



ELSOFT RESEARCH BERHAD

Registration No. 200301015084 (617504-K)



# *Technological Synergy*

ANNUAL REPORT 2024

# INSIDE THIS REPORT

## Business Overview

Corporate Information	2
Corporate Structure	3
Financial Highlights	4
Profile of Directors	5
Profile of Key Senior Management	10
Management Discussion and Analysis	11

## Sustainability Journey

Sustainability Statement	15
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## Commitment to Governance

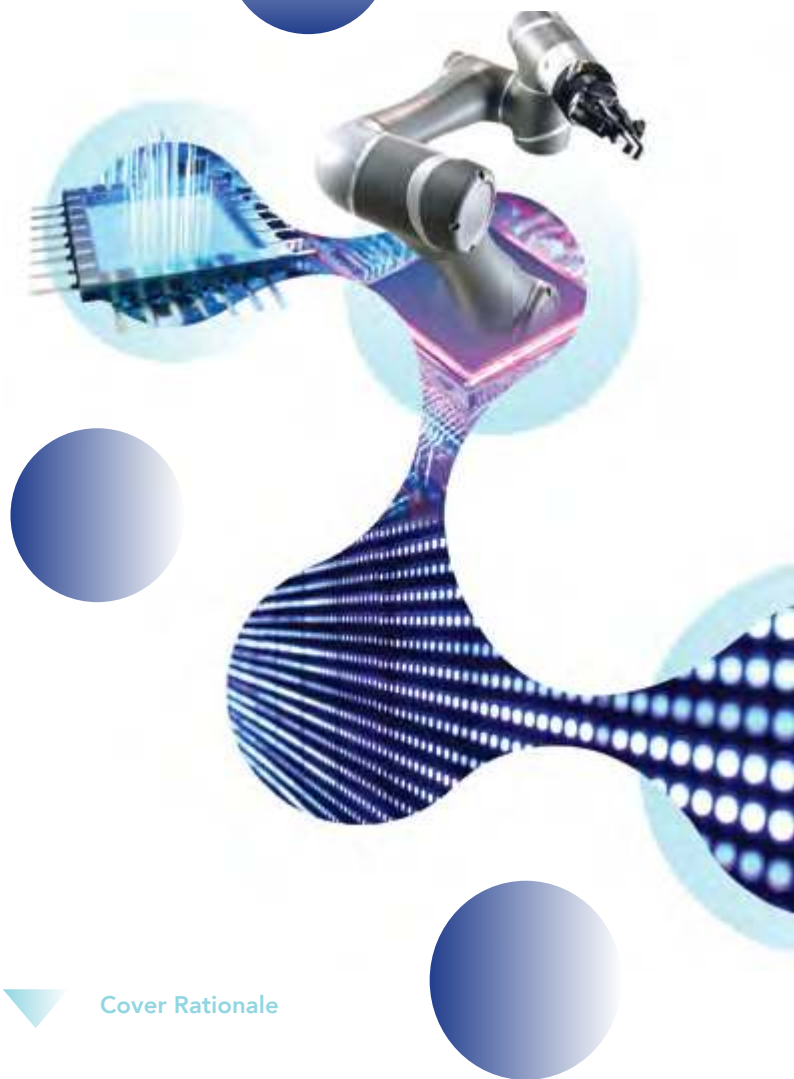
Corporate Governance Overview Statement	35
Statement of Directors' Responsibility	49
Audit Committee Report	50
Statement on Risk Management and Internal Control	52
Share Buy-Back Statement	54
Additional Compliance Information	64

## Financial Statement

Directors' Report	67
Statement by Directors	72
Statutory Declaration	72
Independent Auditors' Report to The Members	73
Statements of Financial Position	76
Statements of Profit or Loss and Other Comprehensive Income	77
Statements of Changes in Equity	78
Statements of Cash Flow	82
Notes to The Financial Statements	84

## Additional Information

Statistic of Shareholdings	124
List of Landed Properties	127
Notice of Annual General Meeting	128
Proxy Form	Enclosed



### Cover Rationale

## Technological Synergy

At Elsoft, Technological Synergy reflects the seamless connection between innovation and advancement, where every breakthrough builds on another to drive success. By integrating precision engineering, cutting-edge technology, and forward-thinking solutions, we create a harmonious flow that empowers industries and unlocks new opportunities. This synergy is the foundation of progress, ensuring that every step we take leads to smarter, more impactful outcomes for a better future. It's through this unified approach that we consistently deliver excellence and shape possibilities for tomorrow.

# 22<sup>nd</sup>

## Annual General Meeting (AGM)

### Venue:

Conference Hall of the Company,  
Plot 85B, Lintang Bayan Lepas 9,  
Bayan Lepas Industrial Park,  
Phase 4, 11900 Pulau Pinang

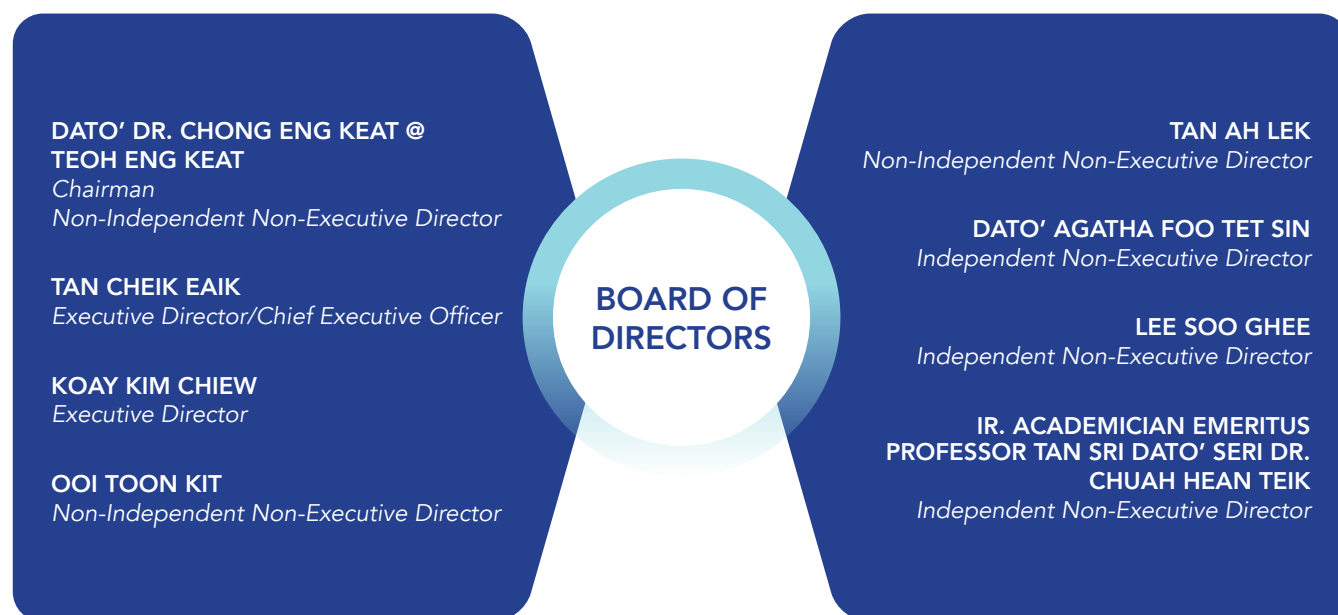
### Date:

29 May 2025  
(Thursday)

### Time:

2.30 p.m.

## Corporate Information



### Audit Committee

Chairman

**LEE SOO GHEE**

Member

**DATO' AGATHA FOO TET SIN**  
**OOI TOON KIT**

### Remuneration Committee

Chairman

**DATO' AGATHA FOO TET SIN**

Member

**OOI TOON KIT**  
**LEE SOO GHEE**

### Nomination Committee

Chairman

**DATO' AGATHA FOO TET SIN**

Member

**LEE SOO GHEE**  
**TAN AH LEK**

### ESOS Committee

Chairman

**DATO' DR. CHONG ENG KEAT @ TEOH ENG KEAT**

Member

**OOI TOON KIT**  
**TAN CHEIK EAIK**  
**KOAY KIM CHIEW**  
**CHAN HONG HENG**  
**NG TZEH CHYUAN**

### Company Secretary

Ooi Yoong Yoong  
(SSM PC NO. 202008002042/  
MAICSA 7020753)

### Registered Office

39 Irving Road  
10400 Georgetown  
Pulau Pinang  
Malaysia  
Tel : 04-210 9828  
Fax : 04-210 9827  
Email : cosec@adconsultpg.com.my

### Head/Management Office

Plot 85B, Lintang Bayan Lepas 9  
Bayan Lepas Industrial Park, Phase 4  
11900 Penang  
Tel : 04-646 8122  
Fax : 04-643 3918  
E-mail : info@elsoftresearch.com  
Website : http://elsoftresearch.com

### Registrar and Transfer Office

Securities Services (Holdings) Sdn Bhd  
Reg. No. 197701005827 (36869T)  
Suite 18.05, MWE Plaza,  
No. 8 Lebuhr Farquhar  
10200 Penang, Malaysia  
Tel : 04-263 1966  
Fax : 04-262 8544  
Email : info@sshsb.com.my

### Auditors

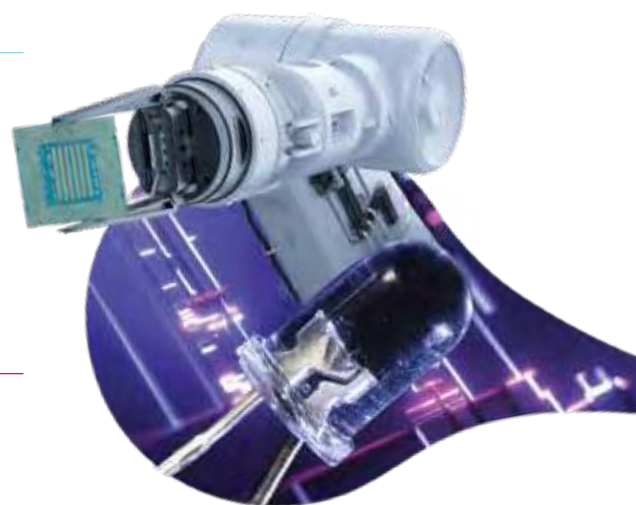
BDO PLT  
201906000013  
(LLP0018825-LCA) & AF 0206  
Chartered Accountants

### Principle Bankers

Hong Leong Bank Berhad  
(97141-X)  
HSBC Bank Malaysia Berhad  
(127776-V)

### Stock Exchange Listing

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Name : ELSOFT  
Stock Code : 0090



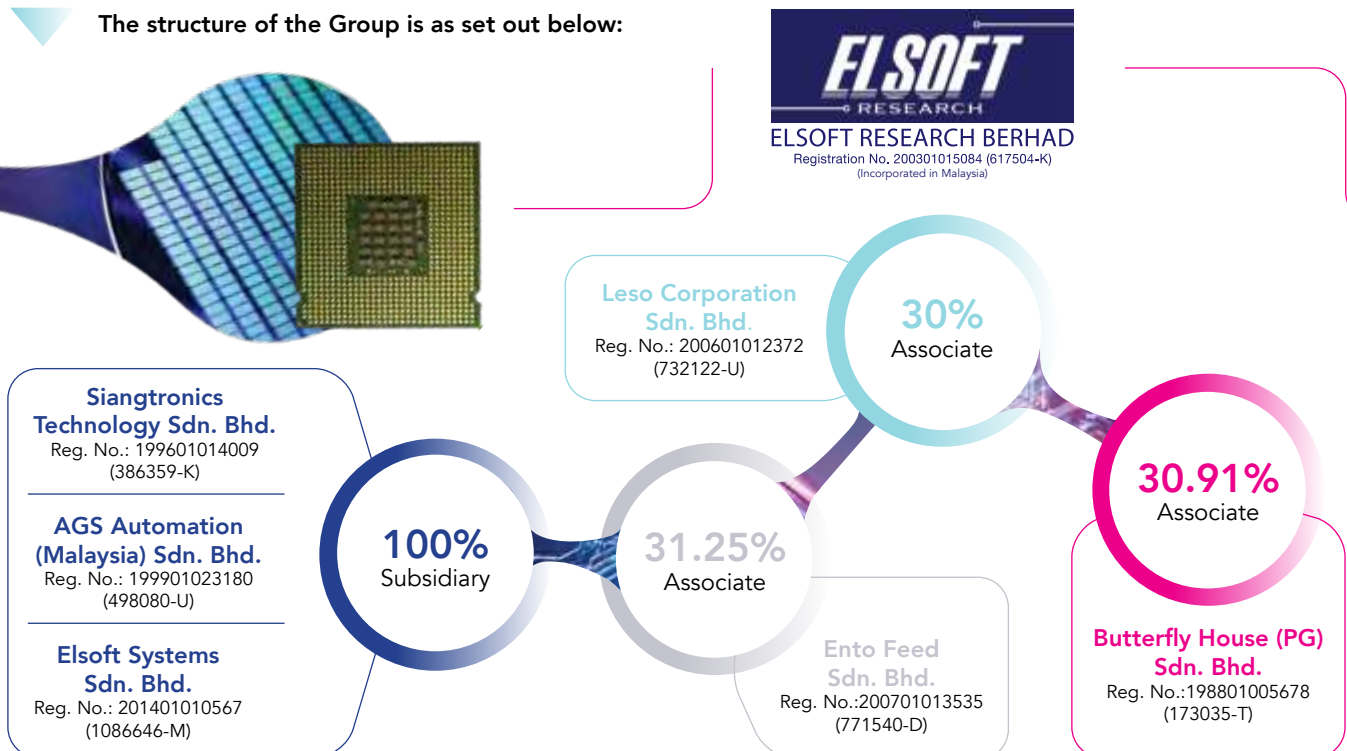
## Corporate Structure

Elsoft was incorporated in Malaysia on 4 June 2003 as a private limited company under the name of Elsoft Research Sdn. Bhd.. Subsequently, it was converted to a public limited company on 10 August 2004 and since then assumed its present name.

The details of the Elsoft Group are as follows:

Corporation	Date/Place of Incorporation	Effective Equity Interest %	Principal Activities
Elsoft Research Berhad ("Elsoft")	04.06.2003/ Malaysia	-	Research, design and development of test and burn-in systems and application specific embedded systems.
Siangtronics Technology Sdn. Bhd. ("STSB")	07.05.1996/ Malaysia	100.00	Dormant Company.
AGS Automation (Malaysia) Sdn. Bhd. ("AGS")	03.11.1999/ Malaysia	100.00	Dormant Company.
Elsoft Systems Sdn. Bhd. ("ESSB")	28.03.2014/ Malaysia	100.00	Design and production of test, burn-in and embedded test equipment and its related modules for electronic industry.
Leso Corporation Sdn. Bhd. ("LESO")	02.05.2006/ Malaysia	30.00	Leso Group is principally involved in the sale of test and measurement equipment through the provision of supply chain management solutions for the Company's suppliers and customers.
Butterfly House (PG) Sdn. Bhd. ("BHSB")	18.08.1988/ Malaysia	30.91	Operating a butterfly farm.
Ento Feed Sdn. Bhd. ("Ento-Feed")	30.04.2007/ Malaysia	31.25	Dormant Company.

The structure of the Group is as set out below:





## Financial Highlights

	Group				
	2020 RM'000 restated	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Revenue	18,128	29,181	28,095	16,073	13,887
Profit Before Taxation	942	11,470	47,222	7,776	2,806
Profit After Taxation ("PAT")	648	10,953	42,969	7,024	2,207
No. of shares assumed in issue (in Thousand)*	670,657	673,905	677,296	687,111	693,246
Earning Per Share ("EPS" in Sen)	0.10	1.63	6.34	1.02	0.32
Dividend Per Share ("DPS" in Sen)	1.00	1.50	3.00	2.00	2.00
Dividend Payout (in percentage)	1035%	92%	47%	197%	625%
Return On Equity ("ROE" in percentage)	0.6%	10%	31%	5%	2%

\* The number of shares has been adjusted for bonus issue and share split retrospectively.



## Profile of Directors



Nationality  
Malaysian

Gender  
Male

Age  
79

**DATO' DR. CHONG ENG KEAT  
@ TEOH ENG KEAT**

01

*Non-Independent  
Non-Executive Director and Chairman*

**DATO' DR. CHONG ENG KEAT @ TEOH ENG KEAT** is a Non-Independent Non-Executive Chairman of Elsoft. He was appointed to the Board on 3 June 2005. He is the Chairman of ESOS Committee.

He graduated from Universiti Sains Malaysia ("USM") in 1975 with a Bachelor (Hons) Degree in Chemistry and was granted an Australian National University Scholarship to pursue his PhD in Chemistry in 1976. After obtaining his PhD in 1979, he returned to USM as a lecturer in the School of Chemistry.

In 1980, he joined Intel Technology Sdn Bhd as a Senior Process Engineer. During his 22 years in Intel, he held various general management positions in manufacturing as well as technology development. He established the Intel Kulim site as the pioneer Managing Director in 1995 and at the time of his retirement in 2002 was the Vice-President and General Manager of Intel's worldwide Board and Systems operations. He was the former President and Chief Executive Officer of Kolej Distid Stamford and is currently the Executive Vice Chairman of Global Edutech Management.

He attended all four Board of Directors Meetings held in the financial year 2024. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.



Nationality  
Malaysian

Gender  
Male

Age  
60

**TAN CHEIK EAIK**

02

*Executive Director  
and Chief Executive Officer*

**TAN CHEIK EAIK** is the Executive Director and Chief Executive Officer of Elsoft. He is also a member of the ESOS committee. He was appointed to the Board on 4 June 2003. He graduated with a Bachelor (Hons) Degree in Electrical Engineering from University Malaya in 1990. Upon graduation, he joined Hewlett Packard (M) Sdn Bhd as a Design Engineer and was soon promoted to Senior Design Engineer.

In 1992, due to the sudden death of his brother-in-law, he left his promising career with Hewlett Packard to succeed his late brother-in-law's electrical wiring business Siang Electronics Technology, where he commenced his entrepreneurial career. Subsequently, Siang Electronics Technology was further developed and renamed STSB where he took on the role as the Managing Director.

As an engineer, he specialises and is experienced in the areas of test metrology and embedded application system design which contributed to the fundamentals of the Group's success. Over the years, under his leadership and business entrepreneurship, his team established a strong internal R&D capability and successfully developed a series of ATE systems for semiconductor and optoelectronic applications which also contributed significantly to the Group's success today.

He served as the Independent Non-Executive Chairman of Foundpac Group Berhad from 22 November 2016 until his resignation on 21 November 2024.

He attended all four Board of Directors Meetings held in the financial year 2024. He and his siblings, Tan Ah Lek, Tan Ai Jiew and Tan Cheik Kooi are the major/substantial shareholders and/or directors of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.

## Profile of Directors



Nationality  
**Malaysian**

Gender  
**Male**

Age  
**58**

**KOAY KIM CHIEW**  
Executive Director

03

**KOAY KIM CHIEW** is an Executive Director of Elsoft. He is also a member of the ESOS Committee. He was appointed to the Board on 4 June 2003. He graduated with a Bachelor (Hons) Degree in Electrical Engineering from University Malaya in 1992.

Upon his graduation, he served Intel Technology Sdn Bhd, a leading chip manufacturing multinational company as an Automation Engineer. He left Intel in 1994 and subsequently joined Elsoft.

He is currently the Chief Technology Officer and manages the Group's technological direction. He plays a key role in the hardware and software design and development of the Group.

He attended all four Board of Directors Meetings held in the financial year 2024. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.



Nationality  
**Malaysian**

Gender  
**Male**

Age  
**69**

**TAN AH LEK**  
Non-Independent Non-Executive Director

04

**TAN AH LEK** is a Non-Independent Non-Executive Director of Elsoft. He was appointed as Executive Director on 3 June 2005 and was re-designated as Non-Independent Non-Executive Director with effect from 15 January 2014. He is a member of the Nomination Committee.

He started his career as an electrical wiring technician and later started a business providing electrical wiring services. He has many years of experience in electrical wiring projects. He was one of the co-founders of STSB and has been crucial to the success of the Company since then.

He attended all four Board of Directors Meetings held in the financial year 2024. He, Tan Cheik Eaik, Tan Ai Jiew and Tan Cheik Kooi are siblings and the major/substantial shareholders and/or Directors of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.



## Profile of Directors



Nationality  
**Malaysian**

Gender  
**Male**

Age  
**80**

**OOI TOON KIT**  
Non-Independent  
Non-Executive Director

05

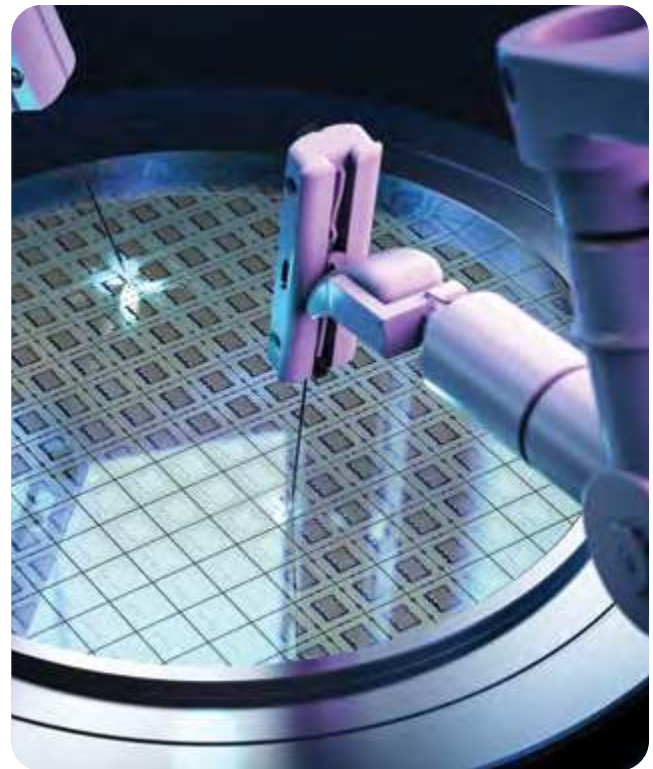
**OOI TOON KIT** is a Non-Independent Non-Executive Director of Elsoft. He was appointed to the Board on 22 June 2011. He is a member of the Audit Committee, and a member of the Remuneration Committee and ESOS Committee.

He is a Chartered Accountant, a member of the Malaysian Institute of Accountants, qualified Company Secretary and holds a Master of Commerce degree from the University of Auckland, New Zealand. His working experiences include a number of years in Fletcher Challenge group, a major New Zealand conglomerate, and in British Petroleum Company both in accountancy. He progressed to Inchcape Malaysia Group as their Group Investment Manager and Director of Management Services. His last full time employment was with Unico Holdings Bhd as Group General Manager.

Prior to his retirement from full time employment in year 2000, he developed and effected the listing of the former Unico Desa Plantations Bhd on the Main Board of Bursa Malaysia Securities Berhad.

He has 28 years of experience working in foreign, regional and local companies. The industries he served in include forestry, timber and petroleum products, motor vehicle assembly and distribution, industrial and consumer products wholesaling and retailing, electronic and consumer product manufacturing, property development, plantation and other services. His responsibility portfolio at various time includes accounting, project feasibility studies, merger and acquisition, investment and divestment, corporate advisory, personnel training and general management at CEO level.


He is currently a Vistage Chair and business coach, mentoring a group of business owners and CEOs and their direct reports. He was appointed as Independent Non-Executive Director of Amlex Holdings Berhad on 2 August 2021, a position he holds to date.



He attended all four Board of Directors Meetings held in the financial year 2024. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.



## Profile of Directors



Nationality  
**Malaysian**

Gender  
**Female**

Age  
**65**

**DATO' AGATHA FOO TET SIN**

*Independent  
Non-Executive Director*

**06**

**DATO' AGATHA FOO TET SIN** is an Independent Non-Executive Director of Elsoft. She was appointed to the Board on 29 December 2017. She is the Chairman of the Nomination Committee and the Remuneration Committee and a member of the Audit Committee.

She is presently also a Non-Independent Non-Executive Director of PBA Holdings Bhd. She has also served as a member of the Board of Directors of Mount Miriam Cancer Hospital from 2013 to 2023 and the Penang Freedom of Information Appeal Board from 2015 to 2024.

She obtained her degree in Anthropology and Sociology from the University of Malaya in 1984 and a degree in law from the Australian National University in 1988. She commenced her legal career in Canberra and was called to the Malaysian Bar in 1990. She was in legal practice for 24 years and during her legal career, she served in the Investigating Tribunal Disciplinary Committee Panel of the Advocates and Solicitors' Disciplinary Board, the Human Rights Committee of the Malaysian Bar Council and the Legal Aid Committee of the Penang State Bar.

She attended all four Board of Directors Meetings held in the financial year 2024. She does not have any family relationship with any director and/or major shareholders of the Company. She has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. She had no convictions for offences within the past 5 years other than traffic offences, if any.



Nationality  
**Malaysian**

Gender  
**Male**

Age  
**67**

**LEE SOO GHEE**

*Independent  
Non-Executive Director*

**07**

**LEE SOO GHEE** is an Independent Non-Executive Director of Elsoft. He was appointed to the Board on 19 August 2022. He is the Chairman of the Audit Committee, a member of the Nomination Committee and the Remuneration Committee.

He graduated in 1982 with Bachelor of Engineering with First Class Honours (Mechanical) from the University of Canterbury, New Zealand. He has close to 35 years of experience in Optoelectronics Industry with core areas of expertise in Business Development, Sales & Marketing and Customer Services.

He began his career in 1982 as a Production Engineer at Hewlett Packard (M) Sdn Bhd ("HP"). During his tenure with HP, he was promoted several times with his last position held being the manufacturing manager. In 1999, he left HP and joined Agilent Technologies Malaysia Sdn Bhd ("Agilent") as Vice President of Business Unit (Worldwide LEDs). In 2004, he left Agilent and joined Avago Technologies (M) Sdn Bhd ("Avago") as Vice President of Business Unit (Worldwide LEDs). He left Avago in 2008 and took up the position of Managing Director of Asia-Pacific Region at Cree Hong Kong Ltd. Subsequently, in 2016 he was redesignated as Managing Director of Cree Malaysia Sdn Bhd. He also served as a Board member representing Cree Corporation USA in Lextar Electronic Corporation, Taiwan since 2014 prior to his retirement in October 2018.

He is currently the Managing Director of Tian Zhi Enterprise Sdn Bhd, a family-owned business.

He attended all four Board of Directors Meetings held in the financial year 2024. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.

## Profile of Directors



Nationality  
**Malaysian**

Gender  
**Male**

Age  
**64**

**IR. ACADEMICIAN EMERITUS  
PROFESSOR TAN SRI DATO'  
SERI DR. CHUAH HEAN TEIK** 08

*Independent  
Non-Executive Director*

**IR. ACADEMICIAN EMERITUS PROFESSOR TAN SRI DATO' SERI DR. CHUAH HEAN TEIK** is an Independent Non-Executive Director of Elsoft. He was appointed to the Board on 19 June 2023.

Dr. Chuah Hean Teik graduated with a BEng (First Class Honours), MEngSc and PhD in electrical engineering, all from University of Malaya, Malaysia. From July 1988-April 1997, he was on the faculty of the Electrical Engineering Department of the University of Malaya. From March - November 1994, he was a Fulbright Scholar at the Wave Scattering Research Centre, University of Texas at Arlington, USA. From May 1997 – January 2008, Dr Chuah was a Senior Professor at the Multimedia University ("MMU"), during which he held various posts as Vice President (R&D and Academic Development), Dean of Engineering, and Director of Research. From June 2001 - January 2008, he also assumed the duty of the Penang State Government Professor of ICT in MMU. He was President of Universiti Tunku Abdul Rahman ("UTAR") in Malaysia from 2008 - 2019, where he is now an Emeritus Professor. He is also a Consultant Professor to Northwestern Polytechnical University, Xian, China; Honorary Professor of Beijing Technology and Business University; and Foreign Distinguished Expert of China Association for Science and Technology. He is now a UTAR Council Member, and Chairman of the UTAR Hospital Board. He is currently a member of the Disciplinary Committee Panel under the Advocates and Solicitors' Disciplinary Board, Malaysia; and the Malaysian Engineering Accreditation Council ("EAC").

Dr Chuah's research interests include microwave remote sensing and applied electromagnetics. He has authored/co-authored more than 280 papers in international journals and conferences. Dr. Chuah has received many awards locally and internationally for his research work and his outstanding contributions to the engineering profession, particularly in engineering education. Among them include

the inaugural Young Engineer Award by the Institution of Engineers, Malaysia in 1991; 1990 Young Scientist Award at the 23rd General Assembly of the International Union of Radio Science (URSI) at Prague, Czechoslovakia; 1993 Young Scientist Award at the 24th General Assembly of URSI at Kyoto, Japan; 1995 Young Scientist Award (Industrial Sector) by the Malaysian Ministry of Science, Technology and the Environment; 1999 Malaysian Toray Science Foundation Science and Technology Award for his contributions in the area of microwave remote sensing; 2017 Outstanding Engineering Achievement Award by the ASEAN Federation of Engineering Organisations. For his significant contribution in engineering profession, he was awarded Honorary Doctor of Engineering by MMU in August 2013. He was inducted into the IEM Engineering Hall of Fame in 2019 for his outstanding professional achievements and contribution to the country, IEM and the engineering profession. He is the recipient of 2019 FEIAP Engineer of the Year, and 2019 WFEO Medal of Excellence in Engineering Education. In 2021, Dr Chuah received the Chinese Government's Friendship Award, which is the People's Republic of China's highest award for foreign experts who have made outstanding contributions to China's economic and social development, as well as effort in facilitating friendly exchanges between China and other countries in culture, education, science and technology. Dr. Chuah received the 2022 Lifetime Achievement Award from Malaysian Professional Centre, the umbrella body for all professions recognised by legislative Acts of Parliament in Malaysia.

Dr. Chuah is an eminent technical leader. He is Past President of ASEAN Academy of Engineering and Technology ("AAET") (2016-2022), Past President of the Federation of Engineering Institutions of Asia and the Pacific ("FEIAP") (2011-2015), Past President of IEM (2009-2011); member of Civil Aviation Authority of Malaysia (Feb 2018-Feb 2024) and current Chairman of FEIAP Standing Committee on Engineering Education, and Chairman of the Africa, America's Asia and the Pacific ("AAP") Accord Engineering Education Council. He is a Senior Fellow of the Academy of Sciences, Malaysia ("ASM"); Distinguished Honorary Fellow of IEM; a Founding Fellow of the AAET and The Academy of Engineering and Technology of the Developing World; Fellow of the Institution of Engineering and Technology, UK; the Institute of Electrical and Electronics Engineers, USA; and the Electromagnetics Academy, USA. He also serves in Technical Committee or Advisory Committee of a few regional and international conferences and symposia.

In recognition of his valuable services and contributions, he was conferred by the Governor of Penang an Order of Chivalry, Darjah Setia Pangkuan Negeri, which carries the title "Dato", in July 2005, and Darjah Gemilang Pangkuan Negeri, which carries the title "Dato Seri" in July 2023; and conferred the Panglima Setia Mahkota Award, which carries the title "Tan Sri", by the King of Malaysia, the Yang DiPertuan Agung, in September 2019.

He attended all four Board of Directors Meetings held in the financial year 2024. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.

## Profile of Senior Management

### ENG CHIN PENG

*Chief Operating Officer*

**Malaysian / Male / Age 60**

**Eng Chin Peng** is the Chief Operating Officer of Elsoft. He joined Elsoft as Senior Operating Manager in June 2016 and was subsequently promoted to Chief Operating Officer on 10 April 2017. He graduated with a Bachelor of Engineering with Honours in Computer and Communication Engineering from University Science Malaysia in 1990.

He has more than 25 years of experience in Engineering, Product Development, Manufacturing and Quality Control. He started his career in Intel Technology as Equipment Development Engineer in 1990. He then joined Crest Ultrasonics in 1994, a leading ultrasonic cleaning manufacturer from USA as the Senior Automation Design Engineer for the Malaysia plant. He then rose to the rank of senior management from Engineering Manager to Product Quality Director. He oversaw the operations of Crest Ultrasonic Malaysia to support Crest sales worldwide.

He does not hold any directorship in public listed companies. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.

### JAMES CHOW KHIN HOONG

*Senior Management in Business Development*

**Malaysian / Male / Age 59**

**James Chow Khin Hoong** is the Senior Manager in Business Development of Elsoft. He graduated with a Bachelor of Engineering in Electrical and Electronic Engineering from RMIT University Australia in 1990 and later with a MBA in Technology Management in 1997.

He has more than 25 years of experience in Electrical and Electronic R&D, Product Development and Introduction, Equipment and Automation Design, IC Design and Project Management.

He started his career in Hewlett Packard as Manufacturing Engineer in 1990. He rose from the ranks to become Department Manager of Hewlett Packard in 1998. He then joined Agilent Technology as Business Unit Manager in 1999. He left Agilent Technology in 2001 and joined Lumileds until 2003. In 2003, he joined Displayworks Sdn Bhd as the CEO and he left his position as CEO in 2008 prior to joining Smartlab Sdn Bhd as General Manager. He joined Elsoft in 2012 as Senior Manager in Business Development, a position he held until today.

He does not hold any directorship in public listed companies. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.

### CHAN HONG HENG

*Principal Engineer*

**Malaysian / Male / Age 57**

**Chan Hong Heng** is the Principal Engineer of Elsoft. He graduated with a Bachelor (Hons) Degree in Computer and Communication Engineering from University Science Malaysia in 1993 and later with a Master of Science Degree in 1998.

He is one of the pioneer staff who joined Elsoft since his graduation. He started his career as an engineer and over the years has been promoted from senior engineer to staff engineer and the current position. He is currently leading the Electronics Design Group and a key player in test and burn-in development.

He does not hold any directorship in public listed companies. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.

### NG TZEH CHYUAN

*Chief Financial Officer*

**Malaysian / Male / Age 37**

**Ng Tzeh Chyuan** graduated with a Diploma in Business Studies (Accounting) from Tunku Abdul Rahman College in 2008 and followed by Advance Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College in 2010. He completed his ACCA qualification exams in 2011 and was admitted as a Member with the ACCA in 2014. He was admitted as a Member with the Malaysian Institute of Accountants in 2015.

He began his career as an auditor with BDO Malaysia (presently known as BDO PLT) in year 2011. He was later promoted to Senior Audit Associate in 2012. During his tenure, he was involved in auditing of both listed companies and private companies covering a wide range of industries including trading, manufacturing, gaming, property development, and construction. In 2014, he left BDO Malaysia to join Elsoft as Accountant and was thereafter promoted to Chief Financial Officer in November 2022, a position he held until today.

He does not hold any directorship in public listed companies. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.



## Management Discussion & Analysis

### OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

The Group is primarily involved in the research, design, development and manufacturing of automated test equipment (ATE), burn-in systems and application specific embedded control systems for the semiconductor, optoelectronics and medical devices industries. The Company's current primary markets are in the automotive, smart devices, general lighting and medical devices industries.

Elsoft's core competency lies in its ability to offer comprehensive test solutions which include its proprietary software and hardware.

### REVIEW OF FINANCIAL RESULT

The financial performance of the group is summarized below and explanations on the key items are set out under Management Discussion and Analysis.

	Financial Year Ended		
	31 Dec 2024 RM'000	31 Dec 2023 RM'000	Changes (%)
<b>Income Statement</b>			
Revenue	13,887	16,073	(13.6%)
Cost of Sales	(11,647)	(10,626)	9.6%
Gross Profit	2,240	5,447	(58.9%)
Other Income & Other Expenses	5,834	6,626	(12.0%)
Loss on Disposal of A Subsidiary	(1,744)	-	-
Administrative Expenses	(3,856)	(4,623)	(16.6%)
Share of Profit/(Loss) in Associate			
- Leso	488	326	49.7%
- Entopia	-	-	-
- Ento Feed	(156)	-	-
Profit Before Tax	2,806	7,776	(63.9%)
Taxation	(599)	(988)	(39.4%)
Real Property Gains Tax (RPGT)	-	236	
Profit for the financial year	2,207	7,024	(68.6%)
Other Comprehensive Loss	(51)	-	
Total Comprehensive Income	2,156	7,024	(69.3%)
Shareholders' Equity	109,003	134,410	
Basic Earning per Share (Sen)	0.32	1.02	
Net Assets per Share (Sen)	15.72	19.56	
Dividen Payout (%)	625%	197%	
Weighted Average Number of Ordinary Share	693,245,533	687,110,782	

### Revenue and Gross Profit

The Group's revenue for FYE 2024 decreased by 13.6% due to a decline in demand for our ATE caused by a downturn in optoelectronics sector.

The Group's gross profit for FYE 2024 decreased by 58.9% and gross profit margin declined to 16.1% from 33.9% in FYE 2023. The margin decline was primarily attributed to stable fixed costs despite lower revenue. While revenue declined, we maintained our fixed overhead structure to support ongoing growth initiatives, reinforcing our commitment to exploring new growth opportunities and driving future margin improvements.

## Management Discussion & Analysis

### REVIEW OF FINANCIAL RESULT (Cont'd)

#### Other Income and Other Expenses

The Group's other income and expenses comprised rental income, interest income, dividend income, gain/loss on other investments and fluctuations in foreign currencies.

Other income and expenses in aggregate was RM5.834 million, a decrease of 12.0% as compared to FYE 2023 and this was mainly due to unfavourable foreign exchange differences and lower return from other investments.

#### Administrative expenses

Administrative expenses decreased from RM4.623 million in FY2023 to RM3.856 million, primarily due to the absence of debtor impairments and asset write-offs in FYE 2024 compared to FYE 2023. Furthermore, professional fees were lower in FYE 2024.

#### Loss on disposal of a subsidiary

The disposal of 30,000 ordinary shares in Xyrius Solutions Sdn Bhd, representing 100% equity interest, was completed on 17 December 2024. As a result, a one-time loss on disposal of the subsidiary was recognised.

#### Share of profit and losses in Associates

##### (a) Leso Corporation Sdn. Bhd. ("Leso")

The share of profit in Leso was RM488,125 for FYE 2024, an increase from RM326,000 of FYE2023. The improved performance was primarily driven by higher revenue despite challenging market conditions throughout the year.

##### (b) Butterfly House (PG) Sdn. Bhd. ("Entopia")

The Investment in Entopia was fully impaired in FYE 2020.

##### (c) Ento Feed Sdn. Bhd. ("Ento-Feed")

The establishment of Ento-Feed was part of Entopia's diversification strategy to enter the insect feed business. A separate entity was created to facilitate a more streamlined approach to managing this new business segment. As a result, Elsoft subscribed to 150,000 ordinary shares in Ento-Feed in October 2024 for RM156,255.

The share of loss in Ento-Feed was limited to the maximum cost of investment, RM156,255.

#### Tax Expenses

Similar to previous years, the effective tax rate for the Group was lower than the statutory tax rate due to the 100% tax exemption under the Pioneer Status of Section 4D of the Promotion of Investment Act, 1986 for Elsoft Systems Sdn. Bhd..

Elsoft Systems Sdn. Bhd. obtained its initial Pioneer Status for a period of five (5) years from 2 January 2015 to 1 January 2020 and this was subsequently extended for another five (5) years to 1 January 2025.

#### Financial Position and Liquidity

The Group's inventories decreased by 15.2% from RM3.136 million as at FYE 2023 to RM2.658 million as at FYE 2024 due to lower work-in-progress ("WIP").

Total trade and other receivables increased by 174.5% from RM2.216 million as at FYE 2023 to RM6.082 million as at FYE 2024. This was primarily due to higher deliveries towards the end of the year, which led to an increase in trade receivable as well as a loan provided to the associate company, Ento-Feed during the financial year.

The Group's trade and other payables decreased by 12.3% from RM2.610 million as at FYE 2023 to RM2.289 million as at FYE 2024 due to lower bonus provision for the year.

Provision for repair and other services decreased by 11.0% from RM0.966 million as at FYE 2023 to RM0.860 million as at FYE 2024 due to lower business volume in FYE 2024.

Total contract liabilities decreased by 36.6% from RM0.985 million as at FYE 2023 to RM0.624 million as at FYE 2024 because the majority of these contract liabilities brought forward from FYE 2023 were fulfilled and recognised in FYE 2024. Contract liabilities for FYE 2024 were expected to be fulfilled and recognised in FYE 2025.

The Group's cash and bank balances stood at RM4.198 million and RM9.457 million as at FYE 2024 and FYE 2023 respectively. The excess funds were placed into either Money Market Fund, Fixed Income Fund and/or Bond Fund for a better after-tax return.

The Group's other investment stood at RM72.586 million and RM88.392 million as at FYE 2024 and FYE 2023 respectively. Other investments comprised investments in Money Market Fund, Bond Fund, Fixed Income Fund and Quoted Investments.

### OPERATING ACTIVITIES

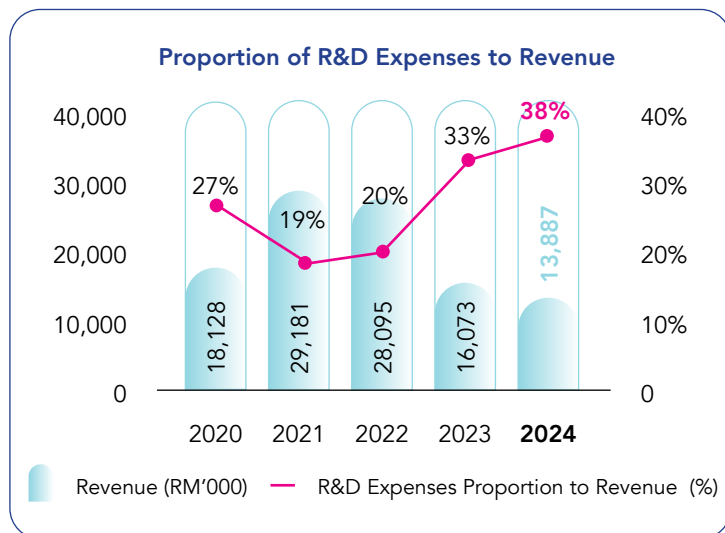
The semiconductor industry, particularly the optoelectronics sector, experienced a slowdown in Financial Year 2024, which adversely impacted the demand for our ATE. Despite this challenging market condition, the Group managed to achieve profitability for Financial Year 2024 by leveraging on its competitive advantages and operational efficiency.

Over the years, Research and Development ("R&D") continued to play an important role towards business sustainability. The Group is confident that these R&D efforts will enable it to maintain its competitive edge and meet the evolving needs of its customers. The Group also remains committed to invest in human capital development and operational excellence to enhance its productivity and efficiency. The Group believes that these strategies will help it overcome the challenges ahead and achieve sustainable growth in the long run.

## Management Discussion & Analysis

### OPERATING ACTIVITIES (Cont'd)

The proportion of R&D expenses to revenue in the last few years were as follow:-



The Group's total workforce at the end of 2024 was as follows:-

Category	No. of Employee
R&D engineers	28
Service engineers	17
Skilled labour	11
Administrative staff	13
<b>Total</b>	<b>69</b>

### PROSPECTS AND OUTLOOK

The World Semiconductor Trade Statistics (WSTS) forecasts a broad-based growth of 11.2% for the semiconductor market in 2025. This growth will be primarily driven by the Logic and Memory sectors. Other semiconductor categories are anticipated to experience more modest, single-digit growth rates.

Given this, the management remains cautiously optimistic about the semiconductor industry's growth in 2025. On the other hand, the medical devices segment began contributing in Q4 2024. The management is anticipating continued positive contribution of medical devices in 2025.

#### Associate Companies

Leso Corporation Sdn. Bhd. ("Leso"), a 30% owned associate company of Elsoft, has established its presence in Thailand, Philippines, Indonesia and Singapore as part of its geographical diversification strategy. For the year 2025, Leso will continue to focus on establishing its branding footprint in the ASEAN region to prepare the Group for growth.



Butterfly House (PG) Sdn. Bhd. ("Entopia") is a 30.91% owned associate company of Elsoft. Overall, Entopia's financial performance has shown improvement in FYE 2024 compared to FYE 2023, as evidenced by an increase in both revenue and cash flow. The trend in visitor arrivals has seen a significant 24% increase from the international market, although there has been a corresponding 24% decrease in the domestic market when comparing FYE 2024 to FYE 2023. To address this decline, the company has launched a new initiative, Entopia by Night, which offers an entirely new night time experience at Entopia. This is a whole new Ticketed experience, which includes themed dining, operates four nights a week from 7:00pm to 10:00pm. With the introduction of this offering, Entopia expects to see a positive impact on visitor arrivals by the end of 2025.

Ento Feed Sdn. Bhd. ("Ento-Feed") is a 31.25% owned associate company of Elsoft. As part of the Entopia group, Ento-Feed is venturing into the insect feed business, specifically focusing on Black Soldier Fly (BSF), as part of its diversification strategy to mitigate the impact of potential future disruptions, such as another COVID-19 crisis. After four years of research and development, the company has established a pilot breeding operation with 12 production lines to produce ready-to-use protein powder feed for the animal farming sector, protein oil for the cosmetic and pharmaceutical industries, and organic fertiliser for the agriculture sector. While having 3 different products to be marketed, Ento-Feed production process is also capable in providing active ESG solution to major Hotels and Factories in Penang by engaging Ento-Feed to manage their kitchen/organic waste. This waste is converted into feedstock for BSF breeding. As part of this initiative, Ento-Feed will provide each participating hotel and factory with an Emission Avoidance Certification, issued in collaboration with its on-board consultant.



## Management Discussion & Analysis

### RISK EXPOSURES

#### Foreign Currency Risk

Our Group is exposed to the risks associated with currency fluctuations as a significant amount of our sales to overseas customers and purchases from overseas suppliers are denominated in USD. Exchange rate fluctuations of USD against Ringgit Malaysia may influence the Group's financial results. However, foreign currency exchange risk is partially mitigated via a natural hedge between revenue and purchases in the same currency.

#### Dependence on Major Customer

Our Group's customer base is made up of leading corporations and multinational companies ("MNCs") in the semi-conductor and optoelectronics industries. Our top customer, a lighting solutions MNC and its group of suppliers accounted for approximately 47% of the Group's total turnover for the financial year ended 31 December 2024. This customer has been with the Group continuously for more than fifteen (15) years thereby indicating a long-term and stable customer relationship.

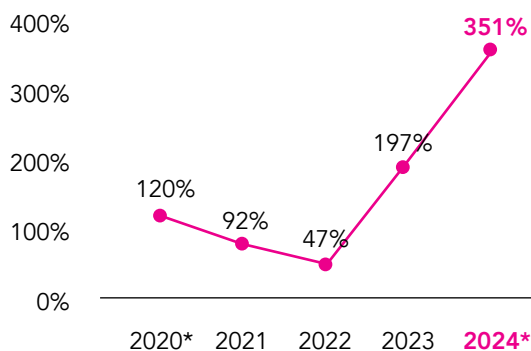
To further reduce over-dependency on any single customer, the Group will continue to focus on a diversification strategy through expanding our customer base and product range.

### DIVIDEND

The Board has adopted a dividend policy of paying an annual dividend of not less than 40% of its annual net profit after taxation, on condition that such distribution will not be detrimental to the Group's cash flow requirements.

In FYE 2024, the Company declared a dividend of RM0.02 per ordinary share which represents a total dividend pay-out of 351%.

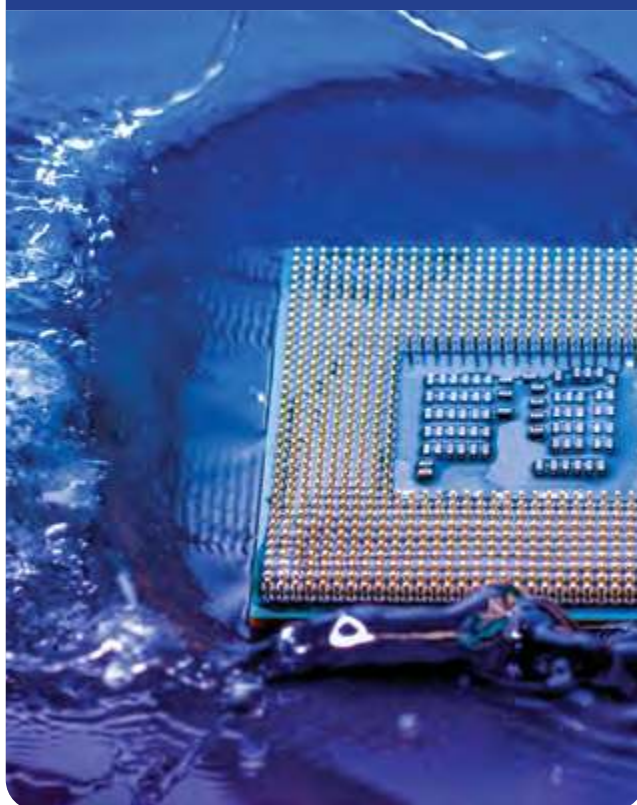
**Dividend Pay-out**



\* The dividend payout percentage for FYE 2020 of 120% and for FYE 2024 of 351% was calculated by excluding the one-time impairment loss in associate in FYE 2020 and one-time loss on disposal of a subsidiary in FYE 2024.

### MESSAGE FROM BOARD & MANAGEMENT

Barring any unforeseen circumstances, the Board and the Management is optimistic about the Group's prospects for the financial year ending 31 December 2025 given its solid financial position and strategic plans.



## Sustainability Statement

Elsoft Research Berhad ("Elsoft") or ("the Group") is pleased to present our Annual Sustainability Statement ("SS") or ("the Statement") for 2024, which covers the sustainability performance of the Group from 1 January 2024 to 31 December 2024. This Statement reflects our commitment to creating value for our stakeholders and the environment through our business activities.

### Scope and Basis of Scope

This Statement provides an overview of the Group's sustainability performance and progress of our sole business operations in Malaysia. The scope of this Statement is consistent with the previous year.

### Reporting Frameworks and Standards

This Statement is prepared in compliance with the Bursa Malaysia's Listing Requirements and taking into account the guidance from Bursa Malaysia's Sustainability Reporting Guide (3rd Edition), Global Reporting Initiative ("GRI") Standards, Task Force on Climate-related Financial Disclosures ("TCFD") Recommendations, Sustainability Accounting Standards Board ("SASB") Standards and the International Sustainability Standards Boards ("ISSB") Standards.

### Our Approach to Sustainability

The Group's sustainability governance structure is established based on the Integrated Sustainability Model. As the Group looks to ensure sustainability is embedded across all aspects of our organisation, the responsibilities of our Board and its committees have been broadened to encompass sustainability elements. The Board of Directors is ultimately responsible for the Group's strategic direction on sustainability while being supported by the respective Board Committees by virtue of delegation.

Our Sustainability Committee ("SC") is led by the Chief Operating Officer and supports the Board with managing the organisation's material sustainability matters. The SC is represented by C-suites and senior management.

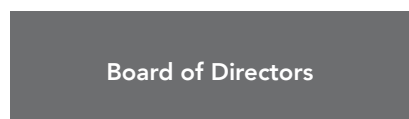
The SC oversees the Sustainability Working Group ("SWG"), which is represented by employees appointed by the management team. The SWG is responsible for the day-to-day implementation of the organisation's strategies and plans.

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

The Board also evaluates its sustainability competencies regularly to improve its leadership and oversight on sustainability matters.

Sustainability-linked Key Performance Indicators ("KPIs") have been established and embedded within the Board's and senior management's performance evaluation scorecard to drive group-wide accountability in steering our sustainability performance.

#### SUSTAINABILITY GOVERNANCE STRUCTURE



**Board of Directors**

#### **Board of Directors ("Board")**

The Board is ultimately accountable for managing sustainability matters in the organisation.

**Sustainability Committee**

#### **Sustainability Committee ("SC")**

The SC which comprises of the CEO, COO, CTO and CFO, reports to the Board on sustainability matters and coordinates the team in their duties and responsibilities.

**Sustainability Working Group**

#### **Sustainability Working Group**

The Sustainability Working Group comprises employees appointed by the management team to manage sustainability initiative.

## Sustainability Statement

### Stakeholder Engagement

Elsoft acknowledges the importance of stakeholder engagement in identifying and understanding their needs and expectations. Our key stakeholders include customers, employees, shareholders, suppliers and government agencies.

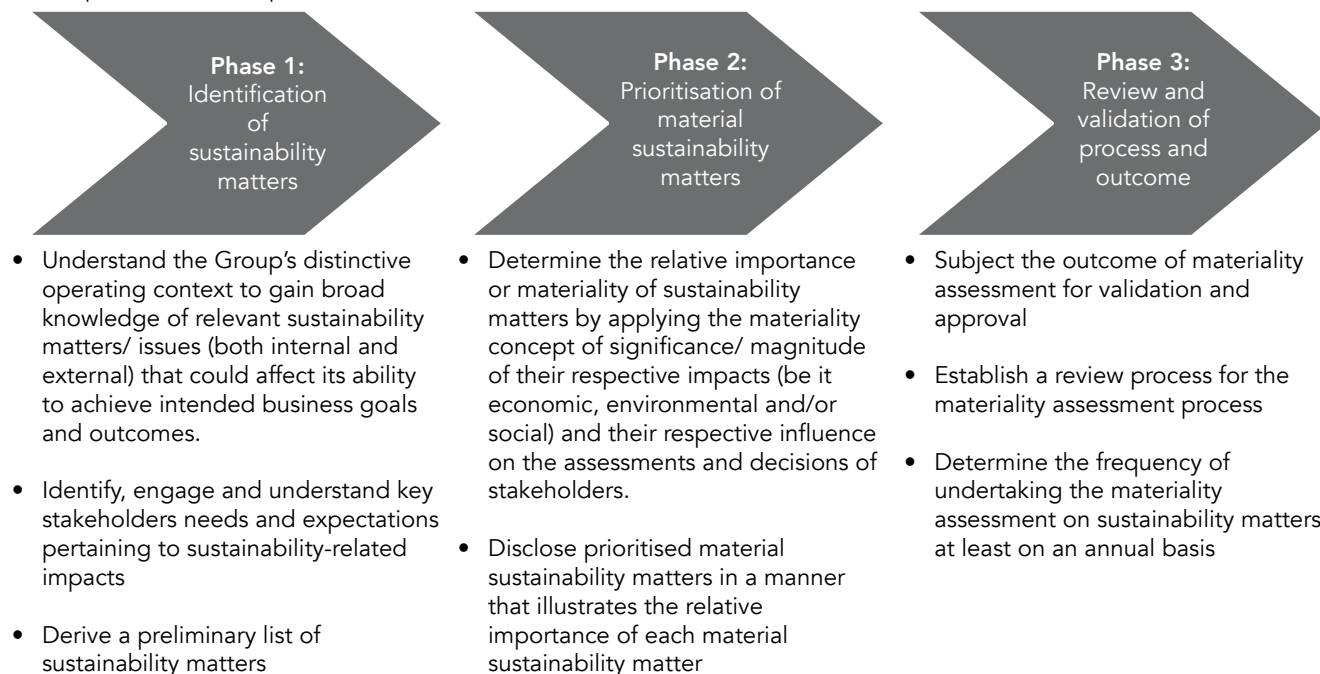
Key Stakeholders	Engagement Platforms	Area of Interest	Our response
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Quarterly analyst briefings</li> <li>Annual General Meeting</li> <li>Annual report and quarterly financial results</li> </ul>	<ul style="list-style-type: none"> <li>Business strategies and future plan</li> <li>Dividend payout</li> <li>Group overall performance</li> </ul>	<ul style="list-style-type: none"> <li>Update on Group strategy and financial performance via analyst briefing and announcements</li> <li>Formalise dividend payout policy</li> </ul>
<b>Government Agencies</b>	<ul style="list-style-type: none"> <li>Participation in social programmes and exhibitions</li> <li>Participation in seminars related to new Government Acts and Regulations</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory compliance including environmental and social compliance</li> <li>Corporate Governance Practice</li> </ul>	<ul style="list-style-type: none"> <li>Full compliance with regulatory requirements</li> <li>Adoption of practices outlined in MCCG</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Customer satisfaction survey</li> <li>Customer support channel</li> </ul>	<ul style="list-style-type: none"> <li>Value added products and services</li> <li>Quality products and services</li> </ul>	<ul style="list-style-type: none"> <li>Offer valued added and quality product and services</li> <li>Adhere to Quality Standard (i.e. ISO9001 and ISO17025)</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Internal communication channel</li> <li>Employee appraisal and feedback</li> <li>Corporate announcement</li> </ul>	<ul style="list-style-type: none"> <li>Business growth and strategic direction</li> <li>Remuneration and benefits</li> <li>Career development and upskilling opportunities</li> <li>Health and safety at the workplace</li> </ul>	<ul style="list-style-type: none"> <li>Promote transparency communication with employee</li> <li>Provide equal employment opportunities without discrimination</li> <li>Offer competitive remuneration packages</li> <li>Provide relevant upskilling and development opportunities</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Supplier performance evaluation</li> <li>Regular feedback to suppliers on their quality and performance</li> </ul>	<ul style="list-style-type: none"> <li>Efficient procurement processes</li> <li>Transparency in procurement processes</li> </ul>	<ul style="list-style-type: none"> <li>Emphasis on provision of transparent procurement processes</li> </ul>



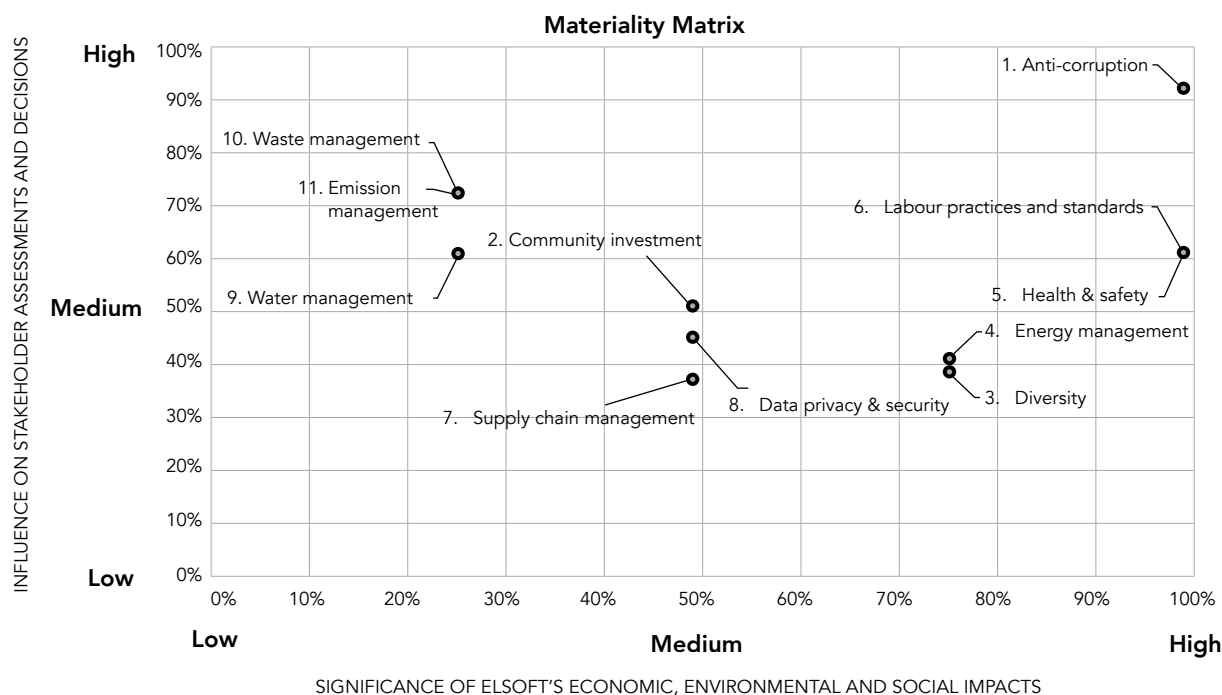
## Sustainability Statement

### Material Matters

Our materiality assessment will be conducted once every three (3) years which involves managing both the expectations/ influence of stakeholders and the importance/significance of sustainability. The Materiality Assessment Process is typically made up of 3 distinctive phases as reflected below.



Our sustainability assessment revealed eleven (11) sustainability matters. The following figure shows how we prioritised these issues in the Sustainability Materiality matrix, which has been reviewed by our SC and approved by the Board of Directors.



### Material Sustainability Matters

- |                                   |                              |
|-----------------------------------|------------------------------|
| 1. Anti-corruption                | 7. Supply chain management   |
| 2. Community investment           | 8. Data privacy and security |
| 3. Diversity                      | 9. Water management          |
| 4. Energy management              | 10. Waste management         |
| 5. Health & safety                | 11. Emission management      |
| 6. Labour practices and standards |                              |

## Sustainability Statement

### Risk Management

Elsoft has established risk management practices to safeguard the Group's business interest from risk events that may impede the achievement of business strategy and provide assurance to the Groups' various stakeholders. The Group CEO and CFO have provided the Board with the assurance that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, to ensure achievement of corporate objectives.

The main components of the Group's risk governance and structure consist of the Board, the Senior Management and the key personnel of the Group. The structure allows for strategic risk discussions to take place between the Board and the Senior Management on a periodical basis, where necessary.

### Sustainability Framework

Our sustainability framework is aligned with our business strategy and future plan. Through our framework, we aspire to meet our stakeholders' needs, minimise our environmental impact and support the local communities where we operate. Our framework focuses on four areas, i.e. Economic, Environmental, Social and Governance.

Economic	<ul style="list-style-type: none"> <li>conduct business in an open, transparent, and accountable manner,</li> <li>ensure continued commercial success to achieve total customer satisfaction,</li> <li>enhance the availability of EES information for decision making,</li> <li>facilitate sustainable products by encouraging responsible consumption and usage of resources in business operations,</li> <li>establish and continually improve the effectiveness of our management system in all operations and service delivery, and</li> <li>engage in continuous, timely, transparent, and meaningful communication with shareholders and stakeholders.</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>our current production processes generate very minimum waste,</li> <li>be committed to environmental protection and stewardship by minimising risks and impacts to the environment in our daily operations,</li> <li>ensure minimum consumable waste and proper consumable waste disposal methods,</li> <li>comply with all relevant environmental regulatory and legal requirements including climate-related practices,</li> <li>embrace responsible energy and resource management in daily operations, and</li> <li>inculcate environmentally sustainable practices among our employees.</li> </ul>
Social	<ul style="list-style-type: none"> <li>ensure an ethical, safe, healthy, and conducive work environment for our employees,</li> <li>cultivate a diverse and inclusive culture that recognises and values individuality,</li> <li>ensure equal access to opportunities regardless of one's age, gender, ethnicity, religion, national origin, disability, sexual orientation or any other relevant characteristics,</li> <li>eliminate improper conduct and practices, including but not limited to workplace bullying, discrimination against individual differences, discriminatory and sexual harassment, intimidation and victimisation,</li> <li>empower our workforce by supporting their personal and professional growth,</li> <li>respect and uphold fundamental human rights through the elimination of child labour and forced labour of all forms, and</li> <li>contribute to the well-being and development of the surrounding community through corporate social responsibility programmes and donation activities.</li> </ul>
Governance	<ul style="list-style-type: none"> <li>maintain high standards of business ethics, integrity, and corporate governance practices,</li> <li>establish and continually improve appropriate governance structures and processes,</li> <li>comply with all applicable laws and regulations in relation to corporate governance,</li> <li>resolve verifiable complaints, grievances (if any) and conflicts through an open, transparent and consultative process, and</li> <li>establish policies and procedures to ensure the adequacy and integrity of the Group's internal control system.</li> </ul>

## Sustainability Statement

### Management Approach for Material Matters

### ANTI-CORRUPTION



#### Why is this important?

Elsoft Group is committed to conduct its businesses with the highest standard of professionalism, integrity, ethics and legality. This is important for us to protect the interests of both the business and stakeholders while building trust and reinforcing confidence of our stakeholders.



#### Our action & initiatives

Elsoft's zero tolerance stance against corruption is outlined in our Anti-Corruption and Bribery Policy, which is regularly reviewed to ensure alignment with the Malaysian Anti-Corruption Commission Act 2009.

Consistent with this commitment, all directors and employees are to conduct themselves in accordance with this expectation in all aspects of the company's activities. Elsoft also expects its suppliers, contractors, consultants and any other parties with whom it conducts business to adopt, conform and adhere to such values and ethical standards.



#### Our performance

#### Corruption related awareness (%)

	Anti-Corruption Training/Refreshment		
	2022*	2023	2024
All category employees	0%	100%	100%

\* Starting from FY2023, anti-corruption training/refreshment will be conducted annually instead of biennially as previously practiced.

#### Assessment of corruption-related risks

	2022	2023	2024
Percentage of operations assessed for corruption risks	100%	100%	100%

#### Corruption incidents

	2022	2023	2024
Number of confirmed corruption incidents	0	0	0



## Sustainability Statement

### Management Approach for Material Matters

### COMMUNITY INVESTMENT



#### Why is this important?

Elsoft is committed to creating a positive social impact in the areas where we operate. We focus our community engagement efforts on three groups of people who face difficulties in their everyday lives: senior citizens, orphans and people with disabilities. We aim to be a good corporate citizen by giving our time, resources or skills to these causes.



#### Our action & initiatives

Elsoft has committed to allocate a certain budget every year to support the local community in need. We will carefully select and evaluate suitable charity organisations, orphanages, senior citizen homes and handicapped centers to provide them with necessary financial assistance.



#### Our performance

Our contribution to the society as shown in the table below.

Financial Year	Target Recipient	Community Investment
2022	Donation to Pure Lotus Cancer & St. Joseph's Home	RM15,000
2023	Donation to Penang Chinese Town Hall & Lion Club Charity Fund	RM50,500
2024	<b>Contribution to Jit Sin School Union Bukit Mertajam for the construction of Digital Library in Bukit Mertajam</b>	<b>RM10,000</b>

## Sustainability Statement

### Management Approach for Material Matters

### DIVERSITY



#### Why is this important?

Elsoft believes that diversity is essential for our company's growth and innovation. Diversity means embracing the variety of people's backgrounds, identities, experiences, perspectives, skills and abilities as well as gender, age, race and nationality. Diversity enables us to create a culture of innovation, creativity and inclusion. Diversity also helps us to attract and retain talent, improve customer satisfaction, and enhance our reputation.



#### Our action & initiatives

Our approach to diversity is based on the following principles:

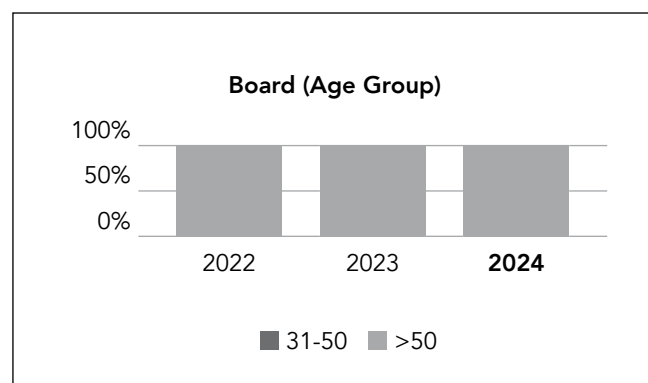
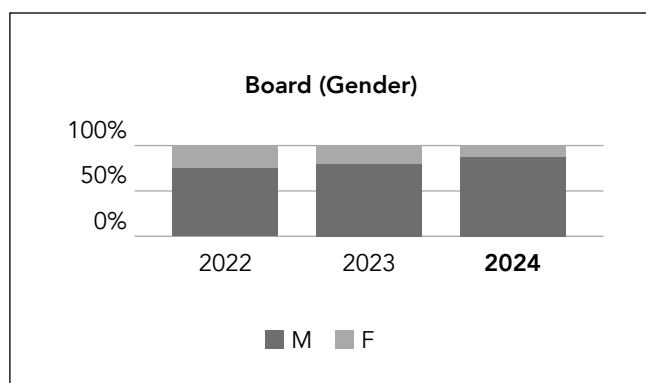
Respect	Equity	Inclusion
Recognising and valuing the uniqueness of each individual and treating them with dignity and fairness.	Providing equal opportunities and access to resources, benefits and outcomes for all employees, regardless of their differences.	Creating a sense of belonging and involvement for all employees, where they can contribute fully and authentically to the Elsoft's success.

We are committed to upholding fair employment practices and regularly evaluating our hiring process to promote equality from the start, in accordance with our principle. Moreover, we also welcome and support employees with disabilities, ensuring their specific needs are accommodated.

At Elsoft, employees enjoy competitive salaries, career growth, reward and recognition without any discrimination. We also strongly promote balanced gender representation on our Board to achieve a minimum of 30% women representation at the Board level.



#### Our performance



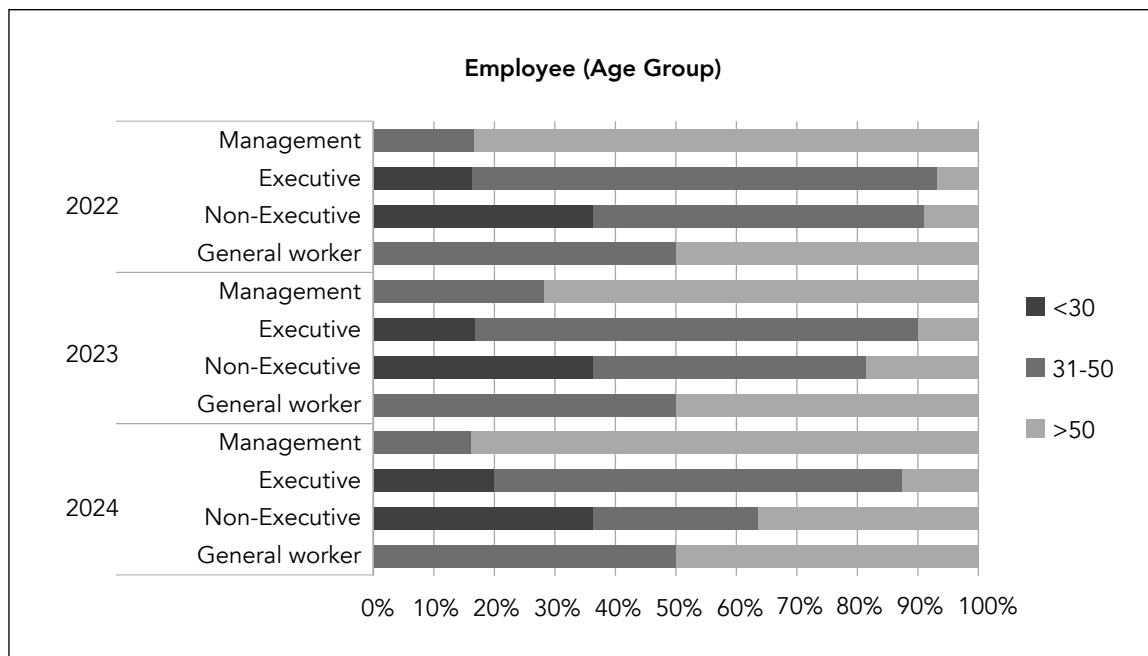
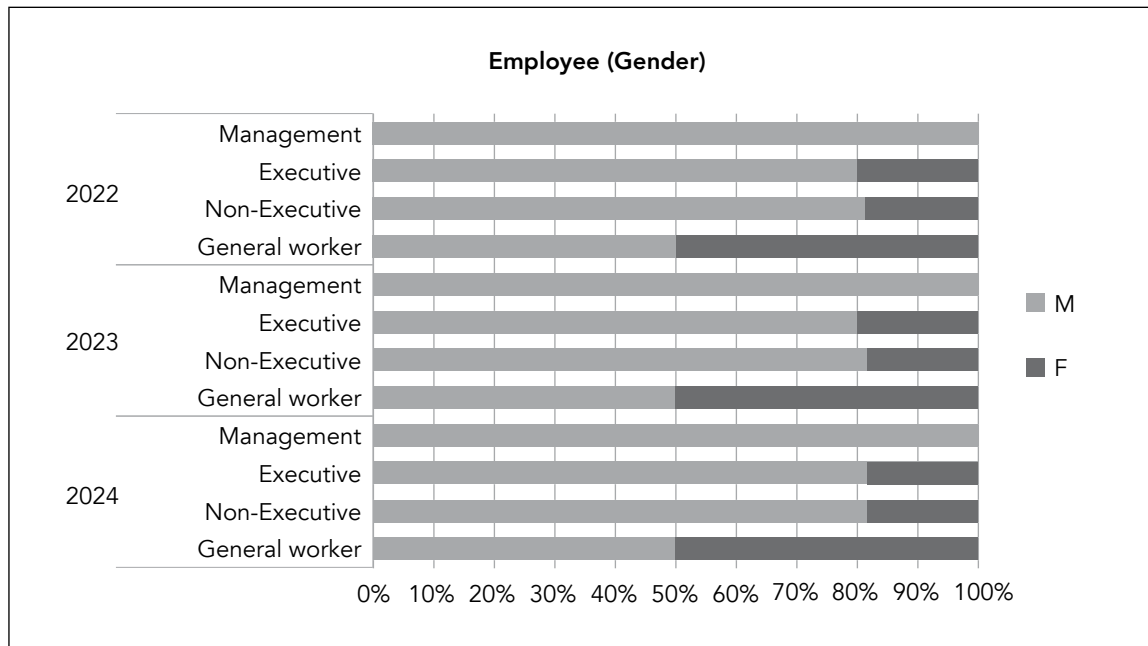
## Sustainability Statement

## Management Approach for Material Matters

## DIVERSITY



Our performance



## Sustainability Statement

### Management Approach for Material Matters

### ENERGY & WATER MANAGEMENT



#### Why is this important?

Energy and water management can demonstrate Elsoft's commitment to sustainability and social responsibility, which can attract customers, investors, and employees who value these principles. We can also save money on utility bills by using energy and water more efficiently, especially as energy prices increase. Moreover, we can reduce our greenhouse gas emissions by consuming less energy.



#### Our action & initiatives

Elsoft recognises that electricity is our main source of energy consumption, and we have taken steps to reduce our environmental impact by installing solar panels to power our buildings with renewable energy. We also keep track of our water usage and adopt practices to save water and avoid wastage. Our goal is to be a responsible and sustainable business that cares for the planet and its resources.



#### Our performance

#### Energy consumption

A 585.42kWp Solar Photovoltaic (PV) System has been installed at Elsoft's factory and is expected to generate up to 811,978kWh of electricity annually. The reduction in fossil electricity consumption and the resulting reduction in air pollution is equivalent to 16,392 trees cleansing the air annually or 549.12 tonnes of annual CO<sub>2</sub> reduction.

	2022	2023	2024
Renewable energy (mW)	857	855	<b>896</b>
Non-renewable energy (mW)	1,608	2,068	<b>2,277</b>
Total electricity consumed (mW)	2,465	2,923	<b>3,173</b>
CO <sub>2</sub> reduction due to renewable energy (tCO <sub>2</sub> )	548	546	<b>573</b>

Baseline CO<sub>2</sub> for Peninsular - 0.639 tCO<sub>2</sub>/ MWh according to SEDA

Elsoft has replaced more than 90% of fluorescent lighting with energy-efficient LED lighting in the production area for long-term energy saving.

#### Water consumption

Our operations' total water usage is minimal as shown in the table below.

	2022	2023	2024
Total water usage (Megalitres)	12.300	4.348	<b>4.253</b>



## Sustainability Statement

### Management Approach mfor Material Matters

### HEALTH AND SAFETY



#### Why is this important?

Health and safety are vital aspects of Elsoft's culture and values. We strive to create a work environment that protects the well-being and productivity of our employees.



#### Our action & initiatives

At Elsoft, we are committed to maintaining the highest levels of safety and hygiene in our operations and facilities. We also train our staff on how to avoid and handle potential hazards and risks. Our goal is to minimise the frequency and impact of work-related injuries and illnesses, as well as to improve the quality and efficiency of our services.

Every year, we conduct engineering control assessment by an independent party for our local exhaust ventilation systems. Facility staff will regularly inspect the workplace conditions, firefighting and other safety systems to ensure their functionality. Elsoft also cares about employees' health care by offering dental, optical and medical checkups as part of employees' benefits funded by the company.



#### Our performance

Elsoft has performed engineering control examination monitoring annually to ensure compliance with the regulation as shown in the table below.

FYE	Performed on	Result
2022	4 July 2022	In compliance
2023	23 May 2023	In compliance
<b>2024</b>	<b>25 June 2024</b>	<b>In compliance</b>

There were zero work-related injuries for the past three years.

Complaint	2022	2023	2024
Number of work-related injuries	0	0	0
Lost time incident rate	0	0	0
Number of employees trained on health and safety	1	1	1

## Sustainability Statement

### Management Approach for Material Matters

### LABOUR PRACTICES AND STANDARDS



#### Why is this important?

As a research company, Elsoft considers talent management a very vital ingredient to stay competitive in the marketplace and to sustain long term business growth and success. We strive to attract, develop and retain high-performing employees and to provide them with a work environment that is both supportive and empowering.



#### Our action & initiatives

Our approach to labour practice is focus on the following areas:

- (i) Talent acquisition and onboarding
- (ii) Enhancing the skills of our workforce
- (iii) Performance management
- (iv) Succession planning

We also adhere to all relevant laws and regulations that protect labour rights, health and safety, diversity and inclusion, and human rights. We constantly review and improve our labour performance and obtain feedback from our employees.



#### Our performance

#### Employee training hours

Employee Category	Training Hours		
	2022	2023	2024
Management	109	196	<b>189</b>
Executive	129	759	<b>617</b>
Non-Executive	37	69	<b>56</b>
General worker	0	0	<b>0</b>
<b>Total</b>	<b>275</b>	<b>1,024</b>	<b>862</b>

## Sustainability Statement

### Management Approach for Material Matters

### LABOUR PRACTICES AND STANDARDS



Our performance

#### Temporary Employee

	2022	2023	2024
Percentage of contractors or temporary staff	0%	0%	0%

#### Employee Turnover

Employee Category	Number		
	2022	2023	2024
Management	0	0	0
Executive	4	4	2
Non-Executive	0	0	0
General worker	0	0	0
<b>Total</b>	<b>4</b>	<b>4</b>	<b>2</b>

#### Employee Turnover rate

	2022	2023	2024
Percentage of employee turnover	6%	6%	3%

#### Human rights violations

	2022	2023	2024
Number of substantiated complaints concerning human rights violation.	0	0	0

## Sustainability Statement

Management Approach for Material Matters

SUPPLY CHAIN MANAGEMENT



### Why is this important?

Elsoft believes in the power of local communities and their potential to drive positive change. Hence, we strive to source our materials and services from local suppliers whenever possible, and to contribute to the economic development of the area where we operate.

Our procurement policy is guided by the principles of responsibility, transparency and fairness, and we seek to establish long-term partnerships with our suppliers based on mutual trust and respect.



### Our action & initiatives

Elsoft is prioritising local suppliers for procurement, while ensuring cost efficiency and product quality. We aim to provide fair business opportunities to local suppliers and help them grow their capabilities and competitiveness.



### Our performance

As the following data indicates, we have made concrete steps to enhance our collaboration with local suppliers:

	2022	2023	2024
Proportion of spending on local suppliers	64%	69%	<b>62%</b>



## Sustainability Statement

### Management Approach for Material Matters

### DATA PRIVACY AND SECURITY



#### Why is this important?

At Elsoft, we value data privacy and security as key aspects of our business that deals with sensitive or personal data of our customers, employees and other stakeholders.

Data privacy and security are essential for Elsoft for several reasons.

- (i) enable us to establish trust and reputation with the customers who share their data with us,
- (ii) enable us to adhere to the legal and regulatory requirements that regulate data protection, i.e. Personal Data Protection Act (PDPA) 2010, and
- (iii) enable us to avoid or reduce the risks of data breaches, cyberattacks, identity theft, fraud and other potential threats that could harm us and our stakeholders.



#### Our action & initiatives

The server where we store our data has a robust security system in place. We keep track of user access and activities to avoid any unauthorised or improper use. Our information technology, including our cybersecurity and data policy, will undergo internal audit regularly.

We also make sure that we collect data in a legal way and obtain the consent of our customers and employees.



#### Our performance

There were zero substantiated complaints concerning breaches in customer and employee privacy or data loss.

Complaints	2022	2023	2024
Number of complaints concerning breach in customer privacy or data loss	0	0	0

## Sustainability Statement

### Management Approach for Material Matters

### WASTE MANAGEMENT



#### Why is this important?

Elsoft understands that proper management of both hazardous and non-hazardous waste is vital to reducing environmental impact and safeguarding the health and well-being of our employees and surrounding communities.



#### Our action & initiatives

At Elsoft, the majority of waste generated comes from general waste in our office buildings. We have implemented initiatives to raise awareness among our employees to help reduce waste, including:

1. Segregating recyclable and non-recyclable waste
2. Promoting paperless documentation by transitioning to digital formats

We encourage waste reduction and recycling by urging employees to reuse materials such as paper, plastic, and aluminum, and providing designated bins for sorting different types of waste.

We generate negligible hazardous waste, which is disposed of in accordance with environmental regulations.



#### Our performance

Waste Data	2022	2023	2024
Total waste generated (metric tonnes)	*	*	<b>2.26</b>
Total waste diverted from disposal (metric tonnes)	*	*	<b>2.26</b>
Total waste directed to disposal (metric tonnes)	*	*	-

\* Data is not available as data collection only commenced in 2024.

## Sustainability Statement

### Management Approach for Material Matters

### EMISSION MANAGEMENT



#### Why is this important?

Elsoft recognises that managing emissions is essential to addressing the negative effects of climate change. By controlling and reducing greenhouse gas (GHG) emissions, we can help mitigate global warming, protect ecosystems, and improve public health.



#### Our action & initiatives

Elsoft has invested in solar panels to produce clean energy as part of our commitment to green technologies, aiming to reduce our environmental impact and support global efforts to combat climate change. This initiative not only helps mitigate global warming but also lowers operational costs and strengthens the company's position as a responsible corporate citizen in the transition to a low-carbon economy.



#### Our performance

GHG Emission	2022	2023	2024
Scope 1 (tCO <sub>2</sub> e)	*	*	6
Scope 2 (tCO <sub>2</sub> e)	*	*	1,455
Scope 3 (tCO <sub>2</sub> e)	*	*	98

\* Data is not available as data collection only commenced in 2024.

## Sustainability Statement

### Performance Data Table

Indicator	Unit	2022	2023	2024	Target
<b><u>Anti-corruption</u></b>					
Percentage of employees who attended corruption related awareness programmes	Percentage	0%	100%	100%	80%
Percentage of operations assessed for corruption risks	Percentage	100%	100%	100%	100%
Number of confirmed corruption incidents	Number	0	0	0	Zero case
<b><u>Community investment</u></b>					
Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	15,000	50,500	10,000	
Total number of beneficiaries of the investment in communities	Number	2	2	1	
<b><u>Diversity</u></b>					
Gender diversity by employee category:					
Management - M	Percentage	100%	100%	100%	
Management - F	Percentage	0%	0%	0%	
Executive - M	Percentage	80%	80%	82%	
Executive - F	Percentage	20%	20%	18%	
Non-Executive - M	Percentage	82%	82%	82%	
Non-Executive - F	Percentage	18%	18%	18%	
General worker - M	Percentage	50%	50%	50%	
General worker - F	Percentage	50%	50%	50%	
Age diversity by employee category:					
Management (<30)	Percentage	0%	0%	0%	
Management (30 - 50)	Percentage	17%	29%	17%	
Management (>50)	Percentage	83%	71%	83%	
Executive (<30)	Percentage	16%	18%	20%	
Executive (30 - 50)	Percentage	78%	72%	68%	
Executive (>50)	Percentage	6%	10%	12%	
Non-Executive (<30)	Percentage	36%	36%	37%	
Non-Executive (30 - 50)	Percentage	55%	46%	27%	
Non-Executive (>50)	Percentage	9%	18%	36%	
General worker (<30)	Percentage	0%	0%	0%	
General worker (30 - 50)	Percentage	50%	50%	50%	
General worker (>50)	Percentage	50%	50%	50%	
Percentage of director by gender and age group:					
Male	Percentage	75%	78%	88%	
Female	Percentage	25%	22%	12%	
Below 30	Percentage	0%	0%	0%	
30 - 50	Percentage	0%	0%	0%	
Above 50	Percentage	100%	100%	100%	



## Sustainability Statement

Indicator	Unit	2022	2023	2024	Target
<b><u>Energy management</u></b>					
Energy consumption	megawatt	2,465	2,923	3,173	Invest in renewable energy
<b><u>Water management</u></b>					
Water consumption	megalitres	12.300	4.348	4.253	
<b><u>Health &amp; safety</u></b>					
Number of work-related injuries	Number	0	0	0	Zero case
Lost time incident rate	Rate	0	0	0	
Number of employees trained on health and safety	Number	1	1	1	
<b><u>Labour practices and standards</u></b>					
Total training hours by employee category					
Management	Hours	109	196	189	
Executive	Hours	129	759	617	
Non-Executive	Hours	37	69	56	
General worker	Hours	-	-	-	
Percentage of employee that are contractors or temporary staff	Percentage	0%	0%	0%	
Number of turnover by employee category					
Management	Number	-	-	-	
Executive	Number	4	4	2	
Non-Executive	Number	-	-	-	
General worker	Number	-	-	-	
Percentage of employee turnover	Percentage	6%	6%	3%	Less than 10%
Number of substantiated complaints concerning human rights violation	Number	0	0	0	Zero case
<b><u>Supply chain management</u></b>					
Proportion of spending on local suppliers	Percentage	64%	69%	62%	
<b><u>Data privacy and security</u></b>					
Number of complaints concerning breach in customer privacy or data loss	Number	0	0	0	Zero case
<b><u>Waste management</u></b>					
Total waste generated	tonnes	*	*	2.26	
Total waste diverted from disposal	tonnes	*	*	2.26	
Total waste directed to disposal	tonnes	*	*	0	
<b><u>Emission management</u></b>					
GHG Emission Scope 1	tCO2e	*	*	6	
GHG Emission Scope 2	tCO2e	*	*	1,455	
GHG Emission Scope 3	tCO2e	*	*	98	

\* Data is not available as data collection only commenced in 2024.

### **Assurance Statement**

For the financial year 2024, the Sustainability Statement has not undergone any internal auditor review or obtained independent assurance. However, the subject matters covered in the statement were prepared by the respective department and reviewed by the Sustainability Committee.

## Sustainability Statement

Indicator	Measurement Unit	2024
<b>Bursa (Anti-corruption)</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive/Technical Staff	Percentage	100.00
General Workers	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
<b>Bursa (Community/Society)</b>		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	10,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	1
<b>Bursa (Diversity)</b>		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	17.00
Management Above 50	Percentage	83.00
Executive Under 30	Percentage	20.00
Executive Between 30-50	Percentage	68.00
Executive Above 50	Percentage	12.00
Non-executive/Technical Staff Under 30	Percentage	37.00
Non-executive/Technical Staff Between 30-50	Percentage	27.00
Non-executive/Technical Staff Above 50	Percentage	36.00
General Workers Under 30	Percentage	0.00
General Workers Between 30-50	Percentage	50.00
General Workers Above 50	Percentage	50.00
Gender Group by Employee Category		
Management Male	Percentage	100.00
Management Female	Percentage	0.00
Executive Male	Percentage	82.00
Executive Female	Percentage	18.00
Non-executive/Technical Staff Male	Percentage	82.00
Non-executive/Technical Staff Female	Percentage	18.00
General Workers Male	Percentage	50.00
General Workers Female	Percentage	50.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	88.00
Female	Percentage	12.00
Under 30	Percentage	0.00
Between 30-50	Percentage	0.00
Above 50	Percentage	100.00
<b>Bursa (Energy management)</b>		
Bursa C4(a) Total energy consumption	Megawatt	3,173.00
<b>Bursa (Water)</b>		
Bursa C5(a) Total volume of water used	Megalitres	4,253.000000
<b>Bursa (Health and safety)</b>		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	1
<b>Bursa (Labour practices and standards)</b>		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	189
Executive	Hours	617
Non-executive/Technical Staff	Hours	56
General Workers	Hours	0

Internal assurance External assurance No assurance

(\*) Restated

## Sustainability Statement

Indicator	Measurement Unit	2024
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	0
Executive	Number	2
Non-executive/Technical Staff	Number	0
General Workers	Number	0
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
<b>Bursa (Supply chain management)</b>		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	62.00
<b>Bursa (Data privacy and security)</b>		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
<b>Bursa (Waste management)</b>		
Bursa C10(a) Total waste generated	Metric tonnes	2.26
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	2.26
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	0.00
<b>Bursa (Emission management)</b>		
Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	6.00
Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	1,455.00
Bursa C11(c) Scope 3 emissions in tonnes of CO <sub>2</sub> e (at least for the categories of business travel and employee commuting)	Metric tonnes	98.00

## Corporate Governance Overview Statement

The Board of Directors ("Board") recognises the importance of sustaining a high standard of corporate governance in ensuring that the interests of the Group, shareholders and other stakeholders are protected.

The Board remains fully committed towards adhering to the principles and recommendations of the Malaysian Code of Corporate Governance ("MCCG"). As such, the Board will continue to review and enhance good corporate governance practices to ensure its ability to meet future challenges and to establish long-term sustainable shareholders' value.

This statement discloses the manner in which the Group has applied the principles of good corporate governance and the extent to which it has complied with the Code.

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

#### I BOARD RESPONSIBILITIES

##### 1.0 The Board is responsible for the Company's leadership and is collectively responsible for meeting the Company's objectives and goals. It strives to accomplish this through overseeing the proper conduct of the Group's business and affairs.

##### 1.1 Setting Company's Strategic Directions, Values and Standards

The Board has full control and is responsible for providing strategic direction, approving corporate plans, monitoring and reviewing corporate performance, ensuring adequate systems for good internal control and risk management are in place, overseeing succession planning and adopting sound financial and operational management practices.

The Chief Executive presents and updates the Board on his recommended strategy and business plan at a dedicated session. The Board reviews and comments on the recommended strategy and proposed business plan in order to achieve the best outcome for the Group.

The Board is responsible for the good corporate governance practices of the Group. It guides and monitors the affairs of the Group on behalf of the shareholders and other stakeholders, which is consistent with the Board Charter and the published Code of Conduct.

The responsibilities and decision-making powers of the Board are included in the Board Charter of the Company and are accessible on the Company's website.

##### 1.2 The Chairman of the Board

The Chairman of the Board is Dato' Dr Chong Eng Keat @ Teoh Eng Keat. He is responsible for the leadership and effective functioning of the Board. He sets the Board's agenda and ensures adequate time is given for discussion of all agenda items. He also ensures that all directors receive complete, adequate and timely information. He facilitates the effective contribution of non-executive directors and ensures constructive relations between the executive and non-executive directors.

Dato' Dr Chong acts as a spokesperson for the Board during shareholders' meeting and ensures effective communication with shareholders and stakeholders. He leads the Board in practicing good corporate governance and ensures compliance of all relevant laws and regulations.

##### 1.3 The Position of Chairman and CEO are Held by Different Individuals

The requirement for the roles of the Chairman and Chief Executive Officer (CEO) to be held by two (2) separate individuals as well as a clear division of responsibilities are set out in the Board Charter. There is a clear division of duties and responsibilities between the Chairman and the CEO to ensure a balance of power and authority so that no one individual has unfettered powers over decision making.

The Chairman, Dato' Dr Chong Eng Keat @ Teoh Eng Keat is responsible for the leadership and governance of the Board in ensuring its effectiveness.

The CEO/Executive Director, Mr Tan Cheik Eaik is responsible for the day-to-day management of the Company's business and its operations as well as the implementation of the Board's policies and decisions.



## Corporate Governance Overview statement

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

#### I BOARD RESPONSIBILITIES (Cont'd)

##### 1.4 The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

The Chairman, Dato' Dr Chong Eng Keat @ Teoh Eng Keat, is not a member of the Audit Committee, Nomination Committee, and Remuneration Committee.

##### 1.5 Qualified and Competent Company Secretary

The Board is supported by a qualified, experienced and competent Company Secretary who is also a member of professional body.

The Company Secretary plays an advisory role to the Board, offering guidance on the Company's constitution and providing updates on new statutory, relevant regulatory and listing requirements relevant to the duties and responsibilities of Directors, as necessary.

The Company Secretary and/or representative attend all Board and Board Committee meetings to ensure the meetings are properly convened.

The Company Secretary also ensures the accurate and proper recording of the meeting proceedings with all resolutions passed duly documented and maintained.

##### 1.6 Supply of Information

The Board members have access to all information pertaining to the Company and the Management supplies accurate and complete information to the Board in a timely manner to enable the Board to discharge its duties effectively.

Board members are provided with information such as a meeting agenda and a full set of Board papers at least seven days prior to the board meetings. This is to enable the board members to have an overview of matters to be discussed or reviewed at the meetings and to seek further clarifications, if any.

Upon conclusion of the Board meetings, the minutes are circulated on a timely basis to enable Board members to ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board or Board Committees.

All Directors have access to the advice and services of the Company Secretary.

Directors are entitled to seek independent professional advice, including but not limited to legal, accounting and financial, either collectively or individually as may be considered necessary in furtherance of their duties and responsibilities at the expense of the Company.

##### 2.0 The Board acknowledges the importance of demarcation of responsibilities between the Board, Board Committees and management.

##### 2.1 Board Charter

The Board has formalised and adopted the Board Charter which clearly sets out the respective roles and responsibilities of the Board and also the functions and responsibilities delegated to the Board Committees as well as to the management.

The objectives of the Board Charter are to ensure that the members of the Board are aware of their roles, duties and responsibilities and the application of principles and practices of good corporate governance in their business conduct and dealings in respect of, and on behalf of the Company and the various laws and legislations governing them and the Company.

The Board reviews the Board Charter periodically and makes relevant amendments as and when the Board deems necessary to ensure that it continues to remain relevant and appropriate.

The Board Charter is accessible on the Company's website.

## Corporate Governance Overview Statement

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

#### I BOARD RESPONSIBILITIES (Cont'd)

**3.0 The Board is committed to promote good business practices and ethical corporate conduct. With this commitment, the Board believes that it will make sound business decisions, enhance its operational performance and deliver value to all stakeholders.**

##### 3.1 Code of Conduct and Ethics

The Company's Code of Conduct sets out the principles and standards of business ethics and conduct of the Group. The objective of the Code is to assist the Directors and employees in defining ethical standards and conduct at work. The Code of Conduct includes principles relating to the duties of Directors and employees, confidential information, conflict of interest, dealings in securities, compliance to law & regulations and business conduct.

The Chief Executive oversees the communication, implementation and compliance of these principles and rules in the Group. All Directors and employees have free access to the Code of Conduct which is available at the Company's website.

The Board monitors compliance with the Code and reviews the Code regularly to ensure that it continues to remain relevant and appropriate.

##### 3.2 Whistle-Blowing Policy

The Board has adopted a Whistle-Blowing Policy and will review the Policy from time to time.

The Policy is established to facilitate the reporting by employees and members of the public of any suspicious or improper conduct within the Company. The Policy also protects the whistle blower from reprisal and safeguard such person's confidentiality as a consequence of making a report.

The Whistle-Blowing Policy can be viewed from the Company's website.

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

The Board has adopted an Anti-Corruption and Bribery Policy and will review it from time to time.

The Anti-Corruption and Bribery Policy is accessible on the Company's website.

**4.0 The Board acknowledges the importance of embedding sustainability principles in setting the Company's strategy.**

##### 4.1 Responsibility for oversight and strategic management of sustainability matters

One of the responsibilities of the Board under its Board Charter is to review, approve and adopt strategic plans/direction of the Company and its Group and to ensure that they support long term value creation and have taken into account economic, environmental and social ("EES") considerations underpinning sustainability. The Sustainability Committee and Sustainability Working Group are responsible for implementing the policies, strategies and decisions adopted by the Board.

##### 4.2 Public disclosure as well as ongoing internal and external stakeholder's engagement on the management of sustainability matters

Sustainability reporting is prepared in accordance with the Bursa Securities Listing Requirements as a channel to communicate with stakeholders regarding the Company's performance and its impacts on a wide range of sustainability topics, spanning economic, environmental and social parameters.

The Sustainability Statement forms part of the Company's Annual Report and is accessible on the Company's website.

##### 4.3 Principles of sustainability form part and parcel of professional development and board skills matrix

The Company's approach to sustainability governance is led by the Board of Directors and supported by the Sustainability Committee and Sustainability Working Group to ensure sustainable business strategies, risk management concepts, operational guidance and direction are strongly employed within the Group.

## Corporate Governance Overview statement

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

#### I BOARD RESPONSIBILITIES (Cont'd)

##### 4.3 Principles of sustainability form part and parcel of professional development and board skills matrix (Cont'd)

The Group identifies the sustainability issues through stakeholder's engagement and materiality assessment. The Board has and would continue to discuss sustainability issues and provide recommendations for execution by Sustainability Committee and Sustainability Working Group.

The Directors also continuously undertake professional training to keep abreast with sustainability issues relevant to the Group.

##### 4.4 Integration of sustainability principles in Board and senior management performance evaluation and KPIs

The Company conducts an annual evaluation relating to sustainability which includes how the Board manages the sustainability risks and opportunities that affect the Company and its business, and how the Board keeps up with and understands the relevant sustainability issues. The Company also has a yearly performance review system for the Senior Management, which considers, among other things, sustainability risks.

##### 4.5 Identification of a designated management-level personnel to strategically manage sustainability related risk

The CFO is currently assigned to manage sustainability related risks.

#### II BOARD COMPOSITION

##### 5.0 The Board acknowledges the importance of boardroom diversity and recognises the importance and benefits that it can bring and will work towards achieving this objective through good practices recommended by MCCG as outlined below:

##### 5.1 Refreshing the Board Composition

The key responsibility of the Nomination Committee is to recommend to the Board suitable people for appointment as Directors to ensure that the composition of the Board should comprise persons with mixed skills, knowledge, expertise and experience.

In November 2024, in conjunction with the Board's and Sub-Committee's Evaluation and Directors' Self-Evaluation, the Nomination Committee also reviewed the latest Board Composition and concluded that the Board's composition and performance was adequate.

In order to ensure a candidate for nomination, election or re-election as a Director of the Company fulfils the fit and proper requirements, the Board had adopted a Directors' Fit and Proper Policy to serve as a guide to the Nomination Committee and the Board in their review and assessment of those candidates.

##### 5.2 Board Balance

For the Financial Year 2024, following the retirement of Madam Tan Ai Jiew, the Non-Independent Non-Executive Director, on 7 June 2024, the Board now comprises eight (8) members, of which three (3) of them are Independent Non-Executive Directors, three (3) are Non-Independent Non-Executive Directors and the other two (2) are Executive Directors. The Company fulfills Chapter 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad to have at least one-third (1/3) of its Board members as Independent Non-Executive Directors.

The Board is cognisant of the recommendation in Practice 5.2 where at least half of the Board comprises Independent Directors and the Board will assess its composition and size on an ongoing basis to ensure the needs of the Company are met.

Notwithstanding the above, the Board views the current number of Independent Non-Executive Directors among Board members as adequate in providing the necessary check and balance to the Board decision-making process.

Additionally, the Audit Committee also carries out private discussions with the External Auditors and Internal Auditors without the presence of Executive Directors and the Management.

## Corporate Governance Overview Statement

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

#### II BOARD COMPOSITION (Cont'd)

##### 5.2 Board Balance (Cont'd)

The Board deems its composition appropriate in terms of its experience, skill and size. The Board is well represented by individuals with diverse professional backgrounds and experience in the areas of operation management, finance & accounting, legal and engineering.

##### 5.3 Tenure of Independent Directors

One of the recommendations of the MCCG provides that the tenure of Independent Director should not exceed a cumulative term of nine (9) years of service. Upon completion of the nine (9) years, the Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.

In the event the Board intends to retain the said Director as an Independent Director after the latter has served a cumulative term of nine (9) years but not exceeding 12 years (Main Market Listing Requirement Chapter 1.01), the Board must justify the decision and seek shareholders' approval through a two-tier voting process at the Annual General Meeting of the Company.

There is no Director who has served a cumulative term of nine (9) years to be retained as an Independent Directors.

##### 5.4 Nine-Year Policy for Independent Directors

The Board has chosen not to adopt a rigid policy of limiting the tenure of our Independent Directors to nine (9) years at this stage of the Company's growth. The Board's overall assessment is that the long serving Independent Directors have the right mix of skills, expertise, insight and experience to offer to the Company and this helps to enhance and improve the decision-making process in the best interest of the Elsoft Group.

##### 5.5 Appointment of the Board and Senior Management

The Board delegates to the Nomination Committee the responsibility of reviewing any new candidate as a director or the recruitment of key management positions.

The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and appointments are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

In evaluating the suitability of candidates to fill any vacancies in the Board, the Nomination Committee shall ensure that the candidates selected possess the necessary skills, knowledge, expertise and experience and that their personal characteristics are befitting of the positions. The Committee also actively engages with senior management to identify skill gaps and review succession planning and other human resource contingencies.

##### 5.6 Identification of Candidates

The Board has established a clear and transparent Nomination Process for the Appointment of Directors regardless of the source of recommendation. The nomination process involves the following stages:

- (i) Identifying candidates,
- (ii) Evaluation of suitability of the candidates,
- (iii) Meeting up with the candidates,
- (iv) Final deliberation by Nomination Committee & Remuneration Committee, and
- (v) Recommendation to Board.

## Corporate Governance Overview statement

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

#### II BOARD COMPOSITION (Cont'd)

##### 5.7 Nomination Committee

The Board has established a Nomination Committee comprising entirely of Non-Executive Directors and chaired by an Independent Non-Executive Director.

The current composition of the Nomination Committee is as follows:

Name	Designation	Membership
Dato' Agatha Foo Tet Sin	Independent Non-Executive Director	Chairman
Mr Lee Soo Ghee	Independent Non-Executive Director	Member
Tan Ah Lek	Non-Independent Non-Executive Director	Member

The terms of reference of the Nomination Committee can be viewed on the Company's website at [elsoftresearch.com](https://elsoftresearch.com).

Meetings of the Nomination Committee are held as and when necessary, and at least once a year. The Nomination Committee met once during the year and all members registered full attendance. The Nomination Committee, in its annual review, is satisfied that the size of the Board is optimum and that there is an adequate mix of experience and expertise in the composition of the Board. The Nomination Committee conducted an evaluation of the effectiveness of the Board and the Board Committees and the contribution of each individual Director during the financial year under review.

##### 5.8 Chairman of Nominating Committee is Independent Director

The Nomination Committee is chaired by an Independent Non-Executive Director, Dato' Agatha Foo Tet Sin to ensure objectivity in the process of recruiting directors, evaluating their performance and driving the continuous performance of the board.

##### 5.9 Gender Diversity

Following the retirement of Madam Tan Ai Jiew on 7 June 2024, the Board now has one (1) female director out of a total of eight (8) which represent 12.5% of the Board Composition.

All appointments to the Board and employment of senior management are based on objective criteria, merit, skills and experience, and are not driven by age, cultural background or gender considerations.

In line with the Company's commitment to diversity, more woman representation on the Board and senior Management will be taken into consideration if and when vacancies arise and also when suitable candidates are identified in selecting the best candidate to support the achievement of the Company's strategic objectives.

##### 5.10 Gender Diversity Policy

During the period under review, the Group does not have a gender diversity policy in relation to Board and Senior Management. The Board will strive to comply with the requirement in MCCG 2021 in relation to gender diversity.

#### 6.0 The board undertakes a formal and objective annual evaluation to determine the effectiveness of the Board, its committees and each Individual Director.

##### 6.1 Annual Evaluation

An annual assessment of the Board's performance is conducted every year. The Nomination Committee carried out the annual assessment in November 2024. The annual assessment involves members of the Board completing evaluation questionnaires to appraise the performance of the Board. The assessment also involves individual Directors undertaking self-evaluation. A summary of the evaluation results will be reported to the Board by the Chairman of the Nomination Committee. The Board Committees are assessed annually on their composition, expertise, and whether their functions and responsibilities were effectively discharged in accordance with their respective terms of reference.



## Corporate Governance Overview Statement

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

#### II BOARD COMPOSITION (Cont'd)

##### 6.1 Annual Evaluation (Cont'd)

The Board is satisfied with the level of commitment given by the Directors and that they have devoted sufficient time to carry out their responsibilities as Directors and to regularly update their knowledge and enhance their skills through continuing education and learning so that they can perform their duties more effectively.

The Board met four times during the year 2024 and the attendance of the Directors at Board meetings are as set out below: -

Name	Attendance
<b>Dato' Dr Chong Eng Keat @ Teoh Eng Keat</b> Chairman/Non-Independent Non-Executive Director	4/4
<b>Mr Tan Cheik Eaik</b> Chief Executive Officer/Executive Director	4/4
<b>Mr Koay Kim Chiew</b> Executive Director	4/4
<b>Mr Tan Ah Lek</b> Non-Independent Non-Executive Director	4/4
<b>Mr Ooi Toon Kit</b> Non-Independent Non-Executive Director	4/4
<b>Dato' Agatha Foo Tet Sin</b> Independent Non-Executive Director	4/4
<b>Mr Lee Soo Ghee</b> Independent Non-Executive Director	4/4
<b>Ir. Academician Emeritus Professor Tan Sri Dato' Seri Dr. Chuah Hean Teik</b> Independent Non-Executive Director	4/4
<b>Ms Tan Ai Jiew</b> Non-Independent Non-Executive Director	*2/2

\* Madam Tan Ai Jiew retired on 7 June 2024 and attended two Board of Directors Meetings during the financial year 2024.

All Board members are required to notify the Chairman of the Board before accepting new directorships outside the Group and indicating the time that will be spent on their new appointments. Similarly, the Chairman of the Board shall also notify other Directors before taking up any additional appointment of directorships.

The Board assesses the independence of the Independent Directors at least once a year. All Independent Directors of the Company fulfilled the criteria of "independence" as prescribed under Chapter 1 of the Listing Requirements of Bursa Securities. The Company also fulfills Chapter 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad to have at least one-third (1/3) of its Board members as Independent Non-Executive Directors.

#### Directors' Training

All the Directors have attended and completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. In addition, the Directors will continue to participate in other relevant training programmes to further enhance their skills and knowledge in discharging their duties as Directors in an effective manner. Throughout the year, the Directors have received updates from time to time on relevant new laws and regulations.

## Corporate Governance Overview statement

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

#### II BOARD COMPOSITION (Cont'd)

##### 6.1 Annual Evaluation (Cont'd)

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

The training programmes and seminars attended by the Directors during the financial year ended 31 December 2024 include:

Name of Directors	Title of training programmes and seminars	Mode of Training	No. of Days
Dato' Dr Chong Eng Keat @ Teoh Eng Keat	• Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Seminar	2
Mr Tan Cheik Eaik	• The Vistage Chief Executive Programme • Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Seminar	14
Mr Koay Kim Chiew	• Tax Seminar on Budget 2025	Seminar	1
Mr Tan Ah Lek	• Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Seminar	2
Mr Ooi Toon Kit	• Mandatory Accreditation Programme Part II: Leading for Impact (LIP) • ChatGPT and AI applications and impact on business information. • Critical Thinking Skills • Disciplinary matters and employment laws	Seminar	3.5
Dato' Agatha Foo Tet Sin	• Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Seminar	2
Mr Lee Soo Ghee	• 2025 Budget Seminar	Seminar	1
Ir. Academician Emeritus Professor Tan Sri Dato' Seri Dr. Chuah Hean Teik	• Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Seminar	2

The Board will, on a continuous basis, evaluate and determine the other training needs of its members to assist them in the discharge of their duties as Directors.

#### III REMUNERATION

##### 7.0 The Board acknowledges the importance of appropriate remuneration for directors and senior management in order to attract and retain the right talent in the Board and the senior management to drive the Company's strategies in the long term.

##### 7.1 Remuneration Policy

The Board has formalised a Remuneration Policy to provide guidelines to determine the remuneration package for Directors and senior management with the objective of attracting, motivate and retain talent in the Board and senior management team.

The Remuneration Committee is established to ensure the Remuneration Policy and decisions are made through a transparent and independent process. The Remuneration Policy will be reviewed regularly.

During the process of determining the remuneration package for Directors and senior management, the Committee takes into account the level of duties and responsibilities as well as the skills and experiences so as to ensure competitiveness within the relevant market and industry.

The Remuneration Policy is accessible on the Company's website.

## Corporate Governance Overview Statement

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

#### III REMUNERATION (Cont'd)

##### 7.2 Remuneration Committee

The Board has established a Remuneration Committee comprising exclusively of Non-Executive Directors and a majority of Independent Directors.

The current composition of the Remuneration Committee is as follows:

Name	Designation	Membership
Dato' Agatha Foo Tet Sin	Independent Non-Executive Director	Chairman
Mr Ooi Toon Kit	Non-Independent Non-Executive Director	Member
Mr Lee Soo Ghee	Independent Non-Executive Director	Member

The responsibilities of the Remuneration Committee are:

- to recommend to the Board the remuneration package for Executive Directors after bench marking with technology companies of similar size.
- to recommend to the Board the remuneration for Non-Executive Directors, save and except where it relates to the specific member or members of this Committee.

Executive Directors should play no part in the decisions on their own remuneration. The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman should be a matter for the Board as a whole.

The meetings of the Remuneration Committee are held when necessary, and at least once a year. The Remuneration Committee met once during the year and all members registered full attendance.

#### 8.0 The Board ensures that stakeholders are able to have access to the remuneration of Directors and senior management for greater transparency.

##### 8.1 Directors' Remuneration

Detailed disclosure on name basis for the remuneration of individual Directors are as follows:

Directors	Director Fee	Remuneration	ESOS	Total
Dato' Dr Chong Eng Keat @ Teoh Eng Keat	55,000	-	-	55,000
Mr Tan Ah Lek	45,000	-	-	45,000
Ms Tan Ai Jiew *	27,000	-	-	27,000
Mr Ooi Toon Kit	45,000	-	-	45,000
Dato' Agatha Foo Tet Sin	40,000	-	-	40,000
Mr Lee Soo Ghee	40,000	-	-	40,000
Ir. Academician Emeritus Professor Tan Sri Dato' Seri Dr. Chuah Hean Teik	40,000	-	-	40,000
Mr Tan Cheik Eaik	-	205,651	-	205,651
Mr Koay Kim Chiew	-	274,812	-	274,812

\* Madam Tan Ai Jiew retired on 7 June 2024.

## Corporate Governance Overview statement

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

#### III REMUNERATION (Cont'd)

##### 8.2 Remuneration of Senior Management

The Board recognises the importance of transparency in remuneration disclosure as recommended by the MCCG. However, the Board believes that disclosing the remuneration package of the top five senior management personnel is not necessary and could be detrimental to the Group's business interests. The Group operates in a highly competitive human capital environment and faces constant headhunting for personnel with the right skills, knowledge, and experience. Revealing specific pay information may cause recruitment and retention problems in the future.

The Board will ensure that the pay of the Senior Management matches their responsibilities, and considers how to attract, retain and motivate Senior Management to lead and run the Group well. The Board does not pay excessive amounts to the Senior Management in any case.

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I AUDIT COMMITTEE

##### 9.0 The Audit Committee was set up in June 2005. The Audit Committee plays a crucial role in ensuring that the information to be disclosed is accurate, adequate and complies with the appropriate financial standards.

The composition of the Audit Committee, its terms of reference and attendance of meetings by the individual members are set out on pages 50 to 51.

##### 9.1 Chairman of Audit Committee

The Chairman of the Audit Committee is not the chairman of the board so as to ensure robust and open deliberations by the Board on matters referred by the Audit Committee.

The Chairman of the Audit Committee is Mr Lee Soo Ghee, an Independent Non-Executive Director, whereas the Chairman of the Board is Dato' Dr Chong Eng Keat @ Teoh Eng Keat.

##### 9.2 Cooling-Off Period for Appointment of Former Key Audit Partner

The Board has adopted a policy of not appointing any current or ex-partner of the Company's external auditors who have responsibility over the audit of the Group's accounts or the provision of other services to the Group, to the Board and the Audit Committee until after a 3-years cooling-off period from their last date of audit or services. This also applies to partners of their affiliated firms such as those providing advisory, tax and consulting services.

Presently, none of the Board or Audit Committee members are former key audit partners.

##### 9.3 Assess the Suitability, Objectivity and Independence of the External Auditors

The Audit Committee makes recommendations on the appointment of new external auditors or the reappointment or discontinuance of the current external auditors to the Board. In making such recommendations, the Audit Committee shall assess the competency, independence, previous audit quality, governance and leadership structure of the audit firm and the measures undertaken by the firm to train its staff to uphold audit quality and manage risks.

The Audit Committee maintains an appropriate and transparent relationship with the external auditors. In the course of auditing of the Group's financial statements, the external auditors highlight to the Audit Committee and the Board, matters that require the Board's attention. Audit Committee meetings are attended by the external auditors for purposes of presenting their audit plan and report, and comments on the audited financial statements and to make representations to the Committee on any other findings revealed in the course of their audit. The external auditors have carried out their audit plan diligently and in a timely manner.

The external auditors are required to declare their independence annually to the Audit Committee as specified by the By-Laws issued by the Malaysian Institute of Accountants. The external auditors have provided the declaration in their annual audit plan presented to the Audit Committee of the Company.

The Audit Committee had on 18 April 2025 assessed the independence of the external auditors, BDO PLT and was satisfied with BDO PLT's competency and audit independence.

## Corporate Governance Overview Statement

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

#### I AUDIT COMMITTEE (Cont'd)

##### 9.4 Solely Independent Directors in Audit Committee

Presently, the Audit Committee consists of three (3) members, who are all Non-Executive Directors and majority of whom are Independent Directors. The Board does not adopt the policy of having solely Independent Directors in the Audit Committee.

##### 9.5 Skills of Audit Committee

The composition of the Audit Committee meets the requirement of Paragraph 15.09(1)(c) of the Main Market Listing Requirement of Bursa Malaysia that at least one member of the audit committee has accounting or financial acumen.

Mr. Ooi Toon Kit who is a member of Malaysian Institute of Accountants ("MIA") is a member of the Audit Committee. The academic and professional background of the rest of the Audit Committee members varies. With vast knowledge, skills and experience from various industries, they are able to understand matters under the purview of the Audit Committee and therefore they are able to provide sound advice to the Board.

The Audit Committee members are encouraged to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, corporate governance and corporate reporting.

The Audit Committee members have attended several seminars, development and training programmes, the details of which are set out in the Annual Report 2024 under page 42.

##### 9.6 Provision of Non-Audit Services by External Auditor

The provision of non-audit services by the external auditor and their affiliates must receive the prior approval of the Audit Committee. In granting such approval, the Committee shall consider the nature and the extent of such services and the appropriateness of the quantum of fees.

#### II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

##### 10.0 The Board acknowledges the importance of sound risk management and internal control being embedded into the culture, processes and structures of the Group.

The Statement on Risk Management and Internal Control set out on pages 52 to 53 of the Annual Report provides an overview of the state of internal controls within the Group.

##### 10.1 Risk Management and Internal Control Framework

The Group has established risk management practices to safeguard the Group's business interest from risk events that may impede the achievement of business strategy and provide assurance to the Groups' various stakeholders.

The main components of the Group's risk governance and structure consist of the Board, the Senior Management and the key personnel of the Group. The structure allows for strategic risk discussions to take place between the Board and the Senior Management on a periodical basis.

Regular project-based discussions are conducted and attended by the Group's senior and middle management and key employees. This is part of the ongoing initiative to sustain risk awareness and risk management capabilities.

## Corporate Governance Overview statement

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

#### II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (Cont'd)

##### 10.2 Adequacy and Effectiveness of Risk Management and Internal Control Framework

The summary of the accountabilities of the Board, the Senior Management and the key personnel under the risk governance structure are as follows:

###### Board of Directors

- Overall risk oversight responsibility,
- Determines that the principal risks are identified, and that appropriate as well as robust systems are implemented to manage these risks,
- Reviews the adequacy and the integrity of the Group's internal control systems and information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

###### Senior Management and key personnel of the Group

- Oversee the effective implementation of risk policies and guidelines, and the cultivation of risk management culture within the organisation,
- Review and monitor periodically the status of the Group's principal risks and their mitigation actions and update the Board accordingly.

In essence, risk management is conducted through an ongoing process between the Board, the Management and employees in the Group. The Group believes that the risk management framework and guidelines adopted and implemented have strengthened the risk ownership and risk management culture amongst the employees.

##### **11.0 The Board acknowledges the importance of the internal audit function and has engaged the services of an independent and professional consulting firm, to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.**

###### **11.1 Internal Audit Function**

The Board outsourced its internal audit function to an independent professional consulting firm, JWC Consulting Sdn. Bhd. effective from 6 May 2016.

Further details of the internal audit activities are set out in the Audit Committee Report and in the Statement on Risk Management and Internal Control of 2024 Annual Report.

###### **11.2 Objectivity and Independence of Internal Auditors**

The Audit Committee is satisfied that JWC Consulting Sdn. Bhd. has adequate resources and expertise to carry out the internal audit function and will ensure that the internal audit personnel are free from any conflict of interest with the Company.

The Audit Committee has full and direct access to the internal auditors and receives reports on all internal audits performed. The internal auditors independently and objectively monitor compliance with regard to policies and procedures, and the effectiveness of the internal controls systems. Significant findings and recommendations for improvement are highlighted to the Management and the Audit Committee, with periodic follow-up of the implementation of action plans.



## Corporate Governance Overview Statement

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

#### I COMMUNICATION WITH STAKEHOLDERS

**12.0 The Board acknowledges the importance of regular communication between the Company and its stakeholders to ensure mutual understanding of each other's objectives and expectations.**

##### 12.1 Effective, Transparent and Regular Communication with Stakeholders

Presently, the Board and the Management of the Company communicate with its stakeholders through the following channels:

**(a) Company Website ([elsoftresearch.com](http://elsoftresearch.com))**

The Company website incorporates all announcements made by the Company as well as corporate governance practice documents such as the Board Charter, Code of Conduct and Terms of Reference of the Committees.

**(b) Bursa Malaysia Securities Berhad ([www.bursamalaysia.com](http://www.bursamalaysia.com))**

The Company releases all announcements through Bursa Malaysia Securities Berhad which are accessible to the public.

**(c) Analyst Briefings**

Top Management conducts briefing/meeting with analyst and fund managers from time to time to provide updates on the Company's strategy and performance.

##### 12.2 Integrated Report

The management is of the view that an integrated report will not be necessary in view of the size of the Company.

#### II CONDUCT OF GENERAL MEETINGS

**13.0 The Board attends General Meetings to engage directly with and be accountable to the shareholders for their stewardship of the Company.**

##### 13.1 Notice of Annual General Meeting

The Company dispatches its Notice of Annual General Meeting at least 28 days before the meeting date to allow the shareholders to make the necessary arrangements to attend and participate in the meeting.

##### 13.2 Attendance of Directors

All directors attended the 21st AGM on 7 June 2024. The Chairman of Audit Committee, Remuneration Committee and Nomination Committee were also present to provide responses, if necessary, to any question addressed to them.

Barring any unforeseen circumstances, all Directors will be present at the forthcoming AGM of the Company.

##### 13.3 Leverage technology to facilitate voting and shareholders' participation

Elsoft has adopted electronic poll voting at its 21st AGM held on 7 June 2024 for all resolutions proposed to provide more efficient and accurate outcome of the results.

As an alternative practice, the shareholders who are unable to attend the general meetings of the Company may appoint any person(s) as their proxies to attend and vote on their behalf at the general meetings.

##### 13.4 Shareholder Participation at AGM

At the 21st AGM, the Chairman briefed the members, corporate representatives and proxies present of their right to participate, speak and vote on the resolutions set out in the AGM notice. He invited the shareholders to raise questions on each item on the agenda before putting the resolution to vote.

## Corporate Governance Overview statement

### PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

#### II CONDUCT OF GENERAL MEETINGS (Cont'd)

##### 13.5 Virtual General Meeting

The 21st AGM was a physical AGM held at the Conference Hall of the Company on 7 June 2024.

The Company encourages participation of shareholders through the issuance of proxies when shareholders are unable to attend and vote in person at general meetings.

##### 13.6 Minutes of the general meeting

The minutes of the 21st AGM were uploaded on the Company's website within 30 business days after the AGM.

#### COMPLIANCE STATEMENT

The Board is satisfied that the Company has complied with most of the principles and recommendations of the MCCG, as described in this statement. This statement is issued in accordance with a Board Resolution dated 18 April 2025.

## Statement of Directors' Responsibility

The Directors are required by the Companies Act 2016 (the Act) to prepare financial statements for each financial year in accordance with applicable Financial Reporting Standards and the provisions of the Act and the Main Market Listing Requirements.

The Directors are responsible for ensuring that the financial statements give a true and fair view of the state of affairs, results and cash flows of the Group and the Company at the end of the financial year.

In preparing the financial statements, the Directors have:

- a. adopted the appropriate accounting policies and applied them consistently,
- b. made judgments and estimates that are reasonable and prudent,
- c. ensured that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- d. prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records, which disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Act.

The Directors are responsible for taking such steps as are reasonably available to them to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

## Audit Committee Report

### Mr Lee Soo Ghee

Chairman of Audit Committee

Independent Non-Executive Director

### Mr Ooi Toon Kit

Member of Audit Committee

Non-Independent Non-Executive Director

### Dato' Agatha Foo Tet Sin

Member of Audit Committee

Independent Non-Executive Director

The Audit Committee consists of three (3) members, all are Non-Executive Directors and the majority of whom are Independent Directors.

### 1.0 Terms of Reference

The terms of reference of the Audit Committee can be viewed on the Company's website at [elsoftresearch.com](https://elsoftresearch.com).

### 2.0 Attendance at Meetings

There were four (4) meetings held for the financial year ended 31 December 2024 each with 100% attendance. Details of attendance of the Committee members are as follows:-

Name of Committee Member	No. of meetings attended
Mr Lee Soo Ghee	4/4
Mr Ooi Toon Kit	4/4
Dato' Agatha Foo Tet Sin	4/4

### 3.0 Summary of Activities

The Committee had carried out the following activities in the four (4) meetings during the financial year ended 31 December 2024 in discharging their duties and responsibilities:

- Reviewed the quarterly reports and financial statements (audited and unaudited) of the Group, paying particular attention to the implementation of major changes in accounting policies, significant and unusual events and compliance with accounting standards and other statutory requirements. The Committee made recommendations on these reports and financial statements to the Board for approval prior to their release to Bursa Malaysia Securities Berhad.
- Reviewed the Corporate Governance Overview Statement, Sustainability Statement, Statement of Risk Management and Internal Control and Audit Committee Report and recommended the same to the Board for inclusion in the Annual Report.
- Met with the external auditors three (3) times in 2024 in the absence of executive directors and management staff in order to provide an opportunity to the external auditors to candidly express any concerns they may have, if any. There were no major concerns raised by the external auditors at the meeting.
- Reviewed with the external auditors, the audit plan, scope of audit and the areas of audit of the Company/Group.
- Reviewed the proposed audit and non-audit fees for FYE 31 December 2024 and recommended them to the Board for approval.
- Reviewed the related party transactions on a quarterly basis.
- Appraised and evaluated the performance of the external auditors and assessed the independence of the external auditors.
- Reviewed and made recommendations concerning the appointment of the external auditors and their remuneration to the Board.

## Audit Committee Report

### 3.0 Summary of Activities (Cont'd)

The Committee had carried out the following activities in the four (4) meetings during the financial year ended 31 December 2024 in discharging their duties and responsibilities: (Cont'd)

- Reviewed the adequacy of the scope, functions, competency and resources of the internal auditors and that they have the necessary authority to carry out their work.
- Reviewed with the internal auditors on the adequacy of the Group's internal control and risk management practices, identified and considered significant financial and business risks and recommended to the Board of Directors the implementation of appropriate systems to manage these risks.
- Reviewed the internal audit plan.
- Received and reviewed Internal Audit Reports with the internal auditors on findings, recommendation and remedial actions on the following:
  - (i) Cash Management
  - (ii) Property, Plant & Equipment Management
  - (iii) Credit Control
  - (iv) Procurement
- Reviewed the appraisal or assessment of the performance of the internal audit functions.

### 4.0 Internal Audit

At present, the Group does not have an in-house internal audit department. However, the Board appointed JWC Consulting Sdn. Bhd. as the internal auditors for financial year 2024. The Committee and the Board recognise the importance of a structured risk management and a risk-based internal audit to establish and maintain a sound system of internal control.

During the financial year under review, the outsourced internal auditors conducted reviews based on an approved internal audit plan and the results of these reviews were tabled at the Audit Committee meetings.

The internal auditors have also carried out follow-up reviews to ensure that recommendations for improvement of the internal control systems were being implemented satisfactorily.

During the course of internal audits, the internal auditors have identified areas that required improvement. These areas were duly highlighted in the Internal Audit Reports along with internal audit recommendations. The Committee reviewed and acted on these recommendations.

In addition, the Audit Committee and the Senior Management work closely with both the internal and external auditors to review accounting and control issues to ensure significant issues are brought to the attention of the Board.

The expenditure incurred for the internal audit function for the financial year 2024 was RM26,000.

The Board of Directors and the Audit Committee relied on discussions with the Management and Executive Directors, in their review of the quarterly financial statements and on the input from the external and internal auditors to discharge their duties. The state of internal control is detailed in the Statement on Risk Management and Internal Control on pages 52 to 53.

### 5.0 Conflict of Interest

The Audit Committee reviewed the conflict of interest declaration forms submitted by Directors and Key Senior Management personnel.

## Statement on Risk Management and Internal Control

The Malaysian Code on Corporate Governance requires public listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investments and company's assets. Under the provisions of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR"), paragraph 15.26(b), Directors of public listed companies are required to produce a statement on the state of the company's internal control in their Annual Report.

The Board of Directors ("Board") continues with its commitment to maintain sound systems of risk management and internal control throughout Elsoft Research Berhad and its subsidiaries ("Group") and in compliance with the Main Listing Requirements and the Statement of Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) ("Internal Control Guidelines"), the Board is pleased to provide the following statement which outlines the nature and scope of risk management and internal control of the Group during the financial year in review.

### BOARD RESPONSIBILITY

The Board acknowledges the importance of sound risk management and internal control being embedded into the culture, processes and structures of the Group. The systems of internal control cover risk management and financial, organisational, operational, project and compliance controls. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the effectiveness and efficiency of those systems to ensure their viability and robustness. It should be noted, however, that such systems are designed to manage, rather than eliminate, the risks of failure to achieve corporate objectives. Inherently, it can only provide reasonable and not absolute assurance against material misstatement or loss.

### CONTROL STRUCTURE AND ENVIRONMENT

In furtherance to the Board's commitment to maintain sound systems of risk management and internal control, the Board continues to maintain and implement a structure and environment for the proper conduct of the Group's business operations as follows:

- The Board meets at least quarterly and has set a schedule of matters which is required to be brought to its attention for discussion, thus ensuring that it maintains full and effective supervision over appropriate controls. The Chief Executive Officer leads the presentation of board papers and provides explanations of pertinent issues. In addition, the Board is kept updated on the Group's activities and its operations on a regular basis,
- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, and levels of delegated authority,
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability,
- A set of documented internal policies and procedures for operational and human resource management, which is subject to review and improvement. A documented delegation of authority with clear lines of accountability and responsibility serves as a tool of reference in identifying the approving authority for various transactions including matters that require Board's approval,
- Regular and relevant information provided by management, covering financial and operational performance and key business indicators, for effective monitoring and decision making,
- Regular visits to operating units by members of the Board and senior management.

### RISK MANAGEMENT

The Group has established risk management practices to safeguard the Group's business interest from risk events that may impede the achievement of business strategy and provide assurance to the Groups' various stakeholders. The Group CEO and CFO have provided the Board with the assurance that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, to ensure achievement of corporate objectives.

The main components of the Group's risk governance and structure consist of the Board, the Audit Committee and Senior Management and key personnel of the Group. The structure allows for strategic risk discussions to take place between the Board, the Audit Committee and the Senior Management on a periodical basis, where necessary. The summary of the accountabilities the risk governance structure are as follows:

#### a. Board of Directors

- Overall risk oversight responsibility,
- Determines that the principal risks are identified, and appropriate as well as robust systems are implemented to manage these risks, through the Audit Committee and with the assistance of the Senior Management and Internal Auditors,
- Reviews the adequacy and the integrity of the Group's internal control systems and information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.



## Statement on Risk Management and Internal Control

### RISK MANAGEMENT (Cont'd)

#### b. Senior Management and key personnel of the Group

- Oversees the effective implementation of risk policies and guidelines, and cultivation of risk management culture within the organisation,
- Reviews and monitors periodically the status of the Group's principal risks and their mitigation actions and updates the Audit Committee and the Board accordingly, where necessary.

Regular project-based discussions are conducted and attended by the Group's senior and middle management and key employees. This is part of the ongoing initiative to sustain risk awareness and risk management capabilities.

In essence, Risk Management is conducted through an ongoing process between the Board, the Management and employees in the Group. The Group believes that the risk management framework and guidelines adopted and implemented have strengthened the risk ownership and risk management culture amongst the employees.

### INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has engaged the services of an independent professional and consulting firm, to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The internal audit adopts a risk-based approach in developing its audit plan which addresses the core business processes of the Group based on their risk profile. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the Audit Committee.

The Audit Committee has full and direct access to the internal auditors and the Audit Committee receives reports on all internal audits performed. The Internal Auditors continue to independently and objectively monitor compliance with regard to policies and procedures, and the effectiveness of the internal controls systems. Significant findings and recommendations for improvement are highlighted to Management and the Audit Committee, with periodic follow-up of the implementation of action plans. The Management is responsible for ensuring that corrective actions were implemented accordingly.

Based on the internal auditors' reports for the financial year ended 31 December 2024, the Board has reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial year, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

This statement is issued in accordance with a resolution of the Directors dated 18 April 2025.

### REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

The external auditors have reviewed this Statement in accordance to Paragraph 15.23 of the MMLR of Bursa Securities. As set out in their terms of engagement, the limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report* issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to consider whether this Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control intended to be included in the Annual Report is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

## Share Buy-Back Statement

In Relation to the Proposed Renewal of Authority for Share Buy- Back ("Statement")

### 1. INTRODUCTION

At the Twenty First Annual General Meeting ("AGM") held on 7 June 2024, our Board of Directors ("Board") had obtained the shareholders' approval for the renewal of the authority to enable the Company to purchase its own shares up to a maximum of 10% of its total number of issued shares ("Proposed Renewal of Authority for Share Buy-Back" or "Proposed Share Buy-Back"). The approval for the Proposed Renewal of Authority for Share Buy-Back shall lapse at the conclusion of the forthcoming Twenty Second (22<sup>nd</sup>) AGM, which has been scheduled to be held on Thursday, 29 May 2025 unless the approval is renewed.

On 18 April 2025, our Board had announced to Bursa Malaysia Securities Berhad ("Bursa Securities") that we proposed to seek our shareholders' approval for the Proposed Renewal of Authority for Share Buy-Back at our forthcoming 22<sup>nd</sup> AGM.

The Proposed Renewal of Authority for Share Buy-Back will allow Elsoft Research Berhad ("Elssoft" or "the Company") to purchase its own shares up to a maximum of 10% of its total number of issued shares from the open market.

The purpose of this Statement is to provide you with details and information on the Proposed Renewal of Authority for Share Buy-Back as well as to seek your approval for the ordinary resolution in relation to the Proposed Renewal of Authority for Share Buy-Back to be tabled at our 22<sup>nd</sup> AGM. The notice of the 22<sup>nd</sup> AGM and the form of proxy are set out in page 128 and 133 respectively.

**WE ADVISE YOU TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS STATEMENT BEFORE VOTING ON THE ORDINARY RESOLUTION IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK TO BE TABLED AT THE 22<sup>nd</sup> AGM.**

**IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISORS IMMEDIATELY.**

### 2. DETAILS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

Our Board proposed to seek approval from our shareholders for the Proposed Renewal of Authority for Share Buy-Back so that our Directors can exercise the power to purchase its own Shares in circumstances which the Directors consider would be in the best interest of the Company.

The Proposed Renewal of Authority for Share Buy-Back will be effective upon the passing of the resolution in our 22<sup>nd</sup> AGM and will continue to be in force until:-

- (a) the conclusion of our next AGM following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which our next AGM after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by our shareholders in general meeting;

whichever occurs first, but not so as to prejudice the completion of purchase(s) by our Company before the aforesaid expiry date and in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") or any other relevant authority.

#### 2.1 Maximum Number or Percentage of Shares to be Acquired

As at 28 March 2025 ("LPD"), the total issued share capital of our Company based on the Record of Depositors is RM57,832,248.00 comprising of 694,140,580 Shares (inclusive of 17,920,260 treasury shares). As an illustration, the maximum number of Shares which may be purchased by our Company will not be more than 69,414,058 Shares based on the issued share capital of our Company as at the LPD.

As at the LPD, our Company has outstanding options of 1,603,000 granted under the Employees' Share Option Scheme which was established on 1 April 2016 for a period of five (5) years and has been further extended for another five (5) years until 31 March 2026 ("Outstanding ESOS Options"). Should the issued share capital of our Company increase due to the exercise of the Outstanding ESOS Options, the maximum number of Shares that can be purchased is up to ten percent (10%) of the enlarged issued share capital of our Company at the time of purchase.

## Share Buy-Back Statement

In Relation to the Proposed Renewal of Authority for Share Buy- Back ("Statement")

### 2. DETAILS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK (Cont'd)

#### 2.2 Pricing

Pursuant to Chapter 12 of the Listing Requirements, Elsoft shall purchase its own Shares or resell its treasury shares (if applicable) only on the market of the Bursa Securities at a price not more than fifteen percent (15%) above the weighted average market price of ordinary shares in Elsoft ("Elssoft Share(s)" or "Share(s)") for the five (5) market days immediately preceding the date of purchase.

The price for the resale of treasury shares shall:-

- (a) not be less than the weighted average market price for Elsoft Shares for five (5) market days immediately prior to the resale; or
- (b) be at a discounted price of not more than five percent (5%) to the weighted average market price for Elsoft Shares for five (5) market days immediately prior to the resale provided that:-
  - (i) the resale takes place not earlier than thirty (30) days from the date of the purchase; and
  - (ii) the resale price is not less than the cost of purchase of the Shares being resold or transferred.

#### 2.3 Treatment of Shares Purchased pursuant to the Proposed Share Buy-Back ("Purchased Shares")

The Purchased Shares by our Company may be dealt by our Board in accordance with Section 127 of the Companies Act 2016 ("Act") in the following manners:-

- (a) cancel the Shares so purchased; or
- (b) retain the Shares so purchased as treasury shares; or
- (c) retain part of the Shares so purchased as treasury shares and cancel the remainder; or
- (d) distribute the treasury shares as share dividends to shareholders; or
- (e) resell the treasury shares on Bursa Securities; or
- (f) transfer the treasury shares, or any of the shares for the purposes of or under an employees' share scheme; or
- (g) transfer the treasury shares, or any of the shares as purchase consideration; or

in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

As at the date of this Statement, our Board has yet to decide on the treatment of the Purchased Shares and will take into consideration the effects of such treatment on our Company in arriving at its decision. An immediate announcement will be made to Bursa Securities upon each purchase, cancellation and/or resale of Shares pursuant to the Proposed Renewal of Authority for Share Buy-Back.

If such Purchased Shares were held as treasury shares, the rights attaching to them in relation to voting, dividends and participation in any other distribution or otherwise will be suspended. The treasury shares would not be taken into account in calculating the number or percentage of Shares or a class of Shares in our Company for any purposes including the determination of substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on resolution(s) at meetings.

## Share Buy-Back Statement

In Relation to the Proposed Renewal of Authority for Share Buy- Back ("Statement")

### 2. DETAILS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK (Cont'd)

#### 2.4 Share Prices

The monthly highest and lowest closing market prices of the Shares traded on Bursa Securities for the past twelve (12) months up to the LPD are as follows:-

	Low RM	High RM
<b>2024</b>		
April	0.525	0.580
May	0.530	0.575
June	0.535	0.620
July	0.535	0.595
August	0.440	0.560
September	0.415	0.470
October	0.430	0.445
November	0.410	0.465
December	0.365	0.450
<b>2025</b>		
January	0.390	0.440
February	0.350	0.405
March	0.285	0.360
Last transacted market price on 28 March 2025 (being the latest practicable date prior to the printing of this Statement)		0.310

(Source: Bloomberg)

### 3. RATIONALE FOR THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The implementation of the Proposed Renewal of Authority for Share Buy-Back is envisaged to benefit our Company and its shareholders as follows:

- our Company is able to utilise its surplus financial resources more efficiently. If implemented, this may help to stabilise the supply and demand of the Shares traded on Bursa Securities and thereby support its fundamental value.
- the earnings per share ("EPS") and the return on equity of our Company is expected to improve as a result of a reduced share capital base.
- the Purchased Shares retained as treasury shares provide our Board with an option to resell the treasury shares at a higher price and increase the financial resources of our Company.
- the Purchased Shares retained as treasury shares can be distributed as share dividends to our shareholders as a reward.

## Share Buy-Back Statement

In Relation to the Proposed Renewal of Authority for Share Buy- Back ("Statement")

### 4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

#### 4.1 Potential Advantages

The potential advantages of the Proposed Renewal of Authority for Share Buy-Back are as follows:

- (a) The Proposed Renewal of Authority for Share Buy-Back would enable our Company to utilise its financial resources more efficiently especially where there is no immediate use and it may strengthen the EPS of Elsoft and its subsidiaries ("Elsoft Group" or the "Group").
- (b) The Proposed Renewal of Authority for Share Buy-Back will also provide our Company with opportunities to increase its financial resources if the Purchased Shares which are retained as treasury shares are resold at prices higher than their cost of purchase.
- (c) In any event, the treasury shares may also be distributed as share dividends to the shareholders as a reward.
- (d) The Proposed Renewal of Authority for Share Buy-Back may also stabilise the supply and demand of Shares traded on Bursa Securities and reduce the volatility of our Company's share prices. The stability of Shares price is important to maintain investors' confidence and may also assist in facilitating future fund raising via the equity market.

#### 4.2 Potential Disadvantages

The potential disadvantages of the Proposed Renewal of Authority for Share Buy-Back are as follows:

- (a) The Proposed Renewal of Authority for Share Buy-Back if implemented is expected to temporarily reduce the immediate financial resources of our Group.
- (b) The Proposed Renewal of Authority for Share Buy-Back may also result in our Group foregoing better investment opportunities which may emerge in the future and/or any income that may be derived from other alternative uses of such funds such as deposit in interest bearing instruments.
- (c) The Proposed Renewal of Authority for Share Buy-Back may also reduce the amount of resources available for distribution to the shareholders of our Company in the form of dividends as funds are utilised to purchase its own Shares.

Nevertheless, the Proposed Renewal of Authority for Share Buy-Back is not expected to have any potential material disadvantages to our Company and our shareholders, as it will be implemented only after careful consideration of the financial resources of our Group and its resultant impact. The Board is mindful of the interest of our Company and our shareholders and will be prudent with respect to the Proposed Renewal of Authority for Share Buy-Back exercise.

### 5. FUNDING

The maximum amount of funds to be allocated for the Proposed Renewal of Authority for Share Buy-Back shall not exceed the aggregate of retained profits of our Company. As at 31 December 2024, being the latest available audited financial statements, the audited accumulated retained profits of our Company were RM5,346,211.

Notwithstanding the above, our Board will ensure that there are sufficient retained profits at our Company level at any time for the purchase of its own Shares by our Company under the Proposed Renewal of Authority for Share Buy-Back. In addition, our Board will ensure that the maximum amount of funds to be utilised for the Proposed Renewal of Authority for Share Buy-Back shall not exceed the retained profits of our Company at the time of purchase and that the Proposed Renewal of Authority for Share Buy-Back will not result our Company being insolvent or its capital being impaired.

The Proposed Renewal of Authority for Share Buy-Back will be funded through internally generated funds and/or bank borrowings or a combination of both. The actual amount of borrowings will depend on the financial resources available at the time of purchase(s). The actual number of Elsoft Shares to be purchased and the timing of such purchases will depend on, amongst others, the market conditions, and sentiments of the stock market as well as the retained profits and the financial resources available to our Group.

In the event that our Company intends to purchase its own shares using bank borrowings, our Board shall ensure that our Company shall have sufficient funds to repay the bank borrowings and interest expense and that the repayment would have no material effect on the cash flow of our Company.

## Share Buy-Back Statement

In Relation to the Proposed Renewal of Authority for Share Buy- Back ("Statement")

### 6. EFFECTS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The effects of the Proposed Renewal of Authority for Share Buy-Back on the share capital, earnings, net assets ("NA"), working capital, dividend and gearing of our Company and the Elsoft Group, whichever applicable, are set out below:-

#### 6.1 Share Capital

The effects of the Proposed Renewal of Authority for Share Buy-Back on the total number of issued Shares of our Company will depend on whether the Purchased Shares are cancelled or retained as treasury shares.

Based on the total number of issued Shares of our Company as at the LPD and assuming that the maximum number of Elsoft Shares (of up to ten percent (10%) of the total number of issued shares) authorised under the Proposed Renewal of Authority for Share Buy-Back are purchased and cancelled, it will result in the total number of issued Shares of our Company being reduced as follows:-

	<sup>(i)</sup> Minimum Scenario No. of Shares	<sup>(ii)</sup> Maximum Scenario No. of Shares
Issued share capital as at the LPD	694,140,580	694,140,580
Shares to be issued upon full exercise of all Outstanding ESOS Options as at the LPD	-	1,603,000
	694,140,580	695,743,580
Assuming all the Purchased Shares pursuant to the Proposed Renewal of Authority for Share Buy-Back are cancelled <sup>(iii)</sup>	(69,414,058)	(69,574,358)
Resultant issued share capital after the Proposed Renewal of Authority for Share Buy-Back	624,726,522	626,169,222

Notes:-

(i) Minimum scenario assumes that there is no exercise of Outstanding ESOS Options outstanding as at the LPD.

(ii) Maximum scenario assumes that all Outstanding ESOS Options outstanding as at the LPD are exercised.

(iii) Include the 17,920,260 Shares that have been purchased and held as treasury shares as at the LPD.

However, the Proposed Renewal of Authority for Share Buy-Back will not have any effect on the total number of issued shares of Elsoft if all of the Purchased Shares are to be retained as treasury shares.

The rights attached to them as to voting, dividends and participation in other distribution and otherwise are suspended. While these Elsoft Shares remain as treasury shares, the said treasury shares shall not be taken into account in calculating the number or percentage of Elsoft Shares or of a class of shares in our Company for any purpose including substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

#### 6.2 Earnings

The effects of the Proposed Renewal of Authority for Share Buy-Back on the earnings of our Group would depend on the purchase price, the number of Shares purchased and the effective funding cost or loss in the interest income to our Company or opportunity cost in relation to other investment opportunities. The effective reduction in the issued share capital of our Company pursuant to the Proposed Renewal of Authority for Share Buy-Back will, generally, all else being equal, have a positive impact on our Group's EPS.



## Share Buy-Back Statement

In Relation to the Proposed Renewal of Authority for Share Buy- Back ("Statement")

### 6. EFFECTS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK (Cont'd)

#### 6.3 NA

The consolidated NA of our Company may increase or decrease depending on the number of Purchased Shares, the purchase prices of the Shares, the effective cost of funding and the treatment of the Purchased Shares pursuant to the Proposed Renewal of Authority for Share Buy-Back.

The Proposed Renewal of Authority for Share Buy-Back will reduce the NA per Share if the purchase price exceeds the NA per Share at the time of purchase. However, the NA per Share will increase if the purchase price is less than the NA per Share at the time of purchase.

#### 6.4 Working Capital

The Proposed Renewal of Authority for Share Buy-Back would reduce the funds available for working capital purposes of our Group, the quantum of which would depend on the purchase price, the actual number of Purchased Shares and any associated costs incurred in making the purchase. However, if the Purchased Shares held as treasury shares are subsequently resold on Bursa Securities, the working capital of our Group will increase if our Company realises gain from the resale.

#### 6.5 Dividends

The Proposed Renewal of Authority for Share Buy-Back is not expected to have any impact on the dividend payment as our Board will take into consideration of our Group's profit, cash flow and the capital commitments before proposing any dividend payment. However, our Board will have the option of distributing the treasury shares as share dividends to the shareholders of our Company.

#### 6.6 Gearings

The Proposed Renewal of Authority for Share Buy-Back is not expected to have any effect on the gearing of our Group.

## Share Buy-Back Statement

In Relation to the Proposed Renewal of Authority for Share Buy- Back ("Statement")

### 7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Based on the Registers of Directors' Shareholdings and Substantial Shareholders as at the LPD and assuming that the Proposed Renewal of Authority for Share Buy-Back is implemented up to the maximum of 10% of the total number of issued shares and that the Purchased Shares are from the shareholders other than the Directors and Substantial Shareholders of Elsoft, its effects on the shareholdings of the Directors and Substantial Shareholders of Elsoft are illustrated as follows:-

	(i) Before the Proposed Renewal of Authority for Share Buy-Back			After the Proposed Renewal of Authority for Share Buy-Back					
	As at the LPD			(ii) Minimum Scenario			(iii) Maximum Scenario		
	Direct	Indirect		Direct	Indirect		Direct	Indirect	
	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
<b>Directors and Substantial Shareholders</b>									
Tan Cheik Eaik	159,389,440	23.57	-	159,389,440	25.51	-	159,389,440	25.45	-
Koay Kim Chiew	74,020,060	10.95	-	74,020,060	11.85	-	74,308,060	11.87	-
Tan Ah Lek	63,434,498	9.38	(iv) 370,000	63,434,498	10.15	(iv) 370,000	63,434,498	10.13	370,000
<b>Directors</b>									
Dato' Dr Chong Eng Keat @ Teoh Eng Keat	3,524,500	0.52	-	3,524,500	0.56	-	3,524,500	0.56	-
Ooi Toon Kit	2,454,000	0.36	-	2,454,000	0.39	-	2,454,000	0.39	-
Dato' Agatha Foo Tet Sin	150,000	0.02	-	150,000	0.02	-	150,000	0.02	-
Lee Soo Ghee	-	-	-	-	-	-	-	-	-
Ir. Academician Emeritus Professor Tan Sri Dato' Seri Dr. Chuah Hean Teik	-	-	-	-	-	-	-	-	-
<b>Substantial Shareholder</b>									
Tan Ai Jiew	85,616,600	12.66	-	85,616,600	13.70	-	85,616,600	13.67	-
Tan Cheik Kooi	48,534,360	7.18	-	48,534,360	7.77	-	48,534,360	7.75	-

Notes:-

- (i) Exclude the 17,920,260 Shares that have been purchased and held as treasury shares as at the LPD.
- (ii) Minimum scenario assumes that there is no exercise of Outstanding ESOS Options outstanding as at the LPD.
- (iii) Maximum scenario assumes that all Outstanding ESOS Options outstanding as at the LPD are exercised.
- (iv) Deemed interested through the shareholdings of his/her children pursuant to Section 59 (1)(c) of the Act.

## Share Buy-Back Statement

In Relation to the Proposed Renewal of Authority for Share Buy- Back ("Statement")

### 8. PUBLIC SHAREHOLDING SPREAD

Our Board is mindful of the requirement that the Proposed Renewal of Authority for Share Buy-Back must not result in the number of Elsoft Shares, which are in the hands of the public falling below 25% of the issued share capital of our Company.

The effects of the Proposed Renewal of Authority for Share Buy-Back on the public shareholding spread of Elsoft as at the LPD assuming that the Proposed Renewal of Authority for Share Buy-Back is implemented in full and all the Purchased Shares were cancelled (assuming all the Outstanding ESOS Options have yet to be exercised) are illustrated as below:-

	No. of Shares	Shareholding Spread
Total number of issued shares as at the LPD	694,140,580	34.30%
Assuming full implementation of the Proposed Renewal of Authority for Share Buy-Back at 10% of the issued Shares of Elsoft and the said Purchased Shares are cancelled	<u>(69,414,058)</u>	
Total number of issued Shares after the Proposed Renewal of Authority for Share Buy-Back	<u>624,726,522</u>	28.89%

The Proposed Renewal of Authority for Share Buy-Back will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with 25% public shareholding spread as required under Paragraph 8.02(1) of the Listing Requirements.

Our Board will endeavour to ensure that our Company complies with the public shareholding spread requirements and shall not buy back our own shares if the purchase would result in the public shareholding spread requirements not being met.

### 9. APPROVAL REQUIRED FOR THE PROPOSED SHARE BUY-BACK

The Proposed Renewal of Authority for Share Buy-Back is conditional upon the approval of the shareholders of our Company being obtained at the AGM to be convened.

Save for the approval of the shareholders of Elsoft, there are no other approvals required for the Proposed Renewal of Authority for Share Buy-Back.

## Share Buy-Back Statement

In Relation to the Proposed Renewal of Authority for Share Buy- Back ("Statement")

### 10. SHARES PURCHASED IN THE PAST TWELVE (12) MONTHS

During the past twelve (12) months and up to the LPD, details of the purchase of the treasury shares were as follows:-

Month	No. of Shares Purchased	Lowest Price (RM/ Share)	Highest Price (RM/ Share)	Average Price (RM/ Share)	Total Consideration Paid (RM)
<b>2024</b>					
April	-	-	-	-	-
May	-	-	-	-	-
June	-	-	-	-	-
July	-	-	-	-	-
August	-	-	-	-	-
September	-	-	-	-	-
October	-	-	-	-	-
November	-	-	-	-	-
December	16,204,300	0.370	0.440	0.440	7,114,791
<b>2025</b>					
January	-	-	-	-	-
February	-	-	-	-	-
March	-	-	-	-	-

As at the LPD, a total of 17,920,260 Shares were purchased and held as treasury shares. Our Company has not resold, transferred or cancelled any treasury shares on Bursa Securities during the financial year ended 31 December 2024.

### 11. IMPLICATIONS OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2016 ("CODE")

Pursuant to the Code, a person, and any person acting in concert with him, will be required to make a mandatory offer for the remaining Shares not already owned by him/them if his/their stake in our Company is/are increased to beyond 33% or if his/their shareholding is/are between 33% and 50% and increases by another 2% in any 6-month period. However, an exemption may be granted by the Securities Commission.

Our Company does not intend to undertake the Proposed Renewal of Authority for Share Buy-Back such that it will trigger any obligation to undertake a mandatory offer pursuant to the Code. However, in the event an obligation to undertake a mandatory offer is to arise with respect to any party resulting from the Proposed Renewal of Authority for Share Buy-Back, the relevant parties shall make the necessary application to the Securities Commission for a waiver to undertake a mandatory offer pursuant to the Code.

### 12. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save for the inadvertent increase in the percentage of the shareholding and/or voting rights of our shareholders as a consequence of the Proposed Renewal of Authority for Share Buy-Back, none of our Directors and Major Shareholders or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Authority for Share Buy-Back.

### 13. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects of the Proposed Renewal of Authority for Share Buy-Back, is of the opinion that the Proposed Renewal of Authority for Share Buy-Back is in the best interest of our Company.

Accordingly, our Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Authority for Share Buy-Back to be tabled at our 22<sup>nd</sup> AGM.

## Share Buy-Back Statement

In Relation to the Proposed Renewal of Authority for Share Buy- Back ("Statement")

### 14. RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this Statement, and they collectively and individually, accept full responsibility for the accuracy of the information given in this Statement. They confirm that after making all reasonable enquires and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Statement false or misleading.

### 15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal office hours (except for Saturday, Sunday and public holidays) from the date of this Statement up to and including the date of the 22<sup>nd</sup> AGM, at the registered office of our Company at 39, Irving Road, 10400 Georgetown, Penang: -

- (a) Constitution of our Company; and
- (b) the audited consolidated financial statements of Elsoft for the past two (2) financial years ended ("FYE") 31 December 2023 and 2024.

### 16. BURSA SECURITIES

Bursa Securities has not perused the contents of this Statement in relation to the Proposed Renewal of Authority for Share Buy-Back prior to the issuance of this Statement as the said contents fall under the category of Exempt Circulars pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

This Statement is issued in accordance with a Board of Directors' Resolution dated 18 April 2025.

## Additional Compliance Information

### 1. Audit Fees

The audit fees charged by the external auditors for the financial year ended 31 December 2024 amounted to RM26,500 for the Company and RM91,800 for the Group.

### 2. Non-Audit Fees

The amount of non-audit fees paid or payable to the external auditors or a firm or corporation affiliated to the auditors' firm by the Company and the Group for the financial year ended 31 December 2024 were as follows:

	Group (RM)	Company (RM)
Non-audit fees payable to the external auditors	4,500	4,500
Non-audit fees paid or payable to an affiliated firm of the external auditors for tax advisory services	16,000	3,600
<b>Total</b>	<b>20,500</b>	<b>8,100</b>

### 3. Material Contracts Involving Directors and Major Shareholders

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests either still subsisting as at 31 December 2024 or entered into since the end of the previous financial year.

### 4. Recurrent Related Party Transactions of a Revenue or Trading Nature

The Company does not have any recurrent related party transaction of a revenue or trading nature during the financial year.

### 5. Employees' Share Option Scheme

The shareholders of the Company had via its Extraordinary General Meeting held on 26 November 2015, amongst others, approved the Establishment of an Employees' Share Option Scheme ("ESOS") of up to 10% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS Scheme. The implementation of the ESOS was effective from 1 April 2016.

The movement of ESOS granted, adjusted, exercised and outstanding are set out below:-

	Number of ESOS as at 31 December 2024				Balance as at 31 December 2024
	Balance as at 1 January 2024	Addition	Exercised	Retracted	
Directors	288,000	-	-	-	288,000
Employees	1,459,000	-	-	(144,000)	1,315,000
<b>Total</b>	<b>1,747,000</b>	<b>-</b>	<b>-</b>	<b>(144,000)</b>	<b>1,603,000</b>

Pursuant to the Company's ESOS, not more than 50% of the options available under scheme shall be allotted, in aggregate, to Directors and Senior Management.

Since the commencement of the scheme, 1% of the options available under the scheme have been granted to Directors and senior management.



## Additional Compliance Information

### 5. Employees' Share Option Scheme (Cont'd)

The table below sets out the ESOS granted to Non-Executive Directors:

	Number of ESOS as at 31 December 2024			
	Balance as at 1 January 2024	Addition	Exercised	Balance as at 31 December 2024
Dato' Dr Chong Eng Keat @ Teoh Eng Keat	-	-	-	-
Ooi Toon Kit	-	-	-	-
Tan Ai Jiew	-	-	-	-
Tan Ah Lek	-	-	-	-
Dato Agatha Foo Tet Sin	-	-	-	-
Lee Soo Ghee	-	-	-	-
Ir. Academician Emeritus Professor Tan Sri Dato' Seri Dr. Chuah Hean Teik	-	-	-	-
<b>Total</b>	-	-	-	-

### 6. Utilisation of proceeds

- (i) The Land Disposal was completed on 4 November 2022 for a total cash consideration of RM38,000,000. The status of utilisation of proceeds of RM38,000,000 is as follows:

Details of use	Amount RM'000	Actual utilisation as at 31 December 2024 RM'000	Reallocation RM'000	Unutilised disposals proceeds	Original timeframe for the utilisation proceeds	Revised timeframe for the utilisation proceeds	Percentage utilised %
Expansion of the Group's business and/or production facility	14,740	500	-	14,240	Within 24 months	24 months up to 3 Nov 2026	3.4%
General working capital	13,130	13,160	30	-	Within 24 months	-	100%
Special Dividend	6,790	6,760	(30)	-	Within 24 months	-	100%
Estimated expenses in relation to the Proposed Disposal	3,340	3,340	-	-	Within 24 months	-	100%
	<b>38,000</b>	<b>23,760</b>	<b>-</b>	<b>14,240</b>			<b>62.5%</b>

## Additional Compliance Information

### 6. Utilisation of proceeds (Cont'd)

- (ii) The Disposal of Subsidiary, Xyrius Solutions Sdn.Bhd., was completed on 17 December 2024 for a total cash consideration of RM7,320,000. The status of utilisation of proceeds of RM7,320,000 is as follows:

Details of use	Amount RM'000	Actual utilisation as at 31 December 2024 RM'000	Reallocation RM'000	Unutilised disposals proceeds	Original timeframe for the utilisation proceeds	Percentage utilised %
General working capital	7,220	-	19	7,239	Within 24 months	-
Estimated expenses relating to the Disposal of Subsidiary	100	81	(19)	-	Within 24 months	100%
	<b>7,320</b>	<b>81</b>	<b>-</b>	<b>7,239</b>		<b>1.1%</b>

## 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 31 December 2024.

### PRINCIPAL ACTIVITIES

The Company is principally involved in research, design and development of test, burn-in and application specific embedded system. The principal activities of the subsidiaries are mainly designing and production of test, burn-in and embedded test equipment and its related modules for electronic industry. Further details of the subsidiaries are disclosed in Note 9 to the financial statements.

There have 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 for the financial year	<u>2,207,372</u>	<u>6,762,968</u>
Attributable to:		
Owners of the parent	<u>2,207,372</u>	<u>6,762,968</u>

### DIVIDENDS

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

	RM
In respect of the financial year ended 31 December 2023:	
Second interim single tier dividend of RM0.01 per ordinary share, paid on 8 April 2024	6,924,446
In respect of the financial year ended 31 December 2024:	
First interim single tier dividend of RM0.02 per ordinary share, paid on 31 December 2024	<u>13,524,656</u>
	<u>20,449,102</u>

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

### RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

### 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 apart from the issue of options pursuant to the ESOS.

The ESOS of the Company came into effect on 1 April 2016. The ESOS shall be in force for a period of five (5) years until 31 March 2021. The Directors had approved to extend the ESOS for another period of five (5) years commencing from 1 April 2021 until 31 March 2026 on the same terms and conditions as mentioned in the By-Laws.

## Directors' Report

### OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

The main features of the ESOS are as follows:

- (a) The total number of new ordinary shares which are available to be issued under the ESOS shall not exceed ten percent (10%) of the total issued and fully paid-up share capital of the Company (excluding treasury shares) at any time throughout the duration of the ESOS.
- (b) Any employee (including Executive Directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee is at least 18 years of age and is a full time employee.
- (c) Any Director of the Company or any company in the Group who has been appointed to the Board shall be eligible to participate in the ESOS if, as at the date of offer, the director is at least 18 years of age.
- (d) The exercise price shall be determined based on the weighted average market price of shares for the 5 market days immediately preceding the date of offer with a discount of not more than 10% or at the par value of the shares, whichever is higher.
- (e) The options granted are exercisable on a time proportion basis over the duration of the ESOS. The employee's entitlement to the options is vested as soon as they become exercisable.
- (f) The new shares to be allotted and issued upon exercise of any options granted under the scheme will, upon allotment and issuance, rank pari passu in all respects with the existing shares and paid-up shares in the Company, save and except that the new shares so allotted and issued will not be entitled to any right, dividend, allotment and/or distribution declared, made or paid, the entitlement date of which precedes the date of exercise of the options.

Details of the options over ordinary shares of the Company are as follows:

	[----- Number of options over ordinary shares -----]			
	Outstanding as at 1-1-2024	Retracted*	Outstanding as at 31-12-2024	Exercisable as at 31-12-2024
<b>Grant date</b>				
2 June 2016	767,000	0	767,000	767,000
10 April 2018	980,000	(144,000)	836,000	836,000
	<u>1,747,000</u>	<u>(144,000)</u>	<u>1,603,000</u>	<u>1,603,000</u>

\* Due to resignation

### DIRECTORS

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

Dato' Dr Chong Eng Keat @ Teoh Eng Keat

Tan Cheik Eaik \*

Koay Kim Chiew \*

Tan Ah Lek \*

Ooi Toon Kit

Dato' Agatha Foo Tet Sin

Lee Soo Ghee

Ir. Academician Emeritus Professor Tan Sri Dato' Seri Dr. Chuah Hean Teik

Tan Ai Jiew \*

(Retired on 7 June 2024)

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

## Directors' Report

### DIRECTORS' INTERESTS

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

[----- Number of options over ordinary shares -----]				
	Balance as at 1-1-2024	Granted	Exercised	Balance as at 31-12-2024
<b>Shares in the Company</b>				
<b>Direct interests:</b>				
Dato' Dr Chong Eng Keat @ Teoh Eng Keat	3,524,500	0	0	3,524,500
Tan Cheik Eaik	159,389,440	0	0	159,389,440
Koay Kim Chiew	74,020,060	0	0	74,020,060
Tan Ah Lek	63,434,498	0	0	63,434,498
Ooi Toon Kit	2,454,000	0	0	2,454,000
Dato' Agatha Foo Tet Sin	150,000	0	0	150,000
<b>Indirect interests:</b>				
Tan Ah Lek #	370,000	0	0	370,000

# Deemed interest by virtue of Section 59(11)(c) of the Companies Act 2016 held through children.

[----- Number of options over ordinary shares -----]				
	Balance as at 1-1-2024	Granted	Exercised	Balance as at 31-12-2024
<b>Share options in the Company</b>				
Koay Kim Chiew	288,000	0	0	288,000

By virtue of his interests in the ordinary shares of the Company, Tan Cheik Eaik is deemed to be interested in the ordinary shares of all the subsidiaries to the extent that 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 and options over 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 certain Directors who received remuneration from the subsidiary as Directors of the subsidiary mentioned in Note 29 to the financial statements.

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 except for the share options granted pursuant to the ESOS disclosed above.

## Directors' Report

### TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting ("AGM") held on 7 June 2024, renewed the approval for the Company to repurchase its own shares.

During the financial year, the Company repurchased 16,204,300 of its issued ordinary shares from the open market of Bursa Malaysia Securities Berhad at an average price of RM0.44 per share. The total consideration paid for the repurchased shares was RM7,114,791. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 in Malaysia.

As at 31 December 2024, the Company held a total of 17,920,260 ordinary shares as treasury shares out of its 694,140,580 issued and fully paid ordinary shares. Such shares are held at a total cost of RM8,532,305.

### DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2024 were as follows:

	Group RM	Company RM
Fees	292,000	292,000
Salaries and other emoluments	401,703	0
Defined contribution plan	76,326	0
Social security contributions	2,435	0
	<u>772,464</u>	<u>292,000</u>

### INDEMNITY AND INSURANCE FOR OFFICERS, DIRECTORS AND AUDITORS

There were no indemnity given to or insurance effected for the officers, Directors 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 had been made for doubtful debts; and
  - (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 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.

#### (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 written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any 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.

## Directors' Report

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

#### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (CONT'D)

- (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 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 this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

### SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 10 December 2024, the Company had entered into a share sale agreement with Ang Aik Beng and Tan Hui len @ Tan Kui Yen to dispose its equity interest in Xyrius Solutions Sdn. Bhd. ("Xyrius") for a cash consideration of RM7,320,000. The disposal was completed on 17 December 2024. Pursuant to the disposal, Xyrius ceased to be a 100% owned subsidiary of the Company.

### AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

### AUDITORS' REMUNERATION

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2024 were as follows:

	Group RM	Company RM
Statutory audit	91,800	26,500
Other services	4,500	4,500
	<u>96,300</u>	<u>31,000</u>

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

**Tan Cheik Eaik**  
Director

**Koay Kim Chiew**  
Director

Penang  
18 April 2025



## Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 76 to 123 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 31 December 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,

**Tan Cheik Eaik**  
Director

**Koay Kim Chiew**  
Director

Penang  
18 April 2025

## Statutory Declaration

I, Tan Cheik Eaik (I/C No.: 650412-02-5189), being the Director primarily responsible for the financial management of Elsoft Research Berhad, do solemnly and sincerely declare that the financial statements set out on pages 76 to 123 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 18 April 2025

**Tan Cheik Eaik**

Before me,

Commissioner for Oaths

## Independent Auditors' Report

To The Members of Elsoft Research Berhad

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Elsoft Research Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended and notes to the financial statements, including material accounting policy information, as set out on pages 76 to 123.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("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

##### **Impairment of trade receivables**

Gross trade receivables of the Group as at 31 December 2024 were RM4,654,399 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 trade receivables and appropriate forward-looking information.

##### **Audit response**

Our audit procedures included the following:

- (i) Assessed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- (ii) Assessed the correlation coefficient between the macroeconomic indicators used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group; and
- (iii) Obtained an understanding from management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

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

## Independent Auditors' Report

To the Members of Elsoft Research Berhad

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

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

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

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

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

### Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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 or 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

To the Members of Elsoft Research Berhad

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

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

- (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) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 communication.

### 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

#### Goh Chee Beng

03535/11/2026 J  
Chartered Accountant

Penang  
18 April 2025

## Statements of Financial Position

For the Financial Year Ended 31 December 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	15,522,266	16,110,600	1,053	6,490
Right-of-use asset	6	2,506,009	2,569,851	0	0
Investment property	7	101,697	105,976	0	0
Intangible asset	8	0	1,688,170	0	0
Investments in subsidiaries	9	0	0	30,549,876	39,849,876
Investments in associates	10	9,997,556	10,649,111	4,626,255	4,470,000
Goodwill on consolidation	11	0	5,931,259	0	0
Other receivable	12	1,154,996	0	1,154,996	0
		29,282,524	37,054,967	36,332,180	44,326,366
Current assets					
Inventories	13	2,657,676	3,136,448	0	0
Trade and other receivables	12	4,926,951	2,216,095	288,749	0
Current tax assets		176,744	136,571	1,349	4,192
Other investments	14	72,585,992	88,391,588	18,404,056	31,550,760
Cash and bank balances	15	4,198,050	9,456,773	287,793	251,344
		84,545,413	103,337,475	18,981,947	31,806,296
TOTAL ASSETS		113,827,937	140,392,442	55,314,127	76,132,662
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16(a)	57,832,248	57,832,248	57,832,248	57,832,248
Treasury shares	16(b)	(8,532,305)	(1,417,514)	(8,532,305)	(1,417,514)
Reserves	17	59,703,157	77,995,567	5,712,636	19,398,770
TOTAL EQUITY		109,003,100	134,410,301	55,012,579	75,813,504
LIABILITIES					
Non-current liability					
Deferred tax liabilities	18	1,052,000	1,421,761	0	0
Current liabilities					
Trade and other payables	19	2,288,857	2,609,695	301,548	319,158
Provision	20	860,340	965,717	0	0
Contract liabilities	21	623,640	984,968	0	0
		3,772,837	4,560,380	301,548	319,158
TOTAL LIABILITIES		4,824,837	5,982,141	301,548	319,158
TOTAL EQUITY AND LIABILITIES		113,827,937	140,392,442	55,314,127	76,132,662

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

## Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December 2024

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Revenue	22	<b>13,887,125</b>	16,072,778	<b>0</b>	0
Cost of sales		<b>(11,646,762)</b>	(10,626,063)	<b>0</b>	0
Gross profit		<b>2,240,363</b>	5,446,715	<b>0</b>	0
Other income		<b>6,328,493</b>	6,822,361	<b>9,288,943</b>	35,981,139
Other expenses		<b>(493,819)</b>	(196,798)	<b>0</b>	0
Loss on disposal of a subsidiary	9(e)	<b>(1,744,443)</b>	0	<b>(1,980,000)</b>	0
Administrative expenses		<b>(3,993,522)</b>	(4,338,782)	<b>(532,059)</b>	(804,921)
Net gain/(loss) on impairment losses on trade receivables	12(f)	<b>137,550</b>	(284,000)	<b>0</b>	0
Share of profit of associates, net of tax	10(f)	<b>331,870</b>	326,348	<b>0</b>	0
Profit before tax	23	<b>2,806,492</b>	7,775,844	<b>6,776,884</b>	35,176,218
Taxation	26	<b>(599,120)</b>	(751,650)	<b>(13,916)</b>	741
Profit for the financial year		<b>2,207,372</b>	7,024,194	<b>6,762,968</b>	35,176,959
<b>Other comprehensive loss</b>					
<b>Item that may be reclassified subsequently to profit or loss</b>					
Share of other comprehensive loss of associates	10(f)	<b>(50,680)</b>	0	<b>0</b>	0
Total comprehensive income		<b>2,156,692</b>	7,024,194	<b>6,762,968</b>	35,176,959
Profit for the financial year attributable to:					
Owners of the parent		<b>2,207,372</b>	7,024,194	<b>6,762,968</b>	35,176,959
Total comprehensive income attributable to:					
Owners of the parent		<b>2,156,692</b>	7,024,194	<b>6,762,968</b>	35,176,959
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic	27(a)	<b>0.32</b>	1.02		
Diluted	27(b)	<b>0.32</b>	1.02		

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

## Statements of Changes in Equity

For the Financial Year Ended 31 December 2024

Group	Note	Share capital RM	Treasury shares RM	Share options reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2023		48,809,025	(1,366,771)	467,632	91,015,537	138,925,423
Profit for the financial year		0	0	0	7,024,194	7,024,194
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive income		0	0	0	7,024,194	7,024,194
<b>Transactions with owners</b>						
Repurchase of treasury shares	16(b)	0	(50,743)	0	0	(50,743)
Ordinary shares issued pursuant to :						
- acquisition of a subsidiary	16(a)	8,800,000	0	0	0	8,800,000
- ESOS	16(a)	223,223	0	(56,808)	0	166,415
Dividends paid	28	0	0	0	(20,454,988)	(20,454,988)
Total transactions with owners		9,023,223	(50,743)	(56,808)	(20,454,988)	(11,539,316)
Balance as at 31 December 2023		57,832,248	(1,417,514)	410,824	77,584,743	134,410,301



## Statements of Changes in Equity

For the Financial Year Ended 31 December 2024

Group	Note	Share capital RM	Treasury shares RM	Share options reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2024		57,832,248	(1,417,514)	410,824	77,584,743	134,410,301
Profit for the financial year		0	0	0	2,207,372	2,207,372
Other comprehensive loss, net of tax		0	0	0	(50,680)	(50,680)
Total comprehensive income		0	0	0	2,156,692	2,156,692
<b>Transactions with owners</b>						
Repurchase of treasury shares	16(b)	0	(7,114,791)	0	0	(7,114,791)
Transfer of share options reserve to retained earnings upon lapse of ESOS		0	0	(44,399)	44,399	0
Dividends paid	28	0	0	0	(20,449,102)	(20,449,102)
Total transactions with owners		0	(7,114,791)	(44,399)	(20,404,703)	(27,563,893)
Balance as at 31 December 2024		57,832,248	(8,532,305)	366,425	59,336,732	109,003,100

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

## Statements of Changes in Equity

For the Financial Year Ended 31 December 2024

Company	Note	Share capital RM	Treasury shares RM	Share options reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2023		48,809,025	(1,366,771)	467,632	4,265,975	52,175,861
Profit for the financial year		0	0	0	35,176,959	35,176,959
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive income		0	0	0	35,176,959	35,176,959
<b>Transactions with owners</b>						
Repurchase of treasury shares	16(b)	0	(50,743)	0	0	(50,743)
Ordinary shares issued pursuant to :						
- acquisition of a subsidiary	16(a)	8,800,000	0	0	0	8,800,000
- ESOS	16(a)	223,223	0	(56,808)	0	166,415
Dividends paid	28	0	0	0	(20,454,988)	(20,454,988)
Total transactions with owners		9,023,223	(50,743)	(56,808)	(20,454,988)	(11,539,316)
Balance as at 31 December 2023		57,832,248	(1,417,514)	410,824	18,987,946	75,813,504

## Statements of Changes in Equity

For the Financial Year Ended 31 December 2024

Company	Note	Share capital RM	Treasury shares RM	Share options reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2024		57,832,248	(1,417,514)	410,824	18,987,946	75,813,504
Profit for the financial year		0	0	0	6,762,968	6,762,968
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive income		0	0	0	6,762,968	6,762,968
<b>Transactions with owners</b>						
Repurchase of treasury shares	16(b)	0	(7,114,791)	0	0	(7,114,791)
Transfer of share options reserve to retained earnings upon lapse of ESOS		0	0	(44,399)	44,399	0
Dividends paid	28	0	0	0	(20,449,102)	(20,449,102)
Total transactions with owners		0	(7,114,791)	(44,399)	(20,404,703)	(27,563,893)
Balance as at 31 December 2024		57,832,248	(8,532,305)	366,425	5,346,211	55,012,579

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

## Statements of Cash Flows

For the Financial Year Ended 31 December 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		2,806,492	7,775,844	6,776,884	35,176,218
Adjustments for:					
Amortisation of intangible asset	8	179,275	104,577	0	0
Depreciation of:					
- investment property	7	4,279	4,279	0	0
- property, plant and equipment	5	675,743	665,169	5,437	9,356
- right-of-use asset	6	63,842	63,842	0	0
Dividend income from:					
- a subsidiary	29(b)	0	0	(7,200,000)	(34,800,000)
- an associate	29(b)	0	0	(1,089,000)	0
- other investments	23	(1,833,634)	(2,350,928)	(370,711)	(975,888)
Fair value gain on other investments	23	(1,055,486)	(635,589)	(626,748)	(146,604)
Loss on disposal of a subsidiary	23	1,744,443	0	1,980,000	0
Net (gain)/loss on impairment losses on trade receivables	12(f)	(137,550)	284,000	0	0
Interest income	23	(224,955)	(532,767)	(2,484)	(58,623)
Inventories (written back)/ written down	13(c)	(468,000)	227,000	0	0
Provision for repair and other services	20	400,641	459,694	0	0
Property, plant and equipment written off	5	0	128,857	0	1
Reversal of provision for repair and other services	20	(419,864)	(1,395,982)	0	0
Share of profit of associates	10(f)	(331,870)	(326,348)	0	0
Bad debt written off on third party	23	137,550	32,000	0	0
Unrealised loss on foreign exchange	23	293,034	167,783	0	0
Operating profit/(loss) before working capital changes		1,833,940	4,671,431	(526,622)	(795,540)
Decrease in inventories		707,561	379,797	0	0
(Increase)/Decrease in trade and other receivables		(3,854,676)	8,689,833	(1,443,745)	0
(Decrease)/Increase in trade and other payables		(292,684)	(2,020,668)	(17,610)	49,158
Decrease in provisions	20	(86,154)	(104,018)	0	0
Increase/(Decrease) in contract liabilities		20,172	(1,485,580)	0	0
Cash (used in)/generated from operations		(1,671,841)	10,130,795	(1,987,977)	(746,382)
Tax paid		(778,626)	(3,427,697)	(13,679)	(1,586)
Tax refunded		33,986	42,345	2,606	4,773
Net cash (used in)/from operating activities		(2,416,481)	6,745,443	(1,999,050)	(743,195)

## Statements of Cash Flows

For the Financial Year Ended 31 December 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Dividend received from:					
- a subsidiary	29(b)	0	0	7,200,000	34,800,000
- an associate	29(b)	1,089,000	0	1,089,000	0
- other investments		12,156	0	12,156	0
Interest received	23	224,955	532,767	2,484	58,623
Sales/(Purchase) of other investments		18,682,560	(23,526,624)	14,132,007	(13,183,838)
Proceeds from disposal of					
- investment property		0	34,200,000	0	0
- subsidiary	9(e)	5,394,377	0	7,320,000	0
Purchase of property, plant and equipment	5	(216,450)	(47,000)	0	0
Acquisition of a subsidiary, net of cash and cash equivalents acquired	9(d)	0	927,614	0	(500,000)
Acquisition of an associate	10(d)	(156,255)	0	(156,255)	0
Net cash from investing activities		25,030,343	12,086,757	29,599,392	21,174,785
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Change in deposit with a licensed bank with maturity period more than three (3) months					
		(117,471)	0	0	0
Repurchase of treasury shares	16(b)	(7,114,791)	(50,743)	(7,114,791)	(50,743)
Dividends paid	28	(20,449,102)	(20,454,988)	(20,449,102)	(20,454,988)
Proceeds from issuance of ordinary shares pursuant to ESOS		0	166,415	0	166,415
Net cash used in financing activities		(27,681,364)	(20,339,316)	(27,563,893)	(20,339,316)
Net changes in cash and cash equivalents		(5,067,502)	(1,507,116)	36,449	92,274
Effects of exchange rate changes on cash and cash equivalents		(308,692)	(238,345)	0	0
Cash and cash equivalents at beginning of the financial year		9,456,773	11,202,234	251,344	159,070
Cash and cash equivalents at end of the financial year	15(c)	4,080,579	9,456,773	287,793	251,344

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

## Notes to the Financial Statements

31 December 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 of the Company is located at 39, Irving Road, 10400 Georgetown, Penang.

The principal place of business of the Company is located at Plot 85B, Lintang Bayan Lepas 9, Bayan Lepas Industrial Park, Phase 4, 11900 Bayan Lepas, Penang.

The consolidated financial statements for the financial year ended 31 December 2024 comprise the financial statements of the Company and its subsidiaries and the interests of the Group in associates. 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 18 April 2025.

### 2. PRINCIPAL ACTIVITIES

The Company is principally involved in research, design and development of test, burn-in and application specific embedded system. The principal activities of the subsidiaries are mainly designing and production of test, burn-in and embedded test equipment and its related modules for electronic industry. Further details of the subsidiaries are disclosed in Note 9 to the financial statements.

There have 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 and Amendments to MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 4.1 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

31 December 2024

### 4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

#### 4.1 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
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

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.

#### 4.2 New MFRSs and Amendments to MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2025

Title	Effective Date
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
Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026
Amendments to MFRS 9 and MFRS 7 <i>Contracts Referencing Nature-dependent Electricity</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 are 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.



## Notes to the Financial Statements

31 December 2024

## 5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2024 RM	Disposal of subsidiary (Note 9(e)) RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.12.2024 RM
<b>Carrying amount</b>					
Factory building	13,688,792	0	0	(308,565)	13,380,227
Industrial and research and development equipment	107,489	0	5,960	(67,617)	45,832
Motor vehicles	2	0	0	0	2
Furniture and fittings, office and other equipment	429,799	(37,875)	172,064	(142,921)	421,067
Electrical installation and renovation	339,157	(64,150)	36,948	(55,851)	256,104
Plant and machinery, tools and equipment	31,197	(27,016)	1,478	(5,659)	0
Solar panel	1,514,164	0	0	(95,130)	1,419,034
	<u>16,110,600</u>	<u>(129,041)</u>	<u>216,450</u>	<u>(675,743)</u>	<u>15,522,266</u>

[----- Balance as at 31.12.2024 -----]				
Group	Cost RM	Accumulated depreciation RM	Carrying amount RM	
Factory building	17,428,253	(4,048,026)	13,380,227	
Industrial and research and development equipment	1,194,807	(1,148,975)	45,832	
Motor vehicles	250,609	(250,607)	2	
Furniture and fittings, office and other equipment	1,548,461	(1,127,394)	421,067	
Electrical installation and renovation	762,458	(506,354)	256,104	
Plant and machinery, tools and equipment	0	0	0	
Solar panel	1,902,615	(483,581)	1,419,034	
	<u>23,087,203</u>	<u>(7,564,937)</u>	<u>15,522,266</u>	

## Notes to the Financial Statements

31 December 2024

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Balance as at 1.1.2023 RM	Acquisition of subsidiary (Note 9(d)) RM	Additions RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2023 RM
<b>Carrying amount</b>						
Factory building	13,997,358	0	0	0	(308,566)	13,688,792
Industrial and research and development equipment	176,964	0	7,188	(3)	(76,660)	107,489
Motor vehicles	11,782	0	0	0	(11,780)	2
Furniture and fittings, office and other equipment	460,504	70,057	23,412	(23,992)	(100,182)	429,799
Electrical installation and renovation	336,985	56,255	16,400	(15,823)	(54,660)	339,157
Plant and machinery, tools and equipment	0	138,427	0	(89,039)	(18,191)	31,197
Solar panel	1,609,294	0	0	0	(95,130)	1,514,164
	<u>16,592,887</u>	<u>264,739</u>	<u>47,000</u>	<u>(128,857)</u>	<u>(665,169)</u>	<u>16,110,600</u>
[----- Balance as at 31.12.2023 -----]						
Group	Cost RM	Accumulated depreciation RM	Carrying amount RM			
Factory building	17,428,253	(3,739,461)	13,688,792			
Industrial and research and development equipment	1,188,847	(1,081,358)	107,489			
Motor vehicles	250,609	(250,607)	2			
Furniture and fittings, office and other equipment	1,454,991	(1,025,192)	429,799			
Electrical installation and renovation	810,537	(471,380)	339,157			
Plant and machinery, tools and equipment	67,717	(36,520)	31,197			
Solar panel	1,902,615	(388,451)	1,514,164			
	<u>23,103,569</u>	<u>(6,992,969)</u>	<u>16,110,600</u>			

## Notes to the Financial Statements

31 December 2024

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Balance as at 1.1.2024 RM	Depreciation charge for the financial year RM	Balance as at 31.12.2024 RM
<b>Carrying amount</b>			
Industrial and research and development equipment	37	0	37
Furniture and fittings, office and other equipment	6,440	(5,437)	1,003
Electrical installation and renovation	13	0	13
	<u>6,490</u>	<u>(5,437)</u>	<u>1,053</u>

Group	Cost RM	Accumulated depreciation RM	Carrying amount RM
	[----- Balance as at 31.12.2024 -----]		
Industrial and research and development equipment	487,197	(487,160)	37
Furniture and fittings, office and other equipment	455,903	(454,900)	1,003
Electrical installation and renovation	260,011	(259,998)	13
	<u>1,203,111</u>	<u>(1,202,058)</u>	<u>1,053</u>

## Notes to the Financial Statements

31 December 2024

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Balance as at 1.1.2023 RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2023 RM
<b>Carrying amount</b>				
Industrial and research and development equipment	38	(1)	0	37
Furniture and fittings, office and other equipment	15,796	0	(9,356)	6,440
Electrical installation and renovation	13	0	0	13
	<u>15,847</u>	<u>(1)</u>	<u>(9,356)</u>	<u>6,490</u>
[----- Balance as at 31.12.2023 -----]				
		Cost RM	Accumulated depreciation RM	Carrying amount RM
Industrial and research and development equipment		487,197	(487,160)	37
Furniture and fittings, office and other equipment		455,903	(449,463)	6,440
Electrical installation and renovation		260,011	(259,998)	13
		<u>1,203,111</u>	<u>(1,196,621)</u>	<u>6,490</u>

## Notes to the Financial Statements

31 December 2024

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) All items of property, plant and equipment 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 are stated at cost less accumulated depreciation and any accumulated impairment losses.
- (b) 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 used are as follows:

Factory building	2%
Industrial and research and development equipment	10% - 35%
Motor vehicles	20%
Furniture and fittings, office and other equipment	8% - 35%
Electrical installation and renovation	10%
Plant and machinery, tools and equipment	10%
Solar panel	5%

### 6. RIGHT-OF-USE ASSET

#### The Group as lessee

#### Right-of-use asset

	Balance as at 1.1.2024 RM	Depreciation RM	Balance as at 31.12.2024 RM
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#### Carrying amount

Leasehold land	<u>2,569,851</u>	<u>(63,842)</u>	<u>2,506,009</u>
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	Balance as at 1.1.2023 RM	Depreciation RM	Balance as at 31.12.2023 RM
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#### Carrying amount

Leasehold land	<u>2,633,693</u>	<u>(63,842)</u>	<u>2,569,851</u>
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## Notes to the Financial Statements

31 December 2024

### 6. RIGHT-OF-USE ASSET (CONT'D)

#### The Group as lessee (Cont'd)

- (a) The right-of-use asset comprise of leasehold land in the location which the Group operates and it is stated at cost less accumulated depreciation and any accumulated impairment losses.

The right-of-use asset is depreciated on a straight-line basis over the earlier of the estimated useful live of the right-of-use asset or the end of the lease term. The remaining lease term of the right-of-use asset is as follows:

Leasehold land 40 years (2023: 41 years)

- (b) The following are amounts recognised in profit or loss:

	Group	
	2024 RM	2023 RM
Depreciation charge of right-of-use asset (included in administrative expenses)	<b>63,842</b>	<b>63,842</b>

#### The Group as lessor

- (a) The Group has entered into operating lease agreements on certain properties for terms of between one (1) to two (2) years (2023: one (1) to two (2) years ) and renewable at the end of the lease period subject to an increase clause. The monthly rental consists of a fixed base rent.
- (b) The Group has aggregate future minimum lease receivables as at the end of each reporting period as follows:

	Group	
	2024 RM	2023 RM
Future minimum lease receivables:		
Less than one (1) year	<b>1,961,500</b>	2,202,380
One (1) to two (2) years	<b>304,700</b>	1,092,190
	<b>2,266,200</b>	<b>3,294,570</b>

## Notes to the Financial Statements

31 December 2024

## 7. INVESTMENT PROPERTY

Group	Balance as at 1.1.2024 RM	Depreciation charge for the financial year RM	Balance as at 31.12.2024 RM
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## Carrying amount

Building	<u>105,976</u>	<u>(4,279)</u>	<u>101,697</u>
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[----- Balance as at 31.12.2024 -----]			
	Cost RM	Accumulated depreciation RM	Carrying amount RM

Building	<u>213,930</u>	<u>(112,233)</u>	<u>101,697</u>
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Group	Balance as at 1.1.2023 RM	Depreciation charge for the financial year RM	Balance as at 31.12.2023 RM
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## Carrying amount

Building	<u>110,255</u>	<u>(4,279)</u>	<u>105,976</u>
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[----- Balance as at 31.12.2023 -----]			
	Cost RM	Accumulated depreciation RM	Carrying amount RM

Building	<u>213,930</u>	<u>(107,954)</u>	<u>105,976</u>
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- (a) Investment property is property which is held to earn rental yields or for capital appreciation or for both and is not occupied by the Group.

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

Depreciation is calculated to write off the cost or valuation of the investment property to its residual value on a straight line basis over its estimated useful life at an annual rate of 2%.

At the end of each reporting period, the carrying amount of investment property is 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.

- (b) The fair value of investment property for disclosure purposes, which is at Level 3 fair value is estimated at approximately RM0.4 million (2023: RM0.4 million). The fair value was determined based on Directors' estimation using the market comparison method by reference to market evidence of transaction prices of similar properties and recent experience in the location and category of the properties being valued. The significant unobservable input into this valuation method is price per square foot of comparable properties. The estimated fair value would increase if the historical sales transaction prices were higher and vice versa.
- (c) Rental income generated from rental of investment property of the Group during the financial year amounted to RM19,000 (2023: RM18,000).
- (d) Direct operating expenses from investment property which generated rental income to the Group during the financial year amounted to RM6,058 (2023: RM3,876).



## Notes to the Financial Statements

31 December 2024

## 8. INTANGIBLE ASSET

Group	Balance as at 1.1.2024 RM	Disposal of subsidiary (Note 9(e)) RM	Amortisation charge for the financial year RM	Balance as at 31.12.2024 RM
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## Carrying amount

Technology know-how	<u>1,688,170</u>	<u>(1,508,895)</u>	<u>(179,275)</u>	<u>0</u>
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[----- Balance as at 31.12.2024 -----]			
	Cost RM	Accumulated amortisation RM	Carrying amount RM

Technology know-how	<u>0</u>	<u>0</u>	<u>0</u>
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Group	Balance as at 1.1.2023 RM	Acquisition of subsidiary (Note 9(d)) RM	Amortisation charge for the financial year RM	Balance as at 31.12.2023 RM
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## Carrying amount

Technology know-how	<u>0</u>	<u>1,792,747</u>	<u>(104,577)</u>	<u>1,688,170</u>
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[----- Balance as at 31.12.2023 -----]			
	Cost RM	Accumulated amortisation RM	Carrying amount RM

Technology know-how	<u>1,792,747</u>	<u>(104,577)</u>	<u>1,688,170</u>
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- (a) Technology know-how acquired in a business combination are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Technology know-how represents the knowledge, expertise, research development information, technical data, and design related to the customisation of automated machines and solutions that the subsidiary accumulated and possesses.

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

Technology know-how 10 years

The residual value, useful life and amortisation method are reviewed at the end of each reporting period.

## Notes to the Financial Statements

31 December 2024

### 8. INTANGIBLE ASSET (CONT'D)

- (c) The following are amounts recognised in profit or loss:

	Group	
	2024 RM	2023 RM
Depreciation charge of intangible asset (included in administrative expenses)	<u>179,275</u>	<u>104,577</u>

### 9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2024 RM	2023 RM
Unquoted shares, at cost	<b>31,864,845</b>	41,164,845
Equity contribution in a subsidiary in respect of ESOS	<b>3,625,739</b>	3,625,739
Less: Impairment losses	<u><b>(4,940,708)</b></u>	<u>(4,940,708)</u>
	<u><b>30,549,876</b></u>	<u>39,849,876</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.
- (b) Details of the subsidiaries, which are all incorporated in Malaysia, are as follows:

Name of company	Effective interest in equity		Principal activities
	2024 %	2023 %	
Elsoft Systems Sdn. Bhd.*	<b>100</b>	100	Design and production of test, burn-in and embedded test equipment and its related modules for electronic industry
Siangtronics Technology Sdn. Bhd.*	<b>100</b>	100	Dormant
AGS Automation (Malaysia) Sdn. Bhd.*	<b>100</b>	100	Dormant
Xyrius Solutions Sdn. Bhd.*	<b>0</b>	100	Design and manufacture of machineries, automation and industrial equipment

\* The principal place of business is in Malaysia.

- (c) The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment. Recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less cost to sell of the underlying assets of the respective subsidiaries.
- (d) Acquisition of a subsidiary

On 6 June 2023, the Company had completed the acquisition of 30,000 ordinary shares in Xyrius Solutions Sdn. Bhd. ("Xyrius"), representing 100% equity interest in Xyrius, for a total consideration of RM9,300,000 to be satisfied via a combination of cash of RM500,000 and the balance of RM8,800,000 by way of issuance of 16,000,000 new ordinary shares of the Company at an issue price of RM0.60 per ordinary share. For the purpose of accounting, the fair value of RM0.55 per ordinary share as at the date of completion of the acquisition was recorded.

## Notes to the Financial Statements

31 December 2024

### 9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

#### (d) Acquisition of a subsidiary (Cont'd)

Fair value of the identifiable assets and liabilities acquired and the effects on cash flows arising from the acquisition were as follows:

	2023 RM
Property, plant and equipment (Note 5)	264,739
Technology know-how (Note 8)	1,792,747
Trade and other receivables	346,169
Inventories	100,385
Current tax assets	80,782
Cash and bank balances	1,427,614
Trade and other payables	(175,236)
Deferred tax liabilities (Note 18)	(468,459)
Net assets	3,368,741
Goodwill on consolidation (Note 11)	5,931,259
Cost of acquisition	9,300,000
Cash inflows on acquisition:	
Purchase consideration settled in cash and cash equivalents	(500,000)
Cash and bank balances of a subsidiary acquired	1,427,614
Net cash inflows on acquisition	927,614

The revenue and profit after tax of the subsidiary for the previous financial period recognised since the acquisition date included in the statements of profit or loss and other comprehensive income amounted to RM749,656 and RM40,150 respectively.

If the acquisition occurred on 1 January 2023, revenue and profit after tax of the Group for the previous financial year ended 31 December 2023 would be RM16,413,643 and RM7,372,456 respectively.

#### (e) Disposal of a subsidiary

On 10 December 2024, the Company had entered into a share sale agreement with Ang Aik Beng and Tan Hui len @ Tan Kui Yen to dispose its equity interest in Xyrius Solutions Sdn. Bhd. ("Xyrius") for a cash consideration of RM7,320,000. The disposal was completed on 17 December 2024. Pursuant to the disposal, Xyrius ceased to be subsidiary of the Company.

## Notes to the Financial Statements

31 December 2024

### 9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) Disposal of a subsidiary (Cont'd)

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

	Group RM	Company RM
Property, plant and equipment (Note 5)	129,041	0
Technology know-how (Note 8)	1,508,895	0
Investment in a subsidiary	0	9,300,000
Goodwill on consolidation (Note 11)	5,931,259	0
Trade and other receivables	7,571	0
Inventories	239,211	0
Current tax assets	104,421	0
Cash and bank balances	1,925,623	0
Contract liabilities	(381,500)	0
Trade and other payables	(31,243)	0
Deferred tax liabilities (Note 18)	(368,835)	0
Carrying amount of net assets disposed off	9,064,443	9,300,000
Loss on disposal of a subsidiary	(1,744,443)	(1,980,000)
Proceeds from disposal	7,320,000	7,320,000
Less: Cash and bank balances of a subsidiary disposed off	(1,925,623)	0
Net cash inflows from disposal of a subsidiary	5,394,377	7,320,000

### 10. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
At cost:				
Unquoted ordinary shares	12,426,255	12,270,000	12,426,255	12,270,000
Less: Impairment losses	0	0	(7,800,000)	(7,800,000)
	12,426,255	12,270,000	4,626,255	4,470,000
Redeemable cumulative preference shares *	4,200,000	4,200,000	4,200,000	4,200,000
Less: Impairment losses	(4,200,000)	(4,200,000)	(4,200,000)	(4,200,000)
	0	0	0	0
Share of post acquisition reserves, net of dividends received	(684,468)	123,342	0	0
Less: Impairment losses	(1,744,231)	(1,744,231)	0	0
	9,997,556	10,649,111	4,626,255	4,470,000

\* The Group and the Company held 38.5% in the Redeemable Cumulative Preference Shares ("RCPS").

## Notes to the Financial Statements

31 December 2024

### 10. INVESTMENTS IN ASSOCIATES (CONT'D)

- (a) Investments in associates are measured at cost less impairment losses in the separate financial statements of the Company and accounted for using equity method in the consolidated financial statements.
- (b) The financial statements of the associates are conterminous with those of the Group. In applying the equity method of accounting, the most recent available financial statements of the associates have been used.
- (c) The details of the associates, which are incorporated in Malaysia, are as follows:

Name of company	Effective interest in equity		Principal activities
	2024 %	2023 %	
Leso Corporation Sdn. Bhd.#	30.00	30.00	Investment holding
Butterfly House (PG) Sdn. Bhd.*#	30.91	30.91	Operate a butterfly farm
Ento Feed Sdn. Bhd.*#	31.25	0	Dormant

\* Not audited by BDO PLT or BDO member firms.

# The principal place of business is in Malaysia.

- (d) During the financial year, the Company acquired the equity interest in Ento Feed Sdn. Bhd. ("EFSB"), representing approximately 31.25% equity interest in EFSB for a purchase consideration of RM156,255.
- (e) The summarised financial information of the associates are as follows:

2024	Leso Corporation Sdn. Bhd. RM	Butterfly House (PG) Sdn. Bhd. RM	Ento Feed Sdn. Bhd. RM	Total RM
<b>Assets and liabilities</b>				
Non-current assets	3,268,819	34,897,183	169,104	38,335,106
Current assets	34,645,825	3,813,333	2,629,732	41,088,890
Non-current liabilities	(35,204)	(29,315,684)	(3,138,789)	(32,489,677)
Current liabilities	(4,554,253)	(8,200,083)	(229,745)	(12,984,081)
Net assets	33,325,187	1,194,749	(569,698)	33,950,238
<b>Results</b>				
Revenue	23,139,064	12,949,986	0	36,089,050
Profit/(Loss) for the financial year	1,627,083	(214,149)	(697,575)	715,359
Total comprehensive income/(loss)	1,458,151	(214,149)	(697,575)	546,427
Cash flows (used in)/from operating activities	(546,871)	2,064,895	(2,453,854)	(935,830)
Cash flows from/(used in) investing activities	18,726,649	(505,382)	(178,004)	18,043,263
Cash flows (used in)/from financing activities	(3,749,628)	(2,445,925)	3,619,372	(2,576,181)
Net increase/(decrease) in cash and cash equivalents	14,430,150	(886,412)	987,514	14,531,252

## Notes to the Financial Statements

31 December 2024

## 10. INVESTMENTS IN ASSOCIATES (CONT'D)

(e) The summarised financial information of the associates are as follows: (Cont'd)

2023	Leso Corporation Sdn. Bhd. RM	Butterfly House (PG) Sdn. Bhd. RM	Total RM
<b>Assets and liabilities</b>			
Non-current assets	3,041,208	35,334,531	38,375,739
Current assets	35,964,736	4,055,513	40,020,249
Non-current liabilities	(136,878)	(27,817,155)	(27,954,033)
Current liabilities	(3,372,030)	(10,163,991)	(13,536,021)
Net assets	<u>35,497,036</u>	<u>1,408,898</u>	<u>36,905,934</u>
<b>Results</b>			
Revenue	20,186,647	12,340,764	32,527,411
Profit for the financial year	1,087,827	486,742	1,574,569
Total comprehensive income	<u>1,087,827</u>	<u>486,742</u>	<u>1,574,569</u>
Cash flows from operating activities	683,160	2,311,042	2,994,202
Cash flows from/(used in) investing activities	97,513	(486,388)	(388,875)
Cash flows used in financing activities	(2,043)	(2,252,734)	(2,254,777)
Net increase/(decrease) in cash and cash equivalents	<u>778,630</u>	<u>(428,080)</u>	<u>350,550</u>

(f) The reconciliation of net assets of the associates to the carrying amount of the investments in associates are as follows:

As at 31 December 2024	Leso Corporation Sdn. Bhd. RM	Butterfly House (PG) Sdn. Bhd. RM	Ento Feed Sdn. Bhd. RM	Total RM
Share of net assets of the Group/Company	<b>9,997,556</b>	<b>1,744,231</b>	<b>0</b>	<b>11,741,787</b>
Less:				
Impairment losses	<u>0</u>	<u>(1,744,231)</u>	<u>0</u>	<u>(1,744,231)</u>
Carrying amount in the statements of financial position	<u>9,997,556</u>	<u>0</u>	<u>0</u>	<u>9,997,556</u>
Share of profit/(loss) of the Group/ Company	<b>488,125</b>	<b>0</b>	<b>(156,255)</b>	<b>331,870</b>
Share of other comprehensive loss of the Group/Company	<u>(50,680)</u>	<u>0</u>	<u>0</u>	<u>(50,680)</u>
Share of total comprehensive income/(loss) of the Group/Company	<u>437,445</u>	<u>0</u>	<u>(156,255)</u>	<u>281,190</u>
<b>Other information</b>				
Dividend received	<u>1,089,000</u>	<u>0</u>	<u>0</u>	<u>1,089,000</u>

## Notes to the Financial Statements

31 December 2024

### 10. INVESTMENTS IN ASSOCIATES (CONT'D)

- (f) The reconciliation of net assets of the associates to the carrying amount of the investments in associates are as follows: (Cont'd)

As at 31 December 2023	Leso Corporation Sdn. Bhd. RM	Butterfly House (PG) Sdn. Bhd. RM	Total RM
Share of net assets of the Group	10,649,111	1,744,231	12,393,342
Less:			
Impairment losses	0	(1,744,231)	(1,744,231)
Carrying amount in the statements of financial position	10,649,111	0	10,649,111
Share of profit of the Group	326,348	0	326,348
Share of other comprehensive income of the Group	0	0	0
Share of total comprehensive income of the Group	326,348	0	326,348

- (g) Unrecognised share of loss or profit of an associate, Butterfly House (PG) Sdn. Bhd. amounted to loss of RM66,194 (2023: profit of RM150,452) in the current financial year and share of losses amounted to RM1,374,681 (2023: RM1,308,487) cumulatively. The Group stopped recognising its share of losses since there is no further obligation in respect of those losses using the equity method of accounting.
- (h) Unrecognised share of loss of an associate, Ento Feed Sdn. Bhd. amounted to loss of RM61,737 in the current financial year. The Group stopped recognising its share of losses since there is no further obligation in respect of those losses using the equity method of accounting.

### 11. GOODWILL ON CONSOLIDATION

	Group 2024 RM	2023 RM
<b>At cost</b>		
Balance as at 1 January	5,931,259	0
Acquisition of a subsidiary (Note 9(d))	0	5,931,259
Disposal of a subsidiary (Note 9(e))	(5,931,259)	0
Balance as at 31 December	0	5,931,259

- (a) Goodwill was initially measured at cost. Subsequent to initial recognition, goodwill was measured at cost less accumulated impairment losses, if any.

Goodwill was attributable to the subsidiary, Xyrius Solutions Sdn. Bhd., representing a separate cash-generating unit ("CGU").

- (b) Impairment test for goodwill with indefinite useful life

Goodwill was tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of CGU. The recoverable amount of CGU in the previous financial year was 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)-years period were extrapolated assuming zero growth rates.

## Notes to the Financial Statements

31 December 2024

### 11. GOODWILL ON CONSOLIDATION (CONT'D)

- (b) Impairment test for goodwill with indefinite useful life (Cont'd)

Key assumptions used in the value-in-use calculations in the previous financial year were as follows:

- (i) budgeted profit margins ranging from 41% to 43% were projected based on the historical gross margins achieved;
- (ii) the anticipated annual revenue growth rate of 10% was determined based on the industry trends and past performance of the CGU; and
- (iii) the pre-tax discount rate which was the weighted average cost of capital adjusted for specific risks relating to relevant segments. The discount rate used was 10.5%.

In the previous financial year, based on the annual impairment testing undertaken by the Group, no impairment loss was required for the carrying amount of goodwill as its recoverable amount was in excess of its carrying amount. Management believed that there was 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.

### 12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Non-current</b>				
<b>Other receivable</b>				
Amount owing by an associate	<u>1,154,996</u>	<u>0</u>	<u>1,154,996</u>	<u>0</u>
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	<u>4,654,399</u>	<u>2,419,502</u>	<u>0</u>	<u>0</u>
Less: Impairment losses	<u>(434,039)</u>	<u>(571,589)</u>	<u>0</u>	<u>0</u>
Total trade receivables	<u>4,220,360</u>	<u>1,847,913</u>	<u>0</u>	<u>0</u>
<b>Other receivables</b>				
Third parties	<u>51,078</u>	<u>41,543</u>	<u>0</u>	<u>0</u>
Amounts owing by associates	<u>1,016,749</u>	<u>728,050</u>	<u>1,016,749</u>	<u>728,000</u>
Less: Impairment losses	<u>(728,000)</u>	<u>(728,000)</u>	<u>(728,000)</u>	<u>(728,000)</u>
Deposits	<u>177,600</u>	<u>181,650</u>	<u>0</u>	<u>0</u>
Total other receivables	<u>517,427</u>	<u>223,243</u>	<u>288,749</u>	<u>0</u>
<b>Total current receivables</b>	<u>4,737,787</u>	<u>2,071,156</u>	<u>288,749</u>	<u>0</u>
Prepayments	<u>189,164</u>	<u>144,939</u>	<u>0</u>	<u>0</u>
	<u>4,926,951</u>	<u>2,216,095</u>	<u>288,749</u>	<u>0</u>
Total trade and other receivables	<u>6,081,947</u>	<u>2,216,095</u>	<u>1,443,745</u>	<u>0</u>

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables of the Group are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 90 days (2023: 30 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.



## Notes to the Financial Statements

31 December 2024

## 12. TRADE AND OTHER RECEIVABLES (CONT'D)

- (c) The non-trade portion of amounts owing by associates are interest free, unsecured and payable within next twelve (12) months or upon demand in cash and cash equivalents, except for an amount of RM1,443,745 (2023: RMNil) which bears interests at 8% (2023: Nil) per annum, and an amount of RM1,154,996 (2023: RMNil) which is not payable within next twelve (12) months.
- (d) Currency exposure profile of total receivables, net prepayments are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Ringgit Malaysia	4,663,266	1,708,988	1,443,745	0
United States Dollar	1,229,517	362,168	0	0
	<u>5,892,783</u>	<u>2,071,156</u>	<u>1,443,745</u>	<u>0</u>

- (e) 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 are exposed to credit risk.

The Group uses an allowance matrix to measure the expected credit loss ("ECL") of trade receivables from individual customers. Expected loss rates are calculated using the roll rate method based on the common credit risk characteristics - industry and geographic region.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (Global Gross Domestic Product ("GDP")) 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 in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying amount of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables, and the appropriate forward-looking information.

Lifetime expected loss provision for trade receivables of the Group as at 31 December 2024 and 31 December 2023 are as follows:

Group	Gross carrying amount RM	Impairment losses RM	Total RM
<b>As at 31 December 2024</b>			
Current	2,757,481	(110)	2,757,371
Past due			
More than 30 days	1,095,959	(601)	1,095,358
More than 90 days	410,959	(43,328)	367,631
Credit impaired			
- Individually impaired	390,000	(390,000)	0
	<u>4,654,399</u>	<u>(434,039)</u>	<u>4,220,360</u>

## Notes to the Financial Statements

31 December 2024

### 12. TRADE AND OTHER RECEIVABLES (CONT'D)

- (e) Lifetime expected loss provision for trade receivables of the Group as at 31 December 2024 and 31 December 2023 are as follows: (Cont'd)

Group	Gross carrying amount RM	Impairment losses RM	Total RM
<b>As at 31 December 2023</b>			
Current	932,000	(859)	931,141
Past due			
More than 30 days	752,294	(3,524)	748,770
More than 90 days	207,658	(39,656)	168,002
Credit impaired			
- Individually impaired	527,550	(527,550)	0
	<u>2,419,502</u>	<u>(571,589)</u>	<u>1,847,913</u>

Trade receivables are not secured by any collateral or credit enhancement.

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

- (f) Movements in impairment loss for trade receivables of the Group are as follows:

Group	Lifetime ECL allowance RM	Credit impaired RM	Total RM
Balance as at 1 January 2024	44,039	527,550	571,589
Reversal of impairment loss	0	(137,550)	(137,550)
Balance as at 31 December 2024	<u>44,039</u>	<u>390,000</u>	<u>434,039</u>
Balance as at 1 January 2023	150,039	137,550	287,589
Charge for the financial year	0	390,000	390,000
Reversal of impairment loss	(106,000)	0	(106,000)
Balance as at 31 December 2023	<u>44,039</u>	<u>527,550</u>	<u>571,589</u>

Trade receivables that are credit-impaired at the financial year end relate to trade receivables who are in significant financial difficulties and have defaulted on payments. The Group considers trade receivables to be in default when the trade receivables are more than twelve (12) months past due.

- (g) Impairment for other receivables are recognised based on the general approach within MFRS 9 *Financial Instruments* 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 assesses 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 the 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 (12) 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.

## Notes to the Financial Statements

31 December 2024

### 12. TRADE AND OTHER RECEIVABLES (CONT'D)

(g) (Cont'd)

The Group defined significant increase in credit risk as amount past due more than six (6) months.

The probability of non-payment by other receivables are adjusted by forward-looking information (Global GDP) 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.

Movements in impairment losses for other receivables of the Group and of the Company are as follows:

	Group	
	2024 RM	2023 RM

#### Lifetime ECL - Credit impaired

Balance as at 1 January/31 December	<u>728,000</u>	<u>728,000</u>
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Other receivables that are credit-impaired at the financial year end relate to other receivables who are in significant financial difficulties and have defaulted on payments. The Group considers other receivables to be in default when the other receivables are more than twelve (12) months past due.

(h) Information on financial risks of trade and other receivables is disclosed in Note 30 to the financial statements.

### 13. INVENTORIES

	Group	
	2024 RM	2023 RM

#### At cost

Raw materials	<b>2,095,825</b>	2,358,170
Work-in-progress	<b>973,851</b>	<u>1,658,278</u>
	<b>3,069,676</b>	4,016,448

#### Less: Allowance for slow-moving inventories

Raw materials	<b>(254,000)</b>	(254,000)
Work-in-progress	<b>(158,000)</b>	<u>(626,000)</u>
	<b>(412,000)</b>	(880,000)
	<b>2,657,676</b>	<u>3,136,448</u>

- (a) Inventories are stated at the lower of cost and net realisable value.
- (b) Cost is determined using the weighted average method. Cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.
- (c) During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group amounted to RM3,324,828 (2023: RM3,746,499).

In the previous financial year, the Group has written down inventories by RM227,000, which was recognised in statements of profit or loss and other comprehensive income.

During the financial year, the Group had reversed inventories written down of RM468,000 upon usage of such inventories.

## Notes to the Financial Statements

31 December 2024

### 14. OTHER INVESTMENTS

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Financial assets at fair value through profit or loss				
- unit trusts and bond funds	<b>72,375,192</b>	88,206,738	<b>18,193,256</b>	31,365,910
- quoted shares in Malaysia	<b>210,800</b>	184,850	<b>210,800</b>	184,850
	<b><u>72,585,992</u></b>	<u>88,391,588</u>	<b><u>18,404,056</u></b>	<u>31,550,760</u>

- (a) Other investments classified as financial assets at fair value through profit or loss are measured at fair value.
- (b) Unit trusts, bond funds and quoted shares in Malaysia of the Group and of the Company are categorised as Level 1 in the fair value hierarchy based on the degree to which the fair value is observable.
- (c) Level 1 fair value measurement are those derived from quoted prices (unadjusted) in active market for identical assets and liabilities.
- (d) There were no transfer between levels in the fair value hierarchy during the financial year.
- (e) Other investments are denominated in Ringgit Malaysia.

### 15. CASH AND BANK BALANCES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash and bank balances	<b>2,551,238</b>	3,928,039	<b>287,793</b>	251,344
Deposits with licensed banks	<b>1,646,812</b>	5,528,734	<b>0</b>	0
	<b><u>4,198,050</u></b>	<u>9,456,773</u>	<b><u>287,793</u></b>	<u>251,344</u>

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.
- (b) The effective interest rate of deposits with licensed banks is ranging from 2.35% to 5.30% (2023: 2.10% to 5.63%) per annum with remaining maturity periods of 27 days to 365 days.
- (c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash and bank balances	<b>2,551,238</b>	3,928,039	<b>287,793</b>	251,344
Deposits with licensed banks	<b>1,646,812</b>	5,528,734	<b>0</b>	0
	<b><u>4,198,050</u></b>	<u>9,456,773</u>	<b><u>287,793</u></b>	<u>251,344</u>
Less:				
Deposit with a licensed bank with maturity period more than three (3) months	<b><u>(117,471)</u></b>	<u>0</u>	<b><u>0</u></b>	<u>0</u>
	<b><u>4,080,579</u></b>	<u>9,456,773</u>	<b><u>287,793</u></b>	<u>251,344</u>

## Notes to the Financial Statements

31 December 2024

### 15. CASH AND BANK BALANCES (CONT'D)

- (d) No expected credit losses were recognised arising from cash and bank balances because of the probability of default by these licensed banks were negligible.
- (e) The currency exposure of cash and bank balances are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Ringgit Malaysia	<b>2,589,409</b>	3,591,441	<b>287,793</b>	251,344
United States Dollar	<b>1,593,511</b>	5,803,603	<b>0</b>	0
Others	<b>15,130</b>	61,729	<b>0</b>	0
	<b>4,198,050</b>	9,456,773	<b>287,793</b>	251,344

- (f) Information on financial risks of cash and bank balances are disclosed in Note 30 to the financial statements.

### 16. SHARE CAPITAL AND TREASURY SHARES

#### (a) Share capital

	Group and Company			
	2024		2023	
	Number of ordinary shares	Amount RM	Number of ordinary shares	Amount RM
<b>Issued and fully paid with no par value</b>				
Balance as at 1 January	<b>694,140,580</b>	<b>57,832,248</b>	677,739,580	48,809,025
Ordinary shares issued pursuant to:				
- acquisition of a subsidiary	<b>0</b>	<b>0</b>	16,000,000	8,800,000
- ESOS	<b>0</b>	<b>0</b>	401,000	223,223
Balance as at 31 December	<b>694,140,580</b>	<b>57,832,248</b>	694,140,580	57,832,248

- (i) In the previous financial year, the issued and fully paid-up ordinary share of the Company was increased from 677,739,580 to 694,140,580 by way of issuance of 16,401,000 new ordinary shares pursuant to the following:
- (a) issuance of 16,000,000 new ordinary shares at RM0.55 each pursuant to acquisition of a subsidiary as disclosed in Note 9(d) to the financial statements; and
- (b) 401,000 options exercised under Employees' Share Option Scheme ("ESOS") at an average exercise price of RM0.42 each per ordinary share for cash.

Newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

- (ii) 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.

## Notes to the Financial Statements

31 December 2024

### 16. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

#### (b) Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting ("AGM") held on 7 June 2024, renewed the approval for the Company to repurchase its own shares.

	Group and Company			
	2024		2023	
	Number of shares	Amount RM	Number of shares	Amount RM
<b>Treasury shares</b>				
Balance as at 1 January	(1,715,960)	(1,417,514)	(1,615,960)	(1,366,771)
Repurchase of treasury shares	<u>(16,204,300)</u>	<u>(7,114,791)</u>	<u>(100,000)</u>	<u>(50,743)</u>
Balance as at 31 December	<u>(17,920,260)</u>	<u>(8,532,305)</u>	<u>(1,715,960)</u>	<u>(1,417,514)</u>

- (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) During the financial year, the Company repurchased 16,204,300 (2023: 100,000) of its issued ordinary shares from the open market of Bursa Malaysia Securities Berhad at an average price of RM0.44 (2023: RM0.51) per share. The total consideration paid for the repurchased shares was RM7,114,791 (2023: RM50,743). The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 in Malaysia.

As at 31 December 2024, of the total 694,140,580 (2023: 694,140,580) issued and fully paid ordinary shares 17,920,260 (2023: 1,715,960) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after the set-off against the treasury shares is 676,220,320 (2023: 692,424,620) ordinary shares.

Treasury shares have no rights to voting, dividends or participation in other distribution.

### 17. RESERVES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Share options reserve	366,425	410,824	366,425	410,824
Retained earnings	<u>59,336,732</u>	<u>77,584,743</u>	<u>5,346,211</u>	<u>18,987,946</u>
	<u>59,703,157</u>	<u>77,995,567</u>	<u>5,712,636</u>	<u>19,398,770</u>

Share options reserve represents the effect of equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options. Whenever options are exercised, an amount from the share options reserve is transferred to share capital. Whenever the share options expire, an amount from the share options reserve is transferred to retained earnings.

## Notes to the Financial Statements

31 December 2024

## 18. DEFERRED TAX LIABILITIES

	Group	
	2024 RM	2023 RM
Balance as at 1 January	1,421,761	954,200
Acquisition of a subsidiary (Note 9(d))	0	468,459
Disposal of a subsidiary (Note 9(e))	(368,835)	0
Recognised in profit or loss (Note 26)	(926)	(898)
Balance as at 31 December	1,052,000	1,421,761

The components and movements of deferred tax liabilities during the financial year are as follows:

## Deferred tax liabilities of the Group

	Property, plant and equipment RM	Technology know-how RM	Total RM
Balance as at 1 January 2024	1,016,600	405,161	1,421,761
Disposal of a subsidiary (Note 9(e))	(6,700)	(362,135)	(368,835)
Recognised in profit or loss	42,100	(43,026)	(926)
Balance as at 31 December 2024	1,052,000	0	1,052,000
Balance as at 1 January 2023	954,200	0	954,200
Acquisition of a subsidiary (Note 9(d))	38,200	430,259	468,459
Recognised in profit or loss	24,200	(25,098)	(898)
Balance as at 31 December 2023	1,016,600	405,161	1,421,761

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

	Group	
	2024 RM	2023 RM
Unabsorbed capital allowances	72,719	72,719
Unutilised tax losses: expiring by 31 December 2028	69,506	69,506
	142,225	142,225

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profit of the subsidiaries will be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the local tax authority.

Unutilised tax losses can be carried forward up to 10 consecutive years of assessment immediately following the year of assessment under the tax legislation of Inland Revenue Board.

## Notes to the Financial Statements

31 December 2024

## 19. TRADE AND OTHER PAYABLES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Trade payables</b>				
Third parties	301,024	254,118	0	0
<b>Other payables</b>				
Third parties	248,252	297,637	18,798	15,158
Accruals	1,124,349	1,447,413	282,750	304,000
Deposits received	615,232	610,527	0	0
	<u>2,288,857</u>	<u>2,609,695</u>	<u>301,548</u>	<u>319,158</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 credit terms granted to the Group range from 30 to 120 days (2023: 30 to 120 days).
- (c) The currency exposure profiles of trade and other payables of the Group and of the Company are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Ringgit Malaysia	2,168,436	2,576,833	301,548	319,158
United States Dollar	118,999	22,702	0	0
Singapore Dollar	1,422	0	0	0
Others	0	10,160	0	0
	<u>2,288,857</u>	<u>2,609,695</u>	<u>301,548</u>	<u>319,158</u>

- (d) Maturity profile of trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.
- (e) Information on financial risks of trade and other payables is disclosed in Note 30 to the financial statements.

## 20. PROVISION

	Group	
	2024 RM	2023 RM
<b>Current</b>		
Provision for repair and other services	<u>860,340</u>	<u>965,717</u>

The Group makes a provision for repair work and replacement of electronic components at end of the reporting period based on the management's expectation of the level of repairs.



## Notes to the Financial Statements

31 December 2024

### 20. PROVISION (CONT'D)

Movements during the financial year in the amount recognised in the statements of financial position in respect of the provision for repair and other services are as follows:

	Group	
	2024 RM	2023 RM
Balance as at 1 January	965,717	2,006,023
Provision made during the financial year	400,641	459,694
Utilisation of provision during the financial year	(86,154)	(104,018)
Provision reversed during the financial year	(419,864)	(1,395,982)
Balance as at 31 December	<u>860,340</u>	<u>965,717</u>

### 21. CONTRACT LIABILITIES

	Group	
	2024 RM	2023 RM
Deferred revenue	<u>623,640</u>	<u>984,968</u>

- (a) Contract liability arises from unsatisfied performance obligations when the Group issues billing to customers. Contract liability is recognised as revenue upon satisfaction of performance obligation.

Contract liabilities have decreased by RM361,328 (2023: decreased by RM1,485,580) as a result of decrease in overall contract activity.

- (b) The amount of RM534,468 (2023: RM2,308,048) recognised in contract liabilities at the beginning of the respective financial years have been recognised as revenue for the financial years ended 31 December 2024 and 31 December 2023.

- (c) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied at the end of the reporting period, are as follows:

	Group	
	2024 RM	2023 RM
31 December 2025	623,640	0
31 December 2024	<u>0</u>	<u>984,968</u>

### 22. REVENUE

	Group	
	2024 RM	2023 RM
<b>Revenue from contracts with customers</b>		
Sale of goods/Services rendered	<u>13,887,125</u>	<u>16,072,778</u>

## Notes to the Financial Statements

31 December 2024

### 22. REVENUE (CONT'D)

#### Sale of goods and services rendered

Disaggregation of revenue from contracts with customers by geographical location is disclosed in Note 31 to the financial statements.

Revenue from sale of goods and services rendered is recognised at a point in time when the goods have been transferred or the services have been rendered to the customers and coincide with the delivery of goods and services and acceptance by customers.

There is no right of return and warranty provided to the customers on the sale of goods and services rendered.

There is no significant financing component in the revenue arising from sale of goods and services rendered as the sales or services are made on the normal credit terms not exceeding twelve (12) months.

### 23. PROFIT BEFORE TAX

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Profit before tax is arrived at after charging:					
Auditors' remuneration					
- Statutory audit		91,800	87,000	26,500	25,000
- Non-statutory audit		4,500	4,000	4,500	4,000
Amortisation of intangible asset	8	179,275	104,577	0	0
Bad debt written off - third party		137,550	32,000	0	0
Depreciation of investment property	7	4,279	4,279	0	0
Depreciation of property, plant and equipment	5	675,743	665,169	5,437	9,356
Depreciation of right-of-use asset	6	63,842	63,842	0	0
Net impairment losses on trade receivables	12(f)	0	284,000	0	0
Inventories written down	13(c)	0	227,000	0	0
Loss on disposal of a subsidiary	9(e)	1,744,443	0	1,980,000	0
Unrealised loss on foreign exchange		293,034	167,783	0	0
Property, plant and equipment written off		0	128,857	0	1

*Profit before tax is arrived at after crediting:*

Dividend income from:

- a subsidiary	29(b)	0	0	7,200,000	34,800,000
- an associate	29(b)	0	0	1,089,000	0
- other investments		1,833,634	2,350,928	370,711	975,888
Fair value gain on other investments		1,055,486	635,589	626,748	146,604
Realised gain on foreign exchange		209,192	728,515	0	0
Reversal of impairment losses on trade receivables	12(f)	137,550	0	0	0
Reversal of inventories written down	13(c)	468,000	0	0	0
Interest income		224,955	532,767	2,484	58,623
Rental income		<b>2,758,590</b>	<b>2,550,162</b>	<b>0</b>	<b>0</b>

## Notes to the Financial Statements

31 December 2024

### 23. PROFIT BEFORE TAX (CONT'D)

(a) Interest income

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

(b) Dividend income

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

(c) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

### 24. EMPLOYEE BENEFITS

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Research and development staff:				
<u>Directors</u>				
- remuneration	401,703	422,400	0	0
- defined contribution plan	76,326	80,256	0	0
- social security contributions	2,435	2,318	0	0
	<u>480,464</u>	<u>504,974</u>	<u>0</u>	<u>0</u>
<u>Other staff</u>				
- salaries, wages and bonus	4,209,460	4,071,355	0	0
- defined contribution plan	538,785	464,489	0	0
- social security contributions	31,250	29,367	0	0
	<u>5,259,959</u>	<u>5,070,185</u>	<u>0</u>	<u>0</u>
Non-research and development staff:				
<u>Directors</u>				
- fee	292,000	286,000	292,000	286,000
<u>Other staff</u>				
- salaries, wages and bonus	3,474,917	3,555,317	0	0
- defined contribution plan	428,645	358,420	0	0
- social security contributions	44,833	41,413	0	0
	<u>4,240,395</u>	<u>4,241,150</u>	<u>292,000</u>	<u>286,000</u>
<b>Total employee benefits</b>	<u>9,500,354</u>	<u>9,311,335</u>	<u>292,000</u>	<u>286,000</u>

## Notes to the Financial Statements

31 December 2024

### 25. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The ESOS of the Company came into effect on 1 April 2016. The ESOS shall be in force for a period of five (5) years until 31 March 2021. The Directors had approved to extend the ESOS for another period of five (5) years commencing from 1 April 2021 until 31 March 2026 on the same terms and conditions as mentioned in the By-Laws.

The main features of the ESOS are as follows:

- (a) The total number of new ordinary shares which are available to be issued under the ESOS shall not exceed ten percent (10%) of the total issued and fully paid-up share capital of the Company (excluding treasury shares) at any time throughout the duration of the ESOS.
- (b) Any employee (including Executive Directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee is at least 18 years of age and is a full time employee.
- (c) Any Director of the Company or any company in the Group who has been appointed to the Board shall be eligible to participate in the ESOS if, as at the date of offer, the director is at least 18 years of age.
- (d) The exercise price shall be determined based on the weighted average market price of shares for the 5 market days immediately preceding the date of offer with a discount of not more than 10% or at the par value of the shares, whichever is higher.
- (e) The options granted are exercisable on a time proportion basis over the duration of the ESOS. The employee's entitlement to the options is vested as soon as they become exercisable.
- (f) The new shares to be allotted and issued upon exercise of any options granted under the scheme will, upon allotment and issuance, rank pari passu in all respects with the existing shares and paid-up shares in the Company, save and except that the new shares so allotted and issued will not be entitled to any right, dividend, allotment and/or distribution declared, made or paid, the entitlement date of which precedes the date of exercise of the options.

## Notes to the Financial Statements

31 December 2024

## 25. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D)

The details of the options over ordinary shares of the Company are as follows:

Grant date	Number of options over ordinary shares			
	Outstanding as at 1.1.2024	Retracted*	Outstanding as at 31.12.2024	Exercisable as at 31.12.2024
2 June 2016	767,000	0	767,000	767,000
10 April 2018	980,000	(144,000)	836,000	836,000
	1,747,000	(144,000)	1,603,000	1,603,000
Weighted average exercise price (RM)	0.70	0.92	0.68	0.68
Weighted average remaining contractual life (months)	27			15

\* Due to resignation

Grant date	Number of options over ordinary shares			
	Outstanding as at 1.1.2023	Exercised	Outstanding as at 31.12.2023	Exercisable as at 31.12.2023
2 June 2016	1,168,000	(401,000)	767,000	767,000
10 April 2018	980,000	0	980,000	980,000
	2,148,000	(401,000)	1,747,000	1,747,000
Weighted average exercise price (RM)	0.64	0.42	0.70	0.70
Weighted average remaining contractual life (months)	39			27

In the previous financial year, share options exercised resulted in the issuance of 401,000 ordinary shares at an average price of RM0.42.

## Notes to the Financial Statements

31 December 2024

### 25. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D)

The details of share options outstanding at the end of the reporting period are as follows:

Grant date	Weighted average exercise price		Exercise period
	2024 RM	2023 RM	
2 June 2016	<b>0.415</b>	0.415	02.06.2016 - 31.03.2026 *
10 April 2018	<b>0.915</b>	0.915	04.10.2018 - 31.03.2026 *

\* The Company resolved to extend the duration of the exercisable of unexercised ESOS shares, expiring on 31 March 2021 for another 5 years to 31 March 2026 in accordance with the provisions of the ESOS By-Laws.

The fair value of share options was estimated by the Group using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The risk-free rate is based on Malaysian Government Securities ("MGSs"). The fair values of share options measured at grant date and the assumptions used are as follows:

	10 April 2018	2 June 2016
Fair value of share options (RM)	0.74	0.51
Average share price at grant date (RM)	2.40	1.52
Exercise price (RM)	2.20	1.50
Expected volatility (%)	44.38	41.68
Expected life (years)	2.98	4.83
Risk free rate (%)	3.82	3.77
Expected dividend yield (%)	3.51	2.53

## Notes to the Financial Statements

31 December 2024

### 26. TAXATION

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Current taxation based on profit for the financial year:				
Current year	<b>612,600</b>	658,700	<b>0</b>	0
(Over)/Underprovision of tax in prior years	<b>(12,554)</b>	329,594	<b>13,916</b>	(741)
	<b>600,046</b>	988,294	<b>13,916</b>	(741)
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	<b>96,974</b>	(478)	<b>0</b>	0
Overprovision of deferred tax in prior years	<b>(97,900)</b>	(420)	<b>0</b>	0
	<b>(926)</b>	(898)	<b>0</b>	0
Real property gains tax:				
Overprovision of real property gains tax in prior year	<b>0</b>	(235,746)	<b>0</b>	0
Taxation	<b>599,120</b>	751,650	<b>13,916</b>	(741)

The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2023: 24%) of the estimated taxable profits for the fiscal year.

The numerical reconciliations between the taxation and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit before tax	<b>2,806,492</b>	7,775,844	<b>6,776,884</b>	35,176,218
Taxation at Malaysian statutory tax rate of 24% (2023: 24%)	<b>673,558</b>	1,866,203	<b>1,626,452</b>	8,442,292
Tax effects in respect of:				
- non-deductible expenses	<b>493,047</b>	688,067	<b>0</b>	0
- non-taxable income	<b>(233,382)</b>	(720,548)	<b>(1,626,452)</b>	(8,442,292)
- tax exempt income under pioneer status	<b>(144,000)</b>	(1,097,200)	<b>0</b>	0
- share of profit in associates	<b>(79,649)</b>	(78,300)	<b>0</b>	0
	<b>709,574</b>	658,222	<b>0</b>	0
(Over)/Underprovision of tax in prior years	<b>(12,554)</b>	329,594	<b>13,916</b>	(741)
Overprovision of deferred tax in prior years	<b>(97,900)</b>	(420)	<b>0</b>	0
Overprovision of real property gains tax in prior year	<b>0</b>	(235,746)	<b>0</b>	0
Taxation for the financial year	<b>599,120</b>	751,650	<b>13,916</b>	(741)

A subsidiary of the Company has been granted pioneer status for its promoted principal activities which exempt 100% of its statutory income for a period of 5 years commencing from 2 January 2015 to 1 January 2020 and subsequently extended for another period of five (5) years beginning on 2 January 2020 to 1 January 2025.

## Notes to the Financial Statements

31 December 2024

### 27. EARNINGS PER ORDINARY SHARE

(a) Basic

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

	Group	
	2024 RM	2023 RM
Profit for the financial year attributable to equity holders of the parent	<u>2,207,372</u>	<u>7,024,194</u>
Weighted average number of ordinary shares in issue	<u>693,245,533</u>	<u>686,793,278</u>
Effect of exercise of ESOS	<u>0</u>	<u>317,504</u>
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	<u>693,245,533</u>	<u>687,110,782</u>
Basic earnings per ordinary share (sen)	<u>0.32</u>	<u>1.02</u>

(b) Diluted

Diluted earnings per ordinary share for the financial year has been calculated by dividing profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares in issue (adjusted for treasury shares) during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2024 RM	2023 RM
Profit for the financial year attributable to equity holders of the parent	<u>2,207,372</u>	<u>7,024,194</u>
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	<u>693,245,533</u>	<u>687,110,782</u>
Effect of dilution due to ESOS	<u>103,900</u>	<u>183,000</u>
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	<u>693,349,433</u>	<u>687,293,782</u>
Diluted earnings per ordinary share (sen)	<u>0.32</u>	<u>1.02</u>



## Notes to the Financial Statements

31 December 2024

## 28. DIVIDENDS

	Group and Company			
	2024		2023	
	Dividend per share RM	Amount of dividend RM	Dividend per share RM	Amount of dividend RM
<b>In respect of financial year ended 2022:</b>				
Single tier special dividend paid	0	0	0.010	6,765,246
Second interim single tier dividend paid	0	0	0.010	6,765,246
<b>In respect of financial year ended 2023:</b>				
First interim single tier dividend paid	0	0	0.010	6,924,496
Second interim single tier dividend paid	0.010	6,924,446	0	0
<b>In respect of financial year ended 2024:</b>				
First interim single tier dividend paid	0.020	13,524,656	0	0
	<u>0.030</u>	<u>20,449,102</u>	<u>0.030</u>	<u>20,454,988</u>

## 29. 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.

The Group and the Company have controlling related party relationship with its direct subsidiaries and associates.

## (b) In addition to the related parties information detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group	
	2024 RM	2023 RM

An associate:

Rental income 72,000 48,000

	Company	
	2024 RM	2023 RM

A subsidiary:

Dividend income 7,200,000 34,800,000

An associate:

Dividend income 1,089,000 0

The related party transactions described above were carried out on negotiated terms and conditions and mutually agreed with the related parties.

## Notes to the Financial Statements

31 December 2024

### 29. RELATED PARTY DISCLOSURES (CONT'D)

#### (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 of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Directors</b>				
Fees	<b>292,000</b>	286,000	<b>292,000</b>	286,000
Salaries and other emoluments	<b>401,703</b>	422,400	<b>0</b>	0
Defined contribution plan	<b>76,326</b>	80,256	<b>0</b>	0
Social security contributions	<b>2,435</b>	2,318	<b>0</b>	0
	<b><u>772,464</u></b>	<u>790,974</u>	<b><u>292,000</u></b>	<u>286,000</u>
<b>Other key management personnel</b>				
Salaries and other emoluments	<b>1,168,663</b>	958,525	<b>0</b>	0
Defined contribution plan	<b>161,059</b>	136,699	<b>0</b>	0
Social security contributions	<b>4,868</b>	4,636	<b>0</b>	0
	<b><u>1,334,590</u></b>	<u>1,099,860</u>	<b><u>0</u></b>	<u>0</u>

### 30. 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 a going concern 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 light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments 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 31 December 2024 and 31 December 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debts. The Group includes within net debt, trade and other payables, provisions, less cash and bank balances. Capital includes equity attributable to owners of the parent.

## Notes to the Financial Statements

31 December 2024

### 30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

#### (a) Capital management (Cont'd)

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Trade and other payables (Note 19)	<b>2,288,857</b>	2,609,695	<b>301,548</b>	319,158
Provision (Note 20)	<b>860,340</b>	965,717	<b>0</b>	0
Less:				
- Cash and bank balances (Note 15)	<b>(4,198,050)</b>	(9,456,773)	<b>(287,793)</b>	(251,344)
Net (cash)/debt	<b>(1,048,853)</b>	(5,881,361)	<b>13,755</b>	67,814
Total capital	<b>109,003,100</b>	134,410,301	<b>55,012,579</b>	75,813,504
Net (cash)/debt	<b>(1,048,853)</b>	(5,881,361)	<b>13,755</b>	67,814
Total capital plus net (cash)/debts	<b>107,954,247</b>	128,528,940	<b>55,026,334</b>	75,881,318
Gearing ratio (%)	<b>*</b>	<b>*</b>	<b>0.02%</b>	0.09%

\* Gearing ratio is not presented as the Group is in net cash position.

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 of more than 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 31 December 2024.

The Group 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 fluctuations in foreign currency exchange and the unpredictability of the financial markets.

The Group is exposed mainly to credit risk, foreign currency risk, liquidity and cash flow risk and interest rate risk. Information on the management of the related exposures is detailed below.

##### (i) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are creditworthy debtors with good payment records with the Group. 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.

The primary exposure of the Group to credit risk arises through its trade receivables. The terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month, extending up to three (3) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. For other financial assets (including other investments and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

## Notes to the Financial Statements

31 December 2024

### 30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

#### (b) Financial risk management (Cont'd)

##### (i) Credit risk (Cont'd)

##### Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country 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:

	Group			
	2024		2023	
	RM	% of total	RM	% of total
By country:				
Malaysia	3,829,060	91%	1,514,813	82%
Asia (exclude Malaysia)	391,300	9%	26,750	1%
United States	0	0%	306,350	17%
	<u>4,220,360</u>	<u>100%</u>	<u>1,847,913</u>	<u>100%</u>

At the end of the reporting period, approximately 83% (2023: 81%) of the Group's trade receivables were due from two (2) (2023: three (3)) major customers who are multi-industry conglomerates.

##### Exposure of credit risk

At the end of the reporting period, the maximum exposures to credit risk of the Group are represented by the carrying amounts of each class of financial assets recognised in the statements of financial position.

##### (ii) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar ("USD"). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than the Group's functional currency.

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The policy of the Group is to minimise the exposure in foreign currency risk by matching foreign currency income against foreign currency cost.

The following table demonstrates the sensitivity of the profit net of tax of the Group to a reasonably possible change in the USD exchange rate against Ringgit Malaysia, with all other variables held constant.

	Group	
	2024 RM	2023 RM
	Increase/ (Decrease)	Increase/ (Decrease)
<b>Profit after tax</b>		
USD/RM		
- Strengthen by 3%	61,652	140,062
- Weaken by 3%	<u>(61,652)</u>	<u>(140,062)</u>

There is no foreign currency risk exposure to the equity, hence the effect of the change in the foreign currency is not explained.

## Notes to the Financial Statements

31 December 2024

### 30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Liquidity and cash flow risk

Liquidity risk arises from the Group's and the Company's management of working capital. It is the risk that the Group and the Company would encounter difficulty in meeting their financial obligations when due.

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows.

(iv) 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 exposure to market risk of the Group and of the Company for changes in interest rates relates primarily to the amount owing by an associate and deposits with licensed banks of the Group and of the Company.

## Notes to the Financial Statements

31 December 2024

## 30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

## (b) Financial risk management (Cont'd)

## (iv) Interest rate risk (Cont'd)

The following table sets out the carrying amounts and the weighted average effective interest rates ("WAEIR") as at the end of the 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 per annum %	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to five (5) years RM	More than five (5) years RM	Total RM
<b>2024</b>							
<b>Fixed rates</b>							
Amount owing by an associate	12	8.00	288,749	288,749	866,247	0	1,443,745
Deposits with licensed banks	15	4.28	1,646,812	0	0	0	1,646,812
<b>2023</b>							
<b>Fixed rates</b>							
Deposits with licensed banks	15	4.19	5,528,734	0	0	0	5,528,734
<b>Company</b>							
<b>2024</b>							
<b>Fixed rates</b>							
Amount owing by an associate	12	8.00	288,749	288,749	866,247	0	1,443,745

No sensitivity analysis for fixed rate instruments of the Group and of the Company was prepared 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

31 December 2024

### 31. OPERATING SEGMENTS

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely research, design and development of test, burn-in and application specific embedded system and design and manufacture of machines, automation and industrial equipment.

#### (a) Geographical information

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

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location from which the sale transactions originated.

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

Revenue information based on the geographical location of customers is as follows:

	Group	
	2024 RM	2023 RM
Malaysia	<b>9,654,682</b>	10,407,236
Asia (exclude Malaysia)	<b>3,619,895</b>	4,721,259
United States	<b>612,548</b>	944,283
	<b><u>13,887,125</u></b>	<b><u>16,072,778</u></b>

#### (b) Major customers

The following are major customers with revenue equal or more than ten percent (10%) of the Group's revenue:

	Group	
	2024 RM	2023 RM
Customer A	<b>6,518,704</b>	6,237,587
Customer B	*	2,706,879
Customer C	<b>1,800,000</b>	*
	<b><u>8,318,704</u></b>	<b><u>8,944,466</u></b>

\* Less than 10%

### 32. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 10 December 2024, the Company had entered into a share sale agreement with Ang Aik Beng and Tan Hui len @ Tan Kui Yen to dispose its equity interest in Xyrius Solutions Sdn. Bhd. ("Xyrius") for a cash consideration of RM7,320,000. The disposal was completed on 17 December 2024. Pursuant to the disposal, Xyrius ceased to be a 100% owned subsidiary of the Company.

## Statistics Of Shareholdings

### SHARE CAPITAL AS AT 28<sup>th</sup> MARCH, 2025

Number of issued shares	:	694,140,580
Class of share	:	Ordinary Shares
Voting right	:	One vote for one ordinary share

### DISTRIBUTION OF SHAREHOLDERS AS AT 28<sup>th</sup> MARCH, 2025

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	118	2.42	4,916	0.00
100 – 1,000	943	19.38	471,262	0.07
1,001 – 10,000	2,083	42.81	11,475,700	1.70
10,001 – 100,000	1,463	30.07	49,984,180	7.39
100,001 – Less than 5%	254	5.22	183,289,304	27.10
Above 5%	5	0.10	430,994,958	63.74
	4,866	100.00	*676,220,320	100.00

\* Excluding of 17,920,260 treasury shares

### TOP THIRTY SHAREHOLDERS AS AT 28<sup>th</sup> MARCH, 2025

Name	Shareholdings	%
1 TAN CHEIK EAIK	158,790,400	23.48
2 TAN AI JIEW	85,616,600	12.66
3 KOAY KIM CHIEW	74,020,060	10.95
4 TAN AH LEK	53,371,026	7.89
5 TAN CHEIK KOOI	48,534,360	7.18
6 CHAN HONG HENG	29,739,600	4.40
7 TAY CHENG KOON	17,313,000	2.56
8 CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	12,136,328	1.79
9 TAN AH LEK	9,051,472	1.34
10 HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY CHENG KOON	7,945,000	1.17
11 CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ISLAMIC)	5,965,996	0.88
12 LAU KHENG TAT	5,148,000	0.76
13 CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 22)	4,909,900	0.73
14 RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI KENG THYE	4,810,500	0.71
15 YAP WING CHUN	3,850,000	0.57
16 IFAST NOMINEES (TEMPATAN) SDN BHD CHONG ENG KEAT @ TEOH ENG KEAT	3,524,500	0.52



## Statistics Of Shareholdings

### TOP THIRTY SHAREHOLDERS AS AT 28<sup>th</sup> MARCH, 2025 (Cont'd)

Name	Shareholdings	%
17 ANG HOOI ENG	2,698,900	0.40
18 LIN, CHIN-HSIUNG	2,640,000	0.39
19 BUTTERFISH SDN BHD	2,550,000	0.38
20 UOB KAY HIAN NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HUANG, YU-HSIANG	2,520,000	0.37
21 OOI TOON KIT	2,454,000	0.36
22 HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN KOK SAN	2,046,500	0.30
23 T.O.LIM HOLDINGS SDN BHD	1,630,000	0.24
24 HOONG KIM CHAI	1,500,000	0.22
25 PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG AH BENG (E-BBB)	1,396,520	0.21
26 WONG HOO CHONG	1,368,000	0.20
27 MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI KENG THYE	1,342,000	0.20
28 CHUA SIEW KIM	1,303,200	0.19
29 GOH SIEW LENG	1,257,600	0.19
30 LEONG YING FONG	1,252,000	0.19
<b>Total</b>	<b>550,685,462</b>	<b>81.43</b>

### DIRECTORS' SHAREHOLDINGS AS AT 28<sup>th</sup> MARCH, 2025

Name	Direct Shareholdings	%	Indirect Shareholdings	%
1 Tan Cheik Eaik	159,389,440	23.57	-	-
2 Koay Kim Chiew	74,020,060	10.95	-	-
3 Tan Ah Lek	63,434,498	9.38	370,000*	0.05
4 Dato' Dr Chong Eng Keat @ Teoh Eng Keat	3,524,500	0.52	-	-
5 Ooi Toon Kit	2,454,000	0.36	-	-
6 Dato' Agatha Foo Tet Sin	150,000	0.02	-	-
7 Lee Soo Ghee	-	-	-	-
8 Ir. Academician Emeritus Professor Tan Sri Dato' Seri Dr. Chuah Hean Teik	-	-	-	-

\* Deemed interest held through the shareholdings of his/her children pursuant to Section 59 (11)(c) of the Companies Act 2016

## Statistics Of Shareholdings

### SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES) ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 28<sup>th</sup> MARCH, 2025

	Name	Direct Shareholdings	%	Indirect Shareholdings	%
1	Tan Cheik Eaik	159,389,440	23.57	-	-
2	Tan Ai Jiew	85,616,600	12.66	-	-
3	Koay Kim Chiew	74,020,060	10.95	-	-
4	Tan Ah Lek	63,434,498	9.38	370,000*	0.05
5	Tan Cheik Kooi	48,534,360	7.18	-	-

\* Deemed interest held through the shareholdings of his/her children pursuant to Section 59 (11)(c) of the Companies Act 2016

## List of Landed Properties

Name of Registered Owner/ Title Identification	Approximate Age of Building/ Tenure/ Date of Expiry of Lease	Description/ Existing Use	Land Area/ Built Up Area (sq ft)	Restriction in Interest/ Encumbrances	Prices Paid/ Date of Transaction/ Date of Issuance of Certificate of Fitness	Audited Net Book Value as at 31.12.2024
<b>Siangtronics Technology Sdn. Bhd.</b> 303-4-20, Krystal Point, Jalan Sultan Azlan Shah MK12, Penang erected on part of the land held under No. GM1333, No. Lot 12033 Tempam Sungai Nibong Mukim 12, Daerah Barat Daya, Penang.	24 years/ Freehold building/ Not applicable	Office lot/ Office	Not applicable/ 1,049	Nil	RM213,930/ 10.01.1997/ 02.10.1998	RM101,698
<b>Elsoft Systems Sdn. Bhd.</b> Plot 85(b), Medan Bayan Lepas, Technoplex, Bayan Lepas Industrial Zone Phase 4, Bayan Lepas, 11900 Penang erected on the leasehold land held under No. Lot 85(b) Daerah Barat Daya, Mukim 12, Penang.	19 years/ Leasehold land 60 years/ 60 years from the date of alienation/ 11.9.2065  11 years/ Leasehold land 60 years/ 60 years from the date of alienation/ 11.9.2065	2-storey factory building/ Manufacturing plant, office and warehouse  2-storey factory building/ Manufacturing plant, office and warehouse	184,945/ 50,000  184,945/ 92,000	(a) The land cannot be transferred, charged, leased or sub-leased, rented or encumbered in whatever manner without a written approval from the State Authority (b) The land cannot be subdivided or partitioned (c) The land and any building erected cannot be used for other usage other than approved by the Penang Development Corporation and State Authority	RM10,499,352/ 05.11.2004/ 12.12.2006  RM10,517,100/ 31.12.2013/ 29.04.2014	RM7,478,506  RM8,206,296

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Second ("22<sup>nd</sup>") Annual General Meeting ("AGM") of Elsoft Research Berhad ("the Company") will be held at the Conference Hall of the Company, Plot 85B, Lintang Bayan Lepas 9, Bayan Lepas Industrial Park, Phase 4, 11900 Pulau Pinang on Thursday, 29 May 2025 at 2.30 p.m. for the transaction of the following business:

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' fees of not exceeding RM350,000.00 to the Non-Executive Directors for the financial year ending 31 December 2025.

**Ordinary Resolution 1**

3. To re-elect the following Directors who retire by rotation pursuant to Article 18.3 of the Company's Constitution and being eligible, have offered themselves for re-election: -

- (i) Tan Cheik Eaik
- (ii) Tan Ah Lek

**Ordinary Resolution 2**

**Ordinary Resolution 3**

Dato' Dr. Chong Eng Keat @ Teoh Eng Keat who also retires by rotation pursuant to Article 18.3 of the Company's Constitution, has expressed his intention not to seek for re-election at this 22<sup>nd</sup> AGM. Hence, he will retain office until the close of the 22<sup>nd</sup> AGM.

4. To re-appoint Messrs. BDO PLT as Auditors of the Company until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration.

**Ordinary Resolution 4**

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without modification, as Ordinary Resolutions:

#### 5. AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 FOR THE DIRECTORS TO ISSUE SHARES

"THAT, subject always to the Companies Act, 2016 ("the Act"), the Constitution of the Company and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby authorised, pursuant to Sections 75 and 76 of the Act, to allot and issue shares in the Company at any time until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deemed fit, provided that the aggregate of the shares to be issued does not exceed 10% of the total number of issued shares of the Company and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares to be issued.

THAT the existing shareholders' right of pre-emption under Article 13.2 of the Company's Constitution shall not apply to the allotment and issuance of new shares pursuant to this mandate."

**Ordinary Resolution 5**

## Notice of Annual General Meeting

### 6. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"THAT, subject always to the Companies Act, 2016 the provisions of the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised to make purchase(s) of such amount of ordinary shares in the Company through Bursa Securities subject to the following:

- (a) The aggregate of the shares which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares of the Company ("Shares");
- (b) The maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained profits of the Company. As of 31 December 2024, the audited retained profits of the Company was RM5,346,211.
- (c) The authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:
  - (i) the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
  - (ii) the expiration of the period within which the next annual general meeting of the Company after that date is required by law to be held; or
  - (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authority; and

- (d) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner:
  - (i) cancel the Shares so purchased; or
  - (ii) retain the Shares so purchased as treasury shares; or
  - (iii) retain part of the Shares so purchased as treasury shares and cancel the remainder; or
  - (iv) distribute the treasury shares as share dividends to shareholders; or
  - (v) resell the treasury shares on Bursa Securities; or
  - (vi) transfer the treasury shares, or any of the shares for the purposes of or under an employees' share scheme; or
  - (vii) transfer the treasury shares, or any of the shares as purchase consideration; or

in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

**Ordinary Resolution 6**

## Notice of Annual General Meeting

7. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

**BY ORDER OF THE BOARD,**

**OOI YOONG YOONG (SSM PC NO. 202008002042/MAICSA 7020753)**

SECRETARY

PENANG

29 April 2025

**Notes: -**

### Appointment of Proxy

1. A member may appoint any person to be his proxy save that the proxy must be of full age. There is no restriction as to the qualification of the proxy.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
7. For a proxy to be valid, the instrument appointing a proxy must be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting:
  - (a) In hard copy form  
The Proxy Form must be deposited at the office of the Share Registrar of the Company, Securities Services (Holdings) Sdn. Bhd. situated at Suite 18.05, MWE Plaza, No. 8 Lebuhr Farquhar, 10200 Penang, Malaysia.
  - (b) By electronic means via email  
The Proxy Form must be received via email at [info@sshsb.com.my](mailto:info@sshsb.com.my). The member is required to deposit the original executed Proxy Form at the Share Registrar Office before the day of meeting or the proxy is to bring the original executed Proxy Form on the day of meeting for verification purpose.
8. Last date and time for lodging the Proxy Form is **Tuesday, 27 May 2025 at 2.30 p.m.**

### General Meeting Record of Depositors

9. Only a depositor whose name appears on the Record of Depositors of the Company as at **21 May 2025** shall be entitled to attend this Annual General Meeting or appoint proxies to attend, speak and/or vote on his/her behalf.

### Ordinary Business

- 10. Ordinary Resolution 1 – Proposed payment of Directors' fees of not exceeding RM350,000.00 to the Non-Executive Directors for the financial year ending 31 December 2025**

The proposed Ordinary Resolution 1 is to facilitate the payment of Directors' fees on current year basis. In the event, the Directors' fees proposed is insufficient, the Board will seek the approval from the shareholders at the next annual general meeting for additional fees to meet the shortfall.

- 11. Ordinary Resolutions 2 and 3 – Re-elect of Directors**

Article 18.3 of the Company's Constitution states that one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each Annual General Meeting. Each Director shall retire from office at least once in every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

In determining the eligibility of the Directors due for retirement to stand for re-election at the forthcoming Annual General Meeting, the Nominating Committee has assessed the retiring Directors and was satisfied with the outcome of the fit and proper assessment.

The Board approved the Nomination Committee's recommendation for the re-election of the retiring Directors namely Mr. Tan Cheik Eaik and Mr. Tan Ah Lek ("Retiring Directors") pursuant to Article 18.3 of the Company's Constitution at the forthcoming Annual General Meeting of the Company. During a Board Meeting, the Retiring Directors have offered themselves for re-election and abstained from deliberation as well as decision on their own eligibility to stand for re-election at the forthcoming Annual General Meeting. Nevertheless, Dato' Dr. Chong Eng Keat @ Teoh Eng Keat had expressed his intention not to seek for re-election. Hence, he will retain office until the close of the 22<sup>nd</sup> AGM.

- 12. Ordinary Resolution 4 – To re-appoint Messrs. BDO PLT as Auditors of the Company until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration**

The Audit Committee has assessed the suitability and independence of the external auditors and recommended the re-appointment of Messrs. BDO PLT as external auditors of the Company until the next Annual General Meeting of the Company. The Board has in turn at its meeting held on 18 April 2025, reviewed the recommendation of the Audit Committee and recommended the same to be tabled to the shareholders for approval at the forthcoming Annual General Meeting of the Company. The Board and the Audit Committee collectively agreed that Messrs. BDO PLT have met the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

## Notice of Annual General Meeting

### **Special Business**

#### **13. Ordinary Resolution 5 - Authority under Sections 75 and 76 of the Companies Act, 2016 for the Directors to issue shares**

The proposed Ordinary Resolution 5, if passed, will give authority to the Board of Directors to issue and allot ordinary shares in the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last annual general meeting which will lapse at the conclusion of the 22<sup>nd</sup> Annual General Meeting.

This renewed general mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

#### **14. Ordinary Resolution 6 - Proposed Renewal of Share Buy-Back Authority**

The proposed Ordinary Resolution 6, if passed, will give the authority to the Company to purchase its own shares up to 10% of the total number of issued shares of the Company. This authority, unless renewed or revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting after that date is required by the law to be held, whichever occurs first.

Detail information on the Proposed Renewal of Share Buy-Back Authority are set out in page 54 to 63 of the 2024 Annual Report.

#### **15. Voting at 22<sup>nd</sup> AGM**

Pursuant to Paragraph 8.31A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of 22<sup>nd</sup> AGM will be put to vote on a poll.

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**ELSOFT RESEARCH BERHAD**  
Registration No. 200301015084 (617504-K)

## PROXY FORM

CDS account no.:

\*I/We \_\_\_\_\_ Tel: \_\_\_\_\_

(Full name in block, NRIC/Passport/Company No.)

of \_\_\_\_\_  
(Full address and e-mail address)

being member(s) of ELSOFT RESEARCH BERHAD, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address, telephone no. and email address			

\*and/or failing him/her

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address, telephone no. and email address			

or failing whom, the Chairman of the meeting, as \* my/our proxy to vote for \* me/us on \* my/our behalf at the Twenty-Second Annual General Meeting of the Company to be held at the Conference Hall of the Company, Plot 85B, Lintang Bayan Lepas 9, Bayan Lepas Industrial Park, Phase 4, 11900 Pulau Pinang on Thursday, 29 May 2025 at 2.30 p.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of Twenty-Second Annual General Meeting.

No.	Resolutions	Ordinary	For	Against
1.	To approve the payment of Directors' fees of not exceeding RM350,000.00 to the Non-Executive Directors for the financial year ending 31 December 2025.	Resolution 1		
2.	To re-elect Mr. Tan Cheik Eaik as Director of the Company.	Resolution 2		
3.	To re-elect Mr. Tan Ah Lek as Director of the Company.	Resolution 3		
4.	To re-appoint Messrs. BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Resolution 4		
5.	Authority under Sections 75 and 76 of the Companies Act, 2016 for the Directors to issue shares.	Resolution 5		
6.	Proposed Renewal of Share Buy-Back Authority.	Resolution 6		

Please indicate with an "X" in the appropriate space provided above on how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy may vote as he thinks fit.

Signed this ..... day of ..... 2025

Number of shares held

\_\_\_\_\_  
Signature(s) of member(s)/  
Common Seal

\* Strike out whichever is not desired.

**Notes :-**

1. A member may appoint any person to be his proxy save that the proxy must be of full age. There is no restriction as to the qualification of the proxy.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
3. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
7. For a proxy to be valid, the instrument appointing a proxy must be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting:
  - (a) In hard copy form  
The Proxy Form must be deposited at the office of the Share Registrar of the Company, Securities Services (Holdings) Sdn. Bhd. situated at Suite 18.05, MWE Plaza, No. 8 Lebuhr Farquhar, 10200 Penang, Malaysia.
  - (b) By electronic means via email  
The Proxy Form must be received via email at info@sshsb.com.my. The member is required to deposit the original executed Proxy Form at the Share Registrar Office before the day of meeting or the proxy is to bring the original executed Proxy Form on the day of meeting for verification purpose.
8. Last date and time for lodging the Proxy Form is **Tuesday, 27 May 2025 at 2.30 p.m.**
9. Only a depositor whose name appears on the Record of Depositors of the Company as at **21 May 2025** shall be entitled to attend this Annual General Meeting or appoint proxies to attend, speak and/or vote on his/her behalf.

**Personal Data Privacy**

By submitting the duly executed Proxy Form, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, and any adjournment thereof.

Please fold across this line and close

**TO : SECURITIES SERVICES (HOLDINGS) SDN BHD**

The Share Registrar of

**ELSOFT RESEARCH BERHAD**

Registration No. 200301015084 (617504-K)  
(Incorporated in Malaysia)

**Suite 18.05, MWE Plaza  
No.8 Lebuhr Farquhar  
10200 George Town  
Pulau Pinang, Malaysia**

STAMP  
HERE

Please fold across this line and close



**ELSOFT RESEARCH BERHAD**

Registration No. 200301015084 (617504-K)

Plot 85B, Lintang Bayan Lepas 9,  
Bayan Lepas Industrial Park,  
Phase 4, 11900 Penang.

Tel: 04-6468122 Fax: 04-6433918

Email: [info@elsoftresearch.com](mailto:info@elsoftresearch.com)

<https://elsoftresearch.com>