

Creating Value **for sustainable growth**



ANNUAL REPORT

2024

Contents

BUSINESS OVERVIEW

Kobay Business and its Structure	02
Management Discussion and Analysis	03 - 14
Financial Highlights	15
Our Board and Management	16 - 23
Corporate Directory and Information	24

CORPORATE GOVERNANCE AND FINANCIAL REPORT

Corporate Governance Overview Statement	25 - 38
Sustainability Statement	39 - 55
Statement on Risk Management and Internal Control	56 - 58
Audit and Risk Management Committee Report	59 - 61
Directors' Responsibilities Statement	62
Additional Compliance Information	63 - 64
Financial Report	65 - 148

OTHER INFORMATION

Shareholding Statistic	149 - 150
List of Properties	151 - 153
Notice of Annual General Meeting	154 - 159
Statement Accompanying Notice of Annual General Meeting	159
Proxy Form	enclose

WE ARE GUIDED BY OUR

ACTIONS

WHICH UNDERLIE THE CULTURE OF THE

KOBAY GROUP OF COMPANIES

A gility
C an-Do Attitude
T eamwork
I nitiative and Accountability
O wnership and Pride
N ever Stop Learning
S peed of Response



Our Vision

To be a market leader and pre-eminent supplier to customers worldwide.



Our Mission

To pursue excellence in all aspects of our business to serve our customers in the global market.

To achieve sustainable, profitable growth, we combine market leading technology with a highly competent and committed workforce to achieve business excellence which is reflected in the products and services we offer.

Success is measured by our ability to create economic value, bond with our customers and suppliers, promote a sense of pride and ownership amongst our employees and produce a higher return of equity to our shareholders.



Our Values & Beliefs

Our shared values and beliefs are the foundation upon which our company is built. We believe that our people, striving towards a shared vision and guided by a common set of values and beliefs are our most valuable asset and the ultimate sustainable source of our competitive advantage.

Kobay Business and its Structure

CORPORATE STRUCTURE AS AT 9 OCTOBER 2024



Notes :-

** Subsidiary of Kobay Industries Sdn. Bhd.

Subsidiary of Avelon Healthcare Group Sdn. Bhd.

Management Discussion and Analysis

Dear Esteemed Shareholders,

On behalf of the Board of Directors (the “Board”) of Kobay Technology Berhad (“Kobay” or the “Group”), it is my distinct pleasure to present to you the Management Discussion and Analysis (“MD&A”) for the financial year ended 30 June 2024 (“FY2024”).

BRIEF OVERVIEW OF FY2024

The International Monetary Fund (“IMF”) reported that the global economic growth in 2023 reached 3.3% but is anticipating a slight moderation to 3.2% in 2024. While robust exports from Asia, particularly in the technology sector, offered some respite, the global economic landscape remained challenging. Elevated inflation, tight monetary policies, geopolitical and trade tensions, as well as persistent supply chain disruptions continued to hinder businesses worldwide.

On a positive note, the Malaysian economy fared better with the Bank Negara Malaysia (“BNM”) reporting a gross domestic product (“GDP”) growth rate of 3.7% in 2023, driven by continued recovery in economic activity and labour market conditions, with inflation remaining under control. However, moderating factors included a subdued export sector due to weak global demand, while the manufacturing sector struggled with the global technology downcycle.

In particular, the global semiconductor industry experienced a decline in global sales of integrated circuits (“IC”) in 2023, primarily attributed to softer chip demand according to a report by SEMI. On a brighter side, SEMI also noted that the industry has demonstrated signs of recovery, supported by the rising demand for advanced technologies. Key drivers fuelling this recovery include the growing demand for artificial intelligence (“AI”) chips and high-bandwidth memory (“HBM”). These trends have enabled players in the industry to effectively adapt to the challenging macroeconomic landscape.

At Kobay, it was another taxing year given the market uncertainties and challenges spilled over from the previous year. Against the backdrop of difficult business operating conditions, our team worked diligently and delivered a satisfactory performance. The Group reported a revenue of RM330.5 million and a profit after tax and non-controlling interest (“net profit”) of RM14.2 million for FY2024.

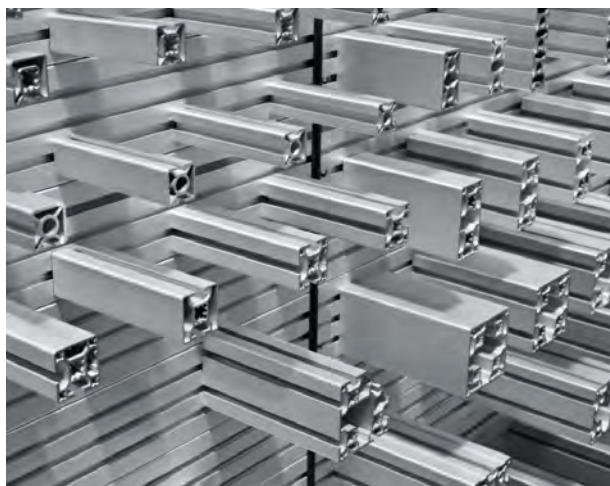
GROUP OVERVIEW

Since inception in 1984, Kobay has established itself as a trusted partner in the Malaysian engineering landscape, providing quality end-to-end engineering services to our customers. The growth trajectory culminated in our successful listing on the Main Market of Bursa Malaysia Securities Berhad in 1997. Headquartered in Georgetown, Pulau Pinang, the Group currently operates a network of 7 manufacturing plants strategically located in Seberang Perai and Bayan Lepas, Penang, as well as in Pontian, Johor.

Manufacturing

Our manufacturing segment offers a wide range of services, including high-precision engineering, automated equipment solutions, high-precision machining components, , heavy metal structure fabrication, high-level assembly, design and manufacturing of semiconductor test handling equipment and any contract manufacturing requirements from our customers.

Kobay serves a diverse portfolio of industries, including semiconductors, electronics and electrical (“E&E”), aerospace, medical, and life sciences and oil and gas (“O&G”). The Group’s clientele includes both domestic and multinational corporations, with a significant presence in Malaysia and a growing customer base across Europe, North America, and the Asia Pacific region.



Aluminium Extruded Frames

The Group’s aluminium plant, which commenced operations last year and focuses on extruding aluminium profile, is making good progress. Production is gradually picking up in tandem with more orders secured. This strategic offering of ours allows us to diversify our customer base and contribute to the global transition not only for semiconductor industries but also toward growing demand for renewable energy solutions and construction profile solutions.

Meanwhile, our Electronics Manufacturing Services (“EMS”), which offers Surface Mount Technology (“SMT”) services as part of our complete end-to-end solutions for our clients, particularly in advance data servers, has also started production in small scale and is making steady progress in ramping up volumes.

Overall, FY2024 was a year of progressive improvement for the manufacturing division, where demand gradually increased, especially for high precision machined components and aerospace components, as well as surface treatment services.

Management Discussion and Analysis (Cont'd)

GROUP OVERVIEW (CONT'D)

Property Development

Kobay's foray into the property development sector began in 2016 with the launch of our inaugural project, the Lavanya Residences in Langkawi, Kedah. This development, with a gross development value ("GDV") of RM318.0 million, was constructed in two phases: private pool villas which were completed in July 2019, and serviced studios and apartments that were successfully handed over in February 2023.

Building on the success of the Lavanya Residences, we subsequently launched our second development project, the Laguna Bay Residences, in November 2023. Situated in Sungai Batu, Penang, this affordable housing development has a GDV of RM119.0 million and has achieved 58.0% take-up rate to date.

The Laguna Bay Residences is a 31-storey low-density development of only 342 units featuring a 9-storey parking lot, 3 floors of recreational facilities, and 19 storeys of residential units. Each of the 342 residential units has a built-up area of 900 square feet.



Artist impression of the Laguna Bay Residences



Reading Area



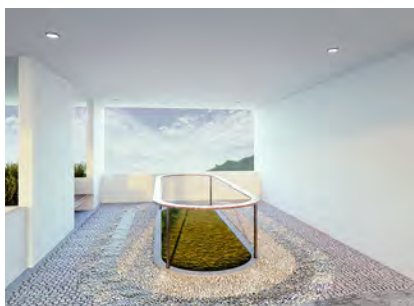
Tai-Chi Corner



Aerobics & Yoga Area



Viewing Deck



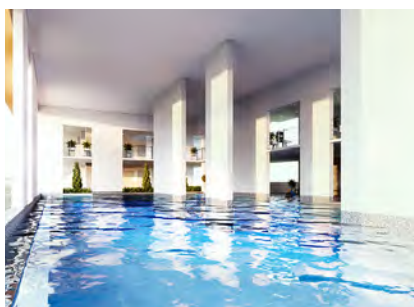
Reflexology Corner



Outdoor Gym



Landscaped Area



Swimming Pool & Jacuzzi



Kid's Pool

Recreational facilities within the Laguna Bay Residences

Management Discussion and Analysis (Cont'd)

GROUP OVERVIEW (CONT'D)

Property Development (Cont'd)

The project is in a strategic location near major transportation hubs, commercial centres, and healthcare facilities offers residents convenient access to essential services and amenities. Its proximity to the Penang International Airport, Second Penang Bridge, Free Trade Zone, Queensbay Mall, and Pantai Hospital, among other key landmarks, enhances its appeal as a desirable living space.



Easy Access to Essential Services and Amenities

The table below lists our active projects under development/in the pipeline:-

No.	Description	Location	Land Area (acre)	Business Mode	Status
1.	Affordable Housing (The Laguna Bay Residences)	Sg. Batu, Penang	1.80	Own & Joint-Venture	Launched in November 2023
2.	Mixed Development	Sg. Nibong, Penang	3.05	Own & Joint-Venture	Under design & planning.
3.	Mixed Development	Bkt. Mertajam, Penang	7.10	Own	Under design & planning.
4.	Serviced Apartment	Tg. Bungah, Penang	1.54	Own	Under design & planning.
5.	Residential Development	Lumut, Perak	19.50	Own	Under design & planning

As at end of FY2024, the Group's property development segment holds undeveloped land reserves of 31.19 acres for upcoming projects.

Management Discussion and Analysis (Cont'd)

GROUP OVERVIEW (CONT'D)

Pharmaceutical & Healthcare

Kobay acquired a 70%-stake in Avelon Group in August 2021, marking our entry into the pharmaceutical and healthcare business. Avelon Group operates a retail pharmacy chain consisting of 4 outlets under the brand name, "Park@City", as well as a standalone retail store specialising in healthcare products under its proprietary "BioBay" brand. BioBay currently offers over 40 different healthcare products, including nutritional milk powder, nutritious cereal drink, detoxification products, pain management products, and anti-inflammatory and antioxidant products, to name a few.



BioBay Brand Logo

In addition to BioBay, Avelon Group also owns the brands of K'yanoll, K'yanoll Lab and Nolevaa. K'yanoll is dedicated to beauty supplements, K'yanoll Lab focuses on skincare products, while Nolevaa is committed to be a trusted brand for health foods.



Various Healthcare Products Under Avelon Group's Brands

In May 2024, BioBay appointed Prof. Dato' Seri Master Chris Leong, a renowned Tit Tar practitioner with huge followings in Malaysia and across Southeast Asia, as its brand ambassador. Prof. Dato' Seri Master Leong's expertise in traditional healing methods aligns with BioBay's commitment in promoting health and wellness. His endorsement of BioBay's products further enhances the brand's credibility and instils trust among its consumers.



Prof. Dato' Seri Master Chris Leong Unveiled as BioBay's Brand Ambassador

Management Discussion and Analysis (Cont'd)

GROUP OVERVIEW (CONT'D)

Pharmaceutical & Healthcare (Cont'd)

Strategically located in the Klang Valley, Kobay's pharmaceutical operations, including the Park@City pharmacy chain and the BioBay retail store, benefit from the matured catchment and strong consumer base in the vicinity. Meanwhile, the Group's warehouse facility for wholesale distribution, also in Klang Valley, enables efficient operations and better market penetration.



Damansara Utama

Metro Prima Kepong

Bangsar

Taman Sri Bintang

Park@City Retail Pharmacy Outlets in the Klang Valley

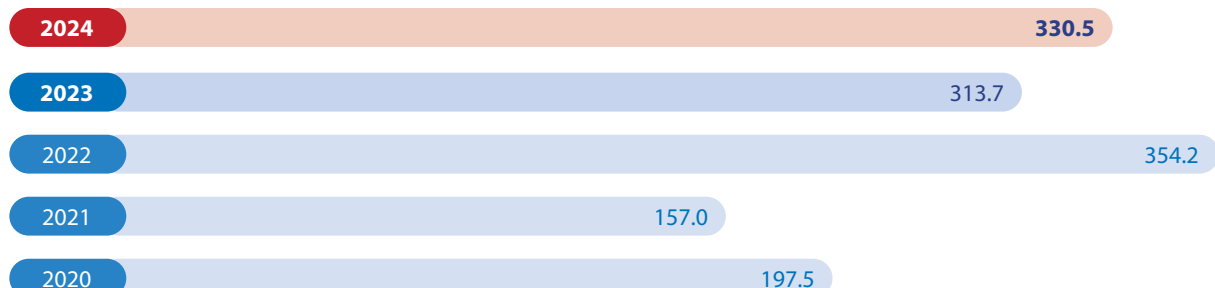
REVIEW OF FINANCIAL RESULTS

INCOME STATEMENT HIGHLIGHTS

Revenue

In FY2024, Group revenue came in at RM330.5 million, an increase of 5.4% year-on-year ("YoY") from RM313.7 million a year ago. This improvement was mainly driven by higher orders received for the manufacturing division, particularly from its high-precision components operation.

REVENUE (RM million)



Gross Profit

However, the improvement in revenue was not reflected at the gross profit ("GP") level largely due to lower contributions from the property development division in launching its affordable home following the completion of a project last year, as well as softer earnings from the pharmaceutical and healthcare division as it balances profitability with market share preservation. GP for the financial year under review was at RM79.1 million versus RM81.1 million in FY2023.

Profit Before Tax

Similarly, the Group's profit before tax ("PBT") too, was lower with a PBT of RM21.1 million in FY2024 vis-à-vis RM38.0 million in the previous year. This was impacted by increase in finance cost coupled with higher operating expenses, which is further explained at the segmental analysis.

Management Discussion and Analysis (Cont'd)

REVIEW OF FINANCIAL RESULTS (CONT'D)

INCOME STATEMENT HIGHLIGHTS (CONT'D)

Net Profit

Profitability-wise, Kobay posted a net profit of RM14.2 million in the financial year under review as compared to RM26.5 million in FY2023. Effective tax rate for FY2024 was higher than statutory rate as losses incurred by certain subsidiaries that could not be offset against other profitable subsidiaries, in addition to incurrence of non-deductible expenses.

SEGMENTAL ANALYSIS

Manufacturing

For FY2024, revenue from the manufacturing division improved 4.6% YoY to RM203.9 million from RM194.9 million in the preceding year. This was principally driven by increasing sales orders, particularly within the high-precision components servicing E&E and aerospace sectors. Separately, sales from the semiconductor sector for the financial year under review remain subdued in line with the downturn in global semiconductor industry. On a positive note, the gradual recovery experienced towards the second half of FY2024 is consistent with the statistics by SIA.

The manufacturing division reported a PBT of RM14.3 million for FY2024. This was lower than the RM19.9 million achieved a year ago, chiefly impacted by setup costs associated with the new aluminium manufacturing facility, as well as shift in product sales mix with the extrusion business still picking up traction.

Property Development

As for our property development arm, revenue for the financial year under review came in lower at RM27.0 million versus RM34.8 million in FY2023. This was predominantly owing to the Langkawi project that was completed in the previous year. As a result, FY2024 PBT stood at RM0.04 million in contrast to RM10.5 million in FY2023 due to the aforementioned factor as well as the different profit margin profile for our affordable housing project.

Pharmaceutical & Healthcare

On the other hand, our pharmaceutical & healthcare division registered a revenue of RM81.3 million in FY2024. This is an increase of 3.8% YoY from RM78.3 million in FY2023. However, the improvement was not reflected at the PBT level as the division is balancing profitability with maintaining market share. The pharmaceutical & healthcare division posted a PBT of RM5.9 million in FY2024, compared to RM10.9 million last year.

BALANCE SHEET POSITION

Total Assets

The Group's total assets was higher at RM609.2 million as at end-FY2024 relative to RM563.9 million a year ago, stemming from increase in trade and other receivables in line with the growth in revenue. Total cash surged to RM57.9 million as at 30 June 2024 from RM47.6 million last year. This increase was largely the result of improved working capital management, which contributed to positive cash flow from operating activities:

Total Liabilities and Equity

Total liabilities at the close of the financial year under review was higher at RM212.5 million vis-à-vis RM169.9 million in the prior year, primarily owing to higher loans and borrowings which stood at RM115.9 million as at end FY2024, up from RM95.8 million as at 30 June 2023. On the other hand, total equity was at RM396.7 million versus RM394.0 million as at end-FY2023, attributed to increase in retained profits.

Management Discussion and Analysis (Cont'd)

REVIEW OF FINANCIAL RESULTS (CONT'D)

BALANCE SHEET POSITION (CONT'D)

Net Gearing Ratio, Cash Per Share & Net Operating Cash Flow

The Group's net gearing remained healthy at 0.14 times with cash per share of 17.8 sen as at 30 June 2024. Meanwhile, Kobay generated a positive net operating cash flow of RM29.7 million in the financial year under review, in contrast to a negative net operating cash flow of RM16.3 million last year.

Balance Sheet Highlights as at 30 June 2024



Total Assets
RM609.2
million



Total Equity
RM396.70
million



Net Assets
RM1.24
per Share



Cash
17.8 sen
per Share

CORPORATE DEVELOPMENTS

Acquisition of Leapcode Sdn. Bhd. ("Leapcode")

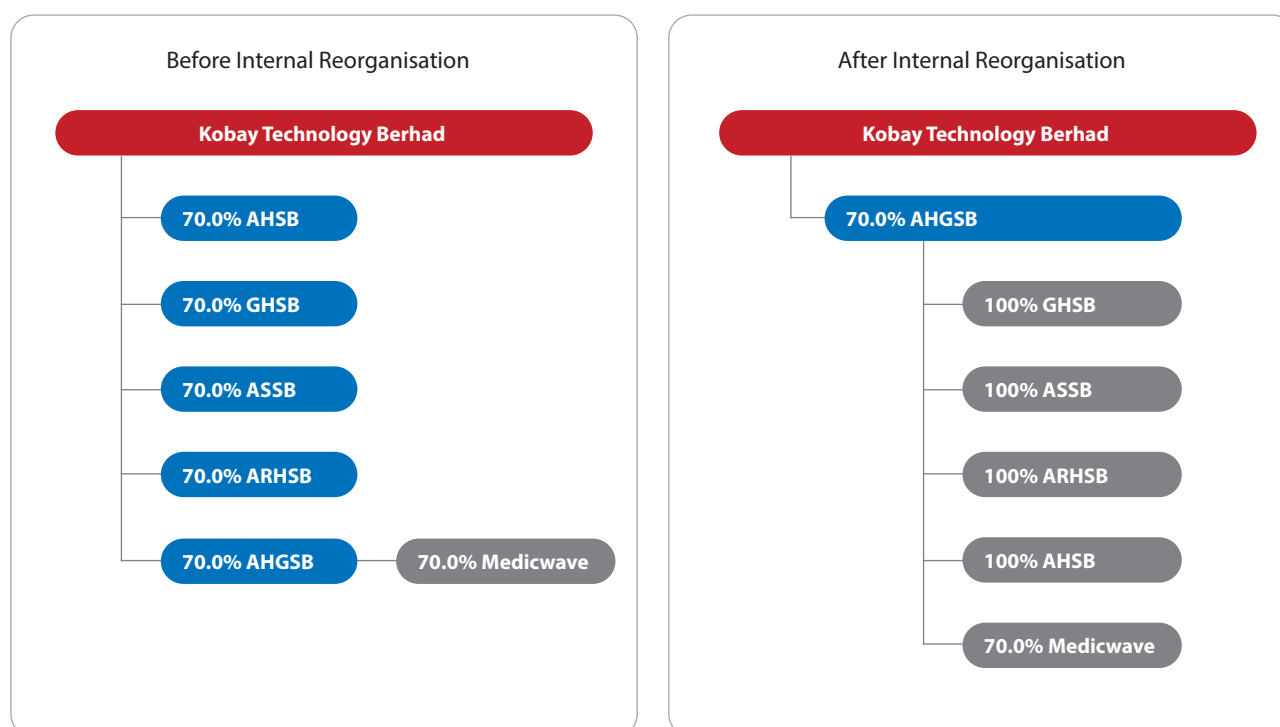
In July 2024, the Group, through its wholly-owned subsidiary, Kobay Industries Sdn. Bhd. ("KISB"), completed the acquisition of a 65.0%-equity interest in Leapcode for RM0.1 million from Miss Ooi Ruey Yng. Leapcode's principal activities are in assembly, maintenance and repair of engineering equipment, including advanced data servers. It holds an applications service provider class license-ASP(C) issued by the Malaysian Communications & Multimedia Commission ("MCMC"). Essentially, this allows the license holder to host and manage software applications on their servers, making those applications accessible to customers over the internet. This is a synergistic acquisition for Kobay as we are involved in the high-level assembly services for advanced data servers.

Management Discussion and Analysis (Cont'd)

CORPORATE DEVELOPMENTS (CONT'D)

Internal Reorganisation of Pharmaceutical & Healthcare Division

The Group completed the internal reorganisation of our pharmaceutical & healthcare division in May 2024. This involved the disposal of Kobay's 70% equity interests in its subsidiaries under the pharmaceutical & healthcare division - Avelon Healthcare Sdn. Bhd. ("AHSB"), Galaxy Healthcare Sdn. Bhd. ("GHSB"), Avelon Arise Sdn. Bhd. ("AASB") and Arise Healthcare Sdn. Bhd. ("ARHSB") to Avelon Healthcare Group Sdn. Bhd. ("AHGSB") for a total consideration of RM15.8 million, satisfied via issuance of new AHGSB shares ("Internal Reorganisation"). The structure of the pharmaceutical & healthcare division before and after the Internal Reorganisation are illustrated as follows:



The Internal Reorganisation effectively consolidates and rationalise the pharmaceutical & healthcare division's operations under AHGSB.

Followed from the internal Reorganisation, AHGSB has acquired 70% stake in Medicwave (M) Sdn. Bhd. in February 2024, a distributor of medical products and devices to public and private hospitals, specialist and general practice clinics in Malaysia operating from its place of business located at Selangor.

Extension of Time for Utilisation of Proceeds Raised from Private Placement

Kobay raised a total of RM110.0 million after deducting transaction costs from a private placement exercise in November 2021, which involves the issuance of 19,900,000 placement shares. The proceeds were earmarked for the setting up of a new aluminium manufacturing plant along with partial repayment of bank borrowings. As at 30 June 2024, RM89.7 million of the total proceeds had been utilised.

In June 2024, the Board, after due consideration and having taken into account the current operating environment, resolved to extend the timeframe for the utilisation of the balance proceeds. The timeframe to utilise the balance RM20.7 million has been extended for another 18 months from 26 June 2024 to 25 February 2026.

Management Discussion and Analysis (Cont'd)

CORPORATE DEVELOPMENTS (CONT'D)

Extension of Time for Utilisation of Proceeds Raised from Private Placement (Cont'd)

Table: Utilisation of proceeds of private placement (as of 30 June 2024)

No.	Purpose	Proceeds Raised (RM mln)	Actual Utilisation (RM mln)	Balance Unutilised (RM mln)	Original timeframe for utilisation from 26 November 2021	Revised timeframe for utilisation
1	Setting up of new aluminium manufacturing plant for the Group's manufacturing division	60.00	(39.26)	20.74	24 months	Extended to February 2026
2	Partial repayment of bank borrowings	50.00	(50.00)	-		
3	Estimated expenses	0.45	(0.45)	-		
	Total	110.45	(89.71)	20.74		

ANTICIPATED AND KNOWN RISKS

Supply Chain Challenges

The ongoing trade tensions between China and the US, coupled with geopolitical conflicts in the Middle East and Europe, pose a potential risk to our supply chain. Such disruptions could have an adverse impact on our overall performance arising from delays in production, increased costs, and potential shortages of critical components. To mitigate these risks, the Group maintains a diversified supplier base for critical materials and components, ensuring access to alternative options in the event of unforeseen circumstances. Additionally, we have well-established relationships with our key suppliers, which enhance collaboration and ensure a more reliable supply chain, enabling us to better manage potential challenges.

Foreign Currency Risks

Kobay's performance is subject to foreign exchange risk as a significant proportion of our export activities are conducted in the United States Dollars ("USD"). Fluctuations in exchange rates between the USD and the Malaysian Ringgit can have a material impact. We manage this risk by implementing protective measures that includes close monitoring of exchange rate movements and periodical use of forward exchange contracts as and when necessary. While our operations can benefit from a natural hedge against foreign exchange risk, we remain vigilant in managing this exposure to ensure the stability of our financial performance.

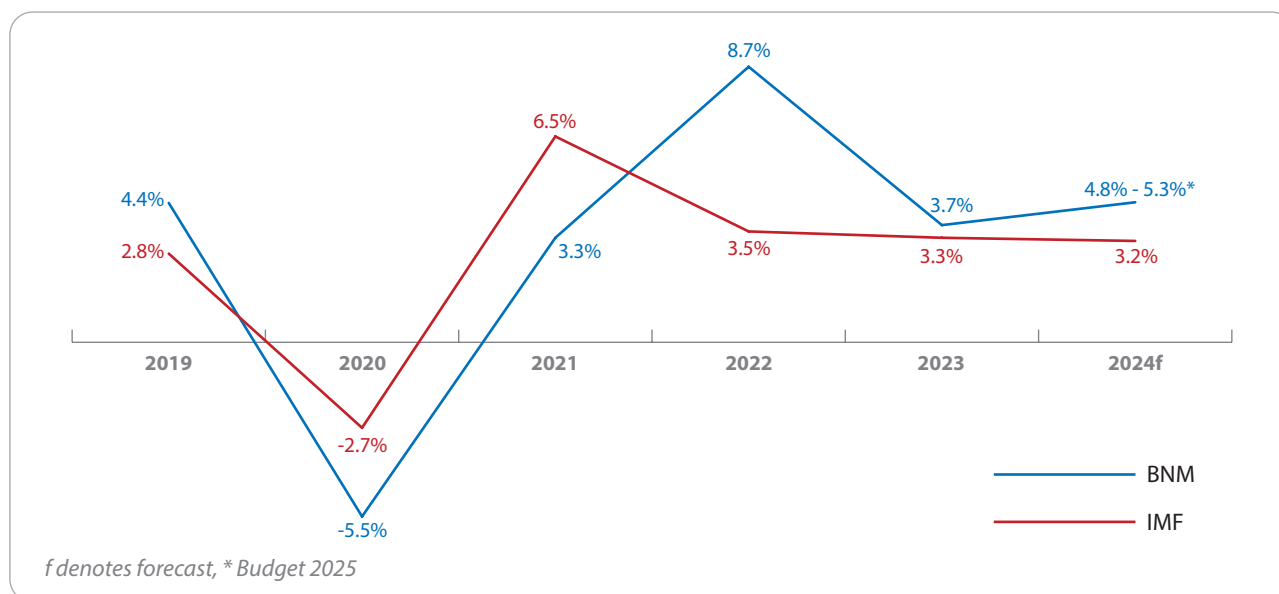
Operational Disruptions

Uninterrupted production and minimal unplanned shutdowns are crucial to Kobay's operational efficiency. Any disruptions could impact our performance. To mitigate risks and ensure operational continuity, we have implemented safeguards such as adopting insurance policies to protect our assets and our employees from various risks and uncertainties. While these measures help mitigate internal risks such fire, theft, and personal accidents, external factors like natural disasters, pandemic, civil unrests, and labour strikes remain outside of our control. Such unforeseen events could pose challenges to maintaining our production schedule and timely delivery of products to our clients.

Management Discussion and Analysis (Cont'd)

OUTLOOK AND PROSPECTS

Given the prevailing macroeconomic uncertainties, such as trade tensions and geopolitical risks and slower global growth, we anticipate the challenging operating environment to persist going into FY2025. According to the IMF, global growth is expected to moderate to 3.2% in 2024 and 3.3% in 2025.



Malaysia vs. Global GDP Growth (2019 – 2024f)

On a brighter note, our domestic economy is expected to remain resilient and robust. According to Budget 2025, the GDP growth is projected to expand between 4.8% to 5.3%, an upward revision from 4.0% to 5.0% previously. This positive outlook is underpinned by the technology upcycle, a strong rebound in tourism, and the accelerated rollout of investment projects, aligning with the Asian Development Bank's growth forecast of 4.5% in 2024.

Manufacturing

As we move forward, the semiconductor industry is poised for recovery and growth. The World Semiconductor Trade Statistics ("WSTS") projects a robust growth of 16.0% YoY to USD611.2 billion in 2024, followed by another 12.5% YoY increase to USD687.4 billion in 2025. The expansion is primarily boosted by the memory and logic IC segments. The industry's growth will also be supported by the fast-growing demand for artificial intelligence ("AI") performance. The rapid adoption of High Bandwidth Memory ("HBM") to meet the rising demand for faster processors required by AI servers will also be supporting this growth.

Additionally, a report by S&P Global Mobility forecasts a positive long-term outlook for the automotive semiconductor industry. The market is anticipated to exceed USD130.0 billion in revenue by 2029, mainly attributable to the normalised demand from automakers and parts suppliers following inventory adjustments. Electric vehicles ("EVs") are expected to be a major driver of growth, fuelling demand for specialised semiconductors required for these vehicles, which certainly augurs well for Kobay.

The recovery in the aerospace industry is set to gain further momentum as we enter the new financial year, underpinned by the continued rise in demand for air travel. This increase in passenger traffic will, in turn, propel the need for new aircraft to support expanding air travel services.

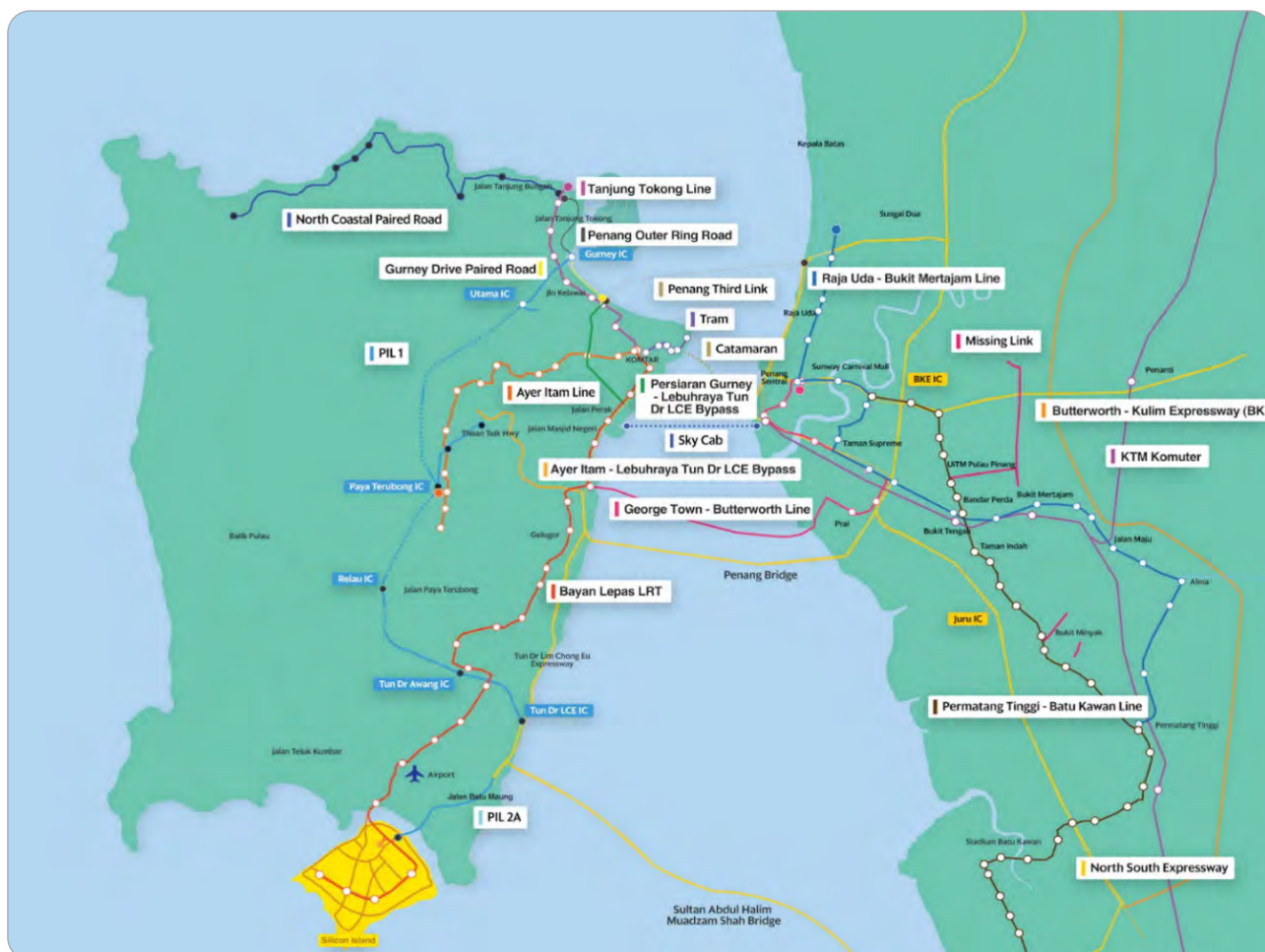
Given these favourable industry trends, we anticipate a growing demand for our manufacturing services to continue in FY2025. This is reflected in the rising volume of orders from several existing customers who are increasing their order to meet market demand. Additionally, we are actively pursuing opportunities to broaden our customer base, positioning ourselves to capture further growth across high-potential sectors.

Management Discussion and Analysis (Cont'd)

OUTLOOK AND PROSPECTS (CONT'D)

Property Development

The Malaysian property sector demonstrated robust growth in the first half of 2024, with transaction value increasing by 23.8% YoY to RM105.6 billion and volume expanding by 8.0% YoY to 198,906 transactions, according to the National Property Information Centre ("NAPIC"). This positive trend is expected to continue throughout 2024, influenced by a resilient domestic economy, favourable government policies, and growth in infrastructure and trade activities. These drivers have collectively boosted Malaysia's GDP, employment levels, and household income, establishing a supportive environment that benefits property developers, sellers and buyers.



Penang Transport Master Plan Map with Kobay's Current and Future Project Locations

Additionally, Penang's property sector is anticipated to grow in demand, fuelled by the steady stream of foreign direct investment ("FDI"), key infrastructure projects such as the Penang Silicon Island, Penang Light Rail Transit ("LRT") and Penang International Airport expansion project are expected to drive the state's growth trajectory. This increasing demand for housing in Penang is expected to further bolster the appeal for Kobay's projects like the Laguna Bay Residences.

Moving forward, the Group remains committed to expanding our portfolio of affordable housing projects given the increasing demand for such initiatives.

Pharmaceuticals

The pharmaceutical industry is well-positioned for continued growth, catalysed by the rising emphasis on health and wellness among Malaysians. This shift towards a more preventive approach to healthcare, coupled with the rising prevalence of chronic diseases, mental health concerns, and an ageing population, is expected to boost demand for pharmaceutical products.

While acknowledging the challenges posed by rising costs, the Group remains committed to the pharmaceutical segment's growth potential. We continue to closely monitor our risk management strategies and carefully time new product launches to align with market trends. By proactively addressing these challenges, we aim to ensure Kobay's continued success in this sector.

Management Discussion and Analysis (Cont'd)

APPRECIATION

On behalf of the Board of Directors, I wish to express my heartfelt gratitude to the entire team at Kobay. Your tireless efforts and commitment to excellence were pivotal in overcoming the challenges faced during FY2024.

Next, I would like to extend my appreciation to all our stakeholders, including customers, business partners, financial institutions, legal advisors, and suppliers, for their steadfast support to the Group throughout the past year. To our shareholders, I would like to thank you for your continued faith in Kobay's vision and goals.

I would like to recognise the contributions of Mr. Khaw Eng Peng, who retired from his role as a Non-Executive Director of Kobay in December 2023. His extensive experience and wealth of knowledge have given rise to many valuable insights and counsel to the Group. I wish him all the best in his future endeavours.

In addition, the Board has undergone several strategic transitions to better align with the evolving needs of the Group. These adjustments include key re-designations, as we strive to ensure the Board's composition continues to reflect a balance of expertise and leadership to drive future growth.

As part of these changes, Mr. Koay Cheng Lye has been re-designated as Non-Executive Director from his prior role as Executive Director. Meanwhile, Mr. Koay Wooi Seong took on the role as Executive Director from his previous position as Non-Executive Director. Lastly, Ms. Lee Kooi Hoon has been redesignated as Senior Independent Non-Executive Director from Independent Non-Executive Director.

Looking ahead, we are confident that the Board's refreshed leadership, combined with the collaborative spirit of our team, will enable us to navigate uncertainties and overcome headwinds in FY2025. At Kobay, we are "Building a Stronger Future, Together".

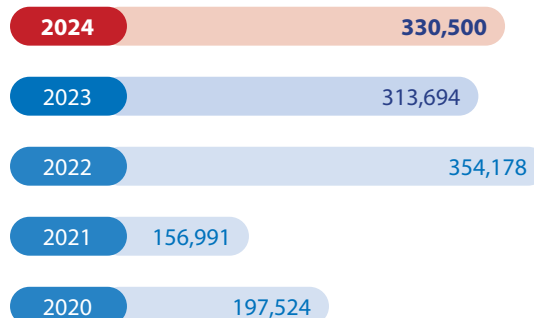
Dato' Seri Koay Hean Eng

Managing Director and Chief Executive Officer

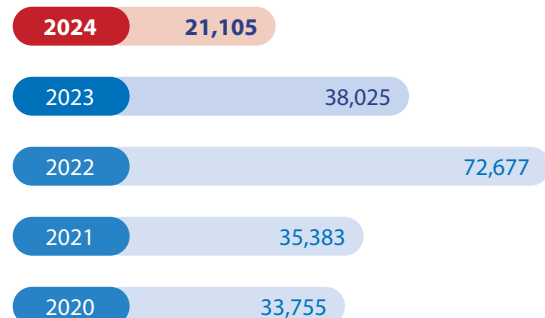
Financial Highlights

	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Statement of Profit or Loss and Other Comprehensive Income					
Revenue	197,524	156,991	354,178	313,694	330,500
EBITDA	41,033	42,777	85,300	53,414	44,588
Profit before tax	33,755	35,383	72,677	38,025	21,105
Profit after tax	24,101	26,933	52,885	25,590	11,599
Net profit attributable to equity holders	23,926	26,761	51,371	26,508	14,195
Statement of Financial Position					
Total Assets	286,049	293,278	568,707	563,904	609,215
Total Borrowings	42,256	41,041	68,565	95,784	115,939
Equity attributable to owners of the Company	198,307	209,419	363,275	380,178	380,848
Financial Indicators					
Earning per share (sen)	7.81	8.76	16.46	8.28	4.43
Gearing ratio (%)	21.25	19.54	18.98	25.71	31.57
Net assets per share (RM)	1.95	0.69	1.18	1.23	1.24
Net dividend per share (sen)	6.00	2.00	3.00	2.00	-
Share price as at the financial year end (RM)	1.83	2.70	2.96	1.90	2.14
Price earning (PE) ratio as at financial year end (times)	23.43	30.82	17.98	22.95	48.31
Number of ordinary shares issued	102,094	306,281	326,181	326,181	326,181
Weighted average number of ordinary shares in issue	306,281	305,361	312,112	326,181	326,181

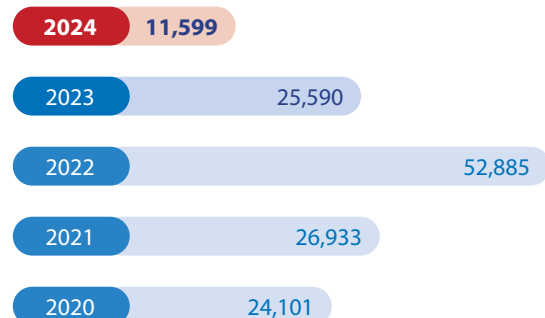
REVENUE (RM'000)



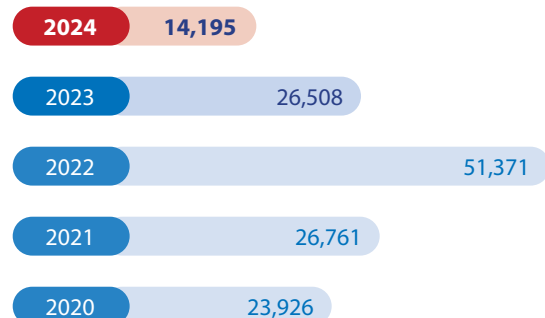
PROFIT BEFORE TAX (RM'000)



PROFIT AFTER TAX (RM'000)



NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS (RM'000)



Our Board and Management

BOARD OF DIRECTORS



Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil

Malaysian | aged 61 | Female

Chairman/Independent and Non-executive Director/Member of Audit and Risk Management Committee/Member of Remuneration Committee/Member of Nominating Committee

Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil has 24 years experience in the real-estate industry. She has held leadership roles in a few companies of which she recruited and managed the sales team. During this time, she has built a reputation for operational excellence, recruiting high achieving sales teams, with the highest level of integrity, a deep and passionate commitment to the companies, their staffs and their local and international clients.

Puan Sharifah Faridah began her career with Reapfield Properties as a rookie in the year 2008 and became the Head of Sales in the year 2012, bringing in reputable developers into the company. In the year 2015, she was appointed Vice President of the Property & Investment Division in JB Jurunilai Bersekutu Sdn Bhd. Her mission was to develop a business and a brand its real estate division of this well-known property valuation company. She led all of the company's real estate business operations, had full profit and loss ownership, ensured risk management, compliance and business controls across their property divisions. She then moved to City Two Property in the year 2017 delivering significant revenue to the company by doing the same.

Puan Sharifah Faridah was appointed as Director and Chairman to the Board of Kobay on 11 January 2021 and also being appointed as member of Audit and Risk Management Committee, Nominating Committee and Remuneration Committee.

She has also been actively involved in many non-profit organisations. The main one being with Mercy Malaysia since its inception in the year 1999 as Chief Editor as well as President of Asiaworks Foundation as it's President from the year 2006 to 2008. Having an interest in art and culture, she co-organised an art exhibition with Soka Gakkai, a Japanese organization, bringing to the fore several Malaysian emerging and established artists, raising funds from the proceeds to assist in teaching those in need a trade which could assist them in their livelihood. Puan Sharifah Faridah also got the NGO approved as a tax deductible organisation under sub-section 44(6) of the Income Tax Act 1967, and brought Asiaworks Foundation into the lime light with their works and achievements into the various media via television, radio and the newspapers. She is now also serving as a Secretary to a stratified management committee.

She was a student in Convent Bukit Nanas, Wartburg College and Kent State University and holds a LIAM and PIAM Certification in Insurance.

She does not hold any directorship in other public companies and listed issuer.

Puan Sharifah Faridah has no direct/indirect shareholding in Kobay as of 9 October 2024.



Dato' Seri Koay Hean Eng

Malaysian | aged 66 | Male

Managing Director/Chief Executive Officer/Member of Executive Committee

Dato' Seri Koay Hean Eng's role at Kobay Technology Bhd. is crucial for the company's growth and governance. As the Group CEO and Managing Director, his responsibilities span both strategic leadership and operational management. Appointed as Director since 17 September 1994, he has a long history with the company, indicating his deep understanding of its dynamics and goals. His position involves steering the company's strategic direction, fostering business and corporate development, and ensuring effective communication between the Board and management. This role is essential for maintaining the company's governance standards and driving its overall success.

As a co-founder of Kobay Group, Dato' Seri Koay Hean Eng has leveraged his vocational education and over 40 years of extensive experience in the high precision engineering industry. His expertise encompasses a broad spectrum of services, including high precision tooling, die and mold, fixtures and fittings and automated machines, all of which are essential to the semiconductor industry. His deep passion and technical knowledge have been instrumental in driving the growth and success of Kobay Group throughout the years.

Dato' Seri Koay Hean Eng also has significant experience in property development. Under his leadership and management, he has overseen a range of property projects, including residential apartments, landed properties, and commercial developments across various parts of Penang. His extensive background in property development was instrumental in the Group's strategic diversification into this sector in 2013.

He does not hold any directorship in other public companies nor public listed companies.

As of 9 October 2024, Dato' Seri Koay Hean Eng does not have any direct shareholding in Kobay except his indirect shareholding of 113,333,940 ordinary shares in Kobay via Kobay Holdings Sdn. Bhd., a major shareholder of Kobay by virtue of his substantial direct interest in Kobay Holdings Sdn. Bhd..

Our Board and Management (Cont'd)

BOARD OF DIRECTORS (CONT'D)



Koay Cheng Lye

Malaysian | aged 76 | Male

Non-Independent and Non-executive Director/Member of Audit and Risk Management Committee/Member of Remuneration Committee/Chairman of Nominating Committee

Mr. Koay Cheng Lye was a co-founder of Kobay Group and was appointed to the Board on 17 September 1994 as an Executive Director. He was an Executive Director and also Chief Administrative Officer and member of Executive Committee of the Company till 30 June 2024 when he was redesignated as a Non-Independent Non-Executive Director after he relinquished his position as Executive Director of the Company on 30 June 2024 and became a Non-Independent Non-Executive Director on 1 July 2024.

Mr. Koay Cheng Lye graduated with a degree in Mathematics from National Taiwan University. He possessed more than 30 years of experience in high precision engineering industry and semiconductor industry. He has an in depth knowledge of the overall Kobay Group's operations, affairs of administrative and management information system.

Aside from his experience in high precision engineering and semiconductor industry, Mr. Koay Cheng Lye has also possessed more than 25 years of experience in property development industries related knowledge and experiences.

Mr. Koay Cheng Lye is subject to retirement by rotation under Article 101 of the Company's Constitution at the forthcoming Annual General Meeting and being eligible, has offered himself for re-election.

As of 9 October 2024, Mr. Koay Cheng Lye has indirect shareholdings of 14,783,507 ordinary shares in Kobay, via Inna Capital Sdn. Bhd., a shareholder of the Company.



Koay Zee Ee

Malaysian | aged 37 | Male

*Non-Independent Executive Director
Chief Operating Officer – Engineering, Mechatronic and Contract Manufacturing Division/Member of Executive Committee*

Mr. Koay Zee Ee embarked on his professional journey as a management trainee at Kobay Group in February 2006 after he completed his South Australian Matriculation in Disted College. Progressing through the ranks, he eventually ascended to the position of General Manager at Bend Weld Engineering Sdn. Bhd. ("BWE"), a fully-owned subsidiary of Kobay. In this role, he held the responsibility of overseeing the business unit dedicated to the manufacturing of equipments and structures for the subsea oil and gas sector, a position he held for over ten years.

In the year 2016, he was relocated to Kobay and assumed the role of Personal Assistant to the CEO. Following the Company's expansion into property development, he was entrusted with the role of Chief Operating Officer ("COO") at Kobay on 18 August 2017. In this capacity, he took charge of supervising the operations of both the Property Development Division and the Engineering & Fabrication (EF) Division. His COO's role was then changed to become the COO for Engineering, Mechatronic and Contract Manufacturing Division with effective from 1 July 2024.

Mr. Koay Zee Ee was appointed as Director to the Board of Kobay on 8 September 2023.

Saved for his directorship in the subsidiary companies in Engineering, Mechatronic and Contract Manufacturing Division and Pharmaceutical Division of Kobay, he has no other directorship in any public company.

As of 9 October 2024, Mr. Koay Zee Ee has no direct shareholding in Kobay. He has indirect shareholding of 113,333,940 ordinary shares in Kobay, via Kobay Holdings Sdn. Bhd., a major shareholder of the Company, by virtue of his direct shareholding in Kobay Holdings Sdn. Bhd. and indirect interest via Dato' Seri Koay Hean Eng.

Our Board and Management (Cont'd)

BOARD OF DIRECTORS (CONT'D)



Koay Wooi Seong

Malaysian | aged 51 | Male

Non-Independent Executive Director

Chief Operating Officer – Property Development and Hospitality Management Division/Member of Executive Committee

Mr. Koay Wooi Seong joined the Board of Kobay on 11 March 2022 as a Non-Independent Non-executive Director. He was later re-designated as a Non-Independent Executive Director following his appointment as Executive Director and a member of Executive Committee on 1 July 2024.

Mr. Koay Wooi Seong started his career with Polytool Engineering Sdn. Bhd. as Sales Executive in year 1992 after graduated from high school and obtained his Sijil Pelajaran Malaysia. Polytool Engineering Sdn. Bhd. is now known as Kobay Assets Sdn. Bhd., a wholly owned subsidiary of Kobay Technology Bhd.

In year 1997, he changed his career path from manufacturing industry to property development industry. In year 1998, he was appointed to the Board of Kobay Properties Sdn. Bhd., Kobay Realty Sdn. Bhd. and Kobay Development Sdn. Bhd.. As an Executive Director of Kobay Development Sdn. Bhd., an established Property Development & Property Investment holding company, he has led several projects undertaken by the Company in Penang state ranging from residential to commercial products. During the same period in 2002, he was also appointed as Managing Director of Pembinaan Sendanas Sdn Bhd., a well-established company possessed license from Construction Industry Development Board (CIDB) expert in the construction of building and civil work.

He has more than 25 years extensive experiences in the property development & construction management industry. Throughout those years, he has shed his sweat and blood in numerous development & construction projects where his experience in this field is highly regarded and recognized amongst the peers.

Saved for his directorship in the subsidiary companies in Property Development and Hospitality Management Division of Kobay, he has no other directorship in any public companies and listed issuer.

Mr. Koay Wooi Seong is subject to retirement by rotation under Article 101 of the Company's Constitution at the forthcoming Annual General Meeting and being eligible, has offered himself for re-election.

He has indirect shareholding of 12,281,694 ordinary shares in Kobay, via Premiergrow Capital Sdn. Bhd., a shareholder of Kobay as of 9 October 2024.

Our Board and Management (Cont'd)

BOARD OF DIRECTORS (CONT'D)



Lee Kooi Hoon

Malaysian | aged 54 | Female

Senior Independent Non-executive Director//Chairman of Audit and Risk Management Committee/Chairman of Remuneration Committee/Member of Nominating Committee

Ms. Lee Kooi Hoon graduated with a Bachelor of Business in Accountancy from the Charles Sturt University-Riverina, Australia in December 1992 and obtained her Master in Development Management from the Asian Institute of Management, Manila, Philippines in May 2001. She is an associate member of the Australian Society of Accountants (now known as CPA Australia) since August 1993 and was subsequently admitted as a Certified Practising Accountant in May 1998. She is also a Chartered Accountant and a member of the Malaysian Institute of Accountants since July 2003.

She began her career with Ismail Chong & Associates in March 1993 as Audit Assistant, primarily assisting in the auditing process and reviewing tax computations. She left Ismail Chong & Associates in December 1994 and joined Price Waterhouse PLT (presently known as PricewaterhouseCoopers PLT) as Audit Assistant in January 1995. She was also seconded to assist in the Corporate Recovery Services department for an interim period of 5 months. She was promoted to Audit Senior in January 1996.

She joined Hunza Consolidation Berhad (presently known as Master-Pack Group Berhad) in April 1997 as Senior Internal Audit Executive in the same month. She was primarily tasked with conducting internal audit reviews and assessing the internal controls and compliance with company policies and regulatory requirements. She was subsequently seconded to Hunza Marine Products Sdn Bhd (a subsidiary of Hunza Consolidation Berhad) as an Assistant Finance Manager in March 1998. Her responsibilities include, amongst others, the preparation of financial statements and budgets and monitoring budget spending and trade receivables.

She resigned in January 1999 and joined Shangri-La Hotels (M) Berhad in February 1999 to May 2000 as an Internal Audit Officer, mainly tasked to support the internal audit review of the hotel assets of the company.

In September 2001, she joined Cargill (Malaysia) Sdn Bhd as Finance Manager and was mainly responsible for the preparation of monthly financial reporting and financial statements. She joined International SOS Pte Ltd as Assistant Finance and Administration Manager in June 2003. She was promoted to Finance Manager in October 2006. During her tenure with the company, she was seconded to various companies within the International SOS Pte Ltd group, where she was tasked to, amongst others, manage the local and overseas finance operations.

She joined Cold Storage Singapore (1983) Pte Ltd, a subsidiary of DFI Retail Group Holdings Limited (listed on Singapore Exchange Limited), in May 2012. She was appointed as Chief Financial Officer of DFI Lucky Private Limited, a company based in Cambodia and which operates a retail chain of supermarkets. In this role, she primarily oversaw finance functions, including the preparation of financial reports and cash flow management. She left Cold Storage Singapore (1983) Pte Ltd in August 2021.

After taking a sabbatical, she was appointed as Finance Advisor for Olympia Medical Hub Co Ltd (a Cambodian entity) in June 2022, where her role primarily entails providing advice and input on strategic budgeting as well as other accounting and financial matters for a private hospital in Cambodia. She left Olympia Medical Hub Co Ltd in May 2024.

Ms. Lee was appointed as Director to the Board of Kobay on 8 September 2023 and as Senior Independent Non-Executive Director on 4 December 2023.

Currently she holds directorship in a public company and does not hold any directorship in other listed companies.

She has no direct/indirect shareholding in Kobay as of 9 October 2024.

Our Board and Management (Cont'd)

KEY SENIOR MANAGEMENT



Koay Wooi Tatt

Malaysian | aged 47 | Male

Chief Operating Officer – Manufacturing Division (Precision Aerospace & Components, Extrusion and Surface Treatment) /Member of Executive Committee

Mr. Koay Wooi Tatt was appointed as Chief Operating Officer of Kobay on 10 October 2016 where he oversees the entire operations of the Manufacturing Division under precision aerospace & components, extrusion and surface treatment.

He earned a Diploma in Mechanical Engineering from the German-Malaysian Institute in 1999. Before joining Kobay, he worked as a Design Engineer for Hup Fatt Brothers Sdn. Bhd. On 2 May 2003, he became the Functional Manager at Paradigm Metal Industries Sdn. Bhd. (PMI), a subsidiary of Kobay. In year 2004, he was promoted to General Manager of PMI. His extensive experience within Kobay Group, including various roles across business units, has given him a deep understanding of the Group's operational systems and procedures.

Saved for his directorship in the subsidiary companies of Manufacturing Division, he has no directorship in any public company and Kobay.

He has indirect shareholding of 12,281,694 ordinary shares in Kobay, via Premiergrow Capital Sdn. Bhd., a shareholder of Kobay as of 9 October 2024.



Yee San Khien, Philip

Malaysian | aged 70 | Male

VP in Corporate Investment/Finance

Mr. Philip has vast experience in commercial banking when he served 22 years in the banking industry. He joined a local bank as a junior officer in the year 1978 and moved on to the bank's Treasury Department in year 1981 as Correspondent Banking Officer and Dealer in Money Market and Foreign Exchange Department and headed the Department as Chief Dealer from year 1983 to 1989. From April 1989, he moved on as senior manager in Branch Operation of the bank.

He left banking in August 2001 and joined Kobay Technology Bhd. as Corporate Manager in October 2001, responsible for corporate control and restructuring, mergers and acquisitions until his retirement from Kobay when he last served as VP-Commercial in August 2013.

From October 2013, he was in contractual engagement as the Chief Financial Officer of a fintech company operating E-payments gateway and providing remittance services regulated by Bank Negara Malaysia. He retired the contractual employment with the fintech company in September 2019.

Mr. Philip joined Kobay again in January 2020, as VP-Investment accountable for researching and analysing possible acquisitions and strategic investments. From July 2020, he assumed added portfolio in finance and treasury management for the Group of Companies.

He obtained his Higher Diploma in Accounting, Certificate in Commercial Law in year 1978 and graduated from University of Portsmouth, United Kingdom with Master of Business Administration.

Save for his directorship in Kobay subsidiary companies, he has no directorship in any public company and Kobay.

Mr. Philip has direct shareholding of 22,500 ordinary shares in Kobay as of 9 October 2024.

Our Board and Management (Cont'd)

KEY SENIOR MANAGEMENT (CONT'D)



Chan Mun Shee

Malaysian | aged 59 | Female

VP in Investment Group and Investor Relation/ Corporate Secretary

Ms. Chan began her career with Kobay Group in 1990, joining Polytool Engineering Sdn. Bhd., a wholly-owned subsidiary of Kobay Technology Bhd., now known as Kobay Assets Sdn. Bhd. as an Office Administrator. She has been responsible for overseeing purchasing, accounts, and human resources functions.

With the company's expansion, Ms. Chan was tasked with establishing the operations of subsidiary companies within the Kobay Group and liaising with various government authorities. She also played a key role in assisting takeover exercise by Tongkah Holding Berhad in 1995. In 1996, she was transferred back to the Holding Company and appointed as Corporate Affairs Manager, reporting to Mr. Koay Cheng Lye, the former Chief Administrative Officer, where she oversaw the Company's Human Resource, IT, and administrative functions.

Ms. Chan assumed the role of Corporate Secretary for the Group and played a significant part in Kobay's flotation exercise in 1997. She was instrumental in establishing the Group's systems, including formulating Human Resource Policies and Procedures, contributing to the development of web-based purchasing software, and the initial version of the Enterprise Resource Management System. In 2011, she was reporting directly to the CEO of the Group, managing profit-generating portfolios that included F&B, asset management and manufacturing entities. During this time, she also served as Company Secretary for two listed entities.

In 2019, Ms. Chan was officially appointed as Vice President, taking responsibility for the financial performance of various investment entities and overseeing the Investor Relations function.

In December 2023, Ms. Chan was awarded Fellow status by The Chartered Governance Institute UK & Ireland, earning the titles of Chartered Secretary and Chartered Governance Professional. In April 2024, she further enhanced her expertise by completing the Sustainability Strategies and Green Economy Programme at Singapore Management University.

Save as her directorship in Kobay subsidiary companies, Ms. Chan has no directorship in any public companies and Kobay.

Ms. Chan Mun Shee has direct shareholding of 36,000 ordinary shares in Kobay as of 9 October 2024.



Chan Bee Luang

Malaysian | aged 46 | Female

VP - People and Organizational Development

Ms. Chan Bee Luang joined the Company in 2012 as Group HR Manager and was subsequently appointed as the VP of People and Organizational Development in year 2018. She is responsible for leading our Group HR organization and HR operational excellence in all business divisions. She has over 20 years of HR experience in manufacturing and services industries. Prior to joining Kobay, she held APAC HR Manager and Country HR Manager positions in few multinational companies.

She was graduated from University Malaya with a Bachelor of Business Administration (Honours) Degree in year 2002. She was also a graduate with Diploma in Industrial Relations awarded by the International Labour Organization (ILO)/ Malaysian Employers Federation (MEF) in year 2006. She received the global accreditation from PI Worldwide from India, a Human Resource Certification Institute (HRCI) as Predictive Index Management Practitioner in year 2008. In year 2018, she was further certified as "HR practitioner" by The Australian Human Resources Institute (AHRI) through the Professional Certification in Human Resources that set the bar for HR practice to be in line with international HR standards and confidently assures employers of her human capital capability.

She has broad regional experience in talent acquisition, talent assessment and development, performance management, compensation planning, conflict mediation and resolution, HR budgeting and reporting, HR policies development, and employment legal compliance and has a proven track record in setting up, maintaining and executing Talent and Organizational Development.

Ms. Chan Bee Luang has direct shareholding of 72,000 ordinary shares in Kobay as of 9 October 2024.

Our Board and Management (Cont'd)

OTHER INFORMATION

Family Relationship

Dato' Seri Koay Hean Eng and Mr. Koay Cheng Lye are brothers.

Mr. Koay Zee Ee, the son of Dato' Seri Koay Hean Eng, along with his father, are considered substantial shareholders of the Company through their ownership in Kobay Holdings Sdn. Bhd., a major shareholder of the Company.

The Non-Independent Executive Director, Mr. Koay Wooi Seong, and the Chief Operating Officer for the Manufacturing Division in Precision Aerospace & Components, Extrusion, and Surface Treatment, Mr. Koay Wooi Tatt, are brothers. They are nephews of Dato' Seri Koay Hean Eng and Mr. Koay Cheng Lye.

Mr. Koay Zee Ee, Mr. Koay Wooi Seong, and Mr. Koay Wooi Tatt are cousins.

Save for the above, none of the Directors and key senior management has any family relationship with other Directors or major shareholders of the Company.

Conflict of Interest

None of the Company's Directors and key senior management has acted in conflict in any arrangement, contract or transaction during the financial year.

Conviction for Offences

None of the Company's Directors and key senior management had convicted any offence (other than traffic offences, if any) within the past five (5) years.

Number of board meetings attended in the financial year ended 30 June 2024

Four (4) board meetings were held during the financial year ended 30 June 2024. Details of attendance of Directors at the board meetings are as follows:

Directors	Attendance
Dato' Seri Koay Hean Eng	4/4
Koay Cheng Lye	4/4
Khaw Eng Peng (retired w.e.f 1 December 2023)	2/4
Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	4/4
Koay Wooi Seong	4/4
Koay Zee Ee (appointed w.e.f 8 September 2023)	3/4
Lee Kooi Hoon (appointed w.e.f 8 September 2023)	3/4

Our Board and Management (Cont'd)

OTHER INFORMATION (CONT'D)

Directors' and Substantial Shareholders' Interests

Name	No. of shares held in Kobay as at 9 October 2024			
	Direct No. of ordinary shares	%	Indirect No. of ordinary shares	%
Directors				
Dato' Seri Koay Hean Eng	-	-	113,333,940*	35.40
Koay Cheng Lye	-	-	14,783,507#	4.62
Koay Zee Ee	-	-	113,333,940*	35.40
Koay Wooi Seong	-	-	12,281,694@	3.84
Khaw Eng Peng	-	-	-	-
Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	-	-	-	-
Substantial Shareholders				
Kobay Holdings Sdn. Bhd. ("KHSB")	113,333,940	35.40	-	-
Norinv Kapital Sdn. Bhd.	59,714,100	18.65	-	-

Notes:-

The issued shares as per Record of Depositors as at 9 October 2024 excluding 6,000,000 shares held as treasury shares.

* Deemed interest by virtue of shares held by KHSB in which the director has interest

By virtue of their interest in the shares in Kobay Holdings Sdn. Bhd., Dato' Seri Koay Hean Eng and Koay Zee Ee are deemed to have interests in the shares in Kobay/the Company and all the subsidiaries to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

Deemed interest by virtue of shares held by Inna Capital Sdn. Bhd. in which the director has interest

By virtue of his interest in the shares in Inna Capital Sdn. Bhd. Mr. Koay Cheng Lye is deemed to have interests in shares in Kobay/the Company pursuant to Section 8 of the Companies Act 2016.

@ Deemed interest by virtue of shares held by Premiergrow Capital Sdn. Bhd. in which the director has interest

By virtue of his interest in the shares in Premiergrow Capital Sdn. Bhd., Mr. Koay Wooi Seong is deemed to have interest in shares in Kobay/the Company.

Save as disclosed above, none of the other Directors in office at the end of the financial year held any interest in shares in the Company or its related corporations.

Corporate Directory and Information

Board of Directors

Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil

Chairman / Independent and Non-executive Director

Koay Cheng Lye

Non-independent and Non-executive Director

Lee Kooi Hoon

Senior Independent and Non-executive Director

Dato' Seri Koay Hean Eng

Managing Director / Chief Executive Officer

Koay Zee Ee

Non-independent Executive Director / Chief Operation Officer – Engineering, Mechatronic and Contract Manufacturing Division

Koay Wooi Seong

Non-independent Executive Director / Chief Operation Officer – Property Development and Hospitality Management Division

Audit and Risk Management Committee

Lee Kooi Hoon *Chairman*

Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil *Member*

Koay Cheng Lye *Member*

Nominating Committee

Koay Cheng Lye *Chairman*

Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil *Member*

Lee Kooi Hoon *Member*

Remuneration Committee

Lee Kooi Hoon *Chairman*

Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil *Member*

Koay Cheng Lye *Member*

Secretaries

Chan Mun Shee (MAICSA 7003071)

SSM PC No. 202008002208

Email : cosec@kobaytech.com

Wong Mee Choon (MACS 01562)

SSM PC No.: 201908001211

Registered Office

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10400 Georgetown, Penang.
Tel.: (04) 3711338
Fax : (04) 2261363
Email : cosec@kobaytech.com

Registrar

Securities Services (Holdings) Sdn. Bhd
Suite 18.05, MWE Plaza, No. 8, Lebuhr Farquhar,
10200 Georgetown, Penang.
Tel: (04) 2631966
Email : info@sshsb.com.my

Auditors

BDO PLT
Chartered Accountants

51-21-F, Menara BHL,
Jalan Sultan Ahmad Shah,
10050 Penang.
Tel: (04) 2220288
Fax: (04) 2220299

Bankers

Hong Leong Bank Berhad
Alliance Bank Malaysia Berhad
CIMB Islamic Bank Berhad
Ambank (M) Berhad
Public Bank Berhad
OCBC Bank (Malaysia) Berhad
OCBC Al-Amin Bank Berhad

Stock Exchange Listing

Main Market, Bursa Malaysia Securities Berhad
(Stock Code : 6971; Stock Name : KOBAY)

Investor Relation

Chan Mun Shee

Email : mschan@kobaytech.com

Website

www.kobaytech.com

Corporate Governance Overview Statement

THE BOARD OF DIRECTORS ("THE BOARD") OF KOBAY TECHNOLOGY BHD. ("KOBAY" OR "THE COMPANY") RECOGNISES THE IMPORTANCE OF GOOD CORPORATE GOVERNANCE ADOPTS THE CARE (COMPREHEND, APPLY AND REPORT) APPROACH AND IS COMMITTED TO ENSURING THAT THE PRINCIPLES AND BEST PRACTICES IN CORPORATE GOVERNANCE AS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2021 ("MCCG") ARE OBSERVED AND PRACTISED THROUGHOUT THE COMPANY AND ITS SUBSIDIARIES (COLLECTIVELY REFERRED TO AS "THE GROUP") IN THE FINANCIAL YEAR ENDED 30 JUNE 2024 SO THAT THE AFFAIRS OF THE GROUP ARE CONDUCTED WITH INTEGRITY AND PROFESSIONALISM WITH THE OBJECTIVE OF SAFEGUARDING SHAREHOLDERS' INVESTMENT AND ULTIMATELY ENHANCING SHAREHOLDERS' VALUE.

This statement outlines the following principles and recommendations which the Group has comprehended and applied with the best practices outlined in the MCCG and the Board will continue to take measures to improve compliance with principles and recommended best practices in the ensuing years:-

- Principle A: Board Leadership and Effectiveness
- Principle B: Effective Audit and Risk Management
- Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

In making this Corporate Governance ("CG") Overview Statement, the Company is guided by Paragraph 15.25 of Bursa Malaysia Securities Berhad ("Bursa Securities") and the CG Guide (4th edition) issued by Bursa Malaysia Berhad. This statement provides an overview of the Company's application of the three principles set out in the MCCG and is to be read together with a CG Report, which is available on the Company's website, www.kobaytech.com, as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board is accountable and responsible for the performance and affairs of the Group by overseeing and appraising the Group's strategies, policies and performance. All Board members are expected to show good stewardship and act in a professional manner, as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Board has established a Board Charter to promote high standards of corporate governance and is designed for providing the guidance and clarity for the Directors and Management with regards to the roles, functions, composition, operation and processes of the Board, having regard to the principles of good corporate governance and requirements of Main Market of Bursa Securities. The Board Charter further defines the matters that are reserved for the Board and its Committees as well as the roles and responsibilities of the Chairman and the Managing Director. The Board Charter is reviewed from time to time by the Board to ensure it complies with legislations and best practices, and remains effective and relevant to the Board's objectives. The Board Charter is published on the Company's website at www.kobaytech.com.

The Company has established a Code of Conduct and Ethics to promote a corporate culture which engenders ethical conduct that permeates throughout the Group. The Code of Conduct and Ethics is based on the principles in relation to sincerity, integrity, responsibility and corporate social responsibility. The Board is focused on creating corporate culture which engenders ethical conduct that permeates throughout the Group. The Group practices the relevant principles and values in the Group's dealings with employees, customers, suppliers and business associates. The Directors, officers and employees of the Group are also required to observe, uphold and maintain high standards of integrity in carrying out their roles and responsibilities and to comply with the relevant laws and regulations as well as the Group's policies. Ongoing training is provided to staff on the Code of Conduct and Ethics and general workplace behaviour to ensure they continuously uphold high standard of conduct when performing their duties.

The Board is provided guidance on disclosure of conflict of interest and other disclosure information/requirements to ensure that the Directors comply with the relevant regulations and practices. In order to address and manage possible conflicts of interest that may arise between Directors' interests and those of the Group, the Company has put in place appropriate procedures including requiring such Directors to abstain from participating in deliberations during meetings and abstaining from voting on any matter in which they may also be interested or conflicted. A copy of the Code of Conduct and Ethics can be found in the Company's website at www.kobaytech.com.

Corporate Governance Overview Statement (Cont'd)

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

As part of the Board's focus areas on corporate governance, the Company is committed to the highest standard of integrity, openness and accountability in the conduct of its business and operations. It aspires to conduct its affairs in an ethical, responsible and transparent manner. Recognising these values, the Company provides avenues for all employees and members of the public to disclose any improper conduct or irregularities within the Group with assurance that they will be protected from possible reprisals or victimisation. The Policy outlines the relevant procedures such as when, how and to whom a concern may be properly raised about the genuinely suspected or instances of wrongdoing at the Company and its subsidiaries. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retaliation. All such concerns shall be set forth in writing and forwarded in a sealed envelope to either the Managing Director or the Chairman of the Audit Committee. The Whistleblowing Policy and Procedures can be found on the Company's website at www.kobaytech.com.

Further to the updated MCCG, the Board is required to integrate sustainability considerations and underlying environmental, social and governance (ESG) risks and opportunities into its corporate strategy, governance and decision-making functions to create a durable and sustainable value in adapting to shift and change in the global landscape as well as building and maintain confidence of the stakeholders.

Roles and Responsibilities

Position	Roles and Responsibilities
Chairman	<ul style="list-style-type: none"> • Providing leadership for the Board so that the Board can perform its responsibilities effectively. • Leading the Board in the adoption and implementation of good corporate governance practices in the Company. • Setting the Board agenda and ensuring that directors receive complete and accurate information in a timely manner. • Leading board meetings and discussions. • Encourage active participation and allowing dissenting views to be freely expressed. • Managing the interface between board and management. • Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.
Chief Executive Officer ("CEO")	<ul style="list-style-type: none"> • CEO plays a vital role in leading the entire Group's business operations towards attaining Group's vision and mission. He works along the line of Corporate Direction, Strategic Plans and Key Performance Indicators ("KPI") set which are reviewed quarterly and revised yearly for company's sustainability. • CEO is the conduit between the Board and the management in ensuring the success of the Company's governance and management functions. • CEO has the executive responsibility for the day-to-day operation of the Company's business. • CEO implements the policies, strategies and decisions adopted by the Board or if the task is so assigned, by the Executive Committee. • All Board authorities conferred on the management is delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned.
Independent Directors	<ul style="list-style-type: none"> • Independent Non-executive Directors play a protective role for minority shareholders and other stakeholders in the Group. Their effective participations promote a balance to the Board's decision. • Independent Directors shall lead the Nominating Committee in succession planning, appointment of Board members as well as annual review of the individual Director, Board committees and Board performance as a whole. • For Remuneration Committee where majority is Independent Directors, its implement remuneration policies and procedures including reviewing and recommending matters relating to remuneration of the Board members and senior management.

Corporate Governance Overview Statement (Cont'd)

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

Roles and Responsibilities (Cont'd)

Position	Roles and Responsibilities
Company Secretaries	<ul style="list-style-type: none"> The Board is supported by two (2) qualified and competent Company Secretaries who play an important advisory role, and ensure that the Company Secretaries fulfill the function for which he/she has been appointed. Company Secretaries are accountable to the Board through the Chairman of the Board and Committees on all governance matters. Company Secretaries are a central source of information and advice to the Board and its Committees on corporate disclosure issues and compliance with laws, rules, procedures and regulations affecting the Company. Company Secretaries shall manage all board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications. Company Secretaries shall facilitate the orientation of new directors and assist in director training and development. Company Secretaries should advise Directors of their obligations to adhere to matters relating to: <ul style="list-style-type: none"> i) individual board member's roles and responsibilities. ii) disclosure of interest in securities. iii) disclosure of any conflict of interest in a transaction involving the Company. iv) prohibition on dealing in securities. v) restrictions on disclosure of price-sensitive information. Company Secretaries shall monitor corporate governance developments and assist the Board in applying corporate governance practices to meet the Board's needs and stakeholders' expectations. The Board members have unlimited access to the professional advice and services of the Company Secretaries. Company Secretaries shall manage processes pertaining to the annual shareholder meeting. Company Secretaries will serve as a focal point for stakeholders' communication and engagement on corporate governance issue.
Senior Management	<ul style="list-style-type: none"> To drive strategic management of material sustainability matters, integrate sustainability considerations in day-to-day company operations and ensuring effective implementation of company's sustainability strategies and plans as set by the Board and its Committee.

The roles of Chairman and Chief Executive Officer are distinct and segregated to ensure there is a balance of power and authority. The Chairman is responsible for ensuring effectiveness of Board's policies and conducts whilst the Chief Executive Officer is responsible for entire Group's operations, organization effectiveness, overseeing as well as coordinating development and implementation of Board's policies, corporate strategies and decisions. Their duties are clearly stated in Board Charter and for the Board's conduct, it is governed by Code of Business Conduct Policy. Both the Charter and Policy can be viewed at Company's website.

Access to Information

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. In furtherance to this, every Director has access to all information within the Group to enable them to discharge their duties effectively. The Directors have access to information through the following means:

- members of Senior Management attend Board and Committee meetings by invitation to report areas of the business within their responsibility including financial, operational, corporate, regulatory, business development, audit matters and information technology updates, for the Board's informal decision making and effective discharge of the Board's responsibilities;
- the Board and Committees' papers are prepared and issued to the Directors or Committee Members at least seven (7) days before the Board and Committees meetings to enable the Board or Committee Members receive the information in a timely manner; and
- the Audit Committee Chairman meets with the Management, Internal Auditors and External Auditors regularly to review the reports regarding internal control system, financial reporting and Risk Management.

Corporate Governance Overview Statement (Cont'd)

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

Access to Information (Cont'd)

Besides direct access to the Management, Directors can obtain independent professional advice at the Company's expense and service via Audit Committee on the implementation of Risk Management system during the year under review in accordance with established procedures set out in the Board Charter in furtherance of their duties.

The Directors also consulted the Chairman and other Board members prior to seeking any independent advice. To facilitate robust Board discussions, all Board meetings are furnished with proper agenda with due notice issued and board papers and reports are prepared by the Company Secretary to provide updates on financial, operational, legal and circulated prior to the meetings to all Directors with sufficient time to review them for effective discussions and decision making during the meeting.

The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and knowledgeable on new statutory and regulatory requirements, and the resultant implications to the Group and the Directors in relation to their duties and responsibilities.

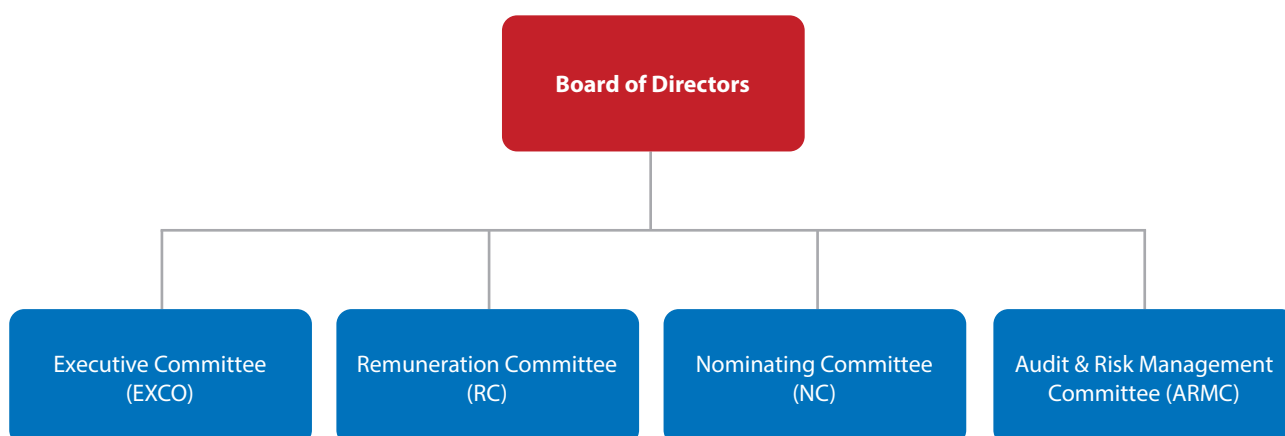
Board Meetings

There were four (4) Board meetings held in the financial year ended 30 June 2024. Management team is or are invited, if required, to attend the Board meetings and to report on issue raised. Board papers for the Board and its Committee Meetings are furnished to members of the meeting at least five (5) business days prior to the meeting.

No individual or group of individuals dominates the Board's decision making. Each Director contributes his/her skill, experience and expertise accordingly and each agenda/issue raised is deliberated and carefully considered during Board meeting. Documents and information in relation to any corporate or business issue to be discussed in the meeting are furnished to the Board members prior to the meeting. The Board members review updates and reports inclusive of Board attendance, resolutions passed quarterly, Directors' dealing in Company's securities and directorship in other listed entities, financial information, Committees' report, risk management report, external auditor feedback and corporate developments.

Board Committees

The Board has established the following Committees and has delegated certain specific responsibilities to its Board Committees which operate within the defined Terms of Reference and report regularly to the Board :



Corporate Governance Overview Statement (Cont'd)

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

Board Committees (Cont'd)

Committee	Scope of Responsibilities
Executive Committee (EXCO)	<ul style="list-style-type: none"> Execute all matters assigned by the Board of Directors and receive and review all relevant proposal for which requires Board of Directors' approval. Assist the Board in establishing the Corporate Vision and Mission (and revise it if deemed necessary), as well as the philosophy or corporate culture of the Company, setting aims of the management and monitoring the performance of the management. Assist Board in maintaining and executing the operational day-to-day functions and assist the Board in monitoring the operational performance of the Company/Group and overseeing the operational formulation, implementation and governance of the Company/Group. Receive, review and discuss with the management financial reports of the Company/Group inclusive the forecast, budget variance report. Receive, review and approve proposals in relation to the following matters submitted by the management of the Company/Group per Authority Limit Matrix adopted by the Company/Group: <ol style="list-style-type: none"> Business plan/project. Strategic plans and goals. Property/Project kick start plan and budget. Capital expenditure or disposal inclusive development land. Appointment of auditors and other advisors. Source of finance (either internally or externally). Any tender and order granted for Property or Project Development. Any other corporate and business matters. Assist the Board in monitoring the risk management matter and the system of internal controls. Assist the Board in appointment of Advisor as and when is required. Receive, review and recommend to the Board on all legal administrative policies, organization, bye-laws, any waiver or approval for deviation from Company policies and procedures, rules and regulations. Undertake any other functions that may be delegated by the Board from time to time.
Remuneration Committee (RC)	<ul style="list-style-type: none"> To assist Board to review the level and composition of remuneration of individual Director and senior management that aligned with the business strategy and long-term objectives of the Group. To recommend a remuneration package of Directors and senior management that in regards to the Group's operating results, individual performance and comparable market statistics. To recommend fee paid to Non-executive Director. To assist Board in attract right talent into the Board and senior management to drive the Company's long-term objectives.
Nominating Committee (NC)	<ul style="list-style-type: none"> To assess Directors on an on-going basis inclusive the composition of the Board, tenure, gender diversity, evaluate performance and independency of Director prior to recommendation to the Board in appointment and annual re-election of Director. To review annually the required skills and core competencies of Non-Executive Directors, including familiarization with the Company's operations. To assist Board in selecting and reviewing election of each and every Director. To ensure senior management possessed the required skills and experience. To ensure there are measures in place to provide for the orderly succession of board and senior management.
Audit and Risk Management Committee (ARMC)	<ul style="list-style-type: none"> To review the internal controls and risk management (financial and non-financial) periodically. To oversee functions of auditing, financial statements, risk management and internal control, related party transactions and any other topics as may be agreed to by itself and the Board. To assess and evaluate the suitability, objectivity and independence of the External Auditors.

The Board approves the appointment of the members and the Chairman of each Board Committee. The Chairman of the respective Board Committees will report to the Board on the outcome of any discussions and make recommendations thereon to the Board.

The Terms of Reference of the Board Committees are published on the Company's website at www.kobaytech.com. The board reviews the Terms of Reference of the Board Committees from time to time.

Corporate Governance Overview Statement (Cont'd)

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

Main Activities of the Board and its Committees during the Financial Year

During the financial year ended 30 June 2024, main activities carried out by the Board and its Committees includes but not limited to the followings:

Main Activities

- Review the Directors' performance for financial year 2024 individually, the Board and/or its Committee as a whole.
- Review the Company and Group's quarterly results of Quarter 4 financial year 2023, Quarter 1, 2 and 3 of financial year 2024 for announcement to Bursa.
- Review and approve the Directors' Report and Audited Accounts for the financial year ended 30 June 2023.
- Review and receive the quarterly Risk Management Reports reported by the VP-Corporate Finance and Risk Assurance Statement by CEO and VP-Corporate Finance for financial year 2023.
- Receive, review and approve the semi-annual return for submission to Bursa.
- Review and approve the Group Strategy Plan and KPI quarterly by EXCO.
- Review and approve the Group's yearly budget by EXCO.
- Receive updates on the Group's Related Party Transactions and Recurrent Related Party Transactions.
- Review and report any major litigation, claims and/or issues with substantial financial impact (if any).
- Review and approve for implementation any revision of any policies and procedures of the Group by EXCO.
- Review the re-appointment and remuneration of External Auditors, Messrs. BDO PLT.
- Review and approve the Management Discussion and Analysis, Sustainability Statement, Corporate Governance Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control for financial year 2023.
- Review and approve Annual Report 2023.
- Re-affirm the Board resolution passed every quarter.
- Review the attendance of Board members and its Committees every quarter.
- Review and approve the Share Buy-Back Statement and Circular to Shareholders in relation to Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.
- Review the term of office and assess the retirement of Directors by rotation, the retention of Directors and eligibility for re-election or retention in accordance to the Company's Constitution, Listing Requirement and/or MCGG 2021.
- Review and approve the Auditors' audit plan and note the audit review memorandum for financial year.
- Review on the succession planning and evaluating the Board composition of the Company including appointing, resignation, retirement, redesignation, training, fixing compensation and gender diversity of the Group.
- Review on the investors' communication effectiveness.
- Review the adequacy and integrity of Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules and directives and guidelines.
- Oversee the conduct of Company's business to evaluate whether the business is being properly managed.
- Review the performance and audit fee of External Auditors, Messrs. BDO PLT.
- Extension of Private Placement Proceed for another 18 months from 26 June 2024 to 25 February 2026
- Acquisition of Medicwave Sdn. Bhd. and internal reorganisation of Pharmaceutical and Healthcare Division
- Review and assess subsidiaries' banking facilities to support its operations and the provision of corporate guarantee.

Corporate Governance Overview Statement (Cont'd)

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

Board Composition

The Board composed of three (3) Executive Directors and three (3) Non-executive Directors as of the date of this report. Out of the three (3) Non-executive Directors, two (2) are Independent Directors. The Independent Directors are from diverse professional and business backgrounds, including members with experience in finance and accounting, property development and real estate. All Directors are to discharge their fiduciary duties and responsibilities at all times.

The Board is aware of gender diversification under the best practice. Presently, the Board has two (2) women directors which form 33% of the Board. Two key senior management are women who are also appointed/participated as board members in the Group's subsidiaries.

Gender diversity amongst the Board of Directors and Key Senior Management of the Company are as follow: -

	Total Headcount	Headcount	
		Male	Female
Board of Directors	6	4 (66%)	2 (34%)
Key Senior Management	4	2 (50%)	2 (50%)

The gender diversity for the Group's employees is disclosed in Sustainability Statement of Annual Report.

Details of all the Directors and Key Senior Management and their biographies are provided in page 16 to 23 under "Our Board and Management" section of this Annual Report.

Commitment

The Directors are aware of the time commitment expected to attend to matters of the Company and the Group in general, including attending meetings of the Company in discharging of their roles and responsibilities. The Directors endeavours to meet at least four (4) times a year, at quarterly intervals which are scheduled well in advance to facilitate the Directors in planning their meeting schedule for the year. The Board are provided with proposed date for the subsequent 2 meetings whereas the EXCO and senior management are provided with 18 months of meeting calendar to ease their planning ahead. Additional meetings are convened where necessary to deal with urgent and important matters that require attention from the Board.

All Board meetings are furnished with proper agendas with due notice given and Board papers are prepared by the Management and circulated to all Directors prior to the meetings.

The Board is satisfied with the level of commitment given by the Directors toward fulfilling their roles and responsibilities as Directors of the Company as most of the Directors had attended all the Board Meetings under the financial year ended 30 June 2024.

All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries.

Board and its Committee Meeting Attendance for FYE2024

Name of Members	Board Meeting	ARMC Meeting	NC Meeting	RC Meeting
Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	4/4	4/4	2/2	2/2
Dato' Seri Koay Hean Eng	4/4	-	-	1/2
Mr. Koay Cheng Lye	4/4	-	-	-
Mr. Khaw Eng Peng (retired on 1.12.2023)	2/4	2/4	1/2	1/2
Mr. Koay Wooi Seong	4/4	4/4	2/2	2/2
Mr. Koay Zee Ee (appointed wef 8.9.2023)	3/4	3/4	-	-
Ms. Lee Kooi Hoon (appointed wef 8.9.2023)	3/4	3/4	-	1/2

EXCO meeting is held weekly to resolve day-to-day operational related matters and meeting records are kept by Company Secretaries.

Corporate Governance Overview Statement (Cont'd)

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

Board Assessment and Annual Evaluation

The Nominating Committee ("NC") is responsible to review and evaluate the required mix of skills and experience of the Directors; effectiveness of the Board as a whole on performance and effectiveness; succession plans and boardroom diversity, including gender, age, ethnicity, diversity, training courses for Directors and other qualities of the Board, including core-competencies which Non-Executive Directors should bring to the Board on a yearly basis.

The evaluation process is led by the NC's Chairman and assisted by the Company Secretary via the questionnaires. Notices were sent to those Directors whom are due for retirement for them to reply whether to opt for re-election during the forthcoming AGM. Consent letter from retiring Director will be compiled and tabled in the NC meeting. The NC reviews the outcome of the assessment and recommends to the Board as well as recommends the relevant Directors for re-election at the AGM.

The principles used in the assessment of the Board and individual Directors are including the required mix of skill and experience, Board diversity, size and experience of the Board, roles and responsibilities, scope and knowledge, core competencies and contribution of each Director and also overall effectiveness and efficiency in discharging their function.

The assessment and comments by Directors are summarised in a evaluation form and questionnaire regarding the effectiveness of the Board and its Board Committees and discussed at the NC meeting and reported at the Board Meeting by the Company Secretary. All assessments and evaluations carried out by the NC in the discharge of its functions are properly documented.

The Nominating Committee deliberated on the summary of Directors' responses and after conducting its meeting on 10 June 2024 and 28 August 2024 provided to the Board on assessment of board composition, redesignation of Mr. Koay Cheng Lye and Mr. Koay Wooi Seong, Directors' performance and for re-electing/re-appointing those Directors whom retired for approval of the members in its forthcoming AGM to be set. The said Directors' profiles are set out on page 17 and 18 under "Our Board and Management" section of this Annual Report.

The compositions of the existing Board are summarized as follow: -

Directors	Nationality	Designation	Industry/Background Experience							By Composition								
										Age			Ethnic		Gender			
			Technology	Marketing	Industrial	Corporate	Accounting/Finance	Internal Audit	Law/Legal	< 40 years	40-49 years	50 – 59 years	60 – 69 years	≥ 70 year	Bumiputra	Chinese	Male	Female
Puan Sharifah	M	Chairman/INED		√		√						√		√			√	
Dato’ Seri Koay Hean Eng	M	CEO/Managing Director	√	√	√	√						√			√	√		
Koay Cheng Lye (redesignated wef 1.7.2024)	M	NED	√	√	√	√							√		√	√		
Khaw Eng Peng (retired on 1.12.2023)	M	INED				√	√	√	√			√			√	√		
Koay Wooi Seong (redesignated wef 1.7.2024)	M	COO in Property Division / Executive Director		√	√	√						√			√	√		
Koay Zee Ee	M	COO in Manufacturing Division/Executive Director	√	√	√	√				√					√	√		
Lee Kooi Hoon	M	INED				√	√	√				√			√		√	

Note: M – Malaysian; INED – Independent Non-Executive Director; CEO – Chief Executive Officer; COO – Chief Operating Officer

The Executive Committee and/or its representative has been delegated with the responsibility to evaluate the senior management's performance half yearly pursuant to the Group's Human Resource (HR) Policy and Procedures on the KPIs set aligned with the Group's yearly direction, strategic plan and goals set after assessing the risk and opportunities of material sustainability matters of the Group. Rewards will be given in accordance to the performance attained by each and every senior management based on the rewards allocation approved by EXCO as a whole.

Corporate Governance Overview Statement (Cont'd)

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

Board Assessment and Annual Evaluation (Cont'd)

In line with the Bursa Listing Requirements, the Board has on 15 November 2023 adopted the Directors' Fit & Proper Policy to provide guidance and transparent process for the appointment and re-election of Directors of the Company and its subsidiaries. This policy shall be reviewed by the Board at any time as it may deem necessary in accordance with the needs of the Company.

The Fit & Proper Policy is available in the Company's website at www.kobaytech.com.

Appointment and Re-election of Directors

Pursuant to the Company's Constitution, one-third (1/3) of the Directors shall retire from office by rotation at each Annual General Meeting ("AGM") and the newly appointed Directors are subject to re-election at the next AGM to be held after their appointments. Provided always that all Directors shall retire from office once at least in each three (3) years and if eligible, they can offer themselves for re-election.

Pursuant to the Companies Act 2016, there is no age limit for the Director except they have to meet all the relevant codes or regulations govern the Independent Directors and justification for retention is based on performance and contribution.

The appointment and re-election of Board members are vital process as they determine the quality of Board's capability and competency. In the event of any vacancy in the Board of Directors resulting for non-compliance under Para 15.02(1), the vacancy shall be filled within 3 months. The Nominating Committee is vested with the responsibility by the Board to recruit and review the candidates for new appointment as well as re-election of eligible retired candidates.

For candidates for new appointment, the Nominating Committee will first scrutinize and select those candidates who can fill the skill/gap of the current Board before conducting an assessment on the capability and interact with the selected candidates before convening a meeting to finalize the selection and proposed for the Board's approval on the appointment.

The NC reviewed the Directors' re-election to the Board on 28 August 2024. In accordance with the Company's Constitution, the following Directors are standing for retirement by rotation and subject to re-election at the forthcoming AGM:-

Name of Director	Re-election/Re-appointment	Constitution/MCCG
Mr. Koay Cheng Lye	Non-independent and Non-executive Director	Article 101
Mr. Koay Wooi Seong	Non-independent and Executive Director	Article 101

Board's Training and Development

Relevant training is important especially on new laws and regulations which is essential knowledge to enable the Directors to be able to contribute significantly in discharging their duties effectively. the Board has delegated the Nominating Committee to continuously evaluate the training needs of the Directors.

As of the date of this report, all Directors have undergone the Mandatory Accreditation Programme Part I. 3 Directors have attended the new Mandatory Accreditation Programme (MAP) Part II: Leading for Impact (LIP) and another 3 Directors will endeavor to attend MAP Part II within the stipulated timeline given by Bursa Securities in compliance with the Listing Requirements of Bursa.

The Nominating Committee has formalized an orientation programme, of which included introduction of Company's background, strategic plans and directions of the Company as well as the Group for all newly appointed Directors. The Company Secretaries were assigned with the arrangement of the orientation programme to newly appointed Directors and visitation to our operational business premise should it was requested by the Director.

Corporate Governance Overview Statement (Cont'd)

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

Board's Training and Development (Cont'd)

The Company Secretaries briefed and highlighted the relevant guidelines on statutory and regulatory requirements from time to time to the Board, amongst others, the amendments to the Listing Requirements of Bursa Securities, the new requirements of MCGG and the Companies Act 2016. The followings are courses and training programs attended by the Directors for the financial year ended 30 June 2024:-

Name of Director	Training Program Attended	Date
Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullail	Bursa Main Market Listing Requirements Updates on COI, MAP Part II Training for Board members and the Sustainability Reporting Guide	29 August 2023
	Malaysia 2024 Budget Highlight	15 November 2023
	Tax Corporate Governance Framework and updates from SSM on the new criteria of audit exemption and beneficial ownership reporting	
Dato' Seri Koay Hean Eng	Bursa Main Market Listing Requirements Updates on COI, MAP Part II Training for Board members and the Sustainability Reporting Guide	29 August 2023
	Management of Cyber Risk	3 October 2023
	Malaysia 2024 Budget Highlight	15 November 2023
	Tax Corporate Governance Framework and updates from SSM on the new criteria of audit exemption and beneficial ownership reporting	
Koay Cheng Lye	Bursa Main Market Listing Requirements Updates on COI, MAP Part II Training for Board members and the Sustainability Reporting Guide	29 August 2023
	Management of Cyber Risk	3 October 2023
	Malaysia 2024 Budget Highlight	15 November 2023
	Tax Corporate Governance Framework and updates from SSM on the new criteria of audit exemption and beneficial ownership reporting	
Koay Zee Ee	Malaysia 2024 Budget Highlight	15 November 2023
	Tax Corporate Governance Framework and updates from SSM on the new criteria of audit exemption and beneficial ownership reporting	
	Mandatory Accreditation Programme	22 & 23 November 2023
Koay Wooi Seong	Bursa Main Market Listing Requirements Updates on COI, MAP Part II Training for Board members and the Sustainability Reporting Guide	29 August 2023
	Malaysia 2024 Budget Highlight	15 November 2023
	Tax Corporate Governance Framework and updates from SSM on the new criteria of audit exemption and beneficial ownership reporting	
Lee Kooi Hoon	Malaysia 2024 Budget Highlight	15 November 2023
	Tax Corporate Governance Framework and updates from SSM on the new criteria of audit exemption and beneficial ownership reporting	
	Mandatory Accreditation Programme	22 & 23 November 2023

Corporate Governance Overview Statement (Cont'd)

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

Remuneration

The Remuneration Committee ("RC") shall recommend the appropriate level of the Director's and Senior Management's remuneration package inclusive benefits in-kind besides matching with the seniority, responsibilities, merits, qualification and competence and expertise of an individual during the recruitment and/or periodically performance evaluation while having regard to the Company's operating results, individual performance and comparable market statistic. The RC shall also take into consideration of the individual's performance alignment with the Group's Strategic Goals and Key Performance Indices set under each individual's role and task assigned. A well-structured remuneration package that clearly linked to the strategic objective of a company and rewards contribution to the long-term success of the Company is to ensure that the Group able to attract, engage and retain the right talent and to motivate them to drive and promote business sustainability and growth.

The RC will review the Director's remuneration package inclusive benefits in-kind to align with business strategy and long-term objective of the Group besides matching with seniority, responsibility and expertise of an individual during recruitment and/or periodically performance evaluation as set out in Group Human Resource (HR) Policy and Procedures.

The performance evaluation interval for employees of which inclusive Executive Directors is half-yearly in accordance with Group Human Resource Policy and Procedures. For remuneration package, the Committee will review yearly Executive Directors' fiducially duties as Directors as well as KPI set in achieving Group's long-term strategic sustainability plans. The Committee's recommendation will be tabled to the Board and execution by EXCO with the aim to "attract and retain" committed and performed Executive Directors to drive the Group. No Director is allowed to approve his/her own evaluation under the Group Human Resource Policy and Procedures.

Remuneration of Non-executive Directors is determined by the Board as a whole and Non-executive Directors shall abstain in discussion of their own remuneration. The compensation of Non-executive Directors is proposed by the Committee which link to their experience and level of responsibility taken and tabled for Board's approval.

RC had on 17 May 2023 proposed Directors' fee payable for shareholders' approval in the AGM held on 1 December 2023. The Committee has also vided the meeting on 15 May 2024 proposed Directors' fee payable for financial year ended 30 June 2025 in forthcoming AGM to be held on a date to be set by the Board of Director in due course.

RC has also proposed a mandate be given to Group HR Authority Limit Panel for approving salary review and increment of any Executive Director based on their KPIs performance evaluation pursuant to Group HR Policies and Procedures of a quantum not more than 10% of the individual Executive Director's existing salary for financial year 2025.

Directors' Remuneration

The Company pays its Executive Directors salaries, bonuses and other emoluments mandated by the Board pursuant to Group HR Policies and Procedures whereas for Non-executive Directors, Directors' fees and emoluments that are approved at AGM.

Summary of the Non-executive Directors' remuneration comprising remuneration received/receivable from the Company and its subsidiaries during the Financial Year 2024 are as follows: -

Director's Name	Fee (RM)	Allowance (RM)
Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	20,000	5,000
Mr. Khaw Eng Peng	8,400	2,400
Mr. Koay Wooi Seong	20,000	4,400
Ms. Lee Kooi Hoon	16,666	4,000

The detailed disclosure for the remuneration of individual directors and senior management are set out in Corporate Governance Report submitted to Bursa Malaysia which be able to obtain from the weblink www.kobaytech.com as well as via the announcement on the website of Bursa Securities.

Corporate Governance Overview Statement (Cont'd)

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

Senior Management Remuneration

In compliance with Listing Requirements and MCCG 2021, below are five (5) senior management remuneration breakdown which inclusive of salary, bonus/incentive, allowances and statutory contributions categorized into bandwidth of RM50,000 for the financial year ended 30 June 2024.

Per Annum	No of Senior Management
RM250,001 to RM300,000	2
RM300,001 to RM350,000	1
RM350,001 to RM400,000	1
RM400,001 to RM450,000	0
RM451,000 to RM500,000	1

Employees' Share Option Scheme

There is no granting of options under the Employees' Share Option Scheme that was established on 19 April 2016 for the 10 years tenure.

PART B - EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

The Board has established an Audit and Risk Management Committee ("ARMC") which consists of three (3) Non-executive Directors and two (2) of them are Independent Directors. All the members are financial literate and one of them is a member of an accounting association.

The Chairman of the ARMC is not the Chairman of the Board, ensuring that the impairment of objectivity on the Board's review of the ARMC's findings and recommendation remains intact.

Assigned by the Board, the Committee co-ordinates with internal and External Auditors in relates to matters that may affect the financial or audit of the Company. During the financial year under review, ARMC has reviewed the audited financial statements for complied with applicable financial reporting standards and provided a true and fair view of state of affairs and financial position of the Company. The ARMC has recommended for Board's approval the financial statements and Statement of Directors' Responsibilities in preparing financial statement as set out on page 62 of this Annual Report.

In accordance with External Auditors Policy as published at Kobay website, ARMC shall assess suitability and independence of External Auditors once a year and the External Auditors shall provide assurance that they are and have been independent throughout the conduct of the audit engagement in accordance with terms of relevant professional and regulatory requirements. The External Auditors have, during ARMC meeting held on 28 August 2024, confirmed their independency for audit engagement provided for financial year ended 30 June 2024.

The External Auditors would meet the AC without the presence of the executive Board members and Management at least two (2) times a year on matters relating to the Group and its audit activities. During such meetings, the External Auditors highlight and discuss the nature and scope of the audit, audit programme, internal controls and any other issues that may require the attention of the ARMC or the Board.

Save for the audit services and review of Statement on Risk Management and Internal Control provided during the financial year ended 30 June 2024, there were no non-audit services provided by the External Auditors. Prior to engagement of any non-audit services by External Auditors, it shall be first reviewed by the ARMC before tabled for Board's approval.

Further information on its composition, roles and responsibilities, number of meetings and attendance of ARMC, summary of ARMC activities and Internal Auditors' activities during the financial year under review are set out on page 59 to 61 under the ARMC Report of this Annual Report.

Corporate Governance Overview Statement (Cont'd)

PART B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Risk Management and Internal Control Framework

The Board is primarily responsible for the Group to have sound risk management framework and internal control system. The Company has identified and managed key business risks inclusive of material Environmental, Social and Governance risks to safeguard shareholders' and Company's investments. The Group's Risk Management Framework has been established in year 2013, documented down the risk tolerance level, risk management accountability bodies and monitoring procedures for Group's risk management.

The Group has governance structures and processes with performance-focused risk management as parts of our Corporate Culture and integrated internal control systems across all operations to monitor and manage risk. The Board is aware and responsible in ensuring that the Company maintains an effective internal control system. The Company has written documentations on Company's values, expected code of conduct, policies and procedures which clearly defines authorities and responsibilities of the Board, its Committees, each department, manager and employee.

The management is accountable to the Board in monitoring Company's internal control system and provides reasonable assurance that any foreseeable future event or situation that may impact the Company's business objectives be mitigated or managed. Problems identified are highlighted on a timely basis with suggested solutions.

The Company has a customized Enterprise Resource Management System which enables the management to gather information, monitor and manage individual subsidiary company's KPI and operations are operating in accordance to procedures and management expectation.

The Board has established an Executive Committee ("EXCO") which comprises of four (4) members, three (3) Executive Directors and one (1) senior management staff, to oversee the execution of entire Group's strategic direction and goals and properly functioning of Group's policies and procedures. Its primary responsibilities are stated in Board Charter and accessible at Kobay's website. EXCO reviews individual subsidiary's risk management activities in quarterly meetings as an on-going monitoring process.

The Group's Statement on Risk Management and Internal Control is set out on page 56 to 58 of this Annual Report.

Internal Audit

As regards to the internal audit function, the Board views that it is an integral part of an effective internal control system. The Board has established an in-house Internal Audit Department to periodically review the adequacy, effectiveness and integrity of Group's internal control system, management information system, risk management and governance processes. The internal auditors review and highlight weaknesses in control systems and make recommendations for improvement. One of the internal auditors' functions is also to investigate any complaints on mismanagement of Company's properties and assets and any instances of fraud or malpractice. Internal Audit Department reports directly to ARMC to ensure independence of internal audit function.

Summary of activities of the Internal Audit Department is set out in Audit and Risk Management Committee Report on page 61 of this Annual Report.

PART C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

Ongoing engagement and effective communication are the Company's values and culture. Continuous effective communication with internal stakeholders during day-to-day operations for Company's success and with external stakeholders will be able to build the trust thus provides the external stakeholders a better picture of the Company's objective and an avenue for the Company to understand the external stakeholders' expectation.

The Company released quarterly financial results after approved by the Board via Bursa Link pursuant to Bursa's Listing Requirements and the Investor Relation personnel will organize a quarterly update on the Group's performance to keep shareholders informed about financial performance and business outlook.

The Board is aware that no information shall be disseminated in any forms and means prior to the announcement first made to Bursa Link pursuant to the Main Market Listing Requirements hence all information released to the public are accessible through the corporate website maintained by the Company globally.

Corporate Governance Overview Statement (Cont'd)

PART C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

There shall be no information disseminated to the media or any parties unless it is either first approved by Chief Executive Officer or the Board in accordance to the approving authority level and it shall be only released by the Chief Executive Officer in accordance to the Company's Corporate Disclosure Guide established.

Shareholders may direct or post to the Senior Independent and Non-executive Director for any queries or concerns regarding the Company at the registered office address or reach out the person in charge of investor relation at all times or contact the Company Secretaries via office contact number or email to cosec@kobaytech.com for information.

Conduct of General Meetings

Every general meeting of the Company represents a primary platform between the Shareholders, the Board and senior management team to interact in person other than written communication.

The Company has always served notice within requisite period for meetings as prescribed by the Listing Requirements and MCGG 2021. Special businesses in Notice of AGM will be furnished with explanatory notes to Shareholders on the effects arising of proposed resolutions.

At the AGM, Shareholders are encouraged to actively participate in discussing the resolutions proposed or Company's operations in general. The Board, senior management team and Company's External Auditors are present to answer questions raised and provide clarification.

Key matters discussed during the AGM and the minutes will be posted to the Company's website under the weblink www.kobaytech.com within 30 days from the date of the AGM.

Compliance Statement by the Board of Directors on Corporate Governance Statement

The Board has reviewed and approved the Corporate Government Overview Statement on 28 October 2024. The Board is pleased to report that, to the best of its knowledge, the Company has fulfilled its obligations in accordance with all the applicable laws, regulations, internal and external guidelines on corporate governance throughout the financial year ended 30 June 2024.

Sustainability Statement

The Board is pleased to present to you the Kobay Technology Berhad's ("Kobay" or "the Group") 2024 Annual Sustainability Statement (hereinafter referred to as "the Statement" or "this Statement") providing an overview of the Group's sustainability performance during the financial year ended 30 June 2024. This report should be read in conjunction with the other statements in this Annual Report.

As Kobay aim to be market leader and pre-eminent supplier to our customers worldwide, Kobay dedicated to uphold its corporate responsibilities across Economic, Environmental, Social, and Governance (EESG) dimensions while providing its sustainable solution product and services to its customers globally. We strive to achieve our goals in a manner that benefits all our shareholders and stakeholders, ensuring sustainable growth and ethical advancement as we continue to move up the value chain.

Kobay's core business is in manufacturing. Operating from Malaysia, it provides high precision engineering solution, high precision components and parts, high level of assembly for its global customers in semiconductor and E&E, aerospace, medical and life science, automation and equipment maker industries majority located in Malaysia, Singapore and United States.

SUSTAINABILITY FRAMEWORK

Kobay was established in year 1984 supporting semiconductor manufacturer during the emergence of the Penang Silicon Valley. Most of the Multinational Companies operating in Penang are our customers since then.

Our Commitment, Our Mission

We aim to be the market leader and pre-eminent supplier to our customers worldwide thus we will pursue excellence in all aspects of our business in order to serve our global customers.

To achieve **sustainable, profitable growth (Goal 8)**, we combine **market leading technology (Goal 9)** with a **highly competent and committed workforce (Goal 16)** to achieve business excellence which is reflected in the products and services we offer.

Success is measured by our ability to create economic value, bond with our **customers and suppliers (Goal 17)**, promote a sense of pride and ownership amongst our **employees (Goal 12)** and produce a higher return of equity to our shareholders.

Business Model and Value Proposition

We recognized the impact that our business decision onto the surrounding environment and communities where our business is operated. We integrated Economic, Environmental and Social (EES) issues into our business operations and tabulate our strategic KPIs to track our progress in each and every area.

Creation of Economic Value	Protect our Environment and Creation of Conductive Community	Creation of the "Spirit of Success"
To achieve superior and sustainable profitability	To consciously preserve the environment and contribute to the well-being of the community	To attract, satisfy and retain our valuable customers, business partners and superior employees
Economic Performance Anti-corruption Cybersecurity & Data Protection Customers Satisfaction	Supply Chain Management Climate Change Community Investment Waste Management Water Management Materials	Human Rights Health & Safety Employee Management Diversity, Equity and Inclusion

Alignment to SDGs :



Experienced in providing high precision engineering solution in metal fabrication, the business used various metal ranging from tool steel, stainless steel, mild steel and aluminium in its production, Kobay have always in mind to protect the mother earth and working very hard to strive the balance between sustainable growth by creating value and attaining its environmental and social goals.

Sustainability Statement (Cont'd)

OUR GOVERNANCE STRUCTURE

The Executive Committee ("EXCO") members has been delegated by the Board of Directors to champion the Group's sustainability mission. Led by the Chief Executive Officer, the EXCO articulates and drive the sustainability practices across the business units in our two (2) core divisions namely Manufacturing Division and Investment Division.

Pursuant to the Board Charter, the Board is ultimately responsible for the Group's sustainable corporate direction, strategic planning and goals. The EXCO will then integrate the sustainability initiatives in the Group's yearly strategic plans and every head of the business units have to incorporate these initiatives into their sustainability-linked key performance indicators (KPIs). The business units' yearly sustainable strategic plans and goals will table for the EXCO to buy off.

The Corporate Core Team will act as managing agent for the approved sustainability measures by the EXCO and/or the Board of Directors whereby the Audit and Risk Management Committee (ARMC) has been delegated as an oversight and governance body responsible in ensuring the Company's material sustainability matters carried out within the scope of the Group's sustainability direction.



* sustainability matters are economic, environmental, social and governance

Sustainability Statement (Cont'd)

MATERIAL SUSTAINABILITY MATTERS

Our goal is to create long-term value to our stakeholders. Kobay will set a five (5) years' master plan where the Group's Corporate Direction which includes the sustainable factors then cascade down to the subsidiary companies. The respective Business Unit Head is required to assess our key materiality area that will impact the entire Group's business operation for the review and approval of the EXCO for implementation.

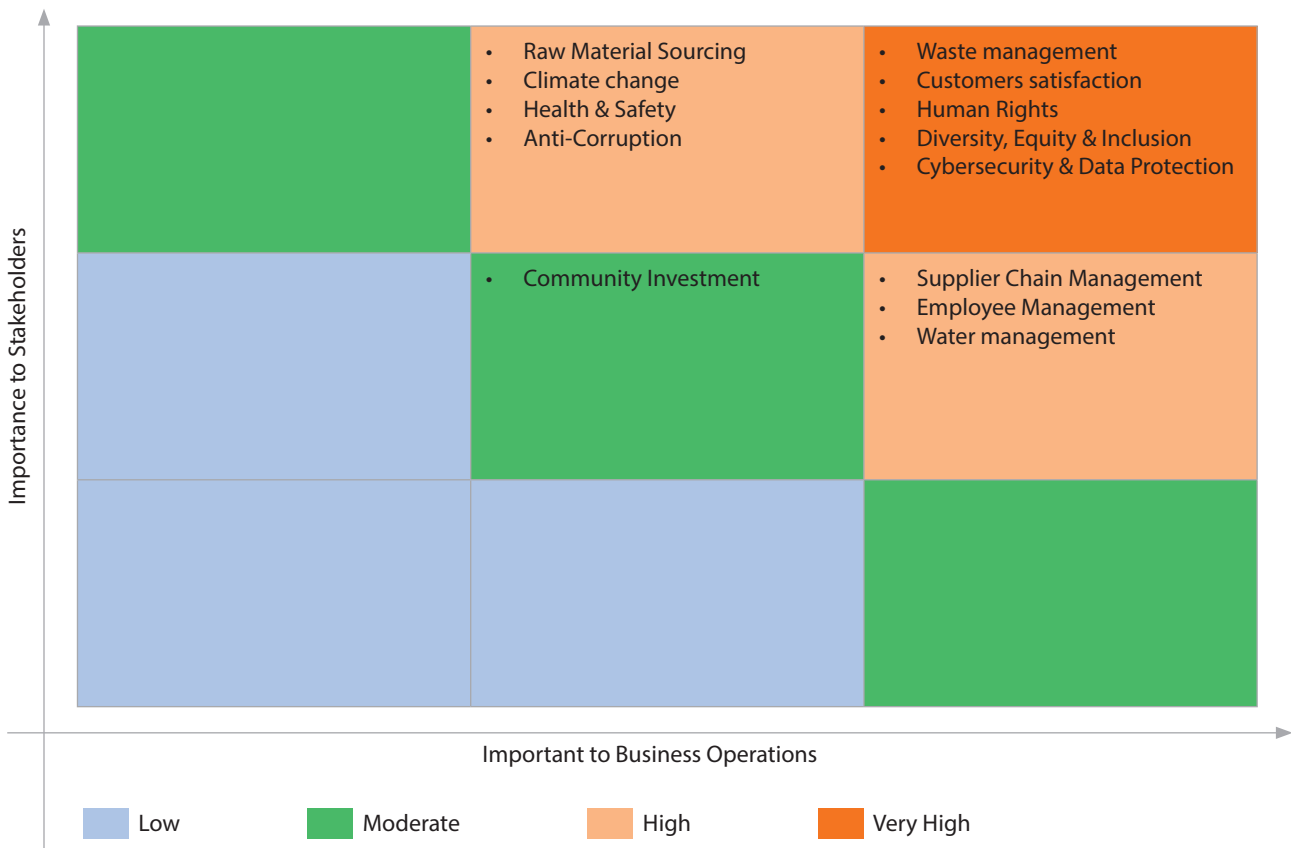
Kobay has implemented a system for the management to peruse, assess and approve, if needed, our sustainable materiality matters in each and every Business Unit in a periodic interval.

Kobay viewed the below materiality matters are crucial in defending today and creating tomorrow for the Group in creating sustainable growth.

ECONOMIC	ENVIRONMENTAL	SOCIAL
<ul style="list-style-type: none"> Customers' satisfaction Government compliances Employee management Innovation Supply chain management Shareholders Wealth 	<ul style="list-style-type: none"> Government compliances Climate change – decarbonization Water management Waste Management – 4Rs (Reduce, Reuse, Recycle and Recover) Raw Material Sourcing Green Investment/design and energy 	<ul style="list-style-type: none"> Ethic and integrity Government compliances Occupation Safety and Health Anti-corruption Diversity, equity and inclusion Community investment Employee Management

Kobay has identified 12 material matters being the priority and the outcome of the process was reviewed by our sustainability steering committee ie Executive Committee and endorsed by the Board.

MATERIALITY MATRIX



Sustainability Statement (Cont'd)

Risk Management

In supporting and sustaining our customers' supply chain, we are committed to continuously improve our product's quality through our accredited quality management system and to ensure on time delivery to our customers. To-date, all of our core manufacturing subsidiaries are accredited with the following management system international standards in respective operational portfolio: -

- ISO 9001 : 2015,
- ISO 13485 : 2016,
- AS 9100 : D,
- Nadcap – Chemical Processing, and
- Nadcap – Aerospace Quality System (AC7004)

The said accreditation will be audited by the respective issuance authorities during renewal.

To ensure all the identified risks are being monitored, our internal auditors will consistently audit each and individual business unit to ensure compliance and any deviation will be reported to Executive Committee during monthly meeting with proposed corrective action and quarterly to ARMC before the same will be reported to the Board at its quarterly meeting and follow up audit will be carried out and report the same in the following ARMC and Board meeting/(s).

Material Matters	Risks	Opportunities
Economic Performance	Poor financial performance threatens business health and investment opportunity	Sustainable financial performance attracts potential business partners and investment opportunity for business growth which increase in stakeholders' return
Anti-corruption	Poor governance on anti-corruption will tarnish the business reputation and create unhealthy business culture	Gain trust from stakeholders thus improving the relationship and business reputation
Health & Safety	Workplace health and safety avoid production loss and reduce unnecessarily penalties from authorities	Active promotion of safety working environment will reduce tendency of accident occurs while embed of conducive working culture promotes mental health of employee and maintain productivities ultimately
Cybersecurity & Data Protection	Cyber threats include breach of stakeholders' data which may cause the Company's reputation being tarnished	With digitalisation changing the global business platform, cybersecurity and data protection of all stakeholders will gain trust of stakeholders in doing business with us
Climate Change	Inadequate climate change preparation may cause unexpected loss of production e.g. flood and lead to loss of customers trust e.g. late delivery of goods to them	With climate change factor being considered during any set up of manufacturing plant or property development project will be able to minimizing the probability of the occurrence impact our production or property development
Customers Satisfaction	Dissatisfied customers will not be a repeated customers which will lead to loss of revenue to competitors	Frequent customers engagement facilitates our improvement in product and services rendered to customers, build reputation and gain trust from customers
Employee Management	Disengaged employee will jeopardize the employee morale and contribution to the Company's performance. Unfair and bias rewards system will demotivate employees hence affect the Company culture as a whole	Attractive benefits package will be able to recruit talent, however after recruitment engagement is crucial to able to correct the misaligned employee to follow Kobay culture and simultaneously able to retain the high-performance talent
Diversity, Equity & Inclusion	Discrimination on employees will tarnish the Group's reputation and face tough challenge in recruit and retain talent	Providing a fair and equal platform to all employees will be able to retain talent who can contribute to the business growth
Human Rights	Breach of human rights e.g. ill-treat workers, child labour, illegal labour	Compliance with law and cultivate a good corporate culture

Sustainability Statement (Cont'd)

Risk Management (Cont'd)

Material Matters	Risks	Opportunities
Supply Chain Management	Suppliers and vendors are business partners of the Group and any unethical practices undertaken by them will expose Kobay to operations disruption and rejection by customers	Sound procurement governance not only attain to be credible supplier to our customers but also able to build a reliable supply chain, supporting and upholding our products and services standard. Assessment of supplier during recruitment and periodic assessment after recruitment will be able to sustain the reliability of our supply chain to global customers
Waste Management	Non-compliance to environmental regulations will results in consequences with authorities	Effective waste management through effective resource management in operation like recycle, will enable cost reduction and simultaneously contribute to environment safety
Community Investment	Business activities which have negative impact onto the community will affect the Group's social image amongst community	As corporate responsible citizen to walk the talk to ensure the culture being implant into the Group's culture thus build good reputation and brand for the Group
Water Management	Ineffective water management will increase the cost of the Company	Effective water management will reduce cost for the Company and contribute towards the water conservation as a corporate citizen
Materials	Usage of sustainable materials will support the stakeholders' demand else it will result the Company loss in market shares	Commitment in using sustainable materials will open up more opportunities to global customers who share the same direction

Stakeholder Engagement

Kobay have various stakeholder groups and the key stakeholder group includes of shareholders, investors, financiers, government agencies and regulators, customers, vendors, employees, non-governmental organizations, media and community as a whole. They are individual whom have different level of influences over the business of Kobay.

Kobay Group has strived to maintain various channel to communicate with respective stakeholder either formally or informally. We acknowledge that frequent interactions with stakeholder will enable us to identify material issues in connected thereto hence providing the Group an insight of opportunities and alert us on the risk embedded in our business operation.

Kobay has also maintained a website and user can drop an email to respective personnel via the platform. Senior management who are responsible for the respective function have been disclosed in page 20 to 21 of our Annual Report 2024.

Stakeholders	Stakeholders' Concerns	Sustainability Matters	Forms of Engagement
Customers	<ul style="list-style-type: none"> Pricing Product quality & safety On time delivery Design and features Resources efficiency After sales services 	<ul style="list-style-type: none"> Customers satisfaction Innovation 	<ul style="list-style-type: none"> Market survey Launches/Events Customers visits and engagement by sales personnel Promotions
Employees	<ul style="list-style-type: none"> Corporate direction Job security and career advancement Welfare and benefits Work-life balance Workplace health and safety Employment equality 	<ul style="list-style-type: none"> Employee welfare Training and development Occupation health and safety Talent retention 	<ul style="list-style-type: none"> Periodic meeting at all levels Townhalls with employees Performance management system Flexible work arrangement Flexible benefits plan Whistleblowing policy Training programme and briefings Internal policies and procedures Employees' portal

Sustainability Statement (Cont'd)

Stakeholder Engagement (Cont'd)

Stakeholders	Stakeholders' Concerns	Sustainability Matters	Forms of Engagement
Investors	<ul style="list-style-type: none"> Growth plans Market diversification Risk management Corporate governance Sustainable performance 	<ul style="list-style-type: none"> Ethic and integrity Transparency Innovation Artificial intelligence Green design and energy 	<ul style="list-style-type: none"> Shareholders' meeting Announcement via Bursa Malaysia Investors and analysts briefing Website enquiry
Regulatory Agencies and Statutory Bodies	<ul style="list-style-type: none"> Compliance Securities issues Waste management Migrant workers 	<ul style="list-style-type: none"> Compliance 	<ul style="list-style-type: none"> Local authorities' inspection Formal forum or meeting with respective authorities Press release Workshops or briefing
Vendors	<ul style="list-style-type: none"> Legal compliance Payment schedule Pricing Product quality and supply commitment On time delivery 	<ul style="list-style-type: none"> Vendor development 	<ul style="list-style-type: none"> Vendors/Suppliers dialogue Negotiation on pricing and contract Supplier audit and evaluation
Non-Governmental Organization	<ul style="list-style-type: none"> Environmental and social issues in relates to development 	<ul style="list-style-type: none"> Community development 	<ul style="list-style-type: none"> Donation and financial aid Contribution to environment and social enhancement Sustainability related programs

MANAGEMENT APPROACH FOR SUSTAINABILITY MATTERS

ECONOMIC PERFORMANCE

The Group is strived to produce a higher return of equity to our shareholders while creating economic value to other stakeholders and to the local economy. The Board and its Committee are cautious when implementing any expansion plan while defending the performance of all existing operations.

Economic Performance	Unit	FY2022	FY2023	FY2024
Economic Value Generated (Revenue)	MYR000s	354.2	313.7	330.5
Economic Value Distributed (OPE)	MYR000s	287.2	276.8	307.9
Economic Value Retained (PAT)	MYR000s	51.4	26.5	14.2

Note : The financial results presented in the table are extracted from the audited financial statement

The Group continuously staying abreast with market trend, pursuing expansion and technology advancement, maintaining healthy balance sheet and mitigating risks exposed by our business operations in attaining the business excellence to create economic value to our stakeholders.

Details of the group performance has been discussed in our MD&A of this Annual Report under page 3 to 14.

ANTI-CORRUPTION

The Group acknowledged the importance of ethical corporate governance and uphold high standard of business ethics. "Doing the right thing when nobody's looking", that is, integrity and ethics.

Code of Business Conduct Policy, Anti-Corruption Policy, Whistle Blowing Policy, Group Human and Resource Policy, Group Finance Policy and Group Standard Operating Policy are being formalized to serve as a guidance to all employees (inclusive of Company Directors and Senior Management) on how the organization (includes the Director and employees) within Kobay Group are expected to behave and conduct when performing their duties.

Sustainability Statement (Cont'd)

ANTI-CORRUPTION (CONT'D)

Those policies cover topics related to conflict of interest, gifts and gratuities, integrity of company assets and information, insider trading, act of misconduct, cultivate conducive working environment and compliance to laws and regulations. The Human Resource Department has been tasked to arrange new joiners to undergo an induction/orientation programme where they are required to familiarize themselves with the Group's policies, the Group's culture and practices.

Suppliers or vendors who intends to do business with the Group shall also adhere to the Group's Code of Business Conduct Policy and Anti-Corruption Policy. All suppliers are required to fill and submit the declaration which is part of the registration form for the suppliers/vendors during opening of their business account.

For the financial year under review, we have rolled out 4 out of 7 manufacturing facilities with the revised SOP in communicating with our suppliers or vendors and we target to roll out to the entire manufacturing facilities and our investment division during the financial year ending 30 June 2025.

Our performance for the financial year under review is as follow:-

Corruption Risk	Unit	FY2022	FY2023	FY2024
Code of Conduct Training	%			
<i>Management</i>		N/A	N/A	43.5%
<i>Executive</i>		N/A	N/A	8%
<i>Non-executive/Technical Staff</i>		N/A	N/A	48.5%
Number of corruption incident/(s)	Number	0	0	0

The Code of Business Conduct Policy, Anti-Corruption Policy and Whistle Blowing Policy are available at Kobay website which are easily accessible whereas the Group Human Resource Policy, Group Finance Policy and Group Standard Operating Policy are available on the Group's shared system where the access will be granted upon application by Human Resource Department.

HEALTH & SAFETY

In Kobay, we committed to provide the employees a safe and conducive working environment. The Group has enforced the following rules and regulations related to the environmental, occupational safety and health regulations for the protection of all employees: -

- Malaysian Environmental Quality (Clean Air) Regulations 2014,
- Factories and Machineries (Noise Exposure) Regulation 1989, and
- Occupational Safety and Health (OSHA) (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.

The Group has also incorporated the guide into its Human Resource Policy the safety measure where all employees are required to comply or disciplinary action will be taken against the employee who infringe or breach the said policy.

The Human Resources Department shall be responsible to conduct an induction upon employee report to work for which is one of the areas where the Human Resource personnel shall cover is the Human Resource policy and procedures.

Safety Committee of each Business Units have been established to monitor the effectiveness of the rules and regulations enforced above under the Group's Human Resource Policies. Each Business Unit's Safety Committee shall set out respective internal safety and health guidelines to provide direction to the employees at work.

Any accidents which occurred within the premise of the workplace, the Safety Committee or its representative appointed shall take initiative to inform the employee's family members on the accident. Thereafter, the Safety Committee shall conduct an investigation of the accident. A report on the investigation shall be sent to the Human Resources Department and a copy provided to the respective leaders of the Business Unit within five (5) days after the accident.

The Human Resources Department shall proceed to inform the Insurance Company, SOCSO or any other related government authority that requires to be reported at the country where the company is operating in for any claim made. The Safety Committee shall assist to prepare the necessary documents as soon as the incident has been reported.

Sustainability Statement (Cont'd)

HEALTH & SAFETY (CONT'D)

During the financial year, excessive noise test and noise risk assessment, stack emission monitoring & analysis and testing and examination of local exhaust ventilation systems have been carried out in our factories.

Our performance is illustrated as below:-

Health & Safety	Unit	FY2022	FY2023	FY2024
Number of employees trained in health & safety standards	Number	N/A	90	211
Number of work-related fatalities	Number	0	0	0
Lost time incident rate (LTIR)	Rate	0	2.32	25.87
Total Hours worked	Hours	650,336	708,970	1,525,170.19
Number of lost time injuries	Number	0	0	3

CYBERSECURITY AND DATA PROTECTION

With the Group continuous effort digitalize its operations and the change of the global trend around remote working, e-commerce and automation after Covid 19, the Group's data is more susceptible to cybersecurity risks. As such, we have responsibility to manage the growing threat of cyber-attacks on the Group's data collected including but not limited to protecting our customers' sensitive information to prevent any leaks, threats or loss of customer information.

In Kobay, managing data and security is an integral part where we will conduct periodic review onto our Enterprise Resource Management System (ERM), Electronic Documents Management System (EDMS), Human Resource Management System (HRMS) and Email System to ensure our data privacy and security controls and processes are operating effectively. To ensure that our data is collected vide lawful means, we will obtain consent from respective party before the said data being stored into our operation systems. We have also imposed a strict control in granting access to the user inclusive the list of activities for each and every user authorized personnel.

The group has maintained cybersecurity framework and already developed our Group's IT Policy.

Our performance

Under the financial year, we do not receive any complaints concerning breaches of our Group's data loss.

Cybersecurity & Data Protection	Unit	FY2022	FY2023	FY2024
Number of complaints concerning breaches in customer privacy or losses of customers	Number	0	0	0

CLIMATE CHANGE

Kobay acknowledges main source of indirect emissions is from electricity usage in our business operations. We recognize as a corporate citizen and our responsibility to reduce our carbon footprint in contributing our effort to create a low-carbon economy.

For the financial year under review, the below data is collected from all the businesses except pharmaceutical group.

Total Energy Consumption	Unit	FY2022	FY2023	FY2024
Consumed by Facilities	Megawatt	N/A	N/A	13.522

Sustainability Statement (Cont'd)

CLIMATE CHANGE (CONT'D)

Total CO2e	Unit	FY2022	FY2023	FY2024
Scope 1 emissions in tonne of CO2e	CO2e	0	0	7,771,318
Scope 2 emissions in tonne of CO2e	CO2e	N/A	N/A	145,213
Scope 3 emissions in tonne of CO2e				
- Employee commuting *	CO2e	N/A	N/A	4,331
- Business travel *	CO2e	N/A	N/A	0

* data collected solely from Assets Management group

We are in the midst of extending the CO2e tracking from the rest of the operation group and shall present a more complete data in the forthcoming report.

In the transition journey, Kobay is focusing the following area:-

- 1) Managing our emissions; and
- 2) Investing in low emissions and green technologies

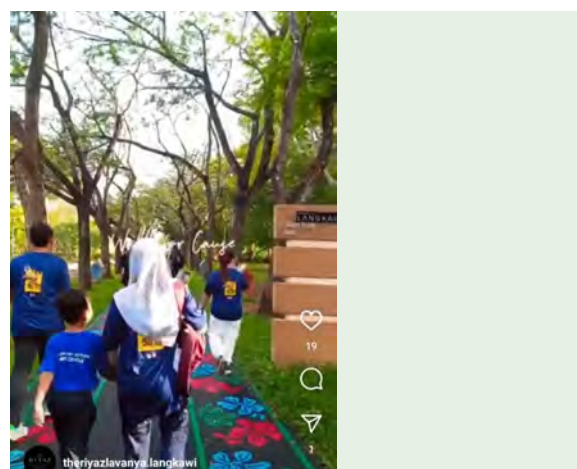
For the financial year under review, Kobay has identified two (2) plants to install solar system for which one of the plants has been installed and another plant will be completed within the financial year 2025. The Group will continue to explore for the solar system installation on its manufacturing facilities. As for the property development, the Group is aware and will incorporate into its project design.

As of the date of this Statement, the Group is unable to have data on the solar system saving for the energy consumption during the financial year.

For the Pharmaceutical group, the team is exploring the possible revision of the packaging design to enable the possibilities to recycle and re-use so to reduce it ends up to landfill.

Under Lavanya Resort Sdn. Bhd., being the hospitality management company vide the trading name "The RiYaz Lavanya Langkawi", has conducted the tree planting on 2024 earth day and there are approximately 20 employees participated in the said activities.

On 27 April 2024, The RiYaz Lavanya Langkawi has participated in the fund raising for the Langkawi Autism Care Centre Walk and has presence at the Walk held at Lagenda Park in supporting autism children.



Sustainability Statement (Cont'd)

CUSTOMERS SATISFACTION

In delivery our sustainable performance, Kobay Group acknowledges that customer satisfaction is a material factor in achieving long term success.

Customers' engagement is crucial to build trust and long-term relationship, through various communication channel, we obtain customer feedback which enable us to gain insight of customers' expectation so we can provide the products or services that meet their needs.

For manufacturing division, the are few Key Performance Indicators set and tracked the performance of each business units in meeting customers' satisfaction. The business account personnel required to consistently in contact with the customers to ensure we meet the customers' expectation in our products or services rendered.

For property development group and pharmaceutical group, the end customers' satisfaction will directly affect the decision of our customers for repeated orders. Aside from the market survey prior to launching any product/project, customers' satisfaction is one of those Key Performance Indicators will be closely monitored monthly, quarterly and yearly through meetings set by the Group.

For the financial year under review, below are data collected for the KPIs tracked.

Our Performance

Customer Satisfaction	Unit	FY2022	FY2023	FY2024
Property Development				
- QCLASSIC Score for Lavanya Langkawi Project	%	N/A	85% Phase 2	N/A

EMPLOYEE MANAGEMENT

Kobay valued employees who equips with the right working attitude and capability aligned with Kobay culture is our most valuable assets and they are the driving force in contributing the Group's growth and success.

The VP of People and Organization development, who the ultimate person in charge of the Group Human Resource, is heading the entire Human Resource team under Kobay Share Service in providing the group's need in the holistic Human Resource function. She has been vested with the task to recruit, develop and retain high-performance employee while working under the ambit of our Group Human Resource Policies to continuously engage with the employee to ensure the following core areas throughout the Group supported by all the Human Resource Personnel:-

- Talent Management and On-boarding
- Performance Management and Benefits/Compensation
- Continuous Development Programme
- Succession Planning

In contributing to the Group's performance excellence and growth, the Group has developed the basic foundation ie Kobay 7S alignment whereby the VP-People and Organizational Development being entrusted, as the business partner of the Group, to continuously improve the system (Shared Values, Staff and System) and embedded the Kobay Culture.

• Talent Management and On-boarding

Talent attraction and retainment is vital in building a strong and sustainable talent pool for Kobay future growth. Kobay has developed it's Human Resource Policy and Procedures since 1989 with a 5 years interval revision process as a guide and VP-People and Organizational Development leads to build a strong employer brand to attract top talent and participate in various career fairs and forums to attract fresh talent and onboard them.

Sustainability Statement (Cont'd)

EMPLOYEE MANAGEMENT (CONT'D)

• Performance Management and Benefits/Compensation

Kobay believed that in order to increase the shareholders and stakeholders value, we shall firmly uphold our Kobay culture ie ACTIONS and work towards our Vision and Mission. In cultivating and promoting high performance culture, we have embedded the performance evaluation procedures in our Human Resource Policy and Procedure to measure the performance of employees vide the Key Performance Indicators (KPIs).

Yearly, each and every business unit will derive its yearly strategic plan and goals with KPIs set for evaluation purposes of the performance not only for the business units but also for all key personnel of that particular business units. Simultaneously, as Shared Services to the Group, the VP in People and Organization Development will draw out their yearly strategic plan for the approval of the EXCO in championing the entire Group HR related matters.

Under the financial year 2024, the entire bought off for the FY2025 Strategic Plan and Goals have been completed on 21 June 2024, being a date prior to the commencement of FY2025 on 1 July 2024.

• Continuous Development Programme

It is Kobay's objective to continuously upskill and re-train its workforce so that the employees able to accommodate with the ever-changing technology advances and market trends.

Vide the performance evaluation which will be conducted every half yearly guided under the Group's Human Resource Policy and Procedures, the superior of every employee will access the training needs of each and every employee thus able to recommend the suitable training for the particular employee's career advancement.

Aside from the voluntary and directive for skill related training, the Group's Human Resource will also evaluate, from time to time, the suitable enhancement programme which is beneficial to the Group then recommend for approval of the management.

• Succession Planning

We assess the employee potential and performance to identify leaders for key positions as part of the succession planning.

During the financial year under review, there was a major re-structuring of the Group's organization whereby with our Executive Director, Mr. Koay Cheng Lye's retirement due to old age, the management has recruited Mr. Koay Wooi Seong to be re-designated as Executive Director whom possessed vast experience in project and property development management to lead our Property Development Division.

After due consideration of the management, the said organization change has been scrutinized and approved by the Board Committee and the Board of Directors where the relevant announcements were made on 1 July 2024 via Bursa website.

Our Performance

Employee Management	Unit	FY2022	FY2023	FY2024
Total hours of training by employee category				
- Management	Hours	1069	2607	908
- Executive	Hours	1328	2127	2,457.5
- Non-executive/Technical Staff	Hours	1062	2008	2,097.5
- General Workers	Hours	237	396	965
Total number of employee turnover by employee category				
- Management	Number	44	30	39
- Executive	Number	88	79	51
- Non-executive/Technical Staff	Number	227	166	181
- General Workers	Number	102	71	29
Average training per hours per employee	Hours	40	78	136
Total new hires	Number	659	323	246
New hire rate	%	49	27	38.3
Turnover rate	%	35	21	31.5

Sustainability Statement (Cont'd)

DIVERSITY, EQUITY AND INCLUSION

We have since 1989 underpinned both fairness and equality in our Group Human Resource Policy from recruitment up to rewards and recognitions. No discrimination nor unfair treatment is allowed and we actively encourage diversity of gender, race, age, religion so that each and every employee is able to reach their full potential and give the Company a competitive edge through their ability, wide range of knowledge, ideas and experience.

Beside advocate for equitable gender representation in our Board, as of the date of this report, we have 30% women representation at our senior management level, then further cascaded down to management level and below.

The gender diversifications of our employees in total workforce categorized by gender, nationality and job level are shown in the table below: -

Diversity, Equity and Inclusion	Unit	FY2022	FY2023	FY2024
Percentage of employees by gender and age group by employee category				
<i>Gender group by employee</i>				
- Management – male	%	6.60%	8.00%	8.00%
- Management – female	%	3.80%	4.00%	4.00%
- Executive – male	%	12.10%	14.00%	13.00%
- Executive – female	%	9.00%	9.00%	9.00%
- Non-executive/technical staff – male	%	45.00%	38.00%	32.00%
- Non-executive/technical staff – female	%	5.20%	6.00%	7.00%
- General workers – male	%	15.00%	17.00%	25.00%
- General workers – female	%	3.40%	3.00%	3.00%
<i>Age group by employee category</i>				
- Management – under 30	%	0.10%	1.00%	0.02%
- Management between 30-50	%	6.30%	7.00%	7.00%
- Management – above 50	%	4.00%	4.00%	4.00%
- Executive – under 30	%	4.20%	5.00%	3.70%
- Executive between 30-50	%	15.30%	16.00%	16.00%
- Executive – above 50	%	2.00%	3.00%	2.40%
- Non-executive/technical staff – under 30	%	24.50%	24.00%	17.00%
- Non-executive/technical staff between 30-50	%	22.50%	18.00%	19.00%
- Non-executive/technical staff – above 50	%	2.20%	3.00%	2.40%
- General workers – under 30	%	8.60%	8.00%	12.00%
- General workers between 30-50	%	9.40%	11.00%	15.00%
- General workers – above 50	%	0.80%	1.00%	5.00%
<i>Percentage of Directors by gender and age</i>				
- Male	%	80.00%	66.67%	66.67%
- Female	%	20.00%	33.33%	33.33%
- Under 30	%	0.00%	0.00%	0.00%
- Between 30 – 50	%	20.00%	50.00%	16.67%
- Above 50	%	80.00%	80.00%	50.00%

Sustainability Statement (Cont'd)

HUMAN RIGHTS

Caring for employee is not just about welfare and benefits. One of the Kobay leadership traits is producing conducive working environment. Hence, we have embedded such practices across its business operations to promote healthy working culture.

Incorporated into our Group Human Resource Policy and Procedures, we abide to the Malaysia's Employment Act 2012 and relevant acts where our business is operated and under the said policies, we covered discrimination and harassment, grievances mechanisms, health and safety, employee engagement and many more since the policy drafted in 1989.

Periodic revisions by Kobay Corporate Core Team lead by our Chief Executive Officer and members that consists of our Chief Operating Officer(s) and VPs to ensure that the policy be updated accordingly.

Quarterly, VP of the People and Organization Development will invite the Corporate Core Team members to propose for any improvement suggested for the Group policies and practices. For the financial year under review, there are two (2) core team meetings held respectively in the month of July 2023 and January 2024.

Simultaneously, with the labour-intensive environment under our Property Development Group, we are cautious in managing our contractor to ensure that labour rights have been attended to.

For our workers including the foreign workers, we continuously ensure these workers being provided with fair wages and compensation, decent living quarters and adequate training to perform their jobs safely and effectively.

For the financial year under review, we glad to report our performance as illustrated below.

Human Rights	Unit	FY2022	FY2023	FY2024
No. of substantiated complaints concerning human rights violation	Number	0	0	0

SUPPLY CHAIN MANAGEMENT

In ensuring the entire supply chain of Kobay be able to supply the products or services to our customers worldwide per the customer's requirement and expectation, Kobay dedicated to incorporates sustainability throughout the entire supply chain in order to support the customers worldwide from where our business operations are operated. Kobay intends to conduct yearly supplier/vendor survey and review on their performance. We will also inform the supplier/vendor on the customers' latest requirement from time to time to keep them abreast in order to support our supply chain to our customers worldwide.

All suppliers/vendors will be informed with our policies in anti-corruption, data protection, health and safety as well as our ESG expectation in all the goods and services they supplied to Kobay Group of Companies.

We are committed that our procurement practices are fair and transparent and this has been incorporated into our Finance Policy and Procedures where jobs will only be awarded to the most credible supplier/vendor in our Manufacturing Division whereas in our Property Development Group, open tender will be conducted whereby not only prices will be taken into consideration but also the reliability and reputation of the supplier/vendor will be considered as a crucial factor in our awarding process.

Before every supplier/vendor able to do business with us, they are required to fill up a form and make declaration to adhere to all the policies that Kobay is practiced. Thereafter, the management will perform a due diligence check onto the said supplier/vendor before approval being granted to register them into our ERM system as approved supplier/vendor.

We prioritize to procure our needs in relate to our products or services from local supplier/vendor aiming to support and contribute positively to the local economy.

During the financial year under review, the following are KPIs collected in the Group.

Supply Chain Management	Unit	FY2022	FY2023	FY2024
Proportion of spending on local suppliers/vendors	%	N/A	N/A	70%

Sustainability Statement (Cont'd)

WASTE MANAGEMENT

Kobay recognized the importance of waste management impacted our environment if not being treated properly. We generate different type of waste for both the Manufacturing, Property Development and Hospitality and Pharmaceutical sector respectively. We have solid waste, waste water, waste chemical waste and other waste generated in our business.

We understand improper waste management can have impact and causing detrimental effect on air, water and soil contamination thus heightened risk of hazardous exposed to the surrounding communities where our business is operated.

Our waste management strategy is driven by 4Rs concept of Reduce, Reuse, Recycle and Recover to minimize environmental pollution.

Our Group has outlined how to minimize waste per each category of waste generated as below.

1) Liquid Waste

a) Waste Water

For factories where we have generated waste water, waste water treatment plant has been installed and Industrial Effluent Discharge Monitoring Reports were submitted monthly to Department of Environment, Ministry of Environment And Water with certified laboratory's certificate of chemical test analysis on treated water discharged, covering pH, cadmium, chrome, cyanide and suspended solids.

Yearly, the respective factories are required to go through license renewal approval.

b) Waste Chemical

Our production floor will consume chemical in its metal components production for which the said chemical will be evaporated throughout the process due to its function is to cool the production process. Hence, the said chemical will require to be topped up during the production whenever the quantity is not to expectation. No disposal of this chemical is required.

Certain production processes, for example, chemical used in surface treatment, the said chemical disposal will only be allowed vide licensed vendor/(s) and record will be kept for the audit of the Department of Environment.

2) Solid Waste

The Group supports green environment and continuously manage the impact of its operations to minimize the solid waste goes into landfill.

As our products are majority made from metal like mild steel, stainless steel and aluminium, procedures have been in place for all manufacturing plants on these metal waste treatment and management systems. We have allocated specific area within each manufacturing plant for storing the metal waste and periodically, the scrap vendors will collect those scrap and during the financial year under review the sum of scrap disposal for manufacturing is listed below.

Waste Management	Unit	FY2022	FY2023	FY2024
Total waste generated				
(i) Total waste derived from disposal	Metric Tonne	N/A	N/A	410.29
(a) Metal waste	Metric Tonne	N/A	N/A	404.34
(b) Paper waste	Metric Tonne	N/A	N/A	5.95
(ii) Total waste directed to disposal	Metric Tonne	N/A	N/A	0

The aforementioned data collected on waste management has excluded the property development and pharmaceutical group.

With our aluminium extrusion business unit set up in year 2022, the management intends to set up the smelting plant so to recover the metal waste produced within the business to create circular economy within the said business unit.

Sustainability Statement (Cont'd)

WASTE MANAGEMENT

2) Solid Waste (Cont'd)

As for our Property Development Group, we will first ensure compliance to environmental policy of the state where our project situated during the development order application process. For any approved development project where we are contracted out our project construction work, our team will ensure that the respective contractor to treat all their waste properly throughout the construction by appointing a consultant to monitor related ESG compliance matters.

For Pharmaceutical group where their businesses are more on trading, they have worked with the suppliers whom OEM for their own brand "BIOBAY" to reduce the consumption of non-recyclable plastic bottle and turning to aluminium foil where the impact to the landfill is lesses. Moving forward, the management are working onto ESG activities to reduce the said impact.

3) Other Waste

For waste created other than the production floor, trading business or construction site like consumption of paper in the office, the general waste generated like the public, we are in line with the Penang State Government effort in segregating the waste. In the corporate office and our manufacturing plants, we have installed recycle bins and continuously educate our workers in segregating the type of the general waste to reduce the amount of waste end up in the landfill.

For paper consumption, we have digitalized some process and go paperless like our ERM, storage of our corporate policies, documents/record vide EDMS and moving forward, in compliance with our "Lembaga Hasil Dalam Negeri" (LHDN), we will implement e-Invoicing where further reduce the use of paper in our business operation.

Although it is our practice to dispose off some documents which are not required to be kept under respective act and regulation, it is our group policies that these documents/record can only be disposed off with the approval of Executive Committee. We have taken into consideration of data protection for those documents disposal and we are cautious on the disposal process of the vendor/(s) and if required, we will get our person in charge to witness the disposal process.

Due to digitalization took place tremendously in the next century, we foresee e-Waste like spoilt key-board, mouse, mobile phone, walkie talkie, tablet, PC, printer etc will be the next focus of the Group to lay policy on the management and treatment. As of the date of this report, the business units are being notified to either participate in events/activities championed by some retailers or businesses like Maxis or directly contact the e-Waste vendor available for such arrangement.

COMMUNITY INVESTMENT

In Kobay, we strive to give back to the communities as a responsible corporate citizen through our community engagement and impact programmes with a focus on education and social welfare.

The Group believes that by investing in education, we will be able to nurture the next generation who is the foundation for building a highly educated community and moving towards a high-income country.

During the financial year under review, investment division have contributed to :-

- 1) Donation in supporting NGO in producing one education short film to the public targeting a common community issue to arouse awareness amongst the public;
- 2) Donation to the public for water tank during the water shortage in Penang Island; and
- 3) Donation made in relates to supporting the poor and distributing chicken to the community of a residential area in Penang Island.

We support the nation human resource development as with our aim to nurture the local talent and through our participation in internship programs with local universities, colleges, polytechnics and Penang Skill Development Corporation, we trust with the opportunities provided, they will be able to reach their full potential and transform as future leaders where they can give back to the society.

Additionally, we have consistently participated ourselves towards the betterment of the local communities and we also encourage our employees to participate whenever we have group base activities.

Sustainability Statement (Cont'd)

COMMUNITY INVESTMENT (CONT'D)

During the financial year under review, below are the KPIs tracked.

Community Investment	Unit	FY2022	FY2023	FY2024
Total amount invested to external beneficiaries by the listed issuer (community)	MYR	N/A	N/A	16,700
Total number of beneficiaries of investment in communities	Number	N/A	N/A	N/A
Employees participated in community impact programmes *	Number	N/A	N/A	20
Total hours spent on community impact programmes *	Hours	N/A	N/A	80

Notes – NA = Not available

* = data collected solely from The RiYaz Lavanya Langkawi business unit

WATER MANAGEMENT

Water scarcity is at the alarming stage due to global warming, poor water management and contamination. As water supply and usage is crucial to the Group in both the manufacturing of products, and for the sanitary needs of our employees, we aware and committed to mitigate the risk of water shortage which will impact our business operation.

Our Group consistently promote on water conservation and regularly, we have person assigned to perform regular check onto the usage of water and rectification will be recommended to the business unit head to take necessary action.

We have also imposed penalty onto workers should mis-use of water being found whether at the factory premise or at the hostel provided as an continuous effort in preserving the water.

During the financial year, the below data have been collected.

Water Management	Unit	FY2022	FY2023	FY2024
Total volume of water used	Megalitres	N/A	N/A	112.06

We have commenced the evaluation of the possible installation of rain water harvesting system in our manufacturing plants.

Moving forward, the rain water harvesting system will be taken into consideration during the design of our project/property development.

MATERIALS

Kobay fully aware on importance conservation of resources and attempt to minimize the impact caused onto the environment especially the core material used in the manufacturing is aluminium. Currently most of our aluminium were purchased from local suppliers/vendors.

We have during the financial year set up our aluminium extrusion plant where we will be able to supply extruded material for majority of our manufacturing production consumption and we are planning to install the furnace in melting the re-cycle aluminium material from our manufacturing operation thus supporting in re-cycling through our product life cycle thus minimizing the environmental footprint.

Simultaneously, our aluminium extrusion plant is set up for supplying solar frame and some formed material supply to construction structure as our effort to participate ourselves in green industry.

As the data of our material used shall be collected in Metric Tonnes whereas most of our suppliers delivering the raw material to us were using pieces as the unit of measurement, we are in the midst of educating our supplier in supporting the data collected as well as evaluating our existing system to impose a tracking for each and every sector of our business operation unit.

Sustainability Statement (Cont'd)

MOVING FORWARD

Kobay is committed to achieve sustainability required under the Listing Requirements of Bursa Malaysia Securities Berhad [paragraph 9.45(2), paragraph (29) and Part A of Appendix 9C of the Main Market Listing Requirements (supplemented by Practice Note 9)].

We take note of the United Nation's 17 Sustainable Development Goals as the foundation for Sustainable Development targeted to be achieved in year 2030.

We recognized the impact of our business decision onto the surrounding environment and communities where our businesses are operated. We are committed to integrate Economic, Environmental and Social sustainability issues into our business operations while attaining continuous growth and profits in a safe and healthy environment.

We will continue to collect feedback and listen from our stakeholders via various platform to engage closely with them so to identify their needs in our aspiration to be the most preferred employer and the esteem supplier to customers.

We will continue to uphold standards of transparency, accountability and integrity in managing the organization and provide clear leadership and vision to our stakeholders in the pursuit of service excellence. We believe sustainable development is not the responsibility of governments alone. We will continue to lead our organization, our people and the community with good business governance.

Statement on Risk Management and Internal Control

The Board of Directors ("the Board") affirms its responsibilities in establishing a sound risk management framework and internal control system, constantly reviewing their adequacy and integrity to safeguard stakeholders' interests and company's resources. The Board is fully aware that risk management and internal control system cannot eliminate totally the risk of failure in achieving business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. This Statement will address the Group's approach in risk management and internal control, taking note the principles, intended outcome and practices as set out in Malaysian Code on Corporate Governance. The preparation of this Statement is also guided by "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines")" endorsed by Bursa Malaysia Securities Berhad pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements.

Risk Management

The Board has formalized and adopted a Risk Management Framework ("Framework") which documented down the approach, commitment, practices, policies and procedures to be applied in the Group on risk management and for communicating to all levels of management. The Framework is developed by reference to guidance provided in the Guidelines. To achieve the Group's objectives and goals, in ensuring business sustainability and continuity, the Board is committed to articulate risk management into Group's culture and day to day activities, implement a formalised risk management practices in its strategic planning, organization structure, operation procedures, management processes and internal control systems.

As an on-going process, business risks faced by the Group are reviewed yearly by management to identify, assess their likelihood & impact and come out with action plans to manage and mitigate the risks. Risk management activities are applied to strategic business units in Kobay Group covering Manufacturing Division, Property/ Project Development Division and Pharmaceutical & Healthcare Division. The Framework provides guidance and methods to identify, analyse, evaluate and manage risks. It also provides the acceptable risk tolerance & appetite levels, planning & execution timetable, managing processes & information flow and responsible bodies to monitor and report on effectiveness of risk management activities carried out.

On risk management accountability structure, the key components are as follow:

Board of Directors ("the Board")

The Board's role is to establish a sound framework to manage risk. The Board has set in the Framework the level of risk tolerance and appetite in assessing business risks faced by the Group and safeguard stakeholders' interests and Group's resources. Risk appetite measured by loss tolerance level in monetary value has been formally defined in the Framework for application in risk assessment and management.

For effective implementation and management, the Board has delegated its review process role on risk management to Audit and Risk Management Committee ("ARMC"). However, the Board as a whole still maintain the execution role and responsible for all the actions of ARMC.

Audit and Risk Management Committee ("ARMC")

The Audit Committee of the Board has been designated as Audit and Risk Management Committee in 2013, to be more reflective of its functional role in audit and risk management.

ARMC assists the Board in fulfilling its risk management oversight role. ARMC reviews Risk Management Report presented by management quarterly on updates of risk management activities carried out on items identified as high risk during strategic planning process and encountered during the financial year. ARMC is also provided with Internal Audit Report yearly on review of risk management activities carried out in the Group. Results of the review activities by ARMC are reported in Board's meetings.

Management

Executive Committee ("EXCO") that consists of Executive Directors of the Board and Chief Operating Officers spearheads risk management activities' implementation in the Group. EXCO acts as Management Committee of risk management and reports risk management activities and matters of high or extreme risk level and their mitigation actions to ARMC on quarterly basis.

In business operations, the Chief Operating Officer ("COO") and Head of Strategic Business Group and Functional Units ("SBG Head") are responsible for risk management within respective strategic business and functional units. Their responsibilities include develop and implementing a sound system of risk management to identify, assess, monitor and manage major risks that may have impacts on achieving Group's business objectives.

Statement on Risk Management and Internal Control (Cont'd)

Management (Cont'd)

For accountability, Head of Strategic Business Unit (“SBU Head”) takes charge of compliance and monitoring roles at individual business units. The business unit’s line managers at all management levels are responsible for adoption and implementation of risk management practices as guided by the Framework and monitor the results of risk management activities relevant to their areas of responsibility.

Risk Identification, Evaluation and Management

The Group’s risk coverage is divided into three areas, namely strategic & operational, financial and regulatory compliance. To evaluate risk, individual risk item is measured based on scoring of its likelihood in terms of probability and monetary value of the consequence. The calculated risk value is compared against a pre-defined Risk Matrix Table prescribed in Framework to determine the risk level for each of the item, ranging from low to extreme risk. The risk level identified will determine which level of management is to manage and monitor the progress of risk management activities carried out.

To identify and evaluate strategic & operational risks faced by the Group, yearly strategic planning sessions attended by EXCO and operations management are held before beginning of new financial year. The Kick-Off meeting for Financial Year 2025 Strategic Plan commenced in January 2024. The Chief Executive Officer and senior management held brain-storming sessions to evaluate current business environment, competition landscape and sustainability issues, to identify key risks faced by Group’s businesses and determined the Group’s directions and expectations going forward.

At business operation level, with the guidance set by Group Corporate Strategic Plans & Goals, respective strategic business and functional units’ SBG Head performed SWOT (Strengths/Weaknesses/Opportunities/Threats) analysis on operation environment, industry trends, capabilities, past performances to develop its strategic plan encompassing business direction, strategy, focus and expectations. Based on Strategic Business Group’s strategic plan, SBU Head and line management prepared individual business unit’s strategic plan, covering in details of planned activities, goal set, key performance indicators for guiding, measuring and monitoring performance and annual budget.

Meetings were conducted between EXCO, SBG Head and SBU Head to discuss, review and buy-off the annual strategic plans, goals, key performance indicators and budget. Buy-off of Financial Year 2024 Strategic Plan by EXCO was completed in June 2024.

As for financial and regulatory compliance risks, risk assessments are carried out by SBU Heads and Group Accountants at individual business unit level via Risk Assessment Forms. Risk assessment is done by way of questionnaire which systematically assess currently known risks guided by past records in risk register and any emerging risks foresee.

For managing and monitoring risks, meeting agenda is set in quarterly held Operations Review Meeting for SBG Heads to report to EXCO on risk issues and current business situations that warrant risk management, their impacts or likely impact to the business units in achieving business objectives. Remedy actions taken to address high risk items identified during strategic planning process and the progress of planned risk management activities carried out in individual business units were reported to ARMC by EXCO on quarterly basis.

The Chief Executive Officer and Vice President - Corporate Finance have provided a written assurance to the Board on 28 October 2024 stating that the Group’s risk management and internal control system are operating adequately and effectively for the current financial year under review and up to the approval date of this Statement for inclusion in Annual Report.

Internal/ External Audit

Internal Audit is tasked with the responsibility to evaluate the effectiveness and efficiency of risk management carried out and compliance with the Group’s laid-down practices and procedures in the Framework. A review is to be conducted once in a year with the outcome reported to ARMC. Internal Audit Department has carried out the annual review on Group’s risk management activities for FY2024 and reported in August 2024 ARMC meeting.

The External Auditors review the Statement on Risk Management and Internal Control and report the results thereof to the Board on annual basis. The External Auditors have reviewed the Statement for financial year ended 30 June 2024, which is included in the Annual Report, as guided by Audit and Assurance Practice Guide 3 issued by Malaysian Institute of Accountants. Based on the review, nothing has come to their attention that caused them to believe that the Statement is not prepared in all material respects, in accordance with the disclosures to be set out as required by paragraphs 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

Statement on Risk Management and Internal Control (Cont'd)

Internal Control System

On the Group's systems of internal control that manage risks to achieve established goals and provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, the internal control systems' key elements are described below: -

- Formal Group Organization Structure defines clearly the line of reporting and hierarchy of authority in alignment with Group's core activities that are managed by segregation into different strategic business groups.
- Group Policies and Procedures Manuals on Financial, Human Resource and Sales and Operations are adopted and laid down the objectives, scopes, policies and operating procedures to be complied by business units.
- Clearly defined authorisation limits at various management levels are set out in a Financial Authority Matrix for controlling and approving capital and revenue expenditures.
- Budgetary control system in place to establish responsibilities and accountabilities of each business unit in term of resources employed, control over costs and expenses and for measuring overall financial performance. The yearly budget of business unit is approved by the EXCO.
- Individual companies with active business operations hold monthly management meeting to review the financial performance, business overview, direction and development with Chief Operating Officer and Head of Strategic Business Group. They are then presented to operation review meeting with corporate management.
- EXCO consists of Executive Directors and Chief Operating Officers hold weekly meeting to discuss, approve and resolve any major issues arising from business operations and corrective action plans.
- Internal Audit Department is established and report directly to ARMC and assigned with tasks to assist ARMC in discharging its duties and responsibilities.
- Regular internal audit visits to business units are carried out by Internal Audit Department to ensure compliance of Group Policies and Procedures and to examine effectiveness and efficiency of operations' internal control systems.
- Internal control issues noted by Internal Audit Department are tabled for discussion and resolution in business unit's monthly management meeting and presented in operation review meeting at corporate level. Improvements in existing policies and procedures or implementation of new policies and procedures are carried out when needed to keep in pace with the evolving business environment.
- ARMC and Board of Directors hold quarterly meeting to discuss internal audit reports, periodic financial statements and issues that warrant the Committee's and Board's attentions.

For the year under review, the Board confirms that there is an on-going process of identifying, evaluating and managing significant risks faced by the Group and reviewing internal control systems to safeguard stakeholders' interests and Group's assets. The Group's system of internal controls is in place and functioning, continuous efforts being taken to strengthen and improve the Group's internal control environment.

The Board is satisfied with the adequacy, integrity and effectiveness of the Group's risk management framework and its internal control systems. There was no material internal control system failure nor has any reported weaknesses resulted in material losses or contingencies that would require mention in the Annual Report for the financial year under review.

This Statement is made in accordance with the resolution of the Board of Directors dated 28 October 2024.

Audit and Risk Management Committee Report

COMPOSITION AND DESIGNATION

Members of the Committee

1. **Khaw Eng Peng**
Chairman, Senior Independent and Non-executive Director
(Retired on 1 December 2023)
2. **Lee Kooi Hoon**
Chairman, Senior Independent and Non-executive Director
(Appointed w.e.f. 4 December 2023)
3. **Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil**
Independent and Non-executive Director
4. **Koay Wooi Seong**
Non-Independent and Executive Director
(Resigned on 1 July 2024)
5. **Koay Cheng Lye**
Non-Independent and Non-executive Director
(Appointed w.e.f. 1 July 2024)

Secretaries to the Committee

1. **Chan Mun Shee** (MAICSA 7003071)
2. **Wong Mee Choon** (MACS 01562)

TERMS OF REFERENCE

The Terms of Reference for Audit and Risk Management Committee ("Committee") is published at Kobay website, www.kobaytech.com.

MEETINGS

The Committee met four times in financial year ended 30 June 2024. The meetings were convened in a structured manner by formal notice of meeting. Meeting agenda and reports were sent to Committee members at least 7 calendar days before the meeting date. Committee Secretary recorded the meeting minutes, confirmed by Committee Chairman and tabled in subsequent meeting for adoption. Vice President - Corporate Finance, Group Accountant, Head of Internal Audit and External Auditors were invited to attend the meetings to provide insights and advice on reports discussed.

Details of meeting attendance were as follows:

Name of Committee Members	Attendance
Khaw Eng Peng	2/4
Lee Kooi Hoon	2/4
Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	4/4
Koay Wooi Seong	4/4
Koay Cheng Lye	_*

* Mr. Koay Cheng Lye was appointed as a member of the Audit and Risk Management Committee w.e.f. 1 July 2024, after the year ended 30 June 2024.

Audit and Risk Management Committee Report (Cont'd)

SUMMARY OF WORK

During the financial year, the Committee had:

1. Reviewed with External Auditors the Audit Review Memorandum for financial year ended 30 June 2023 audit. It covered on status of audit on financial statements and annual report, comparison of results between audited results and announced results and expected audit opinion. There was no management judgments and estimates items highlighted that affecting financial statements.
2. Reviewed quarterly unaudited results with Vice President - Corporate Finance and obtained clarifications before submission to Board for consideration and approval for the purpose of announcement to Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The financial statements for financial year ended 30 June 2023 were reviewed and submitted to Board for consideration and approval for the purpose of announcement to Bursa Malaysia and inclusion in Annual Report.
3. Reviewed Internal Auditor Report on Group's risk management activities carried out in financial year ended 30 June 2023 on compliance with policies and procedure as stated in Group Risk Management Framework.
4. Reviewed Statement on Risk Management and Internal Control, Audit and Risk Management Committee Report for adoption and disclosure in 2023 Annual Report.
5. Reviewed Quarterly Internal Audit Department Report on audit activities carried out by Internal Auditor. Committee members discussed and adopted the audit reports issued to management that covered on audit findings, management's corrective actions and status of implementation.
6. Reviewed Quarterly Report presented by Internal Auditor on related party and recurrent related party transactions transacted in Kobay Group. Related party transactions were reviewed for compliance with reporting and approving procedures in accordance with shareholders' mandate for recurrent related party transactions, Bursa Malaysia Listing Requirements and any conflict-of-interest situation arisen.
7. Reviewed Quarterly Risk Management Report presented by Vice President - Corporate Finance on behalf of Executive Committee on risk management activities. Activities carried out in the quarter and progress update on high risk items identified in annual risk management review were reported to the Committee.
8. Reviewed performance and work carried out by External Auditors, Messrs. BDO PLT on their suitability, objectivity and independence before recommendation of re-appointment in the coming year. The review criteria are based on External Auditors Policy which is published at Kobay website.

For evaluation of Internal Auditor's audit plan coverage, competency and job performance, it was carried out by Committee members via Internal Audit Function Evaluation Checklist.
9. Reviewed External Auditors' Audit Planning Memorandum for financial year ending 30 June 2024. It covered on responsibilities of directors and auditors, audit approach, materiality and performance materiality, areas of significant audit attention, engagement team, reporting & deliverables, ethical requirements including independence, listed issuers updates and transparency report.
10. Adopted Internal Audit Plan for financial year ending 30 June 2025 presented by Internal Auditor. The planned audit activities are based on risk-based approach with audit emphasis on core business units and audit areas covered are determined by respective unit's key risk areas, business nature and past audit experience. The audit plan includes review on Group's related party transactions and risk management activities.
11. Reviewed Semi-annual Returns before submission to Board for approval for the purpose of submission to Bursa Malaysia.
12. Held two dialogue sessions in August 2023 and May 2024 with the external auditors and internal auditor to discuss on any issues affecting them in discharging their duties and responsibilities without the present of Executive Directors. There was no major area of concern highlighted by the auditors that warrant the Committee attention and further elaboration.

Audit and Risk Management Committee Report (Cont'd)

INTERNAL AUDIT FUNCTION - SUMMARY OF WORK

The Company has an Internal Audit Department, which reports directly to the Committee and assists in discharging its functions and duties. The internal audit function is independent of operational activities and has its own service charter to ensure the internal audit activities are performed with impartiality, proficiency and due professional care. The costs incurred for internal audit function in financial year ended 30 June 2024 amounted RM177,838.

During the financial year, Internal Audit Department has carried out the following activities:

1. Conducted compliance, operational and financial audits covering Group Policies and Procedures Manual and internal control systems.

At Group level, a Cross Internal Audit Framework has been adopted whereby internal auditor and divisional system compliance personnel are to carry out audit at business units on rotational basis based on prefix audit programs with audit cycle of two times per financial year for each of the business units.

The audit works conducted at Manufacturing Division's business units were on inventories management, compliance of scrap disposal process flow, tool room management, fixed assets sighting, foreign exchange management, receivables management, compliance of Enterprise Resource Management System's production process flow, resigned employee's user access right deactivation, purchase pricing edit control, maintenance of employee personnel file, overtime calculation and performance evaluation.

For Property Development Division, audits were carried out on internal control systems covering reports submission to regulatory, sales leads follow-up and documents management of projects management and sales & marketing departments.

For Pharmaceutical & Healthcare Division, due diligence review and verification of assets & liabilities have been carried out for the proposed acquisition of a new business unit.

2. Issued audit reports to business units' management on audit findings and obtained their corrective actions. The audit reports were tabled for adoption in business unit's management meeting and in operations review meeting at corporate level with senior management. They were also tabled at quarterly Committee meeting for notation.
3. Conducted follow-up audits to ensure corrective actions on audit findings noted in internal and external auditors' reports are practiced in business operations.
4. Reviewed related party and recurrent related party transactions transacted in Kobay Group on quarterly basis and reported to Committee.
5. Reviewed risk management activities carried out in Kobay Group on adequacy and compliance with Group Risk Management Framework's laid down policies and procedures and reported to Committee.

Directors' Responsibilities Statement

Pursuant to Chapter 15 to the Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors ("Board") wishes to issue a statement explaining their responsibilities for preparing the annual audited financial statements.

Pursuant to the Companies Act 2016 and the relevant regulations, the Board has prepared the financial statements which give a true and fair view of the state of affairs, its result and cash flows of the Company and the Group. In preparing the financial statements, the Directors have:-

- considered and selected relevant accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that the applicable accounting standards have been followed; and
- prepared the financial statements on a going concern basis.

The Board is responsible for ensuring that proper accounting records is kept of which financial position of the Company and the Group were disclosed with reasonable accuracy at any time.

The Board of Directors has generally taken such steps that are reasonably available to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

The Board has reviewed the content/disclosure of this Annual Report inclusive of the Corporate Governance Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control and Audit and Risk Management Committee Report and approved this Annual Report for dissemination to all shareholders.

The Statement is made in accordance with the resolution of Board of Directors dated 28 October 2024.

Additional Compliance Information

UTILISATION OF PROCEEDS

On 26 November 2021, the Company had completed the First Tranche of the private placement exercise which involves the issuance of 19,900,000 placement shares, raising a total of RM110.44 million.

As of LPD, the status of utilization of proceeds raised from the Private Placement is as follows:-

Purpose	Proceeds Raised (RM'000)	Actual Utilisation (RM'000)	Balance Unutilised (RM'000)	Estimated timeframe for utilisation
Setting up new aluminium manufacturing plant for the Group's manufacturing division	59,995	39,257	20,738	Extended to February 2026
Partial repayment of bank borrowings	50,000	(50,000)	-	-
Estimated expenses in relation to the Proposed Private Placement	450	(450)	-	-

AUDIT AND NON-AUDIT FEES

For the financial year under review, the amount of audit fees paid or payable to the Group's external auditors amounted to RM55,000 and RM403,400 respectively for the Company and the Group. Other than the RM6,600 of non-audit fees paid by the Company to the Group's external auditors, there is no other non-audit fees be paid or payable to the external auditors.

MATERIAL CONTRACTS

There are no material contracts of the Company and its subsidiaries being entered into for which involving the interest of the Directors, Chief Executive who is not a Director or major shareholders since the end of the previous financial year and still subsisting at the end of the financial year.

RECURRENT RELATED PARTY TRANSACTIONS

Pursuant to Para 10.09(2)(b), the Company had obtained a general mandate from the shareholders to enter into the recurrent related party transactions of a revenue and trading nature in its 29th Annual General Meeting held on 1 December 2023.

The Company herein disclosed the general mandate approved by the shareholders under paragraph 3.1.5 of the Practice Note 12, the type, the names of the related parties involved in each type of the recurrent related party transaction made, their relationship with the listed issuer and the aggregate value of the recurrent related party transactions conducted during the financial year ended 30 June 2024 is listed below.

Companies within the Kobay Group	Transacting parties	Interested parties	Nature of transactions	Amount transacted during the financial year (RM)
PMI	UA	Dato' Seri Koay Hean Eng & person connected	Purchase of aluminum and other materials	439,151
PPC	UA	Dato' Seri Koay Hean Eng & person connected	Purchase of aluminum and other materials	1,904,035
Avelon Healthcare	Galaxis Pharma	Lim Beng Cheong Chong Huei Shin & persons connected	Purchase of pharmaceutical and healthcare products by Galaxis Pharma from Avelon Healthcare	774,709

Additional Compliance Information (Cont'd)

RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

Companies within the Kobay Group	Transacting parties	Interested parties	Nature of transactions	Amount transacted during the financial year (RM)
Avelon Healthcare	Avelon Arise	Lim Beng Cheong Chong Huei Shin & persons connected	Purchase of pharmaceutical and healthcare products by Avelon Arise from Avelon Healthcare	5,569,959
Avelon Healthcare	Arise Healthcare	Lim Beng Cheong Chong Huei Shin & persons connected	Purchase of pharmaceutical and healthcare products by Arise Healthcare from Avelon Healthcare	2,369,448
Galaxis Healthcare	Avelon Healthcare	Lim Beng Cheong Chong Huei Shin & persons connected	Purchase of pharmaceutical and healthcare products by Avelon Healthcare from Galaxis Healthcare	1,120,209
Galaxis Pharma	Avelon Healthcare	Lim Beng Cheong Chong Huei Shin & persons connected	Purchase of pharmaceutical and healthcare products by Avelon Healthcare from Galaxis Pharma	1,472,530

Note :

PMI - Paradigm Metal Industries Sdn. Bhd.

PPC - Paradigm Precision Components Sdn. Bhd.

UA - UA Materials Sdn. Bhd.

Avelon Healthcare - Avelon Healthcare Sdn. Bhd.

Avelon Arise - Avelon Arise Sdn. Bhd.

Arise Healthcare - Arise Healthcare Sdn. Bhd.

Galaxis Pharma - Galaxis Pharma Sdn. Bhd.

Galaxis Healthcare - Galaxis Healthcare Sdn. Bhd.

EMPLOYEES SHARE OPTION SCHEME

The Company's Employees Share Option Scheme has been approved by the members during the Extraordinary General Meeting held on 9 December 2015 and became effective on 19 April 2016 and shall be valid for a duration of 10 years from the effective date.

There are no options being granted to any employees of the Group since implementation during the financial year ended 30 June 2024.

Financial Report

Directors' Report	66 - 70
Statement by Directors	71
Statutory Declaration	71
Independent Auditors' Report	72 - 77
Statements of Financial Position	78
Statements of Profit or Loss and Other Comprehensive Income	79
Statements of Changes in Equity	80 - 82
Statement of Cash Flows	83 - 85
Notes to the Financial Statements	86 - 148

Directors' Report

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are mainly involved in manufacturing, property development, pharmaceutical and healthcare, asset management, investment holding and others. Further details of the subsidiaries are set out in Note 9 to the financial statements.

There had been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	<u>11,599,526</u>	<u>(25,026,746)</u>
Attributable to:		
Owners of the parent	14,195,459	(25,026,746)
Non-controlling interests	<u>(2,595,933)</u>	<u>0</u>
	<u>11,599,526</u>	<u>(25,026,746)</u>

DIVIDENDS

Dividends paid, declared or proposed by the Company since the end of the previous financial year were as follows:

	RM
In respect of financial year ended 30 June 2023:	
First and final single tier dividend of 2.0 sen per ordinary share, paid on 10 January 2024	<u>6,403,616</u>

The Directors do not recommend any payment of dividend for the financial year ended 30 June 2024.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

Directors' Report (Cont'd)

DIRECTORS

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

Dato' Seri Koay Hean Eng *	
Koay Cheng Lye *	
Sharifah Faridah Binti Dato' Syed Mahadzar Jamalulli	
Koay Wooi Seong *	
Koay Zee Ee *	(Appointed on 8 September 2023)
Lee Kooi Hoon	(Appointed on 8 September 2023)
Khaw Eng Peng	(Retired on 1 December 2023)

* These Directors of the Company are also the Directors of certain subsidiaries of the Company.

Subsidiaries of Kobay Technology Bhd. (excluding those who are already the Directors of the Company)

Koay Wooi Tatt
 Chan Mun Shee (alternate to Koay Zee Ee)
 Yee San Khien
 Koay Wei Keong
 Chong Huei Shin
 Tee Yee May
 Tan Kim Fah
 Lim Beng Cheong
 Chan Bee Luang
 Dennycia Koay Zee Wei
 Chin Wai Foong
 Ho Pei Si
 Lim Lai Choo (alternate to Ho Pei Si)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 30 June 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:

	[----- Number of ordinary shares -----]			
	Balance as at <u>1.7.2023</u>	<u>Bought</u>	<u>Sold</u>	Balance as at <u>30.6.2024</u>
<u>Shares in the Company</u>				
<u>Indirect interests</u>				
Dato' Seri Koay Hean Eng ^	109,048,940	0	0	109,048,940
Koay Cheng Lye #	121,848,940	1,983,507	(109,048,940)	14,783,507
Koay Zee Ee ^	0	109,048,940	0	109,048,940
Koay Wooi Seong *	0	11,822,594	(1,659,000)	10,163,594

^ Deemed interested by virtue of shareholdings in Kobay Holdings Sdn. Bhd.

Deemed interested by virtue of shareholdings in Kobay Holdings Sdn. Bhd. and Inna Capital Sdn. Bhd.

* Deemed interested by virtue of shareholdings in Premiergrow Capital Sdn. Bhd.

Directors' Report (Cont'd)

DIRECTORS' INTERESTS (continued)

By virtue of their interests in the ordinary shares of the Company, Dato' Seri Koay Hean Eng and Koay Zee Ee are 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 during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received and receivable by the Directors) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the following:

- (a) certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests; and
- (b) certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries.

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

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 30 June 2024 were as follows:

	Group RM	Company RM
Directors of the Company		
Fees	65,066	65,066
Salaries and other emoluments	1,171,437	535,259
Defined contribution plan	61,239	20,135
	<u>1,297,742</u>	<u>620,460</u>

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There were no indemnity given to or insurance effected for the Directors, officers and auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (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 have been made for doubtful debts; and

Directors' Report (Cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(I) AS AT THE END OF THE FINANCIAL YEAR (continued)

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps: (continued)
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations 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 except for loss on disposal of subsidiaries of RM30,356,870 and impairment loss on investments in subsidiaries of RM11,646,757 as disclosed in Note 9 to the financial statements.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amounts of bad debts written off and the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

Directors' Report (Cont'd)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 23 February 2024, the subsidiary, Avelon Healthcare Group Sdn. Bhd. ("AHGSB") had acquired 50,001 ordinary shares in Medicwave (M) Sdn. Bhd. ("Medicwave"), representing approximately 50% of equity interest in Medicwave for a purchase consideration of RM10,800,000 payable as follows:

- (i) Cash consideration of RM5,400,000 payable upon completion of the acquisition.
- (ii) Contingent consideration of RM5,400,000 payable upon meeting an earnings target.

On the same date, AHGSB had acquired additional 66,668 ordinary shares in Medicwave, representing additional 20% equity interest in Medicwave for a cash consideration of RM4,320,000. Upon completion of the acquisition on 4 March 2024, Medicwave became a 70% owned subsidiary of the Group and gave rise to goodwill totalling RM6,075,020.

- (b) On 9 April 2024, the Company has entered into a Share Swap Agreement with its subsidiary, AHGSB to dispose its equity interest in Avelon Healthcare Sdn. Bhd. ("AHSB"), Galaxy Healthcare Sdn. Bhd. ("GHSB"), Avelon Arise Sdn. Bhd. ("AASB") and Arise Healthcare Sdn. Bhd. ("ARHSB"), with an aggregate disposal consideration of RM15,806,375 which is to be satisfied by way of issuance of 143,694,320 new ordinary shares in AHGSB at an issue price of RM0.11 per share. Pursuant to that, the Company holds 143,694,600 ordinary shares representing 70% equity interest in AHGSB, and AHSB, GHSB, AASB and ARHSB became the wholly owned subsidiaries of AHGSB.

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have indicated that they are not seeking re-appointment.

AUDITORS' REMUNERATION

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 30 June 2024 amounted to RM55,000 and RM348,400 respectively.

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

Dato' Seri Koay Hean Eng
Director

Koay Zee Ee
Director

Penang
28 October 2024

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 78 to 148 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Seri Koay Hean Eng

Director

Koay Zee Ee

Director

Penang

28 October 2024

STATUTORY DECLARATION

I, Dato' Seri Koay Hean Eng (I/C No.: 581127-07-5439), being the Director primarily responsible for the financial management of Kobay Technology Bhd., do solemnly and sincerely declare that the financial statements set out on pages 78 to 148 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed at Georgetown in the State of Penang
this 28 October 2024

Dato' Seri Koay Hean Eng

Before me,

Commissioner for Oaths

Independent Auditors' Report

To The Members Of Kobay Technology Bhd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kobay Technology Bhd., which comprise the statements of financial position as at 30 June 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended and notes to the financial statements, including material accounting policy information, as set out on pages 78 to 148.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ('MFRSs'), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ('ISAs'). 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 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, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters of the Group

1. Impairment assessment of the carrying amounts of trademark and goodwill on consolidation

As disclosed in Notes 7 and 8 to the financial statements, the net carrying amount of trademark and goodwill on consolidation of the Group amounted to RM18,297,000 and RM28,581,724 respectively as at 30 June 2024. Trademark and goodwill with indefinite useful life on consolidation are tested for impairment annually or more frequently if events or changes in circumstances indicate that goodwill or intangible assets might be impaired.

We determined this to be a key audit matter as because it requires significant judgement by the management about the future results and key assumption applied to cash flows projection of cash generating unit ('CGU') in determining the recoverable amount. The key assumptions include forecast growth in future revenue and profit margins as well as determining an appropriate pre-tax discount rate and growth rates.

Audit response

Our audit procedures included the following:

- (a) assessed the cash flows projections against recent performance and compared the current period's actual results with previous forecasts to assess the historical accuracy of forecasts;
- (b) assessed the reasonableness of the key assumptions used by management in the cash flows projections;

Independent Auditors' Report (Cont'd)

To The Members Of Kobay Technology Bhd.

Key Audit Matters (continued)

Key Audit Matters of the Group (continued)

1. Impairment assessment of the carrying amounts of trademark and goodwill on consolidation (continued)

Audit response (continued)

Our audit procedures included the following: (continued)

- (c) assessed the reasonableness of the pre-tax discount rate used by management for each of the CGUs by comparing to market data, weighted average cost of capital of the Group and other relevant risk factors; and
- (d) performed sensitivity analysis to stress test the key assumptions used by management in the impairment assessment.

2. Revenue and cost of sales recognition for property development activities

Revenue from property development activities during the financial year as disclosed in Note 25 to the financial statements amounted to RM21,131,133. Cost of sales from property development activities for the financial year as disclosed in Note 11 to the financial statements amounted to RM12,833,818.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the satisfaction of performance obligations as stated in the contracts with customers, transaction price allocations and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which are judgmental in the context of contracts. Transaction prices are determined based on estimated profit margins prior to its allocation to the identified performance obligations.

The Group also estimates total contract costs in applying the input method to recognise revenue over time. In estimating the total costs to complete, the Group considers the completeness and accuracy of its costs estimation, including its obligations to contract variations, claims and cost contingencies.

Audit response

Our audit procedures included the following:

- (a) reviewed contracts with customers to identify distinct and material performance obligations, and compared our findings to the findings of the Group;
- (b) assessed estimated total costs to complete through inquiries with operational and financial personnel of the Group;
- (c) reviewed documentation to support cost estimates made including contract variations and cost contingencies;
- (d) compared contract budgets to actual outcomes to assess reliability of management budgeting process and controls; and
- (e) recomputed the results of the input method determined by management for revenue recognition based on verified actual costs incurred to-date and budgeted costs.

3. Determination of fair value of identifiable assets acquired and liabilities assumed on the acquisition of Medicwave (M) Sdn. Bhd. ("Medicwave")

As disclosed in Note 9(i) to the financial statements, the Group acquired Medicwave in March 2024 for a purchase consideration of RM15,120,000. As part of the purchase price allocation ("PPA") performed by the external party, this amount has been allocated to the fair value of identifiable assets acquired and liabilities assumed, resulting in the recognition of goodwill on consolidation amounted to RM6,075,020.

Independent Auditors' Report (Cont'd)

To The Members Of Kobay Technology Bhd.

Key Audit Matters (continued)

Key Audit Matters of the Group (continued)

3. Determination of fair value of identifiable assets acquired and liabilities assumed on the acquisition of Medicwave (M) Sdn. Bhd. ("Medicwave") (continued)

We determined the fair value of the identifiable assets acquired and liabilities assumed, including the intangible assets identified on the business combination to be a key audit matter as the purchase price allocation requires significant judgement, estimations and assumptions applied by management.

Audit response

Our audit procedures included the following:

- (a) evaluated the appropriateness of the Group's assessment on the fair value of identifiable assets and liabilities with the involvement of management's expert;
- (b) assessed the independence, objectivity and competence of management's expert by considering their professional background, reputation and experience in a similar industry;
- (c) worked with our valuation expert to assess the appropriateness of the methodology and key assumptions adopted by management and comparing these assumptions to economic and industry forecasts; and
- (d) assessed the adequacy of the disclosures in respect of the acquisition in the Group's financial statements.

4. Impairment of trade receivables

As at 30 June 2024, the carrying amount of trade receivables of the Group amounted to RM68,171,790, which were net of impairment losses of RM2,432,368. The details of trade receivables have been disclosed in Note 12 to the financial statements.

We determined this to be key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information to assess expected credit losses.

Audit response

Our audit procedures included the following:

- (a) assessed the adequacy of credit impaired for significant outstanding balances exceeding the credit term and long overdue balances;
- (b) recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- (c) recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group; and
- (d) inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

Key Audit Matters of the Company

1. Impairment assessment of the carrying amounts of investments in subsidiaries

As at 30 June 2024, the net carrying amounts of investments in subsidiaries of RM247,910,891 has been disclosed in Note 9 to the financial statements.

Independent Auditors' Report (Cont'd)

To The Members Of Kobay Technology Bhd.

Key Audit Matters of the Company (continued)

1. Impairment assessment of the carrying amounts of investments in subsidiaries (continued)

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the recoverable amounts of the investments in subsidiaries. The recoverable amounts of the investments in subsidiaries are determined based on discounted future cash flow projections, which require judgement on the part of management estimation of the future financial performance and key assumptions used, in particular growth rates and pre-tax discount rates.

Audit response

Our audit procedures included the following:

- (a) compared cash flow projections against recent performance and historical accuracy of forecasts and assessed the key assumptions used in projections;
- (b) evaluated the reasonableness of projected growth rates by assessing evidence available to support these assumptions;
- (c) evaluated the reasonableness of pre-tax discount rates used by management by comparing the market data, weighted average cost of capital of the Company and relevant risk factors; and
- (d) assessed and evaluated sensitivity analysis performed by management on the cash flow projections to evaluate the impact on the impairment assessment.

2. Recoverability of amounts owing by subsidiaries

As at 30 June 2024, the Company had amounts owing by subsidiaries net of impairment losses of RM45,985,279 as disclosed in Note 12 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by subsidiaries, appropriate forward-looking information, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios.

Audit response

Our audit procedures included the following:

- (a) assessed the probability of default using historical data and forward-looking adjustments applied by the Company;
- (b) recomputed the correlation coefficient between the macroeconomic indicators used by the Company and historical losses to determine the appropriateness of the forward-looking information used by the Company;
- (c) inquired of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses;
- (d) assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages; and
- (e) evaluated the basis applied by management for determining cash flows recoverable in worst-case scenarios.

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.

Independent Auditors' Report (Cont'd)

To The Members Of Kobay Technology Bhd.

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Independent Auditors' Report (Cont'd)

To The Members Of Kobay Technology Bhd.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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 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 communications.

Other Matters

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

BDO PLT

201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Penang

28 October 2024

Ng Soe Kei

02982/08/2025 J
Chartered Accountant

Statements of Financial Position

As At 30 June 2024

		Group		Company	
	NOTE	2024 RM	2023 RM	2024 RM	2023 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	179,714,944	182,117,359	454,618	617,661
Investment properties	6	11,178,227	11,495,944	0	0
Intangible assets	7	24,517,830	19,941,802	0	0
Goodwill on consolidation	8	28,581,724	22,506,704	0	0
Investments in subsidiaries	9	0	0	247,910,891	296,814,518
Other investments	10	1,248,048	298,613	1,500	1,500
Inventories	11	51,758,598	52,647,060	0	0
Trade receivables	12	7,033,935	7,473,042	0	0
		<u>304,033,306</u>	<u>296,480,524</u>	<u>248,367,009</u>	<u>297,433,679</u>
Current assets					
Inventories	11	152,926,946	143,344,215	0	0
Trade and other receivables	12	85,749,014	71,787,266	46,076,044	54,232,057
Derivative assets	14	586,290	5,100	0	0
Current tax assets		7,977,130	4,704,279	138,078	97,377
Short term funds	15	22,543,223	22,012,659	627,138	606,028
Cash and bank balances	16	35,399,558	25,569,921	324,009	1,289,812
		<u>305,182,161</u>	<u>267,423,440</u>	<u>47,165,269</u>	<u>56,225,274</u>
TOTAL ASSETS		<u>609,215,467</u>	<u>563,903,964</u>	<u>295,532,278</u>	<u>353,658,953</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	210,917,984	210,917,984	210,917,984	210,917,984
Treasury shares	17(b)	(9,522,642)	(9,522,642)	(9,522,642)	(9,522,642)
Capital reserve		1,550,000	1,550,000	0	0
Put option reserve	18	(4,833,628)	0	0	0
Retained earnings		182,735,950	177,232,482	72,957,853	104,669,492
		<u>380,847,664</u>	<u>380,177,824</u>	<u>274,353,195</u>	<u>306,064,834</u>
Non-controlling interests		15,880,544	13,858,245	0	0
TOTAL EQUITY		<u>396,728,208</u>	<u>394,036,069</u>	<u>274,353,195</u>	<u>306,064,834</u>
LIABILITIES					
Non-current liabilities					
Borrowings	19	31,410,098	37,838,063	2,532,385	3,580,177
Lease liabilities	20	4,132,001	3,582,822	133,833	273,350
Other payable	22	6,072,000	0	0	0
Deferred tax liabilities	13	12,371,237	11,771,373	0	0
Government grants	21	140,042	171,750	0	0
		<u>54,125,378</u>	<u>53,364,008</u>	<u>2,666,218</u>	<u>3,853,527</u>
Current liabilities					
Borrowings	19	84,528,986	57,945,624	17,897,506	19,738,324
Lease liabilities	20	5,181,414	1,945,143	139,517	133,058
Trade and other payables	22	58,924,304	53,746,355	475,842	23,869,210
Contract liabilities	23	2,157,662	848,540	0	0
Government grants	21	31,708	156,213	0	0
Derivative liabilities	14	4,200	97,404	0	0
Put option liability	24	4,833,628	0	0	0
Current tax liabilities		2,699,979	1,764,608	0	0
		<u>158,361,881</u>	<u>116,503,887</u>	<u>18,512,865</u>	<u>43,740,592</u>
TOTAL LIABILITIES		<u>212,487,259</u>	<u>169,867,895</u>	<u>21,179,083</u>	<u>47,594,119</u>
TOTAL EQUITY AND LIABILITIES		<u>609,215,467</u>	<u>563,903,964</u>	<u>295,532,278</u>	<u>353,658,953</u>

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

CORPORATE GOVERNANCE AND FINANCIAL REPORT

Statements of Profit or Loss and Other Comprehensive Income

For The Financial Year Ended 30 June 2024

		Group		Company	
	NOTE	2024 RM	2023 RM	2024 RM	2023 RM
Revenue	25	330,500,335	313,693,513	21,617,421	50,617,778
Cost of sales		(251,361,304)	(232,563,163)	0	0
Gross profit		79,139,031	81,130,350	21,617,421	50,617,778
Other income		5,567,632	4,715,113	2,378,633	1,938,115
Selling and distribution expenses		(7,520,440)	(6,617,333)	0	0
Administrative and general expenses		(49,033,402)	(37,630,038)	(47,021,609)	(7,582,564)
Net losses on impairment of financial assets		(1,411,598)	(3,074)	0	0
Finance costs		(5,636,230)	(3,569,768)	(1,705,491)	(736,187)
Profit/(Loss) before tax		21,104,993	38,025,250	(24,731,046)	44,237,142
Taxation	28	(9,505,467)	(12,435,297)	(295,700)	158,696
Profit/(Loss) for the financial year		11,599,526	25,589,953	(25,026,746)	44,395,838
Total other comprehensive income, net of tax		0	0	0	0
Total comprehensive income/ (loss)		<u>11,599,526</u>	<u>25,589,953</u>	<u>(25,026,746)</u>	<u>44,395,838</u>
Profit/(Loss) for the financial year end total comprehensive income attributable to:					
Owners of the parent		14,195,459	26,507,794	(25,026,746)	44,395,838
Non-controlling interests		(2,595,933)	(917,841)	0	0
		<u>11,599,526</u>	<u>25,589,953</u>	<u>(25,026,746)</u>	<u>44,395,838</u>
Earnings per ordinary share attributable to owners of the parent:					
Basic and diluted (sen)	29	<u>4.43</u>	<u>8.28</u>		

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

Statements of Changes in Equity

For The Financial Year Ended 30 June 2024

Group	NOTE	Non-distributable					Distributable		Total attributable to owners of the parent	Non-controlling interests	Total equity
		Share capital	Treasury shares	Capital reserve	Retained earnings	RM	RM	RM			
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 July 2022		210,917,984	(9,522,642)	1,550,000	160,330,112	363,275,454	14,834,284	378,109,738			
Profit for the financial year		0	0	0	26,507,794	26,507,794	(917,841)	25,589,953			
Other comprehensive income, net of tax		0	0	0	0	0	0	0			
Total comprehensive income		0	0	0	26,507,794	26,507,794	(917,841)	25,589,953			
Transactions with owners											
Dividend paid	30	0	0	0	(9,605,424)	(9,605,424)	0	(9,605,424)			
Dividends paid to non-controlling interests		0	0	0	0	0	(1,288,970)	(1,288,970)			
Issuance of shares to non-controlling interests		0	0	0	0	0	1,225,000	1,225,000			
Disposal of a subsidiary	9(g)	0	0	0	0	0	5,772	5,772			
Total transactions with owners		0	0	0	(9,605,424)	(9,605,424)	(58,198)	(9,663,622)			
Balance as at 30 June 2023		210,917,984	(9,522,642)	1,550,000	177,232,482	380,177,824	13,858,245	394,036,069			

CORPORATE GOVERNANCE AND FINANCIAL REPORT

Statements of Changes in Equity (Cont'd)

For The Financial Year Ended 30 June 2024

Group	NOTE	Non-distributable				Distributable			Total attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
		Share capital RM	Treasury shares RM	Capital reserve RM	Put option reserve RM	Retained earnings RM					
Balance as at 1 July 2023		210,917,984	(9,522,642)	1,550,000	0	177,232,482		380,177,824	13,858,245	394,036,069	
Profit for the financial year		0	0	0	0	14,195,459		14,195,459	(2,595,933)	11,599,526	
Other comprehensive income, net of tax		0	0	0	0	0		0	0	0	
Total comprehensive income		0	0	0	0	14,195,459		14,195,459	(2,595,933)	11,599,526	
Transactions with owners											
Dividend paid	30	0	0	0	0	(6,403,616)		(6,403,616)	0	(6,403,616)	
Dividends paid to non-controlling interests		0	0	0	0	0		0	(1,925,000)	(1,925,000)	
Acquisition of subsidiaries		0	0	0	0	0		0	4,258,793	4,258,793	
Put option granted to non-controlling interests of a subsidiary		0	0	0	(4,833,628)	0		(4,833,628)	0	(4,833,628)	
Dilution of non-controlling interests		0	0	0	0	(2,288,375)		(2,288,375)	2,288,375	0	
Disposal of a subsidiary	9(f)	0	0	0	0	0		0	(3,936)	(3,936)	
Total transactions with owners		0	0	0	(4,833,628)	(8,691,991)		(13,525,619)	4,618,232	(8,907,387)	
Balance as at 30 June 2024		210,917,984	(9,522,642)	1,550,000	(4,833,628)	182,735,950		380,847,664	15,880,544	396,728,208	

Statements of Changes in Equity (Cont'd)

For The Financial Year Ended 30 June 2024

Company	NOTE	Share capital RM	Treasury shares RM	<u>Distributable</u> Retained earnings RM	Total equity RM
Balance as at 1 July 2022		210,917,984	(9,522,642)	69,879,078	271,274,420
Profit for the financial year		0	0	44,395,838	44,395,838
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		0	0	44,395,838	44,395,838
Transactions with owners					
Dividend paid	30	0	0	(9,605,424)	(9,605,424)
Total transactions with owners		0	0	(9,605,424)	(9,605,424)
Balance as at 30 June 2023		210,917,984	(9,522,642)	104,669,492	306,064,834
Balance as at 1 July 2023, as previously reported		210,917,984	(9,522,642)	104,669,492	306,064,834
Adjustment due to modified retrospective application of MFRS 9 (financial guarantee contracts)		0	0	(281,277)	(281,277)
		210,917,984	(9,522,642)	104,388,215	305,783,557
Loss for the financial year		0	0	(25,026,746)	(25,026,746)
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		0	0	(25,026,746)	(25,026,746)
Transaction with owners					
Dividend paid	30	0	0	(6,403,616)	(6,403,616)
Total transactions with owners		0	0	(6,403,616)	(6,403,616)
Balance as at 30 June 2024		210,917,984	(9,522,642)	72,957,853	274,353,195

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

CORPORATE GOVERNANCE AND FINANCIAL REPORT

Statement of Cash Flows

For The Financial Year Ended 30 June 2024

		Group		Company	
	NOTE	2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		21,104,993	38,025,250	(24,731,046)	44,237,142
Adjustments for:					
Amortisation of:					
- intangible assets	7	331,236	194,923	0	0
- government grants	21	(156,213)	(167,560)	0	0
Bad debts written off		33,787	0	0	0
Depreciation of:					
- property, plant and equipment	5	17,198,092	12,677,999	235,315	113,318
- investment properties	6	317,717	313,929	0	0
Dividend income	25	0	0	(21,617,421)	(50,617,778)
Fair value (gain)/loss on:					
- derivatives	14	(116,594)	(814,400)	0	0
- other investment		231,187	111,478	0	0
- contingent consideration	22(e)	1,068,148	2,394,551	1,116,600	2,394,551
- financial guarantee contract	19(c)	0	0	547,973	0
(Gain)/Loss on disposal of:					
- property, plant and equipment		(142,110)	(327,379)	0	0
- other investments		4,253	(960)	0	0
- subsidiaries		9,112	(11,007)	30,356,870	(4,949)
Gain on lease modification		0	(5,885)	0	0
Gain on lease termination		(6,661)	(50,417)	0	0
Inventories written down	11(e)	1,085,244	531,225	0	0
Impairment loss on:					
- investments in subsidiaries	9	0	0	11,646,757	2,391,448
- trade receivables	12(h)	1,504,399	3,074	0	0
- property, plant and equipment	5	1,867,786	0	0	0
Property, plant and equipment written off		103,743	13,277	589	6
Reversal of impairment losses on trade receivables	12(h)	(92,801)	0	0	0
Operating profit/(loss) before changes in working capital		44,345,318	52,888,098	(2,444,363)	(1,486,262)
Interest income		(1,287,098)	(1,368,022)	(2,378,633)	(1,932,981)
Interest expense		5,636,230	3,569,768	1,705,491	736,187
Unrealised gain in foreign exchange		(47,015)	(60,168)	0	0
Operating profit/(loss) before changes in working capital		48,647,435	55,029,676	(3,117,505)	(2,683,056)
Changes in working capital:					
Inventories		(8,452,148)	(43,807,244)	0	0
Trade and other receivables		(13,140,234)	26,097,693	(25,940)	(7,898)
Trade and other payables		13,445,075	(38,318,087)	170,726	(12,033)
Contract liabilities		1,309,122	277,200	0	0
Cash generated from/(used in) operations		41,809,250	(720,762)	(2,972,719)	(2,702,987)
Tax paid		(12,574,456)	(15,697,020)	(336,401)	(179,950)
Tax refunded		443,081	105,295	0	0
Net cash from/(used in) operating activities		29,677,875	(16,312,487)	(3,309,120)	(2,882,937)

Statement of Cash Flows (Cont'd)

For The Financial Year Ended 30 June 2024

		Group		Company	
	NOTE	2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of:					
- property, plant and equipment	5(h)	(10,244,641)	(17,702,163)	(73,877)	(3,034)
- other investments		(1,185,139)	0	0	0
Acquisition of subsidiary, net of cash acquired		(4,023,338)	0	0	0
Contingent consideration paid	22(e)	(9,575,694)	(9,575,694)	(9,575,694)	(9,575,694)
Dividend received	25	0	0	21,617,421	50,617,778
Interest received		1,287,098	1,368,022	2,378,633	1,932,981
Net cash (used in)/from investing activities		(23,741,714)	(25,909,835)	14,346,483	42,972,031
Net advance to subsidiaries		0	0	(6,923,047)	(72,639,635)
Proceeds from disposal of:					
- property, plant and equipment		265,783	3,692,445	1,016	0
- other investments		264	42,800	0	0
- subsidiary	9(f)	(3,182)	4,900	70	5,000
Net redemption of preference shares in subsidiaries		0	0	6,900,000	0
Subscription of shares in subsidiaries		0	0	(70)	(3,948,083)
Net cash (used in)/from investing activities		(23,478,849)	(22,169,690)	14,324,452	(33,610,687)
CASH FLOWS FROM FINANCING ACTIVITIES					
Change in deposits with a licensed bank:					
- pledged with a licensed bank		510,966	(92,729)	0	0
- with maturity period more than three (3) months		(307,795)	0	0	0
Dividends paid to:					
- owners of the Company	30	(6,403,616)	(9,605,424)	(6,403,616)	(9,605,424)
- non-controlling interest		(1,925,000)	(1,288,970)	0	0
Drawdowns of:					
- term loans		241,200	8,474,651	0	0
- revolving credit		30,576,250	15,050,769	4,250,000	8,802,794
- banker acceptance		30,604,022	0	0	0
Interest paid		(5,526,141)	(3,443,394)	(1,689,059)	(734,536)
Issuance of shares to non-controlling interest		0	1,225,000	0	0
Repayment of:					
- term loans		(6,793,907)	(6,096,177)	(993,661)	(1,060,528)
- revolving credit		(3,409,244)	(617,554)	(52,794)	0
- banker acceptance		(23,874,553)	0	0	0
- lease liabilities		(2,416,575)	(1,256,418)	(149,490)	(12,457)
Net cash from/(used in) financing activities		11,275,607	2,349,754	(5,038,620)	(2,610,151)
Net increase/(decrease) in cash and cash equivalents		17,474,633	(36,132,423)	5,976,712	(39,103,775)
Effects of exchange rate changes on cash and cash equivalents		10,144	5,603	0	0
Cash and cash equivalents at beginning of the financial year		33,937,138	70,063,958	(8,060,819)	31,042,956
Cash and cash equivalents at end of the financial year	16(e)	51,421,915	33,937,138	(2,084,107)	(8,060,819)

CORPORATE GOVERNANCE AND FINANCIAL REPORT

Statement of Cash Flows (Cont'd)

For The Financial Year Ended 30 June 2024

	Lease liabilities (Note 20)		Borrowings (excluding overdraft and financial guarantee contracts) (Note 19)	
	Group RM	Company RM	Group RM	Company RM
At 1 July 2022	3,189,490	0	68,564,579	5,619,576
Cash flows	(1,256,418)	(12,457)	16,811,689	7,742,266
Non-cash flows:				
- addition of lease liabilities	1,105,504	417,214	0	0
- effects of lease modification	65,373	0	0	0
- effects of lease termination	(1,942,979)	0	0	0
- transfer from contract liabilities	4,240,621	0	0	0
- unwinding of interest	126,374	1,651	0	0
- effects of exchange rate changes	0	0	450,760	0
At 30 June 2023	<u>5,527,965</u>	<u>406,408</u>	<u>85,827,028</u>	<u>13,361,842</u>
At 1 July 2023	5,527,965	406,408	85,827,028	13,361,842
Cash flows	(2,416,575)	(149,490)	27,343,768	3,203,545
Non-cash flows:				
- addition of lease liabilities	6,277,662	0	0	0
- effects of lease termination	(185,726)	0	0	0
- unwinding of interest	110,089	16,432	0	0
- effects of exchange rate changes	0	0	(266,966)	0
At 30 June 2024	<u>9,313,415</u>	<u>273,350</u>	<u>112,903,830</u>	<u>16,565,387</u>

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

Notes to the Financial Statements

For The Financial Year Ended 30 June 2024

1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company are located at 3rd Floor, Wisma Kobay, No. 42-B Jalan Rangoon, 10400 Georgetown, Penang.

The consolidated financial statements for the financial year ended 30 June 2024 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 28 October 2024.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are mainly involved in manufacturing, property development, pharmaceutical and healthcare, asset management, investment holding and others. Further details of the subsidiaries are set out in Note 9 to the financial statements.

There had been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), IFRS Accounting Standards and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 36.1 to the financial statements.

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

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

4. OPERATING SEGMENTS

Kobay Technology Bhd. has arrived at six (6) reportable segments that are organised and managed separately according to the products and services, which requires different business and marketing strategies. The reportable segments are summarised as follows:

- | | | |
|-------------------------------------|---|--|
| (i) Manufacturing | - | Manufacture of precision machined components, precision metal stamping, sheet metal parts, surface treatment, precision moulds and parts, tooling and form dies, semiconductor assembly and testing equipment, metal works and structures, modules and parts for oil and gas production and extraction equipment and components and sub-assemblies for aerospace parts |
| (ii) Property development | - | Property development and property management |
| (iii) Pharmaceutical and healthcare | - | Wholesale and retail sale of pharmaceutical and healthcare products |
| (iv) Asset management | - | Property letting, operation of dormitory and hotel operators |
| (v) Investment holding | - | Investment holding |
| (vi) Others | - | Money lending and management services |

The accounting policies of operating segments are the same as those described in the respective notes to the financial statements. The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring gain/(losses), such as bargain purchase gain and goodwill on consolidation written off. These policies have been applied consistently throughout the current and previous financial years.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements.

The inter-segment assets are adjusted against the segment assets to arrive at total assets reported in the statements of financial position.

The inter-segment liabilities are adjusted against the segment liabilities to arrive at total liabilities reported in the statements of financial position.

The Group has changed the composition of its reportable segments during the financial year. Consequently, the comparatives have been restated to conform with current year's presentation.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

4. OPERATING SEGMENTS (continued)

Business segments

2024	Manufacturing RM	Property development RM	Pharmaceutical and healthcare RM	Asset management RM	Investment holding RM	Others RM	Consolidation adjustments and elimination RM	Group RM
Segment assets	261,872,831	189,853,348	64,163,339	70,912,433	348,620,104	19,568,292	(345,774,880)	609,215,467
Included in the measure of segment assets are:								
- Additions to non-current assets	11,296,722	11,187	3,860,193	2,632,302	92,546	160,979	(346,487)	17,707,442
Segment liabilities	112,065,708	77,989,277	37,268,831	41,468,064	20,771,576	1,073,194	(78,149,391)	212,487,259
Revenue from external customers	203,933,557	27,011,133	81,335,057	17,767,844	0	452,744	0	330,500,335
Inter-segment revenue	17,610,508	2,748,091	0	5,323,688	39,738,271	8,331,377	(73,751,935)	0
Total revenue	221,544,065	29,759,224	81,335,057	23,091,532	39,738,271	8,784,121	(73,751,935)	330,500,335
Interest income	874,743	159,650	155,626	33,011	2,380,859	25,879	(2,342,670)	1,287,098
Finance costs	(2,393,217)	(3,196,180)	(67,264)	(1,496,893)	(1,705,491)	(13,947)	3,236,762	(5,636,230)
Net finance (costs)/income	(1,518,474)	(3,036,530)	88,362	(1,463,882)	675,368	11,932	894,092	(4,349,132)
Segment profit/(loss) before tax	14,301,304	46,678	5,858,525	2,558,623	(17,701,165)	838,280	15,202,748	21,104,993
Tax expense	6,449,444	(209,627)	1,925,025	1,083,963	296,937	6,507	(46,782)	9,505,467
Other non-cash items:								
Amortisation of:								
- intangible assets	0	0	331,236	0	0	0	0	331,236
- government grants	(156,213)	0	0	0	0	0	0	(156,213)
Bad debts written off	0	0	33,787	0	0	0	0	33,787
Depreciation on property, plant and equipment	17,761,886	178,192	896,274	2,287,016	250,043	178,436	(4,353,755)	17,198,092
Depreciation on investment properties	185,203	0	0	2,497,456	0	0	(2,364,942)	317,717
Fair value (gain)/loss on:								
- derivatives	(116,594)	0	0	0	0	0	0	(116,594)
- other investments	0	0	0	0	0	231,187	0	231,187
- contingent consideration	0	0	0	0	1,068,148	0	0	1,068,148

CORPORATE GOVERNANCE AND FINANCIAL REPORT

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

4. OPERATING SEGMENTS (continued)

Business segments (continued)

	Manufacturing RM	Property development RM	Pharmaceutical and healthcare RM	Asset management RM	Investment holding RM	Others RM	Consolidation adjustments and elimination RM	Group RM
2024								
Other non-cash items (continued):								
(Gain)/Loss on disposal of:								
- other investments	0	0	0	0	0	4,253	0	4,253
- subsidiary	0	0	9,112	0	0	0	0	9,112
Gain on lease termination	0	0	(6,661)	0	0	0	0	(6,661)
Impairment loss on:								
- trade receivables	1,452,106	0	52,293	0	0	0	0	1,504,399
- property, plant and equipments	1,867,786	0	0	0	0	0	0	1,867,786
Reversal of impairment loss on trade receivables	(92,801)	0	0	0	0	0	0	(92,801)
Inventories written down	1,085,244	0	0	0	0	0	0	1,085,244
Property, plant and equipments written off	103,743	0	0	0	0	0	0	103,743
2023								
Segment assets	249,754,459	187,417,501	37,346,808	81,479,106	417,006,499	10,316,025	(419,416,434)	563,903,964
Included in the measure of segment assets are:								
- Additions to non-current assets	38,015,903	388,277	431,802	3,611,381	420,248	570,882	(24,630,826)	18,807,667
Segment liabilities	90,321,324	74,861,410	8,636,671	37,749,511	47,711,805	1,152,700	(90,565,526)	169,867,895
Revenue from external customers	194,918,684	34,792,510	78,317,236	5,277,564	175	387,344	0	313,693,513
Inter-segment revenue	30,614,592	2,374,853	14,707,400	5,042,315	97,764,649	7,684,400	(158,188,209)	0
Total revenue	225,533,276	37,167,363	93,024,636	10,319,879	97,764,824	8,071,744	(158,188,209)	313,693,513
Interest income	788,620	205,503	74,212	31,728	1,940,666	10,444	(1,683,151)	1,368,022
Finance costs	(1,757,708)	(2,087,863)	(74,914)	(971,754)	(736,187)	(8,866)	2,067,524	(3,569,768)
Net finance (costs)/income	(969,088)	(1,882,360)	(702)	(940,026)	1,204,479	1,578	384,373	(2,201,746)

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

4. OPERATING SEGMENTS (continued)

Business segments (continued)

	2023	Manufacturing RM	Property development RM	Pharmaceutical and healthcare RM	Asset management RM	Investment holding RM	Others RM	Consolidation adjustments and elimination RM	Group RM
Segment profit before tax		19,914,615	10,451,719	10,905,335	2,191,222	90,912,214	336,594	(96,686,449)	38,025,250
Tax expense		6,566,251	2,601,308	2,636,095	841,374	(158,949)	(4,000)	(46,782)	12,435,297
Other non-cash items:									
Amortisation of:									
- intangible assets		0	0	194,923	0	0	0	0	194,923
- government grants		(167,560)	0	0	0	0	0	0	(167,560)
Depreciation on property, plant and equipment		12,086,003	165,491	1,197,925	268,920	128,681	98,274	(1,267,295)	12,677,999
Depreciation on investment properties		185,203	0	0	2,048,629	0	0	(1,919,903)	313,929
Fair value (gain)/loss on:									
- derivatives		(814,400)	0	0	0	0	0	0	(814,400)
- other investments		0	0	0	0	0	111,478	0	111,478
- contingent consideration		0	0	0	0	2,394,551	0	0	2,394,551
Gain on disposal of:									
- other investments		0	0	0	0	0	(960)	0	(960)
- subsidiary		0	0	0	0	0	(11,007)	0	(11,007)
Gain on lease modification		0	0	(5,885)	0	0	0	0	(5,885)
Gain on lease termination		0	0	(50,417)	0	0	0	0	(50,417)
Impairment loss on tradereceivables		3,074	0	0	0	0	0	0	3,074
Inventories written down		531,225	0	0	0	0	0	0	531,225
Property, plant and equipments written off		10,407	2,864	0	0	6	0	0	13,277

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

4. OPERATING SEGMENTS (continued)

(a) Geographical information

The manufacturing facilities and sales offices of the Group are mainly based in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location from where the customers are originated.

Majority of the segment assets and liabilities of the Group are derived from Malaysia. Hence, no additional disclosure is made on geographical breakdown/details of the segment assets and liabilities of the Group.

Revenue information based on the geographical location of customers are presented in Note 25 to the financial statements.

(b) Major customers

There is no single external customer that the revenue generated from exceeded 10% of the Group's revenue for the year ended 30 June 2024 and 30 June 2023.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Buildings	Buildings improvement and renovation	Factory machinery, moulds and equipment	Furniture, fittings, office equipment and computer software	Motor vehicles	Capital work-in-progress	Leasehold land	Buildings	Motor vehicles	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
[-----Right-of-use assets -----]											
At cost											
Balance as at 1 July 2023	4,161,603	56,717,616	12,892,633	134,384,509	17,995,513	1,712,958	23,396,568	39,986,245	5,875,882	323,109	297,446,636
Additions	0	3,612	711,413	5,235,295	2,662,658	180,599	1,409,164	0	6,319,562	0	16,522,303
Acquisition of subsidiary	166,667	333,333	35,160	0	169,500	55,371	0	0	0	0	760,031
Disposals	0	0	0	(1,708,873)	(34,383)	(55,500)	(94,000)	0	0	0	(1,892,756)
Written off	0	0	(12,627)	(71,878)	(113,993)	0	0	0	(858,733)	0	(1,057,231)
Lease termination	0	0	0	0	0	0	0	0	(726,284)	0	(726,284)
Reclassification	0	0	9,612,686	12,997,399	80,000	0	(22,690,085)	0	0	0	0
Balance as at 30 June 2024	4,328,270	57,054,561	23,239,265	150,836,452	20,759,295	1,893,428	2,021,647	39,986,245	10,610,427	323,109	311,052,699
Accumulated depreciation											
Balance as at 1 July 2023	0	10,370,490	7,229,808	78,223,689	10,393,780	957,995	0	5,500,208	1,819,165	59,237	114,554,372
Acquisition of subsidiary	0	13,334	34,913	0	141,995	22,148	0	0	0	0	212,390
Current charge	0	2,036,828	1,256,047	8,225,207	1,838,832	137,326	0	1,690,179	1,949,051	64,622	17,198,092
Disposals	0	0	0	(1,681,172)	(32,412)	(55,499)	0	0	0	0	(1,769,083)
Written off	0	0	(7,336)	(71,865)	(15,554)	0	0	0	(858,733)	0	(953,488)
Lease termination	0	0	0	0	0	0	0	0	(547,219)	0	(547,219)
Balance as at 30 June 2024	0	12,420,652	8,513,432	84,695,859	12,326,641	1,061,970	0	7,190,387	2,362,264	123,859	128,695,064
Accumulated impairment losses											
Balance as at 1 July 2023	0	0	0	512,516	100,837	34,332	127,220	0	0	0	774,905
Impairment loss	0	0	938	1,300,562	565,496	790	0	0	0	0	1,867,786
Balance as at 30 June 2024	0	0	938	1,813,078	666,333	35,122	127,220	0	0	0	2,642,691
Carrying amount											
Balance as at 30 June 2024	4,328,270	44,633,909	14,724,895	64,327,515	7,766,321	796,336	1,894,427	32,795,858	8,248,163	199,250	179,714,944

CORPORATE GOVERNANCE AND FINANCIAL REPORT

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

[-----Right-of-use assets -----]												

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Renovation RM	Furniture, fittings, and office equipment RM	Motor vehicles RM	Right-of-use assets	Total RM
				Building RM	
At cost					
Balance as at 1 July 2023	427,084	921,748	1,800	417,214	1,767,846
Additions	0	73,877	0	0	73,877
Disposals	0	(3,047)	0	0	(3,047)
Written off	0	(2,208)	0	0	(2,208)
Balance as at 30 June 2024	427,084	990,370	1,800	417,214	1,836,468
Accumulated depreciation					
Balance as at 1 July 2023	320,058	816,739	1,799	11,589	1,150,185
Current charge	38,335	57,908	0	139,072	235,315
Disposals	0	(2,031)	0	0	(2,031)
Written off	0	(1,619)	0	0	(1,619)
Balance as at 30 June 2024	358,393	870,997	1,799	150,661	1,381,850
Carrying amount					
Balance as at 30 June 2024	68,691	119,373	1	266,553	454,618
At cost					
Balance as at 1 July 2022	427,084	933,698	1,800	0	1,362,582
Additions	0	3,034	0	417,214	420,248
Written off	0	(14,984)	0	0	(14,984)
Balance as at 30 June 2023	427,084	921,748	1,800	417,214	1,767,846
Accumulated depreciation					
Balance as at 1 July 2022	281,724	768,322	1,799	0	1,051,845
Current charge	38,334	63,395	0	11,589	113,318
Written off	0	(14,978)	0	0	(14,978)
Balance as at 30 June 2023	320,058	816,739	1,799	11,589	1,150,185
Carrying amount					
Balance as at 30 June 2023	107,026	105,009	1	405,625	617,661

- (a) All items of property, plant and equipment (excluding right-of-use assets) are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. After initial recognition, property, plant and equipment (excluding right-of-use assets) are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Buildings	2% - 33%
Buildings improvement and renovation	2% - 33%
Factory machinery, moulds and equipment	10% - 20%
Furniture, fittings, office equipment and computer software	10% - 50%
Motor vehicles	10% - 20%

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows: (continued)

Freehold land has unlimited useful life and is not depreciated. Capital work-in-progress represents building and machinery in progress and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

Management has assessed whether there are any indicators of impairment during the financial year. Management has performed impairment assessments and the recoverable amounts are determined based on the fair value less cost to sell of the underlying CGU. During the financial year, an impairment loss of RM1,867,786 (2023: RM Nil) was recognised as the recoverable amounts are lower than the carrying amounts of the CGUs.

- (b) As at the end of the reporting period, the carrying amount of property, plant and equipment charged to licensed banks for credit facilities granted to the Group as disclosed in Note 19 to the financial statements are as follows:

	Group	
	2024	2023
	RM	RM
Leasehold land	32,795,858	34,486,037
Buildings	30,502,501	29,498,224
Factory machinery, moulds and equipment	4,753,503	7,116,145
	<u>68,051,862</u>	<u>71,100,406</u>

- (c) The Group and the Company leases a number of properties and motor vehicles in the location which it operates. The lease of properties and motor vehicles comprise only fixed payments over the lease terms.

The right-of-use assets under property, plant and equipment are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Leasehold land	26 - 60 years
Buildings	2 - 3 years
Motor vehicles	5 years

- (d) The Group has certain leases of building, hostel, machinery and office equipment with lease term of twelve (12) months or less and low-value leases of office equipment of RM20,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemption for these leases.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(e) The following are the amounts recognised in profit or loss:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Included in cost of sales:				
Depreciation charge of right-of-use assets	1,189,896	121,190	0	0
Expense relating to lease of short-term leases	306,006	550,236	0	0
Expense relating to lease of low-value assets	307,874	249,503	0	0
Expense relating to lease of variable payments	525,124	0	0	0
Included in administrative expenses:				
Depreciation charge of right-of-use assets	2,513,956	2,669,381	139,072	11,589
Expense relating to lease of short-term leases	963,185	713,654	0	137,033
Expense relating to lease of low-value assets	14,310	12,046	0	0
Included in other income:				
Gain on lease modification	0	(5,885)	0	0
Gain on lease termination	(6,661)	(50,417)	0	0
Included in finance costs:				
Interest expense on lease liabilities	110,089	126,374	16,432	1,651
	<u>5,923,779</u>	<u>4,386,082</u>	<u>155,504</u>	<u>150,273</u>

(f) The following are total cash outflows for leases as a lessee:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Included in net cash from/ (used in) operating activities:				
Payment relating to short-term leases	1,269,191	1,263,890	0	137,033
Payment relating to low-value assets	322,184	261,549	0	0
Payment relating to variable payments	525,124	0	0	0
Included in net cash from/ (used in) financing activities:				
Repayment of lease liabilities	<u>2,416,575</u>	<u>1,256,418</u>	<u>149,490</u>	<u>12,457</u>
Total cash outflows for leases	<u>4,533,074</u>	<u>2,781,857</u>	<u>149,490</u>	<u>149,490</u>

(g) The Group has several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

There are no potential future lease payments that are not included in the lease term.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (h) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Purchase of property, plant and equipment	16,522,303	18,807,667	73,877	420,248
Financed by lease liabilities	(6,277,662)	(1,105,504)	0	(417,214)
Cash payment to purchase property, plant and equipment	<u>10,244,641</u>	<u>17,702,163</u>	<u>73,877</u>	<u>3,034</u>

- (i) In the previous year, the Group completed its development of properties and leased the buildings back for three (3) years. The Group has fixed lease payments to its lessors over the lease terms. This sale-and-leaseback transaction is for hotel operation.

The Group as lessor

The Group has entered into a non-cancellable lease agreement on a property for term of three (3) years and renewable at the end of the lease period subject to an increase clause.

The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	2024	2023
	RM	RM
Less than one (1) year	1,459,750	1,834,874
One (1) to two (2) years	<u>0</u>	<u>1,515,311</u>
	<u>1,459,750</u>	<u>3,350,185</u>

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

6. INVESTMENT PROPERTIES

Group	Freehold land RM	Leasehold land RM	Buildings RM	Total RM
2024				
At cost				
Balance as at 1 July 2023/30 June 2024	2,356,000	3,530,000	11,631,405	17,517,405
Accumulated depreciation				
Balance as at 1 July 2023	0	1,695,791	4,325,670	6,021,461
Current charge	0	65,063	252,654	317,717
Balance as at 30 June 2024	0	1,760,854	4,578,324	6,339,178
Carrying amount				
Balance as at 30 June 2024	2,356,000	1,769,146	7,053,081	11,178,227
2023				
At cost				
Balance as at 1 July 2022	2,356,000	0	3,223,857	5,579,857
Transfer from property, plant and equipment (Note 5)	0	3,530,000	8,407,548	11,937,548
Balance as at 30 June 2023	2,356,000	3,530,000	11,631,405	17,517,405
Accumulated depreciation				
Balance as at 1 July 2022	0	0	66,245	66,245
Current charge	0	65,063	248,866	313,929
Transfer from property, plant and equipment (Note 5)	0	1,630,728	4,010,559	5,641,287
Balance as at 30 June 2023	0	1,695,791	4,325,670	6,021,461
Carrying amount				
Balance as at 30 June 2023	2,356,000	1,834,209	7,305,735	11,495,944

- (a) Investment properties are held to earn rental yields or, for capital appreciation or the both and are not occupied by Group.

Investment properties are initially measured at cost, including transaction costs. After initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the investment properties to their residual value on a straight line basis over the estimated useful life. The principal depreciation periods for the investment properties are as follows:

Leasehold land	60 years
Buildings	50 years

Freehold land has unlimited useful life and is not depreciated.

At the end of each reporting period, the carrying amount of investment properties are assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

6. INVESTMENT PROPERTIES (continued)

- (b) The fair value of investment properties for disclosure purpose, which are at Level 3 fair value are estimated at approximately RM25,040,000 (2023: RM12,920,000). The fair value was recommended by Directors as at the end of the reporting period based on indicative market value of similar properties in the vicinity on a price per square foot basis. It has been derived from observable recent transacted prices of similar properties. The estimated fair value would increase if the historical sales transaction prices were higher and vice versa.
- (c) Investment properties with a carrying amount of RM11,178,227 (2023: RM11,495,944) have been charged to bank for credit facilities granted to the Group as disclosed in Note 19 to the financial statements.
- (d) Rental income generated from rental of investment properties of the Group during the financial year amounted to RM1,834,874 (2023: RM1,983,880).
- (e) Direct operating expenses from investment properties which generated rental income to the Group during the financial year amounted to RM104,625 (2023: RM103,059).

7. INTANGIBLE ASSETS

	Trademark RM	Customer relationships RM	Intellectual property RM	Total RM
Group				
2024				
Cost				
Balance as at 1 July 2023	18,297,000	1,949,234	69,171	20,315,405
Acquisition of subsidiary (Note 9(i))	0	4,907,264	0	4,907,264
Balance as at 30 June 2024	18,297,000	6,856,498	69,171	25,222,669
Accumulated amortisation				
Balance as at 1 July 2023	0	373,603	0	373,603
Amortisation	0	331,236	0	331,236
Balance as at 30 June 2024	0	704,839	0	704,839
Carrying amount				
Balance as at 30 June 2024	18,297,000	6,151,659	69,171	24,517,830
2023				
Cost				
Balance as at 1 July 2022/ 30 June 2023	18,297,000	1,949,234	69,171	20,315,405
Accumulated amortisation				
Balance as at 1 July 2022	0	178,680	0	178,680
Amortisation	0	194,923	0	194,923
Balance as at 30 June 2023	0	373,603	0	373,603
Carrying amount				
Balance as at 30 June 2023	18,297,000	1,575,631	69,171	19,941,802

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

7. INTANGIBLE ASSETS (continued)

(a) Trademark and intellectual property

Trademark acquired in a business combination and intellectual property with an indefinite useful life are stated at cost less accumulated impairment losses, if any.

Trademark represents the "Park@City" which resulting from the acquisition of Avelon Healthcare Sdn. Bhd.. The trademark is with indefinite useful life because this brand has been established in the market for a number of years and there is no foreseeable end to its useful life. Trademark with indefinite useful life is allocated to cash generating units ("CGUs") of Avelon Healthcare Sdn. Bhd..

Intellectual property represents patents for operational use.

(b) Customer relationships

Customer relationships acquired in a business combination are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Customer relationships represent the relationships established with its customers through continuous contracts which give rise to contractual rights.

(c) Amortisation is calculated to write off the cost of the assets to its residual value on a straight line basis over its estimated useful lives. The principal amortisation period is as follows:

Customer relationships	10 - 12 years
------------------------	---------------

The residual values, useful lives and amortisation methods are reviewed at the end of each reporting period.

(d) Impairment test for trademark with indefinite useful live

Trademark is tested for impairment by comparing the carrying amount with the recoverable amount of the CGU. The recoverable amount of CGU is determined based on value-in-use calculations using cash flows projections from the financial budgets and forecasts approved by management covering a period of five (5) years. Cash flows beyond the five (5)-year period are extrapolated assuming zero growth rates.

Key assumptions used in the value-in-use calculations are as follows:

- (i) budgeted profit margins are projected based on the historical profit margin achieved;
- (ii) the anticipated annual revenue growth rate are determined based on the industry trends and past performance of the CGU; and
- (iii) the pre-tax discount rates which are the weighted average cost of capital adjusted for specific risks relating to relevant segments. The average discount rates used is 7.5% (2023: 12.00%).

Based on the annual impairment testing undertaken by the Group, no impairment loss was required for the carrying amount of trademark assessed as at 30 June 2024 and 30 June 2023 as its recoverable amount was in excess of its carrying amount. Management believes that there is no reasonably possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount, which would cause the CGU's carrying amount to materially exceed its recoverable amount.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

8. GOODWILL ON CONSOLIDATION

	Group 2024 RM	2023 RM
At cost		
Balance as at 1 July 2023/2022	22,506,704	22,506,704
Acquisition of subsidiaries (Note 9(i))	6,075,020	0
Balance as at 30 June	<u>28,581,724</u>	<u>22,506,704</u>

- (a) Goodwill is initially measured at cost. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.
- (b) Goodwill is attributable to the following subsidiaries, each representing a separate cash-generating unit ("CGUs"):

	2024 RM	2023 RM
Arise Healthcare Sdn. Bhd. ^	150,260	150,260
Avelon Arise Sdn. Bhd. ^	1,414,313	1,414,313
Avelon Healthcare Sdn. Bhd. ^ *	18,202,606	17,733,713
Galaxis Healthcare Sdn. Bhd. ^	2,709,954	2,709,954
Galaxis Pharma Sdn. Bhd. ^ *	0	468,893
Medicwave Sdn. Bhd. ^	6,075,020	0
Others	29,571	29,571
	<u>28,581,724</u>	<u>22,506,704</u>

^ Collectively referred to as "Avelon"

* During the financial year, Galaxis Pharma Sdn. Bhd. has disposed its operation to Avelon Healthcare Sdn. Bhd.

The goodwill arising from the acquisition of Avelon is mainly attributable to the competency and experience workforce, the business credibility and promising growth prospects to supplement the Group's existing business and strengthen its operational sustainability.

- (c) Impairment test for goodwill with indefinite useful live

Goodwill is tested for impairment by comparing the carrying amounts with the recoverable amounts of the CGUs. The recoverable amounts of CGUs is determined based on value-in-use calculations using cash flows projections from the financial budgets and forecasts approved by management covering a period of five (5) years. Cash flows beyond the five (5)-year period are extrapolated assuming zero growth rates.

Key assumptions used in the value-in-use calculations are as follows:

- (i) budgeted profit margins are projected based on the historical profit margin achieved;
- (ii) the anticipated annual revenue growth rate are determined based on the industry trends and past performance of the CGU; and
- (iii) the pre-tax discount rates which are the weighted average cost of capital adjusted for specific risks relating to relevant segments. The average discount rates used is ranged from 7.5% to 11.00% (2023: 12.00%).

Based on the annual impairment testing undertaken by the Group, no impairment loss was required for the carrying amount of goodwill assessed as at 30 June 2024 and 30 June 2023 as its recoverable amount was in excess of its carrying amount. Management believes that there is no reasonably possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount, which would cause the CGU's carrying amount to materially exceed its recoverable amount.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2024	2023
	RM	RM
At cost		
Unquoted shares, at cost		
- ordinary shares	92,632,367	122,989,237
- redeemable preference shares	176,604,998	183,504,998
Less: Impairment losses	(21,326,474)	(9,679,717)
	<u>247,910,891</u>	<u>296,814,518</u>

Movement in accumulated impairment losses:

	Company	
	2024	2023
	RM	RM
Balance as at 1 July	9,679,717	7,288,269
Impairment losses charged during the year	11,646,757	2,391,448
Balance as at 30 June	<u>21,326,474</u>	<u>9,679,717</u>

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

All components of non-controlling interests shall be initially measured at fair value on the acquisition date, unless another measurement basis is required by MFRS. The choice of the measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of the non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

- (b) Management has assessed whether there are any indicators of impairment during the financial year. Management has performed impairment assessments and the recoverable amounts are determined based on the value-in-use Cash Generating Units ('CGUs') or the fair value less cost to sell of the underlying CGU. During the financial year, an impairment loss of RM11,646,757 (2023: RM2,391,448) was recognised as the recoverable amounts are lower than the carrying amounts of the CGUs.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

9. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2024	2023	
Avelon Healthcare Group Sdn. Bhd.	Malaysia	70%	0%	Investment holding
Arise Healthcare Sdn. Bhd.	Malaysia	0%	70%*	Retail sale of pharmaceutical, medicine and healthcare products
Avelon Arise Sdn. Bhd.	Malaysia	0%	70%*	Retail sale of pharmaceutical, medicine and healthcare products
Avelon Healthcare Sdn. Bhd.	Malaysia	0%	70%*	Sale of healthcare products
Galaxis Healthcare Sdn. Bhd.	Malaysia	0%	70%*	Sale of healthcare products
Galaxis Pharma Sdn. Bhd.	Malaysia	0%	70%	Retail sale of pharmaceutical, medicine and healthcare products
Innospec Sdn. Bhd.	Malaysia	100%	100%	Electronic manufacturing services, product development and manufacturing services for PCB assembly, cable assembly, electromechanical assembly, and test
Kewjaya Sdn. Bhd.	Malaysia	100%	100%	Money lending
Kobay Assets Sdn. Bhd.	Malaysia	100%	100%	Property letting
Kobay G Sdn. Bhd.	Malaysia	100%	100%	Marketing and project management services for property developers
Kobay Industries Sdn. Bhd.	Malaysia	100%	100%	Investment holding
Kobay Land Sdn. Bhd.	Malaysia	100%	100%	Property development
Kobay Management Services Sdn. Bhd.	Malaysia	100%	100%	Management services
Kobay Project Venture Sdn. Bhd.	Malaysia	100%	100%	Property development
Lavanya Resorts Sdn. Bhd. (F.K.A. Kobay Resorts Sdn. Bhd.)	Malaysia	100%	100%	Hotel operator and property management

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

9. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2024	2023	
Kobay SB Sdn. Bhd.	Malaysia	100%	100%	Property development
Kobay UA Sdn. Bhd.	Malaysia	100%	100%	Property letting
Kual Technologies Sdn. Bhd.	Malaysia	51%	51%	Manufacture of aluminium extrusion, formation, surface treatment for parts manufactured to all industries
LD Global Sdn. Bhd.	Malaysia	100%	100%	Property development
Lodge 18 Sdn. Bhd.	Malaysia	100%	100%	Providing accommodation rental services, letting of accommodation space or room and related services
Masset Capital Sdn. Bhd.	Malaysia	100%	100%	Investment holding
Premierview Property Sdn. Bhd.	Malaysia	100%	100%	Property development
Ultimate Sanctuary Sdn. Bhd.	Malaysia	100%	100%	Property development
<u>Subsidiaries of Avelon Healthcare Group Sdn. Bhd.</u>				
Arise Healthcare Sdn. Bhd.	Malaysia	70%*	0%	Retail sale of pharmaceutical, medicine and healthcare products
Avelon Arise Sdn. Bhd.	Malaysia	70%*	0%	Retail sale of pharmaceutical, medicine and healthcare products
Avelon Healthcare Sdn. Bhd.	Malaysia	70%*	0%	Sale of healthcare products
Galaxis Healthcare Sdn. Bhd.	Malaysia	70%*	0%	Sale of healthcare products
Medicwave (M) Sdn. Bhd.	Malaysia	49%	0%	Sale of medical device
<u>Subsidiaries of Kobay Industries Sdn. Bhd.</u>				
Bend Weld Engineering Sdn. Bhd.	Malaysia	100%	100%	Manufacture of metal works and structures, modules and parts for oil & gas production and extraction equipment

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

9. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2024	2023	
Subsidiaries of Kobay Industries Sdn. Bhd. (continued)				
KT Microhandling Sdn. Bhd.	Malaysia	100%	100%	Manufacture of semiconductor assembly and testing equipment
Maker Technologies Sdn. Bhd.	Malaysia	100%	100%	Electronic manufacturing services, product development and manufacturing for PCB assembly, cable assembly, electromechanical assembly, and test
Micro Surface Treatment Sdn. Bhd.	Malaysia	90%	90%	Precision plating and surface treatment
Paradigm Aerospace Sdn. Bhd.	Malaysia	100%	100%	Manufacture of components and sub-assemblies for aerospace parts
Paradigm Metal Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacture of precision metal stamping, sheet metal and die casting parts
Paradigm Precision Components Sdn. Bhd.	Malaysia	100%	100%	Manufacture of precision machined components
Polytool Technologies Sdn. Bhd.	Malaysia	100%	100%	Manufacture of industrial equipment, machinery parts and tooling, encapsulation moulds, trim and form dies and progressive tooling for lead frames
Super Tropica Development Sdn. Bhd.	Malaysia	100%	100%	Property development

* On 9 April 2024, the Company has entered into a Share Swap Agreement with its subsidiary, Avelon Healthcare Group Sdn. Bhd. ("AHGSB") to dispose its equity interest in Avelon Healthcare Sdn. Bhd. ("AHSB"), Galaxy Healthcare Sdn. Bhd. ("GHSB"), Avelon Arise Sdn. Bhd. ("AASB") and Arise Healthcare Sdn. Bhd. ("ARHSB").

(d) Changes in investments in subsidiaries during the financial year are as follows:

- (i) The Company had redeemed for 15,400,000 redeemable convertible non-cumulative preference shares in Kobay UA Sdn. Bhd. for a total consideration of RM15,400,000 which was satisfied by cash.
- (ii) The Company had redeemed for 1,500,000 redeemable convertible non-cumulative preference shares in Kewjaya Sdn. Bhd. for a total consideration of RM1,500,000 which was satisfied by cash. Besides, the Company had subscribed for an additional 10,000,000 redeemable convertible non-cumulative preference shares in Kewjaya Sdn. Bhd. for a total consideration of RM10,000,000 which was satisfied by cash.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

9. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Changes in investments in subsidiaries during the financial year are as follows (continued):

- (iii) The Company had incorporated AHGSB with paid-up share capital of RM100 comprising of 100 ordinary share. The Company subscribed 70 ordinary shares for a total consideration of RM70. Pursuant to that, the Company holds 70 ordinary shares representing 70% equity interest in AHGSB.

(e) Changes in investments in subsidiaries in the previous financial year are as follows:

- (i) The Company had subscribed for an additional 1,275,000 redeemable convertible non-cumulative preference shares and 19,500,000 redeemable non-convertible cumulative preference shares in Kual Technologies Sdn. Bhd. for a total consideration of RM20,775,000 which RM17,775,000 was satisfied by way of capitalisation of amount owing by Kual Technologies Sdn. Bhd. and RM3,000,000 was satisfied by cash.
- (ii) The Company had subscribed for an additional 11,750,000 redeemable convertible non-cumulative preference shares in Kobay Project Venture Sdn. Bhd. for a total consideration of RM11,750,000 which RM11,701,917 was satisfied by way of capitalisation of amount owing by Kobay Project Venture Sdn. Bhd. and RM48,083 was satisfied by cash.
- (iii) The Company had subscribed for an additional 1,700,000 redeemable convertible non-cumulative preference shares in Kewjaya Sdn. Bhd. for a total consideration of RM1,700,000 which RM1,700,000 was satisfied by way of capitalisation of amount owing by Kewjaya Sdn. Bhd..
- (iv) The Company had subscribed for an additional 2,000,000 redeemable convertible non-cumulative preference shares in Kobay SB Sdn. Bhd. for a total consideration of RM2,000,000 which RM1,100,000 was satisfied by way of capitalisation of amount owing by Kobay SB Sdn. Bhd. and RM900,000 was satisfied by cash.
- (v) The Company had subscribed for an additional 4,000,000 redeemable convertible non-cumulative preference shares in LD Global Sdn. Bhd. for a total consideration of RM4,000,000 which RM4,000,000 was satisfied by way of capitalisation of amount owing by LD Global Sdn. Bhd..
- (vi) The Company had subscribed for an additional 6,420,000 redeemable convertible non-cumulative preference shares in Innospec Sdn. Bhd. for a total consideration of RM6,420,000 which RM6,420,000 was satisfied by way of capitalisation of amount owing by Innospec Sdn. Bhd..
- (vii) The Company had subscribed for an additional 2,000,000 redeemable convertible non-cumulative preference shares in Lavanya Resorts Sdn. Bhd. for a total consideration of RM2,000,000 which RM2,000,000 was satisfied by way of capitalisation of amount owing by Lavanya Resorts Sdn. Bhd..

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

9. INVESTMENTS IN SUBSIDIARIES (continued)

- (f) Disposal of a subsidiary during the year is as follow:

On 1 April 2024, the Company had disposed of 961,468 ordinary shares, representing 70% equity interest in Galaxis Pharma Sdn. Bhd. ("GPSB") for a cash consideration of RM70. Pursuant to the disposal, GPSB ceased to be subsidiary of the Company.

The financial effects of the disposal at the date of disposal are as follows:

	Group RM	Company RM
Investment in a subsidiary	0	961,467
Cash and bank balances	3,252	0
Trade and other receivables	9,866	0
Carrying amount of net assets disposed off	13,118	961,467
Non-controlling interests	(3,936)	0
Loss on disposal of subsidiary	(9,112)	(961,397)
Proceeds from disposal	70	70
Less: Cash and bank balances of a subsidiary disposed off	(3,252)	0
Net cash (outflows)/inflows from disposal of a subsidiary	(3,182)	70

- (g) Disposal of a subsidiary in the previous financial year is as follow:

On 9 January 2023, the Company had disposed of 51 ordinary shares, representing 51% equity interest in Gen Plus Technologies Sdn. Bhd. ("GPTSB") for a cash consideration of RM5,000. Pursuant to the disposal, GPTSB ceased to be subsidiary of the Company.

The financial effects of the disposal at the date of disposal are as follows:

	Group RM	Company RM
Investment in a subsidiary	0	51
Cash and bank balances	100	0
Trade and other payables	(11,879)	0
Carrying amount of net (liabilities)/assets disposed off	(11,779)	51
Non-controlling interests	5,772	0
Gain on disposal of subsidiary	11,007	4,949
Proceeds from disposal	5,000	5,000
Less: Cash and bank balances of a subsidiary disposed off	(100)	0
Net cash inflows from disposal of a subsidiary	4,900	5,000

- (h) On 9 April 2024, the Company has entered into a Share Swap Agreement with its subsidiary, AHGSB to dispose its equity interest in AHSB, GHSB, AASB and ARHSB, with an aggregate disposal consideration of RM15,806,375 which is to be satisfied by way of issuance of 143,694,320 new ordinary shares in AHGSB at an issue price of RM0.11 per share. Pursuant to that, the Company holds 143,694,600 ordinary shares representing 70% equity interest in AHGSB, and AHSB, GHSB, AASB and ARHSB became the wholly owned subsidiaries of AHGSB.

The financial effects of the share swap agreement are as follows:

	Company RM
Investment in AHSB, GHSB, AASB and ARHSB	45,201,848
Loss on disposal of subsidiaries	(29,395,473)
Investment in AHGSB	15,806,375

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

9. INVESTMENTS IN SUBSIDIARIES (continued)

- (i) On 23 February 2024, the subsidiary, AHGSB had acquired 50,001 ordinary shares in Medicwave (M) Sdn. Bhd. ("Medicwave"), representing approximately 50% of equity interest in Medicwave for a purchase consideration of RM10,800,000 payable as follows:

- (i) Cash consideration of RM5,400,000 payable upon completion of the acquisition.
- (ii) Contingent consideration of RM5,400,000 payable upon meeting an earnings target.

On the same date, AHGSB had acquired additional 66,668 ordinary shares in Medicwave, representing additional 20% equity interest in Medicwave for a cash consideration of RM4,320,000. Upon completion of the acquisition on 4 March 2024, Medicwave became a 70% owned subsidiary of the Group and gave rise to goodwill totalling RM6,075,020.

The amount recognised at the acquisition date for each major classes of assets acquired and liabilities assumed for were as follows:

	Note	Medicwave RM
Property, plant and equipment		547,641
Deferred tax asset	13	114,000
Inventories		1,327,365
Trade and other receivables		2,015,727
Current tax assets		175,451
Cash and bank balances		1,376,632
Trade and other payables		(1,326,611)
Customer relationship	7	4,907,264
Derivative asset - Call option		557,800
Deferred tax liabilities	13	(1,177,743)
Net assets		8,517,526
Non-controlling interest		(4,258,763)
Share of net assets acquired		4,258,763
Fair value of cash consideration transferred		(5,400,000)
Fair value of contingent consideration	22(e)	(4,933,783)
Goodwill	8	(6,075,020)

The amounts of revenue and profit for the financial period recognised since the acquisition date included in the consolidated statement of comprehensive income are as follows:

	Medicwave RM
Revenue	4,063,735
Profit for the financial period	2,353,662

Had the acquisition date been 1 July 2023, management estimates that the revenue and profit of the Group for the financial year would have been RM340,919,764 and RM15,883,943 respectively.

The effects of the acquisition on the statements of cash flows were as follows:

	Group RM
Total cash consideration	5,400,000
Cash and bank balances acquired	(1,376,632)
Acquisition of subsidiary, net of cash acquired	4,023,368

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

9. INVESTMENTS IN SUBSIDIARIES (continued)

(i) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

	Kual Technologies Sdn. Bhd.		Avelon Healthcare Sdn. Bhd.		Galaxis Healthcare Sdn. Bhd.		Avelon Arise Sdn. Bhd.		Galaxis Pharma Sdn. Bhd.		Arise Healthcare Sdn. Bhd.		Avelon Healthcare Group Sdn. Bhd.		Medicwave (M) Sdn. Bhd.		Total
2024																	
NCI percentage of ownership interest and voting interest	49%		30%		30%		30%		0%		30%		30%		51%		
Carrying amount of NCI (RM)	(4,894,057)		9,899,499		1,572,777		701,956		0		259,348		(407,924)		7,694,671		14,826,270
(Loss)/Profit allocated to NCI (RM)	(4,793,834)		648,203		268,206		132,241		(259,937)		79,802		(407,924)		1,147,533		(3,185,710)
Dividend paid to NCI (RM)	0		787,500		390,000		367,500		0		30,000		0		0		1,575,000
2023																	
NCI percentage of ownership interest and voting interest	49%		30%		30%		30%		30%		30%		0%		0%		
Carrying amount of NCI (RM)	(100,223)		10,038,796		1,694,571		937,215		263,873		209,546		0		0		13,043,778
(Loss)/Profit allocated to NCI (RM)	(3,683,172)		1,743,417		431,079		182,513		1,888		77,433		0		0		(1,246,842)
Dividend paid to NCI (RM)	0		654,240		191,580		80,910		63,540		68,700		0		0		1,058,970

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

9. INVESTMENTS IN SUBSIDIARIES (continued)

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

2024	Kual Technologies Sdn. Bhd. RM	Avelon Healthcare Sdn. Bhd. RM	Galaxis Healthcare Sdn. Bhd. RM	Avelon Arise Healthcare Sdn. Bhd. RM	Arise Healthcare Sdn. Bhd. RM	Avelon Healthcare Group Sdn. Bhd. RM	Medicwave (M) Sdn. Bhd. RM
Assets and liabilities							
Non-current asset	31,908,922	5,089,654	277,236	1,788,804	162,707	37,234,103	559,110
Current assets	14,230,908	25,864,548	5,432,537	2,607,325	1,149,765	292,576	11,154,042
Non-current liabilities	(1,772,512)	(586,855)	(9,000)	(1,417,650)	(14,000)	0	(7,000)
Current liabilities	(23,855,189)	(23,232,263)	(549,997)	(638,624)	(433,980)	(5,240,171)	(802,285)
Net assets	20,512,129	7,135,084	5,150,776	2,339,855	864,492	32,286,508	10,903,867
Results							
Revenue	26,399,309	62,660,700	7,955,858	9,695,444	6,628,829	11,000,000	4,063,735
(Loss)/Profit for the financial year	(9,783,334)	2,160,677	894,019	440,803	266,006	(1,359,747)	2,250,064
Total comprehensive (loss)/income	(9,783,334)	2,160,677	894,019	440,803	266,006	(1,359,747)	2,250,064
Cash flows (used in)/from operating activities	(10,528,555)	5,648,723	1,273,843	(148,986)	299,485	7,277,509	1,591,663
Cash flows (used in)/from investing activities	(2,098,596)	(1,282,393)	4,932	29,085	6,078	(5,275,476)	(10,023)
Cash flows from/(used in) financing activities	13,088,218	1,270,468	(1,348,000)	(1,515,000)	(208,000)	9,199,568	3,720,000
Net increase/(decrease) in cash and cash equivalents	461,067	5,636,798	(69,225)	(1,634,901)	97,563	11,201,601	5,301,640

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

9. INVESTMENTS IN SUBSIDIARIES (continued)

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

2023	Kual Technologies Sdn. Bhd. RM	Avelon Healthcare Sdn. Bhd. RM	Galaxis Healthcare Sdn. Bhd. RM	Avelon Arise Sdn. Bhd. RM	Galaxis Pharma Sdn. Bhd. RM	Arise Healthcare Sdn. Bhd. RM
Assets and liabilities						
Non-current asset	34,569,698	3,507,149	428,688	154,605	169,165	285,187
Current assets	7,615,125	20,622,459	5,678,834	3,694,926	1,859,000	946,795
Non-current liabilities	(5,187,808)	(314,790)	(67,549)	(8,000)	(88,845)	(75,492)
Current liabilities	(6,701,551)	(5,363,552)	(483,216)	(717,480)	(1,059,743)	(458,004)
Net assets	30,295,464	18,451,266	5,556,757	3,124,051	879,577	698,486
Results						
Revenue	7,486,232	62,810,608	8,413,865	9,937,450	5,177,538	6,685,175
(Loss)/Profit for the financial year	(7,516,677)	5,959,531	1,436,931	608,377	6,292	258,109
Total comprehensive (loss)/income	(7,516,677)	5,959,531	1,436,931	608,377	6,292	258,109
Cash flows (used in)/from operating activities	(9,866,725)	2,223,646	(112,035)	1,521,638	1,171,723	371,491
Cash flows (used in)/from investing activities	(10,528,768)	134,086	(27,997)	22,570	1,478	1,558
Cash flows from/(used in) financing activities	20,202,622	(2,588,344)	(710,600)	(569,700)	(282,600)	(337,000)
Net increase/(decrease) in cash and cash equivalents	(192,871)	(230,612)	(850,632)	974,508	890,601	36,049

The NCI of all other subsidiaries that are not wholly owned by the Group is deemed to be immaterial.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

10. OTHER INVESTMENTS

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Equity securities				
Shares quoted outside Malaysia	17,058	33,493	0	0
Shares quoted in Malaysia	28,000	32,000	0	0
Unquoted shares outside Malaysia	1,201,490	231,620	0	0
Unquoted shares inside Malaysia	1,500	1,500	1,500	1,500
	<u>1,248,048</u>	<u>298,613</u>	<u>1,500</u>	<u>1,500</u>

- (a) The equity securities are classified as financial assets at fair value through profit or loss pursuant to MFRS 9 Financial Instruments.
- (b) Fair value of quoted shares of the Group are determined by reference to the exchange quoted market prices at the close of the business on the reporting date. The fair value of quoted ordinary shares was categorised as Level 1 in the fair value hierarchy.
- (c) Fair value of unquoted shares of the Group are estimated based on Directors' estimation by reference to market evidence of transaction price, and external and independent valuers, having appropriate recognised professional qualifications and recent experience in the industry and category of investments being valued. The fair value of unquoted ordinary shares was categorised as Level 3 in the fair value hierarchy.
- (d) There were no transfer between levels in the fair value hierarchy during the financial year.
- (e) The following table shows the valuation techniques and significant unobservable inputs used in determining the fair value measurement of other investment as well as the inter-relationship between key unobservable inputs and fair value:

	Valuation technique used	Significant unobservable inputs	Inter-relationship between key observable inputs and fair value
(i)	Market approach - market financing method	Estimated research and development cost	The higher the estimated research and development cost, the higher the fair value
(ii)	Market approach - comparable transaction approach	Estimated equity value over sales	The higher the estimated equity value over sales, the higher the fair value

- (f) Sensitivity analysis for other investments is not disclosed as it is not material to the Group and the Company.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

11. INVENTORIES

		Group	
	Note	2024 RM	2023 RM
Non-current			
At costs:			
Land held for property development	(a)	51,758,598	52,647,060
Current			
At costs:			
Property development costs	(b)	106,011,977	94,556,712
Completed properties held for sale	(c)	0	5,096,962
Raw materials		9,055,325	9,986,521
Work-in-progress		14,713,579	10,795,447
Finished goods		22,856,499	22,525,356
		152,637,380	142,960,998
At net realisable value:			
Raw materials		139,766	118,485
Work-in-progress		3,098	0
Finished goods		146,702	264,732
		289,566	383,217
		152,926,946	143,344,215
Total		204,685,544	195,991,275

(a) Land held for property development

	Group	
	2024 RM	2023 RM
Balance as at 1 July		
- Freehold land, at cost	41,102,068	28,750,161
- Development costs	11,544,992	9,745,898
	52,647,060	38,496,059
Transfer to property development cost		
- Freehold land, at cost	(1,096,351)	0
- Development costs	(2,456,334)	0
	(3,552,685)	0
Add: Cost incurred during the financial year		
- Freehold land, at cost	0	12,351,907
- Development costs	2,664,223	1,799,094
	2,664,223	14,151,001
Balance as at 30 June		
- Freehold land, at cost	40,005,717	41,102,068
- Development costs	11,752,881	11,544,992
	51,758,598	52,647,060

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

11. INVENTORIES (continued)

(a) Land held for property development (continued)

- (i) Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current asset when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

- (ii) Land held for property development with carrying amount of RM19,104,022 (2023: RM18,385,945) have been charged to banks for credit facilities granted to the Group as disclosed in Note 19 to the financial statements.

(b) Property development costs

	Freehold land, at cost RM	Development costs RM	Total RM
Group			
Cumulative property development costs			
Balance as at 1 July 2023	3,075,323	133,555,486	136,630,809
Transfer from land held for property development	1,096,351	2,456,334	3,552,685
Incurred during the financial year	7,971,000	12,765,398	20,736,398
Balance as at 30 June 2024	12,142,674	148,777,218	160,919,892
Cumulative costs recognised in the statement of profit or loss and other comprehensive income			
Balance as at 1 July 2023	(854,586)	(41,219,511)	(42,074,097)
Recognised during the financial year	(1,019,778)	(11,814,040)	(12,833,818)
Balance as at 30 June 2024	(1,874,364)	(53,033,551)	(54,907,915)
Property development costs as at 30 June 2024	10,268,310	95,743,667	106,011,977
Group			
Cumulative property development costs			
Balance as at 1 July 2022	3,075,323	82,046,710	85,122,033
Incurred during the financial year	0	54,417,348	54,417,348
Transfer to property, plant and equipment (Note 5)	0	(2,908,572)	(2,908,572)
Balance as at 30 June 2023	3,075,323	133,555,486	136,630,809
Cumulative costs recognised in the statement of profit or loss and other comprehensive income			
Balance as at 1 July 2022	(392,125)	(20,087,278)	(20,479,403)
Recognised during the financial year	(462,461)	(21,132,233)	(21,594,694)
Balance as at 30 June 2023	(854,586)	(41,219,511)	(42,074,097)
Property development costs as at 30 June 2023	2,220,737	92,335,975	94,556,712

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

11. INVENTORIES (continued)

(b) Property development costs (continued)

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Cost of property development not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

(c) Completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of cost associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable for developing the properties until completion.

(d) Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out formula. Cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress included the cost of raw materials, direct labour and other direct costs and an appropriate portion of production overheads based on normal operating capacity of the production facilities.

(e) As at the end of each reporting period, the following are the amounts recognised in cost of sales:

	Group	
	2024	2023
	RM	RM
Cost of inventories	150,120,286	154,866,574
Inventories written down	<u>1,085,244</u>	<u>531,225</u>

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Non-current				
Trade receivables				
Loan receivables	7,033,935	7,473,042	0	0
Current				
Trade receivables				
Third parties	61,469,661	52,232,179	0	0
Related parties	116,978	804,494	0	0
Loan receivables	382,894	836,811	0	0
Retention sums	1,600,690	2,579,458	0	0
	63,570,223	56,452,942	0	0
Less: Impairment losses				
- third parties	(2,432,368)	(1,020,770)	0	0
	61,137,855	55,432,172	0	0
Other receivables				
Third parties	9,137,662	1,586,448	0	0
Amounts owing by subsidiaries	0	0	48,256,435	56,438,388
Deposits	3,994,396	7,875,274	56,925	56,927
	13,132,058	9,461,722	48,313,360	56,495,315
Less: Impairment losses				
- amount owing by subsidiaries	0	0	(2,271,156)	(2,271,156)
	13,132,058	9,461,722	46,042,204	54,224,159
Current trade and other receivables (excluding prepayments)	74,269,913	64,893,894	46,042,204	54,224,159
Prepayments	11,479,101	6,893,372	33,840	7,898
	85,749,014	71,787,266	46,076,044	54,232,057
Total trade and other receivables	92,782,949	79,260,308	46,076,044	54,232,057

- (a) Total trade and other receivables (excluding prepayments) are classified as financial assets measured at amortised cost.
- (b) Trade receivables (excluding loan receivables) are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 120 days (2023: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Non-trade portion of amounts owing by subsidiaries are unsecured, interest-free and payable within the next twelve (12) months or upon demand in cash and cash equivalents, except for certain amounts totalling RM31,997,500 (2023: RM53,748,000) which bear interest ranging from 5.47% to 5.72% (2023: 2.50% to 5.47%) per annum.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

12. TRADE AND OTHER RECEIVABLES (continued)

- (d) Loan receivables are property loans totalling RM7,416,829 (2023: RM8,309,853) granted to several customers and bearing interest ranging from 4.00% to 7.22% (2023: 4.00% to 7.22%) per annum. The loans are effectively secured against the development units sold to the customers and repayable over 2 to 30 years as follows:

	Group	
	2024	2023
	RM	RM
Within one (1) year	382,894	836,811
One (1) to five (5) years	1,520,762	1,643,525
After five (5) years	5,513,173	5,829,517
	<u>7,416,829</u>	<u>8,309,853</u>

- (e) The currency exposure profile of trade and other receivables, net of prepayments is as follows:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Ringgit Malaysia	52,348,479	49,620,000	46,042,204	54,224,159
United States Dollar	27,040,939	22,153,243	0	0
Singapore Dollar	588,591	310,912	0	0
Euro Dollar	623,233	206,243	0	0
Japanese Yen	702,606	76,538	0	0
	<u>81,303,848</u>	<u>72,366,936</u>	<u>46,042,204</u>	<u>54,224,159</u>

- (f) Recognition and measurement of impairment loss

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

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

The Group considers credit loss experience and observable data such as current conditions and forecast of future economic conditions by market segment of the Group to estimate the amount of expected credit loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (producer price index, gross domestic product, inflation rate and unemployment rate) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Credit impaired refers to individually determined receivables who have defaulted on payments and are in significant financial difficulties as at the end of the reporting period.

The Group considers trade receivables past due more than one hundred and eighty (180) days as deemed credit impaired and assess for their risk of loss individually.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

12. TRADE AND OTHER RECEIVABLES (continued)

- (g) Lifetime expected loss provision for trade receivables of the Group as at 30 June 2024 and 30 June 2023 are as follows:

	Gross carrying amount RM	Impairment loss RM	Net carrying amount RM
Group			
2024			
Current	49,937,811	(8,412)	49,929,399
Past due:			
1 to 30 days	8,144,743	(12,958)	8,131,785
31 to 60 days	5,459,392	(13,637)	5,445,755
61 to 90 days	1,370,461	(8,677)	1,361,784
More than 90 days	5,691,751	(2,388,684)	3,303,067
Total	<u>70,604,158</u>	<u>(2,432,368)</u>	<u>68,171,790</u>
2023			
Current	43,227,069	0	43,227,069
Past due:			
1 to 30 days	7,850,050	(9,047)	7,841,003
31 to 60 days	3,895,465	(3,802)	3,891,663
61 to 90 days	2,778,186	(86,151)	2,692,035
More than 90 days	6,175,214	(921,770)	5,253,444
Total	<u>63,925,984</u>	<u>(1,020,770)</u>	<u>62,905,214</u>

During the financial year, the Group did not renegotiate the terms of any trade receivables.

- (h) Movements in the impairment loss for trade receivables are as follows:

	Lifetime ECL - not credit - impaired RM	Lifetime ECL - credit - impaired RM	Total allowance RM
Group			
Balance as at 1 July 2023	99,000	921,770	1,020,770
Charge for the financial year	124,112	1,380,287	1,504,399
Reversal of impairment losses	(92,801)	0	(92,801)
Balance as at 30 June 2024	<u>130,311</u>	<u>2,302,057</u>	<u>2,432,368</u>
Balance as at 1 July 2022	99,000	918,696	1,017,696
Charge for the financial year	0	3,074	3,074
Balance as at 30 June 2023	<u>99,000</u>	<u>921,770</u>	<u>1,020,770</u>

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

12. TRADE AND OTHER RECEIVABLES (continued)

- (i) Movements in the impairment loss for other receivables are as follows:

	Lifetime ECL - credit - impaired RM
Company	
Balance as at 1 July 2023/30 June 2024	<u>2,271,156</u>
Balance as at 1 July 2022/30 June 2023	<u>2,271,156</u>

- (j) Impairment for other receivables and amounts owing by subsidiaries are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group and the Company defined significant increase in credit risk based on payment trends and operational performance of other receivables and subsidiaries.

The probability of non-payment by other receivables and amounts owing by subsidiaries is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve (12) month or lifetime expected credit loss for other receivables and amounts owing by subsidiaries. The Group and the Company has identified the producer price index, gross domestic product, inflation rate and unemployment rate in Malaysia as the key macroeconomic factors of the forward-looking information.

Carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

Credit impaired refers to individually determined receivables who have defaulted on payments and are in significant financial difficulties as at the end of the reporting period. The Group considers other receivables to be in default when there is no reasonable expectation of recovery.

- (k) Information on financial risk of trade and other receivables is disclosed in Note 33 to the financial statements.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

13. DEFERRED TAX

- (a) The deferred tax (assets) and liabilities are made up of the following:

	Group	
	2024	2023
	RM	RM
Balance as at 1 July 2023/2022	11,771,373	10,847,047
Recognised in profit or loss (Note 28)	(463,879)	924,326
Acquisition of subsidiary	1,063,743	0
Balance as at 30 June	<u>12,371,237</u>	<u>11,771,373</u>
Presented after appropriate offsetting:		
Deferred tax assets	0	0
Deferred tax liabilities	<u>12,371,237</u>	<u>11,771,373</u>
	<u>12,371,237</u>	<u>11,771,373</u>

- (b) The components and movement of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Intangible assets RM	Total RM
Balance as at 1 July 2023	7,406,542	4,769,431	12,175,973
Acquisition of subsidiary (Note 9(ii))	0	1,177,743	1,177,743
Recognised in profit or loss	(836,082)	(79,497)	(915,579)
	<u>6,570,460</u>	<u>5,867,677</u>	<u>12,438,137</u>
Set off	(66,900)	0	(66,900)
Balance as at 30 June 2024	<u>6,503,560</u>	<u>5,867,677</u>	<u>12,371,237</u>
Balance as at 1 July 2022	6,338,634	4,816,213	11,154,847
Recognised in profit or loss	1,067,908	(46,782)	1,021,126
	<u>7,406,542</u>	<u>4,769,431</u>	<u>12,175,973</u>
Set off	(404,600)	0	(404,600)
Balance as at 30 June 2023	<u>7,001,942</u>	<u>4,769,431</u>	<u>11,771,373</u>

Deferred tax assets of the Group

	Unabsorbed capital allowances RM	Other temporary differences RM	Total RM
Balance as at 1 July 2023	(226,900)	(177,700)	(404,600)
Acquisition of subsidiary (Note 9(ii))	(114,000)	0	(114,000)
Recognised in profit or loss	340,900	110,800	451,700
	<u>0</u>	<u>(66,900)</u>	<u>(66,900)</u>
Set off	0	66,900	66,900
Balance as at 30 June 2024	<u>0</u>	<u>0</u>	<u>0</u>
Balance as at 1 July 2022	(142,000)	(165,800)	(307,800)
Recognised in profit or loss	(84,900)	(11,900)	(96,800)
	<u>(226,900)</u>	<u>(177,700)</u>	<u>(404,600)</u>
Set off	226,900	177,700	404,600
Balance as at 30 June 2023	<u>0</u>	<u>0</u>	<u>0</u>

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

13. DEFERRED TAX (continued)

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of the financial position are as follows:

	Group	
	2024	2023
	RM	RM
Unabsorbed capital allowances	6,944,999	3,534,623
Unused tax losses		
- Expired by 30 June 2028	18,766,062	20,572,736
- Expired by 30 June 2029	730,739	623,571
- Expired by 30 June 2030	1,831,673	2,040,881
- Expired by 30 June 2031	2,167,118	2,178,419
- Expired by 30 June 2032	4,763,348	4,768,639
- Expired by 30 June 2033	10,857,928	11,044,636
- Expired by 30 June 2034	12,670,311	0
	<u>58,732,178</u>	<u>44,763,505</u>

Deferred tax assets of certain subsidiaries had not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences can be utilised.

The amount and availability of these items to be carried forward up to the period as disclosed above are subject to the agreement of the local tax authority. Unutilised tax losses of the companies incorporated in Malaysia can be carried forward up to ten (10) consecutive years of assessment immediately following the year of assessment under the tax legislation of Inland Revenue Board.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

14. DERIVATIVES

Group	Fair value through profit or loss	
	Financial assets RM	Financial liabilities RM
2024		
Forward currency contract	28,490	(4,200)
Call Option	557,800	0
	<u>586,290</u>	<u>(4,200)</u>
2023		
Forward currency contract	<u>5,100</u>	<u>(97,404)</u>

(a) Forward currency contract

- (i) The Group uses forward currency derivatives to manage some of the foreign transaction exposure. These derivatives are not designated as cash flow or fair value hedges and are entered into for period consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.
- (ii) Fair value of a forward foreign currency contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.
- (iii) The Group had contracts with financial institutions due within one (1) year to deal with the following currencies at contractual forward rates:

	2024		2023	
	To buy	To sell	To buy	To sell
Contract I	<u>RM8,860,531</u>	<u>USD 1,885,250</u>	<u>RM11,046,365</u>	<u>USD 2,426,317</u>

(b) Call option

- (i) Following the acquisition of 70% equity interest in Medicwave by a subsidiary, AHGSB during the financial year, AHGSB entered into a Put and Call Option Agreement dated 4 March 2024 with the Vendors whereby the Vendors agreed to grant a call option to AHGSB and AHGSB agreed to grant a put option to the Vendors, for the remaining 30% equity interest held by the Vendors in Medicwave.
- (ii) In accordance with the Put and Call Option Agreement, AHGSB was granted a call option from 4 March 2024 to 30 November 2026 which AHGSB shall have the right to require the Vendors to sell all, but not less than all, of the Vendors' shares in Medicwave for a purchase price calculated in accordance with the terms and conditions of the Put and Call Option Agreement ("call price").
- (iii) The fair values of the call option has been derived using the Binomial option pricing model, which require significant judgements and assumptions made by the management.
- (iv) The fair value of call option is the difference between the strike price and the underlying price. The key assumptions in estimating the fair value include expected underlying share price of Medicwave, expected exercise call price, risk-free interest rate, expected dividend yield and expected volatility.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

14. DERIVATIVES (continued)

(b) Call option (continued)

- (v) The following table shows the valuation techniques and significant unobservable inputs used in determining the fair value measurement of call option as well as the inter-relationship between key unobservable inputs and fair value:

Valuation technique used	Significant unobservable inputs	Inter-relationship between key observable inputs and fair value
Binomial option pricing model	Risk-free interest rate and expected volatility	The higher the risk-free interest rate and expected volatility, the higher the fair value

(c) The fair value adjustments on derivative financial instruments are as follows:

	Group	
	2024	2023
	RM	RM
Gain on derivative financial instruments	(116,594)	(814,400)

- (d) Foreign currency contracts is categorised as Level 1 in the fair value hierarchy while the call option is categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in the fair value hierarchy during the financial year.

15. SHORT TERM FUNDS

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Financial assets at fair value through profit or loss				
Fixed income trust funds in Malaysia (Note 16)	22,543,223	22,012,659	627,138	606,028

All short term funds are denominated in RM.

- (a) Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.
- (b) Short term funds of the Group and of the Company are investments in money market fund on highly liquid investments, which are readily convertible to a known amounts of cash and be subject to an insignificant risk of changes in value.
- (c) Short term funds of the Group and the Company are stated at Level 1 fair value. There is no transfer between levels in the hierarchy during the financial year.
- (d) Information on financial risk of short term funds is disclosed in Note 33 to the financial statements.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

16. CASH AND BANK BALANCES

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Cash and bank balances	31,763,946	21,731,138	324,009	1,289,812
Deposits with licensed banks	3,635,612	3,838,783	0	0
	<u>35,399,558</u>	<u>25,569,921</u>	<u>324,009</u>	<u>1,289,812</u>

- (a) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Ringgit Malaysia	31,735,008	23,832,545	324,009	1,289,812
United States Dollar	3,106,573	1,658,501	0	0
Japanese Yen	551,091	74,731	0	0
Others	6,886	4,144	0	0
	<u>35,399,558</u>	<u>25,569,921</u>	<u>324,009</u>	<u>1,289,812</u>

- (b) Included in the cash and bank balances of the Group is an amount of RM1,939,482 (2023: RM389,139) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2015.
- (c) The interest rate of deposits with licensed banks of the Group are 2.15% to 2.80% (2023: 1.70% to 2.75%) per annum.
- (d) Included in the deposits with licensed banks is an amount of RM3,177,817 (2023: RM3,688,783) pledged as securities for bank guarantees granted to the Group as disclosed in Note 19 to the financial statements.
- (e) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Short term funds placed with financial institutions (Note 15)	22,543,223	22,012,659	627,138	606,028
Cash and bank balances	31,763,946	21,731,138	324,009	1,289,812
Deposits with licensed banks	3,635,612	3,838,783	0	0
	<u>57,942,781</u>	<u>47,582,580</u>	<u>951,147</u>	<u>1,895,840</u>
Less:				
Deposits pledged with licensed banks	(3,177,817)	(3,688,783)	0	0
Deposit with a licensed bank (with maturity period more than three (3) months)	(307,795)	0	0	0
Bank overdrafts (Note 19)	<u>(3,035,254)</u>	<u>(9,956,659)</u>	<u>(3,035,254)</u>	<u>(9,956,659)</u>
	<u>51,421,915</u>	<u>33,937,138</u>	<u>(2,084,107)</u>	<u>(8,060,819)</u>

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

16. CASH AND BANK BALANCES (continued)

- (f) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.
- (g) Information on financial risk of cash and bank balances is disclosed in Note 33 to the financial statements.

17. SHARE CAPITAL

	2024		2023	
	Number of shares	RM	Number of shares	RM
Group and Company				
Issued and fully paid with no par value				
Balance as at 30 June	326,180,803	210,917,984	326,180,803	210,917,984

- (a) Owners of the parent (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.
- (b) Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the extraordinary general meeting held on 3 July 2002, approved for the Company to repurchase its own shares. The details of the shares purchased from the open market using internally generated funds and held as treasury shares during the financial year are as follows:

	2024		2023	
	Number of shares	RM	Number of shares	RM
Group and Company				
Balance as at 30 June	6,000,000	9,522,642	6,000,000	9,522,642

- (i) When the Company repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statements of financial position.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sale consideration and the carrying amount is shown as a movement in equity.

- (ii) As at 30 June 2024, the number of ordinary shares net of treasury shares is 320,180,803 (2023: 320,180,803).
- (iii) None of the treasury shares held were resold or cancelled during the financial year. Treasury shares have no rights to voting, dividends or participation in other distribution.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

18. PUT OPTION RESERVE

The put option reserve arose as a result from the Call and Put Option Agreement for the acquisition of the remaining 30% equity interest in Medicwave by a subsidiary of the Group.

19. BORROWINGS

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
<u>Non-current liability</u>				
Secured				
Term loans	31,410,098	37,838,063	2,532,385	3,580,177
<u>Current liabilities</u>				
Unsecured				
Financial guarantee contracts	0	0	829,250	0
Secured				
Revolving credits	68,160,020	41,213,770	13,000,000	8,802,794
Bank overdrafts (Note 16)	3,035,254	9,956,659	3,035,254	9,956,659
Banker acceptance	6,683,257	0	0	0
Term loans	6,650,455	6,775,195	1,033,002	978,871
	<u>84,528,986</u>	<u>57,945,624</u>	<u>17,897,506</u>	<u>19,738,324</u>
<u>Total borrowings</u>				
Financial guarantee contracts	0	0	829,250	0
Revolving credits	68,160,020	41,213,770	13,000,000	8,802,794
Bank overdrafts (Note 16)	3,035,254	9,956,659	3,035,254	9,956,659
Banker acceptance	6,683,257	0	0	0
Term loans	38,060,553	44,613,258	3,565,387	4,559,048
	<u>115,939,084</u>	<u>95,783,687</u>	<u>20,429,891</u>	<u>23,318,501</u>

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) The currency exposure profile of borrowings are as follows:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Ringgit Malaysia	93,912,810	86,872,712	20,429,891	23,318,501
United States Dollar	22,026,274	8,910,975	0	0
	<u>115,939,084</u>	<u>95,783,687</u>	<u>20,429,891</u>	<u>23,318,501</u>

(c) Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the term of a debt instrument.

Financial guarantee contracts are recognised as financial liabilities at the time the guarantees are issued. The liability is initially measured at fair value and subsequently at the higher of the expected credit loss model under MFRS 9 and the amount initially recognised less cumulative amortisation, where appropriate.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

19. BORROWINGS (continued)

(c) Financial guarantee contracts (continued)

Financial guarantee contracts are subject to forward looking expected credit loss model based on the general approach within MFRS 9 as disclosed in Note 12(f) to the financial statements.

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

The nominal amounts of financial guarantee provided are as follows:

	Company	2023
	2024	RM
	RM	RM
Banking facilities granted to subsidiaries	191,672,840	119,489,640

The movements of the financial guarantee contracts during the financial year are as follows:

	Company
	2024
	RM
At beginning of financial year	0
Effects of modified retrospective application of MFRS 9 (Note 36.1(a))	281,277
As restated	281,277
Fair value loss on financial guarantee contracts	547,973
At end of financial year	829,250

(d) The borrowings of the Group and the Company are secured over by:

(i) a legal charged over property, plant and equipment, investment properties, inventories and cash and bank balances as disclosed in Note 5, Note 6, Note 11 and Note 16 to the financial statements; and

(ii) a corporate guarantee by the Company.

(e) The carrying amounts of the current position of borrowings are reasonable approximation of the fair value due to insignificant impact of discounting.

The carrying amounts of the non-current position of borrowings are reasonable approximation of the fair values as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Fair value of the borrowings of the Group and of the Company are categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(f) According to the terms of agreement, the secured revolving credit amounted to RM15,000,000 contains debt covenants that at the end of each reporting period, a subsidiary of the Group shall maintain a gearing ratio of not more than 1.50 and no change in the shareholding of a subsidiary of the Group without prior consent of the bank. As at 30 June 2024, the gearing ratio of a subsidiary of the Group was 1.71 and there was change in the shareholding of a subsidiary of the Group without prior consent of the bank.

Subsequently in September 2024, a subsidiary of the Group obtained indulgence letter for the breach of covenants for the financial year ended.

(g) Information on financial risk of borrowings are disclosed in Note 33 to the financial statements.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

20. LEASE LIABILITIES

Group

Lease liabilities

Carrying amount

	Balance as at 1.7.2023 RM	Additions RM	Lease payments RM	Lease termination RM	Interest expense RM	Balance as at 30.6.2024 RM
Buildings	5,336,359	6,277,662	(2,365,443)	(185,726)	102,774	9,165,626
Motor vehicle	191,606	0	(51,132)	0	7,315	147,789
	<u>5,527,965</u>	<u>6,277,662</u>	<u>(2,416,575)</u>	<u>(185,726)</u>	<u>110,089</u>	<u>9,313,415</u>

	Balance as at 1.7.2022 RM	Additions RM	Lease payments RM	Lease modification RM	Lease termination RM	Interest expense RM	Transfer from contract liabilities (Note 23) RM	Balance as at 30.6.2023 RM
Buildings	3,072,364	875,504	(1,088,874)	65,373	(1,942,979)	114,350	4,240,621	5,336,359
Motor vehicles	117,126	230,000	(167,544)	0	0	12,024	0	191,606
	<u>3,189,490</u>	<u>1,105,504</u>	<u>(1,256,418)</u>	<u>65,373</u>	<u>(1,942,979)</u>	<u>126,374</u>	<u>4,240,621</u>	<u>5,527,965</u>

Carrying amount

	Balance as at 1.7.2022 RM	Additions RM	Lease payments RM	Lease modification RM	Lease termination RM	Interest expense RM	Transfer from contract liabilities (Note 23) RM	Balance as at 30.6.2023 RM
Buildings	3,072,364	875,504	(1,088,874)	65,373	(1,942,979)	114,350	4,240,621	5,336,359
Motor vehicles	117,126	230,000	(167,544)	0	0	12,024	0	191,606
	<u>3,189,490</u>	<u>1,105,504</u>	<u>(1,256,418)</u>	<u>65,373</u>	<u>(1,942,979)</u>	<u>126,374</u>	<u>4,240,621</u>	<u>5,527,965</u>

Represented by:

Current liabilities
Non-current liabilities

	2024 RM	2023 RM
Current liabilities	5,181,414	1,945,143
Non-current liabilities	4,132,001	3,582,822
	<u>9,313,415</u>	<u>5,527,965</u>
Lease liabilities owing to non-financial institutions	<u>9,313,415</u>	<u>5,527,965</u>

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

20. LEASE LIABILITIES (continued)

Group (continued)

Lease liabilities (continued)

Company

	Balance as at 1.7.2023 RM	Lease payments RM	Interest expense RM	Balance as at 30.6.2024 RM
Carrying amount				
Building	406,408	(149,490)	16,432	273,350
	Balance as at 1.7.2022 RM	Additions RM	Lease payments RM	Interest expense RM
Carrying amount				
Building	0	417,214	(12,457)	1,651
			2024 RM	2023 RM
Current liabilities			139,517	133,058
Non-current liabilities			133,833	273,350
			273,350	406,408
Lease liabilities owing to non-financial institutions			273,350	406,408

Information on financial risks of lease liabilities is disclosed in Note 33 to the financial statements.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

21. GOVERNMENT GRANTS

	Group	
	2024	2023
	RM	RM
Balance as at 1 July 2023/2022	327,963	495,523
Amortisation	(156,213)	(167,560)
Balance as at 30 June	<u>171,750</u>	<u>327,963</u>
Current	31,708	156,213
Non-current	<u>140,042</u>	<u>171,750</u>
	<u>171,750</u>	<u>327,963</u>

- (a) Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to the grants and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related cost for which the grants are intended to compensate.

- (b) Grants related to assets are presented in the statements of financial position as deferred income which is amortised on a straight-line basis over the estimated useful lives of the assets.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
<u>Non-current</u>				
Other payable				
Third party	<u>6,072,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Current</u>				
Trade payables				
Third parties	26,108,154	24,281,475	0	0
Amount owing to related parties	1,212,593	630,719	0	0
	<u>27,320,747</u>	<u>24,912,194</u>	<u>0</u>	<u>0</u>
Other payables				
Third parties	7,938,629	4,674,275	99,720	158
Amounts owing to subsidiaries	0	0	95,000	15,200,000
Contingent consideration	4,885,331	8,459,094	0	8,459,094
Accruals	14,416,517	11,588,984	281,122	209,958
Deposits received	4,363,080	4,111,808	0	0
	<u>31,603,557</u>	<u>28,834,161</u>	<u>475,842</u>	<u>23,869,210</u>
	<u>58,924,304</u>	<u>53,746,355</u>	<u>475,842</u>	<u>23,869,210</u>
Total trade and other payables	<u>64,996,304</u>	<u>53,746,355</u>	<u>475,842</u>	<u>23,869,210</u>

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.

- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group is 30 to 90 days (2023: 30 to 90 days). Included in trade payables of the Group is retention sum on contracts amounting to RM3,342,357 (2023: RM5,544,426).

CORPORATE GOVERNANCE AND FINANCIAL REPORT

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

22. TRADE AND OTHER PAYABLES (continued)

- (c) Non-trade portion of amounts owing to subsidiaries represents advances which are unsecured, interest-free and payable within next twelve (12) months or upon demand in cash and cash equivalents.
- (d) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Ringgit Malaysia	58,999,422	51,015,359	475,842	23,869,210
United States Dollar	5,612,109	1,749,906	0	0
Chinese Yuan	0	761,407	0	0
Singapore Dollars	361,175	212,813	0	0
Others	23,598	6,870	0	0
	<u>64,996,304</u>	<u>53,746,355</u>	<u>475,842</u>	<u>23,869,210</u>

- (e) Contingent consideration

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Balance as at 1 July	8,459,094	15,640,237	8,459,094	15,640,237
Acquisition of subsidiary (Note 9(i))	4,933,783	0	0	0
Consideration paid	(9,575,694)	(9,575,694)	(9,575,694)	(9,575,694)
Fair value loss	1,068,148	2,394,551	1,116,600	2,394,551
Balance as at 30 June	<u>4,885,331</u>	<u>8,459,094</u>	<u>0</u>	<u>8,459,094</u>

- (f) Information on financial risk of trade and other payables is disclosed in Note 33 to the financial statements.

23. CONTRACT LIABILITIES

	Group	
	2024	2023
	RM	RM
Contract liabilities		
Balance as at 1 July 2023/2022	848,540	4,811,961
Revenue recognised during the year	(21,131,133)	(34,792,510)
Transfer to lease liabilities (Note 20)	0	(4,240,621)
Progress billing during the year	22,440,255	35,069,710
Balance as at 30 June	<u>2,157,662</u>	<u>848,540</u>

Represented by:

Contract liabilities

Property development contracts	<u>2,157,662</u>	<u>848,540</u>
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- (a) Property development contracts

Property development contracts represent the timing differences in revenue recognition and the milestone billings. The milestone billings reflect physical completion of the contracts.

Contract liabilities are recognised in the statements of financial position as excess of progress billings to purchasers over the cumulative revenue recognised.

Contract liabilities are recognised as revenue when performance obligations are satisfied.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

23. CONTRACT LIABILITIES

- (b) Contract liabilities from property development contracts

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	2024 RM	2025 RM	2026 RM	2027 RM	Total RM
30 June 2024	0	3,024,429	31,990,848	10,488,803	45,504,080
30 June 2023	<u>2,104,578</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,104,578</u>

24. PUT OPTION LIABILITY

- (a) The put option liability arose as a result from the Call and Put Option Agreement for the acquisition of the remaining 30% equity interest in Medicwave by a subsidiary of the Group.
- (b) The put option liability is recognised at the present value of the amount payable upon exercise of the non-controlling interest ("NCI") put. Changes in the carrying amount of the put option liability, including the accretion of interest shall be recognised within equity in the period in which it arises.

If the NCI put is exercised, the Group accounts for an increase in its ownership interest as an equity transaction. Consequently, the financial liability, as remeasured immediately before the transaction, is extinguished by payment of the exercise price and the NCI purchase is derecognised against equity attributable to owners of the parent.

If the NCI put expires unexercised, the financial liability is reclassified to the same component of equity that was previously reduced on initial recognition.

- (c) Information on financial risk of put option liability is disclosed in Note 33 to the financial statements.

CORPORATE GOVERNANCE AND FINANCIAL REPORT

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

25. REVENUE

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Revenue from contracts with customers:					
Recognised at a point in time:					
Sales of goods	(a)	269,673,651	262,492,077	0	0
Services rendered	(a)	31,527,933	14,037,702	0	0
Sales of completed development units	(b)	5,880,000	0	0	0
Recognised over time:					
Property development	(c)	21,131,133	34,792,510	0	0
		328,212,717	311,322,289	0	0
Other revenue:					
Dividend income	(d)	0	0	21,617,421	50,617,778
Interest income from financing	(e)	452,744	387,344	0	0
Operating lease income	(f)	1,834,874	1,983,880	0	0
		330,500,335	313,693,513	21,617,421	50,617,778

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical market.

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Malaysia	279,098,448	248,525,484	0	0
Singapore	8,274,378	26,765,381	0	0
United States of America	23,722,776	20,672,467	0	0
Others	17,117,115	15,358,957	0	0
	328,212,717	311,322,289	0	0

(a) Sale of goods and services rendered

Revenue from the sale of goods and services rendered is recognised at a point in time when the Group satisfies a performance obligation by transferring a promised goods or the services have been rendered to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by customers.

There is no significant financing component in the revenue arising from sale of goods and services rendered as the sales are made on the normal credit terms not exceeding twelve (12) months.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

25. REVENUE (continued)

(b) Sale of completed development units

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it would be entitled to in exchange for the assets sold.

There is no significant financing component in the revenue arising from sale of completed properties as the sales are made on the normal credit terms not exceeding twelve months.

(c) Revenue from property development

Contracts with customers include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue from property development is measured at the fixed transaction price agreed under the agreement.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract using the input method by reference to the cost incurred relative to the total expected cost for satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Significant judgement is required in determining performance obligations, transaction price allocation and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which is judgmental in the context of contract. Transaction prices were determined based on estimated margins prior to its allocation to the identified performance obligation. The Group also estimated total contract costs in applying the input method to recognise revenue over time.

There is no significant financing component in the revenue arising from property development as the contracts are made on the normal credit terms not exceeding twelve months.

(d) Dividend income is recognised when the right to receive payment is established.

(e) Interest income is recognised using the effective interest method.

(f) Operating lease income is accounted for on a straight-line basis over the lease term of an on-going lease.

CORPORATE GOVERNANCE AND FINANCIAL REPORT

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

26. DIRECTORS' REMUNERATION

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Directors of the Company				
Directors' fee	65,066	30,000	65,066	30,000
Salaries and other emoluments	1,171,437	877,936	535,259	522,732
Defined contribution plan	61,239	34,691	20,135	20,617
	1,297,742	942,627	620,460	573,349
Directors of the subsidiaries				
Directors' fee	70,000	0	0	0
Salaries and other emoluments	2,096,586	1,798,934	0	0
Defined contribution plan	283,885	231,362	0	0
	2,450,471	2,030,296	0	0
Total Directors' remuneration	3,748,213	2,972,923	620,460	573,349

27. EMPLOYEE BENEFITS

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Wages, salaries, bonuses	64,039,651	47,571,269	684,922	713,511
Directors' fee	135,066	30,000	65,066	30,000
Contributions to defined contribution plan	5,932,568	4,729,556	41,019	44,873
Social security contributions	755,550	644,940	3,360	3,643
Other benefits	3,761,473	2,321,210	38,376	16,076
	74,624,308	55,296,975	832,743	808,103

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM3,727,355 and RM620,460 (2023: RM2,972,923 and RM573,349) respectively.

28. TAXATION

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Current taxation based on profit/(loss) for the financial year	11,654,618	13,027,851	312,000	320,000
Overprovision of tax in prior years	(1,685,272)	(1,516,880)	(16,300)	(478,696)
	9,969,346	11,510,971	295,700	(158,696)
Deferred tax:				
- relating to origination and reversal of temporary differences	(291,479)	393,753	0	0
- (over)/underprovision in prior years	(172,400)	530,573	0	0
	9,505,467	12,435,297	295,700	(158,696)

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

28. TAXATION (continued)

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2023: 24%) of the estimated taxable profits for the fiscal year.
- (b) The numerical reconciliation between the taxation and the product of accounting profit/(loss) multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Profit/(loss) before tax	21,104,993	38,025,250	(24,731,046)	44,237,142
Tax at the applicable tax rate of 24% (2023: 24%)	5,065,200	9,126,100	(5,935,500)	10,616,900
Tax effects in respect of:				
Non-allowable expenses	3,703,569	3,913,296	11,569,147	1,900,100
Non-taxable income	(637,012)	(1,233,414)	(5,321,647)	(12,197,000)
Tax incentive	(76,100)	0	0	0
Tax exempt income under pioneer status	0	(1,091,478)	0	0
Different tax rate for the first RM600,000 of chargeable income	(45,000)	0	0	0
Deferred tax assets not recognised during the financial year	3,635,554	2,897,900	0	0
Utilisation of previously unrecognised capital allowances	(283,072)	(190,800)	0	0
Overprovision of tax in prior years	(1,685,272)	(1,516,880)	(16,300)	(478,696)
(Over)/Underprovision of deferred tax in prior years	(172,400)	530,573	0	0
Taxation for the financial year	9,505,467	12,435,297	295,700	(158,696)

- (c) The Group has been granted pioneer status for test head manipulator and docking system and related components which exempt 100% of its statutory income derived from those activities for a period of 5 years beginning on 6 September 2016 and expired on 5 September 2021 and subsequently extended to 5 September 2026.

29. EARNINGS PER ORDINARY SHARE

- (a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2024	2023
	RM	RM
Profit attributable to owners of the parent	14,195,459	26,507,794

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

29. EARNINGS PER ORDINARY SHARE (continued)

(a) Basic (continued)

	Group	
	2024	2023
	Unit	Unit
Weighted average number of ordinary shares in issue	320,180,803	320,180,803
Basic earnings per ordinary share (sen)	<u>4.43</u>	<u>8.28</u>

(b) Diluted

Diluted earnings per share equals basic earnings per share because there are no potentially dilutive instruments in existence as at the end of each reporting period.

30. DIVIDENDS

	Group and Company			
	2024		2023	
	Dividend	Amount of	Dividend	Amount of
	per share	dividend	per share	dividend
	Sen	RM	Sen	RM
Dividends paid/declared:				
In respect of financial year ended				
30 June 2023:				
Single tier first and final dividend	<u>2.0</u>	<u>6,403,616</u>	<u>3.0</u>	<u>9,605,424</u>

31. CAPITAL COMMITMENT

	Group	
	2024	2023
	RM	RM
Capital expenditure in respect of purchase of property, plant and equipment:		
- Contracted but not provided for	<u>3,695,808</u>	<u>673,899</u>

32. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

32. RELATED PARTY DISCLOSURES (continued)

(a) Identities of related parties (continued)

The Company has controlling related party relationship with its direct and indirect subsidiaries. Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 9 to the financial statements;
 - (ii) Key management personnel, which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly;
 - (iii) Companies in which certain Directors, or a family members of the Director have substantial financial interests; and
 - (iv) Immediate family member of Directors of the Company and its subsidiaries.
- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Related parties:				
Sales of goods	183,247	272,333	0	0
Purchase of goods	2,596,537	2,087,146	0	0
Rental expenses	321,198	328,588	149,490	149,490
Subsidiaries:				
Management fee charged	0	0	1,868,760	1,233,540
Dividend received	0	0	21,617,421	50,617,778
Interest received	0	0	2,342,670	1,683,150
Redemption of preference shares	0	0	16,900,000	0
Subscription of preference shares	0	0	10,000,000	48,645,000

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and the Company.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The remuneration of Directors and other key management personnel during the financial year were as follows:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Short term employee benefits	3,403,089	2,706,870	600,325	552,732
Contributions to defined contribution plan	345,124	266,053	20,135	20,617
	<u>3,748,213</u>	<u>2,972,923</u>	<u>620,460</u>	<u>573,349</u>

Included in the compensation of key management personnel are Directors' remuneration of the Group and of the Company as disclosed in Note 26 to the financial statements.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

33. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2024 and 30 June 2023.

The Group monitors capital utilisation on the basis of net debt-to-equity ratio, which is net debt divided by total capital. The Group includes within net debt, borrowings and lease liabilities less short-term funds and cash and bank balances. Capital represents equity attributable to the owners of the Group. The net debt-to-equity ratio as at 30 June 2024 and 30 June 2023 are as follows:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Borrowings (Note 19)	115,939,084	95,783,687	20,429,891	23,318,501
Lease liabilities (Note 20)	9,313,415	5,527,965	273,350	406,408
Less:				
Short term funds (Note 15)	(22,543,223)	(22,012,659)	(627,138)	(606,028)
Cash and bank balances (Note 16)	(35,399,558)	(25,569,921)	(324,009)	(1,289,812)
Net debt	<u>67,309,718</u>	<u>53,729,072</u>	<u>19,752,094</u>	<u>21,829,069</u>
Total equity	<u>396,728,208</u>	<u>394,036,069</u>	<u>274,353,195</u>	<u>306,064,834</u>
Capital gearing ratio	<u>17%</u>	<u>14%</u>	<u>7%</u>	<u>7%</u>

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity more than the twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 30 June 2024.

The Group and the Company is not subject to any other externally imposed capital requirements.

(b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors. Financial risk management is carried out through internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below:

(i) Credit risk

Cash deposits and receivables may give rise to credit risk, which requires the loss to be recognised if a counter party failed to perform as contracted. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit. The credit period granted by the Group ranged from one (1) month to four (4) months (2023: one (1) month to four (4) months). Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management.

Credit risk in the property development activity is negligible as sales are to purchasers who obtain financing from financial institutions. As such, majority of the credit risk has been effectively transferred to the financial institutions as provided for in the sales and purchase agreements. For those sales on cash basis, which only forms an insignificant portion of sales amount, credit risk is also negligible as titles will only be surrendered after full payments have been made. This is the normal industry practice currently.

In respect of the cash and bank balances placed with major financial institutions, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

The primary exposure of the Company is through the amount owing by subsidiaries.

Exposure to credit risk

At the end of the reporting period, the maximum exposures to credit risk of the Group and of the Company are represented by the carrying amounts of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of the reporting period are as follows:

	2024		2023	
	RM	% of total	RM	% of total
By countries				
Malaysia	53,573,013	79%	49,523,404	79%
China	4,059,034	6%	4,185,892	7%
United States of America	5,450,608	8%	3,303,920	5%
Singapore	2,195,905	3%	3,076,904	5%
United Kingdom	624,656	1%	1,220,247	2%
Others	2,268,574	3%	1,594,847	2%
	<u>68,171,790</u>	<u>100%</u>	<u>62,905,214</u>	<u>100%</u>

At the end of the reporting period, approximately:

- (a) There is no major customer with outstanding balance more than 10% of the total receivables of the Group for the year ended 30 June 2024 and 30 June 2023.
- (b) 1% (2023: 1%) of the receivables of the Group were due from several related parties whilst approximate 99% (2023: 99%) of the receivables of the Company were balances with its subsidiaries.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(ii) Liquidity and cash flow risk

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet their financial obligations when they fall due. The exposure of the Group and of the Company to liquidity risk arises principally from their various payables, borrowings and lease liabilities.

The Group and the Company actively manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing their liquidity risk management strategy, the Group and the Company measure and forecast their cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group and of the Company.

Owing to the nature of its businesses, the Group and the Company always maintain sufficient credit lines available to meet their liquidity requirements while ensuring an effective working capital management within the Group and the Company.

The table below summaries the maturity profile of the liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
2024				
Financial liabilities				
Trade and other payables	59,438,972	6,072,000	0	65,510,972
Lease liabilities	5,131,344	4,259,149	90,000	9,480,493
Put option liability	6,962,332	0	0	6,962,332
Borrowings	86,337,534	25,768,852	9,914,542	122,020,928
Total undiscounted financial liabilities	<u>157,870,182</u>	<u>36,100,001</u>	<u>10,004,542</u>	<u>203,974,725</u>
2023				
Financial liabilities				
Trade and other payables	54,862,955	0	0	54,862,955
Lease liabilities	2,184,836	3,864,883	0	6,049,719
Borrowings	59,708,299	28,794,980	14,322,705	102,825,984
Total undiscounted financial liabilities	<u>116,756,090</u>	<u>32,659,863</u>	<u>14,322,705</u>	<u>163,738,658</u>

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(ii) Liquidity and cash flow risk (continued)

Company	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
2024				
Financial liabilities				
Trade and other payables	475,842	0	0	475,842
Lease liabilities	149,490	137,033	0	286,523
Borrowings	17,345,950	2,679,470	0	20,025,420
Financial guarantees	191,672,840	0	0	191,672,840
Total undiscounted financial liabilities	<u>209,644,122</u>	<u>2,816,503</u>	<u>0</u>	<u>212,460,625</u>
2023				
Financial liabilities				
Trade and other payables	24,985,810	0	0	24,985,810
Lease liabilities	149,490	286,523	0	436,013
Borrowings	19,928,493	3,705,672	53,400	23,687,565
Financial guarantees	119,489,640	0	0	119,489,640
Total undiscounted financial liabilities	<u>164,553,433</u>	<u>3,992,195</u>	<u>53,400</u>	<u>168,599,028</u>

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The primary interest rate risk of the Group relates to interest-earning deposits and amounts owing by subsidiaries and interest-bearing borrowings.

As at the end of the reporting period, the Group and the Company do not engage any interest hedging instruments in respect of such interest rate fluctuations.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group and of the Company if interest rates at the end of each reporting period changed by ten (10) basis points with all other variables held constant:

	Group	
	2024 RM	2023 RM
Profit after tax		
Increase by 0.1% (2023: 0.1%)	(88,114)	(72,796)
Decrease by 0.1% (2023: 0.1%)	<u>88,114</u>	<u>72,796</u>

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(iii) Interest rate risk (continued)

Sensitivity analysis for interest rate risk (continued)

	Company	
	2024	2023
	RM	RM
Profit after tax		
Increase by 0.1% (2023: 0.1%)	9,422	23,126
Decrease by 0.1% (2023: 0.1%)	<u>(9,422)</u>	<u>(23,126)</u>

There is no interest rate risk exposure to the equity, hence the effect of change in the interest rate is not explained.

No sensitivity analysis for fixed rate instruments was presented as the change in market interest rate at the end of the reporting period would not affect profit or loss.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iii) Interest rate risk (continued)

The following table sets out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of each reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk:

Group	Note	WAEIR %	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to three (3) years RM	Three (3) to four (4) years RM	Four (4) to five (5) years RM	Over five (5) years RM	Total RM
2024									
Floating rates									
Revolving credits	19	5.41	68,160,020	0	0	0	0	0	68,160,020
Bank overdrafts	19	5.71	3,035,254	0	0	0	0	0	3,035,254
Banker acceptance	19	4.68	6,683,257	0	0	0	0	0	6,683,257
Term loans	19	4.24	6,650,455	6,741,451	6,362,717	5,147,905	3,825,512	9,332,513	38,060,553
2023									
Floating rates									
Revolving credits	19	5.06	41,213,770	0	0	0	0	0	41,213,770
Bank overdrafts	19	5.85	9,956,659	0	0	0	0	0	9,956,659
Term loans	19	4.26	6,775,195	6,637,944	6,728,390	6,364,179	4,980,776	13,126,774	44,613,258
2024									
Floating rates									
Amount owing by subsidiaries	12	5.72	(31,997,500)	0	0	0	0	0	(31,997,500)
Revolving credits	19	5.34	13,000,000	0	0	0	0	0	13,000,000
Bank overdrafts	19	5.71	3,035,254	0	0	0	0	0	3,035,254
Term loans	19	4.62	1,033,002	1,081,718	1,046,216	334,355	70,096	0	3,565,387
2023									
Floating rates									
Amount owing by subsidiaries	12	5.25	(53,748,000)	0	0	0	0	0	(53,748,000)
Revolving credits	19	5.18	8,802,794	0	0	0	0	0	8,802,794
Bank overdrafts	19	5.85	9,956,659	0	0	0	0	0	9,956,659
Term loans	19	4.62	978,871	1,025,064	1,073,438	1,038,215	334,079	109,381	4,559,048

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk

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

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. At the end of each reporting period, such foreign currency balances (in United States Dollar (USD), Japanese Yen (JPY) and others) amounted to RM3,664,550 (2023: RM1,737,376) for the Group.

The Group is also exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of entities with the Group.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the profit after tax of the Group to a reasonably possible change in the United States Dollar ('USD') exchange rates against the respective functional currencies of entities within the Group, with all other variables held constant:

	Group	
	2024	2023
	RM	RM
Profit after taxation		
USD/RM		
- strengthen 1% (2023: 1%)	19,069	99,947
- weaken 1% (2023: 1%)	(19,069)	(99,947)

There is no foreign currency risk exposure to the equity, hence the effect of change in the foreign currency is not explained.

Sensitivity analysis of other foreign currencies are not disclosed as they are not material to the Group.

34. MATERIAL LITIGATION

(a) Khor Khye Hing Constructions Sdn. Bhd. ('KKH') between LD Global Sdn. Bhd. ('LD Global')

The main contractor of Lavanya Langkawi Serviced Villa Project ("Project"), KKH has filed Statement of Case in the Arbitration against LD Global, a wholly-owned subsidiary of the Company for the dispute between KKH and LD Global emanated from a contract dated 7 July 2017 for the construction of the project.

KKH has claimed against LD Global for the alleged sum of RM2.3 million for the wrongful liquidated ascertained damages ("LAD") deduction, claim for additional variation orders and second moiety retention sum. LD Global has denied all the purported claims by KKH. LD Global has counterclaimed against KKH a sum of RM2.8 million which includes liquidated ascertained damages and costs of rectification of defects.

The cross-examination had not completed yet and will be continued in the next tranche of the arbitration hearing which is now fixed on 21 November 2024 to 22 November 2024, 2 December 2024 to 3 December 2024.

The Directors believe that they have good prospects of succeeding in the claim. However, since the arbitration hearing is at the preliminary stage, it is not possible to predict the final outcome with any degree of certainty.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

34. MATERIAL LITIGATION (continued)

- (b) Paradigm Metal Industries Sdn. Bhd. ('PMI') between Salutica Allied Solutions Sdn. Bhd. ('SAS')

On 11 August 2023, the supplier, SAS has filed Writ of Summons and Statement of Claim against PMI, a wholly-owned subsidiary of the Company. SAS is claiming against PMI for the sum of USD383,715 or equivalent to RM1.76 million for the supply of products (USD 323,883) and late payment interest (USD59,832).

PMI claimed that the delay in payment was due to operational related disputes that remain unresolved by SAS for which inclusive but not limited to wrongly built parts causing high rejection by end customer.

PMI had filed an application to stay the Penang High Court proceeding on the basis that under the contract between the parties, the dispute between the parties to be resolved by way of arbitration and not in court. The hearing of the arbitration is scheduled on 16 June 2025 to 20 June 2025.

The Directors believe that they have good prospects of succeeding in the claim. However, since the arbitration hearing is at the preliminary stage, it is not possible to predict the final outcome with any degree of certainty.

- (c) Bend Weld Sdn. Bhd. ('BWE') between FMC Technologies Limited ('FMC')

BWE has commenced proceedings in the High Court of England (Technology and Construction Court) against FMC. BWE is claimed for damages arising from wrongful termination by FMC of contracts together with the recovery of sums for unpaid invoices. BWE is claiming against FMC for the sum of USD1,726,417.33.

BWE has fully impaired the inventories and receivables relates to FMC. Therefore, the litigation is not expected to have a major impact on the operation of the Group.

However, FMC is defending the claim in full and has raised a counterclaim in the region of USD2,500,000.

The Directors believe that they have good prospects of succeeding in the claim. However, since the legal proceeding is at the preliminary stage, it is not possible to predict the final outcome with any degree of certainty.

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 23 February 2024, the subsidiary, AHGSB had acquired 50,001 ordinary shares in Medicwave, representing approximately 50% of equity interest in Medicwave for a purchase consideration of RM10,800,000 payable as follows:

- (i) Cash consideration of RM5,400,000 payable upon completion of the acquisition.
- (ii) Contingent consideration of RM5,400,000 payable upon meeting an earnings target.

On the same date, AHGSB had acquired additional 66,668 ordinary shares in Medicwave, representing additional 20% equity interest in Medicwave for a cash consideration of RM4,320,000. Upon completion of the acquisition on 4 March 2024, Medicwave became a 70% owned subsidiary of the Group and gave rise to goodwill totalling RM6,075,020.

- (b) On 9 April 2024, the Company has entered into a Share Swap Agreement with its subsidiary, AHGSB to dispose its equity interest in AHSB, GHSB, AASB and ARHSB, with an aggregate disposal consideration of RM15,806,375 which is to be satisfied by way of issuance of 143,694,320 new ordinary shares in AHGSB at an issue price of RM0.11 per share. Pursuant to that, the Company holds 143,694,600 ordinary shares representing 70% equity interest in AHGSB, and AHSB, GHSB, AASB and ARHSB became the wholly owned subsidiaries of AHGSB.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

36. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

36.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	
Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i>	See MFRS 112 paragraph 98M

Adoption of the above Standards and Amendments to the Standards did not have any material effect on the financial performance or position of the Group and of the Company other than the adoption of Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 - Comparative Information as described below:

- (a) MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 - Comparative Information*

MFRS 17 establishes the principles for recognition, measurement, presentation and disclosure of insurance contracts and supersedes MFRS 4 *Insurance Contracts*.

Amendments to MFRS 17 adds a new transition option to MFRS 17 (the 'classification overlay') to alleviate operational complexities and one-time accounting mismatches in comparative information between insurance contract liabilities and related financial assets on the initial application of MFRS 17. It allows presentation of comparative information about financial assets to be presented in a manner that is more consistent with MFRS 9 *Financial Instruments*.

The Group and the Company do not have any contracts that meet the definition of an insurance contract under MFRS 17, except for corporate guarantee provided to a subsidiary, which are financial guarantee contracts that the Company had previously explicitly asserted under MFRS 4. The Company made an irrevocable choice to apply MFRS 9 *Financial Instruments* on a contract-by-contract basis to these financial guarantee contracts as at the date of transition to MFRS 17.

In relation to this, the Company recognised financial guarantee contracts, recognising the difference in retained earnings. The impact on transition is summarised below:

		As at 30 June 2023 RM	Impact RM	As at 1 July 2023 RM
Company	Note			
Financial guarantee contracts	19(c)	0	281,277	281,277
Retained earnings		104,669,492	(281,277)	104,388,215

Deferred tax assets are not recognised as it is immaterial to the Company.

Notes to the Financial Statements (Cont'd)

For The Financial Year Ended 30 June 2024

36. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

36.2 New MFRSs and Amendments to MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
<i>Annual Improvements to MFRS Accounting Standards-Volume 11</i>	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company is in the process of assessing the impact of implementing these Standards and Amendments to the Standards, since the effects would only be observable for the future financial years.

37. STATUTORY DISCLOSURE

Pursuant to Section 249(4)(e) of Companies Act 2016, details of auditors' remuneration payable by the Group and the Company during the financial year were as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Statutory audit				
- BDO PLT	403,400	312,000	55,000	50,000

OTHER INFORMATION

Shareholding Statistic

As At 9 October 2024

Issued Share Capital	:	320,180,803 *
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	170	2.39	4,665	0.00
100 - 1,000	1,511	21.19	943,839	0.29
1,001 - 10,000	3,970	55.68	18,537,490	5.79
10,001 - 100,000	1,367	19.17	36,522,326	11.41
100,001 - 16,009,039 #	110	1.54	91,124,443	28.46
16,009,040 and above ##	2	0.03	173,048,040	54.05
TOTAL	7,130	100.00	320,180,803	100.00

SUBSTANTIAL SHAREHOLDERS' INTEREST

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Kobay Holdings Sdn. Bhd.	113,333,940	35.40	-	-
Norinv Kapital Sdn. Bhd.	59,714,100	18.65	-	-
Dato' Seri Koay Hean Eng	-	-	113,333,940^	35.40
Koay Zee Ee	-	-	113,333,940^	35.40

DIRECTORS' INTEREST

Name of Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Dato' Seri Koay Hean Eng	-	-	113,333,940^	35.40
Koay Cheng Lye	-	-	14,783,507@	4.62
Puan Sharifah Faridah Binti Dato' Syed Mahadzhar Jamalullil	-	-	-	-
Koay Wooi Seong	-	-	12,281,694+	3.84
Koay Zee Ee	-	-	113,333,940^	35.40
Lee Kooi Hoon	-	-	-	-

Notes:-

* The issued shares as per Record of Depositors as at 9 October 2024 excluding 6,000,000 shares held as treasury shares

Less than 5% of issued shares

5% and above of issued shares

^ Deemed interest by virtue of shares held by Kobay Holdings Sdn. Bhd. in which the director has interest

@ Deemed interest by virtue of shares held Inna Capital Sdn. Bhd. in which the director has interest

+ Deemed interest by virtue of shares held by Premiergrow Capital Sdn. Bhd. in which the director has interest

By virtue of their interests in shares in Kobay Holdings Sdn. Bhd., Dato' Seri Koay Hean Eng and Koay Zee Ee are deemed to have interests in shares in Kobay and all the subsidiaries to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

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

Shareholding Statistic (Cont'd)

As At 9 October 2024

THIRTY (30) LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares Held	% Shareholding
1.	Kobay Holdings Sdn. Bhd.	113,333,940	35.40
2.	Norinv Kapital Sdn. Bhd.	40,050,900	12.51
3.	Norinv Kapital Sdn. Bhd.	19,663,200	6.14
4.	Premiergrow Capital Sdn. Bhd.	12,281,694	3.84
5.	Inna Capital Sdn.Bhd.	8,383,507	2.62
6.	Ch'ng Chuon Ghee	6,401,400	2.00
7.	Inna Capital Sdn. Bhd.	6,400,000	2.00
8.	Citigroup Nominees (Tempatan) Sdn. Bhd. Urusharta Jamaah Sdn. Bhd. (2)	5,350,000	1.67
9.	Xiang TingTing	4,438,100	1.39
10.	Tan Chen Ghee	4,188,244	1.31
11.	Citigroup Nominees (Tempatan) Sdn. Bhd. Lembaga Tabung Haji (Aiiman)	3,788,700	1.18
12.	Citigroup Nominees (Tempatan) Sdn. Bhd. Lembaga Tabung Haji (UOB)	2,542,200	0.79
13.	Lok Geng Choon	2,473,900	0.77
14.	Lai Shwu Yan	2,401,650	0.75
15.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	2,192,400	0.68
16.	Ch'ng Chuon Ghee	1,659,000	0.52
17.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (Aberislamic)	1,553,500	0.49
18.	HSBC Nominees (Asing) Sdn. Bhd. J.P. Morgan Securities Plc	1,454,200	0.45
19.	Ang Ying Ying	1,186,800	0.37
20.	Tan Lai Hock	1,062,900	0.33
21.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account For Seah Yik Hong (My3269)	1,029,900	0.32
22.	Citigroup Nominees (Asing) Sdn. Bhd. UBS AG	946,400	0.30
23.	UOBM Nominees (Tempatan) Sdn. Bhd. UOB Asset Management (Malaysia) Berhad For Malaysian Timber Council (Of-Eq)	861,400	0.27
24.	Tan Choon Keat	700,000	0.22
25.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt An For Barclays Capital Securities Ltd (Sbl/Pb)	628,400	0.20
26.	Amsec Nominees (Tempatan) Sdn. Bhd. Ambank (m) Berhad For Syarikat Ping Thye Trading Co. (Penang) Sdn. Bhd. (8544-1501)	600,000	0.19
27.	Maybank Nominees (Tempatan) Sdn. Bhd. Lee Chin Ark	600,000	0.19
28.	Siah Chee Hwa	534,000	0.17
29.	Ooi Kok Kee	518,200	0.16
30.	Ooi Kok Kee	503,400	0.16
	TOTAL	247,727,935	77.37

OTHER INFORMATION

List of Properties

As At 30 June 2024

Location	Description/ Existing use	Land Area (Built-up Area)	Date of Acquisition	Tenure (Age of Buildings)	Net Book Value @ 30.06.24 RM'000
PN5918, Lot 12383, Mukim 12, Daerah Barat Daya, Pulau Pinang Plot 30, Hilir Sungai Kluang 1, Bayan Lepas Industrial Park, Phase 4, 11900 Pulau Pinang	Single storey factory with an annexed two storey office block in front	Approx. 130,652 sq. ft./ (85,007 sq. ft.)	01.07.1991	Leasehold for 60 years expiring on 26.12.2051/ (29 years)	5,784
PN4028, Lot 12461, Mukim 12, Daerah Barat Daya, Pulau Pinang Plot 83, Medan Bayan Lepas, Bayan Lepas Industrial Park, Phase 4, 11900 Pulau Pinang	Single storey factory building with an annexed two storey office block	Approx. 87,599 sq. ft./ (58,104 sq. ft.)	24.06.1998	Leasehold for 60 years expiring on 17.01.2062/ (24 years)	5,186
HS(D) No. 38116, PT 1528 & HS(D) No. 47236, PT 1530, Mukim 1, Daerah Seberang Prai Tengah, Pulau Pinang 2631, Lot 376 & 377, Lorong Perusahaan 10, Phase 3, Prai Industrial Estate, 13600 Pulau Pinang	Single storey factory building with an annexed single storey office block	Approx. 118,099 sq. ft./ (86,900 sq. ft.)	20.05.1997	Leasehold for 60 years expiring on 07.08.2045/ (33 years)	5,426
HS(D) No. 42050, PT 5, Mukim 1, Daerah Seberang Prai Tengah, Pulau Pinang 967, Jalan Perusahaan, Kawasan Perusahaan Prai, 13600 Pulau Pinang	Single storey factory building	Approx. 22,500 sq. ft./ (20,000 sq. ft.)	19.09.1991	Leasehold for 99 years expiring on 21.01.2071/ (31 years)	1,522
GRN459888, Lot No. 6348, GRN459887, Lot No. 6341, Mukim Rimba Terjun, Daerah Pontian, Negeri Johor Lot 3611, Batu 30, Jalan Johor, 81500 Pekan Nenas, Johor	Single storey factory building	Approx. 4.22 hectares (25,630 sq. ft.)	09.06.2009	Freehold/ (13 years)	4,723
GRN24324, Lot No. 2628, Sek 4, Daerah Seberang Prai Utara, Butterworth, Pulau Pinang No. 1, Lorong Bagan Luar, 12000 Butterworth, Pulau Pinang	8 storey hotel building	Approx. 4,305 sq. ft. (36,822 sq. ft.)	06.01.2011	Freehold/ (42 years)	3,687
HS(D) No. 33005, PT 1529, Mukim 1, Daerah Seberang Prai Tengah, Pulau Pinang No. 2478, Lorong Perusahaan 10, Prai Industrial Estate, 13600 Pulau Pinang	Single storey factory with an annexed two storey office block in front	Approx. 203,259 sq. ft. (127,650 sq. ft.)	14.03.2018	Leasehold for 60 years expiring on 17.12.2045/ (36 years)	20,748

List of Properties (Cont'd)

As At 30 June 2024

Location	Description/ Existing use	Land Area (Built-up Area)	Date of Acquisition	Tenure (Age of Buildings)	Net Book Value @ 30.06.24 RM'000
HS(D) No. 27773, PT 1358, Mukim 1, District of Seberang Perai Tengah, Pulau Pinang. No. 3016, Tingkat Perusahaan 6, Prai Industrial Estate, 13600 Pulau Pinang	Single storey factory & double storey office block	Approx. 659,451 sq. ft. (175,729 sq. ft.)	27.10.2021	Leasehold for 60 years expiring on 03.10.2042/ (22 years)	39,814
No. 33,33-1 & 33-2, Jalan Seri Bintang 2, Taman Sri Bintang, Kepong, 52100 Kuala Lumpur	Three storey mid terraced shop office	Approx. 1,712 sq. ft. (5,133 sq. ft.)	5.08.2021	Freehold/ (3 year)	2,570
Plot W7, Type A, Premium Villa, No.3A, Avenue West, Jalan Teluk Baru, Lavanya Residences, Pantai Tengah, 07000 Langkawi, Kedah	One unit of three storey detached house	Approx. 5,404 sq. ft. (4,640 sq. ft.)	1.04.2021	Freehold/ (5 years)	2,688
Plot W9, Type A, Premium Villa, No.5, Avenue West, Jalan Teluk Baru, Lavanya Residences, Pantai Tengah, 07000 Langkawi, Kedah	One unit of three storey detached house	Approx. 5,404 sq. ft. (4,640 sq. ft.)	1.04.2021	Freehold/ (5 years)	2,706
59-1, Block E, No. 1, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor	Office lot cum store	Approx. 1,567 sq. ft.	23.2.2024 * date of acq of subsidiary	Leasehold for 99 years expiring on 13.04.2085 (1 year)	487
Land Held For Property Development					
GRN47092 Lot 34, GRN46881 Lot 35, GRN46882 Lot 36, GRN28204 Lot 249, GRN44961 Lot 251, GRN52732 Lot 990, GRN52733 Lot 992, GRN27217 Lot 993, GRN28218 Lot 995, GRN28219 Lot 996, HS (D) No. 18014, PT143 Bandar Tanjung Bungah, Daerah Timur Laut, Pulau Pinang	Vacant land for future development	Approx. 67,336 sq. ft.	01.12.2009/ 25.02.2010/ 18.05.2011/ 29.02.2012	Freehold	14,381
GM 653, Lot 1671, Mukim 12, Daerah Barat Daya, Pulau Pinang	Vacant land for future development	Approx. 33,018 sq. ft.	12.02.2015/ 29.06.2015/ 17.02.2016/ 21.04.2017	Freehold	16,690
GM 654, Lot 1672, Mukim 12, Daerah Barat Daya, Pulau Pinang	Vacant land for future development	Approx. 40,156 sq. ft.	11.09.2015		
GM3427, Lot 71125, Mukim 12, Daerah Barat Daya, Pulau Pinang	Vacant land for future development	Approx. 16,910 sq. ft.	24.04.2015		

OTHER INFORMATION

List of Properties (Cont'd)

As At 30 June 2024

Location	Description/ Existing use	Land Area (Built-up Area)	Date of Acquisition	Tenure (Age of Buildings)	Net Book Value @ 30.06.24 RM'000
GM452,Lot 886,Mukim 11,Daerah Seberang Perai Tengah,Pulau Pinang	Vacant land for future development	Approx. 108,333 sq. ft.	22.12.2022	Freehold	16,514
GM352,Lot 42,Mukim 11, Daerah Seberang Perai Tengah, Pulau Pinang	Vacant land for future development	Approx. 131,507 sq.ft	22.12.2022		
HS (D) No. 63503, Lot 10418,Mukim 7, Daerah Seberang Perai Tengah,Pulau Pinang	Vacant land for future development	Approx. 13,315 sq.ft.	18.01.2022		
HS (D) No. 63501, Lot 50806,Mukim 11, Daerah Seberang Perai Tengah,Pulau Pinang	Vacant land for future development	Approx. 56,306 sq.ft.	18.01.2022		
Panjakan Negeri 373107, Lot 50788,Mukim Lumut, Daerah Manjung, Perak	Vacant land for future development	Approx. 849,509 sq. ft.	28.06.2024	Leasehold for 99 years expiring on 07.02.2112	4,545

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirtieth (30th) Annual General Meeting ("AGM") of Kobay Technology Bhd. will be held at 4th Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 George Town, Penang on Friday, 29 November 2024 at 2.30 p.m. for the following purposes:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2024 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors' fees and/or benefits payable to Non-executive Director up to an amount of RM100,000.00 for the period commencing from the beginning of financial year ending 2025 until the next AGM of the Company. Resolution 1
3. To re-elect the following Directors who retire in accordance with Article 101 of the Company's Constitution and being eligible, have offered themselves for re-election:-
 - i) Mr. Koay Cheng Lye Resolution 2
 - ii) Mr. Koay Wooi Seong Resolution 3
4. To authorize the Board of Directors to appoint a new Auditors in replace of Messrs. BDO PLT who has expressed their intention to retire. Resolution 4

SPECIAL BUSINESSES

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTION

5. **AUTHORITY TO ISSUE SHARES IN ACCORDANCE TO SECTION 75 AND 76 OF THE COMPANIES ACT, 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS** Resolution 5

"THAT subject always to the Companies Act, 2016 ("the Act") and the approvals from the relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered pursuant to Section 75 and 76 of the Act, to issue and allot new shares in the capital of the Company at such price upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit PROVIDED THAT the aggregate number of shares to be issued (inclusive any rights granted, conversion of any securities, allotment under an agreement or option or offer, if any) pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) at any given point in time AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company.

THAT pursuant to Section 85 of the Act, read together with Clause 9 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company and to offer new shares arising from the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Act AND THAT the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company AND FURTHER THAT the Directors and/or the Company Secretaries be hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Waiver of Pre-emptive Rights for and on behalf of the Company. "

Notice of Annual General Meeting (Cont'd)

ORDINARY RESOLUTION

6. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

Resolution 6

"THAT subject to the compliance by the Company with all applicable laws, regulations and guidelines pursuant to the Act, the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant authorities, the Company be and is hereby authorized to purchase and/or hold such amount of ordinary shares in the Company ("shares") as may be determined by the Directors of the Company from time to time through the Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company PROVIDED THAT the maximum number of aggregate shares purchased or treasury shares held pursuant to this resolution does not exceed ten per cent (10%) of the total number of issued shares of the Company at any given point in time and that the maximum amount of fund allocated by the Company for the purpose of purchasing the shares shall not exceed the retained profits account of the Company.

THAT authority be and is hereby given to the Directors to treat the shares so purchased by the Company pursuant to this Proposed Share Buy-back in accordance with the provision of the Act, which allows a Company that has purchased its own shares to either retain part of or entire shares as treasury shares or cancel part of or entire shares, or a combination of both. The shares so retained as treasury shares by the Company may, either be distributed as share dividends to shareholders or resell on Bursa Securities or in any manner pursuant to the Act, Bursa Securities Listing Requirements or any other relevant authority for the time being in force.

THAT such authority from the shareholders would be effective immediately upon passing of this resolution and would continue to be in force until:-

- a. the conclusion of the next AGM of the Company following the AGM at which such resolution was passed, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions; or
- b. the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to sections 340(1) & 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- c. revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting.

whichever occurs first.

AND THAT authority be and is hereby given to the Directors to take all such steps as are necessary or expedient to implement or to give effect of the Proposed Share Buy-back Authority with full powers to assent to any conditions, modifications, re-valuations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time."

Notice of Annual General Meeting (Cont'd)

ORDINARY RESOLUTION

7. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** Resolution 7

"THAT pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a mandate of the shareholders be and is hereby granted to allow recurrent related party transactions of a revenue or trading nature ("RRPTs"), which are necessary for the day-to-day operations of the Company and/or its subsidiary companies ("Kobay Group"), to be entered into by the Kobay Group in the ordinary course of business, PROVIDED THAT such transactions are entered into at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company, the particulars of such transactions are set out in Part B Section 2.5 of the Circular to Shareholders of Kobay dated 30 October 2024 ("Proposed Shareholders' Mandate");

THAT disclosure of the breakdown of the aggregate value of transactions conducted will be made based on the type of RRPTs made, names of the related parties involved in each type of the RRPTs made and their relationship with the Company, in the annual report of the Company during the current financial year and in the annual report for the subsequent financial year during which the Proposed Shareholders' Mandate is in force;

THAT the authority conferred by this resolution shall commence immediately upon the passing of this Ordinary Resolution and shall continue to be in force until:-

- a. the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- b. the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to sections 340(1) & 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- c. revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier.

AND THAT the Directors of the Company and/or any of them be and are hereby authorised to give effect to the Proposed Shareholders' Mandate with full powers to deal with all matters relating thereto and to complete and do all acts and things (including executing such documents as may be required) in connection with the Proposed Shareholders' Mandate."

8. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD

WONG MEE CHOON (MACS 01562)
 CHAN MUN SHEE (MAICSA 7003071)
 Company Secretaries
 Penang, 30 October 2024

Notice of Annual General Meeting (Cont'd)

NOTES :

1. A member entitled to attend, participate, speak and vote at the AGM of the Company shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote for him. A proxy may but need not be a member of the Company.
2. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy in the Form of Proxy.
4. The duly completed Form of Proxy must be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the time set for holding the AGM of the Company PROVIDED that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her proxy, PROVIDED ALWAYS that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
5. If the appointor is a corporation, the Form of Proxy must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 22 November 2024.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will be put to vote by way of poll.

EXPLANATORY NOTES :

Agenda 1-Audited Financial Statements for the financial year ended 30 June 2024

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 ("the Act") for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

Resolution 1-Payment of Directors' fees and/or any benefits payable to Non-Executive Directors

Pursuant to Section 230(1) of the Act, the Directors' fees and/or any benefits payable to the Directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. In this respect, the Board wishes to seek shareholders' approval at the 30th AGM of the Company on the payment of Directors' fees and/or benefits payable to Non-executive Director up to an amount of RM100,000.00 for the period commencing from financial year ending 2025 until the next AGM of the Company to be paid out quarterly to eligible Non-executive Directors for meetings to be held during the period herein before mentioned based on the Board size and on the assumption that all Directors will hold their office until the date of next AGM.

In the event the proposed amount is insufficient due to more meetings or an enlarged Board size, approval will be sought at the next AGM for the shortfall.

Resolution 2 & 3- Re-election of Directors

The proposed Ordinary Resolutions 2 and 3, if passed, will allow the named Directors to be re-elected as the Directors of the Company.

The following Directors are standing for re-election as Directors of the Company pursuant to the clause 101 of the Company's Constitution at the 30th AGM of the Company and are being eligible have offered themselves for re-election in accordance with the Company's Constitution:

- (a) Koay Cheng Lye; and
 - (b) Koay Wooi Seong.
- (collectively referred to as "Retiring Directors")

The Board of Directors through the Nomination Committee ("NC") has deliberated on the suitability of the Retiring Directors to be re-elected as Directors. Upon deliberation, the Board (except for the Retiring Directors) collectively agreed that the Retiring Directors have met the criteria of Fit and Proper Policy of the Company in terms of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as Directors of the Company and recommended the Retiring Directors be re-elected as the Directors of the Company.

The profiles of the Directors standing for re-election are set out in the Directors' Profiles section under page 17 & 18 of the Annual Report 2024.

Notice of Annual General Meeting (Cont'd)

EXPLANATORY NOTES (CONT'D) :

Resolution 4-Re-Appointment of External Auditors

The External Auditors, Messrs. BDO PLT had expressed their intention to retire and not seek for re-appointment as External Auditors of the Company subsequent to the conclusion of this AGM. There were no disagreements with the outgoing External Auditors on accounting treatments within the last 12 months. The Company has commenced efforts to identify suitable candidate and will seek to appoint new auditors in place of Messrs. BDO PLT as soon as practicable. Upon which, the Board will then appoint new Auditors in compliance with Section 264(5) of the Act. The Company will make further announcement in due course.

Resolution 5-Authority to Issue Shares in accordance to Section 75 and 76 of the Act and Waiver of Pre-Emptive Rights

The proposed Ordinary Resolution 5, if passed, is the renewal of general mandate to empower the Directors to issue and allot new shares up to an amount not exceeding 10% of the issued share capital of the Company (excluding treasury shares) at any given point in time for such purposes as the Directors consider would be in the best interest of the Company ("**General Mandate**"). This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising exercises including but not limited to placing of shares for the purpose of funding future investment project(s), working capital and/or acquisition(s) and such other application as the Directors may deem fit and in the best interest of the Company.

Pursuant to Section 85(1) of the Act, read together with Clause 9 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company.

Section 85(1) of the Act states:

Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.

Clause 9 of the Company's Constitution provides as follows:

Subject to any direction to the contrary that may be given by the Company in meeting of members, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of meeting of members in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of the time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

In order for the Board to issue any new shares free of pre-emptive rights, such pre-emptive rights must be waived. The proposed Ordinary Resolution 6, if passed, will exclude your pre-emptive rights over all new shares in the Company to be issued under the general mandate.

As at the date of this Notice, the Company has not issued any new shares pursuant to the General Mandate granted to the Directors at the Twenty-Ninth (29th) Annual General Meeting held on 1 December 2023 and which the said General Mandate will lapse at the conclusion of the Thirtieth (30th) Annual General Meeting.

The approval of the issuance and allotment of the new shares under Sections 75 and 76 of 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 Clause 9 of the Constitution of the Company, the shareholders of the Company hereby agree to waive and are deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 and Clause 9 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.

Resolution 6-Proposed Renewal of Share Buy Back Authority

The proposed Ordinary Resolution under item 6 is of renewal and if passed, will allow the Company to purchase up to ten per cent (10%) of the issued share capital of the Company, excluding treasury shares retained by the Company at any given point in time. This authority unless revoked or varied at the general meeting, will expire at the next AGM. The details of this proposal are set out in the Share Buy-Back Statement to Shareholders dated 30 October 2024 which is available at the Company's website at www.kobaytech.com.

Notice of Annual General Meeting (Cont'd)

EXPLANATORY NOTES (CONT'D) :

Resolution 7- Proposed Shareholders Mandate for Recurrent Related Parties Transactions

Pursuant to Paragraph 10.09(1) of the Bursa Malaysia Securities Berhad's Listing Requirements, the listed issuer shall seek for shareholders' mandate to enter into recurrent related parties' transactions (RRPTs) of a revenue or trading nature and in the ordinary course of business which are necessary for day-to-day operations. The Group wish to renew its current RRPTs mandate for which the details are set out in 2.5 of Part B of the Circular to Shareholders (herein collectively referred to as "Proposed Shareholders' Mandate") which is available at the Company's website at www.kobaytech.com.

The proposed Ordinary Resolution under item 7, if passed, will allow the Group to enter into recurrent related parties' transactions of a revenue or trading nature and in the ordinary course of business which are necessary for day-to-day operations and unless this authority be revoked or varied at the general meeting else the said approval will be lapsed at the next AGM.

Statement Accompanying Notice to AGM

The profile of the Directors who are standing for re-election (as per Resolution 2 & 3 as stated in the Notice of Annual General Meeting) at the Thirtieth (30th) Annual General Meeting of Kobay Technology Bhd. which will be held at 4th Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 Georgetown, Penang on Friday, 29 November 2024 at 2.30 p.m., are stated on page 17 & 18 of the Annual Report 2024.

Personal Data Privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 30th AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty

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Form of Proxy

No. of shares held	
CDS account no.	

I/ We _____ Tel: _____
(FULL NAME IN BLOCK CAPITAL, NRIC/PASSPORT/COMPANY NO.)

of _____
(FULL ADDRESS AND E-MAIL ADDRESS)

being *a member/ members of **Kobay Technology Bhd (199401022600 (308279-A))** hereby appoint :

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address, telephone no. and e-mail address			

*and/or

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address, telephone no. and e-mail address			

or failing *him/ her the Chairperson of the Meeting as *my/ our proxy/ proxies to attend, participate, speak and vote for *me/ us on *my/ our behalf at the 30th Annual General Meeting of Kobay Technology Bhd ("**Company**") which will be held at 4th Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 Georgetown, Penang on Friday, 29 November 2024 at 2.30p.m.

My/our proxy/proxies to vote for on a poll as indicated below :

RESOLUTIONS NO.	1	2	3	4	5	6	7
FOR							
AGAINST							

Please mark with "X" in either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit.

* *Strike out whichever is not desired*

Signature of Member(s)/Common Seal

Date:

Notes:

- A member entitled to attend, participate, speak and vote at the AGM of the Company shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote for him. A proxy may but need not be a member of the Company.
- Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy in the Form of Proxy.
- The duly completed Form of Proxy must be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the time for holding the AGM of the Company PROVIDED that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
- If the appointor is a corporation, the Form of Proxy must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 22 November 2024 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and vote at the AGM of the Company or appoint proxy(ies) to attend, participate, speak and vote on his behalf.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will be put to vote by way of poll.

Personal Data Privacy

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, and any adjournment thereof.



Please fold across the line and close

Affix
Stamp

The Company Secretaries
KOBAY TECHNOLOGY BHD.
Company No : 199401022600 (308279-A)

3rd Floor, Wisma Kobay,
No. 42-B, Jalan Rangoon,
10400 Georgetown,
Penang.

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Kobay Technology Bhd.

Company No : 199401022600 (308279-A)

Wisma Kobay, No. 42-B, Jalan Rangoon,
10400 Georgetown, Penang, Malaysia.

Tel: 604-371 1338

Fax : 604-226 1363

www.kobaytech.com