

# Corporate Governance Overview Statement

The Board of Directors ("**Board**") is committed to ensure that a high standard of corporate governance is practised throughout the Company and its subsidiary ("**the Group**") in discharging its responsibilities with integrity, transparency and professionalism to protect and enhance shareholders' value and the financial position of the Group.

The Board is pleased to report on the application of the principles of the Malaysian Code on Corporate Governance ("**Code**") and the extent of compliance with the recommendations of the Code during the financial year ended 31 December 2022.

The Board has also provided specific disclosures on the application of each Practices in its Corporate Governance Report ("**CG Report**"). The CG Report was announced together with the Annual Report of the Company on 11 April 2023. Shareholders may obtain this CG Report by accessing this link, <https://corazaintech.com/> for further details.

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

### I) Board Responsibility

#### Roles and Responsibilities of the Board

The Board recognises its duties and responsibilities as detailed in the Board Charter as expectations on how they discharge their duties.

The Board assumes the following principal functions and responsibilities:-

- a) Reviewing and adopting a strategic plan for the Group;
- b) Promoting together with Key Management, good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- c) Overseeing the conduct of the Group's business;
- d) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- e) Succession Planning;
- f) Overseeing the development and implementation of a stakeholder communications policy for the Group; and
- g) Reviewing the adequacy and the integrity of the management information and internal control systems of the Group.

The Board has delegated specific duties to three (3) subcommittees (Audit, Nominating & Remuneration and Risk Management Committees). These Committees have the authority to examine particular issues and report the same to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The presences of Independent Non-Executive Directors are necessary for the corporate accountability as they provide unbiased and independent views. Even though all Directors have equal responsibility for the Group's operations, the role of Independent Non-Executive Directors is particularly important in ensuring the strategies proposed by the management are discussed and examined while taking into account the long-term implications of the business, the Group, shareholders and other stakeholders' interests.

The Board is alert to the possibility of potential conflicts of interest involving the Directors and the Company and affirms their commitment to ensure that such situations of conflicts are avoided.

#### Board Charter

The Board has adopted a charter to provide a reference for Directors in relation to the Board's role, duties and responsibilities, division of responsibilities between the Board, Individual Director, the Board Committees, the Chairman and Group Chief Executive Officer ("**Group CEO**")/ Managing Director. The Board Charter is subject to review periodically in order to ensure consistency with the Board's strategic intent and relevant standards of corporate governance.

#### Clear Functions of the Board and Management

To ensure the effective discharge of its functions and responsibilities, the Board Charter of the Company clearly set out the relevant matters that are reserved for the Board's approval, as well as those that are delegated to the Board Committees, Chairman and Group CEO/ Managing Director.

# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

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

#### Clear Functions of the Board and Management (Cont'd)

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

- a) Appointment of Chairman of the Board, independent director, Group CEO/Managing Director, Head of Finance and Company secretary;
- b) Determination of the remuneration and terms and conditions of service of the Group CEO, Managing Director, Executive Directors, including incentives;
- c) Approval of the strategic plans and consolidated annual budget;
- d) Approval of quarterly financial reports, annual report and corporate governance report;
- e) Approve delegations of authority to the Group CEO / Managing Director and authorise expenditure in excess of the approval limits delegated to the Group CEO / Managing Director;
- f) Authorise any single unbudgeted expenditure above an amount as established by the Board;
- g) Approval of proposals for the acquisition, establishment, disposal or cessation of any significant business of the Company or significant changes to organisational structure;
- h) Authorise the issue of shares, options or other equity-based securities including the documentation in relation to such;
- i) Approval of borrowings and the granting of security over, or interests in the Company or any of its material assets including the documentation in relation thereto;
- j) Determine membership and approve the terms of reference of Board Committees and monitor the effectiveness of the Company's corporate governance practices; and
- k) Approve corporate policies of Company-wide or general application.

#### Code of Conduct and Ethics

The Group has an established Code of Conduct and Ethics Policy which provides ethical values and standards for Directors and employees of the Group in discharging their duties and responsibilities. The said policy provides guidelines on the expected behaviour and conduct of the Directors and employees of the Group when dealing with both internal and external parties.

A copy of the Code of Conduct and Ethics Policy is available for reference at the Company's website, <https://corazaintech.com/>.

#### Anti-Bribery and Anti-Corruption Policy

In line with the new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 on corporate liability for corruption which come into force on 1 June 2020, the Board had on 22 November 2021, approved and adopted an Anti-Bribery and Anti-Corruption Policy ("**ABC Policy**") to prevent the occurrence of bribery and corrupt practices in relation to the Group's businesses.

The ABC Policy can be accessed through the Company's website, <https://corazaintech.com/>.

#### Whistleblower Policy

The Board recognises the importance to put in place a Whistleblower Policy, which provides an avenue for employees to make good-faith disclosure and report instances of unethical, unlawful or undesirable conduct without fear of reprisal. The Whistleblower Policy can be accessed through the Company's website, <https://corazaintech.com/>.

#### Promoting Sustainability

The Group recognises the environmental, social and governance aspects of sustainability as key elements in formulation of its objectives and strategies. The Group also recognises the need to safeguard and develop the workforce, strengthen stakeholders' relationship and protect the interest of shareholders. The sustainability activities are set out in the Sustainability Statement.

#### Board meetings and Access to Information and Advice

The Board members have full and unrestricted access to information on the Group's business and affairs in discharging their duties. All Directors are provided with the agenda and a full set of Board papers no later than seven (7) days before each Board Meeting is convened. In addition to discussing the Group's performances in the meeting, certain matters which are reserved specifically for the Board's decision are discussed.

# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

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

#### Board meetings and Access to Information and Advice (Cont'd)

Senior management staff, investment bankers, accountants or solicitors will be appointed to act as advisers for any corporate proposal to be undertaken by the Group, and will be invited to attend Board meetings at which the corporate proposal is to be deliberated, in order to provide the Board with professional opinion and advice, and to clarify issues that may be raised by any Director.

The Board is regularly updated and advised by the Company Secretary on new statutory as well as regulatory requirements. Every member of the Board has ready and unrestricted access to the advice and services of the Company Secretary and the senior management. The Company Secretary attends all Board and Board Committees' meetings and ensure that meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained.

Where appropriate, the Directors may obtain independent professional advice at the Company's expense on specific issues to enable the Board to make well-informed decisions in discharging their duties on the matters being deliberated.

#### Company Secretary

The Board is of the view that the current Company Secretary is suitably qualified, competent and can support the Board in carrying out its roles and responsibilities. The Board obtained appropriate advice and services, if necessary, from the Company Secretary to ensure adherence to Board meeting procedures and compliance with regulatory requirements.

#### Board Meetings and Time Commitment

The Board is satisfied with the time commitment given by the Directors of the Company in discharging their duties for the financial year ended 31 December 2022. The Directors also understand their responsibility to notify the Chairman before accepting any new directorship.

The Board is scheduled to meet at least four (4) times a year, with additional meetings to be convened when necessary. The Board met seven (7) times during the financial year.

The Directors' attendance at the Board meetings during the financial year ended 31 December 2022 were as follows:-

Name of Directors	Attendance
Mr. Ng Fook San (Chairman)	6/7
Mr. Lim Teik Hoe	7/7
Mr. Paul Heng Weng Seng	7/7
Puan Rusmin Alwani Binti Shukery	6/7
Dato' Seri Haji Abdul Rafique Bin Abdul Karim	7/7
Ms. Phoon Yee Min ( <i>Appointed on 27 May 2022</i> )	3/3
Mr. Ng Hong Kiat @ Ng Han Kiat ( <i>Retired on 27 May 2022</i> )	4/4

#### Directors' Training

The Board acknowledges the importance of continuous education and training to enable effective discharge of its duties and encourage Directors to attend talks, training programmes and seminars to update themselves on new developments in the business environment. The Board through Nominating and Remuneration Committee will evaluate and determine the training needs of its Directors on an annual basis.

All Directors have attended and successfully completed the Mandatory Accreditation Training Programme as required by Bursa Malaysia Securities Berhad ("**Bursa Securities**"). They have also attended various continuous education programmes such as seminars and conferences.

# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

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

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

The following members of the Board had attended various undermentioned programmes :-

Name	Title of Training
Mr. Ng Fook San	<ul style="list-style-type: none"> <li>Everything Investor Relations Manager need to know about ESG Reporting</li> </ul>
Mr. Lim Teik Hoe	<ul style="list-style-type: none"> <li>Everything Investor Relations Manager need to know about ESG Reporting</li> <li>Keys to effective shareholder engagement via Annual General Meeting</li> <li>Financial Ratios</li> </ul>
Mr. Paul Heng Weng Seng	<ul style="list-style-type: none"> <li>Financial Ratios</li> </ul>
Puan Rusmin Alwani Binti Shukery	<ul style="list-style-type: none"> <li>An Afternoon with Bursa Malaysia: ESG – Perspective of a PLC and Regulator</li> <li>Insolvency Law – Restructuring: What You Need to Know</li> <li>Companies Legislation and Companies Commission of Malaysia – Company Law and Practice – Perspectives</li> <li>Environmental, Social and Governance (ESG) – Emergent Themes Around ESG</li> <li>Directors' Duties &amp; Climate Change</li> <li>Navigating through the evolution of Corporate Governance with the introduction of Tax Corporate Governance Framework</li> <li>Everything Investor Relations Managers Need to Know about ESG Reporting</li> <li>Investor Relations On-boarding Session</li> <li>Financial Ratios</li> </ul>
Dato' Seri Haji Abdul Rafique Bin Abdul Karim	<ul style="list-style-type: none"> <li>Investor Relations On-boarding Session</li> <li>CPD-certified Climate Disclosure Training Programme</li> <li>Financial Ratios</li> </ul>
Phoon Yee Min	<ul style="list-style-type: none"> <li>Mandatory Accreditation Programme</li> <li>Supply Chain Sustainability: Advancing ESG Adoption Amongst Malaysian SMEs</li> <li>ICDM PowerTalk ESG Series #4 – ESG Disclosure At a Glance: Key Developments And Future Trends</li> <li>ICDM PowerTalk ESG Series #5 – Climate Change and Carbon: From the Financial Risk &amp; Reporting Perspectives</li> <li>Green Finance Skills: Costs And Opportunities Of Your Transition To Net Zero</li> <li>The Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees</li> <li>Starting &amp; Managing Corporate Sustainability &amp; ESG Strategy</li> <li>Financial Ratios</li> </ul>

### II) Board Composition

#### Composition of the Board

The Board currently consists of six (6) members, comprising one (1) Executive Chairman, one (1) Managing Director, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors, as follows:-

Name	Position	Age	Gender	Ethnicity
Mr. Ng Fook San	Executive Chairman	72	Male	Chinese
Mr. Lim Teik Hoe	Managing Director	64	Male	Chinese
Mr. Paul Heng Weng Seng	Non- Independent Non-Executive Director	63	Male	Chinese
Puan Rusmin Alwani Binti Shukery	Independent Non-Executive Director	49	Female	Malay
Dato' Seri Haji Abdul Rafique Bin Abdul Karim	Independent Non-Executive Director	66	Male	Malay
Phoon Yee Min	Independent Non-Executive Director	41	Female	Chinese

# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### II) Board Composition (Cont'd)

#### Composition of the Board (Cont'd)

The Board is led by an Executive Chairman. The Non-Executive Directors complements the Board with a mix of industry-specific knowledge, skill, expertise and commercial experience. There is a clear division of responsibilities among directors to ensure a balance of power and authority.

The number of Independent Directors is in compliance with the Listing Requirements of Bursa Securities for the ACE Market which requires the Board to have at least two (2) Independent Directors or 1/3 of the Board of Directors, whichever is higher, to be Independent Directors. The Group also adopted the recommendation from the Code that at least half of the Board comprises independent directors.

The brief profile of each Board member is presented under Directors' Profile of this Annual Report.

To assist the Board in the discharge of their duties effectively, the Board has delegated specific functions to certain committees, namely Audit Committee, Nominating & Remuneration Committee and Risk Management Committee. Each committee will operate within its clearly defined terms of reference. The Chairman of the various committees will report to the Board on the outcome of the committee meetings.

#### Tenure of Independent Directors

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

If the Board intends to retain an Independent Non-Executive Director beyond nine (9) years, it shall justify and seek annual shareholders' approval through a two-tier voting process. Under the two-tier voting process, shareholders' votes will be cast in the following manner at the same shareholders' meeting:

- a) Tier 1: Only the Large Shareholder(s) of the Company votes.
- b) Tier 2: Shareholders other than Large Shareholder(s) votes.

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

#### Separation of Roles of Chairman and Group CEO/ Managing Director

The roles of the Executive Chairman and Group CEO/ Managing Director are distinct and separate to ensure that there is a balance of power and authority. The Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board.

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

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

In line with the recommendation of the Code, the Chairman of the Board is not a member of the Audit Committee or Nominating & Remuneration Committee.

#### Re-election of Directors

In accordance with the Company's Constitution, at the first Annual General Meeting of the Company, all the Directors shall retire from the office and be eligible for re-election and an election of Directors shall take place each year at the Annual General Meeting of the Company where one third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire from office and be eligible for re-election. All the Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he/she retires.

# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### II) Board Composition (Cont'd)

#### Re-election of Directors (Cont'd)

The Directors to retire in each year shall be those who have been the longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board but the total number of Directors shall not at any time exceed the number fixed in accordance with the Constitution of the Company. Any Director so appointed shall hold office only until the next following Annual General Meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Mr. Ng Fook San has expressed his intention not to seek for re-election at the forthcoming Annual General Meeting. Puan Rusmin Alwani Binti Shukery and Ms. Phoon Yee Min will retire and seeking for re-election at the forthcoming Second Annual General Meeting and the details of the Directors are disclosed in page 11 and 13 of this Annual Report.

#### Boardroom Diversity

The Board has adopted a Board Diversity Policy. Diversity in Board composition is an essential measure of good governance and a driver of Board's effectiveness. The Board Diversity Policy ensures that the Board seeks a composition with the right balance of skills and diversity to meet the demands of the business.

The Board currently comprises two (2) female directors, which is in line with the Code's recommendation of 30% representation of women on Boards.

#### Nominating & Remuneration Committee

The Nominating & Remuneration Committee comprises three (3) Independent Non-Executive Directors. It meets as and when required but the Nominating & Remuneration Committee shall meet not less than once a year.

## PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

### Audit Committee

In assisting the Board to discharge its duties on financial reporting, the Board has established the Audit Committee, comprising three (3) Independent Non-Executive Directors. The summary of the activities of the Audit Committee during the financial year ended 31 December 2022 is set out under the Audit Committee Report in this Annual Report.

### Financial Reporting

The Board aims to present a balanced and clear assessment of the Group's financial positions and prospects in the financial statements and quarterly announcements to shareholders, investors and regulatory authorities in line with the financial reporting standards.

The Board is assisted by the Audit Committee to oversee the financial reporting processes and the quality of financial reporting of the Group. All quarterly financial reports and financial statements are reviewed and discussed by the Audit Committee before they are tabled to the Board for consideration. The Statement of Directors' Responsibility in respect of the preparation of the annual audited financial statements is set out in page 54 of this Annual Report.

### Internal Control and Risk Management

The Board recognises the importance of risk management and internal controls in the overall management processes.

In assisting the Board to manage the risks of the Company, the Board has established a Risk Management Committee, comprising three (3) Independent Non-Executive Directors and one (1) Executive Director and is chaired by an Independent Non-Executive Director.

The Risk Management Committee had met once during the financial year.

# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

### Internal Control and Risk Management (Cont'd)

An overview of the state of internal controls and risk management within the Group is set out in this Annual Report under the Statement on Risk Management and Internal Control.

The Board has an overall responsibility in maintaining a sound internal control system that provides reasonable assurance of effective and efficient operations and compliance with the internal procedures and guidelines.

### Internal Audit Function

The Company outsourced its IA function to Talent League Sdn. Bhd. ("**Talent League**"), an independent professional consulting company, which is independent of the activities and operations of the Group as its Internal Control Review Consultant to review the adequacy and sufficiency of systems, procedures and controls of the Group. The Internal Auditors work within the scope of an audit plan, which has been approved by the Audit Committee, to review and test the adequacy and effectiveness of the internal controls of the Group.

The External Auditors will, in the course of their statutory audit, conduct a review of the internal control procedures and highlight any internal control weaknesses which have come to their attention. All such findings and recommendations made by the Internal and External Auditors are reported to the Audit Committee. Any significant issues are discussed at the Audit Committee's meetings.

The Internal Auditors will follow up on all its recommendations to ensure that management has implemented them in a timely and appropriate fashion. The Internal Auditors support the Audit Committee in its role to assess the effectiveness of the Group's overall system of internal controls.

Details on the Statement on Risk Management and Internal Control are furnished in pages 44 to 47 of this Annual Report.

### Relationship with Auditors

The Audit Committee discusses the nature and scope of audit and reporting obligations with the external auditors before commencement of audit engagement.

A transparent and appropriate relationship with the auditors, both internal and external has been established through the Audit Committee. The External Auditors are invited to discuss the annual financial statements, their audit plan, audit findings and other special matters that require the Board's attention.

The Audit Committee is empowered by the Board to review all issues in relation to appointment and re-appointment, resignation or dismissal of External Auditors. The Company has adopted an External Auditors Assessment Policy which outlines the guidelines and procedures for the Audit Committee to assess and review the External Auditors. The Audit Committee has assessed the suitability and independence of the External Auditors. The External Auditors have confirmed that they are independent throughout the conduct of audit engagement in accordance with terms of professional and regulatory requirements. Accordingly, the Audit Committee has recommended the re-appointment of the External Auditors at the Annual General Meeting of the Company.

Currently, none of the members of the Board nor the Audit Committee of the Company were former key audit partners of the external auditors appointed by the Company. As recommended by the Code, the Company has adopted an External Auditors Assessment Policy that requires a former partner of the external auditors of the Company to observe a cooling-off period of at least 3 years before being appointed as a member of Audit Committee.

# Corporate Governance Overview Statement (Cont'd)

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

### **Corporate Disclosure Policy**

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

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

### **Leverage of Information Technology for Effective Dissemination of Information**

Information of the Group is also accessible through the Company's website, <https://corazaintech.com/> which is updated on a regular basis. Information available on the website includes among others the Group Annual Report, quarterly financial announcements, major and significant announcements and latest corporate developments of the Group.

### **Strengthen Relationship between Company and Shareholders**

The Board recognises the value of investor relations and endeavours to maintain constant and effective communication with shareholders through timely and comprehensive announcements.

### **Conduct of General Meeting**

The Annual General Meeting is the principal forum dialogue with all shareholders. The participation of shareholders and investors, both individual and institutional, at general meetings is encouraged whilst requests for briefings from the press and investment analysts are usually met as a matter of course.

Notice of Annual General Meeting and the annual report are sent to shareholders at least 28 days before the date of the meeting.

All the resolutions set out in the Notice of the last Annual General Meeting were put to vote by poll. The outcome of the Annual General Meeting was announced to Bursa Securities on the same meeting day.

## **COMPLIANCE WITH THE CODE**

The Company is committed to achieve high standards of corporate governance throughout the Company and the Group, and the highest level of integrity and ethical standards in all of its business dealings.

This statement is made in accordance with a resolution passed in the Board of Directors' Meeting held on 6 April 2023.



# Statement On Risk Management And Internal Control

## 1. Introduction

The Board of Directors ("**the Board**") of Coraza Integrated Technology Berhad ("**the Company**" or "**CIT**") acknowledges the importance of maintaining good risk management and internal control system within CIT and its subsidiary (collectively, "**Coraza**", "**Coraza Group**" and "**the Group**") and is pleased to provide the following statement on risk management and internal control ("**Statement**") which outlines the nature and scope of risk management and internal control systems of the Group for the financial year ended 31 December 2022 and up to the date of approval of this statement disclosed pursuant to Rule 15.26(b) of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance. This statement was prepared by taking into account of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("**The Guidelines**") pursuant to Guidance Note 11 of ACE Market Listing Requirements. The scope of this Statement includes CIT and its operating subsidiary.

## 2. Board Responsibilities

The Board recognises the importance of maintaining the risk management and internal control system of the Group to safeguard the assets of the Group as well as the investment of shareholders and the interests of customers, regulators, employees and other stakeholders. The system of internal control covers governance, risk management, financial strategy and organisational, operational, regulatory and compliance control. The Board, in discharging its responsibilities, is fully committed to maintain appropriate risk management and internal controls system and for reviewing their adequacy and effectiveness so as to provide assurance on the achievement of the objectives of the Group. However, in view of the limitations that are inherent in any risk management system, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the business objectives of the Group. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement, losses or fraud.

The Board has delegated the oversight of the risk management to the Risk Management Committee ("**RMC**") which comprises majority of Independent Non-Executive Directors and has delegated the oversight of the internal control function to the Audit Committee ("**AC**") which is comprised solely of Independent Non-Executive Directors. On a periodic basis, the Board, via the RMC and AC, evaluates the adequacy and operating effectiveness of the risk management and internal control system and, where appropriate, requires the Management to implement pertinent controls to address emerging issues or areas of control deficiencies. The process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

## 3. Risk Management Framework

The Board has established and developed a Risk Management Framework to achieve the following objectives:

- communicate and disseminate across the organisation the vision, role and direction of the Group;
- identify, assess, evaluate and manage the various principal risks which affect the business of the Group;
- create a risk-awareness culture and risk ownership for more effective management of risks; and
- formulate a systematic process of review, tracking and reporting on keys risks identified and corresponding mitigation procedures.

A risk analysis of the Group is conducted on a regular basis including constantly reviewing the process in identifying, evaluating and putting up necessary action to assess and monitor the impacts of the risk on the operation and business. The process requires management to comprehensively identify and assess all types of risks in terms of likelihood and magnitude of impact as well as to address the adequacy and application of mechanisms in place to manage, mitigate, avoid or eliminate these risks. Significant risks identified are subsequently brought to the attention of the Board at the scheduled board meetings. This serves as the on-going process of identifying, assessing and managing risks faced by the Group and has been in place for the year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

Risk management of the Group is driven by the Senior management who are responsible for identifying, evaluating and monitoring of risks and taking appropriate and timely actions to manage risk. These processes are embedded and carried out as part of the operating and business management processes of the Group. External and relevant professionals would be drawn on to assist and provide advices to the management team when necessary.

In conducting its review, the process is periodically reviewed by the Board via the RMC at the Board meeting with the assistance of the outsourced independent consulting professionals when necessary to further review and improve the existing internal control processes within the Group. The Group will continue to focus on the key risks and corresponding controls to ensure that they are able to respond effectively to the business changes and competitive environment.

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

## 4. Internal Audit Function

The Group has outsourced its internal audit function to an independent professional firm, Talent League Sdn. Bhd. ("**Talent League**"), which assists both the Board and AC by conducting independent assessment on the adequacy and operating effectiveness of the internal control system of the Group. To ensure independence from Management, the Internal Auditors is free from any relationship or conflict of interest with the Group and report directly to the AC through the execution of internal audit work based on a risk-based annual internal audit plan reviewed and approved by the AC before the commencement of work.

Talent League uses the Committee of Sponsoring Organisation of the Treadway Commission - Internal Control ("**COSO - IC**") Integrated Framework as a basis for evaluating the effectiveness of the internal control system. Talent League also makes reference to the International Professional Practices Framework during the course of its assignments. The internal audit function shall highlight any key areas of weaknesses in the risks and internal control management system of the Group to the AC and to include in their report the recommendations on the remedial actions to be taken to address the areas of weaknesses as highlighted for the reviews and recommendations of AC to the Board for implementation. In addition, Talent League shall perform follow-up reviews on previously reported issues and provide an update to the AC on the status of the Management's implementations.

During the financial year under review, two cycles of internal audit were conducted covering Human Resource Management, Management Information System, Procurement and Inventory Management. The internal audit findings and recommended actions for improvement were reported to the AC and shared with the Management. Further details of the activities of the internal audit functions are set out under the Audit Committee Report of this Annual report.

The findings from the internal audits did not identify any circumstances which suggest any fundamental deficiencies in the Group's internal control system and risk management.

## 5. Other Internal Control Processes

Apart from risk management and internal audit, the system of internal controls of the Group also comprises the following key elements:

### a. Organisation Structure and Delegation of Authority

The Group has an organisational structure that well defines lines of responsibility, delegation of authority, segregation of duties and flow of information, aligned to the operational requirements of the business of the Group within management, which provides the levels of accountability and responsibility of the respective job functions of management.

The Group has established authorisation limits and approval levels for management to follow including those requiring approval from the Board.

### b. Policies and Procedures

Standard Operating Procedures ("**SOP**") and various policies are formalised to serve as a guiding principle to all employees within the Group for their day-to-day activities to safeguard the assets of the Group against material losses. The policies and procedures shall be periodically reviewed and updated to cater to the changing business environment and operational requirements, and statutory reporting needs. The Group has also documented policies and procedures to regulate relevant key processes in compliance with the following:

- International Organisation for Standardisation ("**ISO**") 9001:2015.
- ISO 14001:2015
- ISO 45001:2018
- AS9100D

### c. Integrity and Ethical Value

The tone from the top on integrity and ethical value are enshrined in the formal Code of Conduct and Ethics for Directors ("**the Code**") established and approved by the Board. The Code forms the foundation of the integrity and ethical value of the Group.

Integrity and ethical value expected from the employees are incorporated in the Employees Handbook whereby the ethical behaviours expected with customers, suppliers, employees to carry out their duties and responsibilities assigned are also established and formalised in the Handbook.

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

## 5. Other Internal Control Processes (Cont'd)

### c. Integrity and Ethical Value (Cont'd)

In line with Section 17A of the Malaysian Anti-Corruption Commission Act 2009, a formal Anti-Bribery and Anti-Corruption Policy had been put in place to prevent the risk of bribery and conflict of interest within the Group with Whistleblower Policy and procedures implemented for all stakeholders to raise genuine concerns about possible improprieties in matters of unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements at the earliest opportunity.

### d. Board of Directors/ Board Committee Meetings

The role, functions, composition, operation and processes of the Board are guided by Board Charter. Board Committees, namely AC, Nominating and Remuneration Committee and RMC are established with terms of references clearly outlining their functions and duties delegated by the Board. AC and RMC assist the Board to review the effectiveness of the ongoing monitoring processes on risk and control matters for areas within their scope of work.

Meetings of the Board and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial and operational perspective.

### e. Employee Handbook

Guidelines on the human resource management are in place to ensure the ability of the Group to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their duties and responsibilities assigned effectively and efficiently.

Performance evaluations are carried out for all levels of staff to identify performance gaps, for training needs identification and talent development.

Emphasis is placed on enhancing the quality and ability of employees through a wide variety of training programs and workshops to enhance their knowledge and expand the employees' competency level in executing daily jobs. Relevant trainings and courses are provided to personnel across all functions to maintain a high level of competency and capability.

### f. Information and Communication

The Group has put in place effective and efficient information and communication infrastructures and channels, i.e., computerised systems, secured intranet and electronic mail system, so that operation data and management information can be communicated timely and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders for execution and information collection. The Management and Board meetings are held for effective two-way communication of information at different level of management and the Board.

### g. Information Technology ("IT")

The security and resiliency of the Group's information and technology infrastructure is vital to its business operations in meeting customers' and stakeholders' expectations on top of safeguarding its reputation. The IT Service Continuity Plan and the Electronic Information Security were established to ensure the Group's information systems and data are properly safeguarded and are protected from information security's threat and risks.

The Group's IT Department are responsible in identifying potential information security threats including cyber risks and to enhance the technology infrastructure as well as the processes and controls to ensure there is no business disruption.

### h. Monitoring and Review Activities

The Managing Director is closely involved in the daily operations regularly reviews the operational information. The Group conducts weekly management meeting which is chaired by our Managing Director and attended by the various Head of Departments to review and discuss on various matters covering operational, financial, business development and human resources areas.

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

## 5. Other Internal Control Processes (Cont'd)

### i. Business Continuity Management

The Group has established the Business Continuity Management Policy ("**BCM Policy**") which sets out the objectives, scope, and response procedures implementation of business continuity plan throughout the Group. The BCM Policy is established to prepare the Group to rapidly recover and resume critical operations following operational service disruption. These plans will be reviewed and updated from time to time when applicable.

### j. Company Secretary

The Company Secretary provides the necessary advice and guidance on matters relating to the Constitution of the Company, Board policies and procedures, and compliance with relevant regulatory requirements, codes or guidance.

### k. Covid-19 Management

The Group has been emphasizing on the safety and health of its employees and stakeholders by enforcing precautionary measures and guidelines in factory premises as stipulated by the relevant authorities since the breakout of the Covid-19 pandemic. In current financial year under review, the Group focus has been in ensuring the health and safety of our employees and maintaining business continuity. Although Malaysia has transitioned to endemicity, the Group continue to stay alert to respond to any adverse developments to ensure our employees and our business are protected.

## 6. Review of the Statement by External Auditors

The external auditors have reviewed the Statement on Risk Management and Internal Control pursuant to Rule 15.23 of the ACE Market Listing Requirements and in accordance with the Audit and Assurance Practice Guide 3 ("**AAPG 3**"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("**MIA**") for inclusion in the annual report of the Group for the financial year ended 31 December 2022 and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- a) Has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; or
- b) Is factually inaccurate.

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

## 7. Conclusion

Notwithstanding the fact that the Group's system of risk management and internal controls do not eliminate the possibility of material misstatement, losses or fraud or other unforeseen circumstances, the Board has received assurance from the Executive Chairman, Managing Director and Chief Financial Officer that the risk management and internal control system adopted by the Group is operating adequately and effectively, in all material aspects, based on their observations in the course of their management of daily operations of the Group. The Board is of the view that the risk management and internal control systems are operating satisfactorily and effectively to safeguard the interest of stakeholders and assets of the Group for the financial year under review, and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the annual report of the Company. The Board continues to take measures to review and, where necessary, enhance the risk management and internal control systems of the Group to meet the strategic objectives of the Group.

The Board is committed towards maintaining a sound internal control system and an effective risk management throughout the Group and reaffirms its commitment to continuously review and where necessary, enhance further the risk management and internal control systems.

This Statement on Risk Management and Internal Control is made in accordance with a resolution passed in the Board of Directors' Meeting held on 6 April 2023.

# Audit Committee Report

## INTRODUCTION

The Board of Directors (“**Board**”) is pleased to present the Audit Committee (“**AC**”) Report which showcase the manner in which how AC discharged its fiduciary duties for the Group in the financial year ended 31 December 2022 (“**FY 2022**”) in compliance with Rule 15.15 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”).

## COMPOSITION, DESIGNATION, MEETINGS AND ATTENDANCE

The AC is solely comprised of three (3) members, whom are all wholly Independent and Non-Executive Directors. Their attendance at the six (6) Committee meetings held during the financial year under review is tabulated below:

Designation	Name	Directorship	Attendance
Chairman	Ng Hong Kiat @ Ng Han Kiat (Retired on 27 May 2022)	Independent Non-Executive Deputy Chairman	3/3
Chairwoman	Phoon Yee Min (Appointed on 27 May 2022)	Independent Non-Executive Director	3/3
Member	Rusmin Alwani Binti Shukery	Independent Non-Executive Director	5/6
Member	Dato’ Seri Haji Abdul Rafique Bin Abdul Karim	Independent Non-Executive Director	6/6

Ms Phoon Yee Min, being the AC Chairman is a Certified Internal Auditor, member of the Malaysian Institute of Accountants, member of Association of Chartered Certified Accountants, and member of Institute of Internal Auditors Malaysia.

All committee members are financially literate with diverse background, experience and knowledge in the field of accountancy, finance, business management and corporate laws. None of the members were former key audit partners of the Company’s existing External Auditors.

The composition of AC meets the requirement of Rule 15.09 of the Listing Requirements.

## TERMS OF REFERENCE

The terms of reference of the AC are available for reference on the Company’s website at <https://corazaintech.com/>

## SUMMARY OF ACTIVITIES

During the financial year under review, the AC held six (6) meetings and carried out the following activities:

### (i) Financial Reporting

- a. The AC reviewed the unaudited quarter interim financial reports and the annual financial statements of the Group prior to recommending the same for approval by the Board as follows:

Date of meetings	Financial Statements
13 January 2022	Unaudited Third Quarter Interim Financial Report for the quarter ended 30 September 2021
23 February 2022	Unaudited Fourth Quarter Interim Financial Report for the quarter ended 31 December 2021
21 April 2022	Draft audited financial statements for the financial period ended 31 December 2021
27 May 2022	Unaudited First Quarter Interim Financial Report for the quarter ended 31 March 2022
25 August 2022	Unaudited Second Quarter Interim Financial Report for the quarter ended 30 June 2022
24 November 2022	Unaudited Third Quarter Interim Financial Report for the quarter ended 30 September 2022

The AC reviewed the annual audited financial statements with the external auditors and finance team, focusing particularly on significant changes to accounting policies and practices, going concern assumptions, adjustments arising from the audits, compliance with the relevant accounting standards and other legal requirements to ensure compliance with the provisions of the Companies Act 2016 and the ACE Market Listing Requirements.

# Audit Committee Report (Cont'd)

## SUMMARY OF ACTIVITIES (Cont'd)

### (ii) Other activities of External Auditors in dealing with the Group

- a. On 23 February 2022, the AC reviewed the audit findings report in respect of their audit for the financial period ended 31 December 2021.
- b. On 23 February 2022, the AC appraised and evaluated the performance of the external auditors. The areas assessed were
  - (a) caliber of external audit firm;
  - (b) quality processes / performance;
  - (c) audit team;
  - (d) independence and objectivity;
  - (e) audit scope and planning;
  - (f) audit fees;
  - (g) audit communications.

The AC was satisfied with the performance and independence of the external auditors and recommended their re-appointment to the Board.

- c. On 21 April 2022, the AC deliberated on the external auditors' report at its meeting with regard to the relevant disclosures in the annual audited financial statements for financial period ended 31 December 2021.
- d. On 21 April 2022, the AC reviewed and revised the existing External Auditors Assessment Policy and recommended to the Board for approval.
- e. On 24 November 2022, the AC discussed and reviewed the external auditors' Audit Planning Memorandum for the FY 2022 outlining their audit team, objectives and scope, recent development of the Group, key identified risks, important enquiries to the members of the AC, audit approach, proposed audit timeline and reporting schedule and proposed audit fees before the commencement of the audit for the Group's financial statements.

The AC also reviewed the proposed audit fees of the external auditors and presented to the Board of Directors for approval.

- f. The AC conducted three (3) times of private dialogue session with the external auditors without the presence of Executive Directors and management staff on 23 February 2022, 21 April 2022 and 24 November 2022 to discuss any issues of concern to the External Auditors or any other areas of concern arising from their interim and final audit.

### (iii) Internal Audit ("IA")

- a. The internal auditors presented its findings together with recommendation and management action plan to the AC for review on 25 August 2022 and 24 November 2022. The internal auditors have conducted review on internal control focusing on the following areas:-

Audit Area	Reporting date
Human Resource Management and Management Information System	25 August 2022
Procurement and Inventory Management	24 November 2022

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

- b. On 23 February 2022, the AC reviewed and approved the internal audit plan for calendar year 2022.

### (iv) Related Party Transactions

The AC reviewed any related party transaction ("RPT") and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises the questions on management integrity.

# Audit Committee Report (Cont'd)

## SUMMARY OF ACTIVITIES (Cont'd)

### (iv) Related Party Transactions (Cont'd)

The AC reviewed the reports of recurrent related part transactions (“RRPT”) to ensure the actual transacted amounts were within the prescribed approved limit.

- a. On 23 February 2022, the AC reviewed the Group’s RRPT value to be included in the circular for proposed new shareholders’ mandate for RRPT to be submitted to Bursa Malaysia Securities Berhad for extension of time to get shareholders’ ratification and mandate for the RRPT (“RRPT Circular”) before recommending to the Board.
- b. On 21 April 2022, the AC reviewed the draft RPRT Circular and recommended to the Board for approval.
- c. On 21 April 2022, the AC reviewed and revised, the existing Related Party Transaction Policy and recommended to the Board for approval.

### (v) Other matter considered by AC

- a. On 21 April 2022, the AC reviewed the AC Report for inclusion in the Annual Report.
- b. On 24 November 2022, the AC reviewed if there was any provision of financial assistance.

## Internal Audit

During the financial year under review, the Group continued to outsource its internal audit function to Talent League Sdn. Bhd. (“Talent League”), an independent professional consulting firm. Talent League assists both the Board and the AC by conducting independent assessments on the adequacy and effectiveness of the Group’s internal control system, based on an Internal Audit Plan approved by the AC before the commencement of work. Talent League uses the Committee of Sponsoring Organisation of the Treadway Commission - Internal Control (“COSO - IC”) Integrated Framework as a basis for evaluating the effectiveness of the internal control system and refers to the International Professional Practices Framework during its assignments. The Internal Auditors report directly to the AC to ensure independence from Management.

The total cost incurred for the internal audit function for the financial period ended 31 December 2022 was RM25,000.

During the period under review, the Internal Auditors carried out the following activities:-

- a) Performed audits according to the audit plan, reviewed following processes of the Company and made recommendations to improve their effectiveness:-
  - Human Resource Management and Management Information System
  - Procurement and Inventory Management; and
- b) Performed follow-up reviews in assessing the progress of the agreed management’s action plans and report to the management and AC.

# Nominating And Remuneration Committee Statement

The Nominating & Remuneration Committee ("**NRC**") comprises three (3) Independent Non-Executive Directors. The NRC is chaired by an Independent Non-Executive Director of the Company.

The duties and responsibilities of the NRC are guided by its terms of reference. It meets as and when required but the NRC shall meet at least once a year.

The NRC is authorised by the Board to:-

- a) oversees matters related to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as undertakes the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director;
- b) recommending to the Board the remuneration framework for Directors, reviewing the remuneration package for Executive Directors and Key Management as well as the remuneration framework of employees of the Group; and
- c) overseeing the implementation and administration of the Performance-Based Employee Share Option Scheme for the Eligible Employees (including Executive Directors) of the Company and its Subsidiary subject to the By-Laws governing the Scheme, if any.

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

- i. Board mix and composition
- ii. Strategy and entrepreneurship
- iii. Legal and regulatory requirements
- iv. Corporate governance, risk management and internal controls
- v. Audit, accounting, financial reporting and taxation
- vi. Human capital
- vii. Sales and marketing
- viii. Information Technology
- ix. Production and quality assurance
- x. Board quality of information and decision making
- xi. Boardroom activities
- xii. Board's relationship with the management

The process also assesses the competencies of each Director in the areas of their contribution, performance, calibre and personality in relation to the skills, experience and other qualities they bring to the Board.

The NRC also undertakes annual assessment of the independence of its independent directors based on criteria of independence as per requirements of ACE Market Listing Requirements.

The Board recognises the importance of independence and objectivity in the decision making process. The Board and its NRC in their annual assessment concluded that each of the three Independent Non-Executive Directors continue to demonstrate conduct and behaviour that are essential indicators of independence. Each of them continues to fulfil the definition and criteria of independence as set out in ACE Market Listing Requirements of Bursa Securities.

The Company has adopted the Fit and Proper Policy on 27 May 2022. When considering new appointment, the NRC shall evaluate the balance of skills, knowledge and experience on the board. In identifying suitable candidates, the Committee should consider the following fit and proper criteria of the candidates:-

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

The NRC has conducted the fit and proper assessment on 28 February 2023 on Directors who were proposed for re-election at the Second Annual General Meeting of the Company in accordance with the Fit and Proper Policy. The NRC is satisfied with the performance of the retiring directors.

The Board has adopted a Board Diversity Policy. Selection of candidates will be based on a range of diversity perspectives, including but not limited to professional experiences, business experiences, skills, knowledge, gender, age, ethnicity and educational background. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition (including gender, ethnicity and age) will be disclosed in the Corporate Governance Overview Statement annually.



# Nominating And Remuneration Committee Statement (Cont'd)

The Board acknowledges the importance to promote gender diversity and has achieved the target to appoint and maintain 30% women participation on its Board during the year to be in line with the Government's aspiration.

The Group is committed to maintain a suitable working environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion, age or family status.

The NRC had met six (6) times during the financial year and the activities of the NRC are summarised as follows:-

- a) Discussed the key performance incentive for Executive Directors for the financial year ended 31 December 2021;
- b) Discussed the Board's succession plan;
- c) Discussed the key personnel performance incentive program;
- d) Reviewed the performance of management;
- e) Reviewed the current board structure, size and composition;
- f) Reviewed and assessed the mix of skills, experience and other qualities of the Board;
- g) Reviewed the training needs of Directors;
- h) Assessed the effectiveness of the Board, the Committees and the contribution of each individual director;
- i) Assessed the performance of Independent Directors;
- j) Reviewed the term of office and performance of the Audit Committee and each of its members;
- k) Reviewed the Board Succession Planning Policy;
- l) Recommended the re-election of Directors at the First Annual General Meeting;
- m) Discussed and recommended the directors' fees and directors' benefits (if any) payable for each director for the financial year ending 31 December 2022;
- n) Reviewed the remuneration package for the executive directors of the company for the financial year ending 31 December 2022;
- o) Discussed and recommended the directors' fees and directors' benefits (if any) payable for each director for the financial period from 1 January 2022 to 31 May 2023;
- p) Reviewed the NRC Statement for inclusion in the Annual Report for the financial period ended 31 December 2021;
- q) Reviewed and recommended the appointment of new director as Independent Non-Executive Director as well as changes of composition of Audit Committee, NRC and Risk Management Committee;
- r) Reviewed the Directors' Fit and Proper Policy; and
- s) Discussed and recommended the directors' fees and directors' benefits (if any) payable for each director for the financial period from 1 June 2023 to 31 May 2024.

The NRC is governed by its terms of reference and its primary function is to recommend to the Board from time to time, the remuneration framework and package of the Chairman, Executive Directors and head of the subsidiary and key management of the Group in all forms to commensurate with their respective contributions. The Executive Directors are to abstain from deliberations and voting on the decision in respect of their own remuneration packages. The individual concerned should abstain from deliberations of their own remuneration packages. Directors' fees and Directors' benefits are subject to shareholders' approval at the Annual General Meeting.

In general, the remuneration is structured so as to link reward to corporate and individual performance, as in the case of the Executive Directors and senior management. As for the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Directors concerned.

The remuneration of the Directors of the Company for the financial year ended 31 December 2022, for the Company as well as the group basis are as follows:

# Nominating And Remuneration Committee Statement (Cont'd)

No	Name	Directorate	Company ('000)					Group ('000)								
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Mr. Ng Fook San	Executive Director	30.0	10.5	-	-	-	1.4	41.9	30.0	13.5	180.0	-	-	9.4	232.9
2	Mr. Lim Teik Hoe	Executive Director	30.0	12.0	-	-	-	1.4	43.4	30.0	12.0	360.0	700.0	-	44.5	1,146.5
3	Mr. Paul Heng Weng Seng	Non-Executive Non-Independent Director	30.0	10.5	-	-	-	1.4	41.9	30.0	10.5	-	-	1.4	41.9	
4	Mr. Ng Hong Kiat @ Ng Han Kiat (Retired on 27 May 2022)	Independent Director	12.5	9.3	-	-	-	-	21.8	12.5	9.3	-	-	-	21.8	
5	Puan Rusmin Alwani Binti Shukery	Independent Director	30.0	11.1	-	-	-	1.4	42.5	30.0	11.1	-	-	1.4	42.5	
6	Dato' Seri Haji Abdul Rafigue Bin Abdul Karim	Independent Director	30.0	12.6	-	-	-	1.4	44.0	30.0	12.6	-	-	1.4	44.0	
7	Miss Phoon Yee Min (Appointed 27 May 2022)	Independent Director	17.5	4.8	-	-	-	1.4	23.7	17.5	4.8	-	-	1.4	23.7	

# Statement Of Director's Responsibility

Pursuant to the Companies Act 2016 and the Bursa Malaysia Securities Berhad's Listing Requirements, the Directors are responsible for ensuring that the financial statements prepared gives a true and fair view of the state of affairs of the Group and of the company for the financial year.

The Directors have taken the following items into consideration:

- appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments.
- proper record keeping of accounting records of which financial position of the Group and the Company were disclosed with reasonable accuracy at any time.
- general responsibility to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.
- prepared the financial statements on a going concern basis.

The statement is made in accordance with a resolution passed in the Board of Directors' Meeting held on 6 April 2023.

# Additional Compliance Information

## 1. UTILISATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING (“IPO”)

On 20 January 2022, Coraza Integrated Technology Berhad (“**The Company**”) was listed on the ACE Market of Bursa Malaysia Securities Berhad (“**Listing**”). As part of the listing exercise, the Company undertook a public issue of 117,791,000 new ordinary shares in the Company at an issue price of RM0.28 per share, raising proceeds of RM32.98 million.

Our utilization of proceeds as at 6 March 2023 is as follows:

Details of use of proceeds	Proposed Utilisation RM'000	Re-allocation RM'000	Actual Utilisation RM'000	Balance to be Utilised RM'000	Estimated timeframe for the use of proceeds upon listing <sup>(1)</sup>
Purchase of new machinery	15,500	-	(11,600)	3,900	Within 36 months
Construction of factory <sup>(2)</sup>	6,412	-	-	6,412	Within 36 months
Implementation of ERP system	1,200	-	(1,200)	-	Within 12 months
Extension of existing building	1,500	-	(1,500)	-	Within 12 months
Repayment of bank borrowings	4,600	-	(4,600)	-	Within 12 months
Estimated listing expenses	3,770	(583) <sup>(i)</sup>	(3,187)	-	Within 1 month
Working capital	-	583 <sup>(ii)</sup>	(583)	-	Within 9 months
	<b>32,982</b>	<b>-</b>	<b>(22,670)</b>	<b>10,312</b>	

### Notes:

- <sup>(i)</sup> Surplus of RM0.583 million (of the RM3.77 million allocated for the estimated listing expenses) was re-allocated to the general working capital requirements of the Group, in accordance with the Company’s prospectus dated 22 December 2021.
- <sup>(ii)</sup> The amount re-allocated for the working capital purposes will be utilized for the day-to-day operations (e.g. Consultation fees and office related expenses).
- <sup>(1)</sup> From the date of listing of the Company.
- <sup>(2)</sup> The construction of our new factory is delayed as the Group has decided to construct all 3 phases together. The Traffic Impact Assessment (“**TIA**”) report has been submitted and approved by the council. Construction is expected to commence in mid of this year and expected to be completed by mid of next year. In the interim, the Group is utilizing rented sites to scale its production to fulfil customers’ orders.

## 2. UTILISATION OF PROCEEDS FROM SPECIAL ISSUE OF NEW ORDINARY SHARES

On 25 January 2023, the Company completed the listing of 905,000 new ordinary shares to bumiputera investors through special issue of shares (“**Special Issue**”). The Special Issue shares were issued at an issue price of RM0.75 per share and total proceeds of RM0.679 million was received from the said Special Issue.

The gross proceeds of RM0.679 million from the Special Issue is utilised in the following manner:

Details of use of proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance to be Utilised RM'000	Estimated timeframe for the use of proceeds <sup>(1)</sup>
Purchase of new machinery	610	(610)	-	Within 24 months
Estimated listing expenses	69	(69)	-	Within 1 month
	<b>679</b>	<b>(679)</b>	<b>-</b>	

### Note:

- <sup>(1)</sup> From the date of receipt of proceeds.

The utilisation of proceeds as disclosed above should be read in conjunction with the announcements in relation to the Special Issue dated 15 August 2022 and 22 September 2022.

# Additional Compliance Information (Cont'd)

## 3. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered to the Company and the Group for the financial year ended 2022 ("FY 2022") by the Company's Auditors and its local affiliate are as follows:

	Audit Fees (RM)	Non-Audit Fee* (RM)
Company	20,000	237,000
Group	76,000	259,000

\* Non-Audit fees comprise of Review of Statement of Risk Management and Internal Control, fees for Information Technology General Control Audit, professional fee for Initial Public Offering and professional fee for tax compliance.

## 4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")

The Company is seeking approval from shareholders for the proposed renewal of existing shareholders' mandate for the Group to enter into RRPT(s) of a revenue or trading nature at the forthcoming Annual General Meeting to be held on 10 May 2023.

Details of RRPTs made during the financial year ended 31 December 2022 pursuant to the shareholders' mandate obtained by the company at the Annual General Meeting held on 27 May 2022 are as follows:

Related party	Coraza Group – Transacting Parties	Nature of transaction within Coraza Group	Value of Transaction (RM'000)	Nature of relationship between Coraza Group and the related party
Surface Technology Solutions Sdn Bhd ("STS")	Coraza Systems Malaysia Sdn. Bhd. ("CSM")	Provision of finishing services by STS to CSM, such as the provision of services for wet painting, powder coating and conversion coating for products such as metal fabrication, wafer machine and test equipment	3,158	<ul style="list-style-type: none"> <li>• STS is a wholly-owned subsidiary of Armour Holdings Sdn Bhd ("AHSB").</li> <li>• AHSB is a person connected to Paul Heng Weng Seng and Liew Sow Ying.</li> <li>• Paul Heng Weng Seng is the Non-Independent Non-Executive Director and Major Shareholder of Coraza.</li> <li>• Liew Sow Ying is the Major Shareholder of Coraza. She is the spouse of Lim Teik Hoe.</li> <li>• Lim Teik Hoe is the Managing Director and Major Shareholder of Coraza.</li> </ul>
Unigen Corporation	CSM	<p>Sales of fabricated parts to Unigen Corporation by CSM.</p> <p>Fabricated parts are the formation of metal parts by undergoing processes such as cutting, bending, welding and assembly. The fabricated parts to Unigen Corporation will be used for enclosure for data centres.</p>	1,671	<ul style="list-style-type: none"> <li>• Unigen Corporation is a person connected to Paul Heng Weng Seng.</li> <li>• Paul Heng Weng Seng is the Non-Independent Non- Executive Director and Major Shareholder of Coraza.</li> </ul>
Kalungan Prestij Sdn Bhd	CSM	Renting of factory by Kalungan Prestij Sdn Bhd to CSM	24	<ul style="list-style-type: none"> <li>• Kalungan Prestij Sdn Bhd is a person connected to Lim Teik Hoe and Liew Sow Ying.</li> <li>• Liew Sow Ying is the Major Shareholder of Coraza. She is the spouse of Lim Teik Hoe.</li> <li>• Lim Teik Hoe is the Managing Director and Major Shareholder of Coraza.</li> </ul>

# Additional Compliance Information (Cont'd)

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

There were no material contracts entered into by the Company and its subsidiary involving Directors', Chief Executive and major shareholders' interests during the financial year ended 31 December 2022.

# Directors' Report

## For The Financial Year Ended 31 December 2022

The directors have pleasure in submitting their report together with the audited financial statements of the Group and Company for the financial year ended **31 December 2022**.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding.

The principal activity of the subsidiary is principally involved in the fabrication of sheet metal and precision machined components, as well as the provision of related services, such as design and development and value-added sub-module assembly services.

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

### RESULTS

	GROUP RM	COMPANY RM
Profit/(Loss) for the financial year	14,714,383	(2,066,766)

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **31 December 2022** have not been substantially affected by any item, transaction or event of a material and unusual nature except for the portion of listing expenses amounting to RM1,765,079 which was charged to profit or loss as a result of the initial public offering exercise as disclosed in Note 31 to the financial statements.

### DIVIDENDS

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

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

### RESERVES AND PROVISIONS

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

### SHARE CAPITAL AND DEBENTURE

During the financial year, the Company has increased its issued and fully paid-up ordinary share capital by way of issuance of:

- (i) 117,791,000 new ordinary shares in the Company at an issue price of RM0.28 per ordinary share in conjunction with the Company's initial public offering exercise as disclosed in Note 31 to the financial statements; and
- (ii) 905,000 new ordinary shares in the Company at an issue price of RM0.75 per ordinary share in conjunction with the special issue to Bumiputera investors as disclosed in Note 31 to the financial statements.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

Other than the foregoing, the Company did not issue any other share or debenture and did not grant any option to anyone to take up unissued shares of the Company.

### DIRECTORS

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

- \* **Ng Fook San**
- \* **Lim Teik Hoe**
- \* **Paul Heng Weng Seng**  
**Dato' Seri Haji Abdul Rafique Bin Abdul Karim**  
**Rusmin Alwani Binti Shukery**  
**Phoon Yee Min (appointed on 27.5.2022)**  
**Ng Hong Kiat @ Ng Han Kiat (retired on 27.5.2022)**

- \* The directors are also directors of the Company's subsidiary.

# Directors' Report (Cont'd)

For The Financial Year Ended 31 December 2022

## DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			Balance at 31.12.2022
	Balance at 1.1.2022	Subscribed	Offer for sale	
<b>Direct Interest:</b>				
Ng Fook San	-	1,786,000	-	1,786,000
Paul Heng Weng Seng	217,378,000	-	(10,708,300)	206,669,700
Dato' Seri Haji Abdul Rafique Bin Abdul Karim	-	200,000	-	200,000
Rusmin Alwani Binti Shukery	-	178,600	-	178,600
<b>Deemed Interest:</b>				
<sup>(1)</sup> Lim Teik Hoe	93,162,001	-	(10,708,300)	82,453,701

Note:

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

Other than as disclosed above, none of the other directors have any interest in shares in the Company and its related corporations during the financial year.

## DIRECTORS' REMUNERATION AND BENEFITS

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

	COMPANY RM	SUBSIDIARY RM	GROUP RM
Salaries, allowances and other emoluments	70,800	1,243,000	1,313,800
Defined contribution plan	-	49,744	49,744
Fees	180,000	-	180,000
	<b>250,800</b>	<b>1,292,744</b>	<b>1,543,544</b>

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

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

## INDEMNITY AND INSURANCE FOR DIRECTORS OR OFFICERS

The amount of indemnity coverage and insurance premium paid for the directors and officers of the Company amounted to RM10,000,000 and RM16,970 respectively.



# Directors' Report (Cont'd)

For The Financial Year Ended 31 December 2022

## OTHER STATUTORY INFORMATION

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

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves there were no bad debts to be written off and no provision for doubtful debts were required, and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company 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) that would render it necessary to write off any bad debts or to make any for provision for doubtful debts in the financial statements of the Group and of the Company; or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) that have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

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

In the opinion of the directors:

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

## SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

The details of the significant events during and after the financial year are disclosed in Note 31 to the financial statements.

# Directors' Report (Cont'd)

For The Financial Year Ended 31 December 2022

## AUDITORS

The total amount of fees paid to or receivable by the auditors, **Grant Thornton Malaysia PLT**, and its affiliates as remuneration for their services to the Group and the Company for the financial year ended 31 December 2022 are as follows:

	GROUP RM	COMPANY RM
Statutory audit	76,000	20,000
Assurance related and non-audit services	259,000	237,000
	<u>335,000</u>	<u>257,000</u>

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

The auditors have expressed their willingness to continue in office.

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

.....  
**Lim Teik Hoe**

**Penang,**

**Date: 6 April 2023**

.....  
**Ng Fook San**

# Directors' Statement

For The Financial Year Ended 31 December 2022

In the opinion of the directors, the financial statements set out on pages 67 to 110 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 December 2022** and of their financial performance and cash flows for the financial year then ended.

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

.....  
**Lim Teik Hoe**

.....  
**Ng Fook San**

**Date: 6 April 2023**

## Statutory Declaration

I, **Lim Teik Hoe**, the director primarily responsible for the financial management of **Coraza Integrated Technology Berhad** do solemnly and sincerely declare that the financial statements set out on pages 67 to 110 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed at Penang, this )  
**6th** day of **April 2023**. )

.....  
**Lim Teik Hoe**

**Before me,**

.....  
**Commissioner for Oaths**

# Independent Auditors' Report

To The Members Of Coraza Integrated Technology Berhad  
Registration No. 202001039065 (1395386-M) (Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Coraza Integrated Technology Berhad**, which comprise the statements of financial position as at **31 December 2022** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of the accounting policies, as set out on pages 67 to 110.

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

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("**By-Laws**") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) ("**IESBA Code**"), 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
<p><b>Valuation of inventories</b> (Note 7 to the financial statements)</p> <p>The Group holds significant inventories as at 31 December 2022 which exposes the Group to a risk that the inventories may become slow moving or recorded above their realisable value. Besides, it is also exposed to risks of inaccurate valuation due to inaccurate physical or costing records.</p> <p>We focused on this area as it involves estimation by the management in determining the valuation of inventories and whether the inventories are stated at the lower of cost and net realisable value.</p>	<p>Our audit procedures in relation to the valuation of inventories included, amongst others, the following:</p> <ul style="list-style-type: none"><li>• Walkthrough the process of recognising inventories;</li><li>• Performed cut-off test to assess the completeness of inventories;</li><li>• Attended and observed the stock count at year end;</li><li>• Reviewed the valuation of inventories in accordance with MFRS 102 Inventories. This process involves understanding how material, labour and overhead cost are allocated to inventories and testing if the data used by management is up-to-date;</li><li>• Assessed management's estimation on the adequacy of impairment of inventories;</li><li>• Performed testing of net realisable value (NRV) for work-in-progress and finished goods; and</li><li>• Obtained confirmations from external parties for inventories consigned to them.</li></ul>

# Independent Auditors' Report (Cont'd)

To The Members Of Coraza Integrated Technology Berhad  
Registration No. 202001039065 (1395386-M) (Incorporated in Malaysia)

## Key Audit Matters (Cont'd)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><b>Impairment of trade receivables</b> <i>(Note 8 to the financial statements)</i></p> <p>The Group has significant trade receivables as at 31 December 2022 which included certain amounts that are overdue and it is subject to credit risk exposure.</p> <p>We focus on this area as the assessment of expected credit losses of trade receivables involves management judgement and estimation uncertainty in determining the probability of default occurring by considering the ageing of trade receivables, historical loss experience and forward-looking information.</p>	<p>Our audit procedures in relation to the impairment of trade receivables included, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• Assessed the completeness of the ageing bucket in ageing report;</li> <li>• Assessed the completeness of the specific and collective impairment;</li> <li>• Assessed management's estimation of the adequacy of impairment of receivables;</li> <li>• Requested for external confirmations on sampling basis; and</li> <li>• Performed alternative testing in the absence of confirmation responses from customers.</li> </ul>
<p><b>Revenue recognition</b> <i>(Note 21 to the financial statements)</i></p> <p>The Group's revenue is derived mainly from the sale of fabricated sheet metal products and is recognised at point in time. The Group's revenue for the financial year ended 31 December 2022 is approximately RM143 million.</p> <p>We have identified revenue recognition as a key audit matter as there is a risk that revenue maybe incorrectly recognised as different contractual arrangements with customers will result in different timing in which revenue can be recognised.</p>	<p>Our audit procedures in relation to the revenue recognition included, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• Tested the operating effectiveness of key controls identified within the revenue cycle;</li> <li>• Performing analytical procedures on the trend of revenue recognised and identify for any abnormalities;</li> <li>• Performing substantive testing on a sampling basis to verify that revenue recognition criteria are properly applied;</li> <li>• Performed cut-off testing to ensure revenue are recognised in the correct period;</li> <li>• Obtained the computation worksheet for variable consideration prepared by management and recalculated the amounts provided, checking against the sales contract to confirm that the milestone of the conditions are met hence triggering the variable considerations and reviewed subsequent correspondence with customers; and</li> <li>• Reviewed the sales ledger and identified for sales transactions that are entered using journals or non-sales invoices references and evaluated the nature of the transactions and whether they are bona fide transactions.</li> </ul>

There are no key audit matters to be communicated in respect of the audit of the financial statements of the Company.

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

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

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

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

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

# Independent Auditors' Report (Cont'd)

To The Members Of Coraza Integrated Technology Berhad  
Registration No. 202001039065 (1395386-M) (Incorporated in Malaysia)

## Responsibilities of the Directors for the Financial Statements

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

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

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

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

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

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

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

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

# Independent Auditors' Report (Cont'd)

To The Members Of Coraza Integrated Technology Berhad  
Registration No. 202001039065 (1395386-M) (Incorporated in Malaysia)

## **Auditors' Responsibilities for the Audit of the Financial Statements** (Cont'd)

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

## **Other Matter**

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

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

**Terence Lau Han Wen**  
**No. 03298/04/2023 J**  
**Chartered Accountant**

**Penang**

**Date: 6 April 2023**

# Statements Of Financial Position

As At 31 December 2022

	NOTE	GROUP		COMPANY	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	38,799,025	28,953,088	2,166	-
Right-of-use assets	5	3,294,505	-	-	-
Investment in a subsidiary	6	-	-	29,252,868	29,252,868
		<u>42,093,530</u>	<u>28,953,088</u>	<u>29,255,034</u>	<u>29,252,868</u>
<b>Current assets</b>					
Inventories	7	30,943,580	24,970,316	-	-
Trade receivables	8	34,993,385	34,956,623	-	-
Other receivables, deposits and prepayments	9	3,990,741	3,236,257	9,560	1,321,243
Amount due from a subsidiary	10	-	-	19,283,637	-
Tax recoverable		1,423,845	964,583	-	-
Cash and cash equivalents	11	27,040,194	4,534,143	10,841,492	1
		<u>98,391,745</u>	<u>68,661,922</u>	<u>30,134,689</u>	<u>1,321,244</u>
<b>TOTAL ASSETS</b>		<u>140,485,275</u>	<u>97,615,010</u>	<u>59,389,723</u>	<u>30,574,112</u>
<b>EQUITY AND LIABILITIES</b>					
Share capital	12	61,402,934	29,252,869	61,402,934	29,252,869
Merger reserve	13	(26,752,868)	(26,752,868)	-	-
Retained profits/(Accumulated losses)	14	54,316,340	39,601,957	(2,302,937)	(236,171)
<b>Total equity</b>		<u>88,966,406</u>	<u>42,101,958</u>	<u>59,099,997</u>	<u>29,016,698</u>
<b>Non-current liabilities</b>					
Deferred income	15	1,122,080	1,458,100	-	-
Deferred tax liabilities	16	3,931,000	2,022,000	-	-
Lease liabilities	5	1,962,739	-	-	-
Borrowings	17	5,392,719	9,157,200	-	-
		<u>12,408,538</u>	<u>12,637,300</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Trade payables	18	16,626,943	19,685,907	-	-
Other payables and accruals	19	12,119,529	8,369,764	201,820	208,287
Refund liabilities	20	310,000	303,072	-	-
Amount due to a subsidiary	10	-	-	-	1,349,127
Lease liabilities	5	1,355,428	-	-	-
Borrowings	17	8,698,431	14,517,009	-	-
Current tax liabilities		-	-	87,906	-
		<u>39,110,331</u>	<u>42,875,752</u>	<u>289,726</u>	<u>1,557,414</u>
<b>Total liabilities</b>		<u>51,518,869</u>	<u>55,513,052</u>	<u>289,726</u>	<u>1,557,414</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>140,485,275</u>	<u>97,615,010</u>	<u>59,389,723</u>	<u>30,574,112</u>

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



# Statements Of Comprehensive Income

For The Financial Year Ended 31 December 2022

	NOTE	GROUP		COMPANY	
		1.1.2022 to 31.12.2022 (12 months) RM	1.1.2021 to 31.12.2021 (12 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	30.11.2020 to 31.12.2021 (13 months) RM
Revenue	21	143,347,719	106,132,563	-	-
Cost of sales		(105,915,323)	(75,786,042)	-	-
<b>Gross profit</b>		<b>37,432,396</b>	30,346,521	-	-
Other income		3,425,777	1,487,925	660,797	-
Administrative expenses		(16,932,521)	(10,910,572)	(2,568,972)	(236,171)
Selling and distribution expenses		(4,524,021)	(4,072,936)	-	-
<b>Operating profit/(loss)</b>		<b>19,401,631</b>	16,850,938	<b>(1,908,175)</b>	(236,171)
Finance costs		(759,100)	(790,505)	-	-
<b>Profit/(Loss) before taxation</b>	22	<b>18,642,531</b>	16,060,433	<b>(1,908,175)</b>	(236,171)
Taxation	23	(3,928,148)	(3,213,370)	(158,591)	-
<b>Net profit/(loss), representing total comprehensive income for the financial year/period</b>		<b>14,714,383</b>	12,847,063	<b>(2,066,766)</b>	(236,171)
<b>Earnings per share attributable to the owners of the Company (sen)</b>					
- Basic and diluted	24	3.43	4.14		

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

# Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 December 2022

----- Attributable to owners of the Company -----						
----- Non-distributable -----					Distributable	
NOTE	Share Capital RM	Invested Equity RM	Merger Reserve RM	Retained Profits RM	Total Equity RM	
<b>2022</b>						
Balance at 1.1.2022	<b>29,252,869</b>	-	<b>(26,752,868)</b>	<b>39,601,957</b>	<b>42,101,958</b>	
Total comprehensive income for the financial year	-	-	-	<b>14,714,383</b>	<b>14,714,383</b>	
<i>Transaction with owners:</i>						
Issuance of shares pursuant to:						
- Initial Public Offerring	<b>12 32,981,480</b>	-	-	-	<b>32,981,480</b>	
- Special Issue	<b>12 678,750</b>	-	-	-	<b>678,750</b>	
Share issuance expenses	<b>12 (1,510,165)</b>	-	-	-	<b>(1,510,165)</b>	
	<b>32,150,065</b>	-	-	-	<b>32,150,065</b>	
Balance at 31.12.2022	<b>61,402,934</b>	-	<b>(26,752,868)</b>	<b>54,316,340</b>	<b>88,966,406</b>	
<b>2021</b>						
Balance at 1.1.2021	1	2,500,000	-	26,754,894	29,254,895	
Total comprehensive income for the financial year	-	-	-	12,847,063	12,847,063	
<i>Transaction with owners:</i>						
Adjustment on the acquisition of a subsidiary	<b>12 -</b>	<b>(2,500,000)</b>	<b>2,500,000</b>	-	-	
Allotment of shares pursuant to acquisition of a subsidiary	<b>12 29,252,868</b>	-	<b>(29,252,868)</b>	-	-	
	<b>29,252,868</b>	<b>(2,500,000)</b>	<b>(26,752,868)</b>	-	-	
Balance at 31.12.2021	<b>29,252,869</b>	-	<b>(26,752,868)</b>	<b>39,601,957</b>	<b>42,101,958</b>	

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

# Statement Of Changes in Equity

For The Financial Year Ended 31 December 2022

	NOTE	Share Capital RM	Accumulated Losses RM	Total Equity RM
<b>2022</b>				
Balance at 1.1.2022		<b>29,252,869</b>	<b>(236,171)</b>	<b>29,016,698</b>
Total comprehensive loss for the financial year		-	<b>(2,066,766)</b>	<b>(2,066,766)</b>
<i>Transaction with owners:</i>				
Issuance of shares pursuant to:				
- Initial Public Offerring	<b>12</b>	<b>32,981,480</b>	-	<b>32,981,480</b>
- Special Issue	<b>12</b>	<b>678,750</b>	-	<b>678,750</b>
Share issuance expenses	<b>12</b>	<b>(1,510,165)</b>	-	<b>(1,510,165)</b>
		<b>32,150,065</b>	-	<b>32,150,065</b>
Balance at 31.12.2022		<b>61,402,934</b>	<b>(2,302,937)</b>	<b>59,099,997</b>
<b>2021</b>				
Balance at 30.11.2020, date of incorporation		1	-	1
Total comprehensive loss for the financial period		-	(236,171)	(236,171)
<i>Transaction with owners:</i>				
Allotment of shares pursuant to acquisition of a subsidiary	<b>12</b>	29,252,868	-	29,252,868
Balance at 31.12.2021		29,252,869	(236,171)	29,016,698

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

# Statements Of Cash Flows

For The Financial Year Ended 31 December 2022

	GROUP		COMPANY	
	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2021 to 31.12.2021 (12 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	30.11.2020 to 31.12.2021 (13 months) RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(Loss) before taxation	<b>18,642,531</b>	16,060,433	<b>(1,908,175)</b>	(236,171)
Adjustments for:				
Bad debt written off	-	61,120	-	-
Depreciation of property, plant and equipment	<b>5,736,788</b>	3,323,072	<b>333</b>	-
Depreciation of right-of-use assets	<b>577,737</b>	102,713	-	-
Deferred income released	<b>(336,020)</b>	(336,020)	-	-
Gain on derecognition of right-of-use asset and lease liability	-	(7,236)	-	-
Gain on disposal of property, plant and equipment	-	(67,320)	-	-
Interest expense	<b>759,100</b>	790,505	-	-
Interest income	<b>(401,219)</b>	(32,732)	<b>(660,797)</b>	-
Inventories written down				
- addition	-	529,715	-	-
- reversal	<b>(621,227)</b>	-	-	-
Listing expenses	<b>1,765,079</b>	-	<b>1,765,079</b>	-
Property, plant and equipment written off	<b>2,581</b>	102,645	-	-
Reversal of allowance for expected credit losses	-	(90,433)	-	-
Unrealised loss/(gain) on foreign exchange	<b>1,444,310</b>	(800,417)	-	-
Operating profit/(loss) before working capital changes	<b>27,569,660</b>	19,636,045	<b>(803,560)</b>	(236,171)
Increase in inventories	<b>(5,352,037)</b>	(14,685,329)	-	-
(Increase)/Decrease in receivables	<b>(2,235,866)</b>	(17,817,249)	<b>1,311,683</b>	(1,321,243)
Increase/(Decrease) in payables	<b>691,111</b>	16,364,175	<b>(6,467)</b>	208,287
Increase in refund liabilities	<b>6,928</b>	108,072	-	-
Cash generated from/(used in) operations	<b>20,679,796</b>	3,605,714	<b>501,656</b>	(1,349,127)
Income tax paid	<b>(2,478,410)</b>	(2,733,274)	<b>(70,685)</b>	-
Interest paid	<b>(705,175)</b>	(778,765)	-	-
Net cash from/(used in) operating activities	<b>17,496,211</b>	93,675	<b>430,971</b>	(1,349,127)

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

# Statements Of Cash Flows (Cont'd)

For The Financial Year Ended 31 December 2022

	GROUP		COMPANY	
	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2021 to 31.12.2021 (12 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	30.11.2020 to 31.12.2021 (13 months) RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	302,391	32,732	277,160	-
Proceeds from disposal of property, plant and equipment	-	123,031	-	-
Purchase of property, plant and equipment	(15,585,306)	(9,500,915)	(2,499)	-
Real property gains tax paid	-	(165,104)	-	-
Net cash (used in)/from investing activities	(15,282,915)	(9,510,256)	274,661	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Fixed deposits pledge to a licensed bank	(668,000)	(2,168,000)	-	-
Listing expenses	(3,275,244)	-	(3,275,244)	-
Net change in a subsidiary's balance	-	-	(20,249,127)	1,349,127
Net (repayment)/drawdown of hire purchase loans	(1,496,126)	2,755,121	-	-
Net (repayment)/drawdown of bankers' acceptance	(3,752,000)	4,886,000	-	-
Net repayment of term loans	(2,061,851)	(1,409,980)	-	-
Payment of lease liabilities	(608,000)	(110,400)	-	-
Proceeds from issuance of shares	33,660,230	-	33,660,230	1
Net cash from financing activities	21,799,009	3,952,741	10,135,859	1,349,128
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>24,012,305</b>	<b>(5,463,840)</b>	<b>10,841,491</b>	<b>1</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	<b>(932,373)</b>	<b>4,531,467</b>	<b>1</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT END</b>	<b>23,079,932</b>	<b>(932,373)</b>	<b>10,841,492</b>	<b>1</b>

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

# Statements Of Cash Flows (Cont'd)

For The Financial Year Ended 31 December 2022

(i) The cash and cash equivalents are represented by:

	GROUP		COMPANY	
	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2021 to 31.12.2021 (12 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	30.11.2020 to 31.12.2021 (13 months) RM
Fixed deposits with a licensed bank	<b>13,957,880</b>	3,191,052	<b>10,000,000</b>	-
Cash and bank balances	<b>13,082,314</b>	1,343,091	<b>841,492</b>	1
	<b>27,040,194</b>	4,534,143	<b>10,841,492</b>	1
Less: Bank overdraft	<b>(2,382)</b>	(2,275,464)	-	-
Fixed deposits pledge to a licensed bank	<b>(3,957,880)</b>	(3,191,052)	-	-
	<b>23,079,932</b>	(932,373)	<b>10,841,492</b>	1

(ii) Reconciliation of consolidated movement of liabilities to cash flows arising from financing activities :

	Balance at beginning RM	Net cash flows RM	Others RM	Balance at end RM
<b>2022</b>				
Loans and borrowings <sup>(a)</sup>	<b>23,674,209</b>	<b>(9,583,059)</b>	-	<b>14,091,150</b>
Lease liabilities	-	<b>(608,000)</b>	<b>3,926,167</b> <sup>(b)</sup>	<b>3,318,167</b>
	<b>23,674,209</b>	<b>(10,191,059)</b>	<b>3,926,167</b>	<b>17,409,317</b>
<b>2021</b>				
Loans and borrowings <sup>(a)</sup>	15,167,604	8,506,605	-	23,674,209
Lease liabilities	414,037	(110,400)	(303,637) <sup>(b)</sup>	-
	15,581,641	8,396,205	(303,637)	23,674,209

## Notes:

<sup>(a)</sup> Loans and borrowings include term loans, hire purchase loans, bank overdraft and bankers' acceptance.

<sup>(b)</sup> This represents the present value of lease payments to be made over the lease term and accretion of interest.

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

# Notes To The Financial Statements

31 December 2022

## 1. GENERAL INFORMATION

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

The principal activity of the Company is that of an investment holding company.

The principal activity of the subsidiary is principally involved in the fabrication of sheet metal and precision machined components, as well as the provision of related services, such as design and development and value-added sub-module assembly services.

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

The registered office of the Company is located at 48, Jalan Chow Thye, 10050 Georgetown, Penang.

The principal place of business of the Company is located at Lot 2777, Lorong Industri 5, Kawasan Industri Bukit Panchor, 14300 Nibong Tebal, Seberang Perai Selatan, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 6 April 2023.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

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

### 2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies as set out in Note 3 to the financial statements.

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

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

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

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

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

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

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

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

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 2. BASIS OF PREPARATION (Cont'd)

### 2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is also the Group's and Company's functional currency.

### 2.4 Adoption of Amendments to MFRSs

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

#### **Effective for annual periods beginning on or after 1 April 2021**

*Amendment to MFRS 16 Leases: Covid-19 - Related Rent Concessions beyond 30 June 2021*

#### **Effective for annual periods beginning on or after 1 January 2022**

*Amendments to MFRS 3 Business Combination: Reference to the Conceptual Framework*

*Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment - Proceeds before Intended Use*

*Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract*

*Annual Improvements to MFRS Standards 2018 - 2020*

Initial application for the above standards did not have any material impact to the financial statements of the Group and of the Company upon adoption.

### 2.5 Standards Issued But Not Yet Effective

The following are accounting standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

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

*MFRS 17 Insurance Contracts*

*Amendments to MFRS 17 Insurance Contracts*

*Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current*

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

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

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

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

*Amendments to MFRS 16 Leases - Lease liability in a Sale and Leaseback*

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

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

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

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

### 2.6 Significant Accounting Estimates and Judgements

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

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



# Notes To The Financial Statements (Cont'd)

31 December 2022

## 2. BASIS OF PREPARATION (Cont'd)

### 2.6 Significant Accounting Estimates and Judgements (Cont'd)

#### Key sources of estimation uncertainty and judgements made

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

#### (i) Useful lives of depreciable assets

The Group's major fixed asset which are subject to key sources of estimation uncertainty is its machinery and equipment. Management estimates the useful lives of these assets to be 5 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the machinery and equipment. Therefore future depreciation charges could be revised.

#### (ii) Impairment of property, plant and equipment

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying value of the property, plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercise judgement in estimating the future cash flows, growth rate and discount rate.

#### (iii) Inventories

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

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

The Group applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of volume rebates is sensitive to changes in circumstances and the Group's past experience regarding rebate entitlements may not be representative of customers' rebate entitlements in the future. As at 31 December 2022, the amount recognised as refund liabilities for the volume rebates was RM310,000 (2021: RM303,072).

#### (v) Provision for expected credit losses ("ECL") of receivables

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

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

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

The information about the ECL on the Group's trade receivables is disclosed in Note 28.3(iii) to the financial statements.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

### 3.1 Basis of Consolidation

#### (i) Subsidiary

Subsidiary is entity, including structured entity, controlled by the Company. The financial statements of subsidiary is 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.

Investment in a subsidiary is 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 investments includes transaction costs.

Upon disposal of an investment in a subsidiary, the difference between the net disposal proceed and its carrying amount is recognised in profit or loss.

#### (ii) Basis of consolidation

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 3.13 to the financial statements.

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

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

#### (iii) Business combination

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 at fair value of the identifiable assets acquired and liabilities assumed.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES (Cont'd)

### 3.1 Basis of Consolidation (Cont'd)

#### (iii) Business combination (Cont'd)

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

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree 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.

#### (iv) Combination through merger

The acquisition of CSM is accounted for using the merger accounting principle. Accordingly, the results of the subsidiary are presented as if the merger had been effected throughout the years under review. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of merger. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting debit difference is adjusted against the merger reserve. Any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

#### (v) Loss of control

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

#### (vi) 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.

### 3.2 Property, Plant and Equipment

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

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

Freehold buildings	2%
Machinery, equipment and tooling	10% - 20%
Furniture, fittings and office equipment	20% - 33.33%
Renovation	20% - 50%
Motor vehicles	20%

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

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the disposal of the property, plant and equipment are charged or credited to profit or loss.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES (Cont'd)

### 3.3 Leases

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

#### 3.3.1 As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement of a lease, the Group recognises a right-of-use asset and a lease liability.

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

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying assets are available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use assets include the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use assets reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use assets from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use assets from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

The right-of-use assets are also subject to impairment.

##### **Lease liabilities**

At the commencement date of the lease, lease liabilities are recognised and measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities are increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities are remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

##### **Short term leases and leases of low value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of equipment and hostel (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

### 3.4 Impairment of Non-Financial Assets

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired. For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES (Cont'd)

### 3.4 Impairment of Non-Financial Assets (Cont'd)

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss except for assets that were previously revalued where the revaluation surplus was taken to other comprehensive income. In this case the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

### 3.5 Financial Instruments

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

#### 3.5.1 Financial assets

##### (i) Initial recognition and measurement

Financial assets are measured at initial recognition at fair value and subsequently measured at amortised cost ("AC"), fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, at its transaction costs.

In order for a financial asset to be classified and measured at AC or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at AC are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group or the Company commits to purchase or sell the asset.

##### (ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at AC (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The Group and the Company do not have any financial assets FVTPL and FVOCI as at the end of the reporting period.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES (Cont'd)

### 3.5 Financial Instruments (Cont'd)

#### 3.5.1 Financial assets (Cont'd)

##### ii) Subsequent measurement (Cont'd)

###### **Financial assets at AC**

Financial assets at AC are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group’s and the Company’s financial assets at AC include cash and cash equivalents, trade and other receivables and deposits.

##### (iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s and the Company’s statements of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, it evaluates if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

##### (iv) Impairment

The Group and the Company recognise allowance for expected credit losses (“ECLs”) on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets, and lease receivables. ECLs are a probability-weighted estimate of credit losses.

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 and the Company’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.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES (Cont'd)

### 3.5 Financial Instruments (Cont'd)

#### 3.5.1 Financial assets (Cont'd)

##### (iv) Impairment (Cont'd)

The Group 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 the financial assets carried at amortised cost and debt securities at fair value through other comprehensive income 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 fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts owing. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

#### 3.5.2 Financial liabilities

##### (i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, accruals and borrowings.

##### (ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at FVTPL
- Financial liabilities at AC

The Group and the Company do not have any financial liabilities measured at FVTPL as at the end of the reporting period.

##### **Financial liabilities at AC**

This is the category most relevant to the Group and to the Company. After initial recognition, trade and other payables and accruals, interest-bearing loans and borrowings are subsequently measured at AC using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. AC is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of comprehensive income.

##### (iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of comprehensive income.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES (Cont'd)

### 3.5 Financial Instruments (Cont'd)

#### 3.5.3 Offsetting of financial instruments

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

### 3.6 Inventories

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

Cost is determined on the weighted average basis.

Cost in the case of work-in-progress and finished goods include materials, direct labour and attributable production overheads.

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

### 3.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, short term demand deposits, bank overdraft and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

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

### 3.8 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

### 3.9 Revenue Recognition

To determine whether to recognise revenue, the Group follows a five-step process:

- (1) identifying the contract with a customer;
- (2) identifying the performance obligation;
- (3) determining the transaction price;
- (4) allocating the transaction price to the performance obligations; and
- (5) recognising revenue when/as performance obligations are satisfied.

Revenue is recognised only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer.

The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

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



# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES (Cont'd)

### 3.9 Revenue Recognition (Cont'd)

#### Sale of fabricated sheet metal products and precision machined components

The Group designs, manufactures and fabricates precision sheet metal products and precision machined components based on customers' orders received. Revenue is recognised at a point in time when the transfer of control of the goods have been passed to the buyer, i.e. generally when the customer has acknowledged delivery of the goods.

#### Variable considerations

The Group provides retrospective volume rebates and prompt payment discounts to certain customers once the quantity of products sold during the period exceeds a threshold or when the customers make payment of outstanding invoices within a period specified in the contract. Rebates and discounts are offset against the transaction price. To estimate the variable consideration for the expected future rebates, the Group applies the expected value method for contracts with more than one volume threshold or with numerous discount band. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds or discount bands contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

#### Contract balances

This refer to the closing balances of trade receivables as at the reporting period.

#### Trade receivables

A receivable represents the Group's right to receive an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

#### Other income

#### Interest income

Interest income is recognised as it accrues, using the applicable effective interest rate.

### 3.10 Employee Benefits

#### Short term benefits

Wages, salaries, bonuses and social security contributions ("**SOCSO**") are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("**EPF**"). Such contributions are recognised as an expense in the profit or loss as incurred.

### 3.11 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES (Cont'd)

### 3.12 Foreign Currency Translations

Transactions in foreign currencies are translated to the functional currency of the Group 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 translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities measured at historical cost in foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income.

### 3.13 Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for temporary differences arising from the initial recognition of goodwill and of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 3.14 Sales and Service Tax ("SST")

The SST payable to the taxation authority is included as part of payables in the statement of financial position.

The SST has two elements: a service tax that is charged and levied on taxable services provided by any taxable person in Malaysia in the course and furtherance of business, and a single stage sales tax levied on imported and locally manufactured goods, either at the time of importation or at the time the goods are sold or otherwise disposed of by the manufacturer.

The rate for sales tax is fixed at 5% or 10%, while the rate for service tax is fixed at 6%.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES (Cont'd)

### 3.15 Share Capital, Share Issuance Costs and Dividends

#### Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

#### Share issuance costs

Incremental external costs directly attributable to the issuance of new shares are deducted against equity.

#### Dividends

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared or approved.

### 3.16 Earnings Per Ordinary Share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial year, adjusted for own shares held.

### 3.17 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

### 3.18 Government Grants

Government grants, including non-monetary grants, shall not be recognised until there is reasonable assurance attaching to the grants will be complied with and the grants will be received.

Grants related to assets are set up as deferred income and recognised as income on a systematic basis over the estimated useful lives of the assets. Grants related to expenses are recognised as income in the period the grants become receivable. Grants related to future costs are deferred and recognised in the profit or loss in the same period as the related costs.

### 3.19 Related Parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) Has control or joint control over the Group;
- (ii) Has significant influence over the Group; or
- (iii) Is a member of the key management personnel of the Group.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES (Cont'd)

### 3.19 Related Parties (Cont'd)

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group.
  - (ii) The entity is an associate or joint venture of the other entity.
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) The entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Company or an entity related to the Group.
  - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the Group or is a member of the key management personnel of the entity.
  - (viii) The entity, or any member of a group when it is a part, provides key management personnel services to the Group.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 4. PROPERTY, PLANT AND EQUIPMENT GROUP

	Freehold land RM	Freehold buildings RM	Machinery, equipment and tooling RM	Furniture, fittings and office equipment RM	Renovation RM	Motor vehicles RM	Capital work-in- progress RM	Total RM
<b>2022</b>								
<b>At cost</b>								
Balance at beginning	4,870,396	9,053,072	36,606,382	6,144,857	259,400	665,844	2,943,979	60,543,930
Additions	-	218,412	10,267,098	1,837,508	1,201,493	164,724	1,896,071	15,585,306
Written off	-	-	-	(33,965)	(8,444)	-	-	(42,409)
Reclassification	-	-	2,073,081	1,619,194	350,679	313,714	(4,356,668)	-
Balance at end	4,870,396	9,271,484	48,946,561	9,567,594	1,803,128	1,144,282	483,382	76,086,827
<b>Accumulated depreciation</b>								
Balance at beginning	-	2,414,610	23,714,770	4,892,819	184,029	384,614	-	31,590,842
Current charge	-	184,343	3,870,922	1,082,401	467,316	131,806	-	5,736,788
Written off	-	-	-	(33,965)	(5,863)	-	-	(39,828)
Balance at end	-	2,598,953	27,585,692	5,941,255	645,482	516,420	-	37,287,802
<b>Carrying amount</b>	4,870,396	6,672,531	21,360,869	3,626,339	1,157,646	627,862	483,382	38,799,025

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 4. PROPERTY, PLANT AND EQUIPMENT (Cont'd) GROUP (Cont'd)

	Freehold land RM	Freehold buildings RM	Machinery, equipment and tooling RM	Furniture, fittings and office equipment RM	Renovation RM	Motor vehicles RM	Capital work-in- progress RM	Total RM
<b>2021</b>								
At cost								
Balance at beginning	4,870,396	7,415,055	32,888,226	5,280,078	251,882	665,844	333,924	51,705,405
Additions	-	285,917	4,231,156	904,096	-	-	4,079,746	9,500,915
Disposals	-	-	(457,000)	(35,709)	-	-	-	(492,709)
Written off	-	-	(56,000)	(15,909)	(28,482)	-	(69,290)	(169,681)
Reclassification	-	1,352,100	-	12,301	36,000	-	(1,400,401)	-
Balance at end	4,870,396	9,053,072	36,606,382	6,144,857	259,400	665,844	2,943,979	60,543,930
Accumulated depreciation								
Balance at beginning	-	2,263,102	21,731,762	4,333,103	146,393	297,444	-	28,771,804
Current charge	-	151,508	2,464,008	574,896	45,490	87,170	-	3,323,072
Disposals	-	-	(425,000)	(11,998)	-	-	-	(436,998)
Written off	-	-	(56,000)	(3,182)	(7,854)	-	-	(67,036)
Balance at end	-	2,414,610	23,714,770	4,892,819	184,029	384,614	-	31,590,842
Carrying amount	4,870,396	6,638,462	12,891,612	1,252,038	75,371	281,230	2,943,979	28,953,088

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

### COMPANY

	Office equipment
	2022 RM
<b>At cost</b>	
Addition/Balance at end	<u>2,499</u>
<b>Accumulated depreciation</b>	
Current charged/Balance at end	<u>333</u>
<b>Carrying amount</b>	<u>2,166</u>

- (i) The carrying amount of property, plant and equipment pledged to financial institutions for banking facilities granted to the Group is as follows:

	GROUP	
	2022 RM	2021 RM
Freehold land	4,870,396	4,870,396
Freehold buildings	6,672,531	6,638,462
Machinery and equipment	<u>2,094,684</u>	<u>-</u>
	<u>13,637,611</u>	<u>11,508,858</u>

- (ii) The carrying amount of the property, plant and equipment acquired under hire purchase is as follows:

	GROUP	
	2022 RM	2021 RM
Machinery and equipment	<u>5,752,426</u>	<u>7,027,931</u>

These right-of-use assets are acquired under hire purchase loans.

- (iii) The carrying amount of machinery and equipment acquired under capital grant are as follows:

	GROUP	
	2022 RM	2021 RM
Machinery and equipment	<u>3,295,081</u>	<u>4,171,034</u>

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

The Group entered into lease contracts for rental of premises used in its operations for lease terms of 2 to 3 years.

The Group also has short term lease of 12 months for rental of premises. The lease payments are charged to profit or loss as lease rental on the straight-line basis over the lease term.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

### Right-of-use assets

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

	GROUP	
	Lease of premises	
	2022 RM	2021 RM
Balance at beginning	-	410,854
Addition	<b>3,872,242</b>	-
Depreciation	<b>(577,737)</b>	(102,713)
Derecognition of right-of-use asset	-	(308,141)
Balance at end	<b>3,294,505</b>	-

### Lease liabilities

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

	GROUP	
	Lease of premises	
	2022 RM	2021 RM
Balance at beginning	-	414,037
Addition	<b>3,872,242</b>	-
Accretion of interest	<b>53,925</b>	11,740
Payments	<b>(608,000)</b>	(110,400)
Derecognition of lease liability	-	(315,377)
Balance at end	<b>3,318,167</b>	-
Represented by:		
Non-current liabilities	<b>1,962,739</b>	-
Current liabilities	<b>1,355,428</b>	-
	<b>3,318,167</b>	-

The maturity analysis of lease liability is disclosed in Note 28.4 to the financial statements.

The following are the amounts recognised in profit or loss:

	Note	GROUP	
		2022 RM	2021 RM
Depreciation of right-of-use assets		<b>(577,737)</b>	(102,713)
Gain on derecognition of right-of-use asset and lease liability		-	7,236
Interest expense on lease liabilities		<b>(53,925)</b>	(11,740)
Expenses relating to short-term leases	(i)	<b>(386,646)</b>	(155,152)
Expenses relating to leases of low-value assets	(ii)	<b>(52,619)</b>	(64,437)
		<b>(1,070,927)</b>	(326,806)



# Notes To The Financial Statements (Cont'd)

31 December 2022

## 5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

- (i) The Group leases land, warehouse and hostel with contract term of less than 1 year. These leases are short term in nature and the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.
- (ii) The Group leases various office equipment with contract terms of 5 years. These leases are low-value in nature and the Group elected not to recognise right-of-use assets and lease liabilities for these leases.

## 6. INVESTMENT IN A SUBSIDIARY

	COMPANY	
	2022 RM	2021 RM
Unquoted shares, at cost	<b>29,252,868</b>	29,252,868

Details of the subsidiary, which was incorporated and domiciled in Malaysia, is as follows:

Name of Company	Effective Equity Interest		Principal Activities
	2022	2021	
Coraza Systems Malaysia Sdn. Bhd. ("CSM")	<b>100%</b>	100%	Fabrication of sheet metal and precision machined components, as well as the provision of related services, such as design and development and value-added sub-module assembly services.

## 7. INVENTORIES

	GROUP	
	2022 RM	2021 RM
Raw materials	<b>7,780,534</b>	9,588,412
Work-in-progress	<b>17,736,110</b>	13,124,919
Finished goods	<b>5,426,936</b>	2,256,985
	<b>30,943,580</b>	24,970,316
Recognised in profit or loss:		
Inventories recognised as cost of sales	<b>106,536,550</b>	75,256,327
Write-down to net realisable value		
- Addition	-	529,715
- Reversal	<b>(621,227)</b>	-

The reversal of inventories write-down was made during the financial year when the related inventories were sold/consumed in the production during the financial year.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 8. TRADE RECEIVABLES

	GROUP	
	2022 RM	2021 RM
Trade receivables	<b>34,993,385</b>	34,956,623
Less: Allowance for expected credit losses		
Balance at beginning	-	(100,471)
Reversal	-	90,433
Written off	-	10,038
Balance at end	-	-
	<b>34,993,385</b>	<b>34,956,623</b>

The currency profile of trade receivables is as follows:

	GROUP	
	2022 RM	2021 RM
Ringgit Malaysia	<b>5,208,227</b>	3,903,044
US Dollar	<b>29,785,158</b>	31,053,579
	<b>34,993,385</b>	<b>34,956,623</b>

The normal credit terms granted to trade receivables range from **30 to 90 days** (2021: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Included herein is an amount of **RM212,204** (2021: RM219,099) due from a company in which a director of the Company has substantial financial interests.

## 9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Other receivables	<b>2,079,000</b>	1,404,525	-	-
Deposits	<b>743,961</b>	59,961	<b>1,000</b>	-
Prepayments	<b>1,167,780</b>	1,771,771	<b>8,560</b>	1,321,243
	<b>3,990,741</b>	<b>3,236,257</b>	<b>9,560</b>	<b>1,321,243</b>

The currency profile of other receivables, deposits and prepayment is as follows:

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	<b>2,049,196</b>	1,890,469	<b>9,560</b>	1,321,243
US Dollar	<b>741,020</b>	1,231,460	-	-
Singapore Dollar	<b>402,632</b>	104,555	-	-
Others	<b>797,893</b>	9,773	-	-
	<b>3,990,741</b>	<b>3,236,257</b>	<b>9,560</b>	<b>1,321,243</b>

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 10. AMOUNT DUE FROM/(TO) A SUBSIDIARY

### COMPANY

The amount due from/(to) a subsidiary is interest bearing at 4% per annum, non-trade related, unsecured and classified based on the expected timing of settlement.

## 11. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Fixed deposits with a licensed bank	<b>13,957,880</b>	3,191,052	<b>10,000,000</b>	-
Cash and bank balances	<b>13,082,314</b>	1,343,091	<b>841,492</b>	1
	<b>27,040,194</b>	4,534,143	<b>10,841,492</b>	1

The currency profile of cash and cash equivalents is as follows:

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	<b>19,557,248</b>	3,792,150	<b>10,841,492</b>	1
US Dollar	<b>7,482,946</b>	741,993	-	-
	<b>27,040,194</b>	4,534,143	<b>10,841,492</b>	1

The fixed deposits with a licensed bank of **RM3,957,880** (2021: RM3,191,052) have been pledge to a licensed bank as securities for banking facilities granted to the Group as disclosed in Note 17 to the financial statements.

The effective interest rates of fixed deposits of the Group and Company at the end of the reporting period ranging from **1.85% to 2.45%** (2021: 1.70% and 1.85%) and **2.45%** per annum respectively.

## 12. SHARE CAPITAL

	GROUP AND COMPANY			
	Number of ordinary shares		Amount	
	2022	2021	2022 RM	2021 RM
<b>Issued and fully paid:</b>				
Balance at beginning	<b>310,540,001</b>	1	<b>29,252,869</b>	1
Issuance of shares pursuant to:				
- Acquisition of a subsidiary	-	310,540,000	-	29,252,868
- Public issue	<b>117,791,000</b>	-	<b>32,981,480</b>	-
- Special issue	<b>905,000</b>	-	<b>678,750</b>	-
- Share issuance expenses	-	-	<b>(1,510,165)</b>	-
Balance at end	<b>429,236,001</b>	310,540,001	<b>61,402,934</b>	29,252,869

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 12. SHARE CAPITAL (Cont'd)

### 2022

During the financial year, the Company increased its issued and fully paid-up ordinary share capital by way of issuance of:

- (i) 117,791,000 new ordinary shares in the Company at an issue price of RM0.28 per ordinary share in conjunction with the Company's initial public offering exercise as disclosed in Note 31 to the financial statements; and
- (ii) 905,000 new ordinary shares in the Company at an issue price of RM0.75 per ordinary share in conjunction with the special issue to Bumiputera investors as disclosed in Note 31 to the financial statements.

### 2021

During the financial period, the Company increased its paid-up capital from RM1 to RM29,252,869 by the creation of an additional 310,540,000 ordinary shares at an issue price of RM0.0942 per ordinary share as consideration for the acquisition of CSM.

## 13. MERGER RESERVE

The merger reserve is in respect of the difference between the cost of merger and the nominal value of shares acquired in CSM.

## 14. RETAINED PROFITS

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

## 15. DEFERRED INCOME

	GROUP	
	2022 RM	2021 RM
Balance at beginning	1,458,100	1,794,120
Released to profit or loss	(336,020)	(336,020)
Balance at end	1,122,080	1,458,100

The Group was awarded a government grant from Malaysian Investment Development Authority ("MIDA") for the reimbursement of capital expenditure on modernisation of specified machineries and equipment. Deferred income is released to profit or loss over the periods to match the related cost which the grant is intended to compensate, on a systematic basis.

## 16. DEFERRED TAX LIABILITIES

	GROUP	
	2022 RM	2021 RM
Balance at beginning	2,022,000	928,000
Transfer to profit or loss	2,376,000	958,000
	4,398,000	1,886,000
(Over)/Under provision in prior year	(467,000)	136,000
Balance at end	3,931,000	2,022,000

The temporary differences on which deferred tax liabilities have been provided for are in respect of the excess of capital allowances over depreciation on property, plant and equipment.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 17. BORROWINGS

	GROUP	
	2022 RM	2021 RM
<b>Non-current liabilities</b>		
<u>Term loans</u>		
Total amount payable	<b>4,512,857</b>	6,574,708
Amount due within one year included under current liabilities	<b>(1,591,175)</b>	(893,419)
	<b>2,921,682</b>	5,681,289
<u>Hire purchase loans</u>		
Total amount payable	<b>3,882,576</b>	5,578,055
Future finance charges	<b>(406,665)</b>	(606,018)
	<b>3,475,911</b>	4,972,037
Amount due within one year included under current liabilities	<b>(1,004,874)</b>	(1,496,126)
	<b>2,471,037</b>	3,475,911
	<b>5,392,719</b>	9,157,200
<b>Current liabilities</b>		
Bank overdraft	<b>2,382</b>	2,275,464
Bankers' acceptance	<b>6,100,000</b>	9,852,000
Hire purchase loans	<b>1,004,874</b>	1,496,126
Term loans	<b>1,591,175</b>	893,419
	<b>8,698,431</b>	14,517,009

The borrowings (except for hire purchase loans) are secured by way of:

- (i) first legal charge over the freehold land of the Group;
- (ii) master facility agreement;
- (iii) joint and severally guarantee by certain directors of the Company;
- (iv) corporate guarantee from a related party of the Company;
- (v) fixed deposits with a licensed bank of the subsidiary; and
- (vi) debenture over machineries as disclosed in Note 4 to the financial statements.

A summary of the effective interest rates and the maturities of the borrowings are as follow:

	Effective interest rate per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM	More than five years RM
<b>2022</b>						
Bank overdraft	<b>6.40</b>	<b>2,382</b>	<b>2,382</b>	-	-	-
Bankers' acceptance	<b>3.20 to 3.61</b>	<b>6,100,000</b>	<b>6,100,000</b>	-	-	-
Hire purchase loans	<b>2.46 to 3.19</b>	<b>3,475,911</b>	<b>1,004,874</b>	<b>827,126</b>	<b>1,643,911</b>	-
Term loans	<b>2.45 to 5.32</b>	<b>4,512,857</b>	<b>1,591,175</b>	<b>107,614</b>	<b>349,364</b>	<b>2,464,704</b>

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 17. BORROWINGS (Cont'd)

	Effective interest rate per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM	More than five years RM
2021						
Bank overdraft	6.40	2,275,464	2,275,464	-	-	-
Bankers' acceptance	1.97 to 2.54	9,852,000	9,852,000	-	-	-
Hire purchase loans	2.46 to 3.19	4,972,037	1,496,126	1,004,874	2,117,501	353,536
Term Loans	2.45 to 3.37	6,574,708	893,419	856,793	2,238,741	2,585,755

## 18. TRADE PAYABLES

	GROUP	
	2022 RM	2021 RM

The currency profile of trade payables is as follows:

Ringgit Malaysia	<b>16,487,398</b>	19,035,478
US Dollar	<b>124,770</b>	455,215
Others	<b>14,775</b>	195,214
Balance at end	<b>16,626,943</b>	19,685,907

Trade payables are non-interest bearing and are normally range from **30 to 90 days** (2021: 30 to 90 days) credit terms.

Included herein is an amount of **RM416,108** (2021: RM881,654) due to a company in which a close member of a director of the Company have substantial financial interests.

## 19. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Other payables	<b>4,463,908</b>	2,062,391	<b>33,669</b>	2,178
Deposits	<b>40,000</b>	40,000	-	-
Due to a director	-	3,109	-	3,109
Accruals	<b>7,615,621</b>	6,264,264	<b>168,151</b>	203,000
	<b>12,119,529</b>	8,369,764	<b>201,820</b>	208,287

The amount due to a director was mainly for preliminary expenses paid on behalf by the director for the incorporation of the Company.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 20. REFUND LIABILITIES

	GROUP	
	2022 RM	2021 RM
Volume rebates	<b>310,000</b>	303,072
Movement of refund liabilities		
Balance at beginning	<b>303,072</b>	195,000
Current year expected rebates	<b>1,066,652</b>	699,250
Set-off against receivables	<b>(1,059,724)</b>	(591,178)
Balance at end	<b>310,000</b>	303,072

The rebates are expected to be settled within the next financial year.

## 21. REVENUE

### 21.1 Disaggregated revenue information

	GROUP	
	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2021 to 31.12.2021 (12 months) RM
Sale of fabricated sheet metal products	<b>119,416,641</b>	89,914,719
Sale of precision machine products	<b>23,931,078</b>	16,217,844
	<b>143,347,719</b>	106,132,563
<b>By Geographical markets:</b>		
Malaysia	<b>94,004,365</b>	69,987,150
Singapore	<b>35,545,753</b>	25,739,685
United States of America	<b>12,448,613</b>	8,650,011
European countries	<b>717,766</b>	1,397,360
Other Asian countries	<b>631,222</b>	358,357
	<b>143,347,719</b>	106,132,563

Revenue is recognised at a point in time when the control of the goods or services are transferred to the customer. The amount of revenue recognised is adjusted for discounts and rebates.

### 21.2 Contract balances

The Group's contract balances include trade receivables and refund liabilities of which their respective balances are disclosed in Notes 8 and 20 to the financial statements.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 22. PROFIT/(LOSS) BEFORE TAXATION

This is arrived at:

	GROUP		COMPANY	
	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2021 to 31.12.2021 (12 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	30.11.2020 to 31.12.2021 (13 months) RM
Fees for statutory audit				
- Grant Thornton Malaysia PLT	<b>76,000</b>	68,000	<b>20,000</b>	20,000
Fees for assurance related and non-audit services				
- Grant Thornton Malaysia PLT	<b>246,000</b>	30,500	<b>236,000</b>	5,500
- Affiliate of Grant Thornton Malaysia PLT	<b>13,000</b>	12,000	<b>1,000</b>	1,000
Bad debt written off	-	61,120	-	-
Depreciation				
- property, plant and equipment	<b>5,736,788</b>	3,323,072	<b>333</b>	-
- right-of-use assets	<b>577,737</b>	102,713	-	-
Directors' fee				
- executive	<b>60,000</b>	50,000	<b>60,000</b>	50,000
- non-executive	<b>120,000</b>	80,000	<b>120,000</b>	80,000
Interest expense on:				
- bank overdraft	<b>64,529</b>	6,911	-	-
- bankers' acceptance	<b>166,538</b>	197,595	-	-
- hire purchase loans	<b>195,988</b>	312,176	-	-
- lease liabilities	<b>53,924</b>	11,740	-	-
- term loans	<b>278,121</b>	262,083	-	-
Inventories written down				
- addition	-	529,715	-	-
- reversal	<b>(621,227)</b>	-	-	-
Listing expenses	<b>1,765,079</b>	-	<b>1,765,079</b>	-
Unrealised loss on foreign exchange	<b>1,444,310</b>	-	-	-
Property, plant and equipment written off	<b>2,581</b>	102,645	-	-
* Staff costs	<b>37,663,116</b>	28,693,163	<b>137,551</b>	25,500
And crediting:				
Deferred income released	<b>336,020</b>	336,020	-	-
Gain on derecognition of right-of-use asset and lease liability	-	7,236	-	-
Gain on disposal of property, plant and equipment	-	67,320	-	-
Gain on foreign exchange				
- realised	<b>2,688,538</b>	153,767	-	-
- unrealised	-	800,417	-	-
Interest income	<b>401,219</b>	32,732	<b>660,797</b>	-
Reversal of allowance for expected credit losses	-	90,433	-	-
* Staff costs				
- Salaries, allowance, overtime and bonus	<b>34,747,636</b>	26,531,283	<b>122,997</b>	25,500
- EPF	<b>2,482,540</b>	1,825,789	<b>13,416</b>	-
- SOCSO	<b>394,308</b>	306,710	<b>1,024</b>	-
- EIS	<b>38,632</b>	29,381	<b>114</b>	-
	<b>37,663,116</b>	28,693,163	<b>137,551</b>	25,500



# Notes To The Financial Statements (Cont'd)

31 December 2022

## 22. PROFIT/(LOSS) BEFORE TAXATION (Cont'd)

Included in the staff costs is directors' emoluments as shown below:

	GROUP		COMPANY	
	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2021 to 31.12.2021 (12 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	30.11.2020 to 31.12.2021 (13 months) RM
<b>Directors' emoluments</b>				
- Salaries, bonus and allowances	<b>1,313,800</b>	1,518,500	<b>70,800</b>	25,500
- EPF	<b>49,744</b>	61,728	-	-
	<b>1,363,544</b>	1,580,228	<b>70,800</b>	25,500

## 23. TAXATION

	GROUP		COMPANY	
	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2021 to 31.12.2021 (12 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	30.11.2020 to 31.12.2021 (13 months) RM

Malaysian income tax:

Based on results for the financial year

- Current tax	<b>(2,019,620)</b>	(2,552,756)	<b>(158,591)</b>	-
- Deferred tax relating to origination and reversal of temporary differences	<b>(2,376,000)</b>	(958,000)	-	-
	<b>(4,395,620)</b>	(3,510,756)	<b>(158,591)</b>	-

Over/(Under) provision in prior year

- Current tax	<b>472</b>	433,386	-	-
- Deferred tax	<b>467,000</b>	(136,000)	-	-
	<b>467,472</b>	297,386	-	-
	<b>(3,928,148)</b>	(3,213,370)	<b>(158,591)</b>	-

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

	GROUP		COMPANY	
	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2021 to 31.12.2021 (12 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	30.11.2020 to 31.12.2021 (13 months) RM
Profit/(Loss) before taxation	<b>18,642,531</b>	16,060,433	<b>(1,908,175)</b>	(236,171)
Income tax at Malaysian statutory tax rate of 24%	<b>(4,474,207)</b>	(3,854,504)	<b>457,962</b>	56,681
Income not subject to tax	<b>80,645</b>	80,645	-	-
Expenses not deductible for tax purposes	<b>(1,354,604)</b>	(203,025)	<b>(616,553)</b>	(56,681)
Utilisation of reinvestment allowance	<b>1,352,546</b>	466,128	-	-
	<b>(4,395,620)</b>	(3,510,756)	<b>(158,591)</b>	-
Over provision in prior year	<b>467,472</b>	297,386	-	-
	<b>(3,928,148)</b>	(3,213,370)	<b>(158,591)</b>	-

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 24. EARNINGS PER SHARE

### Basic earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the Group's profit for the financial year by the number of ordinary shares in issue during the financial year as follows:

	GROUP	
	2022	2021
Profit for the financial year (RM)	<b>14,714,383</b>	12,847,063
Weighted average number of ordinary shares	<b>428,406,418</b>	310,540,001
Basic earnings per ordinary share (sen)	<b>3.43</b>	4.14

There is no diluted earnings per share as the Company has not issued or granted any convertible financial instruments as at the end of the reporting period.

## 25. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments.

### (i) Business segments

The Group is organised into two reportable segments i.e. fabrication of sheet metal ("FSM") and precision machining ("PM"). Performance is reviewed by the management up to gross profit level as management believes that such information is the most relevant in evaluating the results of the Group against its peers. For all other income and cost incurred after gross profit level, there is no segmental information provided since this information are viewed on a collective basis by the management.

Segment assets and liabilities information are also not included in the internal management reports nor provided regularly to the management as it comprises solely of assets and liabilities of the sole subsidiary of the Group and management does not distinguish assets and liabilities into the two segments.

	GROUP		
	FSM RM	PM RM	Total RM
<b>1.1.2022 to 31.12.2022 (12 months)</b>			
<b>Segment gross profit</b>	<b>31,537,109</b>	<b>5,895,287</b>	<b>37,432,396</b>
<b>Included in the measure of segment gross profit are:</b>			
Revenue from external parties	<b>119,416,641</b>	<b>23,931,078</b>	<b>143,347,719</b>
Depreciation of property, plant and equipment			<b>5,736,788</b>
Depreciation of right-of-use assets			<b>577,737</b>
Reversal of inventories written down			<b>(621,227)</b>
<b>1.1.2021 to 31.12.2021 (12 months)</b>			
Segment gross profit	26,648,852	3,697,669	30,346,521
<b>Included in the measure of segment gross profit are:</b>			
Revenue from external parties	89,914,719	16,217,844	106,132,563
Depreciation of property, plant and equipment			3,323,072
Depreciation of right-of-use assets			102,713
Inventories written down			529,715

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 25. SEGMENTAL INFORMATION (Cont'd)

### (ii) Geographical segments

Revenue of the Group based on geographical location of its customers are disclosed in Note 21 to the financial statements.

The Group's non-current assets are entirely located in Malaysia.

### (iii) Information about major customers

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

	GROUP	
	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2021 to 31.12.2021 (12 months) RM
Customer A	<b>62,402,820</b>	42,880,617
Customer B	<b>19,988,326</b>	19,005,531
Customer C	<b>14,640,203</b>	10,737,248
	<b>97,031,349</b>	72,623,396

A customer is defined as a company or a group of companies having the same ultimate holding company.

## 26. RELATED PARTY DISCLOSURES

### (i) Identity of related parties

#### Related parties

The following companies are related parties as they are related to certain directors or a close member of the director of the Company which have substantial financial interest.

- Armour Holdings Sdn. Bhd.
- Kalungan Prestij Sdn. Bhd.
- Surface Technology Solutions Sdn. Bhd.
- Unigen Corporation
- Unigen Vietnam Hanoi Co., Ltd

The transactions with the related parties during the financial year are as follows:

	GROUP		COMPANY	
	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2021 to 31.12.2021 (12 months) RM	1.1.2022 to 31.12.2022 (12 months) RM	30.11.2020 to 31.12.2021 (13 months) RM
Sales	<b>1,671,020</b>	890,279	-	-
Sub-contractor charges	<b>(3,157,696)</b>	(2,547,645)	-	-
Sale of machinery	-	32,000	-	-
Rental expenses	<b>(24,000)</b>	(24,000)	-	-
Interest income	-	-	<b>383,637</b>	-
Payment on behalf by a subsidiary	-	-	-	(1,349,127)
Advance to a subsidiary	-	-	<b>18,900,000</b>	-

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 26. RELATED PARTY DISCLOSURES (Cont'd)

### (ii) Compensation of key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group.

Key management includes all the Directors of the Company and its subsidiary and certain members of senior management of the Group.

	GROUP	
	1.1.2022 to 31.12.2022 (12 months) RM	1.1.2021 to 31.12.2021 (12 months) RM
<b>Key management personnel compensation:</b>		
- Salaries, allowances and bonus	2,741,464	2,507,628
- Fees	180,000	178,000
- EPF	204,532	158,033
	<b>3,125,996</b>	2,843,661
<b>Analysed as:</b>		
- Directors	1,543,544	1,758,228
- Key management personnel	1,582,452	1,085,433
	<b>3,125,996</b>	2,843,661

## 27. CAPITAL COMMITMENT

	GROUP	
	2022 RM	2021 RM
<b>Contracted but not provided for:</b>		
- Extension of existing factory	54,809	141,495
- Enterprise resource planning system	172,250	217,333
- Machineries	8,376,405	2,949,090
	<b>8,599,464</b>	3,307,918
<b>Approved but not contracted for:</b>		
- Construction of a new factory	15,800,000	15,800,000
- Enterprise resource planning system	415,636	658,899
	<b>16,215,636</b>	16,458,899

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 28. FINANCIAL INSTRUMENTS

### 28.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities at amortised costs ("AC").

	Carrying amount RM	AC RM
<b>GROUP</b>		
<b>2022</b>		
<b>Financial assets</b>		
Trade receivables	34,993,385	34,993,385
Other receivables and deposits	2,822,961	2,822,961
Cash and cash equivalents	27,040,194	27,040,194
	<u>64,856,540</u>	<u>64,856,540</u>
<b>Financial liabilities</b>		
Trade payables	16,626,943	16,626,943
Other payables and accruals	12,119,529	12,119,529
Borrowings	14,091,150	14,091,150
	<u>42,837,622</u>	<u>42,837,622</u>
2021		
Financial assets		
Trade receivables	34,956,623	34,956,623
Other receivables and deposits	1,464,486	1,464,486
Cash and cash equivalents	4,534,143	4,534,143
	<u>40,955,252</u>	<u>40,955,252</u>
Financial liabilities		
Trade payables	19,685,907	19,685,907
Other payables and accruals	8,369,764	8,369,764
Borrowings	23,674,209	23,674,209
	<u>51,729,880</u>	<u>51,729,880</u>
<b>COMPANY</b>		
<b>2022</b>		
<b>Financial assets</b>		
Amount due from a subsidiary	19,283,637	19,283,637
Cash and cash equivalents	10,841,492	10,841,492
	<u>30,125,129</u>	<u>30,125,129</u>
<b>Financial liabilities</b>		
Other payables and accruals	201,820	201,820
	<u>201,820</u>	<u>201,820</u>
2021		
Financial assets		
Cash and cash equivalents	1	1
Financial liabilities		
Other payables and accruals	208,287	208,287
Amount due to a subsidiary	1,349,127	1,349,127
	<u>1,557,414</u>	<u>1,557,414</u>

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 28. FINANCIAL INSTRUMENTS (Cont'd)

### 28.2 Financial risk management

The Group's financial risk management policy seeks to ensure that adequate resources are available for the development of the Group's business whilst managing its credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

### 28.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises principally from its trade receivables.

#### (i) Credit risk concentration profile

The Group's major concentration of credit risk that accounted for 10% or more of total trade receivables at the end of each reporting period is as follows:

	GROUP	
	2022	2021
Number of customers	2	2
Percentage of trade receivables	<u>76%</u>	<u>73%</u>

#### (ii) Exposure to credit risk

At the end of each reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the consolidated statements of financial position of the Group after deducting any allowance for impairment losses.

#### (iii) Assessment of impairment losses

The Group assesses ECL on trade receivables based on provision matrix, the expected loss rates are based on the payment profile for sales in the past as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

As at the end of the reporting period, the maximum exposure to the credit risk arising from trade receivables is presented by the carrying amounts in the consolidated statements of financial position.

The ageing analysis of the trade receivables of the Group as at the end of the reporting period is as follows:

	2022 RM	2021 RM
Not past due	33,593,781	28,281,583
Past due 1 to 30 days	780,176	4,773,261
Past due 31 to 60 days	165,937	1,125,845
Past due 61 to 90 days	86,264	585,161
Past due more than 90 days	367,227	190,773
	<u>1,399,604</u>	<u>6,675,040</u>
	<u>34,993,385</u>	<u>34,956,623</u>

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 28. FINANCIAL INSTRUMENTS (Cont'd)

### 28.3 Credit risk (Cont'd)

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

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group has trade receivables amounting to **RM1,399,604** (2021: RM6,675,040) that are past due at the end of the reporting period but management is of the view that these past due amounts will be collected in due course and no impairment is necessary.

#### 28.3.1 Intercompany balances

The Company provides advances to its subsidiary and monitors its results regularly.

The maximum exposure to credit risk is represented by the carrying amount in the statements of financial position.

### 28.4 Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as and when they fall due. The Group actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 28. FINANCIAL INSTRUMENTS (Cont'd)

### 28.4 Liquidity risk (Cont'd)

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 the undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM	More than five years RM
<b>GROUP</b>						
<b>2022</b>						
<b>Non-derivative financial liabilities</b>						
Interest bearing borrowings	14,091,150	15,559,397	8,879,337	1,051,608	2,317,357	3,311,095
Lease liabilities	3,318,167	3,496,000	1,464,000	1,248,000	784,000	-
Trade and other payables	28,746,472	28,746,472	28,746,472	-	-	-
	<b>46,155,789</b>	<b>47,801,869</b>	<b>39,089,809</b>	<b>2,299,608</b>	<b>3,101,357</b>	<b>3,311,095</b>
<b>2021</b>						
<i>Non-derivative financial liabilities</i>						
Interest bearing borrowings	23,674,209	26,073,419	14,941,930	2,208,694	5,016,005	3,906,790
Trade and other payables	28,055,671	28,055,671	28,055,671	-	-	-
	51,729,880	54,129,090	42,997,601	2,208,694	5,016,005	3,906,790
<b>COMPANY</b>						
<b>2022</b>						
<b>Non-derivative financial liabilities</b>						
Other payables and accruals	201,820	201,820	201,820	-	-	-
<b>2021</b>						
<i>Non-derivative financial liabilities</i>						
Other payables and accruals	208,287	208,287	208,287	-	-	-
Amount due to a subsidiary	1,349,127	1,349,127	1,349,127	-	-	-
	1,557,414	1,557,414	1,557,414	-	-	-



# Notes To The Financial Statements (Cont'd)

31 December 2022

## 28. FINANCIAL INSTRUMENTS (Cont'd)

### 28.5 Interest rate risk

The Group's fixed rate instruments are exposed to a risk of change in their fair values due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's interest bearing financial instruments based on the carrying amount as at the end of the reporting period are as follows:

	GROUP	
	2022 RM	2021 RM
<b>Fixed rate instruments</b>		
Financial assets	<b>13,957,880</b>	3,191,052
Financial liabilities	<b>12,601,067</b>	17,948,689
<b>Floating rate instruments</b>		
Financial liabilities	<b>1,490,083</b>	5,725,520

#### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

#### Cash flow sensitivity analysis for variable rate instruments

An increase of 25 basis point at the end of the reporting period would have decreased profit before taxation by **RM11,930** (2021: RM10,412) and a corresponding decrease would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

### 28.6 Foreign currency risk

The Group is exposed to foreign currency risk mainly on sales and purchases that are denominated in currencies other than the Group's functional currency. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are primarily US Dollar ("**USD**") and Singapore Dollar ("**SGD**").

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's profit before taxation. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have decreased profit before taxation by the amount shown below and a corresponding weakening of the RM would have an equal but opposite effect.

	GROUP	
	2022 RM	2021 RM
USD	<b>(3,788,277)</b>	(3,257,182)
SGD	<b>(40,263)</b>	(10,456)
Others	<b>(78,312)</b>	18,544
Decrease in profit before taxation	<b>(3,906,852)</b>	(3,249,094)

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 29. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and financial liabilities of the Group and the Company as at the end of the reporting period approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the non-current portion of borrowings are reasonable approximation of fair value due to the insignificant impact of discounting.

## 30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its business and to maximise shareholder's value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders, adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made to the objective, policy and process during the financial year.

As at the end of the reporting period, the Group has not breached any of the debt covenants imposed by its lenders.

## 31. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

### Significant events during the financial year

#### (i) Initial Public Offering ("IPO")

The Company had on 22 December 2021 launched its IPO prospectus in conjunction with its listing on the ACE Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") comprising:

- (a) Public Issue of 117,791,000 new ordinary shares in the Company at an issue price of RM0.28 per share, and
- (b) Offer for Sale of 21,416,600 existing shares by way of private placement exercise at an offer price of RM0.28 per share.

On 20 January 2022, the Company was successfully admitted to the Official List of Bursa Securities and the Company's entire enlarged issued shares of 428,331,001 was listed and quoted on the ACE Market of Bursa Securities.

#### (ii) Special issue of new ordinary shares to Bumiputera investors to be identified and/or approved by Ministry of International Trade and Industry Malaysia ("**MITI**")

On 15 August 2022, the Company has proposed to implement a special issue of up to 61,200,000 new ordinary shares, representing approximately 14.29% of the Company's existing issued share capital to Bumiputera investors to be identified and/or approved by MITI at an issue price of RM0.75.

On 16 December 2022, 905,000 new ordinary shares were issued in conjunction with the special issue exercise.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 31. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (Cont'd)

### Significant events after the financial year

(i) Proposed Private Placement

On 29 March 2023, the Company announced that it proposed to undertake a private placement of up to not more than 20% of the total number of issued shares of the Company or 85,847,000 shares ("**Placement Shares**") ("**Proposed Private Placement**"). The Company shall make an application to Bursa Securities for the listing of and quotation for the Placement Shares on the ACE Market of Bursa Securities. The Placement Shares will rank equally in all aspects with the existing Company shares in issue. The actual amount of proceeds to be raised from the Proposed Private Placement will depend on the actual number of Placement Shares issued and the issue price of the Placement Shares.

(ii) Long Term Incentive Plan ("**LTIP**")

On 29 March 2023, the Company announced that it proposed to establish and implement a LTIP of up to 10.0% of the Company's total issued share capital (excluding treasury shares, if any) for eligible Directors and employees of the Company and its subsidiary ("**Proposed LTIP**"). The Proposed LTIP comprises of a share grant plan ("**Proposed SGP**") and an employees' share option scheme ("**Proposed ESOS**"). The Proposed LTIP is subject to shareholders' approval at an Extraordinary General Meeting to be convened. The Proposed LTIP is intended to allow the Company to attract, retain, motivate and reward the eligible Directors and employees who fulfil the criteria for eligibility for participation subject to the terms and conditions of the By-Laws.

# List Of Properties

The summary of the properties owned by the Group as at 31 December 2022 are set out below:

No.	Postal Address/Title Details	Description/ Existing Use	Land Area (Sq Ft)	Tenure	Age of the Building (Years)	Carrying Amount (RM'000)	Date of Acquisition/ Revaluation*
<b>Coraza Systems Malaysia Sdn. Bhd.</b>							
1	1, Lorong Industri 5, Kawasan Industri Bukit Panchor, 14300 Nibong Tebal, Seberang Perai Selatan Pulau Pinang/ Lot 2777 and 2783, Lorong Industri 5, Kawasan Industri Bukit Panchor, 14300 Nibong Tebal, Pulau Pinang	Industrial land and a 1½-storey detached factory annexed with a double storey office building erected thereon / Headquarters of Coraza Group comprising office and factory	122,385.5	Freehold	17	7,817	30 October 2012*
2	GM 1510, Lot 2773, Mukim 07, Jalan Bukit Panchor, Daerah Seberang Perai Selatan, Pulau Pinang.	Vacant Land / For the construction of factory	56,295.2	Freehold	N/A	2,328	23 July 2018
3	Geran 59350, Lot 2776, Mukim 07 Daerah Seberang Perai Selatan, Pulau Pinang	Vacant Land / For the construction of factory	33,841.7	Freehold	N/A	1,398	23 July 2018

# Analysis Of Shareholdings

As at 6 Mar 2023

CLASS OF SHARES : Ordinary Shares  
VOTING RIGHTS : One vote per ordinary share

## ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 - 99	11	0.291	125	-
100 - 1,000	634	16.750	358,203	0.083
1,001 - 10,000	2,120	56.011	10,917,772	2.544
10,001 - 100,000	866	22.880	26,227,800	6.110
100,001 - 21,461,800 (*)	151	3.989	102,608,700	23.905
21,461,801 and above (**)	3	0.079	289,123,401	67.358
<b>Total</b>	<b>3,785</b>	<b>100.000</b>	<b>429,236,001</b>	<b>100.000</b>

Remark : \* - 100,001 to less than 5% of issued shares  
\*\* - 5% and above of issued shares

## SUBSTANTIAL SHAREHOLDERS

NAME	NUMBER OF ORDINARY SHARES			
	DIRECT	%	INDIRECT	%
PAUL HENG WENG SENG	206,669,700	48.148	-	-
LIEW SOW YING	82,453,701	19.209	-	-
LIM TEIK HOE	-	-	82,453,701 <sup>^</sup>	19.209

<sup>^</sup> Deemed interest through his spouse, Liew Sow Ying pursuant to Section 59(11)(c) of the Companies Act 2016

## DIRECTORS' SHAREHOLDINGS

NAME	NUMBER OF ORDINARY SHARES			
	DIRECT	%	INDIRECT	%
NG FOOK SAN	1,336,000	0.311	-	-
LIM TEIK HOE	-	-	82,453,701 <sup>^</sup>	19.209
PAUL HENG WENG SENG	206,669,700	48.148	-	-
PHOON YEE MIN	-	-	-	-
RUSMIN ALWANI BINTI SHUKERY	178,600	0.042	-	-
DATO' SERI HAJI ABDUL RAFIQUE BIN ABDUL KARIM	200,000	0.047	-	-

<sup>^</sup> Deemed interest through his spouse, Liew Sow Ying pursuant to Section 59(11)(c) of the Companies Act 2016

# Analysis Of Shareholdings (Cont'd)

As at 6 Mar 2023

## THIRTY LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF TOTAL ISSUED SHARES
1	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PAUL HENG WENG SENG	137,779,812	32.099
2	LIEW SOW YING	82,453,701	19.209
3	PAUL HENG WENG SENG	68,889,888	16.049
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	10,262,500	2.391
5	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	8,010,000	1.866
6	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG GROWTH FUND	6,900,000	1.608
7	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	5,549,900	1.293
8	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DANA MAKMUR	5,000,000	1.165
9	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG ASIA-PACIFIC DIVIDEND FUND	4,650,000	1.083
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR ARECA EQUITYTRUST FUND (211882)	3,777,300	0.880
11	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	2,588,000	0.603
12	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD FOR PMB SHARIAH EQUITY FUND	2,096,000	0.488
13	PHILLIP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH CHOON KIM	2,000,000	0.466
14	MALYSIAN TECHNOLOGY DEVELOPMENT CORPORATION SDN BHD	1,785,800	0.416
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA PUBLIC TAKAFUL BHD.	1,766,100	0.411
16	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR UNITED MALAYSIA FUND	1,568,700	0.365
17	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD HONG LEONG ASSET MANAGEMENT BHD FOR HONG LEONG FOUNDATION (ED100)	1,530,000	0.356
18	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DANA MAA'ROF	1,420,000	0.331
19	NG FOOK SAN	1,386,000	0.323
20	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY MOY KOH (SEGAMAT-CL)	1,220,700	0.284
21	PHILLIP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIN CHEE SENG	1,200,000	0.280
22	PETER TAN KOK PENG	1,140,000	0.266
23	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN KEUN HUAT	1,130,400	0.263
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD WONG CHAN HONG	1,100,000	0.256
25	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR KAF VISION FUND	1,000,000	0.233
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG CHAN HONG	1,000,000	0.233
27	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG YEW KUAN (MY2092)	918,000	0.214
28	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE ENG CUA (MY3744)	840,000	0.196
29	JONY RAW @ RAW JONY	800,000	0.186
30	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG CHEW GIAP (023)	800,000	0.186

# Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Second Annual General Meeting of the Company will be held at Room Saffron, Level M, The Light Hotel, Lebuhr Tenggiri 2, Bandar Seberang Jaya, 13700 Penang, Malaysia on Wednesday, 10 May 2023 at 10.00a.m. for the following purposes:-

## AGENDA

### AS ORDINARY BUSINESS :

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors' fees and Directors' benefits of RM345,000 for the period from 1 June 2023 to 31 May 2024. **Ordinary Resolution 1**
3. To re-elect Puan Rusmin Alwani Binti Shukery as a Director who retires in accordance with Article 94 of the Company's Constitution. **Ordinary Resolution 2**
4. To re-elect Ms. Phoon Yee Min as a Director who retires in accordance with Article 101 of the Company's Constitution. **Ordinary Resolution 3**
5. To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

### AS SPECIAL BUSINESS :

To consider and if thought fit, to pass with or without modifications the following resolutions:-

#### 6. ORDINARY RESOLUTION

##### AUTHORITY TO ISSUE SHARES

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (the "Act"), ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and/or the approvals of the relevant regulatory authorities, where required, the Directors be and are hereby empowered to issue and allot shares in the Company, at such time and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

AND THAT the existing shareholders of the Company hereby waive their pre-emptive rights to be offered new shares ranking equally to the existing issued shares in the Company pursuant to Section 85 of the Act read together with Article 57 of the Constitution of the Company arising from any issuance of new shares of the Company pursuant to Sections 75 and 76 of the Act."

**Ordinary Resolution 5**

#### 7. ORDINARY RESOLUTION

##### PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")

"THAT subject always to the ACE Market Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and/or its subsidiary ("Coraza Group") to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature of Coraza Group with specified classes of Related Parties (as defined in the ACE Market Listing Requirements of Bursa Securities) as specified in Section 2.4, the Circular to Shareholders dated 11 April 2023, which are necessary for the day-to-day operations of Coraza Group provided that the transactions are in the ordinary course of business and are carried out at arms' length basis on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public as well as are not detrimental to the minority shareholders of the Company and such approval, shall continue to be in force until:-

# Notice Of Annual General Meeting (Cont'd)

7. **ORDINARY RESOLUTION** (Cont'd)  
**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")** (Cont'd)
- (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company, at which time the mandate will lapse, unless the mandate is renewed by a resolution passed at that meeting;
  - (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
  - (c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier.

AND THAT the Board of Directors of the Company be and is 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 power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

**Ordinary  
Resolution 6**

8. To transact any other business of which due notices shall have been given in accordance with the Companies Act 2016.

By Order of the Board,

**TAN SHE CHIA (MAICSA 7055087)**  
**SSM PC No. 202008001923**  
Company Secretary

Penang

Date : 11 April 2023

Notes :

1. There shall be no restriction as to the qualification of the proxy, a proxy may but need not be a member of the Company.
2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 48 Jalan Chow Thye, 10050 George Town, Penang not less than forty-eight (48) hours before the time for holding the AGM or adjourned AGM.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless the member specifies the proportions of his shareholding to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, under its Common Seal or under the hand of its attorney.
6. Any authority pursuant to such appointment is made by a power of attorney must be deposited at the Registered Office of the Company, 48 Jalan Chow Thye, 10050 George Town, Penang not less than forty-eight (48) hours before the time of holding the AGM or adjourned AGM.
7. For a corporate member who has appointed an authorised representative, please deposit the **original/duly signed** certificate of appointment of authorised representative at the Registered Office of the Company, 48 Jalan Chow Thye, 10050 George Town, Penang.
8. Last date and time for lodging proxy form is **Monday, 8 May 2023 at 10:00 a.m.**
9. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.



# Notice Of Annual General Meeting (Cont'd)

Notes : (Cont'd)

10. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to the Article 69(2) of the Company's Constitution and Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at **28 April 2023** and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
11. All resolutions as set out in this notice of Second AGM are to be voted by poll.
12. Mr. Ng Fook San who is due for retirement by rotation has informed the Board he will not seek for re-election and will retire at the conclusion of the Second AGM.

## Explanatory Notes on Ordinary Business

### Resolution 1 – Payment of Directors' fees and Directors' benefits

The Directors' fees and benefits proposed for the period from 1 June 2023 to 31 May 2024 are calculated based on the current Board size. In the event the proposed amount is insufficient, e.g. due to enlarged Board size, approval will be sought at the next AGM for the shortfall.

### Ordinary Resolutions 2 and 3 – Re-election of Directors

The following Directors are standing for re-election as Directors of the Company pursuant to Article 94 and Article 101 of the Company's Constitution respectively at the Second AGM of the Company and being eligible have offered themselves for re-election in accordance with the Company's Constitution:-

- a) Puan Rusmin Alwani Binti Shukery (Article 94); and
- b) Ms. Phoon Yee Min (Article 101)

(collectively referred to as "**Retiring Directors**")

The Nominating and Remuneration Committee ("**NRC**") has assessed the performance and contribution of each of the Retiring Directors. Based on the results of the Board annual evaluation conducted for the financial year ended 31 December 2022, the performance of each of the Retiring Directors was found to be satisfactory.

The Board has also through the NRC carried out assessment on the independence of the Independent Non-Executive Directors ("**INEDs**") and is satisfied with the independence and performance of the INEDs.

The Board has endorsed the NRC's recommendation to seek shareholders' approval for the re-election of the Retiring Directors. The details and profiles of the Retiring Directors are provided in the Board of Directors section on pages 11 and 13 of the Annual Report 2022.

## Explanatory Notes on Special Business

### Resolution 5 – Authority to issue shares

The proposed Ordinary Resolution 5, if passed, will give authority to the Board of Directors of the Company to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company without convening a general meeting. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next AGM.

As at the date of this Notice, the Company raised RM678,750 from the issuance of 905,000 new ordinary shares (via special issue to bumiputera investors) pursuant to Section 75 and Section 76 of the Companies Act 2016 under the general authority which was approved at the First AGM held on 27 May 2022 and which will lapse at the conclusion of the Second AGM to be held on 10 May 2023. The total proceeds raised of RM678,750 has been utilised as follows:-

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance To Utilised RM'000	Timeframe as stated in the announcements dated 15 August 2022 and 22 September 2022 for utilisation of special issue
Purchase of new machinery	610	(610)	-	Within 24 months
Estimated listing expenses	69	(69)	-	Within 1 month
	<b>679</b>	<b>(679)</b>	-	

# Notice Of Annual General Meeting (Cont'd)

## **Explanatory Notes on Special Business (Cont'd)**

### **Resolution 5 – Authority to issue shares (Cont'd)**

A renewal of this authority is being sought at the Second AGM under proposed Ordinary Resolution 5.

The renewal mandate if granted will provide flexibility to the Company for the allotment of shares for the purpose of fund raising activities including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

Pursuant to Section 85 of the Companies Act 2016 read together with Article 57 of the Constitution of the Company, the shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company.

The proposed Ordinary Resolution 5, if passed, would allow the Directors to issue new shares to any person under the said mandate without having to offer the new shares in the Company to be issued equally to all existing shareholders of the Company prior to issuance.

### **Ordinary Resolution 6 – Proposed Renewal of Shareholders' Mandate**

The proposed Ordinary Resolution 6, if passed, will enable the Company and/or its subsidiary to enter into recurrent related party transactions of a revenue or trading nature with related parties which are necessary for the Group's day-to-day operations and are in the ordinary course of business which carried out on an arm's length basis based on normal commercial terms and on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company. The details of the proposal are set out in the Circular to Shareholders dated 11 April 2023.

## **PERSONAL DATA POLICY**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"). (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# Statement Accompanying Notice Of Annual General Meeting

**(Pursuant to Rule 8.29(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)**

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with the Rule 6.04(3) of the Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed ordinary resolution 6 as stated in the Notice of Annual General Meeting of the Company for the details.

CDS Account No.	
No. of ordinary shares held	

I/We.....  
(FULL NAME IN BLOCK LETTERS)

(NRIC No./Passport No./Registration No.....)

of.....  
(FULL ADDRESS)

being a \*member/members of **CORAZA INTEGRATED TECHNOLOGY BERHAD** (the "**Company**"), hereby appoint

Name of Proxy	NRIC No./Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Address			
E-mail	Contact No.		

\*and

Name of Proxy	NRIC No./Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Address			
E-mail	Contact No.		

to attend and vote for \*me/ us and on \*my/ our behalf at the Second Annual General Meeting ("**AGM**") of the Company to be held at Room Saffron, Level M, The Light Hotel, Lebuh Tenggiri 2, Bandar Seberang Jaya, 13700 Penang, Malaysia on Wednesday, 10 May 2023 at 10.00 a.m., and at any adjournment thereof to vote as indicated below:

No.	Resolutions	For	Against
Ordinary Resolution 1	Approval of payment of Directors' fees and Directors' benefits for the period from 1 June 2023 to 31 May 2024		
Ordinary Resolution 2	Re-election of Puan Rusmin Alwani Binti Shukery as Director		
Ordinary Resolution 3	Re-election of Ms. Phoon Yee Min as Director		
Ordinary Resolution 4	Re-appointment of Messrs Grant Thornton Malaysia PLT as Auditors and to authorise the Directors to fix their remuneration		
Ordinary Resolution 5	Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to issue shares		
Ordinary Resolution 6	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature		

(Please indicate with an "X" in the spaces provided above to how you wish your vote to be cast. If you do not do so, the proxy may vote or abstain from voting at his/ her discretion)

In case of a vote taken by a show of hands, the \*First named Proxy / Second named Proxy shall vote on \*my/ our behalf.

As witness my hand this ..... day of ..... 2023.

.....  
 Signature of Member(s)/ Common Seal

\* Strike out whichever is not desired

Contact No. : \_\_\_\_\_

**Notes :**

1. There shall be no restriction as to the qualification of the proxy, a proxy may but need not be a member of the Company.
2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 48 Jalan Chow Thye, 10050 George Town, Penang not less than forty-eight (48) hours before the time for holding the AGM or adjourned AGM.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless the member specifies the proportions of his shareholding to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, under its Common Seal or under the hand of its attorney.
6. Any authority pursuant to such appointment is made by a power of attorney must be deposited at the Registered Office of the Company, 48 Jalan Chow Thye, 10050 George Town, Penang not less than forty-eight (48) hours before the time of holding the AGM or adjourned AGM.
7. For a corporate member who has appointed an authorised representative, please deposit the **original/duly signed** certificate of appointment of authorised representative at the Registered Office of the Company, 48 Jalan Chow Thye, 10050 George Town, Penang.
8. Last date and time for lodging proxy form is **Monday, 8 May 2023 at 10:00 a.m.**
9. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
10. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to the Article 69(2) of the Company's Constitution and Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("**ROD**") as at **28 April 2023** and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
11. All resolutions as set out in this notice of Second AGM are to be voted by poll.
12. Mr. Ng Fook San who is due for retirement by rotation has informed the Board he will not seek for re-election and will retire at the conclusion of the Second AGM.

*Please fold across the line and close*

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STAMP  
HERE

**Company Secretary**  
**CORAZA INTEGRATED TECHNOLOGY BERHAD**  
202001039065(1395386-M)

48, Jalan Chow Thye,  
10050 George Town,  
Pulau Pinang, Malaysia

*Please fold across the line and close*

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## Coraza Integrated Technology Berhad

202001039065 (1395386-M)

Lot 2777, Lorong Industri 5,  
Kawasan Industri Bukit Panchor,  
14300 Nibong Tebal,  
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