
Current		
Secured		
Bankers' acceptances	397,099	332,293
Trust receipts	11,558	20,049
Term loans	12,161	7,572
Trade financing	10,500	6,000
Revolving credits	9,439	9,334
	<u>440,757</u>	<u>375,248</u>
	<u>583,665</u>	<u>436,134</u>

17.1 Securities

The loans and borrowings of the Group are secured as follows:

- (i) legal charges over the freehold land, leasehold land, buildings and plant and machinery of certain subsidiaries (Note 3.1 and 4.2) and certain investment properties of the Group (Note 5.2);
- (ii) fixed deposits held in lien of the Group (Note 13); and
- (iii) collateralised by corporate guarantee from the Company.

18. Provision for retirement benefits

A subsidiary in Thailand operates an unfunded defined benefit plan.

Under the labour laws in Thailand, all employees with more than 120 days of service are entitled to Legal Severance Payment benefits ranging from 30 days to 400 days (2023: 30 days to 400 days) of final salary upon termination of service, including forced termination or retrenchment, or in the event of retirement. The present value of defined benefit obligations are as follows:

Group	2024 RM'000	2023 RM'000
Present value of obligations - non current	<u>914</u>	<u>796</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. Provision for retirement benefits (Cont'd)

The movements in the defined benefit obligations over the financial year are as follows:

Group	2024 RM'000	2023 RM'000
At 1 July 2023/2022	796	662
Amount recognised in profit or loss		
- Current service cost	130	124
- Interest cost	21	16
- Foreign exchange differences	(33)	(6)
At 30 June	914	796

The principal actuarial assumptions used are as follows:

	2024	2023
Discount rate	2.56%	2.56%
Inflation rate	2.75%	2.75%
Future salary increase		
- prior to age 30	5.0%	5.0%
- between age 30 to 40	5.0%	5.0%
- age 40 onwards	5.0%	5.0%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics in Thailand. The Thailand TMO17 tables contain the results of the most recent mortality investigation on policy holders of life insurance companies in Thailand. It is reasonable to assume that these rates are reflective of the mortality experience of the working population in Thailand. The Group accounts for this severance liability on an actuarial basis using the projected unit credit method.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. Provision for retirement benefits (Cont'd)

Sensitivity analysis (Cont'd)

Group	2024		2023	
	Increase RM'000	Decrease RM'000	Increase RM'000	Decrease RM'000
Discount rate (1% movement)	(15)	17	(17)	19
Long-term salary increment rate (1% movement)	29	(24)	29	(24)
Turnover rate (20% change from base assumption)	(29)	40	(29)	40

19. Trade and other payables

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000

Trade

- third parties		357,228	281,169	-	-
		357,228	281,169	-	-

Non-trade

Amount due to a subsidiary	19.1	-	-	2,300	33,233
Other payables	19.2	33,648	19,953	4,579	31
Deferred revenue		10	9	-	-
Deposit		85	123	-	-
Accruals		18,065	19,745	276	238
		51,808	39,830	7,155	33,502
		409,036	320,999	7,155	33,502

19.1 Amount due to a subsidiary

The amount due to a subsidiary is unsecured, interest-free and payable on demand.

19.2 Other payables

Included in other payables of the Company are RM4,545,401 representing interim single-tier dividend payable as disclosed in Note 27 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. Provision for warranties

Group	2024 RM'000	2023 RM'000
At 1 July 2023/2022	632	267
Provision made during the year	49	365
Reversal made during the year	(31)	-
At 30 June	650	632

The provision for warranties represents estimated liabilities for defects arising from products sold under warranty. The provision is based on management's estimate made from historical warranty data associated with the products and judgement on the probability of a defect arising from products sold.

21. Revenue

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue from contracts with customers	1,144,180	1,347,896	-	-
Other revenue				
Service fee	-	182	-	-
Dividend income	2	26	2	26
Interest income	2	-	2	-
Management fee	-	-	778	778
	1,144,184	1,348,104	782	804

21.1 Disaggregation of revenue

Disaggregation of revenue based on primary geographical markets has been disclosed in Note 31 to the financial statements.

21.2 Nature of goods and services

Revenue is recognised when control of the goods or services is transferred to the customers. The performance obligation is satisfied at a point in time and the customers are required to pay within the agreed credit terms, ranging between 30 to 90 days (2023: 30 to 90 days). Assurance warranties of 2 years are given to certain customers.

21.3 Transaction price allocated to the remaining performance obligations

The Group applies the practical expedient exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. Revenue (Cont'd)

21.4 Significant judgements and assumptions arising from revenue recognition

The Group applies judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers whereby the Group permits the customer to return an item, revenue is adjusted for expected returns to the extent that it is highly probable that a significant reversal in revenue will not occur. The Group estimated the returns based on the historical data.

22. Finance costs

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
Bankers' acceptances/Trade financing	22,597	14,598	-	-
Trust receipts	1,325	912	-	-
Lease liabilities	856	615	-	-
Term loans	3,292	2,775	-	-
Revolving credits	604	292	-	-
Other	280	-	-	-
	<u>28,954</u>	<u>19,192</u>	<u>-</u>	<u>-</u>

23. Profit/(Loss) before tax

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

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
After charging:				
Auditors' remuneration				
- Statutory audit				
- UHY Malaysia (formerly known as UHY)	137	124	41	40
- other auditors	119	115	-	-
- Other services				
- UHY Malaysia (formerly known as UHY)	19	18	19	18
- other auditors	45	54	45	54

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. Profit/(Loss) before tax (Cont'd)

Profit/(Loss) is arrived at after charging/(crediting): (Cont'd)

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Material expenses/(income)				
Depreciation of property, plant and equipment (Note 3)	38,730	38,666	-	-
Depreciation of right-of-use assets (Note 4)	3,343	2,798	-	-
Depreciation of investment properties (Note 5)	65	65	-	-
Amortisation of intangible assets (Note 9)	622	671	-	-
Bad debt written off	-	149	-	-
Directors' remuneration:				
- Directors of the Company				
- fees	217	188	217	188
- other emoluments	754	754	754	754
- contributions to Employees' Provident Fund	111	111	111	111
- Other Directors				
- other emoluments	230	207	-	-
- contributions to Employees' Provident Fund	27	25	-	-
Impairment loss on intangible assets	-	675	-	-
Impairment loss on investment in subsidiaries	-	-	-	502
Loss/(Gain) on disposal of property, plant and equipment	139	(80)	-	-
Gain on disposal of right-of-use assets	(43)	(118)	-	-
Loss on disposal of other investments	274	432	274	432
(Gain)/Loss on foreign exchange, net				
- realised	(2,398)	13,497	(10)	-
- unrealised	8,092	5,841	-	(1)
Provision for retirement benefits (Note 18)	151	140	-	-
Provision for slow moving stocks (Note 12)	2,401	219	-	-
Provision for warranties (Note 20)	49	365	-	-
Reversal of provision for warranties (Note 20)	(31)	-	-	-
Fair value loss/(gain) on financial instruments mandatorily measured at FVTPL, net	285	(8,446)	285	(8,446)
Interest income	(1,842)	(426)	-	-
Property, plant and equipment written off	33	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. Profit/(Loss) before tax (Cont'd)

Profit/(Loss) is arrived at after charging/(crediting): (Cont'd)

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<i>Expenses/(income) arising from leases</i>				
Expenses relating to short-term leases	1,207	1,347	-	-
Expenses relating to leases of low-value assets	33	26	-	-
Rental income	(510)	(6)	-	-
Rental income from investment properties	(303)	(264)	-	-
<i>Net loss on impairment of financial instruments</i>				
Impairment loss on trade and other receivables	2,222	311	-	3,260

24. Employee benefits

24.1 Staff costs

Staff costs (excluding Directors' remuneration) are as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and others	73,537	77,385	-	-

Included in staff costs of the Group are RM3,698,007 (2023: RM3,936,769) representing contributions to Employees' Provident Fund.

24.2 Key management personnel compensation

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Directors' fees	217	188	217	188
Short-term employee benefits	2,458	2,857	754	754
Contributions to Employees' Provident Fund	313	359	111	111
	2,988	3,404	1,082	1,053

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include the Directors and certain members of senior management of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. Tax expense

Recognised in profit or loss

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Current tax				
<i>Malaysian</i>				
- current year	650	2,467	-	-
- prior year	107	(13)	-	-
Total current tax recognised in profit or loss	757	2,454	-	-
Deferred tax				
Reversal of temporary differences	(26)	(26)	-	-
Total deferred tax recognised in profit or loss	(26)	(26)	-	-
Total tax expense	731	2,428	-	-

Reconciliation of tax expense

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	49,731	41,390	(2,473)	3,416
Income tax calculated using Malaysian tax rate at 24% (2023: 24%)	11,935	9,934	(594)	820
Deferred tax asset recognised on reinvestment allowance	(10,360)	-	-	-
Effect of different tax rate in foreign jurisdiction	(158)	(99)	-	-
Effect of share of profit of equity-accounted associate	14	(253)	-	-
Effect of tax incentives	(958)	(654)	-	-
Effect of unrecognised temporary difference	(1,308)	(5,196)	-	-
Non-deductible expenses	1,699	630	784	1,110
Non-taxable income	(549)	(1,930)	(190)	(1,930)
Others	309	9	-	-
Under/(Over) provision of current tax in prior years	107	(13)	-	-
Total tax expense	731	2,428	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. Tax expense (Cont'd)

Recognised in profit or loss (Cont'd)

A foreign subsidiary of the Company was granted promotional privileges under the Investment Promotion Act, B.E.2520 for a period of eight years from the date the income is first derived and a fifty percent reduction in the normal income tax rate on the net profit derived from promoted business for a period of five years for the manufacturing of printed circuit boards.

26. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the financial year ended 30 June 2024 was based on the profit attributable to ordinary shareholders as follows:

Group	2024 RM'000	2023 RM'000
Profit attributable to ordinary shareholders	49,739	38,962
Weighted average number of ordinary shares outstanding ('000)	466,526	425,442
Basic earnings per ordinary share (sen)	10.66	9.16

Diluted earnings per ordinary share

The diluted earnings per share has been computed based on adjusted earnings attributable to ordinary shareholders divided by the adjusted weighted average number of ordinary shares outstanding after adjusting the effect of all dilutive potential ordinary shares calculated as follows:

Group	2024 RM'000	2023 RM'000
Profit attributable to ordinary shareholders	49,739	38,962
Weighted average number of ordinary shares used in the calculation of basic earnings per share ('000)	466,526	425,442
Effect of exercise of Warrants 2023/2028 ('000)	_*	-
Weighted average number of ordinary shares ('000)	466,526	425,442
Diluted earnings per ordinary share (sen)	10.66	9.16

* The effect of the potential incremental shares from warrants was not taken into account in the computation of diluted earnings per share as the exercise price of the warrants is higher than the average market price of the Company's ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. Dividends

Dividends on RCPS declared/paid by the Company were as follows:

	2024 RM'000	2023 RM'000
Annual dividend on 9,898,085 RCPS, paid on 12 October 2022	-	54
	-	54

Dividends recognised as distribution to ordinary shareholders of the Company:

	2024 RM'000	2023 RM'000
An interim single-tier dividend of RM0.01 per ordinary share in respect of financial year ended 30 June 2024, payable on 26 August 2024	4,545	-
	4,545	-

28. Reconciliation of liabilities arising from financing activities

2024	At 1 July 2023 RM'000	Financing cash flows ⁽ⁱ⁾ RM'000	Foreign exchange adjustments RM'000	New lease/loan RM'000	At 30 June 2024 RM'000
Group					
Term loans (Note 17)	68,458	16,592	5,882	64,137	155,069
Lease liabilities (Note 16)	14,316	(7,313)	-	7,422	14,425
Other bank borrowings (Note 17)	367,676	67,956	(7,036)	-	428,596
	450,450	77,235	(1,154)	71,559	598,090

2023	At 1 July 2022 RM'000	Financing cash flows ⁽ⁱ⁾ RM'000	Foreign exchange adjustments RM'000	New lease/loan RM'000	At 30 June 2023 RM'000
Group					
Term loans (Note 17)	46,139	(7,189)	4,866	24,642	68,458
Lease liabilities (Note 16)	8,890	(4,726)	-	10,152	14,316
Other bank borrowings (Note 17)	230,594	130,000	7,082	-	367,676
	285,623	118,085	11,948	34,794	450,450

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. Reconciliation of liabilities arising from financing activities (Cont'd)

- (i) The cash flows from loan and borrowings make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

29. Related parties

29.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

The Group has related party relationship with its significant investor, subsidiaries and associates as disclosed in Note 6 and Note 7 to the financial statements.

Related parties also include key management personnel defined as those persons being having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

29.2 Significant related party transactions

Related party transactions have been entered into the normal course of business under normal trade terms. The significant related party transactions to the financial statements, are as follows:

	2024	2023
	RM'000	RM'000

(a) Transactions with related party

Group

Purchase of raw materials	-	(1,035)
Rental of premise	140	-

(b) Transactions with subsidiaries

Company

Additional investment in a subsidiary	(72,587)	-
Advances given	7,450	3
Advances from	(2,300)	-
Management fee receivable/received	778	778

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. Related parties (Cont'd)

29.2 Significant related party transactions (Cont'd)

	2024 RM'000	2023 RM'000
(c) Transactions with an associate		
Group		
Advances given	781	49
Sales	43,981	44,769
Purchase	(99)	(94)
Service charges	265	398
Buy-back materials	409	-

In previous financial year, the related party, WE Components Pte. Ltd., has ceased to be related party of the Group following the cessation as major shareholder of the Company arising from its holding company's disposal of interest in the Company on 25 August 2022.

The non-trade balances with related parties outstanding at the end of the reporting period are disclosed in Note 11 and Note 19 to the financial statements. All the outstanding balances are expected to be settled in cash.

30. Financial instruments

30.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised cost ("AC")
- (b) Fair value through profit or loss ("FVTPL") - mandatorily required by MFRS 9
- (c) Fair value through other comprehensive income ("FVOCI")
 - Equity instrument designated upon initial recognition ("EIDUIR").

	Carrying amount RM'000	AC RM'000	FVOCI- EIDUIR RM'000
2024			
Financial assets			
Group			
Other investments	9,751	-	9,751
Trade and other receivables (excluding prepayments and non-refundable deposit)	321,037	321,037	-
Fixed deposits with licensed banks	1,094	1,094	-
Cash and bank balances	89,237	89,237	-
	421,119	411,368	9,751

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (Cont'd)

30.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	AC RM'000	FVOCI- EIDUIR RM'000
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2024

Financial assets (Cont'd)

Company

Other investments	9,751	-	9,751
Trade and other receivables (excluding prepayments)	24,948	24,948	-
Cash and bank balances	1,283	1,283	-
	35,982	26,231	9,751

	Carrying amount RM'000	AC RM'000
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2024

Financial liabilities

Group

Lease liabilities	14,425	14,425
Loans and borrowings	583,665	583,665
Trade and other payables (excluding deferred revenue)	409,026	409,026
	1,007,116	1,007,116

Company

Trade and other payables	7,155	7,155
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (Cont'd)

30.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	AC RM'000	FVTPL RM'000	FVOCI- EIDUIR RM'000
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2023

Financial assets

Group

Other investments	14,723	-	11,946	2,777
Trade and other receivables (excluding prepayments)	245,127	245,127	-	-
Fixed deposits with licensed banks	1,076	1,076	-	-
Cash and bank balances	52,580	52,580	-	-
	313,506	298,783	11,946	2,777

Company

Other investments	14,723	-	11,946	2,777
Trade and other receivables (excluding prepayments)	83,816	83,816	-	-
Cash and bank balances	541	541	-	-
	99,080	84,357	11,946	2,777

	Carrying amount RM'000	AC RM'000
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2023

Financial liabilities

Group

Lease liabilities	14,316	14,316
Loans and borrowings	436,134	436,134
Trade and other payables (excluding deferred revenue)	320,990	320,990
	771,440	771,440

Company

Trade and other payables	33,502	33,502
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (Cont'd)

30.2 Net gains and losses arising from financial instruments

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Net (losses)/gains on:				
Fair value through				
- profit or loss	(559)	8,014	(559)	8,014
- other comprehensive income	(36)	229	(36)	229
Financial assets measured at amortised cost	(380)	(34)	-	(3,260)
Financial liabilities measured at amortised cost	(28,954)	(19,192)	-	-
	<u>(29,929)</u>	<u>(10,983)</u>	<u>(595)</u>	<u>4,983</u>

30.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

30.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior year.

Trade Receivables

Risk management objectives, policies and processes for managing the risk

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

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

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (Cont'd)

30.4 Credit risk (Cont'd)

Trade Receivables (Cont'd)

Exposure to credit risk, credit quality and collateral

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

Concentration of credit risk

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

Group	2024 RM'000	2023 RM'000
Domestic	58,040	72,197
Asia Pacific (other than Malaysia)	188,380	126,258
Others	73,026	45,403
	<u>319,446</u>	<u>243,858</u>

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within credit term granted.

The Group uses an allowance matrix to measure expected credit losses ("ECLs") of trade receivables. Invoices which are past due 90 days will be considered as credit impaired.

Loss rates are based on actual credit loss experience over the past two years and forward-looking information. The Group believes that the financial impacts to the forward-looking information are inconsequential for the purpose of impairment calculation of trade receivables due to their relatively short term nature.

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (Cont'd)

30.4 Credit risk (Cont'd)

Trade Receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2024			
Not past due	161,822	-	161,822
Past due 1 - 30 days	106,330	(32)	106,298
Past due 31 - 60 days	17,375	(40)	17,335
Past due 61 - 90 days	2,090	(28)	2,062
	287,617	(100)	287,517
Credit impaired			
Past due more than 90 days	126	(106)	20
Individually impaired	38,056	(6,147)	31,909
	325,799	(6,353)	319,446
2023			
Not past due	158,644	-	158,644
Past due 1 - 30 days	68,840	(17)	68,823
Past due 31 - 60 days	13,960	(55)	13,905
Past due 61 - 90 days	624	(8)	616
	242,068	(80)	241,988
Credit impaired			
Past due more than 90 days	1,927	(57)	1,870
Individually impaired	4,096	(4,096)	-
	248,091	(4,233)	243,858

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (Cont'd)

30.4 Credit risk (Cont'd)

Trade Receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments other than to 3 (2023: 3) customers who collectively contributed 87% (2023: 77%) of the Group's trade receivables at 30 June.

The movements in the allowance for impairment in respect of trade receivables during the year are shown below:

Group	2024 RM'000	2023 RM'000
Balance at 1 July 2023/2022	4,233	3,922
Net re-measurement of loss allowance	2,120	311
Balance at 30 June	6,353	4,233

Fixed deposits and cash and bank balances

The fixed deposits and cash and bank balances are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from amounts due from authorities for value added tax ("VAT") claimable and non-trade receivables.

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

As at the end of the reporting period, the Group recognise RM102,000 (2023: RMNIL) allowance for impairment loss.

Other investments

Credit risks on other investments are mainly arising from short term funds and equity-linked investments.

These investments are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. The Group and the Company are of the view that loss allowance is not material and hence, it is not provided for.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (Cont'd)

30.4 Credit risk (Cont'd)

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have good credit rating.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group invested in overseas and domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

The investments and other financial assets are unsecured.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM597,537,555 (2023: RM450,421,179) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements for the subsidiaries to secure loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, the Company did not recognise any allowance for impairment loss.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

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

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (Cont'd)

30.4 Credit risk (Cont'd)

Inter-company balances (Cont'd)

Recognition and measurement of impairment loss

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

- The subsidiary is unlikely to repay its loan or advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

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

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances.

Company	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
2024			
Low credit risk	28,206	(3,260)	24,946
Credit impaired	8,050	(8,050)	-
	<u>36,256</u>	<u>(11,310)</u>	<u>24,946</u>
2023			
Low credit risk	87,074	(3,260)	83,814
Credit impaired	8,050	(8,050)	-
	<u>95,124</u>	<u>(11,310)</u>	<u>83,814</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (Cont'd)

30.4 Credit risk (Cont'd)

Inter-company balances (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The movements in the allowance for impairment in respect of subsidiaries' loans and advances during the financial year are shown below:

Company	2024 RM'000	2023 RM'000
Balance at 1 July 2023/2022	11,310	8,050
Net re-measurement of loss allowance	-	3,260
Balance at 30 June	11,310	11,310

30.5 Liquidity risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (Cont'd)

30.5 Liquidity risk (Cont'd)

Maturity analysis

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

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2024							
Group							
<i>Non-derivative financial liabilities</i>							
Bankers' acceptances	397,099	5.00 - 8.00	397,099	397,099	-	-	-
Revolving credits	9,439	6.33	9,439	9,439	-	-	-
Trade financing	10,500	4.31 - 4.56	10,500	10,500	-	-	-
Trust receipts	11,558	5.00 - 8.00	11,558	11,558	-	-	-
Term loans	155,069	4.68 - 7.67	162,869	10,273	7,890	16,165	128,541
Lease liabilities	14,425	2.15 - 5.91	15,849	7,706	4,855	3,288	-
Trade and other payables (excluding deferred revenue)	409,026	-	409,026	409,026	-	-	-
	<u>1,007,116</u>		<u>1,016,340</u>	<u>855,601</u>	<u>12,745</u>	<u>19,453</u>	<u>128,541</u>
Company							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	7,155	-	7,155	7,155	-	-	-
Financial guarantees	-	-	597,538	597,538	-	-	-
	<u>7,155</u>		<u>604,693</u>	<u>604,693</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (Cont'd)

30.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2023							
Group							
<i>Non-derivative financial liabilities</i>							
Bankers' acceptances	332,293	4.68 - 8.48	332,293	332,293	-	-	-
Revolving credits	9,334	6.23	9,334	9,334	-	-	-
Trade financing	6,000	4.26	6,000	6,000	-	-	-
Trust receipts	20,049	4.68 - 8.48	20,049	20,049	-	-	-
Term loans	68,458	2.86 - 7.34	83,529	10,224	8,864	15,744	48,697
Lease liabilities	14,316	4.75 - 5.88	15,732	6,691	5,162	3,879	-
Trade and other payables (excluding deferred revenue)	320,990	-	320,990	320,990	-	-	-
	<u>771,440</u>		<u>787,927</u>	<u>705,581</u>	<u>14,026</u>	<u>19,623</u>	<u>48,697</u>
Company							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	33,502	-	33,502	33,502	-	-	-
Financial guarantees	-	-	450,421	450,421	-	-	-
	<u>33,502</u>		<u>483,923</u>	<u>483,923</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (Cont'd)

30.6 Market risk

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

Currency risk

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

Risk management objectives, policies and processes for managing the risk

Transactional currency exposures arise from sales to Asian, North America and European customers. These sales are priced and invoiced in USD currency. The Group also makes purchases of raw materials from China, Hong Kong, Denmark and Singapore. The Company has no hedging policy and does not make use of forward-currency contracts.

Exposure to foreign currency risk

The Group's exposure to foreign currency risk based on carrying amounts as at the end of the reporting period was:

Group	2024 RM'000	2023 RM'000
Denominated in USD		
Trade and other receivables	280,224	183,065
Trade and other payables	(227,123)	(268,411)
Cash and bank balances	50,029	19,202
Loans and borrowings	(522,329)	(420,336)
Net exposure	<u>(419,199)</u>	<u>(486,480)</u>

Currency risk sensitivity analysis

A 5% (2023: 5%) strengthening of the RM against the USD at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Group	2024 Profit or (loss)		2023 Profit or (loss)	
	Increase RM'000	Decrease RM'000	Increase RM'000	Decrease RM'000
USD	<u>15,930</u>	<u>(15,930)</u>	<u>18,486</u>	<u>(18,486)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (Cont'd)

30.6 Market risk (Cont'd)

Currency risk (Cont'd)

Currency risk sensitivity analysis (Cont'd)

A 5% (2023: 5%) weakening of the RM against the USD at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risks that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-earning financial assets are mainly short term in nature and are mostly placed in fixed deposits.

Exposure to interest rate risk

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

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000

Fixed rate instruments

Financial assets	1,094	1,076	-	-
Financial liabilities	(443,021)	(381,992)	-	-
	<u>(441,927)</u>	<u>(380,916)</u>	<u>-</u>	<u>-</u>

Floating rate instruments

Financial liabilities	<u>(155,069)</u>	<u>(68,458)</u>	<u>-</u>	<u>-</u>
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (Cont'd)

30.6 Market risk (Cont'd)

Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

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

(b) Cash flow sensitivity analysis for variable rate instruments

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

Group	2024		2023	
	Profit or (loss)		Profit or (loss)	
	100 bp Increase	100 bp Decrease	100 bp Increase	100 bp Decrease
	RM'000	RM'000	RM'000	RM'000
Floating rate instruments	(1,179)	1,179	(520)	520

Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Company.

Equity price risk sensitivity analysis

This analysis assumes that all other variables remain constant and the Group's and the Company's equity investments moved in correlation with the FTSE Bursa Malaysia KLCI ("FBMKLCI") and Straits Times Index ("STI").

A 10% (2023: 10%) strengthening in FBMKLCI and STI at the end of the reporting period would have increased equity by the amounts shown below:

Group and Company	2024		2023	
	FVTPL	FVOCI	FVTPL	FVOCI
	RM'000	RM'000	RM'000	RM'000
Effect on equity	-	975	1,195	278

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (Cont'd)

30.7 Fair value information

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

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value					Fair value of financial instruments not carried at fair value					Total carrying amount	
	Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total		Total fair value	
	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
2024												
Group												
Financial asset												
Quoted shares	9,751	-	-	9,751		-	-	-	-		9,751	9,751
Financial liabilities												
Term loans - variable rate	-	-	-	-		-	-	(155,069)	(155,069)		(155,069)	(155,069)
Lease liabilities	-	-	-	-		-	-	(15,106)	(15,106)		(15,106)	(14,425)
	-	-	-	-		-	-	(170,175)	(170,175)		(170,175)	(169,494)
Company												
Financial asset												
Quoted shares	9,751	-	-	9,751		-	-	-	-		9,751	9,751

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (Cont'd)

30.7 Fair value information (Cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
2023										
Group										
Financial asset										
Quoted shares	14,723	-	-	14,723	-	-	-	-	14,723	14,723
Financial liabilities										
Term loans - variable rate	-	-	-	-	-	-	(68,458)	(68,458)	(68,458)	(68,458)
Lease liabilities	-	-	-	-	-	-	(14,965)	(14,965)	(14,965)	(14,316)
	-	-	-	-	-	-	(83,423)	(83,423)	(83,423)	(82,774)
Company										
Financial asset										
Quoted shares	14,723	-	-	14,723	-	-	-	-	14,723	14,723

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Financial instruments (Cont'd)

30.7 Fair value information (Cont'd)

Policy on transfer between levels

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

Transfers between fair value levels

There has been no transfer between the fair value levels during the financial year (2023: no transfer in either direction).

Level 1 fair value

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

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Level 3 fair value

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

Non-derivative financial liabilities

Fair value which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The carrying amount of floating rate term loans approximate fair value as their effective interest rate changes accordingly to movements in the market interest rate.

The fair value of lease liabilities is calculated using discounted cash flow.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Operating segment

The Group has 1 segment, as described below, which is the Group's strategic business unit. The strategic business unit offers different products and services, and is managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group CEO reviews internal management reports on at least a quarterly basis. The following summary describes the operation of the Group's reportable segment:

- Provision of electronic manufacturing services ("EMS") and Original Equipment Manufacturer ("OEM")/Original Design Manufacturer ("ODM") for electronic and electrical products. OEM products are produced in accordance with the design specifications provided by customers whereas for ODM products, the Group provide an additional "design" service.

Other non-reportable segment comprises operations related to investment holding and research and development.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the Group CEO, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group CEO. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group CEO. Hence, no disclosure is made on segment liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Operating segment (Cont'd)

	EMS and OEM/ODM for electronic and electrical products RM'000	Other non- reportable segment RM'000	Total RM'000
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2024

External revenue	1,144,180	4	1,144,184
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Segment profit/(loss)	55,315	(5,584)	49,731
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Included in the measure of segment profit are:

Loss on disposal of property, plant and equipment	139	-	139
Gain on disposal of right-of-use assets	(43)	-	(43)
Loss on disposal of other investments	-	274	274
Depreciation of property, plant and equipment	38,373	357	38,730
Depreciation of right-of-use assets	3,343	-	3,343
Amortisation of intangible assets	622	-	622
Depreciation of investment properties	-	65	65
Finance costs	28,660	294	28,954
Fair value loss on financial instruments mandatorily measured at fair value through profit or loss, net	-	285	285
Impairment loss on trade and other receivables	2,120	102	2,222
Interest income	(1,834)	(8)	(1,842)
Property, plant and equipment written off	33	-	33
Provision for slow moving stocks	2,401	-	2,401
Provision for warranties	49	-	49
Reversal of provision for warranties	(31)	-	(31)
Unrealised loss on foreign exchange, net	8,092	-	8,092

Segment assets	1,513,081	23,772	1,536,853
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Included in the measure of segment assets are:

Additions to property, plant and equipment	292,270	144	292,414
Additions to right-of-use assets	655	-	655

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Operating segment (Cont'd)

	EMS and OEM/ODM for electronic and electrical products RM'000	Other non- reportable segment RM'000	Total RM'000
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2023

External revenue	1,347,896	208	1,348,104
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Segment profit	37,774	3,616	41,390
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Included in the measure of segment profit/(loss) are:

Gain on disposal of property, plant and equipment	(80)	-	(80)
Gain on disposal of right-of-use assets	(118)	-	(118)
Loss on disposal of other investment	-	432	432
Depreciation of property, plant and equipment	38,511	155	38,666
Depreciation of right-of-use assets	2,798	-	2,798
Amortisation of intangible assets	333	338	671
Depreciation of investment properties	-	65	65
Finance costs	19,172	20	19,192
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss, net	-	(8,446)	(8,446)
Impairment loss on intangible assets	-	675	675
Impairment loss on trade and other receivables	311	-	311
Interest income	(411)	(15)	(426)
Provision for slow moving stocks	219	-	219
Provision for warranties	365	-	365
Bad debt written off	149	-	149
Unrealised loss/(gain) on foreign exchange, net	5,842	(1)	5,841

Segment assets	1,169,042	43,291	1,212,333
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Included in the measure of segment assets are:

Additions to property, plant and equipment	76,174	240	76,414
Additions to right-of-use assets	7,334	-	7,334

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Operating segment (Cont'd)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments, investment in associates and deferred tax assets.

	Malaysia	Thailand	USA	Europe	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

2024

Revenue from external customers	139,786	491,856	288,368	47,887	176,287	1,144,184
Non-current assets	494,067	89,462	-	-	-	583,529

2023

Revenue from external customers	295,257	435,607	429,987	69,609	117,644	1,348,104
Non-current assets	257,546	73,793	-	-	-	331,339

Major customers

The following are major customers with revenue equal or more than 10% of total Group's revenue:

	Revenue		Segment
	2024	2023	
	RM'000	RM'000	
Customer A	288,477	429,986	EMS and OEM/ODM for electronic and electrical products
Customer B	486,522	434,426	
Customer C	218,109	315,809	

32. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Directors are of the opinion that the Group's banking facilities will continue to be available from its lenders and that the Group and the Company will be able to generate sufficient cash flows from operations to meet their liabilities as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. Capital management (Cont'd)

There were no changes in the Company's approach to capital management during the financial year. The debt-to-equity ratios at 30 June 2024 and at 30 June 2023 were as follows:

Group	2024 RM'000	2023 RM'000
Lease liabilities (Note 16)	14,425	14,316
Loans and borrowings (Note 17)	583,665	436,134
	598,090	450,450
Less: Cash and cash equivalents	(89,237)	(52,580)
Net debt	508,853	397,870
Total equity	528,163	438,764
Debt-to-equity ratio	0.96	0.91

33. Capital commitment

Group	2024 RM'000	2023 RM'000
Contracted but not provided for		
- Property, plant and equipment	17,581	61,485

34. Significant event

Acquisition of property

During the financial year, EG Operations Sdn. Bhd. ("EGO"), a wholly owned subsidiary of the Company entered into a Sale and Purchase Agreement to acquire a piece of leasehold land held under HSM 22721, Plot 36, Tempat Bakar Arang, Bandar Sungai Petani, Daerah Kuala Muda, Negeri Kedah together with the buildings for a purchase consideration of RM8,300,000. EGO has paid 10% deposit on the purchase consideration of RM830,000 to the Vendor during the financial year. The acquisition is expected to be completed after the reporting period.

35. Subsequent events

- On 16 July 2024, SMT Technologies Sdn. Bhd., a wholly owned subsidiary of the Company entered into a Sale and Purchase Agreement to acquire a piece of land held under Geran 46714, Lot 21121, Mukim Sungai Pasir, Daerah Kuala Muda, Negeri Kedah together a factory erected for a purchase consideration of RM3,600,000. The acquisition was completed after the reporting period.
- On 16 August 2024, Genitronic (Malaysia) Sdn. Bhd., a subsidiary of the Company has increase its issued and fully paid up share capital from RM14,414,162 to RM26,145,000 by the issue of an additional 4,805,404 ordinary share of RM1 each and 4,616,956 ordinary share of RM1.50 each respectively.
- On 28 August 2024, the Company entered into a Subscription Agreement to subscribe 110,000,000 ordinary shares in N.D. Rubber Public Co., Ltd ("NDR") by stages, at a subscription price of THB1.80 per ordinary share via Private Placement, representing 24.08% of the issued share capital in NDR for a total consideration of THB198,000,000 ("Shares Subscription"). The Shares Subscription was completed on 8 October 2024.

LIST OF GROUP PROPERTIES

Location	Current use	Tenure Lease period (Expiry date)	Approximate Age of Building	Area (sq. ft.)	Date of Last Valuation	Net Book Value 30 June 2024 (RM)
Lot 122 304 Industrial Park Tha Tum District Srimahapho Prachinburi, Thailand	Factory, Office Building & Warehouse	Freehold	16 years	172,223	30 June 2023	4,414,540
H.S.(M) 17426 P.T.No. 8543 Bandar Sungai Petani Daerah Kuala Muda Kedah, Malaysia	Factory, Office Building & Warehouse	Leasehold 60 years (8 October 2049)	31 years	177,055	30 June 2023	8,234,106
H.S.(M) 17427 P.T.No. 8544 Bandar Sungai Petani Daerah Kuala Muda Kedah, Malaysia	Factory, Office Building & Warehouse	Leasehold 60 years (24 March 2050)	11 years	158,089	30 June 2023	13,526,931
H.S.(M) 18565 P.T.No. Plot 35 Bandar Sungai Petani Daerah Kuala Muda Kedah, Malaysia	Warehouses	Leasehold 60 years (12 September 2054)	2 years	123,408	26 January 2024	11,789,785
H.S.(M) 23422 P.T.No 8545 Bandar Sungai Petani Daerah Kuala Muda Kedah, Malaysia	Factory, Office Building & Warehouse	Leasehold 60 years (24 March 2050)	6 years	262,101	30 June 2023	12,412,609
1-18-1 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	Office	Leasehold 99 years (2 April 2095)	11 years	1,130	30 June 2023	684,008
1-12A-16 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	Office	Leasehold 99 years (2 April 2095)	10 years	463	30 June 2023	288,438

LIST OF GROUP PROPERTIES (CONT'D)

Location	Current use	Tenure Lease period (Expiry date)	Approximate Age of Building	Area (sq. ft.)	Date of Last Valuation	Net Book Value 30 June 2024 (RM)
1-12A-17 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	Office	Leasehold 99 years (2 April 2095)	10 years	463	30 June 2023	288,438
1-10-1 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	Office	Leasehold 99 years (2 April 2095)	8 years	1,711	30 June 2023	1,059,697
1-10-2 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	Office	Leasehold 99 years (2 April 2095)	8 years	915	30 June 2023	587,302
1-10-7 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	Office	Leasehold 99 years (2 April 2095)	8 years	2,164	30 June 2023	1,332,068
Plot 329(d) Batu Kawan Industrial Park Penang, Malaysia	Factory, Office Building & Warehouse	Leasehold 60 years (24 August 2080)	-	228,518	30 June 2023	137,832,316
H.S.(M) 323 Lot 4103 Seksyen 66 Bandar Sungai Petani Daerah Kuala Muda Kedah, Malaysia	Warehouse	Leasehold 60 years (24 March 2050)	2 years	56,737	15 March 2023	2,781,923
H.S.(D) 1671/97 P.T.No. 51023 Bandar Sungai Petani Daerah Kuala Muda Kedah, Malaysia	Double Storey Detached House	Freehold	1 year	1,593	-	1,068,687

STATISTICS OF SHAREHOLDINGS

As At 9 October 2024

Total no. of issued share capital	: 454,540,074 Ordinary Shares (excluding 13,261,900 Treasury Shares)
Class of shares	: Ordinary Shares
Voting rights	: One vote per Ordinary Share

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	76	2.58	2,752	0.00
100 – 1,000	705	23.90	484,474	0.11
1,001 – 10,000	1,288	43.66	6,278,232	1.38
10,001 – 100,000	612	20.75	21,316,882	4.69
100,001 – 22,727,002 (*)	269	9.12	426,457,734	93.82
22,727,003 and above (**)	0	0.00	0	0.00
TOTAL	2,950	100.00	454,540,074	100.00

* Less than 5% of issued shares

** 5% and above of issued shares

DIRECTORS' SHAREHOLDINGS

Name	Direct Interest	No. of Ordinary Shares Held		
		% ^(#)	Indirect Interest	% ^(#)
Dato' Alex Kang Pang Kiang	34,321,000	7.55	29,563,800 ^(a)	6.50
Ong Lye Soon	1,250,000	0.28	-	-
Lim Sze Yan	-	-	-	-
Lee Kean Teong	32,900	0.01	-	-
Tan Jie En	-	-	-	-

^(a) 29,563,800 shares are held through QYH Capital Sdn. Bhd.

^(#) After netting off 13,261,900 treasury shares

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	No. of Ordinary Shares Held		
		% ^(#)	Indirect Interest	% ^(#)
Dato' Alex Kang Pang Kiang	34,321,000	7.55	29,563,800 ^(a)	6.50
QYH Capital Sdn. Bhd.	29,563,800	6.50	-	-

^(a) 29,563,800 shares are held through QYH Capital Sdn. Bhd.

^(#) After netting off 13,261,900 treasury shares

STATISTICS OF SHAREHOLDINGS (CONT'D)

As At 9 October 2024

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 09 OCTOBER 2024 (EXCLUDED TREASURY SHARES) (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)

NO.	HOLDER NAME	NO. OF HOLDINGS	%
1.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KANG PANG KIANG (DATO') (6000059)	17,381,200	3.8239
2.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF CORE INCOME FUND	16,859,800	3.7092
3.	XENIAN SDN. BHD.	16,746,000	3.6842
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM KAF) (446190)	15,239,100	3.3526
5.	SEM GLOBAL SDN BHD	14,168,700	3.1172
6.	SLC TOP SDN. BHD.	13,605,700	2.9933
7.	PERTUBUHAN KESELAMATAN SOSIAL	13,600,000	2.9920
8.	YEOH YEW CHOO	13,303,800	2.9269
9.	ECIG SDN. BHD.	13,045,500	2.8700
10.	LOW SOOK MENG	10,893,372	2.3966
11.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QYH CAPITAL SDN BHD (MX3960)	10,000,000	2.2000
12.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR QYH CAPITAL SDN. BHD. (MY4382)	9,858,600	2.1689
13.	UOU RESOURCES SDN. BHD.	9,839,300	2.1647
14.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KANG PANG KIANG (MGN-KPK0003M)	6,869,000	1.5112
15.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QYH CAPITAL SDN BHD (MGN - KPK0003M)	6,705,200	1.4752
16.	LEE TEIK HEE	6,125,000	1.3475
17.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)	6,051,800	1.3314
18.	LOW CHOON YEN	5,463,100	1.2019
19.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	5,440,400	1.1969
20.	ROGER BEH HAW CHUN	5,368,600	1.1811
21.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KANG PANG KIANG	5,300,000	1.1660
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR KENANGA SYARIAHEXTRA FUND (N14011960240)	5,281,300	1.1619
23.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF TACTICAL FUND	5,278,600	1.1613
24.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PETROLIAM NASIONAL BERHAD (ACF-KENANGA-EQ)	5,216,800	1.1477

STATISTICS OF SHAREHOLDINGS (CONT'D)

As At 9 October 2024

**THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 09 OCTOBER 2024 (EXCLUDED TREASURY SHARES)
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)
(CONT'D)**

NO.	HOLDER NAME	NO. OF HOLDINGS	%
25.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (2)	4,780,000	1.0516
26.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KANG PANG KIANG (MY3922)	4,629,050	1.0184
27.	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED MF)	4,623,600	1.0172
28.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (UOB AMM6939-406)	4,248,200	0.9346
29.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	4,158,990	0.9150
30.	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (UNITLINKED GF)	4,057,500	0.8927
TOTAL		264,138,212	58.1111

STATISTICS OF WARRANTS 2023/2028 ("WARRANTS-D") HOLDINGS

As At 9 October 2024

No. of Warrants-D	: 225,108,007
Exercise/Conversion price	: RM1.80
Exercise/Conversion ratio	: 1 Warrants-D for 1 new Ordinary Share
Maturity Date	: 26 December 2028

Size of Holdings	No. of Holders	%	No. of Warrants-D	%
1 – 99	286	9.53	12,380	0.01
100 – 1,000	659	21.96	391,816	0.17
1,001 – 10,000	1,092	36.39	5,243,903	2.33
10,001 – 100,000	732	24.39	26,315,489	11.69
100,001 – 11,255,399 (*)	231	7.70	178,673,569	79.37
11,255,400 and above (**)	1	0.03	14,470,850	6.43
TOTAL	3,001	100.00	225,108,007	100.00

* Less than 5% of issued Warrants-D

** 5% and above of issued Warrants-D

DIRECTORS' WARRANTS-D HOLDINGS

Names	Direct Interest	No. of Warrants-D Held		
		%	Indirect Interest	%
Dato' Kang Pang Kiang	19,506,250	8.67	13,972,600 ^(a)	6.21
Ong Lye Soon	625,000	0.28	-	-
Lim Sze Yan	-	-	-	-
Lee Kean Teong	16,450	0.01	-	-
Tan Jie En	-	-	-	-

^(a) 13,972,600 Warrants-D are held through QYH Capital Sdn. Bhd..

STATISTICS OF WARRANTS 2023/2028 ("WARRANTS-D") HOLDINGS (CONT'D)

As At 9 October 2024

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 09 OCTOBER 2024 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)

NO.	HOLDER NAME	NO. OF HOLDINGS	%
1	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KANG PANG KIANG (DATO') (6000059)	14,470,850	6.4284
2	XENIAN SDN. BHD.	11,046,500	4.9072
3	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TERENCE WONG @ HUANG THAR-REARN	10,000,000	4.4423
4	SEM GLOBAL SDN BHD	6,664,300	2.9605
5	YEOH YEW CHOO	5,719,050	2.5406
6	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR QYH CAPITAL SDN. BHD. (MY4382)	5,620,000	2.4966
7	LOW SOOK MENG	5,489,186	2.4385
8	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QYH CAPITAL SDN BHD (MX3960)	5,000,000	2.2212
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM KAF) (446190)	4,309,950	1.9146
10	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN AH LOY @ TAN MAY LING	3,900,000	1.7325
11	QYH CAPITAL SDN. BHD.	3,352,600	1.4893
12	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAY MOY KOH (MY3164)	3,032,650	1.3472
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR ARECA EQUITYTRUST FUND (211882)	2,787,300	1.2382
14	LOW CHOON YEN	2,731,550	1.2134
15	ROGER BEH HAW CHUN	2,684,300	1.1924
16	TEOH WEI CHAN	2,666,500	1.1845
17	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KANG PANG KIANG	2,650,000	1.1772
18	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAY MOY KOH (SEGAMAT-CL)	2,619,800	1.1638
19	UOU RESOURCES SDN. BHD.	2,614,250	1.1613
20	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN YAT KIANG (MY1469)	2,440,400	1.0841
21	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEH SWEE HENG (MM1118)	2,420,000	1.0750
22	ANAS BIN AHMAD FARIS	2,319,850	1.0305
23	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KANG PANG KIANG (MY3922)	2,314,525	1.0282
24	LEE SIEW PENG	2,010,050	0.8929
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAY ZHENG ZHEE	2,000,400	0.8886

STATISTICS OF WARRANTS 2023/2028 ("WARRANTS-D") HOLDINGS (CONT'D)

As At 9 October 2024

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 09 OCTOBER 2024 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON) (CONT'D)

NO.	HOLDER NAME	NO, OF HOLDINGS	%
26	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA ISLAMIC FUND	1,702,200	0.7562
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR ETHEREAL-OMEGA EQ FUND (445330)	1,673,700	0.7435
28	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF CORE INCOME FUND	1,650,000	0.7330
29	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEY YAO DONG (MY4293)	1,639,200	0.7282
30	YEI WEE KOON	1,590,200	0.7064
	TOTAL	119,119,311	52.9165

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Third Annual General Meeting ("AGM") of shareholders of EG Industries Berhad ("EG" or "the Company") will be conducted virtually through online live streaming and online voting using Remote Participation and Electronic Voting ("RPV") facilities via Securities Services e-Portal ("SSeP") at <https://sshsb.net.my/> from the broadcast venue at Plot 102, Jalan 4, Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah, Malaysia on Friday, 29 November 2024 at 11:00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing the following resolutions with or without modifications :

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2024 and the Reports of Directors and Auditors thereon.
2. To approve the Directors' Fees and benefits payable to the Directors of the Company up to an aggregate amount of RM350,000 commencing one day after this AGM through to the next AGM of the Company in 2025 and further, to authorise the Directors to apportion the fees and make payment in the manner as the Directors may determine. Ordinary Resolution 1
3. To re-elect Mr. Lee Kean Teong who retires in accordance with Clause 99 of the Company's Constitution. Ordinary Resolution 2
4. To re-elect Dato' Kang Pang Kiang who retires in accordance with Clause 99 of the Company's Constitution. Ordinary Resolution 3
5. To re-appoint UHY as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 4
6. **Power to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** Ordinary Resolution 5

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental or regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act to issue and allot shares in the Company at any time, at such price, upon such terms and conditions, for such purposes and to such person or persons, as the Directors may, in their absolute discretion, deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being."

THAT the Directors are also empowered to obtain the approval from the Bursa Securities for the listing and quotation for the additional shares to be issued and THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.

AND THAT pursuant to Section 85 of the Act read together with Clause 13 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from issuance of new shares pursuant to this mandate.

FURTHER THAT the new shares to be issued shall, upon issuance and allotment, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. Proposed Renewal of Authority to Buy Back Its Own Shares by the Company

Ordinary Resolution 6

"THAT subject always to the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Constitution of the Company and the MMLR of Bursa Securities and any other relevant authorities, the Directors of the Company be hereby unconditionally and generally authorised to make purchases of ordinary shares in the Company's total number of issued shares through the Bursa Securities at any time and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, subject to the following:

- (i) the aggregate number of ordinary shares which may be purchased and/or held by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being ("EG Shares");
- (ii) the amount of fund to be allocated by the Company for the purpose of purchasing the EG Shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable);
- (iii) the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will continue in force until:
 - (a) the conclusion of the next AGM of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and, in any event, in accordance with the MMLR of the Bursa Securities or any other relevant authorities.
- (iv) upon completion of the purchase(s) of the EG Shares by the Company, the Directors of the Company be hereby authorised to deal with the EG Shares in the following manner:
 - (a) to cancel the EG Shares so purchased; or
 - (b) to retain the EG Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; or
 - (c) to retain part of the EG Shares so purchased as treasury shares and cancel the remainder; or
 - (d) in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

AND THAT the Directors of the Company be and are hereby authorised to take all such actions and steps as are necessary or expedient to implement or to effect the purchase of EG shares."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

8. **Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions** Ordinary Resolution 7

"THAT subject to the provisions of the MMLR of Bursa Securities, approval be and is hereby given to the Company and/or its subsidiaries ("EG Group") to enter into recurrent related party transactions of a revenue or trading nature as set out in the Circular to Shareholders dated 30 October 2024 which transactions are necessary for the day-to-day operations in the ordinary course of business of EG Group on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

AND THAT, such approval, shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at the next AGM, the authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting, whichever is earlier.

FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities to give full effect to the Proposed Shareholders' Mandate."

9. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution.

By Order of the Board

ONG TZE-EN (MAICSA 7026537) | (SSM PC NO. 202008003397)
LAU YOKO LENG (MAICSA 7034778) | (SSM PC NO. 202008003368)
Joint Company Secretaries

Penang, 30 October 2024

Notes on proxy and voting:

- 1. A proxy may but need not be a member of the Company.
- 2. For a proxy to be valid, the Proxy Form duly completed must be deposited at the Company's Registered Office at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting PROVIDED that in the event the member(s) duly executes the Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Proxy Form, other than the particulars of the proxy have been duly completed by the member(s).
- 3. A member entitled to attend and vote is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

4. Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee who holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
6. If the appointer is a corporation, the Proxy Form must be executed under the corporation's common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.
7. In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on **22 November 2024** (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote on his/her behalf.
8. Please follow the procedures provided in the Administrative Guide for the AGM in order to register, participate and vote remotely via the RPV facilities.

Explanatory Notes:

1. The Ordinary Resolution 1 is to seek shareholders' approval on the fees and benefits payable to the Directors that are recommended by the Remuneration Committee and the Board of Directors ("Board") of the Company, which recognises that the fees and benefits payable are in the best interest of the Company. The approval will also authorise payment to be made by the Company on a monthly basis and/or as and when incurred. The Board is of the view that it is fair and equitable for the Directors to be paid on a monthly basis and/or as and when incurred particularly after they have discharged their responsibilities and rendered their services to the Company. The benefits payable comprises of meeting allowances. The amount also includes a contingency sum to cater for unforeseen circumstances such as the appointment of any additional Director and/or for the formation of additional Board Committees and/or unscheduled meetings of the Board and Board Committee. This approval shall continue to be in force until the conclusion of the next AGM of the Company. Please refer the Corporate Governance Overview Statement for details of the fees and benefits payable for the Directors.
2. Ordinary Resolutions 2 and 3 are to re-elect Directors who retire in accordance with Clause 99 of the Company's Constitution. The profiles of the retiring Directors are set out under Directors' Profile in the Annual Report 2024. The Board approved the recommendations from the Nomination Committee ("NC") and is supportive of the re-election based on the justifications below. The retiring Directors had abstained from deliberation and decision making on their own eligibility to stand for re-election at the meetings of the NC and Board, as applicable.
 - 2.1 Mr. Lee Kean Teong is the Independent Non-Executive Director of the Company. Mr. Lee has fulfilled the requirements on independence as set out in the MMLR of Bursa Securities and the prescribed criteria under the Malaysian Code on Corporate Governance 2021. He has provided confirmation of independence. He has exhibited his objectivity through his proactive engagements during meetings of the Board by sharing valuable, relevant, independent and impartial insights, views and opinions on issues tabled for discussion. He has exercised due care and carried out his professional duties proficiently and effectively throughout his tenure as a Director of the Company. He does not have any conflict of interest and potential conflict of interest with the Company and its subsidiaries ("Group").
 - 2.2 Dato' Kang Pang Kiang is the Group Chief Executive Officer ("Group CEO") and Executive Director of the Company. His invaluable experience and knowledge in management, sales and production as well as his extensive network of business connections in Malaysia and overseas have been instrumental in ensuring the continued growth the Group. He has shown exemplary leadership in managing businesses and creating value by expanding into investment abroad. He has contributed significantly to the Group by steering the Group forward with notable achievements during his tenure as Group CEO and Executive Director of the Company. Dato' Kang Pang Kiang does not have any conflict of interest and potential conflict of interest with the Group other than as disclosed in the notes to the financial statements and Circular to Shareholders dated 30 October 2024 on the Recurrent Related Party Transactions.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

3. The Proposed Ordinary Resolution 5, is for the purpose of granting a renewed general mandate ("General Mandate") and if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares/total number of voting shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next AGM.

The waiver of pre-emptive rights pursuant to Section 85 of the Act will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate.

As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the last AGM held on 29 November 2023 and which will lapse at the conclusion of this AGM.

The renewal of the General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions. At this juncture, there is no decision to issue new shares from this General Mandate but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make announcement in respect thereof.

4. The Proposed Ordinary Resolution 6, if passed will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the total number of issued shares of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM of the Company.
5. The Proposed Ordinary Resolution 7, if passed, will approve the Proposed New and Renewal of Shareholders' Mandate on Recurrent Related Party Transactions and allow the Group to enter into Recurrent Related Party Transactions in accordance with Chapter 10 of the MMLR. This approval shall continue to be in force until the conclusion of the next AGM or the expiration of the period within which the next AGM is required by the law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

Statement of Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the MMLR of Bursa Securities)

No individual is standing for election as a Director at the forthcoming AGM of the Company.



EG Industries Berhad
Registration No. 199101012585 (222897-W)
(Incorporated in Malaysia)

PROXY FORM

No. of ordinary shares held	
CDS Account No.	

I/We _____
(FULL NAME IN BLOCK LETTERS, NRIC/PASSPORT/COMPANY NO.)

of _____
(FULL ADDRESS IN BLOCK LETTERS AND CONTACT NO.)

being a *member/members of EG Industries Berhad ("Company"), hereby appoint(s):-

Full Name (in Block Letters)	Email address and Mobile No.	NRIC/ Passport No.	No. of Shares	% of Shareholding

* and/or

Full Name (in Block Letters)	Email address and Mobile No.	NRIC/ Passport No.	No. of Shares	% of Shareholding

or failing him/her, the Chairman of the Thirty-Third Annual General Meeting ("33rd AGM"), as *my/our proxy to vote for *me/us and on *my/our behalf at the 33rd AGM of the Company to be conducted virtually through online live streaming and online voting using Remote Participation and Electronic Voting ("RPV") facilities via Securities Services e-Portal ("SSeP") at <https://sshsb.net.my/> from the broadcast venue at Plot 102, Jalan 4, Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah, Malaysia on Friday, 29 November 2024 at 11:00 a.m. or at any adjournment thereof.

*My/our proxy is to vote on the ordinary resolutions as indicated by an "X" in the appropriate spaces below. If this Proxy Form is returned without any indications as to how the proxy shall vote, *my/our proxy shall vote or abstain as he/she thinks fit.

	ORDINARY RESOLUTIONS						
	1	2	3	4	5	6	7
FOR							
AGAINST							

* Strike out whichever is not desired.

Signed this _____ day of _____ 2024

Signature of Shareholder(s)/Common Seal

Notes on proxy and voting:

1. A proxy may but need not be a member of the Company.
2. For a proxy to be valid, the Proxy Form duly completed must be deposited at the Company's Registered Office at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting PROVIDED that in the event the member(s) duly executes the Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Proxy Form, other than the particulars of the proxy have been duly completed by the member(s).
3. A member entitled to attend and vote is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. Where a member of the Company is an exempt authorised nominee who holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
6. If the appointer is a corporation, the Proxy Form must be executed under the corporation's common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.
7. In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 22 November 2024 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote on his/her behalf.
8. Please follow the procedures provided in the Administrative Guide for the AGM in order to register, participate and vote remotely via the RPV facilities.

Personal Data Privacy

By submitting the duly executed Proxy Form, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, and any adjournment thereof.



Please fold across the line and close

Stamp

EG Industries Berhad

Registration No. 199101012585 (222897-W)

170-09-01, Livingston Tower,
Jalan Argyll,
10050 George Town,
Pulau Pinang, Malaysia

Please fold across the line and close



EG Industries Berhad
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(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE



SECURITIES SERVICES e-PORTAL

WHAT IS Securities Services e-Portal?

Securities Services e-Portal is an online platform that will allow both individual shareholders and body corporate shareholders through their appointed representatives, to :

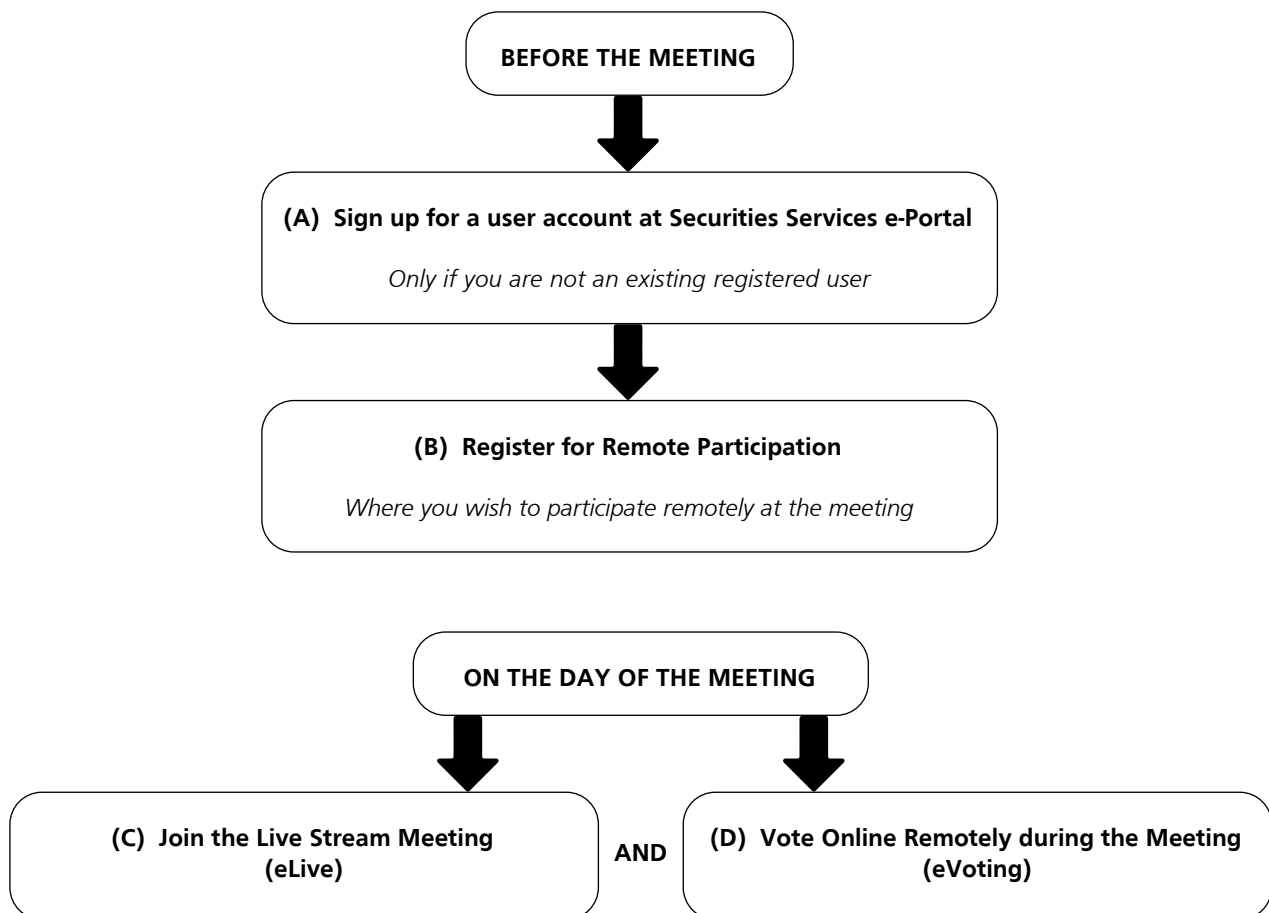
- Submit Proxy Form electronically – paperless submission
- Register for remote participation and voting at meetings
- Participate in meetings remotely via live streaming
- Vote online remotely on resolution(s) tabled at meetings (referred to as “**e-Services**”)

The usage of the e-Portal is dependent on the engagement of the relevant e-Services by EG Industries Berhad and is by no means a guarantee of availability of use, unless we are so engaged to provide. **All users are to read, agree and abide to all the Terms and Conditions of Use and Privacy Policy as required throughout the e-Portal.**

Please note that the e-Portal is best viewed on the latest versions of Chrome, Firefox, Edge and Safari.

REQUIRE ASSISTANCE?

Please contact the officers at our general line (Tel: +604 263 1966) to request for e-Services Assistance during our office hours on Monday to Friday from 9.00 a.m. to 12.30 p.m. and from 1.30 p.m. to 5.30 p.m. except on public holiday. Alternatively, you may email us at eservices@sshshb.com.my.





EG Industries Berhad
Registration No. 199101012585 (222897-W)
(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE

BEFORE THE MEETING

(A) Register as a User of Securities Services e-Portal

- | | |
|--|--|
| Step 1 Visit https://sshsb.net.my/
Step 2 Sign up for a user account
Step 3 Wait for our notification email that will be sent within one (1) working day
Step 4 Verify your user account within seven (7) days of the notification email and log in | <ul style="list-style-type: none">• This is a ONE-TIME registration. If you already have a user account, you need not register again.• Your email address is your User ID.• Please proceed to (B) below once you are a registered user. |
|--|--|

ALL SHAREHOLDERS MUST SIGN UP AS USER BY 25 NOVEMBER 2024

(B) Register for Remote Participation

Meeting Date and Time	Registration for Remote Participation Closing Date and Time
Friday, 29 November 2024 at 11:00 a.m.	Wednesday, 27 November 2024 at 11:00 a.m.

- Log in to <https://sshsb.net.my/> with your registered email and password.
- Look for **EG Industries Berhad** under Company Name and **33rd AGM on 29 November 2024 at 11:00 a.m.** – **Registration for Remote Participation** under Event and click ">" to register for remote participation at the meeting.

- Step 1 Check if you are attending as –
- **Individual shareholder**
 - **Corporate or authorised representative of a body corporate**
For body corporates, the appointed corporate/authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn. Bhd. at Suite 18.05, MWE Plaza, No. 8, Lebuhr Farquhar, 10200 George Town, Pulau Pinang for verification before the registration closing date and time above.
- Step 2 Submit your registration.

- A copy of your e-Registration for remote participation can be accessed via **My Records** (refer to the left navigation panel).
- Your registration will apply to **all the CDS account(s)** of each individual shareholder/body corporate shareholder that you represent. If you are both an individual shareholder and representative of body corporate(s), you need to register as an individual and also as a representative for each body corporate.
- As the meeting will be conducted virtually and only Chairman and other essential individuals will be present at the broadcast venue, we highly encourage all shareholders to remotely participate and vote at the meeting, failing which, please appoint Chairman of the meeting as proxy or your own proxy(ies) to represent you.

PROXIES

All appointed proxies need not register for remote participation under (B) above but if they are not registered Users of the e-Portal, they will need to register as Users of the e-Portal under (A) above by 25 November 2024. PLEASE NOTIFY YOUR PROXY(IES) ACCORDINGLY. Upon processing the proxy forms, we will grant the proxy access to remote participation at the meeting to which he/she is appointed for instead of the shareholder, provided the proxy must be a registered user of the e-Portal, failing which, the proxy will not be able to participate at the meeting as the meeting will be conducted virtually.



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ADMINISTRATIVE GUIDE

ON THE DAY OF THE MEETING

Log in to <https://sshsb.net.my/> with your registered email and password

(C) Join the Live Stream Meeting (eLive)

Meeting Date and Time	eLive Access Date and Time
Friday, 29 November 2024 at 11:00 a.m.	Friday, 29 November 2024 at 10:30 a.m.
<p>➤ Look for EG Industries Berhad under Company Name and 33rd AGM on 29 November 2024 at 11:00 a.m. – Live Stream Meeting under Event and click ">" to join the meeting.</p> <ul style="list-style-type: none">The access to the live stream meeting will open on the abovementioned date and time.If you have any questions to raise, you may use the text box to transmit your question. The Chairman/Board/Management/relevant adviser(s) will endeavour to broadcast your question and their answer during the meeting. Do take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user.	
(D) Vote Online Remotely during the Meeting (eVoting)	
Meeting Date and Time	eLive Access Date and Time
Friday, 29 November 2024 at 11:00 a.m.	Friday, 29 November 2024 at 11:00 a.m.
<p>➤ If you are already accessing the Live Stream Meeting, click Proceed to Vote under the live stream player. OR ➤ If you are not accessing from the Live Stream Meeting and have just logged in to the e-Portal, look for EG Industries Berhad under Company Name and 33rd AGM on 29 November 2024 at 11:00 a.m. – Remote Voting under Event and click ">" to remotely cast and submit the votes online for the resolutions tabled at the meeting.</p> <p>Step 1 Cast your votes by clicking on the radio buttons against each resolution. Step 2 Review your casted votes and confirm and submit the votes.</p> <ul style="list-style-type: none">The access to eVoting will open on the abovementioned date and time.Your votes casted will apply throughout <u>all</u> the CDS accounts you represent as an individual shareholder, corporate/authorised representative and proxy. Where you are attending as a proxy, and the shareholder who appointed you has indicated how the votes are to be casted, we will take the shareholder's indicated votes in the Proxy Form.The access to eVoting will close as directed by the Chairman of the meeting.A copy of your submitted e-Voting can be accessed via My Records (refer to the left navigation panel).	

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EG INDUSTRIES BERHAD

199101012585 (222897-W)

Plot 102, Jalan 4, Bakar Arang
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