

AIMFLEX | **2024**
ANNUAL REPORT



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PROXY FORM

CORPORATE INFORMATION

Board of Directors

Chuah Chong Ewe
Executive Chairman

Professor Dato' Ir. Ts. Dr. Ruzairi bin Hj Abdul Rahim
Independent Non-Executive Director

Chuah Chong San
Group Managing Director

Law Lee Yen
Independent Non-Executive Director

Khoo Boo Keong
Independent Non-Executive Director

Audit & Risk Management Committee

Law Lee Yen
Chairperson

Professor Dato' Ir. Ts. Dr. Ruzairi bin Hj Abdul Rahim
Member

Khoo Boo Keong
Member

Remuneration Committee

Professor Dato' Ir. Ts. Dr. Ruzairi bin Hj Abdul Rahim
Chairperson

Law Lee Yen
Member

Khoo Boo Keong
Member

Nomination Committee

Professor Dato' Ir. Ts. Dr. Ruzairi bin Hj Abdul Rahim
Chairperson

Law Lee Yen
Member

Khoo Boo Keong
Member

Employees Share Option Scheme Committee

Professor Dato' Ir. Ts. Dr. Ruzairi bin Hj Abdul Rahim
Chairperson

Chuah Chong Ewe
Member

Chuah Chong San
Member

Investment Committee

Chuah Chong Ewe
Chairperson

Professor Dato' Ir. Ts. Dr. Ruzairi bin Hj Abdul Rahim
Member

Chuah Chong San
Member

CORPORATE INFORMATION CONT'D

Company Secretaries

1. Wong Mee Kiat
(MAICSA 7058813)
(PC No. 202008001958)
2. Lim Li Heong
(MAICSA 7054716)
(PC No. 202008001981)

Registered Office

Level 5, Tower 8
Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur
Tel: +603 2280 6388
Fax: +603 2280 6399
Email: listcomalaysia@acclime.com

Corporate Website

www.AIMFLEX.com.my

Corporate Office

12-2, Jalan Persiaran Teknologi
Taman Teknologi Johor
81400 Senai
Johor Darul Ta'zim
Tel: +607 595 5545
Fax: +607 595 5543
Email: sales@aimflex.com.my

Principal Bankers

OCBC Bank (Malaysia) Berhad
47 & 49, Jalan Molek 1/29
Taman Molek
81100 Johor Bahru
Johor Darul Ta'zim
Tel: +603 8317 5200
Fax: +603 353 5581

Al Rajhi Banking & Investment
Corporation (Malaysia) Berhad
Lot 18-G-A, Gurney Tower
Jalan Kelawai
10250 Pulau Pinang
Tel: +604 219 2555

Auditors

RSM Malaysia PLT 202206000002
(LLP0030276-LCA) & AF 0768
Chartered Accountants
Suite 16-02, Level 16
Menara Landmark
No. 12, Jalan Ngee Heng
80888 Ibrahim International
Business District
Johor Darul Ta'zim
Tel: +607 276 2828

Share Registrar

Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite Avenue 3
Bangsar South No. 8
Jalan Kerinchi
59200 Kuala Lumpur

Stock Exchange Listing

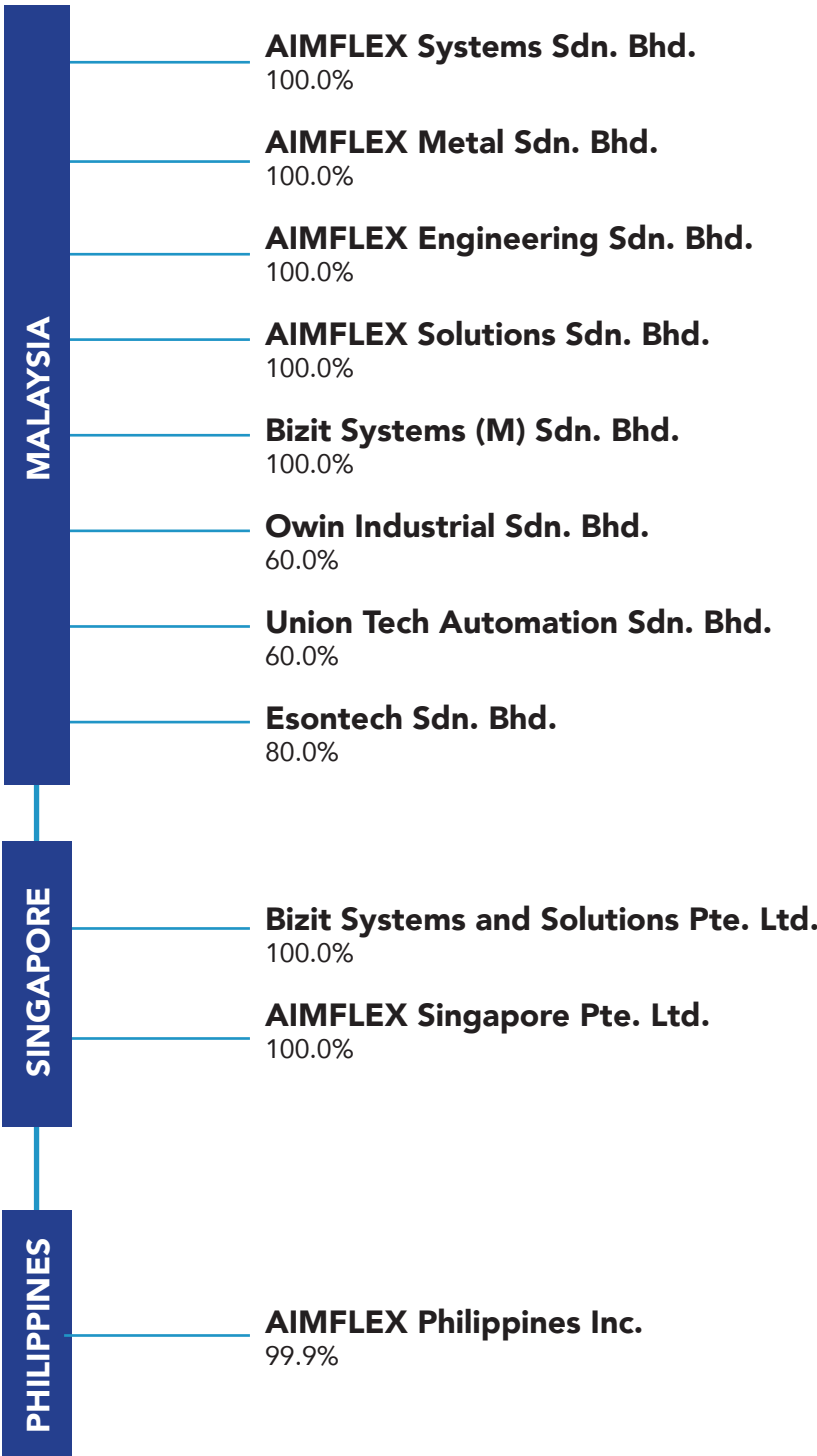
Bursa Malaysia Securities Berhad
Ace Market
Stock Name: AIMFLEX
Stock Code: 0209

CORPORATE STRUCTURE



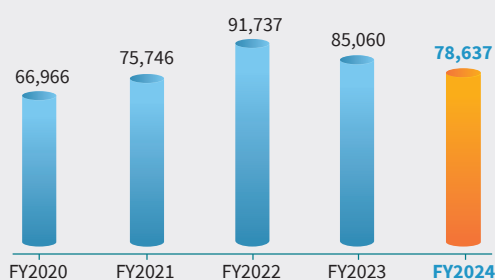
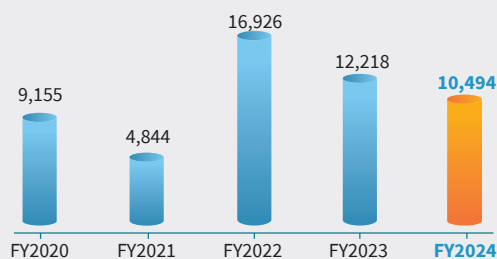
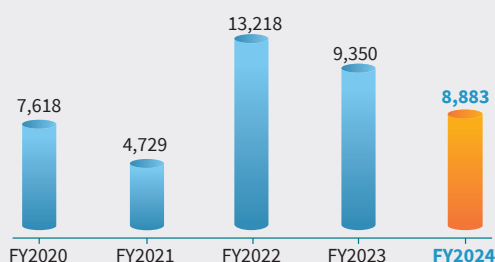
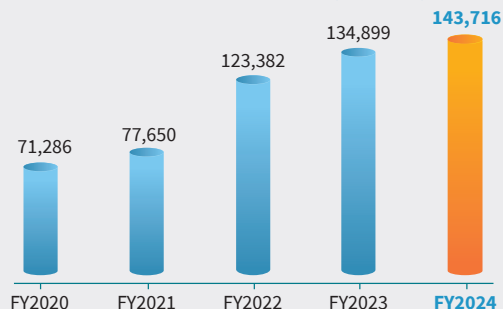
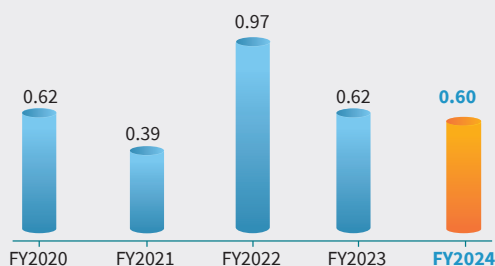
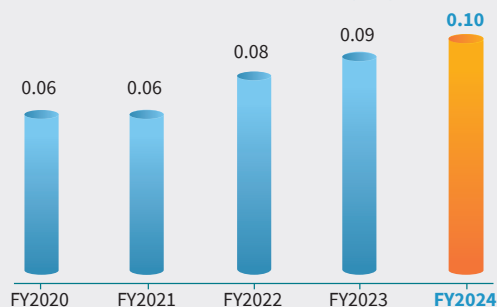
AIMFLEX Berhad

AIMFLEX Technology Sdn. Bhd.
100.0%



FINANCIAL HIGHLIGHTS

	FY2020	FY2021	FY2022	FY2023	FY2024
	RM '000	RM '000	RM '000	RM '000	RM '000
Revenue	66,966	75,746	91,737	85,060	78,637
Profit before Taxation	9,155	4,844	16,926	12,218	10,494
Profit After Taxation	7,618	4,729	13,218	9,350	8,883
Shareholders' Equity	71,286	77,650	123,382	134,899	143,716
Earnings Before Interests, Taxation, Depreciation and Amortisation	10,674	6,601	18,383	13,146	11,082
Earning per Share (sen)	0.62	0.39	0.97	0.62	0.60
Net Assets per Share (RM)	0.06	0.06	0.08	0.09	0.10

REVENUE (RM '000)

PROFIT BEFORE TAXATION (RM '000)

PROFIT AFTER TAXATION (RM '000)

SHAREHOLDERS' EQUITY (RM '000)

EARNINGS PER SHARE (SEN)

NET ASSETS PER SHARE (RM)


DIRECTORS' PROFILES



Chuah Chong Ewe
Executive Chairman

• 58 years old

• Male

• Malaysian

Chairperson for the Investment Committee

Member of the Employees' Share Option Scheme Committee

Chuah Chong Ewe was appointed to the Board as Executive Director on 25 January 2022 and as Group Managing Director on 30 September 2022. He was subsequently redesignated as Executive Chairman on 21 September 2023. He graduated from University of Malaya with a degree in LLB (Hons). He was admitted to the Malaysian Bar Council on 26 February 1993 and in the same year started his career as an advocate and solicitor. He practiced for approximately 20 years.

In 2005, he joined Seal Incorporated Berhad as Advisor before being assigned as its Group Chief Executive Officer. He spearheaded the strategic move and transformational restructuring in Seal Incorporated Berhad from a heavily indebted position into a profitable net cash corporation with diversified earnings base before leaving in October 2014.

He then joined Pentamaster Corporation Berhad in 2015 as its Chief Executive Officer and Executive Director. However, he resigned in 2021 but remains its major shareholder.

In 2018, he joined Luster Industries Berhad as Executive Director and is now its Group Managing Director and major shareholder.

On 30 May 2023, he was appointed as Executive Chairman in LFE Corporation Berhad.

DIRECTORS' PROFILES CONT'D



Chuah Chong San
Group Managing Director

● 61 years old

● Male

● Malaysian

Member of the Employees' Share Option Scheme Committee
Member of the Investment Committee

Chuah Chong San was appointed to the Board as Executive Director on 25 January 2022 and was subsequently redesignated as Group Managing Director on 21 September 2023. He is responsible for the implementation of the Board's decisions, strategies and corporate direction. He graduated in 1989 from University of Malaya with a Degree in Electrical Engineering. In 1998, he obtained his Master of Business Administration from Universiti Sains Malaysia.

He started his career in Motorola Solutions Malaysia Sdn. Bhd. ("Motorola") as Test System Engineer in 1998 and subsequently transferred to the Internal Control function, focusing on Information Technology ("IT"), Information Security Protection & Compliance. He was promoted to an Engineering management role in 2000. He led a team to digitise and transform key supply chain business processes and was promoted to Motorola Penang IT lead in 2005 to manage the simplification and consolidation of Enterprise Resource Planning ("ERP") system across multiple businesses within Motorola.

During his service at Motorola, he managed IT lead roles in multiple Merger, Acquisition and Divesture projects. Furthermore, he had successfully migrated regional IT Business system to Global Enterprise System in 2013.

In 2016, he was promoted to be the Asia Pacific IT lead, focusing on modernising the IT Infrastructure, partnering with Third-Party Logistics ("3PL") and Electronics Manufacturing Services ("EMS") to deliver IT solution and supporting IT services in 12 Asia Pacific countries. He left Motorola in 2020.

He joined Luster Industries Berhad as an Alternate Director in 2020 and was appointed as Executive Director in 2021.

DIRECTORS' PROFILES CONT'D



Professor Dato' Ir. Ts. Dr. Ruzairi bin Hj Abdul Rahim
Independent Non-Executive Director

● 58 years old

● Male

● Malaysian

Chairperson of the Remuneration Committee
Chairperson of the Nomination Committee
Chairperson of the Employees' Share Option Scheme Committee
Member of the Audit and Risk Management Committee
Member of the Investment Committee

Professor Dato' Ir. Ts. Dr. Ruzairi bin Hj Abdul Rahim was appointed to the Board as Independent Non-Executive Director on 1 November 2018. He graduated with a Degree in Electronic System & Control Engineering in 1992 from Sheffield City Polytechnic and Ph.D in 1996 from Sheffield Hallam University, UK. He was awarded as a Professional Technologist (Ts.) by the Malaysia Board of Technologists in 2018 and as a Professional Engineer (Ir.) on 17 November 2022 by the Board of Engineers Malaysia. He has over 30 years of experience in the field of Research and Development (R&D) management.

He started his career with Universiti Teknologi Malaysia (UTM) in 1992 as a Tutor at the Department of Control & Instrumentation Engineering in the Faculty of Electrical Engineering and subsequently appointed as the Head of Instrumentation Engineering Laboratory in 1997 to manage and operate lectures, tutorials, practical as well as reviewing examination papers. In June 1998, he was promoted as the Head of Department (Control & Instrumentation Engineering), where he was responsible for overseeing the planning, development programme, distribution of academic workload and staff coordination. He was then made Associate Professor of UTM in 1999.

In 2006, Professor Dato' Ir. Ts. Dr. Ruzairi was promoted as the Professor of UTM and appointed the Deputy Dean (Corporate) at the Research Management Centre ("RMC") of UTM. He was then promoted to the position of Director of RMC in 2009, a position which he held until November 2016. RMC is the research arm of UTM responsible for managing and facilitating various R&D activities, intellectual property creation and management, technological development, promotion and exploitation of R&D findings.

From December 2016 to November 2019, Professor Dato' Ir. Ts. Dr. Ruzairi held the position of Deputy Vice Chancellor (Research & Innovation) at Universiti Tun Hussein Onn Malaysia (UTHM), where he was mainly responsible for the management of research, innovation and publications.

In 2020, Professor Dato' Ir. Ts. Dr. Ruzairi was appointed as Professor for the School of Electrical Engineering, Faculty of Engineering and was the Dean of the Faculty of Engineering UTM from July 2021 to June 2024.

On 23rd November 2023, he was awarded by Sultan of Johor, Sultan Ibrahim Almarhum Sultan Iskandar with Darjah Sultan Ibrahim Johor Yang Amat Disanjung Pangkat Kedua Dato' Mulia Sultan Ibrahim Johor (D.M.I.J) which carries the title Dato'.

During his service at UTM, he received 45 awards in recognition of his excellence among which are Indexed Journal Writer Award, UTM Quality Award - Research Management Center, Vice Chancellor's Innovation Award - Research Management Center, Outstanding UTM Academician 2022 (Tokoh Akademik UTM 2022), Outstanding Scientist Award (MOHE), Malaysia's Research STAR Award 2019, Research and Innovation Excellence in Technology and Engineering area and Top Research Scientist Malaysia (TRSM) by Academy Science Malaysia.

On 9th May 2022, he was appointed as Vice Chancellor of UTHM and has held the post until today.

DIRECTORS' PROFILES CONT'D

**Law Lee Yen***Independent Non-Executive Director*

● 40 years old

● Female

● Malaysian

Chairperson of the Audit and Risk Management Committee

Member of the Nomination Committee

Member of the Remuneration Committee

Law Lee Yen was appointed to the Board as Independent Non-Executive Director on 1 October 2018. She graduated from the University of Melbourne, Australia in 2006 with a Bachelor of Commerce. She has been a member of CPA Australia and the Malaysian Institute of Accountants since April 2010 and August 2010 respectively. In October 2012, she joined the Chartered Tax Institute of Malaysia as a member. She has more than 16 years of working experience in the field of audit, corporate advisory and taxation services.

She started her career in 2007 with KPMG LLP Singapore as an Audit Associate. In 2010, she left KPMG LLP Singapore and joined Terry Law & Co, Malaysia as a Manager, responsible for outsourced bookkeeping and accounting works. She was promoted as Partner of the firm in 2011.

In January 2017, she set up her own firm, LY Law & Associates as a partner after obtaining her audit practice license from the relevant ministry in Malaysia, providing audit and tax advisory services. In May 2017, she resigned as a partner of Terry Law & Co.

Currently, she also serves as an Independent Director for BCB Berhad which is listed on Bursa and MSB Global Group Berhad as well as several other private limited companies.

DIRECTORS' PROFILES CONT'D



Khoo Boo Keong
Independent Non-Executive Director

● 57 years old ● Male ● Malaysian

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

Khoo Boo Keong was appointed to the Board as Independent Non-Executive Director on 21 September 2023. He completed his Bachelor of Economics (Hons.) from Universiti Utara Malaysia (UUM) in 1993 and in 2005 attained his Master of Business Administration, Marketing (E-Commerce) from the University of Leicester, UK.

He started his career in 1991 as a Sales Executive and subsequently Sales Manager at Texchem Trading, Malaysia before joining GE Plastics SEA, Singapore in 1993. In 1998, he joined Toho Tenax Co. Ltd, Singapore as the Regional Sales Manager and in 2010 moved to Zoltek Corporation, Singapore also in a similar position.

From 2012 till 2017, he was the Managing Director with Teijin Carbon Singapore Pte. Ltd and was promoted as Vice President of Sales and Marketing for Teijin Carbon America, USA of which he served until September 2020.

Currently, he is a Certificate of Employment Intermediaries (CEI) certified Human Resource and Recruitment Key Appointment Holder, who is running his own agency Premium Industries Resources, providing specialized human resources consultancy and recruitment services since 2021.

Notes:

1. None of the Directors have any family relationship with any Director and/or major shareholder within the Company save for Chuah Chong Ewe and Chuah Chong San, who are brothers.
2. None of the Directors have been convicted of any offence (other than traffic offences) within the past 5 years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.
3. None of the Directors have any conflict of interest with the Company other than the Recurrent Related Party Transaction disclosed in this Annual Report and the Circular to Shareholders dated 30 April 2025.
4. Save as disclosed, none of the Directors holds any directorship in public companies and listed corporations.
5. Number of board meetings attended by each Director during the financial year are disclosed in the Corporate Governance Overview Statement of the Annual Report.

KEY SENIOR MANAGEMENT PROFILES



Hing Fook Sern
Key Senior Management

● 55 years old

● Male

● Malaysian

Hing Fook Sern is the Managing Director of our subsidiaries, Bizit Systems (M) Sdn. Bhd. and Bizit Systems and Solutions Pte. Ltd..

In 1993, he graduated with a Bachelor of Science (with distinction) in Industrial Engineering from University of Nebraska – Lincoln, United States of America. With more than 27 years of experience throughout his career, he has a strong track record in business, engineering functions, sales and marketing planning. His 18 year experience in engineering and process excellence is a complement to the sales of Minitab software and Universal Robots as he is able to align value propositions of the company to meet customers' expectations.

He started his career with Aiwa Electronics (M) Sdn. Bhd. in 1994 as a Process Engineer and was eventually promoted to Senior Process Engineer in 2000. He was assigned to develop standardised assembly methods and more productive tools for better production. In 2002, he joined Dyson Manufacturing Sdn. Bhd. as a Manufacturing Engineer before he was promoted to Senior Manufacturing Engineer in 2005. He set up a new production line and implemented manufacturing solutions. In 2011, he went on to pursue his career in Singapore and joined Sealing Technologies Pte. Ltd., and FCI Connectors Singapore Pte. Ltd.. During his tenure with both companies, he continued his passion in optimising operational efficiency and machine performance.

In 2012, he joined AIMFLEX as a Sales Manager, where he was later promoted to Sales Director in 2014. In 2018, he was appointed as the Managing Director to lead the distribution business of AIMFLEX.

KEY SENIOR MANAGEMENT PROFILES CONT'D

Ong Soo Lid
Key Senior Management



• 44 years old

• Male

• Malaysian

Ong Soo Lid was appointed as the Managing Director of our subsidiary, AIMFLEX Singapore Pte. Ltd. in January 2021 and promoted to Vice President of Sales and Operations of another subsidiary, AIMFLEX Systems Sdn. Bhd. in June 2022.

He graduated with a Bachelor of Engineering (Electrical – Electronics) from Universiti Teknologi Malaysia (UTM) in 2003. He has more than 17 years of working experience in the Engineering and Automation industry.

He began his career in 2003 with Tekmark Sdn. Bhd. as a Principal Consultant and was responsible for providing a wide range of sales and technical services to customers and developed test and automation solutions in multiple industries. In 2007, he joined Celestica Electronics (M) Sdn. Bhd. as the Test Development Manager. During his tenure with Celestica, he had set up a test development team to provide in-house test solutions to their new and existing customers. In 2008, he joined Flextronics Technology (M) Sdn. Bhd. and was promoted to Senior Manager of Test Development Engineering and Industrial Automation. He was assigned to lead the company's SMART factory and their Industry 4.0 initiatives.

In 2019, he decided to pursue his career in Singapore, where he joined Venture Corporation Limited as a Test Development Manager. He had the responsibility of managing the test development engineering team in Johor Bahru and Singapore. He then left Venture Corporation Limited to join AIMFLEX Singapore Pte. Ltd. in March 2020.

KEY SENIOR MANAGEMENT PROFILES CONT'D



Lau Karn Hwa
Key Senior Management

● 45 years old

● Male

● Malaysian

Lau Karn Hwa joined AIMFLEX in October 2019, appointed as the Senior R&D Manager in January 2021 and promoted to Vice President of Engineering in June 2022. He is responsible in leading the AIMFLEX R&D team in data acquisition, machine vision, motion controls & machine learning.

He graduated with a Bachelor of Engineering (Electrical-Mechatronics) from Universiti Teknologi Malaysia (UTM) in 2003. He holds more than 18 years of working experience in the Electrical and Electronics industry.

He started his career in the year 2003 serving as one of the local pioneer engineers in Test Development team at Flextronics Technology (Malaysia) Sdn. Bhd.. The role requires extensive communication and negotiation with various customers to define and execute product functional test plan. In 2005, he left Flextronics (Malaysia) Sdn. Bhd. and joined Altera Corporation Sdn. Bhd. as Senior Test Development Engineer focusing on chip level/ wafer level equipment developments.

From 2007 to 2017, he served at Keysight Technologies Malaysia Sdn. Bhd. (formerly known as Agilent Technologies Malaysia Sdn. Bhd.), where he had grown into an Expert Design Engineer developing Agilent/ Keysight bench top oscilloscopes. Working together with Keysight USA team, he had completed 6 product development life cycles with successful global product launches. His skills include development of advanced embedded systems, signal integrity analysis and power electronics. During his tenure at Agilent, he was also a certified PMI Project Management Professional and a key contributor to US Patent (#10,222,398).

In 2017, he served as the Senior Consultant for Avnet Asia Pte. Ltd. (Xilinx Distribution Channel) in Singapore. His key role covered business development activities driving demand creation for Xilinx SOC and Compute Hardware Accelerator targeting customers in Aerospace & Defence, 4G/5G Radio Communications, High Performance Computing Data Centre and Machine Vision/Machine Learning domains. He then left Avnet Asia Pte. Ltd. to join AIMFLEX.

KEY SENIOR MANAGEMENT PROFILES CONT'D



Chuah Chern Yang
Key Senior Management

• 28 years old

• Male

• Malaysian

Chuah Chern Yang is the Chief Financial Officer of the Group and is responsible for the Group's overall financial and accounting operations.

In 2016, he did his first year of Bachelor of Business (Majoring in Accounting & Finance) in Monash University, Malaysia. Subsequently in 2017, he transferred to University of Melbourne, Australia for the second and third year and in 2018 graduated with a Bachelor of Commerce (Majoring in Accounting & Finance). He is a Certified Practising Accountant (CPA) with CPA Australia and a Chartered Accountant of Malaysian Institute of Accountant since June 2022 and September 2022 respectively.

Chuah Chern Yang began his career in March 2019 as a Tax Associate with Ernst & Young (EY) in Kuala Lumpur of which he was attached to the Global Compliance Reporting – GCR department, mainly involved in corporate tax computation, managing tax compliance for various client from different industries. During his tenure in EY, he was also seconded to the International Transaction Tax Services (ITTS) department for 6 months and handled tax matters involving merger & acquisitions, corporate restructuring, liquidation and due diligence.

In April 2022, he left the tax profession and began his journey in the commercial sector with Puncakdana Group of Companies mainly involved in property development, construction, hospitality and corporate finance as its Finance Manager to lead the finance team. His experience with Puncakdana includes mergers and acquisitions of public listed companies in Bursa Malaysia, private placement exercise and share rights issuance.

In January 2024, after leaving Puncakdana Sdn Bhd, he joined AIMFLEX and assumed the current role.

Notes:

1. None of the Key Senior Management has any family relationship with any Director and/or major shareholder of the Company save for Chuah Chern Yang, who is the son of Chuah Chong Ewe and nephew to Chuah Chong San.
2. None of the Key Senior Management has been convicted of any offence (other than traffic offences) within the past 5 years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.
3. None of the Key Senior Management has any conflict of interest with the Company.
4. None of the Key Senior Management holds any directorship in public companies and listed corporations.

LETTER TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Directors of AIMFLEX Berhad, we are pleased to present our Annual Report and Consolidated Financial Reports of the Group for the financial year ended 31 December 2024 ("FY2024").

2024 was a year shaped by global economic uncertainties, shifting trade landscapes, and technological advancements. Despite these challenges, AIMFLEX demonstrated remarkable resilience and always stay alert to any eventuality and possibility in business. Our strategic focus on automation technology and advanced manufacturing solutions enabled us to maintain a competitive edge in both domestic and international markets. As we continue to navigate a dynamic and evolving market, we remain committed to delivering sustainable growth, innovation and value to our shareholders, customers and partners.

One of the most significant events in year 2024 was the continuation of trade tensions between major global economies, particularly between the U.S. and China. These tensions have had a far-reaching impact on global supply chains, yet we were able to capitalize on opportunities arising from the diversification of manufacturing and supply sources. By reinforcing our position in automation solutions, we were able to mitigate external pressures while expanding our presence in new markets and verticals.

For the fiscal year ending 31 December 2024 ("FY 2024"), AIMFLEX had achieved a record revenue of RM78.64 million (FY2023: RM85.06 million). The slight drop in revenue was mainly attributed to lower revenue recorded from the manufacturing segment by 6.6% and distribution segment by 13.3%. Gross profit dropped by 3.2% from RM28.81 million in FY2023 to RM27.88 million in FY2024 mainly caused by lower revenue. However the gross profit margin has increased has improved slightly from 33.9% in FY2023 to 35.5% in FY2024.

Slight lower other income of RM2.65 million in FY2024 compare to RM2.96 million in FY2023 mainly attributable to fair value loss on investment in FY2024 (FY2024: RM0.17 million fair value loss; FY2023 RM0.76 million fair value gain) and offsetting by higher interest income from cash on hand placed in fixed deposit.

As a result, AIMFLEX registered a Profit Before Tax ("PBT") of RM10.49 million for FY2024 as compared to PBT of RM12.22 million for FY2023, which represents a decrease of 14.1%. The lower PBT in FY2024 was mainly attributable to lower gross profit by approximately RM0.93 million as a result of lower revenue.

BUSINESS AND OPERATIONS

Despite the challenging business environment, we remain focused on developing and expanding our business. We have: -

1. On 9 January 2023, the Malaysian Investment Development Authority ("MIDA") has granted our subsidiary, AIMFLEX Systems Sdn Bhd ("AFSYS"), Pioneer Status for its Factory Automation System and Related Modules for a period of ten years commencing on 7 February 2022. This incentive grants AFSYS 100% income tax waiver on its statutory business income generated from Factory Automation System and Related Modules.
2. In July 2024, Aimflex Systems commenced leasing our second factory in Penang, northern Malaysia, which marks our position to penetrate into this market. With this, it make a stronger presence of us in northern region and allowing us to engage to more customers in this area.
3. In terms of personnel development, we have organised a total of 50 training sessions for our employees totaling 2292 hours.

LETTER TO SHAREHOLDERS CONT'D

BUSINESS AND OPERATIONS Cont'd

Despite the challenging business environment, we remain focused on developing and expanding our business. We have: -Cont'd

4. As part of the Group's Human Capital Development agenda, we had fully sponsored 10 employees for various Bachelors, Masters and PhD programmes in FY2024.

MARKET OUTLOOK AND FUTURE PROSPECT

The market outlook for automation technology companies in Malaysia is positive, driven by several key trends and evolving demands from various industries. As we look toward the future, AIMFLEX remains well-positioned to capitalize on the growing adoption of automation technologies and the expansion of industrial sectors both locally and globally.

Malaysia, as part of the broader Southeast Asia region, is undergoing a rapid digital transformation. Industries across the board, including manufacturing, logistics, healthcare, and agriculture, are increasingly turning to automation solutions to improve efficiency, reduce costs, and enhance productivity. The government's push toward Industry 4.0 and digitalization initiatives further supports this trend, providing a conducive environment for the growth of automation technologies.

In FY2023, AIMFLEX made strategic acquisitions of three subsidiaries located in Northern Malaysia. In July 2024, the Group further expanded its footprint by leasing a second factory in Penang, marking our official entry into the northern region and enabling closer engagement with customers in this area. These developments have significantly strengthened our presence in Northern Malaysia and positioned us to capture opportunities in this promising market. The Group also remains focused on exploring the rapidly growing silicon photonics active alignment and automation process.

We continued to strengthen our financial position by focusing on capital efficiency, reducing operational costs, and optimizing our supply chain. Additionally, our strategic investments in research and development (R&D) ensured that we remained at the forefront of technological innovation.

We remain committed to providing innovative, sustainable, and cost-effective automation solutions that help our customers succeed and create long-term value for our shareholders. The journey ahead is promising, and we are excited to continue our growth as a leader in the automation industry.

Based on the above and barring any unexpected events, our Board is optimistic about the future of our Group.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, we would like to express our deepest gratitude and appreciation to our customers, shareholders, business partners, service providers, stakeholders, advisers, bankers, regulatory authorities and government agencies for their unwavering and continuous support.

Additionally, we would like to thank all employees and the Management team for their undivided commitment and devotion to the Group.

Chuah Chong Ewe

Executive Chairman

Chuah Chong San

Group Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of business

AIMFLEX Berhad ("AIMFLEX" or "the Company") is primarily involved in the manufacturing automation business, specialising in the design, manufacturing and modification of automation machines. AIMFLEX acts as one stop automation solutions provider which also designs and fabricates metal frames, panels and precision parts of machines as well as the distribution of manufacturing automation hardware and software as value added services.

In 2019, with the successful listing in the Bursa Malaysia ACE Market, AIMFLEX has managed to set a strong foothold in the home appliances, electrical and electronics ("E&E") industries by working with local and international partners to fulfil the market needs for the latest manufacturing automation and smart solutions.

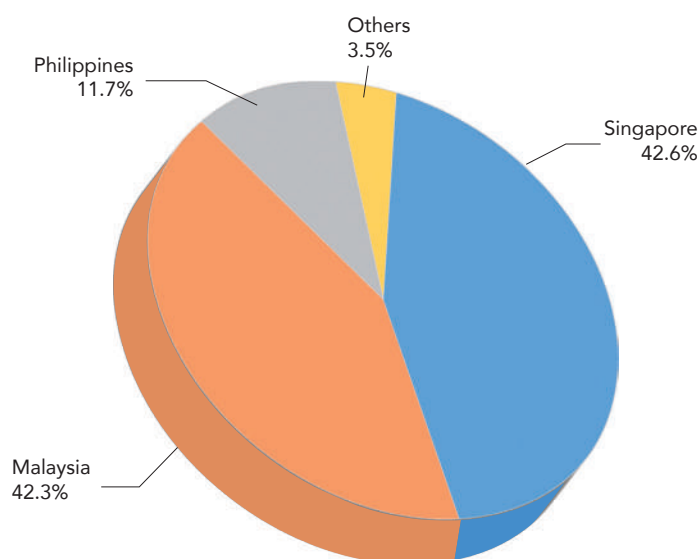
As industries go into hyperdrive to tap into the Industrial Revolution 4.0 wave and digitization post-pandemic, AIMFLEX aims to explore a broader range of customers. In 2023, AIMFLEX have make strategic acquisitions in three subsidiaries in Northern Malaysia and in July 2024, AIMFLEX have commenced leasing our new second factory in Penang, this marks as our entry into the northern region, allowing us to engage with customers in this area. With the acquisition and new factory in Northern, this have strengthen our presence in the Northern region and also position us to penetrate into this promising market.

AIMFLEX is always committed to achieve the highest standards in quality, safety and environment within its operation, production, and engineering processes. To this end, three of the Company's subsidiaries, namely AIMFLEX Systems Sdn Bhd, AIMFLEX Metal Sdn Bhd and AIMFLEX Engineering Sdn Bhd are certified ISO 9001:2015 Quality Management System and ISO 14001:2015 Environmental Management System.

Review of Financial Performance

The Company and its subsidiaries' ("the Group") financial performance for the financial year ended 31 December 2024 ("FY2024") and financial year ended 31 December 2023 ("FY2023") is illustrated as follows:

	FY2024	FY2023	Variance	
	RM'000	RM'000	RM'000	%
Revenue	78,637	85,060	(6,423)	(7.6)
Gross profit ("GP")	27,878	28,812	(934)	(3.2)
Other income	2,655	2,958	(303)	(10.2)
Distribution, administrative and other expenses	(19,815)	(19,364)	451	2.3
Finance costs	(224)	(188)	36	19.1
Profit before taxation ("PBT")	10,494	12,218	(1,724)	(14.1)
Profit after taxation ("PAT")	8,883	9,350	(467)	(5.0)
GP margin (%)	35.5	33.9	-	4.7
PBT margin (%)	13.3	14.4	-	(7.6)
PAT margin (%)	11.3	11.0	-	2.7

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D
Revenue

Overall Geographical Markets

	FY2024	FY2023	Variance	
	RM'000	RM'000	RM'000	%
Manufacturing	68,505	73,374	(4,869)	(6.6)
Malaysia	26,140	36,098		
Philippines	8,890	20,220		
Singapore	31,076	16,232		
Others	2,399	824		
Distribution	10,132	11,686	(1,554)	(13.3)
Malaysia	7,093	6,055		
Singapore	2,389	2,655		
Philippines	312	-		
Others	338	2,976		
Grand Total	78,637	85,060		

Our Group has recorded a lower revenue of RM78.64 million in FY2024 compared to RM85.06 million in FY2023. Revenue from manufacturing segment lowered by 6.6% from RM73.37 million to RM68.51 million in FY2024. By geographical location, the decrease in revenue from our manufacturing segment was mainly attributable to Malaysia and Philippines, which dropped by 28% in Malaysia and 44% in Philippines in FY2024, mitigated by the increase in revenue from Singapore about 91%.

Revenue from our distribution segment, decreased by 13% from RM11.69 million in FY2023 to RM10.13 million in FY2024. The decrease in revenue from distribution segment was mainly attributable to other counties which drop by 89% mitigated by the increase in revenue in Malaysia.

Overall, our Group's largest revenue contributor in FY2024 is Singapore, representing 42.6% (FY 2023: 22.2%) of total revenue, followed by Malaysia 42.3% (FY2023: 49.6%).

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

Gross Profit

	Manufacturing			Distribution			Total		
	FY2024	FY2023	Variance	FY2024	FY2023	Variance	FY2024	FY2023	Variance
	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	68,505	73,374	(6.6)	10,132	11,686	(13.3)	78,637	85,060	(7.6)
Cost of sales	44,171	47,754	(7.5)	6,588	8,494	(22.4)	50,759	56,248	(9.8)
GP	24,334	25,620	(5.0)	3,544	3,192	(9.4)	27,878	28,812	(3.2)
GP margin (%)	35.5	34.9	(0.9)	35.0	27.3	28.2	35.5	33.9	4.7

Gross profit slight decreased of 3.2% from RM28.81 million in FY2023 to RM27.88 million in FY2024 mainly resulted from lower gross profit recorded in both manufacturing and distribution segment which was mainly attributable to lower revenue of by 7.6% as a whole group revenue.

Other Income

Slightly lower other income of RM2.65 million was recorded in FY2024 (FY2023: RM2.96 million) mainly attributable to fair value loss on investment in 2024 (FY2024: RM0.17 million fair value loss; FY 2023: RM0.76 million fair value gain) and offsetting by higher income from interest from cash on hand by RM0.58 million (FY2024: RM2.30 million; FY2023: RM1.72 million) from financial institutions.

Operating Expenses

Slightly higher distribution, administrative and other expenses of RM19.81 million was recorded in FY2024 (FY2023: RM19.36 million) mainly due to higher travelling expense by RM 0.40 million, higher shared based payments by RM0.35 million and higher realized foreign exchange loss by RM0.96 million offsetting by lower carriage outwards by RM0.37 million, lower export expenses by RM 0.22 million and lower unrealized foreign exchange loss by RM0.56 million.

Profit and Tax

Our PBT decreased by RM1.73 million from RM12.22 million in FY2023 to RM10.49 million in FY2024 was in line with the lower gross profit by RM0.93 million as a result of lower revenue and also lower other income by RM0.30 million with higher operating expense by RM0.45 million as explained above.

The Group's overall tax expenses has decreased from RM2.87 million in FY2023 to RM1.61 million in FY2024 mainly due to lower PBT generated. The effective tax rate for the Group is lower than statutory tax rate mainly due to availability of tax incentive in one of its subsidiaries. On 9 January 2023, the Malaysian Investment Development Authority ("MIDA") has granted our subsidiary, Aimflex Systems Sdn Bhd ("AFSYS"), Pioneer Status for its Factory Automation System and Related Modules for a period of ten years commencing on 7 February 2022. This incentive grants AFSYS 100% income tax waiver on its statutory business income generated from Factory Automation System and Related Modules.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

Financial Position Review

	FY2024	FY2023	Variance	
	RM'000	RM'000	RM'000	%
Assets				
Non-current assets	31,323	32,731	(1,408)	(4.3)
Current assets	131,810	131,354	456	0.3
Total assets	163,133	164,085		
Liabilities				
Non-current liabilities	4,933	4,720	213	4.5
Current liabilities	14,484	24,466	(9,982)	(40.8)
Total liabilities	19,417	29,186		
Equity	143,716	134,899	8,817	6.5

Non-current assets

Our non-current assets mainly comprised property, plant and equipment ("PPE") of RM26.70 million (FY2023: RM27.81 million), investment properties of RM0.25 million (FY2023: RM0.26 million) and goodwill of RM4.35 million (FY2023: RM4.35 million).

Current assets

Current assets have increased from RM131.35 million in FY2023 to RM131.81 million in FY2024. The increase was mainly contributed by higher cash and cash equivalents from RM91.31 million in FY2023 to RM95.40 million in FY2024 and also higher current tax assets from RM1.96 million in FY2023 to RM2.83 million in FY2024 offsetting by lower trade and other receivables from RM25.05 million in FY2023 to RM20.87 million in FY2024 and lower inventories from RM13.03 million in FY2023 to RM12.71 million in FY2024.

Current and Non-Current Liabilities

Slight increase in non-current liabilities mainly due to increase in lease liabilities amounting to RM0.38 million as one of our subsidiary, Aimflex Systems Sdn Bhd have commence to lease a factory in Penang in July 2024. On the other hand, current liabilities decreased from RM24.47 million in FY2023 to RM14.48 million in FY2024 mainly due to decrease in trade and other payables from RM23.45 million in FY2023 to RM13.42 million in FY 2024.

Liquidity and capital reserves

The net cash outflow of the Group for FY2024 was RM28.53 million compared to the net cash inflow of RM14.30 million for FY 2023.

This was attributable to:

- Net cash outflow of RM33.43 million from investing activities mainly caused by an increase in fixed deposits with maturity period of more than 3 months amounting to RM33.07 million and the purchase of property, plant and equipment amounting to RM0.63 million offset by dividend income of RM0.22 million; and
- Net cash outflow of RM1.19 million from financing activities arising mainly from share buyback amounting to RM0.31 million and repayment of loans and lease liabilities amounting to RM1.02 million; offset by
- Net cash inflow of RM6.09 million generated from operating activities.

As of 31 December 2024, the Group's cash and cash equivalents stood at RM62.21 million.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

Share Price Performance



The share price of AIMFLEX closed at RM0.155 on 31 December 2024, with a total market capitalisation of RM228.30 million. The year's high stood at RM0.21 while the year's low stood at RM0.15.

Operational and financial risks with mitigating strategies

Risk of dependence on our major customers

Approximately 41% (2023: 48%) of the Company's product sales were to a group of customers, reflecting a reduction in reliance on this key customer base. Currently, our Group does not have any long-term contract with our major customers. As a result, any shifts in consumer preferences or taste could impact the development of various products manufactured or introduced by our major customers, which in turn may affect the demand for our range of specialised automation machines as our customers may scale back on their overall production and investment plan.

The Group will continue and committed to expand our automation business by entering into industries such as healthcare, medical, automotive and so on.

Foreign currency risk

The Group is subject to fluctuations in foreign exchange rates, as a portion of our sales and purchases are conducted in foreign currencies, specifically the United States Dollar ("USD") and Singapore Dollar ("SGD"). Any unfavorable movement in the foreign exchange markets could negatively impact our business performance, financial position, and operating results.

However, our Group's foreign currency sales and purchases naturally hedge against currency fluctuations, and we continuously monitor our exposure to such movements. If our exposure becomes significant, the Group will consider using financial instruments to manage the risk.

Market Risk

The recent imposition of significant tariffs by the United States under President Donald Trump has sparked a new global trade conflict. These measures have led to retaliatory tariffs from affected nations, including Canada, Mexico, China, and the European Union, creating substantial uncertainty in international trade. With this the affected nations supplier may seek alternative suppliers for raw materials, components, and finished goods. Malaysia, being an important part of the global supply chain, could benefit from this shift. Malaysian exporters, especially those in electronics, palm oil, and chemicals, may see increased demand as companies look to diversify their supply chains away from those affected nations due to higher production costs linked to tariffs.

The Group remains cautious regarding the above and will continue to navigate them by diversifying our trade partners and attracting new opportunities and customer. Additionally, the Group will maintain a strong focus on enhancing operational efficiency and implementing rigorous cost rationalization efforts.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

Forward Looking Statement

As we move into 2025, technology automation companies in Malaysia are poised for significant growth and innovation, driven by advancements in automation, artificial intelligence (AI), and digital transformation. The market is expected to see increased demand for automation solutions across various industries, including manufacturing, healthcare, automotive, and logistics, as businesses continue to adopt more efficient and cost-effective technologies to stay competitive.

In line with this trend, companies in the automation sector will likely focus on expanding their offerings to meet the evolving needs of local and international markets. This includes enhancing product capabilities, incorporating AI and machine learning into solutions, and improving overall system integration to drive greater value for customers. The Malaysian government's continued support for digitalization and Industry 4.0 initiatives will provide further momentum for automation companies, with policies aimed at fostering innovation, strengthening infrastructure, and boosting research and development (R&D). Malaysia's strategic position in Southeast Asia also presents a strong opportunity for companies to expand their footprint across the region, particularly as ASEAN countries increasingly invest in automation technologies.

However, challenges such as global supply chain disruptions, foreign exchange fluctuations, and competition from international players remain. In response, the Group will prioritize operational efficiency, technological innovation, and the cultivation of strategic partnerships to stay ahead of the curve.

The Group will continue to look for strategic acquisitions or any opportunities to grow our business by explore new business opportunities through its current and potential customers and will also beef up our internal strength in product development and embark on rigorous cost controls.

Barring any unforeseen circumstances and premised on the above, our Board is optimistic of our Group's prospects and have visibly tapping into domestic opportunities while also cautiously eyeing any business opportunities overseas.

SUSTAINABILITY STATEMENT

About this Report

AIMFLEX Berhad ("AIMFLEX" or "the company") is honoured to present our Annual Sustainability Statement for the financial year ending 31 December 2024 ("FY2024"). This Statement provides an overview of the Group's sustainability performance during the period 1 January 2024 to 31 December 2024.

Scope and Basis of Scope

This Statement covers the Group's sustainability performance and progress of our business operations in Malaysia, and selected geographical locations we operate in, namely Singapore.

The following has been excluded from the reporting scope:

- Operations in the Philippines, as it consists solely of a sales office with minimal impact on the Group's overall sustainability performance and progress.

Moving forward, we are committed to expanding our reporting coverage to include all significant geographical locations where the Group operates within the next three years.

SUSTAINABILITY GOVERNANCE

AIMFLEX remains unwavering in its commitment to advancing excellence in Specialised Automation Machines, continuously driving innovation and operational proficiency. With a strategic focus on sustainable, long-term growth, the mission extends beyond financial prosperity to the creation of lasting value and meaningful impact for a broad spectrum of stakeholders. At the core of this vision is an unrelenting dedication to embedding sustainability into the organisation's strategic foundation, ensuring resilience, responsibility, and sustained progress.

The Board of Directors serves as the guiding force in steering the company towards sustainable development, providing strategic oversight and ensuring that business strategies are both holistic and future-proof. Their role encompasses setting the strategic direction, overseeing risk management across the Group, and championing sustainability across environmental, economic, and social dimensions.

Within the Group Management structure, comprising the Group Managing Director, Senior Management, and Department Heads, the responsibility lies in formulating and executing sustainability strategies. This includes establishing tailored objectives, defining measurable goals, and integrating responsible business practices that align with the organisation's core values and long-term aspirations.

The operationalisation of these strategies is driven by key committees, including Quality, Environment, Safety & Health and Corporate Social and Environmental Responsibility (CSER). Under the leadership of the Managing Director, Senior Management, and appointed Management Representatives, these committees play a vital role in implementing sustainable initiatives, fostering organisational awareness, and engaging stakeholders in meaningful ways. Their collective efforts ensure that sustainability is deeply embedded across all facets of the business, reinforcing AIMFLEX's commitment to responsible growth and long-term value creation.

SUSTAINABILITY GOVERNANCE Cont'd



SUSTAINABILITY POLICIES

AIMFLEX has made significant strides in advancing its sustainability agenda, demonstrating a steadfast commitment to responsible and ethical business practices. The Group's sustainability framework is underpinned by a robust set of policies, including the Environmental Management System, Quality Management System, Occupational Safety & Health, and Corporate Social and Environmental Responsibility policies. These guiding principles form the foundation of AIMFLEX's sustainability initiatives and are readily accessible on the corporate website at www.aimflex.com.my.

To ensure the continued effectiveness and relevance of these commitments, these policies undergo regular implementation and systematic reviews. This proactive approach enables the Group to maintain alignment with evolving sustainability objectives, industry best practices, and regulatory standards, reinforcing its dedication to long-term responsible growth.

Beyond environmental and operational sustainability, AIMFLEX upholds the highest ethical standards by endorsing the Universal Declaration of Human Rights—a commitment deeply embedded in both corporate governance and the Federal Constitution of Malaysia. This pledge underscores an unwavering advocacy for fairness, equality, and inclusivity, ensuring that employees are treated with dignity and respect, regardless of gender, nationality, race, religion, or cultural background. Through this principled approach, AIMFLEX continues to foster a workplace culture that prioritizes diversity, equity, and ethical excellence, reinforcing its position as a responsible global corporate citizen.

SUSTAINABILITY COMMITMENTS AND TARGETS

AIMFLEX is committed to fostering a sustainable future while actively contributing to the social, economic, and environmental well-being of the communities in which it operates. Through a strategic and responsible approach, the Group integrates sustainability into its core business practices, ensuring long-term value creation and positive societal impact.

In alignment with this commitment, AIMFLEX has strategically aligned its sustainability objectives with the United Nations Sustainable Development Goals (UNSDGs), focusing on key priority areas that drive meaningful and measurable progress:

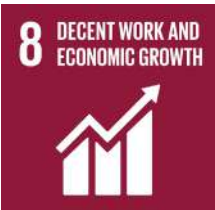
SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY COMMITMENTS AND TARGETS Cont'd

UNSDG OBJECTIVES	TARGET	STATUS
	1. Ensure fair wages for all employees as per the Minimum Wage Order. 2. Create sustainable employment opportunities to support economic growth.	1. Full compliance with the Minimum Wage Order across all employee levels. 2. AIMFLEX creates employment opportunities for both local and foreign talent through structured workforce initiatives.
	1. Ensure all employees receive appropriate Personal Protective Equipment (PPE) at no cost to enhance workplace safety. 2. Implement measures to minimize occupational hazards and create a safer working environment. 3. Conduct regular Emergency Response and First Aid training to enhance workplace preparedness and employee safety. 4. Provide comprehensive medical benefits to support employee health and well-being.	1. All personnel are provided with free Personal Protective Equipment (PPE) to ensure workplace safety and compliance. 2. Regular awareness programs and risk assessments are conducted to enhance occupational health and safety. 3. All personnel are required to attend Emergency Response and First Aid training, which is conducted at least once a year. 4. High-risk areas are monitored through Noise Risk Assessments, Audiometric Testing, Boundary Noise Measurement, and Chemical Exposure Monitoring. 5. Drinking water quality is monitored following the Food Act 1983. 6. AIMFLEX provides subsidized medical check-ups, medical expenses, and dental care. Additionally, the Group offers comprehensive insurance coverage, including Medical Cards, Personal Accident, and Life Insurance for all personnel.
	1. Offer scholarships to support higher education and promote lifelong learning opportunities. 2. Implement continuous training and development programs to enhance skills, knowledge, and career growth.	1. Eligible employees are encouraged to further studies in related fields from accredited Universities. In 2024, four (4) personnel were fully sponsored scholarships to pursue their Bachelors and PhD's. 2. AIMFLEX actively upskills its workforce by providing training across various job disciplines, leveraging the Human Resource Development Corp Fund and internally allocated resources to support continuous learning and professional growth.

SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY COMMITMENTS AND TARGETS Cont'd

UNSDG OBJECTIVES	TARGET	STATUS
 5 GENDER EQUALITY	1. Ensure paid maternity and paternity leave to support work-life balance and gender-inclusive workplace policies. 2. Uphold a zero-tolerance policy towards sexual harassment, fostering a safe and respectful work environment.	1. Paid maternity and paternity leave is provided to all eligible employees, supporting work-life balance and family well-being. 2. The Code of Conduct, including a formal grievance procedure, is implemented to uphold ethical standards and ensure a safe, respectful workplace.
 6 CLEAN WATER AND SANITATION	1. Ensure access to safe drinking water, sanitation, and hygiene facilities for all personnel.	1. Annual assessments of drinking water quality are conducted in compliance with the Food Act 1983. 2. Handwashing facilities are maintained to ensure adequate access to proper hygiene. 3. Sanitation facilities are regularly monitored, maintained, and kept in optimal working condition.
 8 DECENT WORK AND ECONOMIC GROWTH	1. Sustainability and Certification. 2. Ensure equal pay for work of equal value, promoting fairness and inclusivity in the workplace. 3. Enforce strict policies prohibiting child and forced labour, ensuring ethical employment practices.	1. AIMFLEX is certified under the Quality Management System ISO 9001:2015 and the Environmental Management System ISO 14001:2015, ensuring compliance with international standards for quality and sustainability. 2. Equal pay practices are upheld without discrimination, with salaries determined based on established guidelines that consider education, skills, and experience. 3. Child labour is strictly prohibited in accordance with the Child Labour and Remediation Policy. The Group fully complies with Malaysian Labour Laws, ensuring fair wages, regulated working hours, proper overtime compensation, and the elimination of forced labour.
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	1. Expand access to information and communications technology, aiming to provide universal and affordable internet access.	1. The majority of AIMFLEX personnel are equipped with laptops and/or desktop computers to facilitate daily tasks and communication. The Group is committed to providing stable internet access to ensure seamless workflow. 2. Employees residing in company dormitories are provided with complimentary Wi-Fi connectivity, enhancing their access to online resources and communication tools.

SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY COMMITMENTS AND TARGETS Cont'd

UNSDG OBJECTIVES	TARGET	STATUS
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	1. Reduce waste generation through prevention, reduction, recycling, and reuse initiatives.	1. In 2024, AIMFLEX recycled 9.338 metric tonnes of waste by partnering with a certified recycling company. Materials recycled include paper, cardboard, steel, acrylics, aluminum, and other metals.
	2. Transition to battery-powered machinery to replace diesel engines, minimizing environmental impact.	2. The Group has invested in two battery-powered forklifts to replace diesel-powered equipment, reducing emissions within factory operations.
	3. Decrease paper usage by implementing digital solutions and promoting paperless workflows.	3. AIMFLEX promotes paper conservation by encouraging double-sided printing, limiting printing to essential documents, and adopting digital solutions such as e-payslips and online claim submissions.
	4. Adopt energy-efficient equipment and lighting systems to reduce energy consumption.	4. Energy-efficient air conditioners and LED lighting have been installed to reduce energy consumption across facilities.
 13 CLIMATE ACTION	1. Increase actions to combat climate change	1. AIMFLEX has increased recycling activities, resulting in the recovery of 9.338 metric tonnes of materials in 2024.
		2. The company has invested in energy-efficient equipment, including battery-powered forklifts and LED lighting, to reduce energy consumption.
		3. Regular monitoring of waste generation, energy usage, and water consumption is conducted to identify areas for improvement and implement conservation measures.
		4. Environmental objectives are continuously monitored to ensure alignment with sustainability goals and regulatory compliance.

SUSTAINABILITY STATEMENT CONT'D

STAKEHOLDERS ENGAGEMENT

Stakeholder engagement remains a cornerstone of value creation, recognizing the ever-evolving expectations of stakeholders in an increasingly complex corporate environment. As the business landscape undergoes continuous transformation, proactive and meaningful engagement has become more critical than ever. It serves as a strategic avenue to keep stakeholders informed of the organization’s initiatives in addressing emerging challenges and market disruptions that impact business sustainability.

In an era of heightened corporate complexity, stakeholder involvement is not merely the best practice but an essential pillar of transparency and responsible governance. By fostering active engagement, the organization cultivates open and constructive dialogue, ensuring that stakeholders are integral to the decision-making process. This approach strengthens trust, enhances accountability, and enables stakeholders to stay well-informed about the strategic measures undertaken to navigate uncertainties and drive sustainable long-term growth.

EMPLOYEES

Expectations & Concerns:

Employees anticipate a workplace that ensures their safety and security while offering avenues for professional growth and development.

Our Responses:	Methods of Engagement:
• Foster a culture of open communication to solicit employee insights. • Implement robust performance assessment metrics. • Integrate training programs with recognition and reward systems. • Enforce comprehensive health and safety protocols. • Enhance commitment to safety and Environmental, Social, and Governance (ESG) principles.	• Company organised events. • Direct communication channel. • Performance review. • Training and development. • Conflict of Interest Policy • Personal Data Protection Act Policy. • Employee Non-Disclosure Agreement. • Employee Satisfaction Survey.

Impact on the Group:

Impact on the Group: Creates a competent and efficient workforce while encourages employee retention and in turn add value to the Group.

SUSTAINABILITY STATEMENT CONT'D

STAKEHOLDERS ENGAGEMENT Cont'd

CUSTOMERS

Expectations & Concerns:

Our customers expect us to possess advanced technology, innovative expertise, and comprehensive knowledge. They anticipate full compliance with relevant standards, unwavering product quality, exceptional after-sales service, and competitive pricing.

Our Responses:

- Implement a Quality Management System to enhance manufacturing processes.
- Apply effective project management practices to ensure successful outcomes.
- Promote continuous learning and improvement among team members.
- Participate in industry exhibitions to showcase innovations and connect with peers.
- Conduct customer feedback surveys to gather insights and improve services.
- Align with customers' Corporate Social and Environmental Responsibility expectations.
- Adhere to Health, Safety, and Environment laws, taking proactive measures as feasible.

Methods of Engagement:

- Face-to-face meetings and discussions.
- Customer satisfaction Survey.
- Virtual Meeting Support.
- Customer Audits.
- On-Site Visits.

Impact on the Group:

Maintaining high-quality standards is essential for fostering customer loyalty and retention.

SHAREHOLDERS AND THE INVESTING PUBLIC

Expectations & Concerns:

Shareholders anticipate that the company augment sustainable value creation and return on investment while delivering transparent performance information.

Our Responses:

- Cultivate investor relations.
- Ensure operational transparency.
- Develop a risk management function.
- Enhance management skills.

Methods of Engagement:

- Quarterly financial results.
- Annual & Extraordinary General Meetings.
- Announcements.
- Annual report.
- Ad-hoc meetings and correspondence.
- Corporate website.

Impact on the Group:

Enhancing revenue while effectively managing expenses is crucial for achieving sustainable profits and dividends. Maintaining strong financial health and adhering to sound reporting practices are essential for fostering investor trust and preference.

SUSTAINABILITY STATEMENT CONT'D

STAKEHOLDERS ENGAGEMENT Cont'd

VENDORS, SUPPLIERS AND CONTRACTORS

Expectations & Concerns:

Vendors, suppliers, and contractors expect the Group to conduct business professionally, ensuring prompt payments, safe operations, and an ethical business environment.

Our Responses:

- Ensure prompt payments, equitable business opportunities, and uphold an ethical business environment.
- Evaluate supplier performance.
- Strengthen focus on safety and Environmental, Social, and Governance (ESG) practices.

Methods of Engagement:

- Supplier qualification and background checks.
- Yearly vendor, supplier and contractor performance evaluation.
- Regular feedback on performance.
- Supplier Audit.
- Visitor Non-Disclosure Agreement.

Impact on the Group:

Building strong partnerships with our vendors, suppliers, and contractors, rooted in integrity, is vital for a transparent and cost-effective procurement process. This approach leads to sustainable outcomes and ensures the delivery of high-quality services.

GOVERNMENT, REGULATORY AUTHORITIES AND CERTIFICATION BODIES

Expectations & Concerns:

Regulatory authorities expect the Group to comply with applicable laws, standards, certifications, and contractual obligations.

Our Responses:

- Uphold exemplary standards of governance, ethics, and compliance.

Methods of Engagement:

- Conduct quarterly Environmental, Health, and Safety assessments.
- Perform regular site inspections and audits.
- Provide ongoing development for the Board of Directors through various seminars, training sessions, and certification programs.
- Conduct internal and external audits.
- Undertake biannual regulatory reviews.
- Offer seminars, briefings, and training for all employees.

Impact on the Group:

Overall business continuity.

LOCAL COMMUNITIES

Expectations & Concerns:

The local community expects the Group to provide employment and business opportunities, as well as to make positive contributions as a responsible corporate citizen.

Our Responses:

- Prioritize local hiring and ensure safe operations through regular environmental monitoring and effective waste management.
- Engage consistently with the community via Corporate Social Responsibility programs.

Methods of Engagement:

- Sponsorships and support for charitable and welfare programmes.
- Industrial training.
- Accept University/Industry visits.
- Organise Corporate Social Responsibility programmes.

Impact on the Group:

Establishing a reputation as a benevolent, accessible, accountable, and proactive organization will enhance our standing within the community, thereby ensuring the business's long-term sustainability.

SUSTAINABILITY STATEMENT CONT'D

MATERIAL ASSESSMENT

AIMFLEX recognizes that a broad range of economic, environmental, and social factors significantly impact its ability to generate value for stakeholders. By gaining a deep understanding of stakeholder expectations and priorities, the Group can effectively identify and focus on key issues that are most relevant to both stakeholders and the organization.

In FY2024, the Group's key focus areas remained closely aligned with those identified in FY2023, following a comprehensive internal materiality assessment.

The identification of material matters was conducted in strict adherence to the Sustainability Reporting Guide issued by Bursa Malaysia, ensuring compliance with best practices in sustainability disclosure.

Additionally, the Group closely examined global industry trends and benchmarked against best practices advocated by leading industry organizations, reinforcing its commitment to sustainable business practices and value creation.



SUSTAINABILITY STATEMENT CONT'D

ECONOMICS

At AIMFLEX, we uphold an unwavering commitment to conducting our business with the highest standards of integrity, ethical responsibility, and regulatory compliance. Our operations are guided by a robust governance framework that ensures full adherence to all applicable laws, industry regulations, and international best practices. Beyond mere compliance, we integrate ethical decision-making into our strategic and operational processes, fostering a corporate culture where transparency, accountability, and responsible business practices drive sustainable growth. Through this steadfast commitment, AIMFLEX not only strengthens stakeholder confidence but also reinforces its role as a responsible corporate entity, creating long-term value for our employees, partners, and the broader community.

Material Matter	Impact on AIMFLEX	AIMFLEX's Response to the Matter	Stakeholder Groups Affected
Ethics, Integrity & Conducts	Creating an AIMFLEX culture and mindset	- Enforce policies including the AIMFLEX Code of Conduct, Whistleblower Policy, and Anti-Bribery & Corruption Policy. - Adopt a zero-tolerance stance against discrimination, sexual harassment, child and forced labour, and unethical business practices. - Safeguard privacy through Non-Disclosure Agreements.	Employees, Customers, Shareholders and the Investing Public, Vendors, Suppliers and Contractors, Local Communities
Legal & Regulatory Compliances	Reputation	- Ensure compliance with applicable regulatory requirements. - Engage with government authorities for timely license renewals.	Employees, Customers, Shareholders and the Investing Public, Vendors, Suppliers and Contractors, Government, Regulatory Authorities and Certification Bodies
Corporate Governance and Transparency	Enterprise Risk Management	- Integrate a risk-aware and compliance-focused culture throughout all departments and subsidiaries. - Conduct regular audits by both internal and external auditors. - Provide risk awareness briefings and training sessions.	Employees, Shareholders and the Investing Public
Commitment towards Quality	Consistently conforms to customer requirements through the pursuance of top of the class products, processes and management quality development	- Maintain the ISO 9001:2015 Quality Management System, accredited by the United Kingdom Accreditation Service (UKAS) and the Department of Standards Malaysia (DSM). - Implement the 5S methodology (Sort, Set in Order, Shine, Standardize, Sustain) to enhance workplace organization and efficiency.	Employees, Vendors, Suppliers and Contractors, Government, Regulatory Authorities and Certification Bodies

SUSTAINABILITY STATEMENT CONT'D

ECONOMICS Cont'd

Grievance Procedure

Recognizing the fundamental importance of a fair and inclusive workplace, AIMFLEX established a structured Grievance Procedure in 2018 to empower employees with a transparent and effective channel for raising concerns. This mechanism enables personnel to formally lodge grievances with their respective Supervisor or Head of Department, ensuring that every concern is addressed with diligence, impartiality, and confidentiality. Our commitment to prompt resolution is reflected in our structured response framework, which ensures that all grievances are assessed and acted upon within a defined timeline of five (5) to twelve (12) working days, depending on the complexity and severity of the issue. Through this initiative, AIMFLEX upholds its dedication to fostering a workplace culture of trust, respect, and continuous improvement, where every employee's voice is valued and safeguarded.

Whistleblower Policy & Procedure

AIMFLEX remains steadfast in its commitment to fostering an ethical, transparent, and accountable corporate environment. As part of this dedication, we have continuously strengthened our governance framework to align with global best practices. Since the introduction of our Whistleblower Policy and Procedure in year 2020, we have enhanced accessibility and confidentiality safeguards, ensuring that all stakeholders including employees, business partners, and the wider community can securely report any instances of unethical behavior, fraud, or misconduct through a dedicated and protected communication channel (whistleblowing@aimflex.com.my). This proactive measure reinforces our zero-tolerance stance on corruption and misconduct, promoting a culture where integrity is not just encouraged but deeply embedded in our corporate ethos. Through continuous improvement and rigorous oversight, AIMFLEX upholds its responsibility to maintain the highest standards of corporate governance and ethical conduct.

Code of Conduct

At AIMFLEX, our Code of Conduct stands as a foundational pillar, shaping a corporate culture rooted in integrity, ethical responsibility, and unwavering compliance with all applicable laws and regulations. In February 2022, we undertook a comprehensive revision of the Code, reinforcing its role as a dynamic framework that adapts to evolving governance expectations and industry best practices. This enhancement reflects our steadfast dedication to fostering exemplary business conduct, ensuring that every decision and action within our organization aligns with the highest standards of transparency, accountability, and corporate responsibility. By embedding these principles into our daily operations, we cultivate a resilient and ethically driven workforce, strengthening stakeholder trust and long-term sustainability.

The Group's Code of Conduct spells out six (6) main pillars and sub-pillars namely:-

-
- i. Duties of Good Faith, Intelligence and Integrity
 - Compliance with Laws, Rules and Regulations
 - Corporate Responsibility including compliance to the conflict minerals requirements
 - Anti-Bribery and Corruption
 - Offering Business Courtesies
 - Money Laundering
 - Insider Information and Securities Trading
 - Political Activities
 - Conflict of Interest
-
- ii. Workplace Culture and Environment
 - Discrimination and Harassment
 - Sexual Harassment
 - Forced Labour
 - Child Labour
 - Grievance Procedure
 - Health and Safety
 - Drugs and Alcohol
-

SUSTAINABILITY STATEMENT CONT'D

ECONOMICS Cont'd

Code of Conduct Cont'd

iii. Protecting the Group Information and Assets

- Record Keeping
- Protection and Proper use of Assets
- Company Funds
- Information Technology
- Confidential Information and Data Privacy
- Social Media
- Public Disclosure and Public Information

iv. Professionalism

v. Accountability

vi. Whistleblowing Channel

For more details on our Policies and Procedures, visit our corporate governance page at <https://www.aimflex.com.my/corporate-governance.html>.

ENVIRONMENT

AIMFLEX is deeply committed to its environmental responsibilities, recognizing the impact of our operations. Through a thorough understanding of these effects, we proactively mitigate risks and continuously refine our sustainability practices to drive positive change.

Material Matter	Impact on AIMFLEX	AIMFLEX's Response to the Matter	Stakeholder Groups Affected
Environmental Monitoring	Compliance to the Environment Quality Act	Comprehensive environmental monitoring, transparent disclosures, and robust management policies integrated within our sustainability-driven management system.	Employees, Customers, Shareholders and the Investing Public, Vendors, Suppliers and Contractors, Local Communities.
Commitment towards the Environment	Conformance to the Sustainability of the business through implementation of Environmental Management System	- Maintaining ISO 14001:2015 Environmental Management System accreditation under UKAS (United Kingdom Accreditation Service) and DSM (Department of Standards Malaysia) to ensure compliance with international environmental standards. - Integrating environmental considerations and impact assessments into the Group's decision-making processes and operational activities to drive sustainable business practices.	Employees, Vendors, Suppliers and Contractors, Government, Regulatory Authorities and Certification Bodies, Local Communities

ENVIRONMENT Cont'd

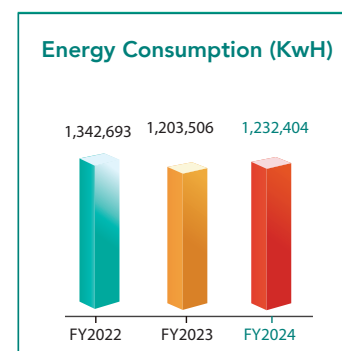
Legal & Regulatory Compliance	Reputation	• Strict adherence to all relevant environmental regulations and compliance requirements. • Active engagement with key government authorities, including: i. Department of Environment (DOE) ii. Department of Occupational Safety & Health (DOSH) iii. BOMBA iv. Local Governments i.e. Majlis Bandaraya Iskandar Puteri, Majlis Perbandaran Kulai and Majlis Bandaraya Johor Bahru	Employees, Customers, Shareholders and the Investing Public, Vendors, Suppliers and Contractors, Government, Regulatory Authorities and Certification Bodies
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Energy and Water

AIMFLEX is committed to conserving energy and water resources through proactive initiatives that promote efficiency and sustainability.

Our efforts include:

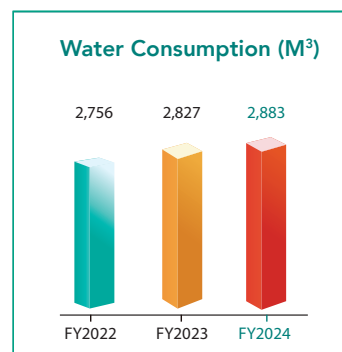
- Encouraging employees to switch off lights, computers, air-conditioning, and other electrical appliances during lunch breaks, after working hours, and when not in use.
- Adopting energy-efficient appliances and transitioning to LED lighting to reduce energy consumption.
- Promoting water conservation through employee education, reusability initiatives, and mindful water usage, particularly in cleaning activities.
- Installing timers for lighting and air-conditioning to optimize energy usage and reduce waste.
- Monitoring monthly utility consumption to identify opportunities for improvement and enhance resource efficiency.



Through these measures, AIMFLEX reinforces its commitment to responsible resource management, reducing environmental impact, and fostering a culture of sustainability.

AIMFLEX recognizes that responsible water management is essential to long-term environmental sustainability and operational efficiency. While water consumption does not constitute a significant portion of our manufacturing costs, we remain steadfast in our commitment to sustainable resource stewardship. As part of our broader environmental strategy, we actively seek to enhance water conservation practices by implementing efficiency-driven initiatives, promoting awareness among employees, and continuously exploring innovative solutions to minimize water wastage. By integrating responsible water management into our operations, AIMFLEX reinforces its dedication to environmental sustainability, ensuring the preservation of this vital resource for future generations.

While AIMFLEX remains committed to sustainable resource management, we acknowledge an increase in both energy and water consumption for the year 2024. This rise is attributed to several operational changes, including the addition of new machinery, the implementation of night shift operations, and facility renovations carried out over the past year. These developments, while essential for business growth and efficiency, have contributed to higher resource usage. Recognizing this, we are actively refining our sustainability strategies to optimize energy and water consumption through enhanced efficiency measures, technological upgrades, and continuous monitoring. Our commitment to responsible resource management remains steadfast as we strive to balance operational expansion with environmental sustainability.



SUSTAINABILITY STATEMENT CONT'D

Waste Management

Scheduled Wastes

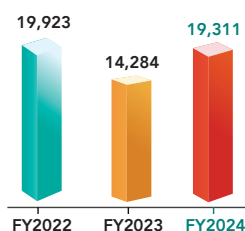
As part of our operations, the Group generates a significant volume of Scheduled Wastes, which are managed with strict adherence to the Environmental Quality Act (Scheduled Waste) Regulations 2005. We are committed to ensuring responsible waste disposal practices that align with regulatory requirements, minimizing environmental impact, and enhancing sustainability efforts.

Below is a detailed breakdown of the types and total quantities of Scheduled Wastes generated:

SW 102 – Acid Battery
 SW 103 – Lithium Battery
 SW 104 – Solder Dross
 SW 110 – Electric & Electronic Wastes
 SW 306 – Spent Hydraulic Oil
 SW 307 – Spent Coolant
 SW 322 – Spent Thinner
 SW 404 – Discarded Pathogenic & Clinical Waste
 SW 409 – Contaminated Container
 SW 410 – Contaminated Rags
 SW 416 – Sludges of inks, paints, pigments
 SW 417 – Waste of Coating Powder
 SW 418 – Discarded Paint
 SW 422 – Waste of chip mixed with coolant

In FY2024, the total generation of Scheduled Wastes has increased, primarily due to a rise in production activities. While this growth reflects our expanding operations, we remain committed to stringent waste management practices, ensuring compliance with regulatory standards and continuously exploring ways to enhance efficiency and minimize waste generation wherever possible. Our focus remains on sustainable production strategies that balance operational growth with environmental responsibility.

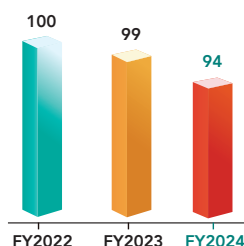
TOTAL GENERATED SCHEDULED WASTES (MT)



General Wastes

AIMFLEX recognizes the environmental impact of non-recyclable waste generated daily and remains committed to reducing general waste as part of our long-term sustainability objectives. In line with our Environmental Objective for 2024, we continue to implement both existing and innovative waste reduction initiatives. However, in FY2024, a slight increase in general waste was recorded, largely due to expanded operational activities. Acknowledging this, we are strengthening our waste management strategies, enhancing recycling efforts, and optimizing resource usage to align with our commitment to minimizing waste and promoting environmental responsibility.

TOTAL GENERATED WASTES (MT)

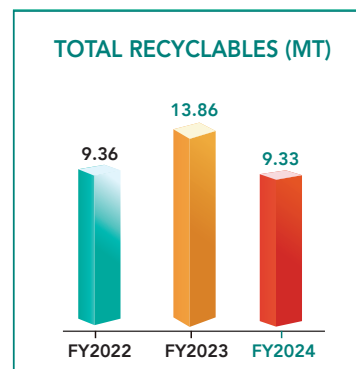


SUSTAINABILITY STATEMENT CONT'D

Recyclable Items

As part of AIMFLEX's sustainability goals, all recyclable items generated are systematically segregated and recycled through a designated recycling company, with collections scheduled periodically. The Group's recyclable materials include paper, cardboard boxes, steel, acrylics, and aluminum metals.

However, in FY2024, there has been a decline in the volume of recyclable items collected. Recognizing this trend, the management is committed to strengthening recycling awareness and engagement among employees. Moving forward, we will enhance internal initiatives, including educational programs and structured recycling activities, to reinforce a culture of sustainability and encourage greater participation in waste reduction efforts.



SOCIAL

AIMFLEX is committed to fostering a balanced and inclusive approach to the social dimension of sustainability, ensuring that our initiatives create meaningful impact across all areas of our organization. We continuously strive to integrate key objectives and actions that promote strong leadership, diversity, equity, and inclusion, uphold human rights, strengthen teamwork, and enhance community engagement. Additionally, we prioritize the well-being of our employees by cultivating a safe, supportive, and healthy corporate culture.

These commitments reflect our dedication to building a socially responsible and resilient organization, as outlined below:

Material Matter	Impact on AIMFLEX	AIMFLEX's Response to the Matter	Stakeholder Groups Affected
Occupational Health and Safety	Compliance to the Occupational Safety and Health Act and related regulations	- Annual environmental and occupational health monitoring conducted at AIMFLEX's factory in Senai, Johor, to ensure compliance with safety and regulatory standards, including: - Drinking Water monitoring in accordance with the Food Act 1983. - Local Exhaust Ventilation (LEV) monitoring. - Noise Risk Assessment. - Audiometric Testing. - Chemical Exposure Monitoring. - The Chemical Health Risk Assessment (CHRA) is conducted every five years, with the latest assessment completed in FY2023 to evaluate potential chemical exposure risks and implement necessary control measures.	Employees, Customers, Shareholders and the Investing Public, Vendors, Suppliers and Contractors, Local Communities
Fair Employment Practices	Reputation	AIMFLEX is committed to upholding a policy of equal employment opportunities, ensuring a fair and inclusive workplace for all individuals, regardless of gender, race, disability, nationality, religion, or age, in alignment with the AIMFLEX Code of Conduct.	Employees, Customers, Vendors, Suppliers and Contractors, Government, Regulatory Authorities and Certification Bodies, Local Communities

SUSTAINABILITY STATEMENT CONT'D

ENVIRONMENT Cont'd

Material Matter	Impact on AIMFLEX	AIMFLEX's Response to the Matter	Stakeholder Groups Affected
Training and Development	Upskilling and Staff Retention	- Implementation of a Department Skills Matrix to systematically evaluate and manage employee competencies within each department, ensuring alignment with organizational needs. - Establishment of structured training targets for personnel at all levels to promote continuous professional development, skill enhancement, and career growth.	Employees
Responsible Supply Chain	Corporate Social Environment Responsibilities	- Implementation of the AIMFLEX Code of Conduct, reinforcing a Zero Tolerance policy against sexual harassment, forced labor, discrimination, and workplace harassment to uphold a safe and respectful work environment. - Enforcement of Anti-Bribery and Corruption policies, alongside dedicated policies on Young Workers, Child Labor, and Remediation, ensuring ethical labor practices and regulatory compliance.	Employees, Customers, Shareholders and the Investing Public, Vendors, Suppliers and Contractors, Government, Regulatory Authorities and Certification Bodies, Local Communities

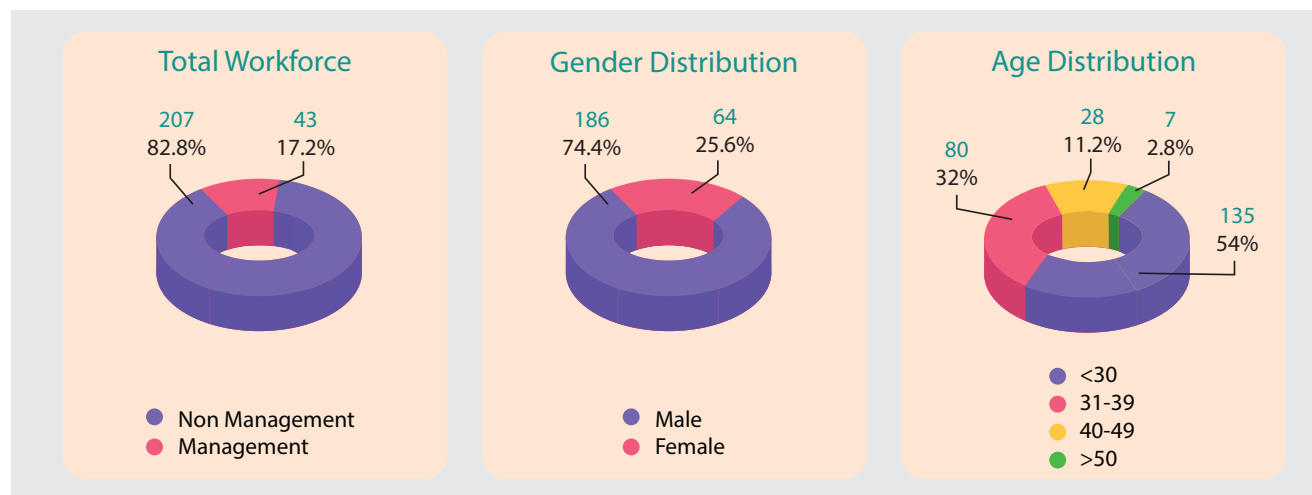
Employees

AIMFLEX acknowledges the vital role of a skilled, motivated, and engaged workforce in achieving organizational success. We are committed to cultivating a dynamic and inclusive work environment that empowers employees to thrive.

Our merit-based approach ensures that all individuals regardless of gender, ethnicity, religion, or nationality are provided with equal employment opportunities, based solely on their qualifications, experience, and performance.

To attract and retain top talent, our competitive remuneration strategy is designed to reward excellence and foster long-term career growth. We also actively encourage employees to enhance their expertise by participating in targeted training programs and professional development initiatives.

Below is the distribution of AIMFLEX employees as of 31 December 2024.



SUSTAINABILITY STATEMENT CONT'D

Occupational Health & Safety

At AIMFLEX, ensuring a safe and healthy work environment is a fundamental priority. We are deeply committed to upholding Occupational Health & Safety (OHS) management principles, in full compliance with the Occupational Safety and Health Act and all relevant regulations. Our commitment is driven by the firm belief that every employee deserves to work in an environment that prioritizes their well-being while minimizing workplace risks and hazards.

Senior Management plays a crucial role in reinforcing this commitment, leading by example through the implementation of comprehensive safety policies, conducting rigorous Risk Assessments, and continuously refining our Hazard Identification, Risk Assessment, and Risk Control (HIRARC) framework. This proactive approach ensures the timely identification and mitigation of potential hazards, fostering a safer workplace for all.

To further embed a strong safety culture, AIMFLEX has established several specialized committees dedicated to different aspects of workplace safety and environmental sustainability. These include:

- The Safety and Health Committee, responsible for overseeing safety initiatives and ensuring compliance with workplace safety regulations.
- The Environment Management System Committee, which drives environmental sustainability efforts and promotes responsible resource management.
- The Emergency Response Committee, tasked with coordinating swift and effective responses to unforeseen incidents.

In addition, AIMFLEX has formed dedicated response teams, including the Emergency Response Team, First Aid Team, and Fire Fighting Team, all of whom undergo regular training to enhance their emergency preparedness. Our Standard Operating Procedures for Emergency Management are continuously reviewed and refined to ensure they meet and exceed regulatory requirements.

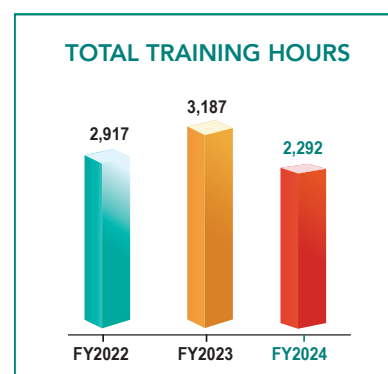
By embedding safety and health into every level of our operations, AIMFLEX not only fulfills its legal obligations but also reinforces its unwavering commitment to the well-being of employees and the long-term sustainability of our business.

Talent Training & Development Programmes

AIMFLEX, employees are our most valuable assets, playing a pivotal role in driving the success and sustainability of our organization. Recognizing the aspirations of our workforce to expand their knowledge, technical competencies, and soft skills, we actively invest in both internal and external training opportunities to foster continuous professional growth.

Over the years, AIMFLEX has remained committed to strengthening learning and development initiatives. However, in FY2024, we recorded a total of 50 training sessions amounting to 2,292 training hours, reflecting a decrease compared to the previous year. This decline is primarily attributed to strategic operational adjustments, a shift toward more targeted and efficient training programs, and the company's growing emphasis on self-directed learning. To ensure employees stay aligned with industry trends and emerging technologies, the management actively encourages continuous learning through various digital platforms, e-learning resources, and professional development opportunities.

Beyond structured training programs, AIMFLEX remains dedicated to the long-term educational advancement of its employees. We offer scholarships to eligible personnel pursuing part-time undergraduate, graduate, or doctoral degrees. In FY2024, 4 employees benefited from this initiative, reinforcing our commitment to career development and lifelong learning.



SUSTAINABILITY STATEMENT CONT'D

Occupational Health & Safety Cont'd

Additionally, AIMFLEX collaborates with regional institutions to facilitate internship placements, offering hands-on experience to aspiring professionals. In FY2024, 10 interns were welcomed across various disciplines, fostering knowledge exchange and talent development within our organization.

Through these efforts, AIMFLEX continues to cultivate a culture of continuous learning and professional excellence, empowering employees to take ownership of their career growth while staying competitive in an evolving industry landscape.

Corporate Social Responsibility (CSR)

At AIMFLEX, Corporate Social Responsibility (CSR) is a fundamental part of our identity and mission. We are committed to conducting our business with integrity, sustainability, and a deep sense of responsibility toward the communities and environments in which we operate. Through strategic initiatives focused on environmental stewardship, employee well-being, community engagement, and ethical business practices, we aim to make a lasting impact that extends beyond financial performance.

In FY2024, AIMFLEX continued to uphold its CSR commitments through various initiatives, including supporting education and innovation by participating as project evaluators in FKEE Innovation Day 2024, providing financial assistance to Rumah Sejahtera Senai, sponsoring the Research, Innovation, and Creativity Exhibition (RICE'24) at Southern College, and facilitating an industrial visit for students from University Putra Malaysia (UPM) to enhance their industry exposure. These efforts reflect our dedication to fostering academic excellence, social welfare, and industry collaboration.

1. FKEE Innovation Day 2024 sebagai penilai projek pelajar yang berlangsung pada 11 Januari 2024.
2. Donation to Rumah Sejahtera Senai in August 2024.
3. Sponsorship to the programme Research, Innovation and Creativity Exhibition 2024 (RICE'24), at Southern College in October 2024
4. Industrial Visit from University Putra Malaysia (UPM) Student in December 2024



Looking ahead, AIMFLEX is intensifying its focus on climate action as part of our broader sustainability strategy. We recognize the urgent need to address climate change and are committed to reducing our carbon footprint through energy efficiency initiatives, waste reduction programs, and sustainable resource management. Our future plans include exploring renewable energy adoption, enhancing environmental awareness across our workforce, and actively participating in carbon reduction initiatives to contribute to a greener future.

By embracing CSR principles and strengthening our sustainability efforts, AIMFLEX remains steadfast in its role as a responsible corporate citizen, striving to create meaningful change for society and the environment.

Statement of Assurance and Limitations

This Sustainability Statement has not been subject to review by our internal auditors or external assurance by independent parties. AIMFLEX has instead garnered internal review of non-financial, sustainability-related data from the respective data owners. We aim to garner external assurance for non-financial and sustainability data in the future.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance Overview Statement is presented pursuant to Rule 15.25(1) of the Ace Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The objective of this Statement is to provide an overview of the application of the corporate governance practices of the Group during the financial year ended 31 December 2024 ("FY2024") and to ensure good corporate governance is practised throughout the Group as a fundamental part of discharging its fiduciary responsibilities to safeguard and enhance shareholders' value and the financial performance of the Group in accordance with the Malaysian Code on Corporate Governance 2021 ("MCCG").

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

The Board's main roles are to create value for shareholders and provide leadership to the Group. It is primarily responsible for the Group's overall strategic plans and directions, overseeing the conduct of the businesses, risk management, succession planning of Senior Management, implementing investor relations programmes and ensuring the system of internal controls and management information system are adequate and effective.

The Board provides overall strategic guidance, effective oversight on the governance and management of the business affairs of the Group. Responsibilities of the Board includes:-

- (a) at all times act honestly, fairly, ethically and diligently in all aspects in accordance with the laws, rules and regulations applicable to the Company;
- (b) ensure stakeholders are kept informed of the Company's performance and major developments affecting its state of affairs;
- (c) identify and manage principal risks affecting the Company;
- (d) maintain a robust and sound framework for internal control and risk management to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- (e) be responsible for the overall corporate governance of the Group, including environmental and social impact and the Group's strategic direction, establishing goals for Management and monitoring the achievement of these goals;
- (f) input into and approve Management development of corporate strategies, including setting performance objectives;
- (g) monitor corporate performance and implementation of strategies and policies;
- (h) monitor and review Management processes aimed at ensuring the integrity of financial and other reporting with the guidance of the Audit and Risk Management Committee ("ARMC");
- (i) ensure that succession planning of the Board and Senior Management is in place;
- (j) monitor the Board composition, processes and performance with the guidance of the Nomination Committee;
- (k) review and approve remuneration of Directors under the guidance of the Remuneration Committee; and
- (l) ESOS is properly administered in accordance to the ESOS By-Laws.

In discharging its duties, the Board is assisted by the Board Committees namely the ARMC, Remuneration Committee, Nomination Committee, ESOS Committee and Investment Committees. Each Committee operates within its respective defined Terms of Reference ("TOR") which have been approved by the Board. The TOR of the respective Board Committees are periodically reviewed and assessed to ensure that the TOR remain relevant and adequate in governing the functions and responsibilities of the Committee concerned and reflect the latest developments in the ACE LR of Bursa Malaysia and the MCCG.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

A. Audit and Risk Management Committee ("ARMC")

For details of its composition and activities during the FY2024, please refer to the ARMC Report on pages 70 and 71 of this Annual Report.

B. Remuneration Committee ("RC")

The RC is appointed by the Board and consists entirely of Independent Non-Executive Directors as follows:-

Members	Designation
Professor Dato' Ir. Ts. Dr. Ruzairi Bin Hj Abdul Rahim	Chairperson - Independent Non-Executive Director
Law Lee Yen	Member - Independent Non-Executive Director
Khoo Boo Keong	Member - Independent Non-Executive Director

The RC reviews and reports to the Board on remuneration and personnel policies, compensation and benefits programmes with the aim to attract, retain and motivate individuals of the highest quality. The remuneration should be aligned with the business strategy and long-term objectives of the Group, and to reflect the Board's responsibilities, expertise and complexity of the Group's activities. The RC shall be appointed by the Board and shall comprise exclusively Non-Executive Directors with a majority of Independent Directors.

The remuneration package of Executive Directors is structured to reflect his or her experience, performance and scope of responsibilities. The remuneration of Non-Executive Directors is in the form of annual fees which are approved by the shareholders at the annual general meeting ("AGM"). Where applicable, the Board also takes into consideration any relevant information from survey data.

In carrying out its duties and responsibilities, the RC has full, free and unrestricted access to the Group's records, properties and personnel. During FY2024, the RC convened one (1) meeting and full attendance of the members were recorded at the meeting. The meeting was held to review the remuneration packages of the Directors and Senior Management. The TOR of the RC is available for reference at www.aimflex.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

B. Remuneration Committee ("RC") Cont'd

The details of the aggregate remuneration of the Directors and Chief Executive of the Company (comprising remuneration received and/or receivable from the Company and its subsidiaries) during the FY2024 are categorised as follows:-

Company

	Fee	Salaries, emoluments and statutory contribution ⁽ⁱ⁾	Bonuses	Benefits in-kind ⁽ⁱⁱ⁾	Total
	RM	RM	RM	RM	RM
Independent Non-Executive Directors:					
Professor Dato' Ir. Ts. Dr. Ruzairi bin Hj Abdul Rahim	48,000	5,000	-	-	53,000
Law Lee Yen	48,000	5,000	-	-	53,000
Khoo Boo Keong	48,000	5,000	-	-	53,000
Executive Directors:					
Chuah Chong Ewe	-	486,195	-	28,000	514,195
Chuah Chong San	-	486,195	-	-	486,195
Chief Executive:					
Chuah Chem Yang	-	204,653	-	-	204,653
	144,000	1,192,043	-	28,000	1,364,043

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

B. Remuneration Committee ("RC") Cont'd

The details of the aggregate remuneration of the Directors and Chief Executive of the Company (comprising remuneration received and/or receivable from the Group and its subsidiaries) during the FY2024 are categorised as follows:-

Group

	Fee RM	Salaries, emoluments and statutory contribution ⁽ⁱ⁾ RM	Bonuses RM	Benefits in-kind ⁽ⁱⁱ⁾ RM	Total RM
Independent Non-Executive Directors:					
Professor Dato' Ir. Ts. Dr. Ruzairi bin Hj Abdul Rahim	48,000	5,000	-	-	53,000
Law Lee Yen	48,000	5,000	-	-	53,000
Khoo Boo Keong	48,000	5,000	-	-	53,000
Executive Directors:					
Chuah Chong Ewe	-	486,195	-	28,000	514,195
Chuah Chong San	-	486,195	-	-	486,195
Chief Executive:					
Chuah Chem Yang	-	204,653	-	-	204,653
	144,000	1,192,043	-	28,000	1,364,043

Notes:

- (i.) Statutory contributions comprised EPF.
- (ii.) Benefits-in-kind comprised provision of company motor vehicle, petrol allowance, insurance, phone bills (for Executive Directors only).

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

C. Nomination Committee ("NC")

The NC is delegated with the responsibility to ensure a formal and transparent procedure for the appointment of new Directors to the Board. The NC will review and assess the proposed appointment of new Directors, and there upon make the appropriate recommendations to the Board for approval. In addition, the NC is also responsible for reviewing candidates for appointment to the Board Committees and making appropriate recommendations to the Board for approval. It is also tasked with assessing the competencies and effectiveness of the Board, the Board Committees and the performance of individual directors in ensuring that the required mix of skills and experience are present on the Board.

The NC is appointed by the Board and consists entirely of Independent Non-Executive Directors as follows:-

Members	Designation
Professor Dato' Ir. Ts. Dr. Ruzairi bin Hj Abdul Rahim	Chairperson - Independent Non-Executive Director
Law Lee Yen	Member - Independent Non-Executive Director
Khoo Boo Keong	Member - Independent Non-Executive Director

In carrying out its duties and responsibilities, the NC has full, free and unrestricted access to the Group's records, properties and personnel. During FY2024, the NC convened 1 meeting and full attendance of the members were recorded at the meeting. The meeting was held to review the assessment on independence of Independent Non-Executive Directors. The NC also reviewed and recommended the re-election of Members of the Board who are retiring at the AGM for shareholders' approval, pursuant to the Constitution of the Company. The TOR of the NC is available for reference at www.aimflex.com.my.

D. ESOS Committee ("EC")

On 19 August 2020, the shareholders had approved a new Employees' Share Option Scheme ("ESOS") and its related ESOS By-Laws. The new ESOS is valid for a duration of 10 years and will expire in the year 2030.

The ESOS Committee was established on 24 August 2020 to oversee the allocation of ESOS Options and its administration to always ensure full compliance with the By-Laws.

The members of the ESOS Committee are as follows:-

Members	Designation
Professor Dato' Ir. Ts. Dr. Ruzairi bin Hj Abdul Rahim	Chairman - Independent Non-Executive Director
Chuah Chong Ewe	Member - Executive Chairman
Chuah Chong San	Member - Group Managing Director

The EC meets whenever necessary. For the financial year ended 31 December 2024, the EC did not hold any meeting as there was no new tranche offered.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

E. Investment Committee("IC")

The Investment Committee was established on 27 May 2021 to recommend to the Board and review all significant investments made and to be made by the Group. The IC is also responsible to recommend to the Board the fund- raising activities of the Group.

The members of the IC are as follows:-

Members	Designation
Chuah Chong Ewe	Chairman - Executive Chairman
Chuah Chong San	Member - Group Managing Director
Professor Dato' Ir. Ts. Dr. Ruzairi bin Hj Abdul Rahim	Member - Independent Non-Executive Director

The IC meets whenever necessary. The TOR of the IC is available for reference at www.aimflex.com.my.

Roles of Chairman and Group Managing Director

There is a clear segregation of responsibilities between the Chairman and Group Managing Director to ensure there is an appropriate balance of power, authority and accountability at the Board level.

The Chairman of the Board plays a critical role on the Board, leading the Board in its responsibilities for the business and affairs of the Group and oversight of Management while the Group Managing Director is responsible to the Board for the overall management and profit performance of the Group, including all day-to-day operations and administration within the framework of Group policies, reserved powers and routine reporting requirements. The Group Managing Director may delegate aspects of his authority and power but remains accountable to the Board for the Group's performance.

Role of the Company Secretaries

The Company Secretaries are responsible for ensuring that the Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Company Secretaries will also advise the Board on any new statutory requirements, guidelines and listing rulings relating to corporate governance as and when it arises. All Board members have direct access to the advice and services of the Company Secretaries for the purpose of the Board's affairs and the business.

Access to Information and Advice

Prior to the Board meetings, every Director is given an agenda and a comprehensive set of Board papers consisting of reports on the Group's financial performance, the quarterly or annual financial results, the minutes of preceding meetings of the Board and the Board Committees, and relevant proposal papers (if any) to allow them sufficient time to review, consider and deliberate knowledgeably on the matters to be tabled.

Senior key management as well as advisers and professionals appointed to act for the Company on corporate proposals to be undertaken by the Company are invited to attend the meetings to furnish the Board with their views and explanations on relevant agenda items tabled to the Board and to provide clarification on issues that may be raised by any Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

Access to Information and Advice Cont'd

In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all the relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board are tabled for notation at the subsequent Board meeting.

The Board also perused the decisions deliberated by the Board Committees through minutes of these Committees. The Chairman of the Board Committees is responsible for informing the Board at the Directors' Meetings of any salient matters noted by the Committees and which may require the Board's direction.

The Board members have access to the advice and services of the Company Secretaries and key senior management. The Board, whether as a full board or in their individual capacity, in the furtherance of their duties, may seek independent professional advice in discharge of their duties and obligations at the Company's expense.

Board Charter

The Board Charter sets out the principles governing the Board and adopts the principles and practices of good corporate governance in the management of the Group.

The Board Charter shall be reviewed by the Board as and when required to ensure its relevance in assisting the Board to discharge its duties with the changes in the corporate laws and regulations that may arise from time to time and to remain consistent with the Board's objectives and responsibilities.

The Board Charter is published on the Company's website at www.aimflex.com.my.

Code of Conduct

The Group's Code of Conduct ("the Code") reflects the objective of management to reinforce Group-wide ethical standards and to sustain a work environment that fosters integrity, caring, respect and professionalism. It is to serve the long-term interest of the Group by following the policy strictly to be lawful, highly principled and socially responsible in all business activities. The Code is published on the Company's website at www.aimflex.com.my.

Whistleblower Policy

The Group has set out various channels for employees or stakeholders to report or disclose any genuine concerns about unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements ("reportable misconduct"). The Whistleblower Policy also provides protection for the party who reported allegations of such malpractices / misconducts / wrongdoings. The policy is published on the Company's website at www.aimflex.com.my.

Anti-Bribery and Corruption Policy ("ABC Policy")

The Board had established and approved the ABC Policy to uphold the Group's effort and commitment to ensure adequate and standardised ABC Policy are consistently applied throughout the Group by the employees and business operations within the Group and to adhere strictly to the ABC Policy.

The ABC Policy is available on the Company's website at www.aimflex.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

Directors' Fit and Proper Policy

The Board adopted a Directors' Fit and Proper Policy to ensure that Directors possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Group and its stakeholders. The NC shall conduct the fit and proper assessment prior to the appointment of any candidates as a Director or making a recommendation for the re-election of an existing Director of the Group. The Directors' Fit and Proper Policy is available on the Company's website.

Board Composition and Independence

The Board currently has five (5) members, comprising three (3) Independent Non-Executive Directors and two (2) Executive Directors. The current composition of the Board is in compliance with Rule 15.02 of the ACE Market Listing Requirements of Bursa Malaysia. The profile of each Director is presented under Directors' Profile on pages 6 to 10 of the Annual Report.

Appointments and Re-elections to the Board

Candidates for appointment to the Board as Independent Directors are selected after taking into consideration the mix of skills, experience and strength that would be relevant for the effective discharge of the Board's responsibilities. Potential candidates are first evaluated by the NC and, if recommended by the NC, subsequently, by the Board based on their respective profiles as well as their character, integrity, professionalism, independence and their ability to commit sufficient time and energy to the Group's matters.

Article 131 of the Constitution of the Company provides that one third (1/3) of the Directors for the time being shall retire from office and an election of Directors shall take place at the forthcoming AGM of the Company provided always that each Director shall retire at least once in every three (3) years but shall be eligible for re-election.

The Directors who are subject to retirement at the forthcoming AGM of the Company are listed in the Notice of AGM and have offered themselves for re-election at the said AGM.

Gender Diversity Policy

The Board recognises the importance of gender diversity and is committed to the extent practicable, to address the recommendation of the MCCG relating to the establishment of a policy formalising its approach to boardroom and workplace diversity.

The current Board composition consists of one (1) woman Director and the Board endeavors to promote more suitable qualified women Directors on the Board. The woman Director is holding the position of Chairperson of our ARMC, Member of our Remuneration Committee and Nomination Committee.

Annual Assessment

The NC annually reviews the size and composition of the Board and the Board Committees in order to ensure the Board and the Board Committees have the requisite competencies and capacity to effectively oversee the overall business and carry out their respective responsibilities. The NC uses the Board and Board Committee Evaluation Form comprising questionnaires for the assessment together with the fit and proper declaration made in accordance with the Company's Fit and Proper Policy. The effectiveness of the Board is assessed in the Board's responsibilities and composition, administration and conduct of meetings, communication and interaction with Management and stakeholders and Board engagement. A Board Skills Matrix Form is also used as a general assessment of the composition, knowledge, skills and experience of the current Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

Annual Assessment Cont'd

The annual evaluation of the individual Director/Board Committee member is performed by the NC via the Directors' Evaluation Form comprising questionnaires pertaining to the Director's knowledge and skills, participation, contribution and performance, calibre and personality.

To assess the independence of the Independent Directors, each of the Independent Directors annually provides the NC with their Self-Assessment Independence Checklist.

Sustainability risks and opportunities

The Company is fully committed towards instituting a robust, wide-ranging and germane sustainability framework to cover all aspects of operations.

The Company's sustainability strategies, priorities and targets as well as performance against these targets were not communicated to its internal and external stakeholders.

Nevertheless, the Board together with senior management are working to set the Company's sustainability strategies, priorities and targets, as well as performance against these targets, and shall communicate the same to its internal and external stakeholders upon finalisation.

The Board had undertaken the relevant training to stay abreast with and understand the sustainability issues relevant to the Company and its businesses, including climate-related risks and opportunities.

Meetings and Time Commitment

The Board usually meets at least four (4) times a year at quarterly intervals with additional meetings convened when necessary. During FY2024, the Board met on eight occasions; where it deliberated on matters such as the Group's financial results, strategic decisions, business plan, and strategic direction of the Group among others. Board meetings for each year are scheduled in advance before the end of the preceding year in order for Directors to plan their schedules. The Board is satisfied with the level of time commitment of the Directors from their attendance at the Meetings. The record of the Directors' attendance at Board Meeting for the FY2024 is contained in the table below:-

Members	Attendance
Chuah Chong Ewe	5/5
Chuah Chong San	5/5
Law Lee Yen	5/5
Professor Dato' Ir. Ts. Dr. Ruzairi bin Hj Abdul Rahim	5/5
Khoo Boo Keong	5/5

Directors' Training

The Directors also made time to attend appropriate external training programmes to equip themselves further with the knowledge to discharge their duties more effectively and to keep abreast of developments on a continuous basis in compliance with Rule 15.08 of the Listing Requirements of Bursa Malaysia, the details of which are set out below:-

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS Cont'd

Directors' Training Cont'd

Name	Programmes/ Seminar Attended	Dated Attended	Duration
Chuah Chong Ewe	Bursa Malaysia Mandatory Accreditation Program II (MAPII)	12 Aug - 13 Aug 2024	2 days
	Corporate Liability MACC Section 17A Training (MACC)	6 November 2024	1 day
Chuah Chong San	Corporate Liability MACC Section 17A Training (MACC)	6 November 2024	1 day
Professor Dato' Ir. Ts. Dr. Ruzairi bin Hj Abdul Rahim	Online Marketing Basics	21 May 2024	1 day
	Opportunities in the Technology Sector	24 May 2024	1 day
	Financial Essential for non-accounting managers	10 - 11 June 2024	2 days
	Network Function Virtualization	10 January 2024	1 day
	Bursa Malaysia Mandatory Accreditation Program II (MAPII)	9-10 October 2024	2 days
Law Lee Yen	Bursa Malaysia Mandatory Accreditation Program II (MAPII)	9-10 October 2024	2 days
	Tax deductible Expenses – Principles and latest development (CTIM)	31 January 2024	1 day
	MIA Webinar Series- Audit Quality Engagement Programme for SMPs (MIA)	24 April - 25 April 24	2 days
	National Tax Conference 2024 (LHDN)	22 July & 23 July 24	2 days
	MIA Webinar Series: Withholding Taxes- Law and implications on cross border transactions (MIA)	13 November 2024	1 day
	MIA Webinar Series: Sales & Services Tax (SST) Latest Updates- Common implementation issues and health cheque in preparation for audit	4 November 2024	1 day
	E- invoicing in Malaysia (BDO)	23 September 2024	1 day
	Bursa Malaysia Mandatory Accreditation Program II (MAPII)	9-10 October 2024	2 days
	Seminar Percukaian Kebangsaan 2024 (LHDN)	23 October 2024	1 day
Khoo Boo Keong	Bursa Malaysia Mandatory Accreditation Program II (MAPII)	9-10 October 2024	2 days

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Suitability and Independence of External Auditors

The External Auditors report to the ARMC in respect of their audit on each year's statutory financial statements on matters that require the attention of the ARMC. At least once a year, the ARMC will have a separate session with the External Auditors without the presence of the Executive Directors and Management.

The External Auditors are required to declare their independence annually to the ARMC as specified by the by-laws issued by the Malaysian Institute of Accountants. The External Auditors had provided the declaration in their annual audit plan presented to the ARMC.

The ARMC undertakes annual assessment of the suitability and independence of the External Auditors. The factors considered by the ARMC in its assessment include, adequacy of professionalism and experience of the staff, the resources, the fees and the independence of and the level of non-audit services rendered to the Group.

Sound Risk Management Framework

The Board recognises the importance of a sound risk management framework and internal control system in order to safeguard the Group's assets and therefore, shareholders' investments in the Group.

The Board affirms its overall responsibility for the Group's system of internal controls. This includes reviewing the adequacy and integrity of financial, operational and compliance controls and risk management procedures within an acceptable risk profile. Since certain risks and threats are externally driven, unforeseen and beyond the Group's control, the system can only provide reasonable assurance against misstatement or loss.

The Board had put in place an ongoing process for identifying, evaluating and managing significant risks faced by the Group.

Internal Audit Function

The Group has outsourced the internal audit function to NeedsBridge Advisory Sdn Bhd, an internal audit consulting firm. The engagement was done during the FY2021 where the ARMC and Board approved the proposed internal audit plan for FY2023 and FY2024 including the Risk Management Framework and Key Risk Report.

The Statement of Risk Management and Internal Control set out on pages 60 to 69 of this Annual Report provides an overview of the state of internal controls within the Group.

Conflict of Interests

The Board through the ARMC, has oversight over the related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity as well as the establishment of the procedures to ensure that the transactions carried out are in the best interest of the Group and not detrimental to the minority shareholders, as well as to mitigate the risk of conflicting interests.

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

Compliance with Applicable Financial Reporting Standards

The Board is assisted by the ARMC to oversee the Group's financial reporting processes and the quality of its financial reporting and to ensure that the financial statements of the Group and the Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Malaysia and the annual audited financial statements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

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

Compliance with Applicable Financial Reporting Standards Cont'd

A Statement by the Board of its responsibilities in respect of the preparation of the annual audited financial statements is set out on page 53 of this Annual Report.

Investors Relations and Shareholders Communication

The Group identifies the importance of effective and timely communication with shareholders and investors to keep them informed of the Group's latest financial performance and material business/corporate matters affecting the Group. The information about the Group's business and corporate developments is circulated via the Company's annual reports, various disclosures to Bursa Malaysia including quarterly financial results and various announcements made from time to time.

The AGM provides the main platform for dialogue and interactions with the shareholders. At the meeting, the Chairman sets out the performance of the Group for the financial year then ended. Question and Answer session will then be convened wherein the Directors, Company Secretaries and the External Auditors will be available to answer to the queries raised by the shareholders.

Voting at the forthcoming AGM will be conducted by poll as poll voting reflects shareholders' views more accurately and fairly as every vote is properly counted in accordance with the one share, one vote principle. The Company will continue to explore the deployment of technology to enhance the quality of engagement with shareholders and further facilitate greater participation by shareholders at general meetings of the Company.

Shareholders and the public can also access information on the Group's background, products and financial performance through the Company's website www.aimflex.com.my.

Key Focus Areas And Future Priorities In Relation To Corporate Governance Practices

In view of the enhancements in the corporate governance regulations, the Board has reviewed and updated the existing policies and procedures to ensure that they are kept contemporaneous and be relevant to the Company's needs. The Board will further look into the enhancements or developments of corporate governance policies and procedures, as the case may be.

This Corporate Governance Overview Statement was approved by the Board of Directors on 28 April 2025.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO FINANCIAL STATEMENT

The Directors are responsible for preparing the financial statements of the Group and of the Company in accordance with applicable laws and regulations, such as Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act 2016 ("the Act") and pursuant to Rule 15.26(a) of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad to ensure that the financial statements give a true and fair view of the state of affairs, the results and the cash flows of the Group and of the Company for the financial year.

In preparing each of the Group and Company financial statements, the Directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are also responsible to ensure that proper accounting and other records are kept to ensure that financial statements comply with the Act as well as taking reasonably available steps to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board dated 28 April 2025.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

(a) Utilisation of proceeds from the IPO

In conjunction with its listing on the ACE Market of Bursa Malaysia Securities Berhad, the gross proceeds arising from the Public issue amounting to RM39.09 million is intended to be utilised in the following manners:-

Details of utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised Amount RM'000	Estimated timeframe for utilisation upon listing
Process and product development	4,200	4,200	-	Within 48 months [#]
Repayment of borrowings	13,482	13,482	-	Within 12 months
Construction of new D&D centre	6,800	-	6,800	Within 84 months ⁽¹⁾
Capital expenditures	5,200	2,869	2,331	Within 84 months ⁽¹⁾
Working capital requirements	5,905	5,905	-	Within 36 months
Listing expenses	3,500	3,500	-	Within 1 month
	<u>39,087</u>	<u>29,956</u>	<u>9,131</u>	

⁽¹⁾ The Board of Directors has approved the extension of timeframe for the utilisation of the remaining unutilised IPO Proceeds earmarked for "Construction of new D&D centre" and "Capital expenditures" for up to 84 months from the date of listing.

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 21 June 2019.

(b) Utilisation of proceeds from the Subscription

In conjunction with its Subscription which was completed 3 June 2022, the gross proceeds arising from the Subscription issue amounting to RM31.02 million is intended to be utilised in the following manners:-

Details of utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised Amount RM'000	Estimated timeframe for utilisation
Business / Investment opportunities	6,000	3,868	2,132	Within 60 months ⁽¹⁾
Working capital requirements	24,924	24,924	-	Within 60 months ⁽¹⁾
Listing expenses	95	95	-	Upon completion
	<u>31,019</u>	<u>28,887</u>	<u>2,132</u>	

⁽¹⁾ The Board of Directors has approved the extension of timeframe for the utilisation of the remaining unutilised proceeds raised from Subscriptions Placements earmarked for "Business / Investment opportunities" and "Working capital requirements" for up to 60 months from the date of listing (3 June 2022).

The utilisation of proceeds as disclosed above should be read in conjunction with the Circular of the Company dated 14 April 2022.

ADDITIONAL COMPLIANCE INFORMATION CONT'D

2. Audit and Non-Audit Fees

The total amount of audit fees paid or payable to the external auditors by the Company and Group during the financial year ended 31 December 2024 were RM43,000 and RM240,472 respectively.

The non-audit fees paid or payable to the external auditors, or a firm or corporation affiliated to the auditors' firm by the Company during the financial year ended 31 December 2024 were RM5,000. The non-audit fees were mainly for the review of Statement On Risk Management And Internal Control.

3. Material Contracts

There were no material contracts entered into by the Company and / or its subsidiaries involving the interests of Directors and major shareholders, which subsisted at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

4. Recurrent Related Party Transactions

The Company had at its 6th Annual General Meeting ("AGM") held on 25 June 2024 obtained the shareholder mandate to allow Aimflex Group to enter into RRPT with related parties that are necessary for day-to-day operations of the Group. The RRPT mandate is valid until the conclusion of the forthcoming 7th AGM of the Group.

The details of RRPT conducted during the financial year ended 31 December 2024 pursuant to the said shareholders' mandate are as follows:

Subsidiaries	Transacting Related Party	Nature of Relationship	Nature of Transactions	Value of transactions from 1 January 2024 to 31 December 2024 (Amount) (RM)
AIMFLEX Engineering Sdn. Bhd.	Exzone Precision Engineering Sdn. Bhd.	Related by virtue of Mr CE Chuah & MR CS Chuah is director and substantial shareholder in both companies	Design and fabrication of precision parts	0
AIMFLEX Metal Sdn. Bhd.	Exzone Precision Engineering Sdn. Bhd.	Related by virtue of Mr CE Chuah & MR CS Chuah is director and substantial shareholder in both companies	Design and fabrication of precision parts	137,518
AIMFLEX Systems Sdn. Bhd.	Exzone Precision Engineering Sdn. Bhd.	Related by virtue of Mr CE Chuah & MR CS Chuah is director and substantial shareholder in both companies	Sale of specialised automation machines, related modules and maintenance services	750
Owin Industrial Sdn. Bhd.	Exzone Precision Engineering Sdn. Bhd.	Related by virtue of Mr CE Chuah & MR CS Chuah is director and substantial shareholder in both companies	Design and fabrication of precision parts	0

ADDITIONAL COMPLIANCE INFORMATION CONT'D
4. Recurrent Related Party Transactions Cont'd

The details of RRPT conducted during the financial year ended 31 December 2024 pursuant to the said shareholders' mandate are as follows: Cont'd

Subsidiaries	Transacting Related Party	Nature of Relationship	Nature of Transactions	Value of transactions from 1 January 2024 to 31 December 2024 (Amount) (RM)
Union Tech Automation Sdn. Bhd.	Exzone Precision Engineering Sdn. Bhd.	Related by virtue of Mr CE Chuah & MR CS Chuah is director and substantial shareholder in both companies	Sale of specialised automation machines, related modules and maintenance services	0
AIMFLEX Engineering Sdn. Bhd.	Winco Precision Engineering (Melaka) Sdn. Bhd.	Related by virtue of Mr CE Chuah & MR CS Chuah is director and substantial shareholder in both companies	Design and fabrication of precision parts	0
AIMFLEX Metal Sdn. Bhd.	Winco Precision Engineering (Melaka) Sdn. Bhd.	Related by virtue of Mr CE Chuah & MR CS Chuah is director and substantial shareholder in both companies	Design and fabrication of metal panels and frames	0
AIMFLEX Systems Sdn. Bhd.	Winco Precision Engineering (Melaka) Sdn. Bhd.	Related by virtue of Mr CE Chuah & MR CS Chuah is director and substantial shareholder in both companies	Sale of specialised automation machines, related modules and maintenance services	0
Owin Industrial Sdn. Bhd.	Winco Precision Engineering (Melaka) Sdn. Bhd.	Related by virtue of Mr CE Chuah & MR CS Chuah is director and substantial shareholder in both companies	Design and fabrication of precision parts, metal panels and sale of machineries	0
Union Tech Automation Sdn. Bhd.	Winco Precision Engineering (Melaka) Sdn. Bhd.	Related by virtue of Mr CE Chuah & MR CS Chuah is director and substantial shareholder in both companies	Sale of specialised automation machines, related modules and maintenance services	0
Union Tech Automation Sdn. Bhd.	Eumeko Technologies Sdn. Bhd.	Related by virtue of minority shareholders in Union Tech is also substantial shareholders in Eumeko	Sale of specialised automation machines, related modules and maintenance services	253,943
Union Tech Automation Sdn. Bhd.	Eumeko Technologies Sdn. Bhd.	Related by virtue of minority shareholders in Union Tech is also substantial shareholders in Eumeko	Purchase of industrial use feeders, related modules and maintenance services	772,831

ADDITIONAL COMPLIANCE INFORMATION CONT'D

4. Recurrent Related Party Transactions Cont'd

The details of RRPT conducted during the financial year ended 31 December 2024 pursuant to the said shareholders' mandate are as follows: Cont'd

Subsidiaries	Transacting Related Party	Nature of Relationship	Nature of Transactions	Value of transactions from 1 January 2024 to 31 December 2024 (Amount) (RM)
Union Tech Automation Sdn. Bhd.	TNC Technology Sdn. Bhd.	Related by virtue of minority shareholders in Union Tech is also substantial shareholders in TNC	Sale of specialised automation machines, related modules and maintenance services	266,225
Union Tech Automation Sdn. Bhd.	TNC Technology Sdn. Bhd.	Related by virtue of minority shareholders in Union Tech is also substantial shareholders in TNC	Purchase of industrial use feeders, related modules and maintenance services	72,764

5. Employees' Share Option Scheme

The Employees' Share Option Scheme of the Company ("ESOS" or "Scheme") was implemented on 28 December 2020 and shall be in force for a duration of ten (10) years.

ADDITIONAL COMPLIANCE INFORMATION CONT'D

5. Employees' Share Option Scheme Cont'd

The total number of options granted, exercised and outstanding under the ESOS are set out in the table below:-

	Category of Participants											
	Executive Directors			Senior Management			Middle Management			Junior Management		
	Number and Percentage of Options	Number of Participants		Number and Percentage of Options	Number of Participants		Number and Percentage of Options	Number of Participants		Number and Percentage of Options	Number of Participants	
As at 1 January 2024												
(a) Total options granted ⁽ⁱ⁾	6,485,000 (10.35%)	5		5,538,700 (8.84%)	3		17,111,700 (27.30%)	21		33,549,600 (53.52%)	180	
(b) Total options exercised	-	-		957,000 (1.53%)	1		3,706,000 (5.91%)	8		1,778,000 (2.84%)	20	
(c) Total options cancelled	2,485,000 (3.96%)	3		-	-		2,704,000 (4.31%)	8		9,269,400 (14.79%)	59	
(d) Total options outstanding	4,000,000 (6.38%)	2		4,581,700 (7.31%)	3		10,701,700 (17.10%)	13		22,185,200 (35.39%)	121	
During the financial year												
(a) Total options granted	-	-		-	-		-	-		-	-	
(b) Total options exercised	-	-		-	-		-	-		130,000 (0.21%)	1	
(c) Total options cancelled	-	-		-	-		530,000 (0.85%)	2		2,286,000 (3.65%)	7	
As at 31 December 2024												
(a) Total options granted ⁽ⁱ⁾	6,485,000 (10.35%)	5		5,538,700 (8.84%)	3		17,111,700 (27.30%)	21		33,549,600 (53.52%)	180	
(b) Total options exercised	-	-		957,000 (1.53%)	1		3,706,000 (5.91%)	8		1,908,000 (3.04%)	21	
(c) Total options cancelled	2,485,000 (3.96%)	3		-	-		3,234,000 (5.16%)	10		11,555,400 (18.43%)	65	
(d) Total options outstanding	4,000,000 (6.38%)	2		4,581,700 (7.31%)	3		10,171,700 (16.23%)	11		20,086,200 (32.04%)	115	

Note:

(i) Details of Options granted:

- 36,645,000 Options offered on 29 December 2020 at Exercise Price of RM0.2139
- 17,988,000 Options offered on 1 September 2021 at Exercise Price of RM 0.1755
- 13,930,000 Options offered on 1 December 2023 at Exercise Price of RM 0.1841

ADDITIONAL COMPLIANCE INFORMATION CONT'D**5. Employees' Share Option Scheme** Cont'd

In accordance with the Company's ESOS By-Laws, not more than fifty per centum (50%) of the Company's ordinary shares available under the Scheme shall be allocated to Directors and senior management of the Group. Since the commencement of the Scheme up to the financial year ended 31 December 2024, the Company has granted 0.81% of options to the Directors and senior management.

No option was granted to the Non-Executive Directors.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Rule 15.26(b) and Guidance Note 11 of Bursa Malaysia Securities Berhad's ACE Market Listing Requirements ("Listing Requirements"), AIMFLEX Berhad ("AIMFLEX" or "the Company"), together with its subsidiaries ("the Group"), complies with the requirement to provide a statement on the state of internal control. This statement is prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines") and the Malaysian Code on Corporate Governance 2021.

The Board of Directors ("the Board") remains committed to maintaining a sound system of internal control and risk management to safeguard shareholders' investments, the Group's assets, and the integrity of its financial reporting. Accordingly, the Board is pleased to present this statement on the Group's internal control framework for the financial year ended 31 December 2024, covering the Company and its operating subsidiaries

BOARD RESPONSIBILITIES

The Board of Directors acknowledges its overall responsibility for establishing and maintaining a sound governance, risk management, and internal control system to ensure the effective achievement of the Group's mission, vision, core values, strategies, and business objectives, while safeguarding the interests of all stakeholders and protecting the Group's assets.

In determining the risk appetite of the Group, the Board considers factors such as risk capacity, strategic direction, internal and external business environments, the nature of operations, and the corporate lifecycle. The Board is committed to fostering a robust control environment that is seamlessly integrated into the Group's corporate culture, strategic decision-making, and operational processes. This commitment underscores the importance of a structured and effective risk management and internal control system in sustaining business resilience and growth.

To ensure a proactive approach to risk management, the Board delegates the identification, assessment, and management of key business risks to the Risk and Sustainability Management Working Group (RSMWG), led by the Group Managing Director. Additionally, the Audit and Risk Management Committee (ARMC), operating under a Board-approved terms of reference, is entrusted with the responsibility of reviewing the adequacy and effectiveness of the Group's risk management and internal control framework. Through the ARMC, the Board remains informed of all significant risks and control issues identified by the RSMWG, the internal audit function, and external auditors, ensuring that potential risks are properly managed and mitigated.

The internal control system encompasses key components, including:

Control Environment – Establishing a corporate culture that prioritizes integrity, accountability, and compliance.

Risk Assessment – Identifying, evaluating, and responding to potential business risks.

Control Activities – Implementing policies, procedures, and measures to mitigate risks.

Information & Communication – Ensuring transparent reporting and data-driven decision-making.

Monitoring Activities – Regularly reviewing and improving controls to enhance effectiveness.

While the internal control system is designed to manage and mitigate risks effectively, the Board acknowledges that no system can entirely eliminate risks. Consequently, this framework is structured to reduce—rather than eliminate—the risk of failure in achieving business objectives. As such, it provides a reasonable, but not absolute, assurance against material misstatements of losses, and fraud.

By continuously refining its governance, risk management, and internal control practices, the Board remains committed to upholding business integrity, operational efficiency, and sustainable growth within the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

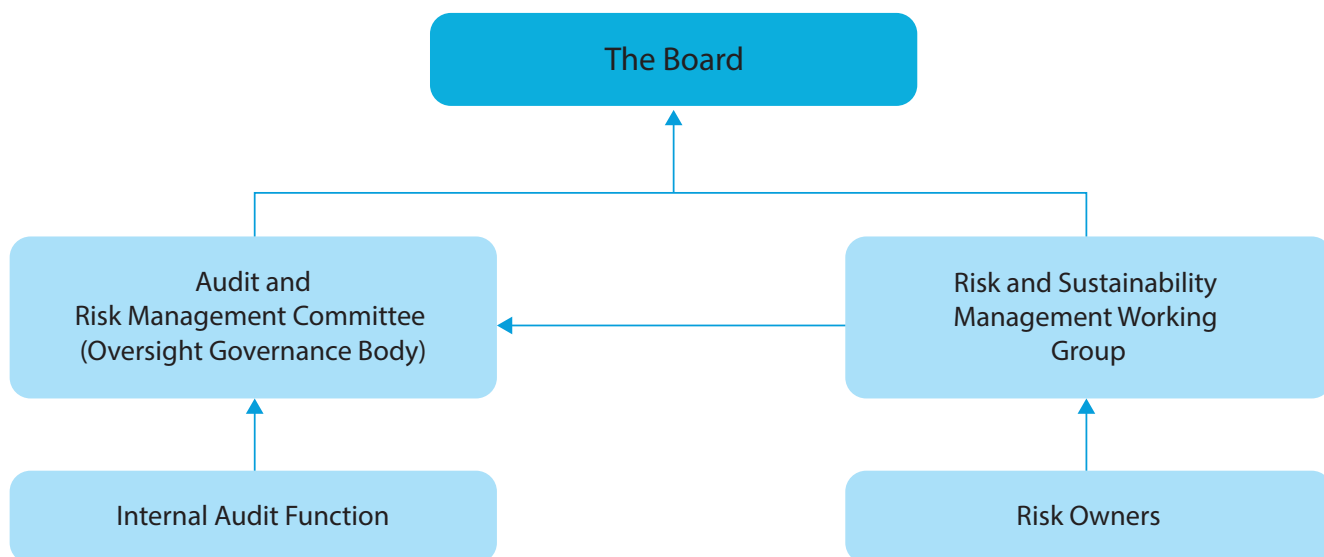
RISK MANAGEMENT

The Board of Directors recognises risk management as an essential component of the Group's internal control system and a fundamental aspect of good governance. It is integral to achieving the Group's mission, vision, core values, strategies, and business objectives, ensuring business resilience and sustainable growth. The Board remains committed to the systematic identification, evaluation, and management of significant risks and opportunities faced by the Group throughout the financial year. To strengthen this commitment, the Board has established a formal Group Risk Management Framework, which serves as the governance structure for enterprise-wide risk management. This framework is designed to embed risk management practices at all levels of the Group, ensuring that key business risks are effectively mitigated while optimizing potential opportunities.

The Risk and Sustainability Management Working Group (RSMWG), comprising the Group Managing Director, Executive Director, Key Sustainability and Risk Officer, and Heads of Departments, is entrusted with the identification, assessment, and management of key business risks and opportunities. Acting as a Second-Line function, the RSMWG plays a crucial role in facilitating a structured approach to risk governance, enabling informed decision-making and proactive risk mitigation.

The Board's Risk Management Policy is aligned with the principles, practices, and processes outlined in ISO 31000:2018 – Risk Management Guidelines, ensuring that risk management efforts are in accordance with globally recognized standards. Through this structured approach, AIMFLEX reinforces its commitment to maintaining a robust risk management culture, safeguarding stakeholder interests, and enhancing long-term business sustainability.

The Group Risk Management Framework defines the objectives, processes, and governance structure for managing risks across the Group. It provides a clear and structured approach to identifying, assessing, and mitigating risks, ensuring effective oversight and informed decision-making. The framework's governance structure is outlined as follows: -



Clear roles and responsibilities of the Board, ARMC, RSMWG, Risk Owners and Internal Audit Function are defined in the Group Risk Management Framework. In particular, the roles and responsibilities of RSMWG in relation to the risk management are as follows:-

- implement the Group Risk Management Framework approved by the Board;
- implement the risk management process which includes the identification of key risks and devising appropriate action plan(s) in cases where existing controls are ineffective, inadequate or non-existence and communicate methodology to the risk owners;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

RISK MANAGEMENT Cont'd

- (c) ensure that risk strategies adopted are aligned with the Group's organisational strategies. (e.g. vision/mission, corporate strategies/goals, etc.), Group Risk Management Framework (including policies and processes), tolerance, risk appetite;
- (d) continuous review and update of the Key Risk Registers (including incorporation of new or emerging risks or integration of business risks from implementation and integration of new strategies and business objectives into new key risk registers for monitoring) and compilation of Key Risk Profile and Key Risk Report of the Group due to changes in internal and external business context, business processes, business strategies or external environment and determination of management action plan, if required;
- (e) update the Board, through the ARMC, on changes to the Key Risk Profile on periodical basis (at least on annual basis) or when appropriate (due to significant change to the internal and external business context) and the course of action to be taken by management in managing the changes; and
- (f) to perform SWOT Analysis for all options of the proposed strategies and business objectives and to monitor and report to the Board on the progress of the implementation and integration for new project, merger & acquisition and corporate exercise during the scheduled meetings until it is implemented and integrated completely into the Group.

In addition, the Risk Owners, within their respective areas of expertise, are delegated with operational responsibilities with the following roles and responsibilities:-

- (a) manage the risks of the business processes under his/her control;
- (b) continuously identify risks and evaluate existing controls. If controls deemed ineffective, inadequate or non-existent, to establish and implement controls to reduce the likelihood and/or impact;
- (c) to report to the RSMWG of the emergence of new business risks or change in the existing business risks through the use of prescribed form on a timely manner and assist the RSMWG.
- (d) to assist with the development of the management action plans and implement these action plans;
- (e) assist the RSMWG with the yearly update of the changes in the Key Risks Register, management action plans and the status of these plans;
- (f) ensure that staffs working under him/her understand the risk exposure of the relevant process under his/her duty and the importance of the related controls; and
- (g) ensure adequacy of training for staff on risk and opportunity management.

The Group Risk Management Framework establishes a structured and systematic process for identifying, assessing, and managing risks and opportunities across the organization. The Risk and Sustainability Management Working Group (RSMWG), together with designated Risk Owners, is responsible for applying this framework to ensure that risks are effectively mitigated while opportunities are optimized. The assessment of risks and opportunities, at both gross and residual levels, is conducted in accordance with the likelihood and impact ratings set by the Board of Directors, aligning with the Group's defined risk appetite. As part of the Group's risk governance, Key Risk Registers are compiled by the RSMWG and Risk Owners, with all significant risks and opportunities being carefully evaluated and assigned a risk rating. These registers serve as a crucial tool for identifying high residual risks that exceed the Group's acceptable risk levels, as well as risks with ineffective control measures that require urgent management intervention. Additionally, key opportunities are identified and recorded to facilitate the monitoring and execution of action plans that maximize business potential. The Group Managing Director undertakes a comprehensive review of these registers before submitting them to the Audit and Risk Management Committee (ARMC) through the Key Risk Profile, ensuring that all material risks and opportunities are effectively reported and deliberated.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

RISK MANAGEMENT Cont'd

The risk and opportunity monitoring process is further reinforced through scheduled reviews conducted by Management, where the Key Risk Registers of key operating subsidiaries are assessed on an annual basis. Where circumstances are necessitated, more frequent assessments are conducted to address emerging risks and opportunities at both strategic and operational levels. The findings from these reviews, including any adjustments in risk strategies and mitigation measures, are subsequently presented to the ARMC for further evaluation and oversight. Throughout the financial year under review, the RSMWG conducted a detailed risk assessment exercise, which included the evaluation of strategic, governance, financial, fraud, bribery and operational risks across the Group. This assessment was incorporated into the Key Risk Profile, which consolidates the Key Risk Registers, existing control measures, likelihood and impact ratings, and the overall risk management process employed for the review and assessment exercise. Following this, the Key Risk Profile was tabled to the ARMC, where its adequacy and effectiveness were thoroughly reviewed before being presented to the Board of Directors, which assumes ultimate responsibility for overseeing the Group's risk management framework.

At the strategic level, all business plans, investment proposals, and corporate strategies formulated by the Group Managing Director and Executive Director are developed with a strong focus on risk and opportunity considerations. These proposals are subjected to rigorous Board review and deliberation to ensure that they align with the Group's risk appetite and long-term business objectives. Furthermore, strategic and key operational risks and opportunities are regularly discussed by the ARMC and the Board as part of their financial performance reviews, enabling proactive decision-making to safeguard the Group's sustainability and growth.

The responsibility for managing operational risks lies with Risk Owners, who serve as the first line of defense in executing risk controls, maintaining robust internal control procedures, and conducting ongoing risk assessments. By continuously monitoring daily operations, reviewing financial and operational reports, and analyzing external industry data, Risk Owners play a critical role in identifying changes to existing risks as well as emerging threats. Where material risks are identified, Risk Owners are tasked with evaluating their impact, implementing necessary control measures, and escalating significant risks to the Group Managing Director, who makes the final determination on appropriate risk management actions. These material risks and the corresponding mitigation strategies are subsequently reported to the ARMC and the Board to ensure comprehensive oversight. The Group's risk management framework is further enhanced by the Internal Audit Function, which conducts risk-based audits designed to address key business risks. Each internal audit cycle is guided by clearly defined audit objectives, with business risks being identified based on the internal audit plan, which is periodically reviewed by the ARMC. Through this structured audit approach, the Internal Audit Function provides an additional layer of monitoring and assurance, ensuring that the Group's risk management practices remain robust, effective, and aligned with corporate governance expectations.

The Group has consistently adhered to this risk management process throughout the financial year under review and continues to uphold these practices as of the date of this statement's approval. For further insights into the significant risks faced by the Group and the mitigation plans implemented, reference should be made to the "Risk Factors Exposure" section within the Management Discussion and Analysis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

INTERNAL CONTROL SYSTEM

The Group's internal control system is structured around five core components, each serving as a fundamental pillar in ensuring effective risk management and governance. These components, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities, form the foundation of the Group's internal control framework. Each component is guided by key principles that define its function and reinforce the Group's commitment to maintaining a robust, transparent, and well-integrated control system, as outlined below: -

- **Board of Directors/Board Committees**

The Board's role, functions, composition, and operational processes are governed by a formal Board Charter, which clearly defines the roles and responsibilities of the Board, individual Directors, the Non-Independent Non-Executive Chairman, the Group Managing Director, and Management. This structured framework ensures the independence of the Board from Management while fostering effective oversight and decision-making.

To enhance governance and accountability, the Board has established specialized Board Committees, including the Audit and Risk Management Committee (ARMC), Remuneration Committee, Nomination Committee, ESOS Committee, and Investment Committee. These committees operate under clearly defined terms of reference, enabling them to execute delegated duties with transparency and efficiency.

Meetings of the Board of Directors and respective Board Committees are conducted on a scheduled basis to assess the financial and operational performance of the Group. Business plans and strategic proposals, formulated by the Group Managing Director and/or Executive Director, are presented to the Board for review and approval. These proposals undergo thorough evaluation, incorporating risk assessments and mitigation strategies, to ensure alignment with the Group's long-term objectives and sustainability commitments.

- **Integrity and Ethical Value**

The Group's commitment to integrity and ethical values is firmly established through a formal Code of Conduct, which has been approved by the Board of Directors. This Code serves as the foundation of the Group's ethical culture, setting clear expectations for transparency, accountability, and ethical decision-making across all levels of the organization. The principles of integrity and ethical behavior expected from employees are further embedded in the Employee Handbook, which outlines the required standards of conduct, responsibilities, and ethical behaviors employees must uphold in their daily operations. Additionally, a formalized Employee Grievance Procedure has been established to ensure that any concerns or grievances raised by employees are handled through a structured, transparent, and equitable process, allowing for prompt investigation and fair resolution.

To reinforce the ethical framework throughout the Group, the Board has implemented a comprehensive Anti-Bribery and Corruption Policy, designed to mitigate bribery risks, prevent conflicts of interest, and ensure strict compliance with regulatory and ethical standards. Furthermore, a Whistleblower Policy has been introduced, providing all stakeholders with a secure and confidential channel to report any suspected misconduct, unethical behavior, malpractices, illegal activities, or regulatory breaches at the earliest opportunity. As part of the Group's commitment to ethical business conduct, the Conflict of Interest Policy has been established to identify, minimize, and resolve any actual, potential, or perceived conflicts of interest that may arise between employees' private interests and their official duties. This policy applies to all employees, including contract employees and Executive Directors, and ensures that employees act with integrity and professionalism by prioritizing the Group's best interests above personal gain. Employees are required to disclose any conflicts of interest, whether financial, personal, or business-related, through a Conflict of Interest Declaration Form at the commencement of employment, annually, or as soon as a conflict arises.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

INTERNAL CONTROL SYSTEM Cont'd

- **Integrity and Ethical Value** Cont'd

The compliance and enforcement of the Code of Conduct, Employee Handbook, Conflict of Interest Policy, and Anti-Bribery and Corruption Policy are actively monitored through a robust internal control and compliance framework. Any instances of non-compliance are promptly identified, thoroughly investigated, and addressed with appropriate corrective measures, including, but not limited to, disciplinary action, to uphold the Group's unwavering commitment to ethical business practices.

- **Organisation Structure, Accountability and Authorisation**

The Group has a well-structured organisation with clear reporting lines and accountability, ensuring effective governance and oversight by the Board of Directors. To maintain a skilled and capable workforce, the Group carefully selects personnel with the necessary expertise to take on responsibilities while ensuring accountability and control. This structured approach improves efficiency and ensures key roles are handled by competent professionals.

To further clarify roles and responsibilities, Management has established detailed job descriptions for key positions, setting clear expectations for performance, accountability, and internal controls. Additionally, the Group's policies and procedures define approval requirements at key control points, ensuring decision-making is transparent, consistent, and aligned with good governance practices.

The Group has also introduced an Authority Limit Matrix to guide the delegation of authority at different levels. This matrix sets approval limits and decision-making responsibilities for financial and operational matters, ensuring proper oversight and risk management. By assigning authority based on roles, it strengthens governance, prevents unauthorized actions, and ensures all business activities follow regulatory and corporate standards. With a well-defined structure, clear delegation of authority, and strong internal controls, the Group ensures efficiency and accountability at all levels of the organization.

- **Performance Measurement**

The Objectives and Key Results (OKR) system serves as a structured performance monitoring tool, enabling the Group to assess the operational effectiveness of key divisions and departments against predefined targets. This systematic approach allows for the early identification of performance gaps, ensuring that prompt management interventions are taken to address any operational inefficiencies. Performance updates are reported to the Group Managing Director at scheduled intervals, facilitating data-driven decision-making and continuous improvement.

Additionally, the Group's annual financial budgets are meticulously prepared, serving as a benchmark for financial performance evaluation. Actual performance is closely monitored against budgeted projections, with significant variances promptly identified and addressed. This rigorous financial oversight enables proactive corrective actions, ensuring that the Group remains on track to achieve its strategic and financial objectives.

- **Succession Planning and Human Resource**

The Board remains committed to ensuring that the Group identifies and fulfills the needs of its employees by continuously enhancing their knowledge, skills, and competencies to support both personal development and corporate excellence. A Succession Plan is in place to ensure that key roles within the Group are supported by competent and capable second-in-line personnel, minimizing disruptions caused by the abrupt departure of key personnel.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

INTERNAL CONTROL SYSTEM Cont'd

- **Succession Planning and Human Resource** Cont'd

The Employee Handbook, Letter of Appointment, and Code of Conduct establish the general terms and conditions of employment, setting the foundation for workplace discipline, ethical conduct, and compliance. These guidelines provide clear expectations for both the Group and its employees, ensuring a structured and transparent work environment. Together with job descriptions, they define the Group's values, policies, and performance expectations throughout an employee's tenure.

Regular performance evaluations are conducted across all levels to identify performance gaps, training needs, and talent development opportunities. These assessments serve as the basis for determining incentives and promotions, reinforcing a culture of meritocracy and continuous improvement within the Group.

- **Risk Assessment and Control Activities**

Risk assessment, including fraud, bribery, sustainability risks, and opportunities, is conducted by Risk Owners at scheduled intervals or whenever there are changes in the internal or business context, in accordance with the Group Risk Management Framework. To mitigate identified risks to a level acceptable to the Board, which aligns with the Group's risk appetite, appropriate internal controls are formulated and implemented as risk responses.

The Group maintains documented policies and procedures that undergo regular review and updates to ensure their continued relevance and effectiveness in supporting business activities and achieving strategic objectives.

- **Information and Communication**

At the operational level, clear reporting lines are established across the Group, ensuring that operational reports are disseminated to relevant personnel for the effective communication of critical information. This structured approach facilitates timely decision-making and execution in alignment with the Group's strategies and business objectives. Matters requiring the Board's or Executive Director's attention are promptly highlighted for review, deliberation, and decision-making.

The Group has implemented robust information and communication infrastructures, including computerized systems, secured intranet, electronic mail systems, and modern telecommunication channels, to facilitate the efficient collection and processing of operational and external data. This ensures that relevant and adequate information is communicated timely, reliably, and securely to designated personnel within the Group for decision-making and external stakeholder communication. Additionally, financial and management reports are systematically generated and distributed at various levels for review and informed decision-making.

The communication of policies and procedures within the Group is carried out through written documentation, electronic mail systems, and in-house training sessions conducted by respective risk or control owners, ensuring clear understanding and compliance across the organization.

- **Monitoring and Review**

At the operational level, monitoring activities are embedded within the policies and procedures established by Management, ensuring that incidents of non-compliance and exceptions are promptly escalated to the appropriate level of management for review and resolution. In addition to the OKR system, which tracks the performance of key divisions and departments, periodic management meetings are conducted to discuss and assess the financial and operational performance of the Group's key divisions. Compliance monitoring with laws and regulations is further strengthened through independent consultants and enforcement agencies, which conduct periodic reviews of safety, health, and environmental practices.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

INTERNAL CONTROL SYSTEM Cont'd

- **Monitoring and Review** Cont'd

Beyond these monitoring mechanisms, quarterly financial statements detailing key financial results are presented to the Board for review. Additionally, the Executive Director and Head of Finance provide a financial performance report during Board meetings, allowing for a comprehensive assessment of the Group's financial standing.

Alongside internal audits, significant control issues identified by the External Auditors as part of their statutory audits, as well as compliance monitoring with ISO certification, serve as additional layers of defense. These surveillance audits, conducted by internal ISO auditors and independent consultants, reinforce the Group's commitment to regulatory compliance and operational excellence.

For reported incidents of non-compliance and exceptions, corrective actions are developed and implemented, with their execution closely monitored to ensure effective resolution and ongoing adherence to compliance standards.

INTERNAL AUDIT FUNCTION

The review of the adequacy and effectiveness of the Group's risk management and internal control system is outsourced to an independent professional firm, NeedsBridge Advisory Sdn Bhd, which, through the Audit and Risk Management Committee (ARMC), provides the Board with the necessary assurance regarding the sufficiency and effectiveness of the Group's risk management and internal control framework.

The outsourced internal audit function reports directly to the ARMC, ensuring independence and accountability in its assessments. The engagement director, Mr. Pang Nam Ming, is a Certified Internal Auditor and holds a Certification in Risk Management Assurance accredited by the Institute of Internal Auditors Global. As a professional member of the Institute of Internal Auditors Malaysia, he is required to declare compliance with audit standards during his renewal as a Certified Internal Auditor. Internal audits are conducted in all material aspects in accordance with the International Professional Practices Framework (IPPF), which includes the Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors Global.

The audit engagement of the outsourced internal audit function is governed by the engagement letter and Internal Audit Charter, both of which are approved by the Board. The key terms outlined in the engagement include the scope of work, accountability, independence, responsibilities of the outsourced internal audit function and Management, authority accorded, scope limitations, confidentiality requirements, proposed fees, and engagement team composition.

In parallel, the Internal Audit Charter defines the governance structure of the internal audit function, specifying its purpose and mission, required professional standards, authorities, reporting structure, independence and objectivity, responsibilities, audit planning approach, reporting and monitoring mechanisms, and the quality assurance and improvement program. The Charter mandates adherence to The Institute of Internal Auditors' mandatory guidelines, including the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing ("Standards").

The appointment and resignation of the outsourced internal audit function, along with the proposed audit fees, are subject to review by the ARMC, which subsequently reports its recommendations to the Board for final approval. During the financial year under review, the resources allocated for internal audit fieldwork included one (1) assistant manager, supported by at least one (1) senior consultant and one (1) consultant per engagement, with oversight conducted by the senior director.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

INTERNAL AUDIT FUNCTION Cont'd

To maintain independence and objectivity, the outsourced internal audit function is strictly prohibited from performing management responsibilities. It is not permitted to act on behalf of Management, implement action plans, perform ongoing internal control monitoring activities (except for follow-ups on action plan implementation), authorize or execute transactions, prepare source documents, have custody of assets, or assume any role equivalent to a member of Management or an employee.

The outsourced internal audit function is granted unrestricted access to all functions, records, property, personnel, the ARMC, and specialized services within or outside the Group. It is also provided with the necessary assistance from personnel in the units being audited, ensuring a comprehensive and objective review of internal controls and risk management processes.

Based on the review of internal audit activities and the engagement terms of the outsourced internal audit function during the financial year, the ARMC and the Board are satisfied that:

- The outsourced internal audit function is free from any relationships or conflicts of interest that could compromise its independence and objectivity;
- The scope of the outsourced internal audit function is adequate and aligned with the Group's risk and control objectives;
- The outsourced internal audit function possesses the relevant experience, knowledge, competency, and authority required to execute its responsibilities effectively. It is also equipped with sufficient resources and has unrestricted access to employees and necessary information for internal audit activities;
- The internal audit plan is well-structured and appropriate for the Group's risk profile and business needs.

The risk-based internal audit plan for the financial year ended 31 December 2024 was developed by the outsourced internal audit function after considering residual risks with high potential impact from the Key Risk Profile, findings from previous internal audits, and Management's input in response to the existing business context and economic conditions. This plan was reviewed and approved by the ARMC before implementation. Each internal audit cycle is designed with clear objectives, key risks to be assessed, and specific internal control review scopes to ensure a targeted and effective audit process.

As the Third-Line function, the internal control review procedures conducted by the outsourced internal audit function focus on understanding, documenting, and evaluating risks and controls to determine the adequacy and effectiveness of the Group's governance, risk management, and control processes. Audit recommendations are formulated based on root cause analysis of identified audit observations. The internal audit procedures include process evaluations through interviews with relevant personnel, reviews of Standard Operating Procedures and process flows, and observations of operational practices to ensure compliance with documented procedures. Testing of controls is performed through sample-based reviews, where sample sizes are determined using predefined formulas, adjusted according to the nature of the testing and verification process.

During the financial year ended 31 December 2024, the outsourced internal audit function conducted internal audits on sales and marketing, credit control management across AIMFLEX Systems Sdn. Bhd., AIMFLEX Engineering Sdn. Bhd., and AIMFLEX Metals Sdn. Bhd., and sustainability management at the Group level.

Upon completion of each internal audit fieldwork, the internal audit reports were presented to the ARMC during its scheduled meetings. These reports detailed the internal audit findings, priority levels, risk implications, recommendations, Management responses and action plans, responsible personnel, and implementation timelines. The ARMC deliberated on these findings to assess the adequacy and effectiveness of governance, risk, and control processes within the audited business functions. Additionally, progress follow-ups were conducted by the outsourced internal audit function on outstanding management action plans from previous audit cycles. Verification was performed through physical observation or sample-based evidence provided by responsible personnel to substantiate the implementation of corrective measures. Updates on the progress of management action plans were subsequently presented in the Action Plan Progress Follow-Up Report, which was tabled at the ARMC meetings for further review and deliberation.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

INTERNAL AUDIT FUNCTION Cont'd

Additionally, during the ARMC meeting, the outsourced internal audit function provided an update on its staff strength, qualifications, experience, and continuous professional education, ensuring transparency and compliance with professional standards for the ARMC's review.

The total cost incurred for maintaining the outsourced internal audit function for the financial year ended 31 December 2024 amounted to RM35,360.

ASSURANCE FROM THE MANAGEMENT

In accordance with the Guidelines, the Board has received written assurance from the Group Managing Director, Executive Director, and all Senior Managers, including the Head of Finance, confirming that the Group's risk management and internal control system have functioned adequately and effectively, in all material aspects, to support the Group's objectives throughout the financial year under review.

OPINION AND CONCLUSION

Based on the review of risk management results and processes, the outcomes of internal audit activities, and the monitoring and review mechanisms outlined above, along with the assurance provided by Management, the Board is of the opinion that the Group's risk management and internal control system are satisfactory and have not led to any material losses, contingencies, or uncertainties that would require disclosure in the Group's Annual Report. The Board remains committed to sustaining and, where necessary, enhancing the Group's risk management and internal control system to ensure alignment with the Group's strategic and business objectives.

The Board is dedicated to maintaining an effective risk management and internal control system across the Group and, where required, implementing appropriate measures to further strengthen the internal control framework. While continuing to evaluate and manage the significant business risks faced by the Group, the Board remains vigilant in navigating the current and evolving business environment, ensuring that risk management practices remain resilient and responsive to emerging challenges.

ASSURANCE PROVIDED BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, as issued by the Malaysian Institute of Accountants.

Based on their review, nothing has come to their attention that would indicate this Statement is not prepared, in all material aspects, in compliance with the disclosure requirements set out in paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies, as well as Practices 10.1 and 10.2 of the Malaysian Code on Corporate Governance 2021, nor that it contains any factual inaccuracies.

REPORT ON AUDIT & RISK MANAGEMENT COMMITTEE

The Board of Directors is pleased to present the report of the Audit & Risk Management Committee ("ARMC") for the financial year ended 31 December 2024 ("FY 2024").

MEMBERSHIP AND MEETINGS

Members

The present members of the ARMC consists of:-

Law Lee Yen – Chairperson, Independent Non-Executive Director
 Professor Dato' Ir. Ts. Dr. Ruzairi bin Hj Abdul Rahim – Member, Independent Non-Executive Director
 Khoo Boo Keong – Member, Independent Non-Executive Director

The details of the terms of reference of the ARMC are available for reference at www.aimflex.com.my.

Meetings and Attendance

A total of four (4) ARMC meetings were held during FY2024. At the invitation of the ARMC, the Executive Directors, External Auditors and Internal Auditors attended the meetings. The Group's External Auditors attended one of the meetings where they were invited to discuss matters related to the statutory audit for FY2024. The attendance of each member at the ARMC meetings are as follows:-

Members	Attendance
Law Lee Yen	4/4
Professor Dato' Ir. Ts. Dr. Ruzairi Bin Hj Abdul Rahim	4/4
Khoo Boo Keong	4/4

SUMMARY OF ACTIVITIES OF THE ARMC DURING THE FINANCIAL YEAR

In line with the ARMC Terms of Reference, the following activities were carried out during the FY 2024 and in respect of the financial statements for FY 2024:-

1. Reviewed the unaudited quarterly financial statements of the Group, focusing particularly on the financial reporting and compliance with the disclosure requirements prior to making recommendation to the Board for consideration and approval;
2. Reviewed the related party transactions entered into by the Group and conflict of interest situation that may arise within the Group;
3. Reviewed and approved the Internal Audit Plan for FY 2024;
4. Reviewed the Risk Management Framework and Key Risk Report;
5. Reviewed the external auditors' scope of work and audit planning memorandum;
6. Reviewed the Audited Financial Statements, focusing particularly on any changes in accounting policies and practices, significant adjustments arising from audit or unusual events, the going concern assumption and compliance with the accounting standards and other requirements, prior to making recommendation to the Board for consideration and approval;
7. Considered the re-appointment of the external auditors and make recommendation to the Board for approval;
8. Reviewed the ARMC Report and Statement on Risk Management and Internal Control, prior to making recommendation to the Board for its approval; and
9. Reported to the Board on significant issues and concerns discussed during the ARMC meetings.

REPORT ON AUDIT & RISK MANAGEMENT COMMITTEE CONT'D

INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The Board recognises that an internal audit function is essential to ensuring the effectiveness of the Group's system of internal control, risk management and overall governance process.

The Group has outsourced the internal audit function to NeedsBridge Advisory Sdn Bhd, an internal audit consulting firm. The engagement was done during the FY2021. In FY2023 the ARMC and Board has approved the proposed internal audit plan for FY2024 and FY2025 and Risk Management Framework and Key Risk Report.

The Internal Auditors report directly to the ARMC on a periodic basis based on the agreed internal audit plan.

PERFORMANCE OF THE ARMC

The performance of the ARMC was assessed through self-evaluation. The results of the self-assessment were documented and assessed by the Nomination Committee prior to presentation to the Board for review. During FY2024, the Board is satisfied that the ARMC have carried out their duties in accordance with their Terms of Reference.

This ARMC Report has been reviewed by the ARMC and approved by the Board on 28 April 2025.

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DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding.

The principal activities of the subsidiaries are manufacturing and sale of automation machines and precision parts, distribution of manufacturing automation hardware and software, and investment holding.

FINANCIAL RESULTS

	GROUP RM	COMPANY RM
Net profit for the financial year	<u>8,882,828</u>	<u>1,574,425</u>
Attributable to :		
Owners of the Company	8,769,503	1,574,425
Non-controlling interests	<u>113,325</u>	<u>-</u>
	<u>8,882,828</u>	<u>1,574,425</u>

In the opinion of the directors, the financial results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year and the directors do not recommend any dividend for the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 130,000 ordinary shares for cash totalling RM22,815 arising from the exercise of employees' share options at an exercise price of RM0.1755 per ordinary share.

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

There were no other changes in the issued and paid-up share capital of the Company during the financial year.

The Company did not issue any new debentures during the financial year.

DIRECTORS' REPORT CONT'D

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employees' Share Option Scheme ("ESOS").

At an extraordinary general meeting held on 19 August 2020, the Company's shareholders approved the establishment of an ESOS of not more than 15% of the issued share capital of the Company to eligible directors and employees.

The salient features of the ESOS are, inter alia, as follows:

- (i) Each ESOS option entitles the eligible employees to subscribe for such number of ordinary shares in the Company pursuant to an offer duly accepted by the eligible employees at the exercise price to be determined by the ESOS Committee at its discretion based on the 5-day volume weighted average market price of the Company's shares as quoted in Bursa Securities, immediately prior to the date of offer made by the ESOS Committee with a discount of not more than 10%, if deemed appropriate.
- (ii) The ESOS shall be valid for a duration of ten years from the effective date of implementation of the ESOS.

The options offered to take up unissued ordinary shares and the exercise prices are as follows:

Date of offer	Expiry date	Exercise price RM	Number of options over ordinary shares				At 31 December 2024
			At 1 January 2024	Granted	Exercised	Forfeited	
29.12.2020	28.12.2028	0.2139	20,141,600	-	-	(1,225,000)	18,916,600
01.09.2021	31.08.2028	0.1755	7,864,000	-	(130,000)	(561,000)	7,173,000
01.12.2023	23.08.2030	0.1841	13,780,000	-	-	(1,030,000)	12,750,000
			41,785,600	-	(130,000)	(2,816,000)	38,839,600

Other terms of the ESOS are disclosed in Note 16 to the financial statements.

DIRECTORS

The directors of the Company who held office during the financial year until the date of this report are as follows:

Law Lee Yen
 Professor Dato' Ir. Ts. Dr. Ruzairi bin Hj Abdul Rahim
 Chuah Chong Ewe
 Chuah Chong San
 Khoo Boo Keong

DIRECTORS' REPORT CONT'D

DIRECTORS OF THE SUBSIDIARIES

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

Chuan Chong San
Hing Fook Sern
Ong Soo Lid
Khoo Chee Kuang
Khoo Chee Seang
Queh Yong Jin
Chin Yeow Ming
Loo Kok Leong
Ooi Chun Jin
Chuah Chern Yang (Appointed on 2 April 2025)

DIRECTORS' INTEREST

During and at the end of the financial year, the Company was not a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate apart from the issuance of the ESOS.

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2024 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

DIRECT INTEREST	Number of ordinary shares			
	At 1 January 2024	Acquired	(Disposed)	At 31 December 2024
The Company				
Chuah Chong Ewe	161,576,707	630,000	-	162,206,707
Professor Dato' Ir. Ts. Dr. Ruzairi bin Hj Abdul Rahim	120,800	-	-	120,800
Subsidiary				
Hing Fook Sern	467,000	-	(75,000)	392,000
DEEMED INTEREST				
The Company				
Chuah Chong Ewe *	25,000,000	-	-	25,000,000

DIRECTORS' REPORT CONT'D
DEEMED INTEREST Cont'd

ESOS	Number of options over ordinary shares				
	At 1 January 2024	Granted	(Exercised)	(Forfeited)	At 31 December 2024
The Company					
Chuah Chong Ewe	2,000,000	-	-	-	2,000,000
Subsidiary					
Hing Fook Sern	904,700	-	-	-	904,700
Ong Soo Lid	1,367,000	-	-	-	1,367,000

* Deemed interest through Gosave Sdn. Bhd. ("GSB"), a company holds majority equity interest in Resolute Accomplishment Sdn. Bhd. ("RASB") and RASB holds 25,000,000 ordinary shares in AIMFLEX Berhad.

By virtue of his interests in the ordinary shares of the Company, Chuah Chong Ewe is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

None of the other directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the notes to the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with a director or with a firm of which a director is a member or with a company in which the director has a substantial financial interest.

DIRECTORS' REMUNERATION

The amounts of remunerations received or receivable by the Directors of the Group and of the Company during the financial year are as follow:

	GROUP RM	COMPANY RM
Directors of the Company		
- fees	144,000	144,000
- salaries, bonuses and other benefits	887,389	887,389
- defined contribution plan	100,000	100,000
	<u>1,131,389</u>	<u>1,131,389</u>
Directors of the subsidiaries		
- salaries, bonuses and other benefits	2,150,273	-
- defined contribution plan	118,311	-
	<u>2,245,970</u>	<u>-</u>
Total directors' remuneration	<u>3,399,973</u>	<u>1,131,389</u>

DIRECTORS' REPORT CONT'D

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

The Company maintains a Directors' and Officers' Liability Insurance for the purpose of Section 289 of the Companies Act 2016 in Malaysia, throughout the financial year, which provide appropriate insurance cover for Directors and officers of the Company. The amount of insurance premium effected for the Directors and officers of the Company during the financial year was RM9,520. The Directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them. No indemnities have been given to or insurance premiums paid, during or since the end of the financial year, for the auditors of the Group and of the Company.

AUDITORS' REMUNERATION

The amounts paid to or receivable by the auditors as remuneration for their services as auditors are as follows:

	GROUP RM	COMPANY RM
Audit fees	240,472	43,000
Non-audit fees	5,000	5,000
	<u>245,472</u>	<u>48,000</u>

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, 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 had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that the current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
 - (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the Group's and the Company's financial statements misleading.

DIRECTORS' REPORT CONT'D**OTHER STATUTORY INFORMATION** Cont'd

- (c) 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.
- (d) 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 its obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the results of the operations of the Group and of the Company for the current financial year.

AUDITORS

The auditors, RSM Malaysia PLT have expressed their willingness to continue in office.

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

CHUAH CHONG EWE

CHUAH CHONG SAN

28 April 2025

Johor Bahru

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		GROUP		COMPANY	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
ASSETS					
Non-current assets					
Property, plant and equipment	6	26,695,638	27,810,620	143,612	249,972
Investment property	7	252,958	259,128	-	-
Investment in subsidiaries	8	-	-	45,251,815	44,917,607
Goodwill	9	4,354,250	4,354,250	-	-
Deferred tax assets	10	20,256	306,728	-	-
		<u>31,323,102</u>	<u>32,730,726</u>	<u>45,395,427</u>	<u>45,167,579</u>
Current assets					
Inventories	11	12,709,624	13,031,311	-	-
Trade and other receivables	12	20,867,649	25,054,579	360,250	96,262
Current tax assets		2,828,257	1,961,526	34,252	19,520
Cash and cash equivalents	13	95,404,882	91,307,153	46,702,691	45,332,688
		<u>131,810,412</u>	<u>131,354,569</u>	<u>47,097,193</u>	<u>45,448,470</u>
TOTAL ASSETS		<u>163,133,514</u>	<u>164,085,295</u>	<u>92,492,620</u>	<u>90,616,049</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	14	87,384,972	87,351,211	87,384,972	87,351,211
Treasury shares	15	(310,000)	-	(310,000)	-
Reserves	16	(12,341,411)	(12,377,280)	3,296,930	2,741,068
Retained earnings		<u>67,975,116</u>	<u>59,031,008</u>	<u>1,794,494</u>	<u>220,069</u>
Equity attributable to owners of the Company		142,708,677	134,004,939	92,166,396	90,312,348
Non-controlling interests		<u>1,007,499</u>	<u>894,174</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY		<u>143,716,176</u>	<u>134,899,113</u>	<u>92,166,396</u>	<u>90,312,348</u>
Non-current liabilities					
Lease liabilities	18	855,221	470,980	-	-
Loans and borrowings	19	2,960,247	3,109,877	-	-
Deferred tax liabilities	10	1,117,418	1,139,623	-	-
		<u>4,932,886</u>	<u>4,720,480</u>	<u>-</u>	<u>-</u>
Current liabilities					
Lease liabilities	18	475,322	599,291	-	-
Loans and borrowings	19	143,850	137,199	-	-
Trade and other payables	20	13,415,943	23,450,172	301,377	272,523
Current tax liabilities		449,337	279,040	24,847	31,178
		<u>14,484,452</u>	<u>24,465,702</u>	<u>326,224</u>	<u>303,701</u>
TOTAL LIABILITIES		<u>19,417,338</u>	<u>29,186,182</u>	<u>326,224</u>	<u>303,701</u>
TOTAL EQUITY AND LIABILITIES		163,133,514	164,085,295	92,492,620	90,616,049

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	GROUP		COMPANY	
		2024 RM	2023 RM	2024 RM	2023 RM
REVENUE	21	78,636,795	85,059,950	2,000,000	-
COST OF SALES		(50,759,081)	(56,247,908)	-	-
GROSS PROFIT		27,877,714	28,812,042	2,000,000	-
OTHER OPERATING INCOME		355,589	1,236,084	89,685	300,004
FINANCE INCOME		2,299,319	1,721,875	1,390,631	1,402,955
SELLING AND DISTRIBUTION COSTS		(2,329,988)	(2,830,088)	-	-
ADMINISTRATIVE EXPENSES		(15,922,787)	(16,436,527)	(1,766,059)	(1,602,641)
OTHER OPERATING EXPENSES		(1,562,010)	(97,076)	(115,390)	-
RESULTS FROM OPERATING ACTIVITIES		10,717,837	12,406,310	1,598,867	100,318
FINANCE COSTS	22	(224,153)	(188,380)	-	-
PROFIT BEFORE TAXATION	23	10,493,684	12,217,930	1,598,867	100,318
TAXATION	24	(1,610,856)	(2,867,913)	(24,442)	(31,178)
NET PROFIT FOR THE FINANCIAL YEAR		8,882,828	9,350,017	1,574,425	69,140
OTHER COMPREHENSIVE (EXPENSE)/INCOME					
Item that will be reclassified subsequently to profit or loss:					
Exchange translation differences of foreign operations		(519,993)	446,216	-	-
TOTAL COMPREHENSIVE INCOME		8,362,835	9,796,233	1,574,425	69,140

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

CONT'D

	Note	GROUP		COMPANY	
		2024 RM	2023 RM	2024 RM	2023 RM
NET PROFIT ATTRIBUTABLE TO:					
Owners of the Company		8,769,503	9,116,061	1,574,425	69,140
Non-controlling interests		113,325	233,956	-	-
NET PROFIT FOR THE FINANCIAL YEAR		<u>8,882,828</u>	<u>9,350,017</u>	<u>1,574,425</u>	<u>69,140</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Company		8,249,510	9,562,277	1,574,425	69,140
Non-controlling interests		113,325	233,956	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>8,362,835</u>	<u>9,796,233</u>	<u>1,574,425</u>	<u>69,140</u>
EARNINGS PER SHARE					
- Basic (sen)	26	<u>0.60</u>	<u>0.62</u>		
- Diluted (sen)	26	<u>0.60</u>	<u>0.62</u>		

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

GROUP	Attributable to owners of the Company								
	Non-distributable			Distributable					
	Share capital RM	Treasury share RM	Merger reserve RM	Share options reserve RM	Translation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2023	86,365,131	-	(16,628,339)	2,750,036	1,063,775	49,831,627	123,382,230	-	123,382,230
Acquisition of subsidiaries	-	-	-	-	-	-	-	660,218	660,218
Net profit for the financial year	-	-	-	-	-	9,116,061	9,116,061	233,956	9,350,017
Other comprehensive income for the financial year	-	-	-	-	446,216	-	446,216	-	446,216
Total comprehensive income for the financial year	-	-	-	-	446,216	9,116,061	9,562,277	233,956	9,796,233
Transactions with owners:									
Issuance of ordinary shares	986,080	-	-	(319,707)	-	-	666,373	-	666,373
Share options granted under ESOS (Note 17)	-	-	-	394,059	-	-	394,059	-	394,059
Share options forfeited under ESOS (Note 17)	-	-	-	(83,320)	-	83,320	-	-	-
	986,080	-	-	(8,968)	-	83,320	1,060,432	-	1,060,432
Balance as at 31 December 2023	87,351,211	-	(16,628,339)	2,741,068	1,509,991	59,031,008	134,004,939	894,174	134,899,113

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 CONT'D

GROUP	Attributable to owners of the Company					Total RM	Non- controlling interests RM	Total equity RM
	Share capital RM	Treasury share RM	Merger reserve RM	Share options reserve RM	Translation reserve RM	Retained earnings RM		
Balance as at 31 December 2023/ 1 January 2024	87,351,211	-	(16,628,339)	2,741,068	1,509,991	59,031,008	894,174	134,899,113
Net profit for the financial year	-	-	-	-	-	8,769,503	113,325	8,882,828
Other comprehensive expense for the financial year	-	-	-	-	(519,993)	-	-	(519,993)
Total comprehensive income for the financial year	-	-	-	-	(519,993)	8,769,503	113,325	8,362,835
Transactions with owners:								
Issuance of ordinary shares	33,761	-	-	(10,946)	-	-	-	22,815
Share buy-back (Note 15)	-	(310,000)	-	-	-	-	-	(310,000)
Share options granted under ESOS (Note 17)	-	-	-	741,413	-	-	-	741,413
Share options forfeited under ESOS (Note 17)	-	-	-	(174,605)	-	174,605	-	-
	33,761	(310,000)	-	555,862	-	174,605	-	454,228
Balance as at 31 December 2024	87,384,972	(310,000)	(16,628,339)	3,296,930	989,998	67,975,116	1,007,499	143,716,176

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 CONT'D

COMPANY	Non-distributable			Distributable	
	Share capital RM	Treasury share RM	Share options reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2023	86,365,131	-	2,750,036	150,929	89,266,096
Net profit and total comprehensive income for the financial year	-	-	-	69,140	69,140
Transactions with owners:					
Issuance of ordinary shares	986,080	-	(319,707)	-	666,373
Share options granted under ESOS (Note 17)	-	-	394,059	-	394,059
Share options forfeited under ESOS (Note 17)	-	-	(83,320)	-	(83,320)
	986,080	-	(8,968)	-	977,112
Balance as at 31 December 2023/1 January 2024	87,351,211	-	2,741,068	220,069	90,312,348
Net profit and total comprehensive income for the financial year	-	-	-	1,574,425	1,574,425
Transactions with owners:					
Issuance of ordinary shares	33,761	-	(10,946)	-	22,815
Share buy-back (Note 15)	-	(310,000)	-	-	(310,000)
Share options granted under ESOS (Note 17)	-	-	741,413	-	741,413
Share options forfeited under ESOS (Note 17)	-	-	(174,605)	-	(174,605)
	33,761	(310,000)	555,862	-	279,623
Balance as at 31 December 2024	87,384,972	(310,000)	3,296,930	1,794,494	92,166,396

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	10,493,684	12,217,930	1,598,867	100,318
Adjustments for:				
Bad debts written off	-	3,807	-	-
Depreciation of				
- investment property	6,170	6,170	-	-
- property, plant and equipment	2,057,113	2,006,244	106,360	106,360
- right-of-use assets	599,564	450,134	-	-
Dividend income	(220,102)	(3,881)	(2,075,393)	(1,592)
Gain on disposal of property, plant and equipment	(22,222)	(36,049)	-	-
Impairment loss on trade receivables	70,347	1,994,643	-	-
Interest expense	224,153	188,380	-	-
Interest income	(2,299,319)	(1,721,875)	(1,390,631)	(1,402,955)
Property, plant and equipment written off	6,876	42,247	-	-
Provision for warranty	52,491	15,276	-	-
Rental income	(27,450)	(27,600)	-	-
Reversal of impairment loss on trade receivables	(12,000)	(153,600)	-	-
Share-based payments for ESOS	742,878	393,571	232,600	19,383
Unrealised loss on foreign exchange	593,518	29,006	-	-
Operating profit/(loss) before working capital changes	12,265,701	15,404,403	(1,528,197)	(1,178,486)
Decrease/(Increase) in inventories	321,687	(1,161,225)	-	-
Decrease/(Increase) in trade and other receivables	4,128,583	(2,140,716)	87,825	(7,547)
(Decrease)/Increase in trade and other payables	(1,418,911)	651,248	27,560	(10,242)
Decrease in contract liabilities	(9,440,254)	6,384,000	-	-
Cash generated from/(used in) operations	5,856,806	19,137,710	(1,412,812)	(1,196,275)
Interest paid	(20,639)	(139,745)	-	-
Interest received	2,299,319	1,639,643	1,038,818	1,320,763
Tax paid	(2,043,023)	(3,515,538)	(45,505)	(19,504)
Net cash generated from/(used in) operating activities	6,092,463	17,122,070	(419,499)	104,984

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 CONT'D

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiaries, net of cash & cash equivalents acquired	-	(1,772,368)	-	-
Dividend received	220,102	3,881	2,075,393	1,592
(Increase)/Decrease in fixed deposits pledged with licensed banks	(3,358)	1,099,010	-	-
Increase in fixed deposits with maturity period of more than 3 months	(33,068,550)	-	(33,068,550)	-
Proceeds from disposal of property, plant and equipment	25,000	54,500	-	-
Purchase of property, plant and equipment (Note 6(a))	(630,058)	(2,709,235)	-	(5,399)
Rental received	27,450	27,600	-	-
Net cash used in investing activities	<u>(33,429,414)</u>	<u>(3,296,612)</u>	<u>(30,993,157)</u>	<u>(3,807)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from a director related company	99,682	14,834	-	-
Advances from a subsidiary company	-	-	1,294	2,150
Proceeds from issuance of ordinary shares	33,761	666,373	22,815	666,373
Repayment of lease liabilities	(735,816)	(581,952)	-	-
Net (repayment)/drawdown of term loans	(280,168)	374,703	-	-
Share buy-back	(310,000)	-	(310,000)	-
Net cash (used in)/generated from financing activities	<u>(1,192,541)</u>	<u>473,958</u>	<u>(285,891)</u>	<u>668,523</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(28,529,492)</u>	<u>14,299,416</u>	<u>(31,698,547)</u>	<u>769,700</u>
EFFECT OF FOREIGN EXCHANGE DIFFERENCES	<u>(444,687)</u>	<u>460,578</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	<u>91,185,053</u>	<u>76,425,059</u>	<u>45,332,688</u>	<u>44,562,988</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD (NOTE 13)	<u>62,210,874</u>	<u>91,185,053</u>	<u>13,634,141</u>	<u>45,332,688</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

1. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding.

The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated in the financial statements.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

(b) Basis of consolidation

(i) Subsidiaries

A subsidiary is an entity controlled by the Group, i.e. the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its current ability to direct the entity's relevant activities (power over the investee).

The existence and effect of potential voting rights that the Group has the practical ability to exercise (i.e. substantive rights) are considered when assessing whether the Group controls another entity.

The Group's financial statements incorporate the results, cash flows, assets and liabilities of the Company and all of its directly and indirectly controlled subsidiaries. Subsidiaries are consolidated from the effective date of acquisition, which is the date on which the Group effectively obtains control of the acquired business, until that control ceases.

The non-controlling interests in the net assets and net results of consolidated subsidiaries are shown separately in the consolidated statement of financial position and consolidated statement of profit or loss, and consolidated statement of comprehensive income.

Total comprehensive income (i.e. profit or loss and each component of other comprehensive income) is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION Cont'd

(b) Basis of consolidation Cont'd

(i) Subsidiaries Cont'd

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control are accounted for as transactions with owners in their capacity as owners (i.e. equity transactions). The carrying amounts of the Group 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 interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

Upon loss of control of a subsidiary, the Group's profit or loss is calculated as the difference between (i) the fair value of the consideration received and of any investment retained in the former subsidiary and (ii) the previous carrying amount of the assets (including any goodwill) and liabilities of the subsidiary and any non-controlling interests.

Investment in subsidiaries 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.

(ii) Translation of financial statements of foreign entities

The assets and liabilities of foreign operations are translated into RM using exchange rates at the reporting date. The components of shareholders' equity are stated at historical value.

Average exchange rates for the period are used to translate income and expense items of foreign operations. However, if exchange rates fluctuate significantly, the exchange rates at the dates of the transactions are used.

All resulting exchange differences are recognised in other comprehensive income and accumulated in currency translation reserve, a separate component of equity.

Any goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and, as such, translated at the closing rate.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the parent company are reclassified to profit or loss. The cumulative amount of the exchange differences relating to that foreign operation that had been attributed to the non-controlling interests are derecognised, but without reclassification to profit or loss. The same applies in case of loss of control, joint control or significant influence.

On the partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of exchange differences accumulated in the separate component of equity are re-attributed to non-controlling interests (they are not recognised in profit or loss). For any other partial disposal of foreign entity (i.e. associates or jointly controlled entities without loss of significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION Cont'd

(b) Basis of consolidation Cont'd

(iii) Business combinations

The results of subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. 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 transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable 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.

Under the merger method of accounting, the financial statements of the subsidiaries are included in the consolidated financial statements as if the business combination had occurred from the earliest date presented and that the Group has operated as a single economic entity throughout the financial years presented in the consolidated financial statements.

The Group applies the acquisition method to account for acquired businesses, whereby the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values (with few exceptions as required by MFRS 3 *Business Combinations*).

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group.

Acquisition-related costs (e.g. finder's fees, consulting fees, administrative costs, etc.) are recognised as expenses in the periods in which the costs are incurred and the services are received.

On acquisition date, goodwill is measured as the excess of the aggregate of consideration transferred, any non-controlling interests in the acquiree, and acquisition-date fair value of the Group's previously held equity interest in the acquiree (if business combination achieved in stages) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after appropriate reassessment, the amount as calculated above is negative, it is recognised immediately in profit or loss as a bargain purchase gain.

At acquisition date, non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement is made separately for each business combination. Other components of non-controlling interests are measured at their acquisition-date fair values, unless otherwise required by MFRS.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION Cont'd

(b) Basis of consolidation Cont'd

(iii) Business combinations Cont'd

The acquisition-date fair value of any contingent consideration is recognised as part of the consideration transferred by the Group in exchange for the acquiree. Changes in the fair value of contingent consideration that result from additional information obtained during the measurement period (maximum one year from the acquisition date) about facts and circumstances that existed at the acquisition date are adjusted retrospectively against goodwill. Other changes resulting from events after the acquisition date are adjusted at each reporting date, only when the contingent consideration is classified as an asset or a liability, and the adjustment is recognised in profit or loss.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. If any, changes in the value of the Group's equity interest in the acquiree that have been previously recognised in other comprehensive income are reclassified to profit or loss, if appropriate had that interest been disposed of directly.

(iv) Transactions eliminated on consolidation

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

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

(c) Financial instruments

(i) Initial recognition and measurement

The Group and the Company recognise a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, an entity in the Group and the Company become a party to the contractual provisions of the instruments.

If a contract is a host financial liability or a non-financial host contract that contains an embedded derivative, the Group and the Company assess whether the embedded derivative shall be separated from the host contract on the basis of the economic characteristics and risks of the embedded derivative and the host contract at the date when the Group and the Company become a party to the contract. If the embedded derivative is not closely related to the host contract, it is separated from the host contract and accounted for as a stand-alone derivative. The Group and the Company do not make a subsequent reassessment of the contract unless there is a change in the terms of the contract that significantly modifies the expected cash flows or when there is a reclassification of a financial liability out of the fair value through profit or loss category. Embedded derivatives in host financial assets are not separated.

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities (including intra-group payables and government loans at below market interest rates) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION Cont'd

(c) Financial instruments Cont'd

(ii) Derecognition of financial instruments

For derecognition purposes, the Group and the Company first determine whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group and the Company transfer the contractual rights to receive cash flows of the financial asset, including circumstances when the Group and the Company act only as a collecting agent of the transferee, and retain no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group and the Company consider a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

(iii) Financial assets

For the purpose of subsequent measurement, the Group and the Company classify financial assets into three measurement categories, namely: (i) financial assets at amortised cost ("AC"); (ii) financial assets at fair value through other comprehensive income ("FVOCI") and (iii) financial assets at fair value through profit or loss ("FVPL"). The classification is based on the Group's and the Company's business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

After initial recognition, the Group and the Company measure financial assets, as follows:

1. Financial assets at AC

A financial asset is measured at amortised cost if: (a) it is held within the Group's and the Company's business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

2. Financial assets at FVOCI

A financial asset is measured at FVOCI if: (a) it is held within the Group's and the Company's business objective to hold the asset both to collect contractual cash flows and selling the financial asset, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

3. Financial assets at FVPL

A financial asset is measured at FVPL if it is an equity investment, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC or FVOCI model.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION Cont'd

(c) Financial instruments Cont'd

(iii) Financial assets Cont'd

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 3(c)(vii) to the financial statements.

(iv) Financial liabilities

After initial recognition, the Group and the Company measure all financial liabilities at amortised cost using the effective interest method, except for:

1. Financial liabilities at fair value through profit or loss (including derivatives that are liabilities) are measured at fair value.
2. Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. Paragraph 3.2.15 and 3.2.17 of MFRS 9 apply to the measurement of such financial liabilities.
3. Financial guarantee contracts issued, and commitments to provide loans at a below-market interest rate given, by the Group and the Company are measured at the higher of: (a) the amount of impairment loss determined and (b) the amount initially recognised less, when appropriate, the cumulative of income recognised in accordance with the principles in MFRS 15 *Revenue from Contracts with Customers*.

(v) Fair value measurement

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 3(v) to the financial statements.

(vi) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets mandatorily measured at FVOCI, interest income (calculated using the effective interest rate method), impairment losses, and exchange gains or losses are recognised in profit or loss. All other gains or losses are recognised in other comprehensive income and retained in a fair value reserve. On derecognition of the financial assets, the cumulative gain or loss recognised in OCI is reclassified to profit or loss as a reclassification adjustment.

For financial assets and financial liabilities carried at amortised cost, interest income and interest expense are recognised in profit or loss using the effective interest method. A gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired and through the amortisation process of the instrument.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION Cont'd

(c) Financial instruments Cont'd

(vii) Impairment of financial assets

The Group and the Company apply the expected credit loss ("ECL") model of MFRS 9 to recognise impairment losses of financial assets measured at amortised cost or at fair value through other comprehensive income. Except for trade receivables, a 12-month ECL is recognised in profit or loss on the date of origination or purchase of the financial assets. At the end of each reporting period, the Group and the Company assess whether there has been a significant increase in credit risk of a financial asset since its initial recognition or at the end of the prior period. Other than for financial assets which are considered to be of low risk grade, a lifetime ECL is recognised if there has been a significant increase in credit risk since initial recognition. For trade receivables, the Group and the Company have availed the exception to the 12-month ECL requirement to recognise only lifetime ECL.

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions. For operational simplifications: (a) a 12-month ECL is maintained for financial assets which investment grades that are considered as low credit risk, irrespective of whether credit risk has increased significantly or not; and (b) credit risk is considered to have increased significantly if payments are more than 30 days past due if no other borrower-specific information is available without undue cost or effort.

The ECL is measured using an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, discounted for the time value of money and applying reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecast of future economic conditions. The ECL for a financial asset (when assessed individually) or a group of financial assets (when assessed collectively) is measured at the present value of the probability-weighted expected cash shortfalls over life of the financial asset or group of financial assets. When a financial asset is determined as credit-impaired (based on objective evidence of impairment), the lifetime ECL is determined individually.

For trade receivable, the lifetime ECL is determined at the end of each reporting period using a provision matrix. For each significant receivable, individual lifetime ECL is assessed separately. For significant receivables which are not impaired and for all other receivables, they are grouped into risk classes by type of customers and businesses, and the ageing of the receivables. Collective lifetime ECLs are determined using past loss rates, which are updated for effects of current conditions and reasonable forecasts for future economic conditions. In the event that the economic or industry outlook is expected to worsen, the past loss rates are increased to reflect the worsening economic conditions.

(d) Property, plant and equipment

On initial recognition, items of property, plant and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION Cont'd

(d) Property, plant and equipment Cont'd

After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

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

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

Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is calculated so as to write off the cost of the assets, less their estimated residual values, over their useful economic lives as follows:

Buildings	2%
Furniture and equipment	10% - 20%
Motor vehicles	20%
Plant and machinery	10%
Renovation	10%

Freehold land is not depreciated. Buildings-in-progress are not depreciated until the assets are ready for their intended use.

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(e) Leases

(i) Definition of a lease

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION Cont'd

(e) Leases Cont'd

(i) Definition of a lease Cont'd

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

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

(ii) Recognition and initial measurement

1. As a lessee

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

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

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

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

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

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

The Group presents the right-of-use assets in 'property, plant and equipment' in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION Cont'd

(e) Leases Cont'd

(ii) Recognition and initial measurement Cont'd

2. As a lessor

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

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

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

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

(iii) Subsequent measurement

1. As a lessee

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

The depreciation period for the current and comparative periods are as follows:

Buildings	12 to 24 months
Leasehold land	50 years

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

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

2. As a lessor

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION Cont'd

(f) Inventories

Inventories are measured at the lower of cost and net realisable value (which is the estimated selling price less costs to complete and sell). Cost comprises purchase price and directly attributable costs of bringing the inventories to their present location and condition. For manufactured goods, cost includes conversion costs of labour and variable and fixed production overheads. Cost is determined on a first-in first-out ("FIFO") basis.

Net realisable value is determined on an item-by-item basis or on group of similar items basis.

(g) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are held to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. The cost comprises the purchase price and any directly attributable expenditure (e.g. professional fees for legal services, property transfer taxes).

Subsequently, investment properties are carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life as follows:

Buildings	2%
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Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(ii) Reclassification to/from investment property

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION Cont'd

(h) Intangible assets

Goodwill

Goodwill arising in a business combination is initially measured at its cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

(i) Impairment of non-financial assets

(i) Impairment of property, plant and equipment

The carrying amounts of such assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs to sell of the individual asset or the cash-generating unit. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Value in use is the present value of the estimated future cash flows of that unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the unit which impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the unit.

Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(ii) Impairment of goodwill

Irrespective of whether there is any indication of impairment, such assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

For the purpose of impairment testing, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

Goodwill impairment is not reversed in any circumstances.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION Cont'd

(j) Contract assets/contract liabilities

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9 Financial Instruments (see note 3(c)(vii)) to the financial statements.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Equity

(i) Share capital

Ordinary shares that carry no mandatory contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, is classified as equity instruments.

When ordinary shares and other equity instruments are issued in a public offering or in a rights issue to existing shareholders, they are recorded at the issue price.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at fair value at a date of the exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from retained profits in equity, net of any related income tax benefit.

(ii) Dividend distribution

The Company establishes a distribution policy whereby cash dividends can only be paid out of retained earnings. Other distributions, such as stock dividends and distribution in specie, may be paid out of any reserve to the extent that the utilisation is permitted by company laws and regulations.

Distributions to holders of an equity instrument are debited directly in equity, net of any related income tax benefit

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, the Company measures the dividend payable at the fair value of the assets to be distributed.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION Cont'd

(m) Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded at the rates of exchange prevailing at the respective dates of transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are retranslated into the functional currency using the exchange rates at the reporting date (i.e. the closing rate).

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the transaction (i.e. historical rate). Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit or loss (except for loans and advances that form part of the net investment in a foreign operation and transactions entered into in order to hedge foreign currency risks of net investments in foreign operations).

For loans and advances that form part of the net investment in a foreign operation, exchange differences are recognised in profit or loss in the separate financial statements of the Company and/or the individual financial statements of the foreign operation. In the consolidated financial statements that include the foreign operation, the gain or loss recognised in profit or loss in the separate and/or individual financial statements is reversed and recognised in the consolidated other comprehensive income and accumulated in an exchange translation reserve.

(n) Employees benefits

(i) Short-term benefit

Wages, salaries, bonuses and social security ("SOCSSO") contributions and employment insurance system ("EIS") contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leaves are recognised when services are rendered by employees and short term non-accumulating compensated absences such as sick leaves are recognised when the absences occur.

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees' Provident Fund ("EPF"). The contributions are recognised as a liability after deducting any contribution already paid and as an expense in profit or loss in the period in which the employees render their services. Once the contributions have been paid, the Group and the Company have no further payment obligations.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION Cont'd

(o) Share-based payments for Employees' Share Option Scheme ("ESOS")

Share-based payments of the Group are equity-settled share options granted to employees, for which an option pricing model is used to estimate the fair value at grant date. That fair value is charged on a straight-line basis as an expense in the profit or loss over the period that the employee becomes unconditionally entitled to the options (vesting period), with a corresponding increase in equity.

The number of such options is adjusted annually to reflect best estimates of those expected to vest (ignoring purely market based conditions) with consequent changes to the expense. Equity is also increased by the proceeds receivable, as and when employees choose to exercise their options.

If the Group modifies the terms and conditions on which the equity instruments were granted, as a minimum, the services received measured at the grant date fair value of the equity instruments granted (unless those equity instruments do not vest because of failure to satisfy a vesting condition other than a market condition) are charged to the profit or loss.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore the unrecognised remaining amount is recognised immediately in profit or loss.

(p) Provisions

Where, at reporting date, the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will settle the obligation, a provision is made in the statement of financial position. Provisions are made using best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period they arise.

Any reimbursement attributable to a recognised provision from a counter-party (such as an insurer) is not off-set against the provision but recognised separately as an asset when, and only when, the reimbursement is virtually certain.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. Warranty provisions are measured using probability models based on past experience.

(q) Revenue and other income

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION Cont'd

(q) Revenue and other income Cont'd

The Group measures revenue from a sale of goods or a service transaction at the fair value of the consideration received or receivable, which is usually the invoice price, net of a trade discount and volume rebate given to the customer. For a contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

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

Revenue for performance obligation that is not satisfied over time is recognised at a point in time at which the customer obtains control of the promised goods or services.

(i) Goods and services rendered

Revenue from a sale of goods is recognised at a point in time when control of the goods is passed to the customer, which is the point in time when the significant risks and rewards are transferred to the customer and the transaction has met the probability of inflows and measurement reliability requirements of MFRS 15.

Revenue from services rendered is recognised in profit or loss when the services are performed, and is measured at the fair value of the consideration receivable.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(iii) Rental income

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

(iv) Dividend income

Dividend income from investment is recognised when the right to receive dividend payment is established.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION Cont'd

(r) Borrowing costs

Interest on borrowings to finance the purchase and development of a self-constructed qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) is included in the cost of the asset until such time as the assets are substantially ready for use or sale. Such borrowing costs are capitalised net of any investment income earned on the temporary investment of funds that are surplus pending such expenditure.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

(s) Income taxes

Current tax payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

Using the statements of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the statement of financial position and the corresponding tax base, with the exception of goodwill not deductible for tax purposes and temporary differences arising on initial recognition of assets and liabilities that do not affect taxable or accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that the Group and the Company consider that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Group's and the Company's intention are to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively. Where tax arises from the initial accounting for a business combination, it is included in the accounting for the business combination.

Since the Group and the Company are able to control the timing of the reversal of the temporary difference associated with interests in subsidiaries, associates and joint arrangements, a deferred tax liability is recognised only when it is probable that the temporary difference will reverse in the foreseeable future mainly because of a dividend distribution.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION Cont'd

(s) **Income taxes** Cont'd

At present, no provision is made for the additional tax that would be payable if the subsidiaries in certain countries remitted their profits because such remittances are not probable, as the Group and the Company intend to retain the funds to finance organic growth locally. As far as joint arrangements and associates are concerned, the Group and the Company are not in a position to determine their dividend policies. As a result, all significant deferred tax liabilities for all such taxable temporary differences are recognised.

(t) **Earnings per share**

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the financial year for the effects of all dilutive potential ordinary shares.

(u) **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 revenues 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, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(v) **Fair value measurement**

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. When measuring the fair value of an asset or a liability, the Group and the Company use market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group and by the Company (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

3. MATERIAL ACCOUNTING POLICY INFORMATION Cont'd

(v) Fair value measurement Cont'd

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group and by the Company at the end of the reporting period during which the change occurred.

(w) Foreign currencies transactions and balances

(i) Functional and presentation currency

The Group's functional currency is presented in Ringgit Malaysia ("RM") which is also the functional currency of the Company. Each entity of the Group determines its own functional currency and items included in its financial statements of each entity are measured using that functional currency.

(ii) Transactions and balances

Transactions denominated in foreign currencies are translated and recorded at the rates of exchange prevailing at the respective dates of transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are translated into the functional currency using the exchange rates at the reporting date (i.e. the closing rate).

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the transaction (i.e. historical rate). Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit or loss (except for loans and advances that form part of the net investment in a foreign operation and transactions entered into in order to hedge foreign currency risks of net investments in foreign operations).

4. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs

4.1 Amendments to MFRSs adopted

For the preparation of the financial statements, the following amendments to the MFRSs issued by the MASB are mandatory for the first time for the financial year 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 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*
- Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures – Supplier Finance Arrangements*

The adoption of the above-mentioned amendments to MFRSs has no significant impact on the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

4. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs Cont'd

4.2 New MFRSs and amendments to MFRSs not yet effective

The following are new MFRSs and amendments to the MFRSs that have been issued by the MASB up to the date of the issuance of the Group's and the Company's financial statements but have not been adopted by the Group and the Company:

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2025

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

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments*
- Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures – Contracts Referencing Nature-Dependent Electricity*
- Annual Improvements to MFRS – Volume 11

New MFRSs effective for annual periods beginning on or after 1 January 2027

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

Amendments to MFRSs effective for annual periods beginning on or after a date yet to be confirmed

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

The directors anticipate that the above-mentioned new MFRSs and amendments will be adopted by the Group and the Company when they become effective.

The initial application of new MFRSs and amendments to MFRSs is not expected to have any significant impact on the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing its financial statements, the Group and the Company have made significant judgements, estimates and assumptions that impact on the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Group and the Company periodically monitor such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements made in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Depreciation of property, plant and equipment, right-of-use assets and investment properties

The cost of an item of property, plant and equipment, right-of-use assets and investment properties are depreciated on a straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment, right-of-use asset and investment properties may differ from the estimates applied.

(b) Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is written down to their estimated realisable value when their cost may no longer be recoverable such as when inventories are damaged or become wholly or partly obsolete or their selling prices have declined. In any case, the realisable value represents the best estimate of the recoverable amount, is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of write-downs to net realisable value include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and may materially affect the carrying amount of inventories at the reporting date (as reflected in Note 11).

(c) Loss allowances of financial assets

The Group and the Company recognise impairment losses for trade receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's and the Company's financial positions and results.

(d) Determining the value in use

The Group allocates goodwill to cash-generating units for the purpose of impairment testing. In determining the value-in-use of a cash-generating unit, management uses reasonable and supportable inputs about sales, cost of sales and other expenses based upon past experience, current events and reasonably possible future developments. Cash flows are projected based on those inputs and discounted at an appropriate discount rate. The actual outcome or event may not coincide with the inputs or assumptions and the discount rate applied in the measurement, and this may have a significant effect on the Group's financial position and results.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS Cont'd

(e) Share-based payments for Employees' Share Option Scheme ("ESOS")

Share-based payments are measured at grant date fair value. For share options granted to employees, in many cases market prices are not available and therefore the fair value of the options granted shall be estimated by applying an option pricing model. Option pricing model need input data such as expected volatility of the share price, expected dividends or the risk-free interest rate for the life of the option. The overall objective is to approximate the expectations that would be reflected in a current market or negotiated exchange price for the option. Such assumptions are subject to judgements and may turn out to be significantly different than expected.

Fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's and the Company's estimate of equity instruments that will eventually vest. The estimate of the number of equity instruments expected to vest is revised by the Group and by the Company at the end of each reporting period through settlement. Revisions of the original estimates, if any, is recognised in profit or loss so that the cumulative expense includes the revised estimate, with the corresponding adjustment to the reserve for employee equity-settled benefits.

(f) Income tax and deferred tax estimation

Management judgement is required in determining the provision for income taxes, deferred tax assets and liabilities and the extent to which deferred tax assets can be recognised. There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate.

The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Recognition of deferred tax assets and liabilities involves making a series of assumptions. As far as deferred tax assets are concerned, their realisation ultimately depends on taxable profits being available in the future. Deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deferred tax asset can be utilised and it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the Group and the Company making assumptions within its overall tax-planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2024 CONT'D

6. PROPERTY, PLANT AND EQUIPMENT

<u>GROUP</u> 2024	Land RM	Buildings RM	Buildings- in-progress RM	Furniture and equipment RM	Motor vehicles RM	Plant and machinery RM	Renovation RM	Total RM
At cost								
<u>Own use</u>								
As at 1 January 2024	1,001,562	13,568,460	-	4,912,648	1,835,082	7,033,968	2,440,113	30,791,833
Additions	-	-	-	313,722	85,000	277,361	137,770	813,853
Disposals	-	-	-	-	(86,058)	-	-	(86,058)
Written off	-	-	-	(31,076)	-	-	-	(31,076)
Effect of movements in exchange rates	-	-	-	(12,223)	-	-	(5,299)	(17,522)
As at 31 December 2024	1,001,562	13,568,460	-	5,183,071	1,834,024	7,311,329	2,572,584	31,471,030
<u>Right-of-use assets</u>								
As at 1 January 2024	5,833,111	746,183	-	-	158,562	957,000	-	7,694,856
Addition	-	759,246	-	-	-	-	-	759,246
Effect of movements in exchange rates	-	(31,664)	-	-	-	-	-	(31,664)
As at 31 December 2024	5,833,111	1,473,765	-	-	158,562	957,000	-	8,422,438

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2024 CONT'D

6. PROPERTY, PLANT AND EQUIPMENT Cont'd

	Land	Buildings	Buildings-in-progress	Furniture and equipment	Motor vehicles	Plant and machinery	Renovation	Total
	RM	RM	RM	RM	RM	RM	RM	RM
GROUP								
2024								
Accumulated depreciation								
Own use								
As at 1 January 2024	-	1,287,344	-	2,425,782	1,211,990	3,554,286	1,023,947	9,503,349
Charge for the financial year	-	271,369	-	676,996	159,475	700,689	248,584	2,057,113
Disposals	-	-	-	-	(83,280)	-	-	(83,280)
Written off	-	-	-	(24,200)	-	-	-	(24,200)
Effect of movements in exchange rates	-	-	-	(8,158)	-	-	(3,627)	(11,785)
As at 31 December 2024	-	1,558,713	-	3,070,421	1,288,185	4,254,974	1,268,904	11,441,197
Right-of-use assets								
As at 1 January 2024	592,208	212,484	-	-	158,561	209,467	-	1,172,720
Charge for the financial year	118,442	385,422	-	-	-	95,700	-	599,564
Effect of movements in exchange rates	-	(15,651)	-	-	-	-	-	(15,651)
As at 31 December 2024	710,650	582,255	-	-	158,561	305,167	-	1,756,633

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2024 CONT'D

6. PROPERTY, PLANT AND EQUIPMENT Cont'd

<u>GROUP</u>	Land	Buildings	Buildings- in-progress	Furniture and equipment	Motor vehicles	Plant and machinery	Renovation	Total
<u>2023</u>	RM	RM	RM	RM	RM	RM	RM	RM
<u>At Cost</u>								
<u>Own use</u>								
As at 1 January 2023	-	11,293,022	-	4,140,296	1,601,039	5,557,995	2,136,771	24,729,123
Acquisition of subsidiaries	1,001,562	-	1,787,938	183,447	91,102	439,050	12,430	3,515,529
Additions	-	-	487,500	723,587	148,475	1,111,980	237,693	2,709,235
Disposals	-	-	-	(20,312)	(1)	-	-	(20,313)
Written off	-	-	-	(107,467)	(5,533)	(3,461)	(40,870)	(157,331)
Reclassifications	-	2,275,438	(2,275,438)	(19,035)	-	(71,596)	90,631	-
Effect of movements in exchange rates	-	-	-	12,132	-	-	3,458	15,590
As at 31 December 2023	1,001,562	13,568,460	-	4,912,648	1,835,082	7,033,968	2,440,113	30,791,833
<u>Right-of-use assets</u>								
As at 1 January 2023	5,833,111	270,028	-	-	-	-	-	6,103,139
Acquisition of subsidiaries	-	32,317	-	-	158,562	629,000	-	819,879
Addition	-	746,183	-	-	-	328,000	-	1,074,183
Derecognition	-	(302,345)	-	-	-	-	-	(302,345)
As at 31 December 2023	5,833,111	746,183	-	-	158,562	957,000	-	7,694,856

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2024 CONT'D

6. PROPERTY, PLANT AND EQUIPMENT Cont'd

<u>GROUP</u>	Land	Buildings	Buildings- in-progress	Furniture and equipment	Motor vehicles	Plant and machinery	Renovation	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation								
<u>Own use</u>								
As at 1 January 2023	-	1,053,899	-	1,751,722	834,280	2,844,333	796,131	7,280,365
Acquisition of subsidiaries	-	-	-	64,111	72,817	178,064	7,481	322,473
Charge for the financial year	-	233,445	-	671,917	310,425	565,817	224,640	2,006,244
Disposals	-	-	-	(1,862)	-	-	-	(1,862)
Written off	-	-	-	(92,230)	(5,532)	(1,130)	(16,192)	(115,084)
Reclassifications	-	-	-	22,240	-	(32,798)	10,558	-
Effect of movements in exchange rates	-	-	-	9,884	-	-	1,329	11,213
As at 31 December 2023	-	1,287,344	-	2,425,782	1,211,990	3,554,286	1,023,947	9,503,349
<u>Right-of-use assets</u>								
As at 1 January 2023	473,766	157,517	-	-	-	-	-	631,283
Acquisition of subsidiaries	-	2,694	-	-	158,561	127,913	-	289,168
Charge for the financial year	118,442	250,138	-	-	-	81,554	-	450,134
Derecognition	-	(199,480)	-	-	-	-	-	(199,480)
Effect of movements in exchange rates	-	1,615	-	-	-	-	-	1,615
As at 31 December 2023	592,208	212,484	-	-	158,561	209,467	-	1,172,720

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

6. PROPERTY, PLANT AND EQUIPMENT Cont'd

GROUP

Net carrying amount

As at 31 December 2024

Own use	1,001,562	12,009,747	-	2,112,651	545,839	3,056,355	1,303,679	20,029,833
Right-of-use assets	5,122,461	891,510	-	-	1	651,833	-	6,665,805
	6,124,023	12,901,257	-	2,112,651	545,840	3,708,188	1,303,679	26,695,638

As at 31 December 2023

Own use	1,001,562	12,281,116	-	2,486,866	623,092	3,479,682	1,416,166	21,288,484
Right-of-use assets	5,240,903	533,699	-	-	1	747,533	-	6,522,136
	6,242,465	12,814,815	-	2,486,866	623,093	4,227,215	1,416,166	27,810,620

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2024 CONT'D

6. PROPERTY, PLANT AND EQUIPMENT Cont'd

<u>Company</u>	Furniture and equipment RM	Motor vehicle RM	Total RM
Cost			
As at 1 January 2023	-	526,400	526,400
Addition	5,399	-	5,399
As at 31 December 2023/1 January 2024/ 31 December 2024	-	526,400	531,799
Accumulated depreciation			
As at 1 January 2023	-	175,467	175,467
Charge for the financial year	1,080	105,280	106,360
As at 31 December 2023/1 January 2024	1,080	280,747	281,827
Charge for the financial year	1,080	105,280	106,360
As at 31 December 2024	2,160	386,027	388,187
Net carrying amount			
As at 31 December 2023	4,319	245,653	249,972
As at 31 December 2024	3,239	140,373	143,612

- (a) The Group's certain freehold land and building amounting to RM3,223,906 (2023: RM3,269,415) have been pledged to licensed banks for term loans granted to the Group as disclosed in Note 19 to the financial statements.
- (b) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Aggregate cost of property, plant and equipment acquired	1,573,099	3,783,418	-	5,399
Acquired by means of finance lease arrangements	(183,795)	(328,000)	-	-
Addition to right-of-use assets in exchange for increased lease liabilities	(759,246)	(746,183)	-	-
Cost disbursed for acquisition of property, plant and equipment	630,058	2,709,235	-	5,399

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

7. INVESTMENT PROPERTY

	GROUP	
	2024	2023
	RM	RM
Cost		
As at 1 January/31 December	308,485	308,485
Accumulated depreciation		
As at 1 January	49,357	43,187
Charge for the financial year	6,170	6,170
As at 31 December	55,527	49,357
	<u>252,958</u>	<u>259,128</u>

Investment property comprise building that is leased to a third party. The lease contains an initial non-cancellable period of 2 years. Subsequent renewals are negotiated with the lessee annually. No contingent rents are charged.

	GROUP	
	2024	2023
	RM	RM
Rental income	24,000	24,000
Direct operating expenses		
- income generating investment property	<u>12,435</u>	<u>10,027</u>

As at 31 December 2024, the fair value of the investment property is RM288,000 (2023: RM350,000). The fair value of the Group's investment property was determined by directors' assessment based on the current market value of similar properties in the vicinity.

Fair value information

Level 3 fair value

The investment property of the Group is categorised under the Level 3 fair value. Level 3 fair value is estimated using unobservable input for the investment property.

The valuation of commercial property is based on market comparable approach. The significant unobservable input is the estimated sale price based on directors' assumptions. The estimated sale price are made for any difference in the nature, location or condition of the specific property.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2024 CONT'D

8. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2024 RM	2023 RM
Unquoted shares, at cost		
As at 1 January/31 December	41,612,079	41,612,079
Equity contributions in respect of share-based payment employee expenses		
As at 1 January	3,305,528	3,014,172
Additions	508,813	374,676
Forfeited	(174,605)	(83,320)
	3,639,736	3,305,528
As at 31 December	45,251,815	44,917,607

The details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ country of incorporation	Effective equity interest		Principal activities
		2024	2023	
		%	%	
Subsidiary of the Company				
AIMFLEX Technology Sdn. Bhd.	Malaysia	100	100	Investment holding company
Subsidiaries of AIMFLEX Technology Sdn. Bhd.				
Bizit Systems (M) Sdn. Bhd.	Malaysia	100	100	Distribution of statistical analysis software, wireless communication devices and robotic arms
AIMFLEX Engineering Sdn. Bhd.	Malaysia	100	100	Design and fabrication of precision parts
AIMFLEX Solutions Sdn. Bhd.	Malaysia	100	100	Design, development, manufacturing and integration of modules and components in relation to Industry 4.0
AIMFLEX Systems Sdn. Bhd.	Malaysia	100	100	Manufacturing and modification of specialised automation machines, provision of maintenance and technical support services and supply of spare parts
AIMFLEX Metal Sdn. Bhd.	Malaysia	100	100	Design and fabrication of metal panels and frames

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2024 CONT'D

8. INVESTMENT IN SUBSIDIARIES Cont'd

The details of the subsidiaries are as follows: Cont'd

Name of subsidiaries	Principal place of business/ country of incorporation	Effective equity interest		Principal activities
		2024	2023	
		%	%	
Subsidiaries of AIMFLEX Technology Sdn. Bhd. Cont'd				
Bizit Systems and Solutions Pte. Ltd. *	Singapore	100	100	Retail sale of computer hardware (including handheld computers) and peripheral equipment, and computer software (except games and cybersecurity hardware and software) (software sales, marketing and training) and development of other software and programming activities
AIMFLEX Singapore Pte. Ltd. *	Singapore	100	100	Sales of specialised automation machines
AIMFLEX Philippines Inc. *	Philippines	99	99	Importation, assembly, installation, and commissioning business of specialised automation machines, provision of modifications, maintenance and technical support services
Owin Industrial Sdn. Bhd. *	Malaysia	60	60	Manufacturer of spare parts, accessories and all kind of other general purpose of machinery
Union Tech Automation Sdn. Bhd. *	Malaysia	60	60	Trading of automation parts, precision tooling and machining
Esontech Sdn. Bhd. *	Malaysia	80	80	Design, production, and promotion of automated equipment, testers, systems, and software solutions tailored to cater to the needs of the silicon photonics industries

* Not audited by RSM Malaysia PLT.

The non-controlling interests ("NCI") and respective NCI percentage of ownership interest and voting interest are as follows:-

- (i) Owin Industrial Sdn. Bhd. at 40%.
- (ii) Union Tech Automation Sdn. Bhd. at 40%.
- (iii) Esontech Sdn. Bhd. at 20%.

- (a) The total carrying amount of non-controlling interest ("NCI") and profit allocated to NCI are as follows:-

	GROUP	
	2024 RM	2023 RM
Carrying amount of NCI	1,007,499	894,174
Profit allocated to NCI	113,325	233,956

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2024 CONT'D

8. INVESTMENT IN SUBSIDIARIES Cont'd

- (b) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting year are as follows:-

	GROUP	
	2024	2023
	RM	RM
Asset and liabilities		
Non-current assets	5,086,983	5,229,461
Current assets	3,852,860	2,658,409
Non-current liabilities	(3,351,568)	(3,476,563)
Current liabilities	(2,982,442)	(2,064,581)
Net assets	<u>2,605,833</u>	<u>2,346,726</u>
Results		
Revenue	8,816,307	7,432,253
Net profit and total comprehensive income for the financial year	<u>259,107</u>	<u>595,956</u>
Cash flows		
Cash flows generated from/(used in) operating activities	898,878	(849,834)
Cash flows (used in)/generated from investing activities	(82,659)	(1,290,037)
Cash flows (used in)/generated from financing activities	(713,940)	656,083
Net change in cash and cash equivalents	<u>102,279</u>	<u>(1,483,788)</u>

9. GOODWILL

	GROUP	
	2024	2023
	RM	RM
Cost		
As at 1 January	5,566,413	2,067,965
Addition	-	3,498,448
As at 31 December	<u>5,566,413</u>	<u>5,566,413</u>
Accumulated impairment loss		
As at 1 January/31 December	<u>(1,212,163)</u>	<u>(1,212,163)</u>
	<u>4,354,250</u>	<u>4,354,250</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

9. GOODWILL Cont'd

On an annual basis, the Group undertakes an impairment testing on goodwill using the value in use method. No impairment loss was identified on the carrying amount of goodwill assessed at the reporting date as its recoverable amounts were above its carrying amounts.

Recoverable amount based on value in use

The recoverable amounts of cash-generating units are determined based on value in use calculations. These calculations use pre-tax cash flow projections that have been projected to perpetuity based on a 5 years financial budgets and projections prepared and approved by the management. The projected cash flows of cash-generating units were determined based on past business performance and management's expectations on market development.

Key assumptions used for value-in-use calculation are as follows:

Pre-tax discount rate	9.10% (2023: 8.13%)
Terminal growth rate	1.70% (2023: 1.70%)

10. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP	
	2024	2023
	RM	RM
Balance as at 1 January	(832,895)	(327,103)
Acquisition of subsidiaries	-	(14,660)
Transfer from profit or loss (Note 24)	(264,954)	(490,431)
Effect of movements in exchange rates	687	(701)
Balance as at 31 December	<u>(1,097,162)</u>	<u>(832,895)</u>
Represented by:		
Deferred tax assets	20,256	306,728
Deferred tax liabilities	<u>(1,117,418)</u>	<u>(1,139,623)</u>
Total	<u>(1,097,162)</u>	<u>(832,895)</u>

The components of deferred tax assets/(liabilities) prior to offsetting are as follows:

	GROUP	
	2024	2023
	RM	RM
Deferred tax assets		
Differences between the net carrying amounts of contract liabilities and their tax base	22,269	301,655
Differences between the net carrying amounts of provision for warranty and their tax base	<u>(2,013)</u>	<u>5,073</u>
	<u>20,256</u>	<u>306,728</u>

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2024 CONT'D

10. DEFERRED TAX ASSETS/(LIABILITIES) Cont'd

	GROUP	
	2024 RM	2023 RM
Deferred tax liabilities		
Differences between the net carrying amounts of property, plant and equipment and their tax base	(1,139,634)	(1,139,623)
Differences between the net carrying amounts of contract liabilities and their tax base	22,216	-
	<u>(1,117,418)</u>	<u>(1,139,623)</u>

11. INVENTORIES

	GROUP	
	2024 RM	2023 RM
At cost		
Raw materials	3,085,917	3,977,532
Work-in-progress	6,720,594	8,209,545
Finished goods	1,191,340	474,307
Trading goods	1,711,773	369,927
	<u>12,709,624</u>	<u>13,031,311</u>
Inventories recognised as cost of sales	<u>50,639,229</u>	<u>56,106,494</u>

12. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Trade				
Third parties	22,936,476	28,156,329	-	-
Less: Loss allowance	(4,296,849)	(4,238,502)	-	-
	<u>18,639,627</u>	<u>23,917,827</u>	<u>-</u>	<u>-</u>
Non-trade				
Other receivables	1,709,423	658,712	351,813	87,715
Deposits	274,237	275,713	1,000	1,000
Prepayments	244,362	202,327	7,437	7,547
	<u>2,228,022</u>	<u>1,136,752</u>	<u>360,250</u>	<u>96,262</u>
	<u>20,867,649</u>	<u>25,054,579</u>	<u>360,250</u>	<u>96,262</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

12. TRADE AND OTHER RECEIVABLES Cont'd

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM	RM	RM	RM
Total trade and other receivables (excluding prepayments)	20,623,287	24,852,252	352,813	88,715
Add: Cash and bank balances (Note 13)	43,244,030	38,143,891	5,244,798	3,136,515
Add: Fixed deposits placed with licensed banks (Note 13)	33,412,888	34,122,100	33,287,430	34,000,000
Total financial assets carried at amortised costs	<u>97,280,205</u>	<u>97,118,243</u>	<u>38,885,041</u>	<u>37,225,230</u>

- (a) The trade amounts due from third parties are subject to normal trade terms ranging between 30 days to 120 days (2023: 30 days to 120 days).
- (b) The movements in loss allowance are as follows:

	GROUP	
	2024	2023
	RM	RM
As at 1 January	4,238,502	2,139,197
Acquisition of subsidiaries	-	258,262
Loss allowances recognised in profit or loss		
- Individual impairment losses	70,347	1,994,643
- Reversal of impairment losses over-provided in prior financial years	(12,000)	(153,600)
As at 31 December	<u>4,296,849</u>	<u>4,238,502</u>

13. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents consist of:

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM	RM	RM	RM
Cash and bank balances	43,244,030	38,143,891	5,244,798	3,136,515
Fixed deposits placed with licensed banks	33,412,888	34,122,100	33,287,430	34,000,000
Short-term investments	18,747,964	19,041,162	8,170,463	8,196,173
Balance as stated in the Statements of Financial Position at 31 December	95,404,882	91,307,153	46,702,691	45,332,688
Less : Fixed deposits pledged with licensed banks	(125,458)	(122,100)	-	-
Less: Fixed deposits with maturity period of more than 3 months	(33,068,550)	-	(33,068,550)	-
Balance for Statements of Cash Flows purposes as at 31 December	<u>62,210,874</u>	<u>91,185,053</u>	<u>13,634,141</u>	<u>45,332,688</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

13. CASH AND CASH EQUIVALENTS Cont'd

- (a) The fixed deposits placed with licensed banks have maturity period of 2 to 12 months (2023: 1 to 12 months). The weighted average effective interest rates of the fixed deposits range from 1.44% to 4.00% (2023: 2.75% to 4.00%) per annum.
- (b) The fixed deposits placed with licensed banks have been pledged as security for banking facilities amounting to RM120,000 (2023: RM120,000) granted to the Group.
- (c) Short-term investments represent the funds invested in money market instruments and thus have minimum exposure to changes in market value. There is no maturity period for money market funds as these monies are callable on demand. The money market funds were carried at fair value. The fair value hierarchy for money market funds is classified as Level 1 as described in Note 3(v) to the financial statements.

Short-term investments represent total financial assets measured at fair value through profit or loss ("FVPL").

14. SHARE CAPITAL

	GROUP AND COMPANY			
	2024		2023	
	Number of ordinary shares	Amount RM	Number of ordinary shares	Amount RM
Issued and fully paid with no par value				
As at 1 January	1,468,945,200	87,351,211	1,468,945,200	86,365,131
Issued for cash under ESOS	130,000	22,815	3,797,000	666,373
Transfer from share options reserve	-	10,946	-	319,707
As at 31 December	1,472,872,200	87,384,972	1,472,742,200	87,351,211

During the financial year, the Company issued 130,000 ordinary shares for cash totalling RM22,815 arising from the exercise of employees' share options at an exercise price of RM0.1755 per ordinary share.

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

There were no other changes in the issued and paid-up capital of the Company during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

15. TREASURY SHARES

	GROUP AND COMPANY			
	2024		2023	
	Number of shares	Amount RM	Number of shares	Amount RM
As at 1 January	-	-	-	-
Acquired during the financial year	(2,000,000)	(310,000)	-	-
As at 31 December	(2,000,000)	(310,000)	-	-

Treasury shares relate to ordinary shares of the Company that are held by the Company via the Company's plan on purchase of own shares. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

During the financial year, the Company purchased 2,000,000 (2023: Nil) of its issued ordinary shares from the open market at an average price of RM0.16 (2023: Nil) per ordinary share. The total consideration paid for the shares purchased including transaction costs was RM310,000 (2023: Nil).

As at 31 December 2024, the Company held a total of 2,000,000 (2023: Nil) ordinary shares of its 1,472,872,200 (2023: 1,472,742,200) issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM310,000 (2023: Nil). As at 31 December 2024, the total number of ordinary shares in issued and fully paid net of treasury shares is therefore 1,470,872,200 (2023: 1,472,742,200) ordinary shares.

The purchase transactions were financed by internally generated funds. The shares purchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

16. RESERVES

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Merger reserve	(16,628,339)	(16,628,339)	-	-
Share options reserve	3,296,930	2,741,068	3,296,930	2,741,068
Translation reserve	989,998	1,509,991	-	-
	(12,341,411)	(12,377,280)	3,296,930	2,741,068

Merger reserve

The merger reserve arises from the difference between the nominal value of shares issued by the Company and the nominal value of shares of the subsidiaries acquired under the merger method of accounting.

Share options reserve

The share options reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings. Share option is disclosed in Note 17 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

16. RESERVES Cont'd

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

17. SHARE-BASED PAYMENTS FOR ESOS

Share option programme (equity settled)

On 29 December 2020, the Group granted the share options to eligible directors and employees to purchase shares in the Company under the ESOS approved by the shareholders of the Company. In accordance with these programmes, holders of vested options are entitled to purchase shares at the market price of the shares at the date of grant.

The terms and conditions related to the grants of the share option programmes are as follows; all options are to be settled by physical delivery of shares:

Grant date/ employee entitled	Number of options	Vesting conditions	Contractual life of options
Tranche 1, option granted to eligible directors and employees of the Group on 29 December 2020	13,605,000	No vesting conditions	8 years
Tranche 2, option granted to eligible directors and employees of the Group on 29 December 2020	19,953,000	2 years of service	8 years
Tranche 3, option granted to eligible directors and employees of the Group on 1 September 2021	15,347,000	2 years of service	7 years
Tranche 4, option granted to eligible directors and employees of the Group on 1 December 2023	13,780,000	2 years of service	6.75 years
Total share options	<u>62,685,000</u>		

The number and weighted average exercise price of share options are as follows:

	2024		2023	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding as at 1 January	RM0.1968	41,785,600	RM0.1998	32,792,600
Granted during the financial year	-	-	RM0.1841	13,780,000
Exercised during the financial year	RM0.1755	(130,000)	RM0.1755	(3,797,000)
Forfeited during the financial year	RM0.1954	(2,816,000)	RM0.2001	(990,000)
Outstanding as at 31 December	RM0.1970	<u>38,839,600</u>	RM0.1968	<u>41,785,600</u>
Exercisable as at 31 December	RM0.2033	<u>26,089,600</u>	RM0.2031	<u>28,005,600</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

17. SHARE-BASED PAYMENTS FOR ESOS Cont'd

The options outstanding as at 31 December 2024 have an exercise price in the range of RM0.1755 to RM0.2139 (2023: RM0.1755 to RM0.2139) and a weighted average contractual life of 4.4 years (2023: 5.3 years).

During the financial year, 130,000 share options were exercised at RM0.1755 (2023: 3,797,000 at RM0.1755) per ordinary share.

During the financial year, 2,816,000 share options were forfeited at RM0.1954 (2023: 990,000 at RM0.2001) per ordinary share.

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a binomial option pricing model, with the following inputs:

	2024	2023
Fair value of share options and assumptions		
Fair value per option at grant date	<u>RM0.1163</u>	<u>RM0.1163</u>
Weighted average share price	RM0.1841	RM0.1841
Share price at grant date	RM0.1800	RM0.1800
Expected volatility (weighted average volatility)	63.60%	63.60%
Option life (expected weighted average life)	6.7 years	6.7 years
Expected dividends	0.00%	0.00%
Risk-free interest rate (based on Malaysian government bonds)	<u>3.60%</u>	<u>3.60%</u>

Value of employee services received for issue of share options:

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM	RM	RM	RM
Share options granted in the financial year and total expenses recognised as share-based payments (Note 23)	<u>742,878</u>	<u>393,571</u>	<u>232,600</u>	<u>19,383</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

18. LEASE LIABILITIES

	GROUP	
	2024	2023
	RM	RM
Future lease payment payable:		
- payable within one (1) year	531,040	647,309
- later than one (1) year and not later than five (5) years	845,238	497,453
- later than five (5) years	84,000	-
	<u>1,460,278</u>	<u>1,144,762</u>
Less: Future interest charges	<u>(129,735)</u>	<u>(74,491)</u>
	<u>1,330,543</u>	<u>1,070,271</u>
Repayable as follows:		
Current		
- not later than one (1) year	<u>475,322</u>	<u>599,291</u>
Non-current		
- later than one (1) year and not later than five (5) years	772,426	470,980
- later than five (5) years	82,795	-
	<u>855,221</u>	<u>470,980</u>
	<u>1,330,543</u>	<u>1,070,271</u>

(a) The movement of lease liabilities during the financial year are as follows:

	GROUP	
	2024	2023
	RM	RM
At 1 January	1,070,271	115,665
Acquisition of subsidiaries	-	515,781
Addition	943,041	1,074,183
Lease payments	(735,816)	(581,952)
Interest charged for the year	66,325	47,933
Derecognition	-	(102,865)
Effect of movements in exchange rate	<u>(13,278)</u>	<u>1,526</u>
At 31 December	<u>1,330,543</u>	<u>1,070,271</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

18. LEASE LIABILITIES Cont'd

(b) Cash outflows for leases as a lessee

	GROUP	
	2024	2023
	RM	RM
Included in net cash generated from/(used in) operating activities		
- Payment relating to short-term leases	197,356	273,340
Included in net cash (used in)/generated from financial activities		
- Interest paid in relation to lease liabilities	66,325	47,933
- Payment of principal portion of lease liabilities	669,491	534,019
At 31 December	<u>933,172</u>	<u>903,225</u>

The lease liabilities of the Group at the end of the reporting period bear effective interest rates range from of 2.47% to 7.00% (2023: 2.47% to 7.00%) per annum. The interest rate is fixed at the inception of the lease liabilities arrangements.

19. LOANS AND BORROWINGS

	GROUP	
	2024	2023
	RM	RM
Non-current		
Secured:		
Term loans	2,928,837	3,061,503
Unsecured:		
Term loan	31,410	48,374
	<u>2,960,247</u>	<u>3,109,877</u>
Current		
Secured:		
Term loans	126,886	121,853
Unsecured:		
Term loan	16,964	15,346
	<u>143,850</u>	<u>137,199</u>
	<u>3,104,097</u>	<u>3,247,076</u>

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2024 CONT'D

19. LOANS AND BORROWINGS Cont'd

The interest rates are as follows:

	GROUP	
	2024	2023
	%	%
Secured:		
Term loans	3.50 - 4.35	3.50 - 4.35
Unsecured:		
Term loan	10.55	10.55

The secured term loans are secured over the Group's certain freehold land and building as disclosed in Note 6(a), and jointly and severally guaranteed by certain directors of the Group.

The unsecured term loan obtained from a licensed bank is jointly and severally guaranteed by certain directors of the Group.

The changes in the Group's and the Company's liabilities arising from financing activities can be classified as follows:

	Term loans	Lease liabilities	Amount due to a director related company	Total
	RM	RM	RM	RM
GROUP				
As at 1 January 2023	-	115,665	-	115,665
Addition through acquisition of subsidiaries	2,872,373	515,781	-	3,388,154
Addition	487,500	1,074,183	-	1,561,683
Advances received	-	-	14,834	14,834
Repayment	(247,262)	(581,952)	-	(829,214)
Interest paid	134,465	47,933	-	182,398
Lease derecognition	-	(102,865)	-	(102,865)
Effect of movements in exchange rate	-	1,526	-	1,526
As at 31 December 2023/ 1 January 2024	3,247,076	1,070,271	14,834	4,332,181
Addition	-	943,041	-	943,041
Advances received	-	-	99,682	99,682
Repayment	(280,168)	(735,816)	-	(1,015,983)
Interest paid	137,189	66,325	-	203,514
Effect of movements in exchange rate	-	(13,278)	-	(13,278)
As at 31 December 2024	3,104,097	1,330,543	114,516	4,549,156

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2024 CONT'D

19. LOANS AND BORROWINGS Cont'd

	Amount due to a subsidiary RM
COMPANY	
As at 1 January 2023	-
Advances received	2,150
As at 31 December 2023/1 January 2024	2,150
Advances received	1,294
As at 31 December 2024	3,444

20. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM	RM	RM	RM
Trade				
Third parties	6,405,711	6,635,857	-	-
Non-trade				
Third parties	1,276,922	1,533,821	1,447	4,680
Accruals	5,034,077	5,259,744	296,486	265,693
Deposit payables	11,700	7,100	-	-
Contract liabilities	537,425	9,977,679	-	-
Provision for warranty	35,592	21,137	-	-
Amount due to a director related company	114,516	14,834	-	-
Amount due to a subsidiary	-	-	3,444	2,150
	7,010,232	16,814,315	301,377	272,523
	13,415,943	23,450,172	301,377	272,523
Trade and other payables (exclude provision for warranty and contract liabilities)	12,842,926	13,451,356	301,377	272,523
Add: Lease liabilities (Note 18)	1,330,543	1,070,271	-	-
Add: Loans and borrowings (Note 19)	3,104,097	3,247,076	-	-
Total financial liabilities carried at amortised cost	17,277,566	17,768,703	301,377	272,523

(a) Trade payables are normally settled on 30 to 90 days (2023: 30 to 90 days) terms.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

20. TRADE AND OTHER PAYABLES Cont'd

- (b) The contract liabilities primarily relate to the advance consideration received from customers, in which revenue is recognised at a point in time at which point the performance obligations are satisfied. The revenue will be recognised within 12 months from the end of the reporting period.
- (c) The provision for warranty relates mainly to goods sold during the financial years ended 31 December 2024 and 2023. The provision is based on estimates made from historical warranty data associated with similar products and services. The movement of the provision for warranty are as follows:

	GROUP	
	2024	2023
	RM	RM
As at 1 January	21,137	28,517
Provision made during the financial year	52,491	15,276
Provision used during the financial year	(38,036)	(22,656)
As at 31 December	<u>35,592</u>	<u>21,137</u>

- (d) The non-trade amounts due to a director related company and a subsidiary are unsecured, interest free and repayable on demand.

21. REVENUE

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM	RM	RM	RM
Revenue from contracts with customers:				
Sale of goods	68,504,591	73,373,578	-	-
Distribution	10,132,204	11,686,372	-	-
	<u>78,636,795</u>	<u>85,059,950</u>	<u>-</u>	<u>-</u>
Timing of revenue:				
At a point in time	<u>78,636,795</u>	<u>85,059,950</u>	<u>-</u>	<u>-</u>
Revenue from other sources:				
Dividend income received from a subsidiary	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>

22. FINANCE COSTS

	GROUP	
	2024	2023
	RM	RM
Finance costs in respect of:		
- interest expenses	20,639	5,982
- lease liabilities	66,325	47,933
- loans and borrowings	137,189	134,465
	<u>224,153</u>	<u>188,380</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

23. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting):

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM	RM	RM	RM
Auditors' remuneration				
- RSM Malaysia PLT	155,000	87,000	43,000	24,000
- Firm other than member firm of RSM International Ltd.	85,472	39,669	-	-
- Firm other than member firm of RSM International Ltd. (under provided in prior year)	2,000	-	-	-
- others:				
- RSM Malaysia PLT	5,000	3,000	5,000	3,000
Bad debts written off	-	3,807	-	-
Depreciation of:				
- investment property	6,170	6,170	-	-
- property, plant and equipment	2,057,113	2,006,244	106,360	106,360
- right-of-use assets	599,564	450,134	-	-
Directors' remuneration (Note 29)	3,399,973	3,153,920	1,131,389	1,195,915
Dividend income				
- received from a subsidiary	-	-	(2,000,000)	-
- short-term investments	(220,102)	(3,881)	(75,393)	(1,592)
Fair value loss/(gain) from short-term investments	167,146	(761,002)	(14,282)	(298,136)
Gain on disposal of property, plant and equipment	(22,222)	(36,049)	-	-
Loss/(Gain) on foreign exchange				
- realised	567,590	(392,591)	-	-
- unrealised	593,518	29,006	-	-
Impairment loss on trade receivables	70,347	1,994,643	-	-
Interest income	(2,299,319)	(1,721,875)	(1,390,631)	(1,402,955)
Property, plant and equipment written off	6,876	42,247	-	-
Provision for warranty	52,491	15,276	-	-
Rental income	(27,450)	(27,600)	-	-
Rental of equipment	75,995	78,007	-	-
Rental of premises	121,361	195,333	-	-
Reversal of impairment loss on trade receivables	(12,000)	(153,600)	-	-
Share-based payments for ESOS (Note 17)	742,878	393,571	232,600	19,383
Staff costs (excludes directors' remuneration) (Note 25)	21,717,646	22,656,468	-	-
Wage subsidy and grant income	(14,479)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

24. TAXATION

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Current financial year				
- income tax expense	1,046,153	1,946,456	24,847	31,178
- deferred taxation (Note 10)	179,766	(39,671)	-	-
- foreign tax	147,553	123,445	-	-
- withholding tax	123,260	426,780	-	-
	<u>1,496,732</u>	<u>2,457,010</u>	<u>24,847</u>	<u>31,178</u>
Under/(Over) provision in prior financial years				
- income tax expense	70,247	(136,547)	(405)	-
- deferred taxation (Note 10)	85,188	530,102	-	-
- foreign tax	(41,311)	17,348	-	-
	<u>114,124</u>	<u>410,903</u>	<u>(405)</u>	<u>-</u>
	<u>1,610,856</u>	<u>2,867,913</u>	<u>24,442</u>	<u>31,178</u>

A reconciliation of taxation on profit before taxation with the applicable statutory income tax rate is as follows:

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit before taxation	<u>10,493,684</u>	<u>12,217,930</u>	<u>1,598,867</u>	<u>100,318</u>
Income tax at tax rate of 24% (2023: 24%)	2,518,484	2,932,303	383,728	24,076
Tax effects in respect of:				
Non-allowable expenses	1,896,758	1,544,573	142,641	78,655
Non-taxable income	(986,897)	(908,278)	(501,522)	(71,553)
Income tax exemption under Pioneer Status	(1,865,830)	(1,321,219)	-	-
Different tax rates in foreign jurisdictions	(84,587)	(96,234)	-	-
Statutory tax exemption in Singapore	(150,823)	(124,323)	-	-
Foreign withholding tax	123,260	426,780	-	-
Deferred tax assets not recognised	46,367	3,408	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

24. TAXATION Cont'd

A reconciliation of taxation on profit before taxation with the applicable statutory income tax rate is as follows: Cont'd

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM	RM	RM	RM
Under/(Over) provision in prior financial years				
- income tax expense	70,247	(136,547)	(405)	-
- deferred taxation	85,188	530,102	-	-
- foreign tax	(41,311)	17,348	-	-
	<u>1,610,856</u>	<u>2,867,913</u>	<u>24,442</u>	<u>31,178</u>

A subsidiary has been granted the Pioneer Status incentive under the Promotion of Investments Act 1986. The subsidiary will enjoy exemption from income tax on its statutory income from pioneer activities for a period of 10 years from 7 February 2022 to 6 February 2032.

As at 31 December 2024, the Group has the following deferred tax assets which are not recognised in the financial statements due to uncertainty in the availability of future taxable income:

	GROUP	
	2024	2023
	RM	RM
Deductible temporary differences of property, plant and equipment	(2,286)	(2,297)
Unabsorbed tax losses	343,123	299,216
Unabsorbed capital allowances	<u>7,825</u>	<u>5,376</u>
	<u>348,662</u>	<u>302,295</u>

As at 31 December 2023, the Group has unabsorbed tax losses and unabsorbed capital allowances of approximately RM1,486,607 (2023: RM1,267,071) and RM32,606 (2023: RM22,398) respectively, which are available to be set off against future chargeable income.

In Malaysia jurisdictions, with effect from year of assessment ("YA") 2019, unabsorbed tax losses can only be carried forward for a maximum period of 10 consecutive YAs to be utilised against income from any business source. Any amount which is not utilised at the end of the period of 10 YAs will be disregarded.

The utilisation of unabsorbed tax losses for other jurisdictions is determined in respective jurisdictions' regulations.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

24. TAXATION Cont'd

The unabsorbed tax losses amounted to RM1,486,607 (2023: RM1,267,071) will expire in the following financial years:

	2024	2023
	RM	RM
Year of assessment		
2025	2,277	2,277
2026	119,761	119,761
2027	219,536	-
2031	557,578	557,578
2032	587,455	587,455
	<u>1,486,607</u>	<u>1,267,071</u>

There is no expiry date for the carried forward of unabsorbed capital allowances.

25. STAFF COSTS

	GROUP	
	2024	2023
	RM	RM
Salaries, wages, allowances and bonuses	19,191,002	20,213,245
Defined contribution plan - EPF contributions	2,281,978	2,208,015
Social security costs - SOCSO contributions	210,292	206,669
Employee insurance system - EIS contributions	23,562	22,478
Others	10,812	6,061
Total staff costs (excludes directors' remuneration)	<u>21,717,646</u>	<u>22,656,468</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

26. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company for the financial year by the weighted average number of ordinary shares (adjusted for treasury shares) in issue during the financial year.

	GROUP	
	2024	2023
	RM	RM
Profit attributable to owners of the Company	<u>8,769,503</u>	<u>9,116,061</u>
Weighted average number of ordinary shares at 31 December	<u>1,472,644,337</u>	<u>1,470,075,947</u>
Basic earnings per ordinary shares (in sen)	<u>0.60</u>	<u>0.62</u>

(b) Diluted earnings per share

The basic and diluted earnings per share are the same as the exercise of the Group's exercisable ESOS will not have material impact to the diluted earnings per share for the reporting period.

27. CAPITAL COMMITMENTS

	GROUP	
	2024	2023
	RM	RM
Acquisition of property, plant and equipment: Approved but not contracted for	<u>6,800,000</u>	<u>6,800,000</u>

28. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with regulatory requirements and debt covenants.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

28. CAPITAL MANAGEMENT Cont'd

The debt-to-equity ratios as at 31 December 2024 and at 31 December 2023 are as follows:

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM	RM	RM	RM
Lease liabilities	1,330,543	1,070,271	-	-
Loans and borrowings	3,104,097	3,247,076	-	-
Less: Cash and cash equivalents	(95,404,882)	(91,307,153)	(46,702,691)	(45,332,688)
Net debt	(90,970,242)	(86,989,806)	(46,702,691)	(45,332,688)
Total equity	143,716,176	134,899,113	92,166,396	90,312,348
Debt-to-equity ratio	N/A*	N/A*	N/A*	N/A*

*N/A = not applicable as net cash position

29. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Group has related party relationship with its directors and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group are as follows:

	COMPANY	
	2024	2023
	RM	RM
Subsidiary		
Dividend income	(2,000,000)	-

The significant outstanding balances of the related companies together with their terms and conditions are disclosed in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

29. RELATED PARTY DISCLOSURES Cont'd

Compensation of Key Management Personnel

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Group and of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM	RM	RM	RM
Directors				
<u>Directors of the Company</u>				
- fees	144,000	210,000	144,000	210,000
- salaries, bonuses and other benefits	887,390	881,817	887,389	881,817
- defined contribution plan	100,000	104,098	100,000	104,098
	<u>1,131,390</u>	<u>1,195,915</u>	<u>1,131,389</u>	<u>1,195,915</u>
<u>Directors of the subsidiaries</u>				
- salaries, bonuses and other benefits	2,150,273	1,857,537	-	-
- defined contribution plan	118,311	100,468	-	-
	<u>2,268,584</u>	<u>1,958,005</u>	<u>-</u>	<u>-</u>
Total directors' remuneration	<u>3,399,974</u>	<u>3,153,920</u>	<u>1,131,389</u>	<u>1,195,915</u>
<u>Share based payments for ESOS</u>				
- directors of the Company	232,600	19,383	232,600	19,383
- directors of the subsidiaries	72,688	20,567	-	-
	<u>305,288</u>	<u>39,950</u>	<u>232,600</u>	<u>19,383</u>
Other key management personnel				
- salaries, bonuses and other benefits	772,259	840,366	-	-
- defined contribution plan	92,324	100,467	-	-
Total compensation for other key management personnel	<u>864,583</u>	<u>940,833</u>	<u>-</u>	<u>-</u>
Share based payments for ESOS	<u>45,309</u>	<u>23,485</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2024 CONT'D

29. RELATED PARTY DISCLOSURES Cont'd

Other key management personnel comprise persons other than the executive directors of the Group and of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The estimated monetary value of benefits-in-kind provided to the directors are RM47,384 (2023: RM48,586).

30. ACQUISITION OF SUBSIDIARIES

On 19 January 2023, AIMFLEX Technology Sdn. Bhd. ("AFT"), a subsidiary of the Company, completed the acquisition of 261,000 ordinary shares, representing 60% equity interest in Owin Industrial Sdn. Bhd.. The purchase consideration was by way of cash payment of RM1,200,000 and balance payment of RM300,000 with profit guarantee as stated in Share Sale Agreement.

On 31 January 2023, AFT completed the acquisition of 24,001 ordinary shares, representing 60% equity interest in Union Tech Automation Sdn. Bhd.. The purchase consideration was by way of cash payment of RM900,000 and balance payment of RM459,000 with profit guarantee as stated in Share Sale Agreement.

On 11 October 2023, AFT completed the acquisition of 240,000 ordinary shares, representing 80% equity interest in Esontech Sdn. Bhd.. The purchase consideration was by way of cash payment of RM1,730,000.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

(a) Fair value of consideration transferred

	GROUP 2023 RM
Cash and cash equivalents	3,830,000
Contingent consideration	759,000
	<u>4,589,000</u>

(b) Identifiable assets acquired and liabilities assumed

	GROUP 2023 RM
Property, plant and equipment	3,723,767
Inventories	27,502
Trade and other receivables	1,478,877
Cash and cash equivalents	2,057,632
Trade and other payables	(2,050,387)
Lease liabilities	(515,781)
Loans and borrowings	(2,872,373)
Deferred tax liabilities	(14,660)
Current tax liabilities	(83,807)
Total identifiable assets and liabilities	<u>1,750,770</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

30. ACQUISITION OF SUBSIDIARIES Cont'd

(c) Net cash outflow arising from acquisition of subsidiary

**GROUP
2023
RM**

Purchase consideration settled in cash and cash equivalents	(3,830,000)
Cash and cash equivalents acquired	2,057,632
Net cash outflow	<u>(1,772,368)</u>

(d) Goodwill

Goodwill was recognised as a result of the acquisition as follows:

**GROUP
2023
RM**

Total consideration transferred	4,589,000
Fair value of identifiable net assets	(1,750,770)
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	660,218
Goodwill	<u>3,498,448</u>

31. OPERATING SEGMENTS

Three reportable segments, as described below, are the Group's strategic business units. For each of the strategic business units, the Group's Managing Director who is the Group's Chief Operating Decision Maker ("CODM") reviews internal management reports on at least a quarterly basis. The following summary describes the operation in each of the Group's reportable segments:

Manufacturing and trading	-	manufacturing and sale of automation machines and precision parts
Distribution	-	distribution of manufacturing automation hardware and software
Others	-	investment activities

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Managing Director in his/her capacity as the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (excluding investment properties and goodwill) of a segment. Segment total assets is used to measure the return of assets of each segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment. Segment total liabilities is used to measure the liabilities of each segment.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2024 CONT'D

31. OPERATING SEGMENTS Cont'd

	GROUP							
	Manufacturing		Distribution		Others		Total	
	2024 RM	2023 RM	2024 RM	2023 RM	2024 RM	2023 RM	2024 RM	2023 RM
External revenue								
- Within Malaysia	26,140,143	36,097,884	7,093,136	6,055,466	-	-	33,233,279	42,153,350
- Outside Malaysia	42,364,448	37,275,694	3,039,068	5,630,906	-	-	45,403,516	42,906,600
Total external revenue	68,504,591	73,373,578	10,132,204	11,686,372	-	-	78,636,795	85,059,950
Inter-segment revenue	17,350,977	15,493,512	3,561,437	4,752,840	2,000,000	-	22,912,414	20,246,352
Total segment revenue	85,855,568	88,867,090	13,693,641	16,439,212	2,000,000	-	101,549,209	105,306,302
Segment profit/(loss)	9,947,633	10,879,474	1,287,616	749,805	(517,412)	777,031	10,717,837	12,406,310
Finance costs							(224,153)	(188,380)
Profit before taxation							10,493,684	12,217,930
Taxation							(1,610,856)	(2,867,913)
Profit for the financial year							8,882,828	9,350,017
Assets								
Segment assets	98,865,026	100,321,375	10,149,188	11,780,464	-	-	109,014,214	112,101,839
Unallocated assets							54,119,300	51,983,456
Total assets							163,133,514	164,085,295
Liabilities								
Segment liabilities	17,594,748	25,451,324	1,218,970	2,702,162	-	-	18,813,718	28,153,486
Unallocated liabilities							603,620	1,032,696
Total liabilities							19,417,338	29,186,182

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

31. OPERATING SEGMENTS Cont'd

(a) Geographical information

Segment revenue is based on geographical location from which the sale transactions originated.

	GROUP	
	2024	2023
	RM	RM
Malaysia	33,233,279	42,153,350
Singapore	33,465,486	18,886,715
Indonesia	97,381	-
Philippines	9,201,107	21,125,995
Others	2,639,542	2,893,890
	<u>78,636,795</u>	<u>85,059,950</u>

(b) Major customers

The following are major customer with revenue equal or more than 10 percent of Group's revenue:

	2024	2023	Segment
	RM	RM	
All common control companies of:			
- Customer A	32,226,231	40,483,973	Manufacturing and trading

32. FINANCIAL INSTRUMENTS

Categories of financial instruments

Trade and other receivables (excluding prepayments), cash and bank balances, fixed deposits placed with licensed banks are categorised as financial assets carried at amortised cost (Note 12), short-term investments are categorised as financial assets measured at fair value through profit or loss (Note 13) while trade and other payables (excluding provision for warranty and contract liabilities) and lease liabilities are categorised as financial liabilities carried at amortised cost (Note 20).

Financial Risk Management

The Group and the Company are exposed to the following risks from its use of financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

(a) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment in debt securities. The Company's exposure to credit risk arises principally from financial guarantees given to banks for credit facilities granted to subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

32. FINANCIAL INSTRUMENTS Cont'd

Financial Risk Management Cont'd

(a) Credit risk Cont'd

Receivables

The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. Based on the credit evaluation, the customers are rated into three risk categories, namely low risk, medium risk and high risk.

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

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group.

For significant receivables that are not individually credit-impaired and all other receivables, the Group uses a provision matrix that categorises the different risk classes (low risk, medium risk and high risk) and the ageing profiles. The collective lifetime ECLs are measured based on the Group's past lost rate experiences, time value of money, current conditions and forecast of future economic conditions. The past lost rates are adjusted upward in the measurement in worsening current conditions and forecasts of future macroeconomic conditions.

A receivable is written off only if there is no reasonable expectation of recovery. This is when an account is 270 days past due or the customer is experiencing significant financial difficulties, undertaking financial reorganisation or has gone bankrupt.

Concentration of credit risk

The Group assesses concentrations of credit risk by exposure to single-large customers, industry sectors and overseas jurisdictions.

The exposure to credit risk for trade receivables by geographical region is as follows:

	2024 RM	2023 RM
Primary geographical markets		
Malaysia	8,204,086	9,578,933
Philippines	8,383,130	1,935,899
Singapore	1,000,086	10,013,671
Others	1,052,325	2,389,324
	<u>18,639,627</u>	<u>23,917,827</u>

Approximately 41% (2023: 48%) of the Group's product sales were to a group of customers, and approximately 19% (2023: 42%) of the Group's accounts receivables were derived from these customers. The Group determines concentration of risk by monitoring its trade receivable individually on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

32. FINANCIAL INSTRUMENTS Cont'd

Financial Risk Management Cont'd

(a) Credit risk Cont'd

Concentration of credit risk Cont'd

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including their geographic location and trading history with the Group and existence of previous financial difficulties.

The Group is monitoring the economic environment in countries in which customers operate and is taking actions to limit its exposure to customers in countries experiencing particular economic volatility.

A summary of the Group's exposure to credit risk for trade receivables is as follows:

	2024		2023	
	Not credit- impairment	Credit- impairment	Not credit- impairment	Credit- impairment
	RM	RM	RM	RM
Major customers	3,469,770	-	10,065,341	-
Other customers	15,169,857	4,296,849	13,852,486	4,238,502
Total gross carrying amount	18,639,627	4,296,849	23,917,827	4,238,502
Less: Allowance for impairment losses	-	(4,296,849)	-	(4,238,502)
	18,639,627	-	23,917,827	-

The Group's sales to customers are on credit terms of 30 to 120 days. When an account is more than 30 days past due, the credit risk is considered to have increased significantly since the initial recognition. The Group identifies as a default account if it is more than 150 days past due and the customer is having significant financial difficulties (analysed by financial measures of reported losses, negative cash flows, and qualitative evaluation of the customer's characteristics). The Group classifies an impaired receivable when a customer is in default, in liquidation or other financial reorganisation.

For each significant receivable that is credit-impaired, individual lifetime ECL is recognised using the probability of default technique. The inputs used are: (i) the percent chance of default, and (ii) the expected cash shortfalls. The lifetime ECL is measured at the probability-weighted expected cash shortfalls by reference to the Group's past experience, time value of money, current conditions and forecast of future economic benefits.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2024 CONT'D

32. FINANCIAL INSTRUMENTS Cont'd

Financial Risk Management Cont'd

(a) Credit risk Cont'd

Concentration of credit risk Cont'd

The aging analysis of trade receivables as at the end of the reporting period was:

GROUP	Gross amount RM	Individual impairment RM	Collective impairment RM	Net amount RM
31 December 2024				
Not past due	6,381,236	-	-	6,381,236
Past due 1-30 days	5,571,328	-	-	5,571,328
Past due 31-120 days	5,291,322	-	-	5,291,322
Past due more than 120 days	5,692,590	(4,296,849)	-	1,395,741
Total past due	16,555,240	(4,296,849)	-	12,258,391
	<u>22,936,476</u>	<u>(4,296,849)</u>	<u>-</u>	<u>18,639,627</u>
31 December 2023				
Not past due	16,519,525	-	-	16,519,525
Past due 1 - 30 days	4,906,933	-	-	4,906,933
Past due 31 - 120 days	2,246,727	-	-	2,246,727
Past due more than 120 days	4,483,144	(4,238,502)	-	244,642
Total past due	11,636,804	(4,238,502)	-	7,398,302
	<u>28,156,329</u>	<u>(4,238,502)</u>	<u>-</u>	<u>23,917,827</u>

Credit risk arising from financial guarantees

The maximum exposure to credit risk in relation to the financial guarantees given amounts to RM7,100,000 (2023: RM8,300,000) representing the available bank facilities of the subsidiary as at the end of financial year. The subsidiary has not utilised the facilities at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2024 CONT'D

32. FINANCIAL INSTRUMENTS Cont'd

Financial Risk Management Cont'd

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arise principally from its various payables.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The table below summarises the maturity profile of the Group's and Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

GROUP	Carrying amount	Contractual interest rate	Contractual cash flows		Under 1 year		1-5 years		More than 5 year	
	RM	%	RM		RM		RM		RM	
2024										
<i>Non-derivative financial liabilities</i>										
Trade and other payables (Note 20)	13,415,943	-	13,415,943		13,415,943		-		-	
Lease liabilities (Note 18)	1,330,543	2.47 - 7.00	1,460,278		531,040		845,238		84,000	
Loans and borrowings (Note 19)	3,104,097	3.50 - 10.55	4,945,183		280,168		1,215,928		3,449,087	
	<u>17,850,583</u>		<u>19,821,404</u>		<u>14,227,151</u>		<u>2,061,166</u>		<u>3,533,087</u>	
2023										
<i>Non-derivative financial liabilities</i>										
Trade and other payables (Note 20)	23,450,172	-	23,450,172		23,450,172		-		-	
Lease liabilities (Note 18)	1,070,271	2.47 - 7.00	1,144,762		647,309		497,453		-	
Loans and borrowings (Note 19)	3,247,076	3.50 - 10.55	5,338,052		276,472		1,075,294		3,986,286	
	<u>27,767,519</u>		<u>29,932,986</u>		<u>24,373,953</u>		<u>1,572,747</u>		<u>3,986,286</u>	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

32. FINANCIAL INSTRUMENTS Cont'd

Financial Risk Management Cont'd

(b) Liquidity risk Cont'd

The table below summarises the maturity profile of the Group's and Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (continued)

COMPANY	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM
2024				
Non-derivative financial liabilities				
Other payables (Note 20)	301,377	-	301,377	301,377
2023				
Non-derivative financial liabilities				
Other payables (Note 20)	272,523	-	272,523	272,523

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2024 CONT'D

32. FINANCIAL INSTRUMENTS Cont'd

Financial Risk Management Cont'd

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's and the Company's financial position or cash flows.

(i) Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD") and United States Dollar ("USD").

	GROUP			
	2024		2023	
	Denominated in		Denominated in	
	SGD RM	USD RM	SGD RM	USD RM
Trade and other receivables	3,792,848	8,002,366	6,058,484	8,935,259
Cash and cash equivalents	3,510,436	24,023,371	7,222,990	16,740,269
Trade and other payables	(2,300,080)	(174,326)	(6,996,311)	(3,729,143)
Lease liabilities	(39,034)	-	(200,704)	-
Net exposure	4,964,170	31,851,411	6,084,459	21,946,385

A 10% (2023: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	GROUP	
	Profit after taxation	
	2024	2023
	RM	RM
SGD	(377,277)	(462,419)
USD	(2,420,707)	(1,667,925)
	(2,797,984)	(2,130,344)

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2024 CONT'D

32. FINANCIAL INSTRUMENTS Cont'd

Financial Risk Management Cont'd

(c) Market risk Cont'd

(i) Foreign currency risk Cont'd

A 10% (2023: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(ii) Interest rate risk

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

The Group's exposure to interest risk arises primarily from cash and cash equivalents and lease liabilities. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts in a cost-efficient manner.

The following table sets out the carrying amount of the Group's financial instruments that are exposed to interest rate risk:

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM	RM	RM	RM
<u>Fixed rate instruments:</u>				
Financial assets	33,412,888	34,122,100	33,287,430	34,000,000
Financial liabilities	(1,704,748)	(1,516,129)	-	-
	<u>31,708,140</u>	<u>32,605,971</u>	<u>33,287,430</u>	<u>34,000,000</u>
<u>Floating rate instrument:</u>				
Financial liabilities	(2,729,892)	(2,801,218)	-	-

Fair value sensitivity analysis for fixed rate instruments

Interest on financial instruments at fixed rates is fixed until the maturity of the instruments. The other financial instruments of the Group and the Company that are not included in the above table are not subject to interest rate risks.

Cash flow sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had been 100 basis points lower/ higher, with all other variables held constant, the Group's profit after taxation and equity would have been RM20,747 (2023: RM21,289) higher/lower, arising mainly as a result of lower/higher interest expense from financial instruments. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024 CONT'D

32. FINANCIAL INSTRUMENTS Cont'd

Fair value of financial instruments

The carrying amount of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

The following are the classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of the fair value:

	Note
Trade and other receivables	12
Lease liabilities	18
Loans and borrowings	19
Trade and other payables	20

33. OTHER INFORMATION

- (a) 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.
- (b) The registered office of the Company is situated at:

Level 5, Tower 8, Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur
- (c) The principal place of business of the Company is situated at:

No. 12-2, Jalan Persiaran Teknologi
Taman Teknologi Johor
81400 Senai
Johor Darul Takzim
- (d) The financial statements are presented in Ringgit Malaysia, which is also the Group's functional currency.

34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 28 April 2025.

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

We, the undersigned, being two of the directors of **AIMFLEX BERHAD (Registration No. 201801011135 (1273151-K))** do hereby state that, in the opinion of the directors, the financial statements set out on Page 79 to 149 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of their financial performance and the cash flows of the Group and of the Company for the financial year ended on that date.

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

CHUAH CHONG EWE

CHUAH CHONG SAN

28 April 2025

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

I, **CHUAH CHERN YANG** (MIA No.: 50485), being the officer primarily responsible for the financial management of **AIMFLEX BERHAD (Registration No. 201801011135 (1273151-K))** do solemnly and sincerely declare that the financial statements set out on Page 79 to 149 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.

CHUAH CHERN YANG
(MIA No.: 50485)

Subscribed and solemnly declared
by the abovenamed at Johor Bahru
in the state of Johor on 28 April 2025

Before me

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIMFLEX BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AIMFLEX Berhad ("the Company"), which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on Page 79 to 149.

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 2024 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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
<u>Revenue recognition</u> Refer to Note 3(q) and Note 21 to the financial statements. The revenue recognition from the sale of manufactured goods and distribution depends on the nature of the contractual arrangements with customers and could affect the point of control is transferred and service is rendered to the customers. We have identified revenue recognition as a key audit matter as there is higher risk of material misstatement from the perspective of timing of revenue recognition based on different contractual arrangements with customers.	Our audit procedures included the following: - Obtained an understanding of the Group's revenue recognition process and their application and thereafter performed test of controls on the occurrence of revenue. - On sampling basis, we have performed substantive testing to verify that revenue recognition criteria have been properly applied. - Assessed the correct period for revenue recognised by testing cut-off through assessing sales transactions taking place at either side of the end of reporting period as well as reviewing credit notes and sales return issued after the reporting period.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIMFLEX BERHAD CONT'D

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIMFLEX BERHAD CONT'D

Auditors' Responsibilities for the Audit of the Financial Statements Cont'd

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 or 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIMFLEX BERHAD CONT'D

Auditors' Responsibilities for the Audit of the Financial Statements Cont'd

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIMFLEX BERHAD CONT'D

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.

RSM Malaysia PLT

202206000002 (LLP0030276-LCA) & AF 0768
Chartered Accountants

Johor Bahru

28 April 2025

Wong Cheng Pin

03611/11/2025 J
Chartered Accountant

LIST OF PROPERTIES AS AT 31 DECEMBER 2024

No.	Registered owner/ Title details/ Postal address	Category of land use/Expiry of lease	Age of building	Description of property/ Existing use	Date of Acquisition	Land area/Built up area sq m	Net book value (RM)
(a)	AIMFLEX Systems Sdn. Bhd. HS(D) 50239, PTD 87654, Mukim of Senai, District of Kulai, Johor bearing the postal address of 12-2, Jalan Persiaran Teknologi, Taman Teknologi Johor 81400 Senai, Johor.	Building/ Leasehold, 60 years (expiring on 1 April 2068)	9 years	1 storey factory with a 2-storey office building used as our centralised main office and manufacturing space of our Group Leasehold land	22 Nov 2018	18,840/ 6,169	13,153,656
(b)	AIMFLEX Systems Sdn. Bhd. HS(D) 50240, PTD 87663, Mukim of Senai, District of Kulai, Johor bearing the postal address of 12-2, Jalan Persiaran Teknologi, Taman Teknologi Johor 81400 Senai, Johor.	Industrial/ Leasehold, 60 years (expiring on 1 April 2068)	N/A	Vacant land Leasehold	22 Nov 2018	2,860	294,269
(c)	AIMFLEX Technology Sdn. Bhd. Master Lot No. 21393, Strata Title No. GRN 102261/M1/17/ 49, Johor Bahru, Johor. No. 17-06, Level 17, Menara MSC Cyberport, Jalan Bukit Meldrum, 80300 Johor Bahru, Johor.	Building/ Freehold	23 years	Office unit located on the 17 th floor of a commercial building Office premise of Bizit Systems Malaysia	13 Nov 2014	N/A 128	441,037
(d)	AIMFLEX Technology Sdn. Bhd. Master Lot No. 21393, Strata Title No. GRN 102261/M1/17/ 50, Johor Bahru, Johor. No. 17-07, Level 17, Menara MSC Cyberport, Jalan Bukit Meldrum, 80300 Johor Bahru, Johor.	Building/ Freehold	23 years	Office unit located on the 17 th floor of a commercial building Vacant	5 Oct 2016	N/A 128	438,958
(e)	AIMFLEX Technology Sdn. Bhd. GRN 75551 Lot 20000 (formerly held under HS(D)117437, PT 462) Seksyen 90, Kuala Lumpur No. 8-23A, Block V03, Sunway Velocity Designer Office, Lingkaran SV, Off Jalan Peel 55100 Kuala Lumpur	Building/ Freehold	8 years	Office unit located on the 8 th floor of a commercial building Office premise of Bizit Systems Malaysia	30 Sept 2012	N/A 88.5	581,944

LIST OF PROPERTIES AS AT 31 DECEMBER 2024 CONT'D

No.	Registered owner/ Title details/ Postal address	Category of land use/Expiry of lease	Age of building	Description of property/ Existing use	Date of Acquisition	Land area/Built up area sq m	Net book value (RM)
(f)	AIMFLEX Solutions Sdn. Bhd. Master Lot No. 21393, Strata Title No. GRN 102261/ M1/18/61, Johor Bahru, Johor. No. 18-09, Level 18, Menara MSC Cyberport, Jalan Bukit Meldrum, 80300 Johor Bahru, Johor.	Building/ Freehold Building/ Freehold	23 years	Office unit located on the 18 th floor of a commercial building Rented out as office premises	6 Oct 2016	N/A/82	252,958
(g)	Union Tech Sdn. Bhd. HSM 4077, Lot 72791 Mukim 12, Bayan Lepas, District of Barat Daya, Pulau Pinang bearing postal address at No.2 Lintang Beringin, 11960 Bayan Lepas, Pulau Pinang.	Building / Freehold	1 year	2 Storey Factory 1 st Floor Office Use Ground Floor Manufacturing Space	23 Mar 2022	N/A /182	3,223,906

ANALYSIS OF SHAREHOLDINGS AS AT 3 APRIL 2025

Share Capital

Number of Issued Shares	1,472,872,200
Class of Shares	Ordinary Shares
Voting Rights:	One Vote per ordinary share held

ANALYSIS OF SHAREHOLDINGS AS AT 3 APRIL 2025

Size of Holdings	No. of Shares	%	No. of Shares	%
1 - 99	6	0.063	198	0.000
100 - 1,000	666	7.017	349,901	0.023
1,001 - 10,000	2,673	28.164	18,403,601	1.250
10,001 - 100,000	4,643	48.920	195,673,200	13.285
100,001 - 73,637,109 (*)	1,501	15.815	963,791,886	65.436
73,637,110 AND ABOVE (**)	2	0.021	294,653,414	20.006
Total	9,491	100.000	1,472,872,200	100.000

REMARK : * - LESS THAN 5% OF ISSUED SHARES

** - 5% AND ABOVE OF ISSUED SHARES

SUBSTANTIAL SHAREHOLDERS AS AT 3 APRIL 2025

Size of Holdings	Number of Shares Held			
	Direct	%	Deemed	%
LUSTER INDUSTRIES BERHAD	181,576,707	12.328%	-	-
Chuah Chong Ewe	162,206,707	11.014%	25,000,000 *	1.698%

* Deemed interest through Gosave Sdn. Bhd. ("GSB"), a company holds majority equity interest in Resolute Accomplishment Sdn. Bhd. ("RASB") and RASB holds 25,000,000 ordinary shares in AIMFLEX Berhad.

DIRECTORS' SHAREHOLDINGS AS AT 3 APRIL 2025

Size of Holdings	Number of Shares Held			
	Direct	%	Deemed	%
Chuah Chong Ewe	162,206,707	11.014%	25,000,000 *	1.698%
Professor Dato' Ir. Ts. Dr. Ruzairi bin Hj Abdul Rahim	120,800	0.008%	-	-
Chuah Chong San	-	-	-	-
Law Lee Yen	-	-	-	-
Khoo Boo Keong	-	-	-	-

* Deemed interest through Gosave Sdn. Bhd. ("GSB"), a company holds majority equity interest in Resolute Accomplishment Sdn. Bhd. ("RASB") and RASB holds 25,000,000 ordinary shares in AIMFLEX Berhad.

ANALYSIS OF SHAREHOLDINGS AS AT 3 APRIL 2025 CONT'D

Thirty Largest Shareholders

	Name of Shareholders	No. of Shares	% of Shares
1	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR LUSTER INDUSTRIES BERHAD (SMART)	181,576,707	12.328
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUAH CHONG EWE	113,076,707	7.677
3	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHUAH CHONG EWE (SMART)	28,415,000	1.929
4	RESOLUTE ACCOMPLISHMENT SDN. BHD.	25,000,000	1.697
5	CHAN SAI KONG	21,303,700	1.446
6	NG NGOON WENG	20,722,346	1.406
7	NG KOK KHENG	20,000,000	1.357
8	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHUAH CHONG EWE (MY4675)	18,500,000	1.256
9	UOBM NOMINEES (ASING) SDN BHD UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR FWD STRATEGIC FUND	17,990,000	1.221
10	UOBM NOMINEES (ASING) SDN BHD UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR FWD AGGRESSIVE FUND	14,128,600	0.959
11	LOW LAY PING	14,000,000	0.950
12	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KHENG LIANG (MP0475)	13,775,000	0.935
13	CHAI KIM CHONG	13,500,000	0.916
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD(UOBESGSCEQ)	13,063,200	0.886
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHUAH CHENG PENG	13,000,000	0.882
16	ONG KENG SENG	11,000,000	0.746
17	AIMFLEX BERHAD SHARE BUY BACK ACCOUNT	10,400,000	0.706
18	RESOLUTE ACCOMPLISHMENT SDN BHD	10,318,000	0.700
19	WONG KOK TOON	10,000,000	0.678
20	ONG SIEW LENG	8,000,000	0.543
21	SIOW KIM WEE	7,500,000	0.509
22	TOO CHIN KIONG	6,801,900	0.461
23	CHONG CHIEW YANG	6,032,500	0.409
24	ONG YEAN HAR	6,000,000	0.407

ANALYSIS OF SHAREHOLDINGS AS AT 3 APRIL 2025 CONT'D

Thirty Largest Shareholders

	Name of Shareholders	No. of Shares	% of Shares
25	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR UNITED MALAYSIA FUND	5,500,000	0.373
26	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	5,262,400	0.357
27	UOBM NOMINEES (TEMPATAN) SDN BHD UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR IGRS EQUITY PORTFOLIO 1	5,203,800	0.353
28	RESOURCEFUL MEANS SDN BHD	5,200,000	0.353
29	WONG YOKE FONG @ WONG NYOK FING	5,100,000	0.346
30	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR JUDITH CHONG HUIXIN (MF00413)	5,000,000	0.339

NOTICE OF 7TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh (7th) Annual General Meeting (“**AGM**”) of AIMFLEX Berhad (“**the Company**”) will be held at Maharani Hall, Level 1, Impiana Hotel Senai, Jalan Impiana Senai Utama 2, Taman Impian Senai, 81400 Senai, Johor Darul Takzim on Wednesday, 18 June 2025 at 1.00 p.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS:

- | | | |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon. | <i>Please refer to Explanatory Note (a)</i> |
| 2. | To re-elect the following Directors who retire pursuant to Rule 131 of the Company’s Constitution:-
(i) Professor Dato’ Ir. Ts. Dr. Ruzairi Bin Hj Abdul Rahim;
(ii) Chuah Chong Ewe; and
(iii) Chuah Chong San | Resolution 1
Resolution 2
Resolution 3 |
| 3. | To approve the payment of Directors’ fees of up to RM300,000.00 and benefits of up to RM20,000.00 from the 7 th Annual General Meeting until the next Annual General Meeting of the Company. | Resolution 4
<i>Please refer to Explanatory Note (b)</i> |
| 4. | To re-appoint Messrs. RSM Malaysia PLT as Auditors of the Company for the ensuing financial year, and to authorise the Directors to fix their remuneration. | Resolution 5 |

AS SPECIAL BUSINESS:

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

- | | | |
|----|---|---|
| 5. | Authority to Issue Shares

“THAT subject always to Sections 75 and 76 of the Companies Act 2016 (“the Act”), the Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, the Directors of the Company be and are hereby authorised to issue not more than ten per centum (10%) of the total number of issued shares of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof. | Resolution 6
<i>Please refer to Explanatory Note (c)</i> |
|----|---|---|

NOTICE OF 7TH ANNUAL GENERAL MEETING CONT'D

AS SPECIAL BUSINESS: Cont'd

AND FURTHER THAT pursuant to Section 85 of the Act read together with Rule 76 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to this mandate."

6. **Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature**

Resolution 7
Please refer to
Explanatory Note (d)

"THAT approval be and is hereby given to the Company and its subsidiary(ies) ("Group") to enter into and give effect to the Recurrent Related Party Transactions of a revenue or trading nature particulars with the specified classes of related parties as specified in Section 2.7 of the Circular / Statement to Shareholders dated 30 April 2025, provided that:

- (a) such arrangements and/or transactions are necessary for the Group's day-to-day operations;
- (b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party;
- (c) such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and
- (d) the disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year in relation to:
 - (i) the related transacting parties and their respective relationship with the Company; and
 - (ii) the nature of the recurrent transactions.

THAT such authority shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such mandate was passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the AGM whereby the authority is renewed; or
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever is the earlier.

NOTICE OF 7TH ANNUAL GENERAL MEETING CONT'D

AS SPECIAL BUSINESS: Cont'd

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Renewal of Shareholders' Mandate."

7. **Proposed Renewal of Authority for Share Buy-Back**

Resolution 8
Please refer to
Explanatory Note (e)

"THAT subject always to compliance with the Companies Act 2016 ("the Act"), the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") or any other regulatory authorities and all other applicable rules, regulations, guidelines or approval for the time being in force or as may be amended from time to time, the Directors be and are hereby authorised to make purchases of ordinary shares in the Company's issued share capital as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

- (a) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being;
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings of the Company at the time of the said purchase(s); and
- (c) the authority conferred by this resolution shall commence immediately upon the passing of this ordinary resolution and shall continue to be in force until:
 - (i) the conclusion of the next AGM of the Company following the forthcoming 7th AGM, at which the ordinary resolution for the Proposed New Share Buy-Back is passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or
 - (ii) the expiration of the period within which the next AGM of the Company after that date it is required by law 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
 - (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier;

NOTICE OF 7TH ANNUAL GENERAL MEETING CONT'D**AS SPECIAL BUSINESS:** Cont'd

AND THAT upon completion of the purchase by the Company of its own shares, the Directors be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:

- (a) cancel the Company's shares so purchased; and/or
- (b) retain the Company's shares so purchased as Treasury Shares; and/or
- (c) retain part of the Company's Shares so purchased as Treasury Shares and cancel the remainder;

and in any other manner as prescribed by the Act, rules and regulations made pursuant to the Act and ACE Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT authority be and is hereby given to the Directors and/ or anyone of them to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors in their discretion deem fit and expedient to give effect to the aforesaid purchase(s) contemplated and/ or authorised by this Ordinary Resolution."

- 8. To transact any other business for which due notice shall have been given.

By Order of the Board

WONG MEE KIAT (MAICSA 7058813) (PC No. 202008001958)

LIM LI HEONG (MAICSA 7054716) (PC No. 202008001981)

Company Secretaries

Kuala Lumpur

Dated: 30 April 2025

Notes:-

- 1. *For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Rule 88.1(a) of the Company's Constitution to issue a General Meeting Record of Depositors as at 11 June 2025. Only depositor whose name appears on the Record of Depositors as at 11 June 2025 shall be entitled to attend this meeting or appoint proxies to attend and/or votes on his/her behalf.*

NOTICE OF 7TH ANNUAL GENERAL MEETING CONT'D

Notes:- Cont'd

2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one (1) or more proxies to attend, participate, speak and vote in his stead. A member may appoint more than one (1) proxy in relation to the Meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.
3. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to attend, participate, speak and vote at the Meeting.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or the drop box located at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8 Jalan Kerinchi, 59200 Kuala Lumpur or alternatively to lodge the proxy appointment via TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. Kindly refer to the Administrative Guide for the 7th AGM on the procedures for electronic lodgement of Proxy Foam.
7. Pursuant to Rule 8.29A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to a vote by way of a poll.

Explanatory Notes

(a) Audited Financial Statements and Reports of Directors and Auditors

The Audited Financial Statements under Agenda 1 are meant for discussion only in accordance with the provisions of Section 340(1) of the Companies Act 2016 ("the Act"), and it does not require a formal approval of the shareholders. Hence, this agenda will not be put forward for voting.

(b) Directors' fees and benefits

Pursuant to Section 230(1) of the Act, fees and benefits ("Remuneration") payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. The Company is requesting shareholders' approval for the payment of Remuneration for the period from this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company in 2026. The Remuneration comprises of fees and meeting allowances payable to directors.

NOTICE OF 7TH ANNUAL GENERAL MEETING CONT'D

Explanatory Notes Cont'd

(c) Authority to Issue Shares

The proposed Ordinary Resolution 6, if passed, will authorise the Directors to issue not more than ten per centum (10%) of the total number of issued shares of the Company subject to the approvals of all relevant governmental/regulatory bodies.

This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilized and accordingly no proceeds were raised.

The purpose of the renewal of the mandate is for further possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Companies Act 2016 ("the Act") shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Act and Rule 76 of the Constitution of the Company, pertaining to the issuance and allotment of new shares under Sections 75 and 76 of the Act, which will result in a dilution to their shareholding percentage in the Company.

(d) Proposed Renewal Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature

The Proposed Ordinary Resolution 7, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company. For more information, please refer to the Circular to Shareholders dated 30 April 2025 accompanying the Annual Report of the Company for the financial year ended 31 December 2024.

(e) Proposed Renewal of Share Buy-Back

The Proposed Ordinary Resolution 8, if passed, will empower the Company to purchase and/or hold up to ten percent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company. For more information, please refer to the Circular to Shareholders dated 30 April 2025 accompanying the Annual Report of the Company for the financial year ended 31 December 2024.

Notes in Notice of Meeting & Proxy Form

The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.

STATEMENT ACCOMPANYING THE NOTICE OF THE ANNUAL GENERAL MEETING

Statement accompanying the notice of the Annual General Meeting pursuant to Pursuant to Rule 8.29 (2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. Details of individual who is standing for election as Director

No individual is seeking election as a Director at the 7th Annual General Meeting ("7th AGM") of the Company, except for the re-election of the retiring Directors as outlined in the agenda of the 7th AGM notice (Ordinary Resolutions 1 - 3).

The details of the Directors seeking re-election and their nature and extent of any conflict of interest/potential conflict of interest that they have with the Company or its subsidiaries (if any) is set out in the respective profile which appears in the Directors' Profiles on pages 6 - 10 of this Annual Report.

The details of their interest in the securities of the Company is set out in the Analysis of Shareholdings which appear on the pages 158 and 160 of this Annual Report.

2. Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

Details on the authority to issue and allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are provided under the Explanatory Note on Ordinary and Special Business.

Number of Shares Held	
CDS Account No.	

I/We, _____ NRIC/PassportNo. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

contact no. _____ email address _____ being a member/ members of **Aimflex Berhad** ("Aimflex" or the "Company") hereby appoint the person(s) below as my/our proxy(ies) to vote for me/us and on my/our behalf at the **Seventh (7th) Annual General Meeting ("AGM")** to be held at Maharani Hall, Level 1, Impiana Hotel Senai, Jalan Impiana Senai Utama 2, Taman Impian Senai, 81400 Senai, Johor Darul Takzim on **Wednesday, 18 June 2025 at 1.00 p.m.**

IMPORTANT NOTE:

Please (i) tick [✓] either **ONE** of the option (a) or (b) for the number of proxy which you wish to appoint, (ii) complete the details of your proxy/proxies and the proportion of your shareholding to be represented (if applicable), (iii) please tick [✓] option (c) if you would like to appoint the Chairman of the AGM as the proxy or failing the proxy to vote on your behalf and (iv) sign or execute this form.

Option	Name of proxy(ies)	NRIC/ Registration No.	Email Address & Phone Number	Proportion of shareholding to be represented
(a)	Appoint ONE proxy only (Please complete details of proxy below)			
				100%
(b)	Appoint MORE THAN ONE proxy (Please complete details of proxies below)			
Proxy 1				%
Proxy 2				%
				100%
(c)	The Chairman of the AGM as my/our proxy and/or failing the above proxy to vote for me/us on my/our behalf			

*My/our *proxy/proxies shall vote as follows :-

Please indicate with an "X" in the space provided below how you wish your votes to be casted. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain for voting at his(her) discretion.

NO.	RESOLUTIONS	FOR	AGAINST
1.	RE-ELECTION OF PROFESSOR DATO' IR. TS. DR. RUZAIRI BIN HJ ABDUL RAHIM AS DIRECTOR		
2.	RE-ELECTION OF MR. CHUAH CHONG EWE AS DIRECTOR		
3.	RE-ELECTION OF MR. CHUAH CHONG SAN AS DIRECTOR		
4.	PAYMENT OF DIRECTORS' FEES AND BENEFITS FROM THIS AGM UNTIL THE NEXT AGM		
5.	RE-APPOINTMENT OF MESSRS. RSM MALAYSIA PLT AS AUDITORS		
6.	AUTHORITY TO ISSUE SHARES		
7.	PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE		
8.	PROPOSED RENEWAL OF SHARE BUY-BACK		

Dated this _____ day of _____ 2025

Signature / Common Seal of Shareholder

Notes:-

1. *For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Rule 88.1(a) of the Company's Constitution to issue a General Meeting Record of Depositors as at 11 June 2025. Only depositor whose name appears on the Record of Depositors as at 11 June 2025 shall be entitled to attend this meeting or appoint proxies to attend and/or votes on his/her behalf.*
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3. *A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to attend, participate, speak and vote at the Meeting.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.*
5. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or the drop box located at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8 Jalan Kerinchi, 59200 Kuala Lumpur or alternatively to lodge the proxy appointment via TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. Kindly refer to the Administrative Guide for the 7th AGM on the procedures for electronic lodgement of Proxy Foam.*
7. *Pursuant to Rule 8.29A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to a vote by way of a poll.*

Please fold here

AFFIX
STAMP

**THE SHARE REGISTRAR OF
AIMFLEX BERHAD**
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Please fold here



AIMFLEX BERHAD (1273151-K)
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