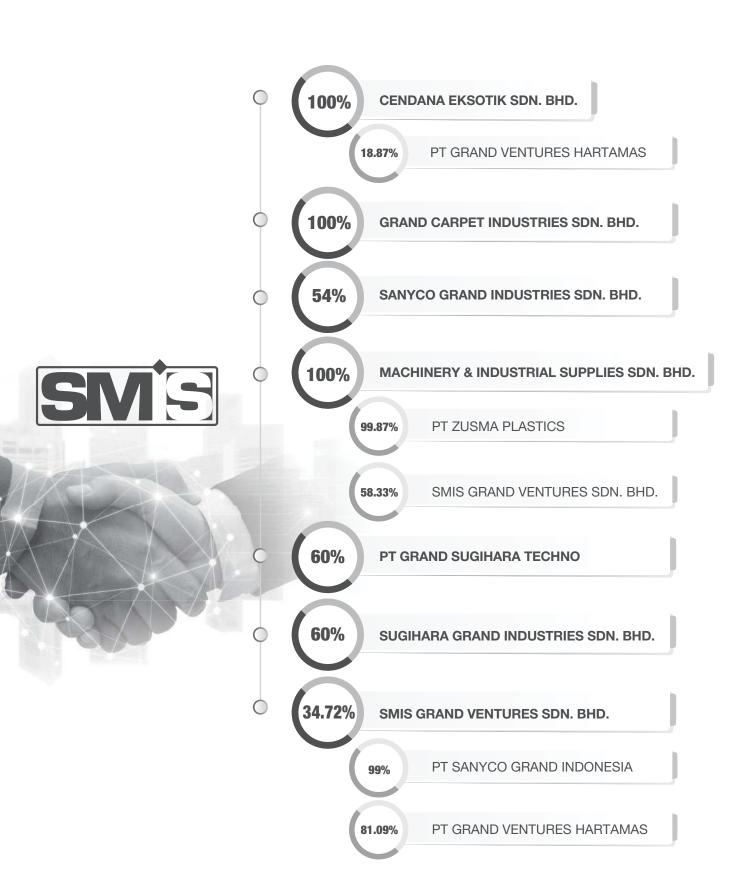




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# **Group Structure**As at 16 April 2025



### **Corporate Information**

### **BOARD OF DIRECTORS**

Ng Wai Kee (Executive Director & Chairman)

Yap Siew Foong (Executive Director)

Oei Kok Eong (Independent Non-Executive Director)

Tan Hock Soon (Independent Non-Executive Director)

Tan Yi Woan (Independent Non-Executive Director) (Appointed on 27 November 2024)

### **AUDIT AND RISK COMMITTEE**

Tan Hock Soon (Chairman) Oei Kok Eong Tan Yi Woan

(Appointed as member of Audit and Risk Committee on 27 November 2024)

### NOMINATION COMMITTEE

Tan Hock Soon (Chairman) Oei Kok Eong Tan Yi Woan

(Appointed as member of Nomination Committee on 27 November 2024)

### **REMUNERATION COMMITTEE**

Oei Kok Eong (Chairman) (Re-designated as Chairman of Remuneration Committee on 27 November 2024)

**Tan Hock Soon** Tan Yi Woan

(Appointed as member of Remuneration Committee on 27 November 2024)

### **BUSINESS ADDRESS**

Lot 3, Jalan Pemaju U1/15 Seksyen U1, Hicom Glenmarie Industrial Park 40150 Shah Alam Selangor Darul Ehsan Malaysia

Tel : 03-5569 1218 : 03-5569 1150 Fax

#### **WEBSITE**

http://www.smis.com.my

### **COMPANY SECRETARIES**

Tai Yit Chan (MAICSA 7009143) (SSM PC No. 202008001023)

Tan Ai Ning (MAICSA 7015852) (SSM PC No. 202008000067)

### **REGISTERED OFFICE**

12th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan Malaysia

Tel 03-7890 4800 03-7890 4650 Fax : boardroom-kl@ Email boardroomlimited.com

### **AUDITORS**

Fax

Baker Tilly Monteiro Heng PLT Registration No. 201906000600 (LLP0019411-LCA) (AF 0117) Baker Tilly Tower Level 10, Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur Wilayah Persekutuan Malaysia Tel

: 03-2297 1000

: 03-2282 9980

### PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad [Registration No. 199301017069 (271809-K)UOB Plaza 1, No.7 Jalan Raja Laut 50350 Kuala Lumpur Wilayah Persekutuan Malaysia

### **SHARE REGISTRARS**

Boardroom Share Registrars Sdn. Bhd. [Registration No. 199601006647 (378993-D)] 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan Malaysia Tel : 03-7890 4700

: 03-7890 4670 Fax : bsr.helpdesk@ Email boardroomlimited.com

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad (Main Market) Stock Name: SMISCOR

Stock Code: 7132

# **Five-Year Financial Highlights** As at 31 December

In thousands of RM	2020	2021	2022	2023	2024
Revenue	101,340	113,176	154,399	159,786	157,198
(Loss)/Profit before tax	(4,577)	(2,284)	22,272	3,024	9,093
from continuing operations	(4,577)	(2,284)	22,272	3,024	9,093
from discontinued operation	-	-	-	-	-
(Loss)/Profit for the year	(4,829)	(2,467)	19,648	1,408	6,101
from continuing operations	(4,829)	(2,467)	19,648	1,408	6,101
from discontinued operation	-	-	-	-	-
(Loss)/Profit attributable to owners	(4,398)	(2,345)	18,453	(385)	2,820
from continuing operations	(4,398)	(2,345)	18,453	(385)	2,820
from discontinued operation	-	-	-	-	-
Total equity attributable to owners	56,696	54,639	72,673	78,855	80,341
Total assets	114,442	112,111	119,970	132,086	138,139
Total liabilities	(43,885)	(43,696)	(32,328)	(35,002)	(35,557)
Total borrowings	(13,455)	(13,024)	(3,674)	(3,246)	(5,186)
Growth rate over previous years					
Revenue	(19.4%)	11.7%	36.4%	3.5%	(1.6%)
(Loss)/Profit before tax	(457.6%)	49.9%	1075.1%	(86.4%)	200.7%
(Loss)/Profit for the year	(595.3%)	48.9%	896.4%	(92.8%)	333.3%
(Loss)/Profit attributable to owners	(7.6%)	(3.6%)	33.0%	8.5%	1.9%
Total assets	1.6%	(2.0%)	7.0%	10.1%	4.6%
Total liabilities	18.7%	(0.4%)	(26.0%)	8.3%	1.6%
Total borrowings	(6.7%)	(3.2%)	(71.8%)	(11.7%)	59.8%
Share information					
Basic (loss)/earnings per share (sen)	(10.43)	(5.56)	43.77	(0.91)	6.69
from continuing operations	(10.43)	(5.56)	43.77	(0.91)	6.69
from discountinued operation	0.00	0.00	0.00	0.00	0.00
Net assets per share (RM)	1.57	1.53	1.96	2.17	2.29
Financial ratio					
Return on equity attributable to owners	(8.5%)	(4.5%)	27.0%	1.8%	7.6%
Return on total assets	(4.2%)	(2.2%)	16.4%	1.1%	4.4%
Debt equity ratio	0.24	0.24	0.05	0.04	0.06





Chairman, Executive Director

Ng Wai Kee, aged 53, male, was appointed to the Board of Directors of SMIS Corporation Berhad ("SMIS" or "the Company") on 2 February 2002 as an Executive Director and assumed the position of the Chief Executive Officer ("CEO") on 22 February 2013. He was re-designated as Chairman and Executive Director on 21 November 2014.

He holds a Bachelor of Accounting from the University of Technology, Sydney, Australia and is an Associate member of the Institute of Chartered Accountants, Australia. He has worked as a project consultant in Westpac Banking Corporation, Sydney in 1992 and with Deloitte Touche Tohmatsu, Sydney in 1993. He left the firm as a Senior Analyst in 1996. Since 1997, he has been instrumental in many milestones achieved by SMIS, namely securing a joint venture with Sugihara Co., Ltd., Japan and listing the Company on Bursa Malaysia Securities Berhad. Currently, he is responsible for the strategic direction and operational management of SMIS where he continues to drive for growth, efficiency and tighter corporate governance to ensure greater shareholder value.

He is currently a Director of Malaysian Automotive Components Parts Manufacturers (MACPMA) and Chairman of the Toyota Suppliers Association, Malaysia. Other than SMIS, he does not hold any other directorships in other public listed companies and listed issuers in Malaysia.

He is the son of Yap Siew Foong, a Director and major shareholder of the Company. His shareholdings in the Company as disclosed on pages 131 to 132 of the Annual Report.

He has attended all the five (5) board meetings held in the financial year ended 31 December 2024 ("FY2024").



Executive Director

Yap Siew Foong, aged 80, female, was appointed to the Board of Directors of SMIS on 2 February 2002 as an Executive Director.

She is one of the co-founders of SMIS and its subsidiaries ("SMIS Group" or "the Group") and is responsible for the finance and operations of the trading division. Other than SMIS, she does not hold any other directorships in other public listed companies and listed issuers in Malaysia.

She is the mother of Ng Wai Kee. Her shareholdings in the Company as disclosed on pages 131 to 132 of the Annual Report.

She has attended all the five (5) board meetings held in the FY2024.

cont'd



Oei Kok Eong, aged 71, male, was appointed to the Board of Directors of SMIS on 21 November 2014 as an Independent Non-Executive Director. He serves as the Chairperson of the Remuneration Committee and a member of the Audit and Risk Committee and Nomination Committee.

He has a Bachelor's Degree in Mechanical Engineering from the University of Singapore, 1977.

He started his career in Jardine Parrish, Singapore as a project and maintenance engineer and then worked in Rothmans, Petaling Jaya in manufacturing. Since then he has been involved in the automotive component industry for more than thirty (30) years, initially as Operations Manager of a greenfield company, Kayaba (Malaysia) Sdn. Bhd., a joint-venture between an international Japanese PLC and UMW Berhad and rose to the position of General Manager/Director.

He also headed the Autoliv group of companies in Malaysia – a division of then Hirotako Berhad – in manufacturing seat belts, steering wheels and airbags systems.

In 2006, he was appointed Executive Director of APM Holdings Berhad, responsible for overseas operations until his retirement in 2011.

Over the years, he had served in various positions in the Malaysian Automotive Component Manufacturers' Association (MACPMA) and working/technical committees of SIRIM. He also initiated and headed the Toyota Suppliers' Club Lean Manufacturing activities for several years.

He was the founding Chair of the Malaysian Chapter of the Society of Automotive Engineers in 2000.

Up till 2023, he was a CEO coach mentoring a group of business owners/CEOs in association with Vistage Malaysia Sdn. Bhd. He also serves as an Independent Non-Executive Director of HPMT Holdings Berhad and New Hoong Fatt Holdings Berhad, both companies listed on the Main Market of Bursa Malaysia Securities Berhad.

He has no family relationship with any director and/or major shareholders of the Company.

He has attended all the five (5) board meetings held in the FY2024. He does not hold any shares in the Company.

cont'd



Independent Non-Executive Director

Tan Hock Soon, aged 52, male, was appointed to the Board of Directors of SMIS on 3 June 2019 as an Independent Non-Executive Director. He serves as the Chairman of the Audit and Risk Committee and the Nomination Committee and is a member of the Remuneration Committee. He is a Fellow Member of the Malaysian Institute of Certified Public Accountants as well as a Member of the Malaysian Institute of Accountants.

He commenced his career with KPMG in 1992 before leaving to join the Corporate Finance Division of Commerce International Merchant Bankers Berhad (now known as CIMB Investment Bank Berhad) in 1996. He left in 1999 to set up his own business.

From 2001 to 2004, he was an Executive Director of Merces Holdings Berhad (now known as Y&G Corporation Berhad), a company listed on the then Second Board of Bursa Malaysia Securities Berhad. From 2003 to 2008, he was also an Independent Non-Executive Director and Audit Committee Chairman of NTPM Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. He was an Executive Director of Systech Bhd, a company listed on the ACE Market of Bursa Malaysia Securities Berhad from 2011 until his retirement in 2023. He is also currently an Executive Director of SysArmy Sdn Bhd, a company specialising in the provision of cyber security solutions and services since 2017.

In 2004, he obtained his Investment Representative license, co-founded and is currently a Director of Strategic Capital Advisory Sdn. Bhd., a Licensed Investment Advisory company which specialises in Corporate Finance.

He is also currently a Senior Independent Non-Executive Director of Econframe Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad.

He has no family relationship with any director and/or major shareholders of the Company.

He has attended all the five (5) board meetings held in the FY2024. He does not hold any shares in the Company.

cont'd



Independent Non-Executive Director

Tan Yi Woan, aged 31, female, was appointed to the Board of Directors of SMIS on 27 November 2024 as an Independent Non-Executive Director. She serves as a member of the Audit and Risk Committee, the Nomination Committee and the Remuneration Committee.

She graduated with a Bachelor of Laws (Honours) from Multimedia University in 2016 and was admitted as an Advocate and Solicitor of the High Court of Malaya in 2017.

She joined an established law firm in Kuala Lumpur in 2017 and was promoted to partner in 2022. She handled a wide range of corporate and commercial transactions, including initial public offerings and mergers and acquisitions. She also provided advisory services to companies on a retainer basis and was involved in conveyancing and banking matters.

In August 2023, she left the firm and subsequently set up Messrs. Yu Yi Law Chambers with another partner in September 2023. She currently serves as a Managing Partner. She handles corporate and commercial matters, as well as conveyancing and banking matters.

Other than SMIS, she does not hold any other directorships in other public companies and listed issuers in Malaysia.

She has no family relationship with any director and/or major shareholders of the Company.

She does not hold any shares in the Company.

### Notes to Directors' Profile:

- 1. All of the Directors of SMIS are Malaysians.
- 2. Other than traffic offences, none of the Directors of SMIS has any conviction for offenses within the past five (5) years, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
- 3. Save as disclosed, none of the Directors of SMIS have any conflict of interest or potential conflict of interest in the Company or its subsidiaries.



### **Profile of Key Senior Management**

ROBERT KOONG YIN LEONG Group Financial Controller

Robert Koong Yin Leong, aged 57, male, joined SMIS Group in 2006 as Group Financial Controller. He is a Member of the Malaysian Institute of Accountants and an Associate Member of the Chartered Institute of Management Accountant, United Kingdom.

He began his career with Arthur Andersen, Malaysia in 1990 in the corporate recovery and corporate finance division prior to joining Electroscon Sdn. Bhd. as Group Finance Manager in 1994. He joined Tanco Resorts Berhad in 1999 as the Finance and Administration Manager. He was with Hicom-Teck See Sdn. Bhd. [posted to Hicom Automotive Plastics (Thailand) Ltd] from 2002 to 2005 as General Manager, Finance, before joining Nakamichi Corporation Berhad as Manager, Finance and Administration. He was appointed as the Non-Executive Director of Systech Berhad in 2011 and redesignated as Non-Executive Chairman in 2019 until his retirement in 2023.

Presently, he serves as an Independent Non-Executive Chairman of EconFrame Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad.

He has no family relationship with any director and/or major shareholders of the Company. He does not hold any shares in the Company or its subsidiaries. SOO HAK MIN Director, Manufacturing (Automotive Division)

Soo Hak Min, aged 59, male, joined the Group in 1999 and is currently an Executive Director, managing the Automotive Division.

He holds a Higher Diploma (Distinction) in Material Engineering from Tunku Abdul Rahman College and a Degree in Mechanical Engineering through the Engineering Council, United Kingdom in 1990. Prior to this, he was attached to the Lion Group of Companies from 1990 to 1999 in various capacities from metallurgist to an alternate director in certain Lion Group's subsidiaries. His last appointment with the Lion Group was as Factory Operations Manager for Bright Steel Services Centre Sdn. Bhd. and B.A.P. Industries Sdn. Bhd.

He also served as an Exco Member of Kelab Vendor Perodua (KVP) for two terms (2013 to 2016).

He does not hold any directorships in public companies and listed issuers in Malaysia.

He has no family relationship with any director and/or major shareholders of the Company. He does not hold any shares in the Company or its subsidiaries.

### Notes to Key Senior Managements' Profile:

- 1. All of the Key Senior Managements of SMIS are Malaysians.
- 2. Other than traffic offences, none of the Key Senior Managements of SMIS has any conviction for offenses within the past five (5) years, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
- 3. None of the Key Senior Management of SMIS have any conflict of interest or potential conflict of interest in the Company or its subsidiaries.



### **Management Discussion and Analysis ("MD&A")**

This MD&A should be read in conjunction with the audited consolidated financial statements for the FY2024. This MD&A has been prepared as of 28 April 2025.

Calculations of Earnings Before Interests, Taxes, Depreciation and Amortization ("EBITDA"), adjusted net income and adjusted earnings per share contained herein are not measures of performance under the Malaysian Financial Reporting Standards and the International Financial Reporting Standards. EBITDA, adjusted net income and adjusted earnings per share are used by the management to facilitate performance and measurement comparisons from period-to-period. Whilst we believe some investors and analysts may use them as well, these measures as calculated may not be comparable to similar titled measures used by other companies.

Forward-looking statements and outlook expressed herein are subject to various risk and uncertainties, many of which are beyond our control and may cause actual results to differ materially from that disclosed or implied. These statements reflect the current views and expectations regarding future outlook and expectations as of the date of the MD&A. The reader is cautioned to consider these risk and uncertainties and not put undue reliance on forward looking statements and outlook.

We undertake no obligation to update or revise the information in this MD&A except as may be required by applicable laws and regulations.

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

SMIS Group are principally engaged in manufacturing and trading of carpet of all descriptions, automotive braking components and motorcycle components with a lesser portion of business generated from trading of industrial spares.

Our products are supplied to Malaysia, Indonesia and Thailand. Business from the industrial spares and braking components are supplied out of Malaysia whilst automotive carpets are supplied from Malaysia and Indonesia.

### **RESULTS FOR THE FY2024**

In FY2024, SMIS Group recorded a revenue of RM 157.2m, which marginally lower than that recorded in financial year ended 31 December 2023 ("FY2023") of RM 159.8m. The Group achieved a profit before tax ("PBT") of RM 9.1m, an increase of 200.7% compared to the PBT of RM 3.0m achieved in the preceding financial year. The higher PBT from operations was a result of better margin from product mix and the effective cost control measures maintained throughout the Group. In addition, there was a provision of Indonesia's import duty of RM 1.46m recorded in FY2023.

Table A	2024		2023
Years ended 31 December	RM'000	Change	RM'000
Sales			
Automotive	153,291	(0.8%)	154,472
Machinery	3,907	(26.5%)	5,314
Profit before tax	9,093	200.7%	3,024
Profit for the financial year	6,101	333.3%	1,408
Profit/(Loss) for the financial year attributable to the owners of the company	2,820	N/M	(385)
Earnings/(Loss) per share	6.69	N/M	(0.91)
EBITDA	15,350	46.5%	10,475
Cash balance	45,055	17.4%	38,385

Note: N/M = not meaningful

Table A summarises financial results for the Group in FY2024.

### Management Discussion and Analysis ("MD&A")

cont'd

### **AUTOMOTIVE SEGMENT**

Revenue derived from the Automotive segment (Automotive carpets and Braking components) had reduced marginally by RM 1.2m or 0.8% as compared to preceding financial year. However, the Automotive segment recorded a higher PBT of RM 10.9m compared to a PBT of RM 4.4m in FY2023 as a result of better margin from product mix in FY2024 and there was a provision of Indonesia's import duty of RM 1.46m recorded in FY2023.

The revenue from local carpet segment had decreased marginally by RM 0.6m to RM 88.7m in FY2024 with a PBT of RM 10.9m (FY2023 PBT was RM 6.7m). The higher PBT from the segment was mainly due to better margin from product mix and the effective cost control from the operations.

Our Indonesian operations posted a higher revenue of RM 20.9m as compared to RM 20.3m in FY2023 and recorded a PBT of RM 0.08m against a loss before tax ("LBT") of RM 0.7m in FY2023.

Revenue from the braking components segment decreased by RM 1.2m to RM 43.7m in FY2024 with a lower LBT of RM 5,000 against LBT of RM 1.6m in FY2023 as a result of better margin from product mix and also the cost control on the labour cost, especially on the reduction of subcontract workers and the overtime incurred.

#### **INDUSTRIAL SPARES SEGMENT**

Revenue from the Industrial spares segment decreased by RM 1.4m to RM 3.9m in FY2024 due to the stiff competition in the market. The segment recorded a LBT of RM 0.7m compared to a LBT of RM 0.03m in FY2023 as a result of decrease in sales.

### **SEGMENT STRATEGIES AND CHALLENGES**

### Automotive carpets

### Strategy

The long-term strategy of harnessing technical and strategic partnerships and alliances to provide quality products with superior performance to the market remains unchanged. The Group is working towards increasing its revenue from the Indonesian market as part of its strategy to diversify its country dependent risk. The long-term prospects for Indonesia remain strong being the largest automotive market in Southeast Asia with a strong export potential and the low car ownership within the country create further opportunity for growth.

In the mid-term, the Group is focused on cost control to remain competitive and yet technologically relevant. These initiatives are necessary as materials, wages, transportation and other costs suffer from inflationary pressure. Continuous process improvements remain crucial in our operations and are critical in providing efficiencies, cost advantage and capacity improvements.

### Challenges

The primary challenges include competition from well-established players and the rise of Chinese brands, forecast normalisation of Total Industry Volume by Malaysian Automotive Association, rising cost of raw materials and attracting and retaining skilled workforce.

### **Braking Components**

### Strategy

The braking components segment has continuously increased its effort to further expand its market share in being a tier 1 supplier, and it has surpassed the turnover generated from the tier 2 market in FY2024. The players in the automotive braking components industry have constantly striving to develop, innovate, and meet the evolving demands of consumers, especially in the electric vehicles trend. Hence, the segment will continue to explore collaboration opportunities with potential technology partners whilst increasing its efforts to strengthen its relationship with the existing ones, to venture into different automotive products and market reach with our current machining technology and processes, and as well diversifying into non-automotive products.

# Management Discussion and Analysis ("MD&A")

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### Braking Components cont'd

### Strategy cont'd

Following the divestment of 46% equity interest in the braking components segment to a reputable Japanese automotive manufacturer, who specialise in different products, it enables the SMIS group to form a strategic alliance with new partner. It is in the midst of integration process and the segment will strive to maximise the synergistic values created therefrom.

### Challenges

The primary challenges include slower uptake and delay in localisation of braking component parts by local OEM customers leading to a decline in revenue is anticipated which due to the rise of Chinese brands which offer competitive pricing and the uncertainty of the Malaysia Government's Fuel Subsidy Rationalisation.

### **Industrial Spares**

#### Strategy

Build strategic alliances to generate more value adding propositions to improve customers' performance. To balance the practice of close collaboration with constant search for better products and niche markets to stay flexible. Securing innovative products and service offerings for various industries would be a key factor.

### Challenges

Competition from other distributors and manufacturers increasingly selling directly to the end user.

### FORWARD LOOKING AND OUTLOOK

### Automotive Carpets and Braking Components

We expect revenue and earnings to be challenging in 2025. The Malaysian Automotive Association forecast Total Industry Volume (Passenger Vehicles) for 2025 to be 710,000 units, which is 5% lower from the record high of 747,180 units in FY2024. The competitive pricing offered by Chinese brands will further lower the uptake by local OEM who sources the parts and assemble the car locally.

We expect continuous increase in volumes from Indonesia to compensate for the part of reduction in revenue in the local market and lower the country dependent risk.

### Industrial spares

The industrial spares segment is working with various local and overseas suppliers in order to offer our customers a wider range of products. This will also allow the company to venture into new sectors.

### **BOARD CHANGES**

SMIS Group would like to express its appreciation to Ms Wern Li Morsingh (Independent Non-Executive Director) who had retired on 27 November 2024 and warm welcome to Ms Tan Yi Woan, who was appointed as Independent Non-Executive Director effective 27 November 2024. The profile of Ms Tan Yi Woan is presented on page 9 of this Annual Report.



### **ABOUT THIS REPORT**

SMIS Group is pleased to present the Sustainability Statement ("this Statement") for FY2024. This Statement provides an overview of our strategies, priorities, targets, and performance in managing sustainability matters from 1 January 2024 to 31 December 2024, unless stated otherwise. It also includes historical statistical data for certain disclosures to highlight relevant trends, enabling readers to understand SMIS Group's comparative performance better.

### **SCOPE AND BASIS OF SCOPE**

The Group operates through five key subsidiaries: Sugihara Grand Industries Sdn. Bhd. ("Sugihara"), Grand Carpet Industries Sdn. Bhd., Sanyco Grand Industries Sdn. Bhd. ("Sanyco"), and PT Grand Sugihara Techno ("PT GST"), with main business focuses on manufacturing and trading of automotive parts, particularly carpeting products and automotive braking components to major car assemblers in Malaysia, Thailand and Indonesia. Additionally, we provide industrial machinery spare parts through Machinery & Industrial Supplies Sdn. Bhd.

The scope for this Statement covers only the 5 key subsidiaries mentioned above and does not include any other subsidiaries. We have attempted to address all significant issues to SMIS Group, except when stated otherwise. This Statement includes both quantitative and qualitative results for the relevant indicators.

### **REPORTING FRAMEWORKS AND STANDARDS**

This Statement is prepared in adherence to Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), with reference to Sustainability Reporting Guide (3rd Edition) published by Bursa Securities.

### **Feedback**

SMIS values its engagement with its valued stakeholders and is always open to any feedback, inquiries and concerns to ensure we consistently improve as a Group. For any feedback or inquiries, please direct them to us at <a href="mailto:corporate@smis.com.my">corporate@smis.com.my</a>.

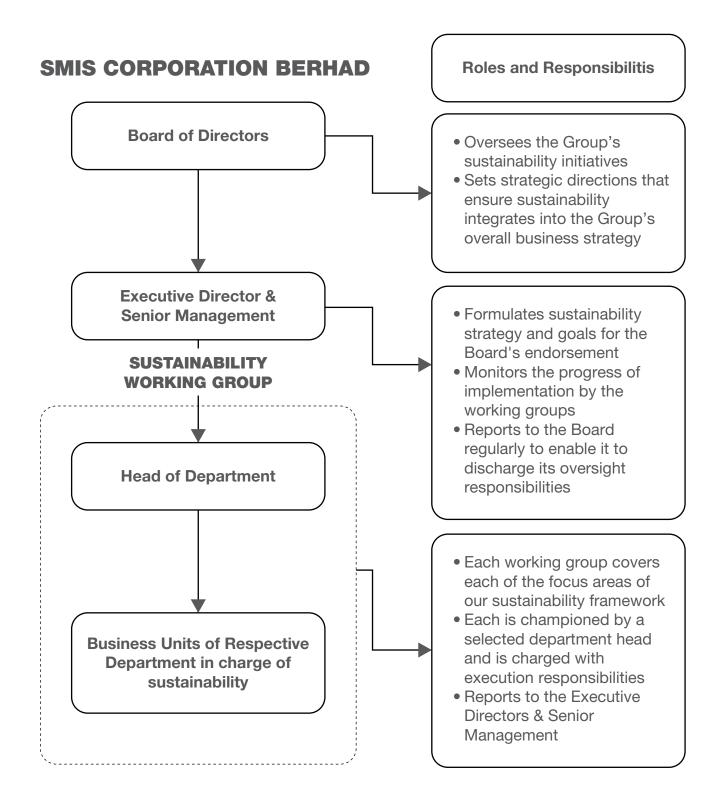
### **OUR APPROACH TO SUSTAINABILITY**

### **Sustainability Governance**

The Board of Directors ("the Board") or ("the Director") of SMIS is dedicated to incorporating sustainability principles into the Company's strategic vision. We understand the vital role that sustainability factors play in creating long-term value. As stewards of the Company's interests, the Board sets the strategic directions for all sustainability-related initiatives within the Group, ensuring that sustainability is integrated into the overall business strategy.

These sustainability objectives are then shared with the Executive Committee, led by the Executive Directors and Senior Management, and the Sustainability Working Group ("SWG") who are responsible for the implementation of the various sustainability initiatives driven.

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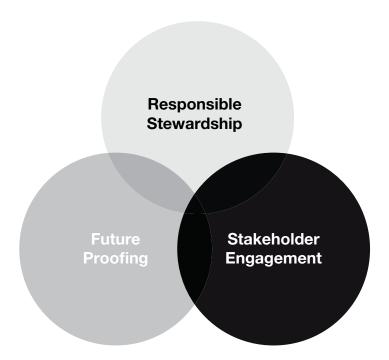
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### SUSTAINABILITY FRAMEWORK

SMIS Group recognises the importance of sustainability and its increasing impact on the business. The Group is committed to understanding and implementing sustainable practices and to exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success.

At SMIS Group, managing sustainability-related risks is crucial to the Group. We adopt a proactive approach to identify and manage future risks and opportunities by monitoring sustainability trends and issues, ensuring that SMIS Group remains adaptable and resilient in our fast-paced environment.

The foundation of our sustainability framework is based on three key pillars:



These pillars guide our sustainability efforts across all aspects of our operations, including product development, innovation, internal processes, and external relationships. By consistently applying sustainability principles, we aim to promote purpose-driven decision-making that aligns with our values and our long-term vision.

### STAKEHOLDER ENGAGEMENT

At SMIS Group, we recognise that our ability to create sustainable, long-term value is based upon meaningful engagement with our diverse group of stakeholders. Our stakeholders, spanning various industries, geographies, and communities, not only define our identity but also play a crucial role in shaping our trajectory towards a more inclusive and sustainable future. Their invaluable insights guide us in navigating challenges, seizing opportunities, and anchoring our actions in purpose.

We are committed to striking a balance in our value creation strategies, acknowledging our dual responsibilities to deliver value to stakeholders and uphold our corporate responsibilities. We recognise that each stakeholder group has unique perspectives and needs, which shape its engagement strategies. Different channels are used to ensure effective communication, tailored to each group's requirements.

# **Sustainability Statement** cont'd

The table below summarises SMIS Group's key stakeholder groups, the key engagement methods, importance, and expectations which are commonly discussed or addressed in our engagement with them.

Why they are important	Key Expectation	Type of Engagement
Local Community		
Our partners in progress, a harmonious relationship with the communities where we operate is key to our social licence to operate	<ul> <li>Increasing community outreach through our programmes</li> <li>Improving grievance mechanism for the community</li> <li>Developing and undertaking need-based community projects</li> <li>Creating more employment opportunities within the community</li> </ul>	<ul> <li>Internship Program</li> <li>Grievance mechanisms</li> <li>Engaging with communities via various community initiatives</li> </ul>
Employees		
Our employees are at the centre of all our operations; their collaborative skills and expertise are essential for our growth	<ul> <li>Improving training on Health, Safety and Environment ("HSE") and other pertinent material issues</li> <li>Providing increased opportunities for career growth through internal talent recognition</li> <li>Providing upskilling and career develoIncreasing gender diversity</li> </ul>	<ul> <li>Feedback sessions</li> <li>Performance management systems</li> <li>Various plant-level meetings</li> <li>Event Management Committee and Welfare Committee</li> <li>Establishment of Sports Club</li> </ul>
Shareholders, investors and lenders		
As providers of capital, they are key to our growth and expansion plans	Consistent disclosure of Economic, Environment, Social performance as per MMLR of Bursa Securities	<ul> <li>Regular updates through announcement on Bursa Securities's and corporate website</li> <li>Annual General Meeting</li> <li>Announcements on Quarterly result</li> </ul>
Civil Societies		
Collaboration is essential to advocate for and promote sustainable practices	<ul> <li>Expectation of being aligned with the global sustainability agenda</li> <li>Commitment to ensuring human rights for all</li> </ul>	<ul> <li>Partnerships with, and membership in international organisations</li> <li>Working relationships with organisations on specific projects</li> <li>Engagement with international, national, and local Non-Governmental Organisations ("NGOs")</li> </ul>

cont'd

Why they are important	Key Expectation	Type of Engagement
Industry (suppliers, customers, peer	s, media)	
A positive relationship enables us to raise growth capital in a timely and cost-effective manner	<ul> <li>Consistent implementation of the Code of Business Conduct and Ethics</li> <li>Compliance with environmental and social laws</li> </ul>	<ul> <li>Customer satisfaction surveys on development and performance</li> <li>Vendor scorecards</li> <li>In-person visits for customers, suppliers', and vendors' meetings</li> </ul>
Government		
Key for ensuring compliance, interpretation of regulations and uninterrupted operations	Compliance with laws     Contributing towards the economic development of the nation	<ul> <li>Participation in government consultation programmes</li> <li>Engagement with national, state, and regional government bodies at the business and operational level</li> </ul>

### **MATERIALITY ASSESSMENT**

In line with our strategy for continuous enhancement, during the year, we have consolidated several material matters identified previously for a more optimised management of these matters. This consolidation includes Energy Consumption, GHG Emissions, Water Management, and Data Protection. As a result of this review, we have streamlined our material issues into nine (9) material topics. The Board has reviewed these updated material topics and has approved the changes.

The comprehensive materiality assessment conducted in FY2023 has been revalidated for the current reporting year. Online survey questionnaires were distributed to the stakeholders of SMIS Group to gather updated insights and perspectives. This ensures that the Group's sustainability efforts continue to address the most significant and impactful sustainability issues.

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Below, we outline our materiality assessment process:

Phase 1

### Identification of Material Matters

The Group has reviewed the FY2023 identified Material Sustainability Matters based on Bursa Malaysia's mandatory common indicator and identified material matters for consolidation to provide a more comprehensive and streamlined approach.

Phase 2

# Phase 2: Assessment and Prioritisation of Material Maters

Surveys were distributed to SMIS Group's stakeholders to gather updated insights and perspectives.

The results of the survey were used to derive a refreshed Materiality Matrix based on sustainability matters crucial to stakeholders and business operations.

Phase 3

# Phase 3: Review and Validation of Material Matters

The Materiality Matrix was reviewed by the Executive Committee and subsequently tabled to the Board for approval.

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The table below illustrates the reclassification of the Group's Materiality Matters following the revalidation process.



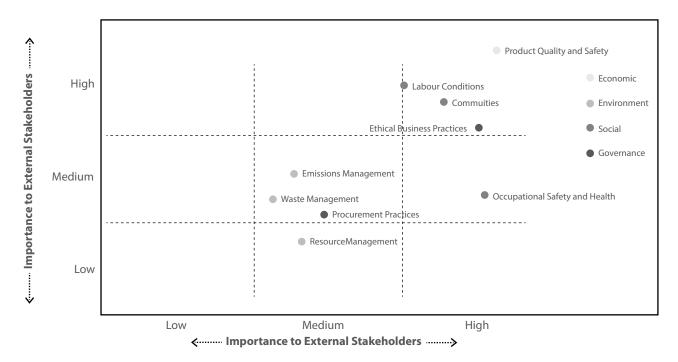
### Note:

- 1. Material topics such as 'Energy Consumption' and 'Water Management' have been consolidated under the broader category of 'Resource Management' to provide a more comprehensive and streamlined approach.
- 2. Material topics such as 'GHG Emissions' and 'Carbon Footprint' have been consolidated under the broader category of 'Emissions Management' to provide a more comprehensive and streamlined approach.
- 3. 'Occupational Safety and Health' is a new topic added to the assessment for FY2024 based on its significance and alignment with the MMLR of Bursa Securities.
- 4. 'Ethical Business Practices' has been renamed from the material topic 'Effective, Accountable & Transparent Governance' and material topics such as Data Protection have been consolidated under 'Ethical Business Practices. We have also added a new topic of Anti-Bribery and Corruption under 'Ethical Business Practices' to align with MMLR of Bursa Securities.

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### **MATERIALITY MATRIX**

The survey results were utilised to create an updated Materiality Matrix, ensuring that SMIS Group's sustainability strategy aligns with changing stakeholder expectations, industry trends, and business needs. The Group's Materiality Matrix for FY2024 is presented in the graph below:



### **Material Topics**

### **ECONOMIC**

### **Product Quality and Safety**

At SMIS Group, we uphold our commitment to prioritise the quality and safety of our products. Our focus is to ensure and improve the quality and safety of our products and processes through the following measures: regular internal and external audits are conducted at relevant locations to verify the conformity of products, systems, and processes, ensuring continuous improvement and adherence to established global standards.

The Group adheres to the International Organisation for Standardisation ("ISO"), the International Automotive Task Force ("IATF") standards and the Aero Space ("AS") standards. These certifications not only promote quality improvement but also enhance confidence in SMIS Group's products and services, thereby strengthening trust among our partners and suppliers.

### **Quality Control and Assessment**

In alignment with our commitment, our initiative to conduct regular quality control checks is designed to consistently uphold the Group's diligent quality and safety standards by directing the 'quality excellence' mindset towards our internal operations and our customers.

The objective of the quality control and assessment is to uphold SMIS Group's stringent quality standards consistently, in line with our commitment to sustainable development and continuous improvement. This dedication to quality excellence extends beyond internal operations to our valued customers.

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### **High Standard Product Safety**

Ensuring product safety and compliance are crucial quality attributes for our industrial facilities and transportation systems. In our corporate endeavours, we prioritise not only the quality of our products offered to customers but also their safety and the environmental impact of our operations.

Through continuous and stringent compliance to relevant standards, our continued commitment to both quality and safety assurance is showcased by our dedication to maintain various certifications under the ISO, IATF and AS.



### **ENVIRONMENTAL**

#### **Resource Management**

Due to the manufacturing nature of our business operations, our processes have a significant impact on the earth and its climate from our use of natural resources and our emissions. Given this, in alignment with our commitment to sustainability, we remain vigilant in monitoring the consumption of the resources we use in our day-to-day operations to better manage our environmental footprint.

### **Energy Management**

SMIS Group's energy consumption primarily comes from the usage of electricity supplied from the grid. This electricity is mainly used for operating machinery, which constitutes the primary energy demand within the operations.

As part of our ongoing efforts to enhance energy efficiency, we have replaced existing fluorescent lighting with more energy-efficient LED lighting across our operations and office spaces, resulting in a modest reduction in overall electricity consumption for the year. Additionally, in Quarter 4 of 2024, we installed solar panels at our Sugihara Port Klang and Sendayan plants, and we anticipate further decreases in energy consumption in the coming years.

Petrol usage at SMIS Group is primarily attributed to the operation of vehicles used for various purposes, including transportation, deliveries, and other business-related activities. The consumption of petrol is directly linked to the distance travelled and the operational needs of the fleet.

Energy Consumption	FY2023	FY2024
Electricity (kWh)	8,881,970	8,133,645
Petrol (Litres)	84,330	86,913
Total Energy Consumption (Gigajoules "GJ")	34,801	31,986

### Note:

Total energy consumption is calculated using the Methodology from the Malaysia Energy Statistics Handbook 2022 ("MESH") (Petrol: 1Litre = 0.031 GJ) and total electricity consumption (1MWh = 1,000kWh; 1kWh = 0.0036 GJ)

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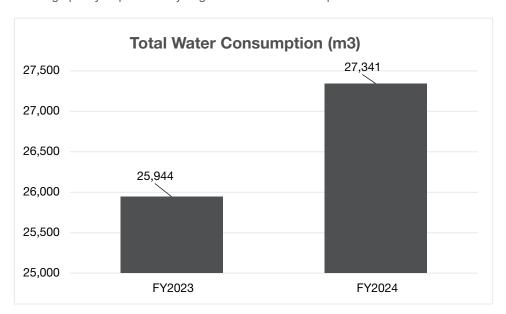
Energy	Intensity		
	Unit	FY2023	FY2024
Energy Intensity	GJ/production unit	0.01416	0.01401

In FY2024, we have managed to demonstrate a slight improvement in our energy efficiency. The total energy consumption decreased from 34,801 GJ in FY2023 to 31,986 GJ in FY2024, which also translates to a slight improvement in energy intensity from 0.01416 to 0.01401 GJ per production unit.

### Water Management

Effective water management is crucial to our operations at SMIS Group. Our objective is to minimise freshwater intake while maximising water availability for our surrounding communities. To achieve this objective, we have implemented several sustainable practices, including water recycling, rainwater harvesting, and the adoption of water-efficient technologies as a part of our standard operating procedures, which are implemented across all SMIS Group's plants.

In our commitment to responsible water management, we strictly adhere to all relevant laws and regulations governing water resources. In alignment with our commitment to responsible water management, we regularly monitor both ground and surface water levels and quality at our facilities. Additionally, all our facilities implement a zero-water discharge policy to prevent any negative environmental impact.



Water	Intensity		
	Unit	FY2023	FY2024
Water Intensity	m³/ production unit	0.01052	0.01197

In FY2024, the total water consumption rose from 25,944 m³ in FY2023 to 27,341 m³ in FY2024, while the water intensity increased from 0.01052 to 0.01197 m³ per production unit. The upward trend was influenced by an issue in water fixtures at the Sugihara-Port Klang plant, which led to an extended period of elevated water usage. As at January 2025, the issue has been resolved, and the water usage has returned to normal.

### Waste Management

The Group's waste management policy is founded on the 5Rs principle: Reduce, Reuse, Recycle, Replace, and Remove. This policy forms an integral part of our long-term objective to minimise emissions. Whenever possible, all metal scraps such as aluminium, copper, iron and steel that were generated from our manufacturing processes are recycled or reused. We have implemented a comprehensive waste management plan that details the proper segregation of recyclable materials and the responsible disposal of waste.

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	FY 2023	FY 2024
Total waste generated (Metric Tonnes)	1,454.58	1,515.32
Total waste diverted from disposal (Metric Tonnes)	88.25	82.97
Total waste directed to disposal (Metric Tonnes)	1,366.33	1,432.35

#### **EMISSIONS MANAGEMENT**

### **GHG Emissions**

SMIS's GHG emissions are derived from Petrol's direct combustion (Scope 1) and purchased electricity (Scope 2). In 2024, total emissions, which include both Scope 1 and Scope 2 emissions, decreased by 448 tCO2e from 6,925 tCO2e in FY2023. We are continuing to review our data collection methods for these emissions in order to better understand the crucial areas in our process flow that need further improvements.

Emissions	FY2023	FY2024
Scope 1 (tCO <sub>2</sub> e) <sup>1</sup>	193	182
Scope 2 (tCO <sub>2</sub> e) <sup>2</sup>	6,733	6,295
Total Emissions (tCO2e)	6,925	6,477

### Note:

- 1 Scope 1 factors are using the conversion factor retrieved from MESH and Department for Environment Food and Rural Affairs UK ("DEFRA")
- 2 Scope 2 factors are using the conversion factor retrieved from Malaysia Grid Emission Factor (2017-2022) ("GEF")

### SOCIAL

We believe in empowering and investing in our people to drive positive change and transform our sustainability aspirations into tangible outcomes. Through collaborative efforts and a commitment to continuous improvement, we aim to create a sustainable future for generations to come.

### **OCCUPATIONAL SAFETY AND HEALTH**

### Safety Policy and Framework

Our Occupational Health and Safety ("OHS") strategy focuses on proactive measures to achieve a zero-harm workplace. With continuous monitoring, comprehensive training, visible leadership, and active employee involvement, we foster a safety-conscious culture where everyone takes responsibility for workplace safety. Employees are empowered to refuse tasks that they believe compromise their safety or that of their colleagues.

SMIS Group's safety culture, which is integral to all aspects of our operations, is supported by a robust health and safety framework. With a clearly defined structure for implementation, we actively seek feedback from our operations staff to continuously improve our safety performance. Our commitment to maintaining a safe and reliable workplace, strengthened by this framework, enables us to effectively address challenges and advance with resilience.

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At SMIS Group, our OHS measures, along with our HSE Management, are governed by the Group's internal HSE Rules and Regulations. These regulations set out key commitments, including:

- Complying with all applicable laws and regulations related to HSE.
- Managing HSE risks and allocating reasonable resources to preventing HSE-related incidents and accidents.
- Including safety and health policy in the Employees' Handbook and briefing the employees accordingly.
- Providing HSE training and knowledge to employees.
- Investigating and reporting any accident illness or other dangerous occurrences and ensuring they do not reoccur.
- Installing fire preventive equipment in all the SMIS Group's plants.
- Conducting periodic safety and health inspctions.
- Ensuring that employees, customers, contractors, business partners and third parties such as suppliers of goods and services comply with all applicable laws and regulations related to HSE in dealing with SMIS.

### **OHS Risk Assessment**

The management has carried out thorough OHS risk assessments for all identified high-risk work environments. This ensures that these areas receive increased monitoring by the Group. The assessments included a noise pollution evaluation, following which, earbuds have been provided to our workers for protection. Additionally, walkways have been clearly marked, and designated areas have been established for storing personal belongings and materials.

At SMIS Group, we do not have employees involved with work associated with high incidences or elevated risks of accidents and/or health issues. To mitigate health and safety risks, we have implemented the following initiatives:

Providing personal protective equipment to employees

Maintaining tight supervision from our line leaders and supervisors

Ensuring competent personnel are handling key machinery and equipment

### **OHS Training**

At SMIS Group, we recognise that safety is a mindset that requires continuous training and awareness-raising efforts. By conducting regular training sessions, we empower our employees to prioritise safety and comply with statutory requirements. These sessions are designed to keep our workforce informed about the latest safety practices, ensuring they are equipped to maintain a safe and secure work environment.

By investing in comprehensive training programs, we foster a culture of safety within our organisation, where every employee understands their role in promoting workplace safety. These initiatives not only reduce risks but also enhance the overall well-being and productivity of our workforce. We are committed to creating a safe and secure workplace for all employees through ongoing training initiatives. Our training includes both external and internal programs that cover:

Fire Safety	Electrical Safety	Forklift Training
Road Safety	Machine Guarding	Hazard Identification & Risk Assessment

cont'd

The table below discloses the number of employees trained on health and safety standards:

	FY2023	FY2024
Number of employees trained on health and safety standards	398	268

It should be noted that new employees are trained on health and safety standards within 3 months of their employment, and subsequently every 3 years.

### **OHS Performance**

At SMIS Group, we consistently monitor, record, and evaluate key OHS performance indicators in our work environments. The Group's OHS performance details are shown below:

	FY2023	FY2024
Number of work-related fatalities	0	0
Number of Lost Time Incidents	0	0
Lost Time Incident Rate ("LTIR")	0	0

For all recorded incidents and accidents, the Group investigates their root causes and subsequently implements corrective and preventive action plans to prevent the recurrence of accidents/incidents in the future. We are proud to report that for FY2024, our number of lost time incidents has remained at 0.

### **COMMUNITIES**

### **Empowering Communities**

Empowering communities is a core value at SMIS Group, as we recognise that the strength of a business is intrinsically linked to the well-being and growth of the communities it serves. By supporting local initiatives, fostering education, and promoting sustainable development, the Group aims to create lasting, positive impacts. We believe that empowering individuals and communities not only contributes to social and economic progress but also strengthens the foundation for long-term success. Through collaboration and responsible actions, the Group is dedicated to enhancing the livelihoods of communities, ensuring they thrive alongside the company's growth.

In FY2024, SMIS Group organised the Academic Excellence Award program to recognise and celebrate the outstanding academic achievements of our employees' children. By rewarding excellence in education, we aim to inspire and encourage young people to pursue knowledge, paving the way for a brighter future.

	FY2023	FY2023	FY2024
		(Restated)	
Total amount invested in the community where the target beneficiaries are external to SMIS (RM)	0	9,500*	8,650
Total number of beneficiaries of the investment in communities	22	22	21

<sup>\*</sup> The data was restated to correct previously reported information.

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### **LABOUR CONDITIONS**

#### **Human Resources**

At SMIS Group, we firmly believe in the inherent dignity and potential of every individual. Recognising that each person possesses unique abilities and aspirations, our mission is to cultivate and celebrate these qualities within our workforce. The Group is committed to fostering an inclusive and empowering environment where all our employees are treated with equity, and where their talents are nurtured and fully utilised.

Our approach towards people management is guided by the following principles:

### **Respecting Individual Human Rights**

We embrace the diversity of our workforce and honour each individual's unique characteristics and contributions. We are committed to upholding the basic human rights within our organisation and unequivocally reject any kind of forced labour or child labour.

### No Discrimination

We uphold the principle of equality and equity by providing equal employment opportunities for all and fostering a culture of free and fair competition. We do not tolerate any kind of discrimination or harassment based on race, ethnicity, national origin, religion, gender, age, or any other characteristics.

### Compliance with Laws and Regulations

We strictly adhere to laws and regulations, additionally we also respect cultural norms associated with our employees and the respective regions we operate in. The Group is committed to promoting a safe and respectful working culture for our workforce.

### Creating an Environment of Dialogue

We encourage open and honest communication between employees and our management, promoting mutual respect and understanding. We support freedom of association and collective bargaining rights. The Group strives to resolve any issues through constructive dialogue.

### Maintaining a Safe and Secure Workplace

We prioritise the health, safety, and well-being of our employees. We are committed to providing a safe and conducive work environment for our employees. As a Group, we strive to create a workplace where every employee can work confidently and focus on their respective tasks. Our programs and initiatives include employee benefits and perks, mental health programming and support, learning programs, and office-based initiatives.

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	FY2023	FY2024
Number of substantiated complaints concerning human rights violations	0	0

	FY2023	FY2024
Percentage of employees who are contractors or temporary staff	5.6%	5.5%

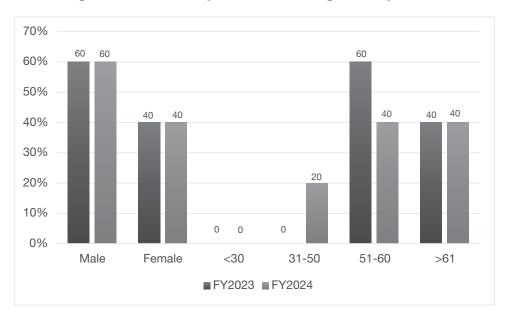
### **Diversity**

SMIS Group is committed to fostering diversity within its Board and workforce across the Group. Our Diversity Policy promotes inclusivity by embracing a broad range of characteristics, including age, gender, ethnicity, nationality, cultural background, religious belief, socioeconomic status, education, job function, work experience, and personal attributes. This policy aligns with the principles set out by the Malaysian Code on Corporate Governance ("MCCG") and MMLR of Bursa Securities. By recognising and leveraging diverse talents and skills, SMIS Group aims to enhance its overall performance and promote equal opportunities for all individuals, supporting a culture of inclusion and fairness in the workplace.

We aim to create a workplace that reflects diverse human experiences, encompassing individuals of all genders, ethnicities, regions, ages, and backgrounds. We provide equal opportunities for all employees and uphold a zero-tolerance policy against discrimination. In line with our diversity and inclusion goals, SMIS Group actively recruits individuals from diverse backgrounds, experiences, and demographics. By embracing these differences, we foster a respectful and understanding workplace environment for all employees.

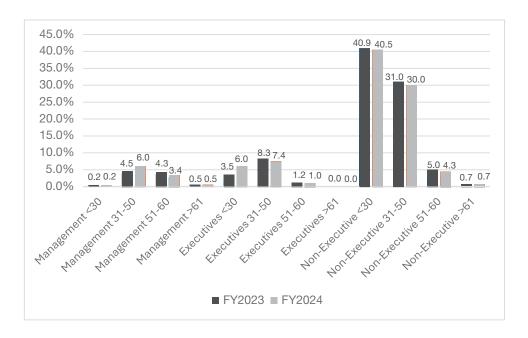
Below is the workforce composition of SMIS:

### Percentage of Directors by Gender and Age Group

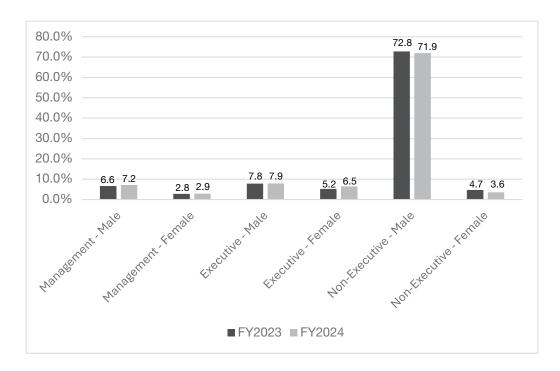


Percentage of employees by age group, for each employee category

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### Percentage of employees by gender group, for each employee category



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### **EMPLOYEE TURNOVER**

Employee retention is a key focus for SMIS Group. We regularly gather feedback from employees who are leaving the company, considering factors such as the economy, regional shifts, age, and mental well-being. The number of employee turnovers during the financial year under review is as follows:

Total number of employee turnover by employee category	FY2023	FY2024
Management	2	3
Executive	8	5
Non-Executive	46	48
Overall	56	56

### **EMPLOYEE DEVELOPMENT**

### **Training**

At SMIS Group, we are dedicated towards the continuous development of our employees to ensure they are equipped with the skills necessary for success in both present and future roles. Our training programs include mandatory courses for new hires and ongoing development opportunities for existing employees. These courses cover key areas such as leadership, technological advancements, risk management, compliance, and business processes.

All employees are required to complete annual training on our Code of Conduct, reinforcing our commitment to ethical business practices and compliance standards. Specialised courses on privacy and data protection, cybersecurity, and anti-corruption are also provided to inform employees of evolving industry regulations and best practices.

We regularly assess the training needs of individual employees and functional teams to tailor our courses effectively. This approach helps address skill gaps and supports professional growth in alignment with business objectives and workforce needs.

In FY2024, we conducted training on the topics listed below:

### **Management & Skills Upgrade Training**

- a. Automotive Core Tool Linkage
- b. Chartered Quality Institute ("CQI") & International Register of Certificated Auditors ("IRCA") Certified Course Quality Management System Lead Auditor
- c. Introduction to Quality Control Circle
- d. Process Failure Mode and Effects Analysis (PFMEA)
- e. Advanced Product Quality Planning Project Management
- f. Communication Skill
- g. Decoding Transaction & Related Parties Transactions Rules
- h. E-Invoice Conference

### **Health and Safety Training**

- a. Safety DOJO
- b. OSH Coordinator Training
- c. Fire Fighting Training
- d. Hearing Conservation Program
- e. Working at Height
- f. Safe Handling Forklift Truck

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### **Upskilling and Reskilling**

At SMIS Group, we recognise the importance of upskilling and reskilling our workforce to meet the evolving demands of the industry and foster a culture of continuous learning.

Upskilling and reskilling are key components of our talent development strategy, ensuring that employees remain competitive and adaptable in a dynamic business environment. By providing opportunities for skill enhancement, we empower our employees to advance their careers and simultaneously contribute to the organisation's success.

To support this initiative, we offer avenues that help employees identify the skills needed to progress within the company. For instance, the Human Resource Department will escalate a form to the respective Heads of Department ("HOD"), and HODs will fill up the form based on staff designation and the recommended training for those staff, and the form will be sent back to HR.

Trainings such as refresher courses and soft skill workshops are assigned to the relevant staff based on a training cycle. As such, there will be fluctuations in the total training hours between each year as shown below:

Total hours of training by employee category	FY2023	FY2024
Management	400	140
Executive	649	283
Non-Executive	1,680	203

### **EMPLOYEE WELFARE**

Considering the fluctuating economic and market conditions in recent years, SMIS Group remains dedicated to the well-being of its workforce, ensuring both short-term stability and long-term resilience. Our holistic approach to employee care prioritises competitive packages and benefits designed to support the health, financial security, and personal needs of our employees.

### Health and well-being

- Medical, Dental, and Vision Coverage: We prioritise the health of our employees and their families by offering comprehensive medical, dental, and vision coverage with minimal out-of-pocket costs and extensive benefits.
- Mental Health Support: We recognise the significance of mental health and provide confidential resources, including telehealth solutions and access to psychology and psychiatry services, to help employees and their families manage mental health needs.
- Business Travel Emergency Protection: Employees benefit from 24/7 global support through International SOS, ensuring assistance for emergency medical, security, and logistical issues during business travel.

### **Financial Protection**

- Life and Accident Insurance: We protect the future of our employees and their families by offering life and accident insurance coverage in case of unforeseen circumstances.
- Disability Insurance: Our disability insurance program ensures that employees continue to receive income if they are unable to work due to illness or injury.
- Retirement Programs: We promote the financial well-being of our employees by providing retirement savings and investment plans to secure their futures beyond their working years.

### **Family and Personal Support**

• Personal Leave Policies and Support: We offer flexible work arrangements and leaves of absence to accommodate employees' caregiving responsibilities or bereavement needs.

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### **Employee Engagement**

• In FY2024, Sugihara and Sanyco hosted a team-building event. The theme for Sanyco was "Synergize to Maximize!" This theme emphasised the significance of collaboration and teamwork in achieving excellence. On the other hand, Sugihara adopted the theme "Synergy in Motion, Success in Action," which highlighted the importance of taking initiative and driving success as a united team.



Figure 1: Sugihara Team Building Event



Figure 2: Sanyco Team Building Event

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#### **GOVERNANCE**

#### **Ethical Business Practices**

#### **Code of Conduct**

At SMIS Group, we are committed to upholding the highest standards of business ethics in all areas of our operations. Our Code of Conduct serves as a fundamental guide, outlining expected behaviours and ethical practices for both employees and stakeholders. It reflects our core values and principles, ensuring our actions and decisions align with legal requirements and societal expectations.

The Code of Conduct includes the following key principles:

Compliance	We are committed to comply with all applicable laws, rules, and regulations governing our operations, both locally and internationally
Conflict of Interest	We maintain strict protocols for identifying and managing conflicts of interest, with clear procedures for disclosure and resolution
Fair Competition	We uphold principles of fair competition and integrity in all business dealings, fostering a level playing field for all stakeholders
Anti-Corruption	We prohibit all forms of corruption, including bribery, extortion, and facilitation payments, and enforce stringent anti-corruption measures
Diversity and Inclusion	We promote a workplace culture that celebrates diversity and inclusion, fostering a respectful and inclusive environment for all employees
Health, Safety, and Environment	We prioritise the health, safety, and well-being of our employees, customers, and communities, while actively minimising our environmental footprint
Information Confidentiality	We safeguard sensitive information and protect the intellectual property rights of our stakeholders, ensuring the confidentiality and integrity of data
Corporate Governance	We are committed to fair, accurate, and timely corporate disclosures, maintaining transparency and accountability in our reporting practices

We provide multiple channels through which employees and stakeholders can report violations or seek guidance on ethical matters. Serious violations can be reported anonymously through our whistleblowing channel, following our Whistleblower Policy.

We acknowledge that maintaining ethical standards requires constant attention and a commitment to ongoing improvement. Therefore, we regularly review our Code of Conduct and update it when necessary to address any change in legal and ethical considerations, ensuring it remains relevant and effective in guiding our behaviour.

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#### **Breach of Code of Conduct**

To enhance the Group's enforcement and monitoring efforts aimed at promoting ethical and responsible business practices, we have established grievance and internal reporting channels. These channels allow stakeholders, such as employees and subcontractors, to report any concerns regarding the conduct of business at SMIS Group.

If any cases are reported, various actions will be taken across all our business units. These measures may include strict consequences for vendors, their personnel, and employees found in violation of our policies. Corrective actions can range from judicial investigations and fines to rotations, warnings, and termination of employment.

	FY2023	FY2023 (Restated)	FY2024
No. of cases for breaching the code of conduct	0	0	0
Confirmed incidents of corruption and action taken	0	0	0
Percentage of operations assessed for corruption-related risks	0	100%*	100%

<sup>\*</sup> The data was restated to correct previously reported information.

#### **ANTI BRIBERY AND CORRUPTION ("ABAC")**

In FY2023, SMIS implemented an ABAC policy, which was reviewed and approved by the Board of Directors. The policy underscores SMIS Group's commitment to conducting its business ethically and in full compliance with all relevant laws and regulations in the countries where the Group operates. This includes, but is not limited to, the Malaysian Penal Code, the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act"), and the Malaysian Companies Act 2016, as amended and re-enacted from time to time, all of which prohibit bribery and corruption. The policy also ensures that SMIS Group implements robust procedures to prevent such practices, including mandatory ABAC training for all employees.

Percentage of employees who have received training on anti-corruption by employee category	FY2023	FY2024
Management <sup>1</sup>	100%	100%
Executive	100%	100%
Non-Executive <sup>2</sup>	100%	100%

Employee category of Management refers to the level of Assistant Manager and above.

#### WHISTLEBLOWING

SMIS Group is committed to upholding the highest standards of corporate ethics, with all employees responsible for reporting any concerns about malpractices or wrongdoings. The Group has established a clear communication structure for employees at all levels to report such concerns, offering multiple reporting channels depending on the parties involved. The Whistleblower Policy ensures that disclosures of improper conduct are handled appropriately, providing a safe and confidential process for whistleblowers, while protecting them from retaliation.

The Whistleblower Policy serves as a vital tool for maintaining integrity, enabling employees, vendors, partners, and even members of the public to report any conduct that could harm the Group's reputation or compromise stakeholder interests. This policy not only outlines a clear internal reporting process but also ensures that disclosures are addressed promptly and appropriately.

SMIS Group is committed to safeguarding whistleblowers from any form of retaliation, ensuring their protection and confidentiality throughout the process. At the same time, the policy ensures fairness in addressing both the whistleblower's concerns and the rights of the individuals accused. The policy is designed to complement SMIS's Anti-Bribery and Anti-Corruption Policy, Code of Conduct, and other key regulations, reinforcing the Group's commitment to ethical behaviour and transparency across all levels of operations.

The Group's Whistleblowing policy, Anti-Bribery and Anti-Corruption policy and Code of Conduct are available at <a href="https://www.smis.com.my">www.smis.com.my</a>

Non-executives include technicians, supervisors, and clerical workers.

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#### **DATA PROTECTION**

At SMIS Group, we prioritise data protection as a fundamental aspect of our commitment to safeguarding the privacy and security of our stakeholders' information. We recognise our responsibility to protect the data entrusted to us, ensuring that it is handled with the utmost care, transparency, and in compliance with the Personal Data Protection Act 2010 ("PDPA"). To ensure that all our employees are informed and aligned with the guidelines, we have included the PDPA in our Employees' handbook.

Throughout FY2023 and FY2024, SMIS has maintained a strong track record, with no complaints regarding data security. This demonstrates our ongoing efforts to implement robust data protection measures and uphold the trust placed in us by our employees, customers, and partners.

As part of our commitment to continuous improvement, we remain vigilant in addressing emerging challenges to ensure the highest standards of data security.

	FY2023	FY2024
Number of substantiated complaints for data security	0	0

#### **PROCUREMENT PRACTICES**

#### **Responsible Sourcing**

At SMIS Group, we are committed to responsible sourcing practices that uphold ethical standards and social responsibility across our supply chain. We collaborate with multiple vendors who provide essential raw materials, logistics, goods, and services for our operations. All suppliers must adhere to the standards set in our supply chain management, code of conduct and technical standards.

Our standards cover key areas such as business ethics, labour and human rights, quality, health and safety, and environmental sustainability. We also encourage key suppliers to implement measures to reduce their environmental impact, supporting our broader environmental, social and governance ("ESG") goals, particularly in reducing our carbon footprint.

As a responsible enterprise, we are committed to ethical business practices, especially concerning ESG considerations. Our commitment extends beyond our internal workforce to include all individuals and entities that perform tasks or provide services on behalf of the SMIS Group, such as representatives and contractors. We consider our contractors to be vital partners in achieving the goals of the SMIS Group.

While we aim to prioritise local procurement, we maintain high standards of quality, integrity, and social responsibility in our evaluation processes. We foster fairness, transparency, and healthy competition, contributing to the long-term sustainability of our supply chain.

	FY2023	FY2024
Proportion of spending on local suppliers	35.80%	37.00%

The proportion of spending on local suppliers has increased slightly from FY2023 to FY2024. In FY2023, 35.80% of spending was allocated to local suppliers, and this figure has risen to 37.0% in FY2024.

#### **GOING FORWARD**

We are dedicated to promoting sustainability as a core part of our operations. We aim to reduce our environmental impact by managing our resources wisely. We also prioritise workplace health and safety, employee well-being, and ongoing training to strengthen our positive impact on society. By adhering to strong governance and ethical practices, we are laying the groundwork for lasting success.

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#### STATEMENT OF ASSURANCE

This Statement has not been subjected to any assurance processes in FY2024. Nevertheless, the Management team reviewed the data presented in this Statement, which was subsequently approved by the Board of Directors. Going forward, we remain committed to continuously improving our sustainability reporting processes and will seek assurance on our Sustainability Statements in future reporting cycles.

#### **PERFORMANCE TARGETS**

	Indicators	Targets for FY2025	
Anti-Corruption	Percentage of employees who have received training on anti-corruption by employee category	Maintaining 100% awareness training for all employee categories	
	Percentage of operations assessed for corruption-related risks	Maintaining 100% assessment for all operations	
	Confirmed incidents of corruption and action taken	Maintaining 0 corruption incidents	
Community/ Society	Total amount invested in the community where the target beneficiaries are external to the listed issuer	Maintaining levels of investment from/at FY2024 levels	
	Total number of beneficiaries of the investment in communities	Maintaining the number of beneficiaries from/ at FY2024 levels	
Diversity	Percentage of employees by gender and age group, for each employee category	Maintaining the level of employee diversity from/at FY2024 levels	
	Percentage of directors by gender and age group	Maintaining board diversity levels as per CG requirements	
Energy Management	Total energy consumption  Reducing the usage levels of FY2025 aims to enhance the usage of renengy sources, particularly solar por FY2025.		
Health and Safety	Number of work-related fatalities	Maintaining 0 work-related fatalities	
	LTIR	Maintaining 0 LTIR	
	Number of employees trained on health and safety standards	Maintaining the number of employees trained	
Labour Practices and Standards	Total hours of training by employee category	Maintaining the number of employee training hours from/at FY2024 levels	
	Total number of employee turnover by employee category	Maintaining the percentage of employee turnover from/at FY2024 levels	
	Number of substantiated complaints concerning human rights violations	Maintaining 0 complaints on human rights violations	
Supply chain management	Proportion of spending on local suppliers	Maintaining percentage of distribution at FY2024 levels	
Data privacy and security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Maintaining 0 incidences of data privacy and security breaches	
Water	Total volume of water used	Reducing the usage levels of FY2025	
Waste	Total waste generated	Maintaining at FY2024 levels	
Management	Total waste directed to disposal		
	Total waste diverted from disposal		
Emissions	Scope 1 emissions in tonnes of CO <sup>2</sup> e	Maintaining at FY2024 levels	
Management	Scope 2 emissions in tonnes of CO <sup>2</sup> e	Maintaining at FY2024 levels	

Internal assurance External assurance No assurance

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#### **PERFORMANCE DATA TABLE**

Indicator	Measurement Unit	2023	2024	
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Management	Percentage	100.00	100.00	
Executive	Percentage	100.00	100.00	
Non-executive	Percentage	100.00 *	100.00	
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00 *	100.00	
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	9,500.00 *	8,650.00	
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	22	21	
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Management Under 30	Percentage	2.50	2.40	
Management Between 31-50	Percentage	47.50 *	59.50	
Management Between 51-60	Percentage	45.00 *	33.30	
Management Above 61	Percentage	5.00 *	4.80	
Executive Under 30	Percentage	27.30	41.70	
Executive Between 31-50	Percentage	63.60 *	51.70	
Executive Between 51-60	Percentage	9.10 *	6.60	
Executive Above 61	Percentage	0.00	0.00	
Non-executive Under 30	Percentage	52.70 *	53.70	
Non-executive Between 31-50	Percentage	40.00 *	39.70	
Non-executive Between 51-60	Percentage	6.40 *	5.60	
Non-executive Above 61	Percentage	0.90 *	1.00	
Gender Group by Employee Category				
Management Male	Percentage	70.00	71.40	
Management Female	Percentage	30.00	28.60	
Executive Male	Percentage	60.00	55.00	
Executive Female	Percentage	40.00	45.00	
Non-executive Male	Percentage	93.90 *	95.20	
Non-executive Female	Percentage	6.10 *	4.80	
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	60.00	60.00	
Female	Percentage	40.00	40.00	
Under 30	Percentage	0.00	0.00	
Between 31-50	Percentage	0.00	20.00	
Between 51-60	Percentage	60.00 *	40.00	
Above 61	Percentage	40.00 *	40.00	
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	9,666.94	8,885.00	

(\*)Restated

Indicator	Measurement Unit	2023	2024	
Bursa (Health and safety)				
Bursa C5(a) Number of work- related fatalities	Number	0	0	
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00	0.00	
Bursa C5(c) Number of employees trained on health and safety standards	Number	398 *	268	
Bursa (Labour practices and stand	ards)			
Bursa C6(a) Total hours of training by employee category				
Management	Hours	400	140	
Executive	Hours	649	283	
Non-executive	Hours	1,680 *	203	
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	5.60	5.50	
Bursa C6(c) Total number of employee turnover by employee category				
Management	Number	2	3	
Executive	Number	8	5	
Non-executive	Number	46 *	48	
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	35.80	37.00	
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	25.944000	27.341000	
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	1,454.58	1,515.32	
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	88.25	82.97	
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	1,366.33	1,432.35	
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	193.00	182.00	
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	6,733.00	6,295.00	
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	0.00	

- The performance data table is generated from the Bursa ESG Reporting Platform, as submitted via Bursa Link. No modifications were made to the PDF Report generated.
- Bursa C1(a), C3(a), C6(a) and C6(c) Non-Executive data have been restated due to removal of technical staff from this category, ensuring consistency between this table and the Sustainability Statement. These are not restated data. However, due to system limitations within the Bursa ESG Reporting Platform, the restated label cannot be removed.
- Bursa C3(a) and C3(b) Percentage of employees and directors by age group have been restated to expand the age range categories. The expansion of "51-60 years old" and "above 61 years old" age brackets provide a more comprehensive representation of the workforce age distribution.

External assurance No assurance Internal assurance

The Board of Directors ("the Board" or "the Directors") of SMIS is committed to ensure that good corporate governance principles and practices are applied throughout the SMIS Group as a fundamental part of discharging its responsibilities with the ultimate objective of protecting and enhancing shareholders' value and to improve its financial performance for long-term sustainable business prosperity.

The Board is guided by the Principles, Practices and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2021 (the "MCCG"), Corporate Governance Guide (4<sup>th</sup> Edition) issued by Bursa Securities and Paragraph 15.25 and Practice Note 9 of the MMLR of Bursa Securities.

This statement should also be read in conjunction with the other statements in the Annual Report (e.g. Statement on Risk Management and Internal Control, Reports on Board Committee and Sustainability Statement) and Corporate Governance Report 2024 which can be downloaded from the Company's website at <a href="https://www.smis.com.my">www.smis.com.my</a> or from Bursa Securities' website at <a href="https://www.bursamalaysia.com">www.bursamalaysia.com</a>, as the application of certain corporate governance practices may be more evidently manifested in the context of the respective statements.

The Corporate Governance Report 2024 sets out how the SMIS Group has applied each Principles and Step-Up Practices as set out in the MCCG during the FY2024. Where there is a departure, clear and meaningful disclosure on why the practice was not applied and how the alternative practice achieves the Intended Outcome. SMIS will further enhance its MCCG adoption and put in effort to adhere to all recommended best practices from time to time.

#### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

The Group is led by an effective and entrepreneurial Board, whose role is to promote the long-term sustainable success of the Group, generating value for shareholders and contributing to wider stakeholders. The Board has ultimate responsibility for the overall leadership of the Group. In this role, it oversees the development and delivery of the Group's strategies.

#### Board of Directors

The Board is responsible for the effective control of the Group and has adopted the following principal responsibilities in discharging its fiduciary and leadership functions:-

- i) reviewing and adopting a strategic plan including setting performance, objectives and approving operating budgets for the Group and ensuring that the strategies promote sustainability;
- ii) overseeing the conduct of the Company's performance and building sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and within a framework of prudent and effective controls which enables risk to be assessed and managed;
- iii) reviewing the procedures to identify and manage principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- iv) setting, reviewing and ensuring compliance with the Company's principles, values and ethos;
- v) establishing proper succession planning, including selecting, appointing, assessing, training, monitoring, fixing the compensation of and where appropriate, replacing the Board and Senior Management;
- vi) developing and implementing a Corporate Disclosure Policies and Procedures (including an investor relations programme or shareholder communications policy) for the Group;
- vii) reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- viii) ensuring the integrity of the Company's financial and non-financial reporting;
- ix) ensuring that the Company adheres to high standards of ethics and corporate behaviour; and
- x) ensuring the effective discharge of its oversight functions and responsibilities, the Board has established and delegated certain responsibilities to the Board Committees, namely, the Audit and Risk Committee ("ARC"), Nomination Committee ("NC") and Remuneration Committee ("RC").

The Board has a formal schedule of matters for its decision to ensure that the direction and control of the Group are firmly in its hands. These matters include strategic issues and planning, material acquisition and disposal of assets, capital expenditure, risk management policies, appointment of auditors and review of the financial statements, financing and borrowing activities, regulatory compliance and the adequacy and integrity of internal controls.

The Board met five (5) times in the FY2024 and all Directors attended all meetings to which they were eligibly invited. Details of the attendance of each member of the Board are set out on page 44 of this Annual Report.

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#### **Board Charter**

The Board has adopted a Board Charter which serves as a reference point for the activities and provides guidance and clarity to the Directors and Management with regard to the roles and responsibilities of the Board and its Board Committees.

The Board Charter is available on the Company's website at www.smis.com.my.

To ensure the continuous relevance of the Board Charter to the MCCG and MMLR of Bursa Securities, the Board conducts regular reviews of the Board Charter as and when necessary.

#### Composition of the Board

An effective Board needs to have the right group of people, considering each individual's background, skills, knowledge, experience, diversity (e.g. age, gender, culture) and the ability to bring a group of individuals to work together as a team and assist the Company to achieve its goals. Considerations include the size, composition and time commitments required for the Board members to fulfil their duties effectively.

The Group is led and managed by an effective Board, that has a wide range of expertise, extensive experience and comes from diverse backgrounds. As at 31 December 2024, there were five (5) members, comprising two (2) Executive Directors and three (3) Independent Non-Executive Directors.

Thus, the Board's composition complies with the MMLR of Bursa Securities which require at least two (2) directors or one-third (1/3) of the Board, whichever is higher, to be independent. The MCCG now provides that at least half of the Board must comprise Independent Directors and for large companies there must be a majority of Independent Directors. The Board takes cognizance of the recommendation of the MCCG and has adopted this corporate governance best practice. None of the Directors hold more than five (5) directorships in listed issuers in Malaysia. A brief profile of each Director is presented on pages 5 to 9 of this Annual Report.

Where areas of conflict of interest ("COI") and potential COI arise, the Directors concerned will have to declare his/her interest and abstain from participating in the decision-making process.

During the FY2024, the Board assessed the independence of its Independent Non-Executive Directors based on criteria developed by the NC and is generally satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

#### Tenure of Independent Directors

The Board Charter sets out the restriction on the tenure of an Independent Director to a cumulative term of nine (9) years. However, an Independent Director may continue to serve the Board upon reaching the nine (9)-year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the NC is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence.

There is one (1) Independent Non-Executive Director, Mr Oei Kok Eong, who will reach the eleven (11)-year tenure on 20 November 2025. The NC and the Board, after having reviewed and assessed the fit and proper self-declaration form and independence of the said Independent Director, consider him to be independent and recommend to the shareholders for approval on his retention at this forthcoming Twenty-Sixth ("26th") Annual General Meeting ("AGM") of the Company to enable him to continue in office as an Independent Non-Executive Director of the Company. The justifications for his retention can be found in the Notice of 26th AGM.

#### Board and Senior Management Diversity

The Board has adopted a Diversity Policy to maintain an appropriate balance of skill, knowledge, professional background and experience in its succession planning. Looking forward to upcoming requirements and identifying potential gaps, appointing the best individuals is critical in ensuring a high level of compliance and governance. The correct Board mix is also crucial for the success of the Group.

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This Policy expresses the Board's commitment to ensure transparency and diversity in making appointments to the Board (and Board Committees) based on principles of non-discrimination, regardless of race, ethnicity, gender, age, disability, religion or belief. The Board also upholds the promotion of fair participation and equal opportunity in embracing a spirit of inclusion for all individuals of the right calibre.

The Board maintains a good track record of diversity, with members coming from a wide range of backgrounds. A brief description of the background of each Director is presented under the Profile of Directors section of this Annual Report.

As for Senior Management, the Company strives for equal employment opportunities, of which the positions are filled with the most suitable candidates on the basis of qualifications, relevant experience, performance potentials and any other attributes required of the job.

The composition of the Board and Senior Management's diversity, as at 31 December 2024, is illustrated below:

#### The Board

Ethnicity		Age		Gender	
Malaysian Chinese	5	30-39 years	1	Male	3
		50-59 years	2	Female	2
		>60 years	2		

#### Senior Management

Ethnicity		Age		Gender	
Malaysian Chinese	2	50-59 years	2	Male	2

#### Composition and Attendance of Meetings

The number of Board and Board Committee Meetings held in FY2024 and the attendance of each member of the Board at the respective Board and Board Committee Meetings are as follows:-

		Meeting Attendance			
Name	Designation	Board of Directors	Nomination Committee	Remuneration Committee	Audit and Risk Committee
Ng Wai Kee	Executive Director & Chairman	5/5	-	-	-
Yap Siew Foong	Executive Director	5/5	-	-	-
Oei Kok Eong	Independent Non-Executive Director	5/5	1/1	1/1	5/5
Tan Hock Soon	Independent Non-Executive Director	5/5	1/1	1/1	5/5
Tan Yi Woan (Appointed on 27 Novermber 2024)	Independent Non-Executive Director	N/A	N/A	N/A	N/A
Wern Li Morsingh (Resigned on 27 Novermber 2024)	Independent Non-Executive Director	5/5	1/1	1/1	5/5

In order to ensure all the Directors are able to attend the Board and Board Committees meetings, the calendar for the Board and Board Committees meetings is circulated in advance before the commencement of the financial year, which allows the Directors to plan their schedules ahead. The Board is also mindful of the importance of devoting sufficient time and effort to carry out their responsibilities and enhance their professional skills.

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A notice of a Board meeting is given in writing at least seven (7) days prior to the meeting. The agenda has included, among others, matters specifically reserved for the Board's decision. All reports are presented in a clear and concise manner to enable the Board to analyse and discharge their duties effectively. Upon the conclusion of the meeting, the minutes will be circulated to the Board for review and comments within a reasonable timeframe prior to the Chairman's confirmation at the next Board meeting.

Aside from Board meetings, any business or urgent matters will also be decided via written circular resolution to ease the decision-making process.

Code of Conduct, Code of Ethics, Insider Dealing Policy and Anti-Bribery and Anti-Corruption ("ABAC") Policy

The Company has adopted the Code of Conduct for Directors, Management and Officers of the Group to promote a corporate culture which engenders ethical conduct that permeates throughout the Company, to be in line with the MCCG.

The Board continues to adhere to the Code of Ethics for Directors to enhance the standards of corporate governance and corporate behaviour and to focus on the Board and each Director on areas of ethical risk, provide guidance to Directors to help them recognise and deal with ethical issues, provide mechanisms to report unethical conduct and help foster a culture of honesty and accountability.

The Board has also adopted an Insider Dealing Policy for Directors and employees who possess price sensitive information which is not generally available to the public, will not be allowed to trade in securities of the Company consistent with the Capital Markets and Services Act 2007, which prohibits insider trading. Notices on the closed period for trading in the Company's shares are sent to Directors and principal officers and the relevant employees on a quarterly basis. During the FY2024, none of the Directors dealt in securities of the Company during the closed period.

The Company had adopted the ABAC Policy to ensure that it has adequate procedures in place to prevent persons associated with the Group from undertaking corrupt conduct in relation to the business activities. This is in line with the corporate liability provision on corruption under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and Malaysian Anti-Corruption Commission (Amendment) Act 2018. The Group will review the ABAC policy and programme periodically to assess the performance, efficiency and effectiveness of the Group's anti-bribery and anti-corruption processes and risk management system.

Copies of the Code of Conduct, Code of Ethics, Insider Dealing Policy and ABAC Policy are available on the Company's website at <a href="https://www.smis.com.my">www.smis.com.my</a>.

#### Whistle Blower Policy

The Board has adopted the Whistle Blower Policy, which outlines when, how and to whom any concern may be properly raised about any actual or potential corporate fraud, improper conduct or unlawful conduct involving employee, officer or Management of the Company. Through this policy, the Group can preserve its culture of openness, accountability and integrity to enable whistleblowers to express their concerns without fear of punishment or unfair treatment.

A copy of the Whistle Blower Policy is available on the Company's website at www.smis.com.my.

#### Conflict of Interest ("COI") Policy

The Company has adopted the COI Policy, which outlines the disclosure obligations of the Director, Management and Officers of the Group and the adequate procedures to be followed when a conflict of interest arises or potentially arises. Through this Policy, the Group can ensure that actual, potential and perceived conflicts of interest are identified and handled appropriately, thereby promoting transparency, protecting the interest of the Group, and fostering a culture of honesty and accountability, and good governance within the Group.

A copy of the COI Policy is available on the Company's website at www.smis.com.my.

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#### Environmental, Social and Governance ("ESG")

The Group acknowledges the importance of sustainability relating to ESG including their risks and opportunities to/for the Group. The Board and Management is responsible to ensure that the business strategic plan supports long-term value creation of ESG and managing changes related to ESG issues enabling the Group to achieve long term returns with a lower risk profile.

Detailed information pertaining to the sustainability of the Group can be found in the Sustainability Statement in the Annual Report.

#### Company Secretaries

The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, the Board's policies and procedures, and compliance with the relevant regulatory requirements, codes or guidance and legislations.

The Company Secretaries are suitably qualified, competent and capable of carrying out the duties required and have attended training and seminars conducted by the Companies Commission of Malaysia, the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and Bursa Securities to keep abreast of the relevant updates on statutory and regulatory requirements such as updates on the MMLR of Bursa Securities, compliance with the Capital Markets and Services Act 2007 and Companies Act 2016, and to ensure adherence to the MCCG. The Board has access to all information within the Company and to the advice and services of the Company Secretaries.

The Company Secretaries, who oversee adherence to board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries and/or the representatives of the Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the deliberations, proceedings and resolutions passed are taken and maintained accordingly in the statutory register at the registered office of the Company. In certain instances, the Board may clarify MMLR of Bursa Securities with the Company Secretaries and they are actively involved in advising the Board, when appropriate.

#### Directors' Training

The Board, via the NC, continues to identify and attend appropriate briefings, seminars, conferences and courses to keep abreast of changes in legislations and regulations affecting the Group. An induction programme will be arranged for newly appointed Directors to facilitate their understanding of the operations of the Group as well as the products and services offered by the Group.

Majority of the Directors have attended and engaged in the Mandatory Accreditation Programme as required by the MMLR of Bursa Securities. Some have completed the full programme, while others have completed Part I. Given the varying training needs of each Director, all the Directors have continuously undergone training programmes to enhance their skills and knowledge.

The Directors are mindful that they should receive appropriate continuous training. Continuous training is vital for the Board members to gain insight into the state of technology development, current economic outlook, and latest regulatory development and management strategies in relation to the Group's business.

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Details of the trainings attended by the Directors during the FY2024 are as follows:-

	Name of		
No.	Director	Programme	Date Attended
1	Ng Wai Kee	Coaching for Situational Leaders: Empowering Teams for Success	16 April 2024
		Accountability - The Key to Driving a High-Performance Culture	5 June 2024
		Langkawi development plan and opportunities for businesses	19 July 2024
		Mandatory Accreditation Program Part II: Leading for Impact	12-13 August 2024
		Scaling Up - The Framework for Growth Companiesn	15 October 2024
		2024 Market Domination Game Plan	19 Novermber 2024
		Global, Regional, and Malaysian Economic Updates	17 December 2024
2	Yap Siew Foong	Mandatory Accreditation Program Part II: Leading for Impact	12-13 August 2024
3	Wern Li Morsingh	Mandatory Accreditation Program Part II: Leading for Impact	18-19 September 2024
4	Oei Kok Eong	Mandatory Accreditation Program Part II: Leading for Impact	4-5 March 2024
		Understanding the new National Sustainability Reporting Framework	18 November 2024
		Personal Growth & Development	1 December 2024
5	Tan Hock Soon	LHDN E-Invoicing in Malaysia: Navigating Tax, Compliance & IT Processes	6 February 2024
		Mandatory Accreditation Program Part II: Leading for Impact	26-27 February 2024
		Cybersecurity and Data Privacy - The Fight Against Financial Crime	29 October 2024
		Valuation on Mergers and Acquisitions	9 December 2024
6	Tan Yi Woan	E-Invoicing for Law Firms	18 July 2024

The Company Secretaries circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board quarterly on any updates at Board meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the financial year end.

#### **Board Committees**

The Board has also delegated specific responsibilities to three (3) Board Committees namely the ARC, NC and RC. All the Board Committees discharge their duties and responsibilities within their specific terms of reference as approved by the Board and report to the Board with their recommendations. The Board appoints the Chairman and members of each Board Committees. The ultimate responsibility for decision making, however, lies with the Board.

The Board acknowledges that the Chairman of the Board has taken on the role of CEO in operating the businesses of the Group. Although the functions of the Chairman and the CEO are currently combined, the Board is of the opinion that no single person has excessive powers of decision as:-

- Board decisions are dependent on the consensus of the Directors, who take an active interest in all major and strategic decisions of the Group;
- The Independent Directors are able to supply a strong independent element to the decision-making process;
- No single shareholder controls an absolute majority of the voting shares; and
- At all meetings of the Board, if required, the Board elects one of its members, other than the Chairman, to be the Chairman of the meeting, thus avoiding any unfettered power of decision-making in any one individual.

Based on the annual assessment conducted on the Board and its Committees for the financial year under review, the Board unanimously resolved that each of its committees has effectively discharged its duties and functions as guided by its respective Terms of Reference.

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<u>NC</u>

The NC comprises entirely of Independent Non-Executive Directors and the members are as follows:-

Tan Hock Soon	Chairman (Independent Non-Executive Director)			
Oei Kok Eong	Member (Independent Non-Executive Director)			
Tan Yi Woan (Appointed on 27 Novermber 2024)	Member (Independent Non-Executive Director)			
Wern Li Morsingh (Resigned on 27 Novermber 2024)	Member (Independent Non-Executive Director)			

The NC was formed by the Board with specific terms of reference, which cover, inter-alia, assessing and recommending to the Board the candidature of Directors, appointing Directors to Board Committees and overseeing training programmes for the Board. In discharging its responsibilities, the NC has developed certain criteria used in the recruitment process and annual assessment of Directors. In evaluating the suitability of candidates, the NC considers, inter-alia, the required mix of skills, knowledge, expertise, experience, professionalism, integrity, competency, commitment (including time commitment), contribution and performance of the candidates, including, where appropriate, the criteria for assessing the independence of candidates' appointment as Independent Non-Executive Directors.

In compliance with the MMLR of Bursa Securities, the Board has adopted a Directors' Fit and Proper Policy which sets out the approach, guidelines and procedures to ensure a formal, rigorous and transparent process is being adhered to for the appointment, re-appointment and/or re-election of the Directors of the Company.

A selection process for new appointees to the Board as recommended by the NC has been adopted by the Board. The Committee assesses the suitability of candidates based on the fit and proper criteria adopted before recommending them to the Board for appointment. Following the appointment of new Directors to the Board, the Committee ensures that an induction programme is arranged, including visits to the Group's significant businesses and meetings with Senior Management personnel, as appropriate, to enable them to have a full understanding of the nature of the business, current issues within the Group and corporate strategies as well as the structure and management of the Group.

The Committee reviews annually the required mix of skills and experience of Directors and other qualities of the Board, including core-competencies which Non-Executive Directors should bring to the Board. The Committee also assesses annually the effectiveness of the Board as a whole, the Committees of the Board and contribution of each individual Director. The evaluation process is led by the Committee's Chairman and supported by the Company Secretaries. The Directors complete a questionnaire regarding the effectiveness of the Board and its Board Committees. This process includes a peer review where Directors assess their own and their fellow Directors' performance. The assessment and comments by all Directors are summarised and discussed at the NC Meeting and reported to the Board Meeting by the NC Chairman. All assessments and evaluations carried out by the NC in discharging its functions are properly documented.

During the financial year under review, one (1) Committee meeting was held and attended by all the members. A summary of key activities undertaken by the NC in the discharge of its duties for the FY2024 is set out below:-

- Reviewed and assessed the mix of skills, expertise, composition, experience and size of the Board, contribution
  of each Director and effectiveness of the Board and Board Committees and recommended the re-designation of
  the Chairman of the RC;
- b) Reviewed and assessed the character, experience, integrity, competence and time commitment of the Directors and Group Financial Controller to ensure they have the time to discharge their respective roles;
- Reviewed, considered and assessed the performance, and made recommendations to the Board for its approval, regarding the Directors who are seeking for re-election at the forthcoming AGM pursuant to Company's Constitution;
- d) Reviewed and recommended to the Board for consideration and subsequently table to the shareholders for approval on the continuation of office of Independent Non-Executive Directors who have served the Company as Independent Directors for a cumulative term of more than nine (9) years at the forthcoming AGM;
- e) Reviewed and recommended to the Board the nomination of new director and member of the Board committee;
- f) Assessed the overall Board and the Board Committees' performance and effectiveness as a whole;
- g) Reviewed and assessed the independence of Independent Directors and their tenure of service;
- h) Assessed Directors' training needs to ensure all Directors receive appropriate continuous training programmes; and
- i) Reviewed and assessed the term of office and performance of the ARC and each of its members.

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The NC, through the annual appraisal, was of the view that all the Directors and Senior Management have the necessary character, experience, integrity, competence and sufficient time to discharge their respective roles effectively during the FY2024.

The Company's Constitution provides that at least one-third (1/3) of the Directors be subject to retirement by rotation at each AGM, and that all Directors retire once every three (3) years and be eligible to offer themselves for re-election. The Constitution also provides that a Director who is appointed during the year be subject to re-election at the next AGM following his appointment.

The NC is also responsible to conduct the fit and proper assessments of the Directors who are due for retirement at the AGM. Based on the assessment, the NC and the Board are satisfied with the performance of the Directors namely Madam Yap Siew Foong and Ms Tan Yi Woan who will be subjected to retiring by rotation pursuant to Clause 96 and Clause 103 of the Company's Constitution respectively and being eligible, offered themselves for re-election.

All the aforesaid Directors have expressed their intention to seek for re-election at the forthcoming AGM.

#### Directors' Annual Assessment

The Board has formalised a Directors' Assessment Policy which develops the criteria to be used in the assessment of Board and Board Committees as well as the procedure for Board performance assessment.

The Directors' Assessment Policy is available on the Company's website at www.smis.com.my.

<u>RC</u>

The RC comprises entirely of Independent Non-Executive Directors. The members of the RC are as follows:-

Oei Kok Eong (Redesignated on 27 Novermber 2024)	Chairman (Independent Non-Executive Director)
Tan Hock Soon	Member (Independent Non-Executive Director)
Tan Yi Woan (Appointed on 27 Novermber 2024)	Member (Independent Non-Executive Director)
Wern Li Morsingh (Resigned on 27 Novermber 2024)	Chairperson (Independent Non-Executive Director)

The RC, established by the Board, is responsible for setting the policy and framework and determining the remuneration of Directors so as to ensure that the Company is able to attract and retain the Directors needed to run the Group successfully. The components of Directors' remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

The RC is entrusted to recommend to the Board, the remuneration of Executive Directors and Non-Executive Directors of the Company in all its forms. The Executive Directors concerned play no part in deciding their own remuneration but may attend the Committee meeting at the invitation of the Chairman of the Committee if their presence is required. The determination of remuneration of the Independent Non-Executive Directors is a matter for the Board, as a whole, with individual Director abstaining from discussion of his/her own remuneration. The Company's Constitution provides that any payment of Directors' fees should be approved at a general meeting.

During the financial year under review, one (1) Committee meeting was held and attended by all the members. The RC reviewed and recommended to the Board, the remuneration for the Executive Directors of the Company and all the Independent Non-Executive Directors' fees, including the fees for the three (3) Independent Non-Executive Directors, for shareholders' approval at the Company's AGM.

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#### Directors and Senior Management's Remuneration

The Board has formalised a Remuneration Policy for Directors and Senior Management which determines the level of remuneration package of Directors, CEO and Senior Management.

Remuneration components for the CEO, Executive Directors and Senior Management fixed salary are determined according to:-

- The scope of the duties and responsibilities;
- The conditions and experiences required;
- The ethical values, internal balances and strategic targets of the Company;
- The corporate and individual performance; and
- Current market rate within the industry and in comparable companies.

The bonus for the CEO, Executive Directors and Senior Management is designed to reward outstanding performance. The bonus is granted based on the performance of the CEO, Executive Directors and Senior Management as well as Group's results. A discretionary assessment is made to ensure that all factors, including those that are measurable and not directly measurable are considered.

Remuneration components for members of the Board, in terms of fixed fee, are determined according to:-

- On par with the rest of the market;
- Reflect the qualifications and contribution required in view of the Group's complexity;
- The extent of the duties and responsibilities;
- The number of Board meetings; and
- The corporate and individual performance.

The benefits and allowances which should be decided by the Board as a whole include:-

- Chairman's allowance;
- Meeting allowance;
- Expenses incurred in the course of their duties as Directors; and
- Benefit in-kind such as motor vehicle, petrol, driver and accommodation.

The Remuneration Policy for Directors and Senior Management is available on the Company's website at <a href="https://www.smis.com.my">www.smis.com.my</a>.

Details of the Directors' remuneration includes fees, salary, bonus, benefits in-kind and other emoluments for the FY2024 are disclosed in the CG Report of the Company.

#### PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

#### <u>ARC</u>

The ARC comprises entirely of Independent Non-Executive Directors. The members of the ARC are as follows:-

Tan Hock Soon	Chairman (Independent Non-Executive Director)
Oei Kok Eong	Member (Independent Non-Executive Director)
Tan Yi Woan (Appointed on 27 Novermber 2024)	Member (Independent Non-Executive Director)
Wern Li Morsingh (Resigned on 27 Novermber 2024)	Member (Independent Non-Executive Director)

The Chairman of the ARC is not the Chairman of the Board, which allows the Board to objectively review the ARC's findings and recommendations.

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The Board upholds the integrity of financial reporting by the Company. As such, it has established procedures, via the ARC, in assessing the suitability and independence of the External Auditors. Such procedures entail the provision of written assurance by the External Auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

The ARC's Terms of Reference set out its rights, duties, responsibilities and criteria on the composition of the ARC, which if it includes a former key audit partner, he/she shall observe a cooling-off period of at least three (3) years before being able to be appointed as a member of ARC.

The ARC carried out an annual assessment on the performance, suitability and independence of the External Auditors based on the following key areas and concluded that the External Auditors have discharged their duties effectively and independently:-

- a) Calibre of external audit firm;
- b) Quality processes/performance;
- c) Sufficiency of resources;
- d) Independence and objectivity;
- e) Audit scope and planning;
- f) Audit fees; and
- g) Audit communications.

The ARC members have met with the external auditors twice (29 February 2024 and 27 November 2024) without the presence of the Management and Executive Directors during the financial year to discuss issues arising from any audit exercises or other matters, which the External Auditors may wish to raise.

The ARC works closely with the audit partner assigned by Messrs Baker Tilly Monteiro Heng PLT ("Baker Tilly") to the Company, acting as the key representative to oversee the relationship between the Company and the External Auditors. In compliance with the Malaysian Institute of Accountants and in accordance with the Company's External Auditors Assessment Policy, Baker Tilly rotates its audit partners every seven (7) years to ensure objectivity, independence and integrity of the audit.

The External Auditors has confirmed in writing that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

The ARC evaluated the performance and independence of the External Auditors on 29 April 2024 and recommended to the Board the re-appointment of Baker Tilly as External Auditors for the FY2024.

The ARC members reviewed the Company's quarterly and year-end financial statements of the Group before submission to the Board, focusing particularly on:

- Any changes in or implementation of major accounting policies and practices;
- The going concern assumption;
- Integrity of financial statements;
- Compliance with accounting standards and other legal requirements; and
- Significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters were addressed.

During the FY2024, the ARC members have continued to participate in training programmes to keep abreast with the current developments of the accounting and auditing standards, practices and rules.

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#### Risk Management and Internal Control Framework

The Board retains full responsibility over the Group's risk management and internal control framework, which the ARC is tasked to discuss and update the report on risk management of the Company every quarter, when significant risk has been identified or there has been a change in the risk profiles. The Board is required to review the adequacy and integrity of the Group's risk management and internal control framework.

The Statement on Risk Management and Internal Control is set out on pages 59 to 61 of this Annual Report detailing the state and fundamentals of the risk management and internal control systems in the Group as well as the review mechanism of the Board.

The Company has in place an on-going process for identifying, evaluating and managing significant risks that may affect the achievement of the business objectives of the Group. Reviews on the key risks identified were conducted to ensure proper management of risks within an acceptable risk profile and that measures are taken to mitigate any weaknesses.

To assist the Board in maintaining a sound system of risk management and internal control for the purposes of safeguarding shareholders' investment and the Company's assets, the Company outsourced the internal audit function to T.H. Kuan & Co.

The Head of Internal Audit reports directly to the ARC and assists the ARC in the discharge of its duties and responsibilities. Internal audit reports are presented, together with audit findings and recommendations as well as Management's response and proposed action plans, to the ARC on a quarterly basis. The evaluation of the effectiveness of the internal audit function is conducted annually by the ARC.

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

#### Communication with stakeholders

The Company acknowledges that effective investor relations are essential in enhancing shareholder values.

The Board has implemented corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Group to the regulators, shareholders and stakeholders. Steps will be taken to formalise pertinent corporate disclosure policies to comply with the disclosure requirements as stipulated in the MMLR of Bursa Securities and practices adopted by the market as well as to set out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders.

To this end, the Board provides the Company's shareholders with timely releases of financial results on a quarterly basis and announcements on the Group's performance. While the Company endeavours to provide as much information as possible, it is also aware of legal and regulatory framework governing release of material and price sensitive information.

Corporate and financial information of the Group is available to shareholders and the public through the Group's website at <a href="https://www.smis.com.my">www.smis.com.my</a>.

The Company's AGM serves as a principal forum for dialogue with shareholders. Shareholders have direct access to the Directors and are provided with sufficient opportunity and time to participate through questions on future prospects, performance of the Group, and other matters of concern. Members of the Board as well as the External Auditors are present to provide answers and clarifications at the meeting.

#### General Meetings

The AGM is a principal forum for a two-way communication between the shareholders and the Management of the Group. Shareholders are provided with an opportunity to participate in the question-and-answer session in which they may raise questions pertaining to the Group's businesses and affairs.

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Notices of each general meeting are issued in a timely manner to all shareholders to ensure that they have sufficient time to prepare and digest issue to be raised during the meeting.

The Company has conducted its Twenty-Fifth Annual General Meeting ("25<sup>th</sup> AGM") on a virtual basis through live streaming and online remote voting using the Remote Participation and Electronic Voting ("RPEV") facilities on 31 May 2024. This is so provided by the Constitution of the Company which allows for general meetings to be held using any technology or electronic means.

In line with the recommendation of MCCG, the 25<sup>th</sup> AGM notice of the Company was served more than twenty-eight (28) days prior to the meeting and the meeting was attended by all five (5) directors of the Company. The Board Chairman, Chairman of the Board Committees and representative of External Auditors were available to respond to the questions of shareholders during the 25<sup>th</sup> AGM.

When there is special business or where special resolutions are proposed, the explanation of the effects of such special business or special resolutions are provided in the notice of the 25th AGM under the explanatory notes.

The outcome of all resolutions proposed at the 25<sup>th</sup> AGM was announced to Bursa Securities at the end of the meeting day.

The minutes of the 25<sup>th</sup> AGM held on 31 May 2024 was made available to the shareholders within 30 business days after the 25<sup>th</sup> AGM of the Company's website at <a href="https://www.smis.com.my">www.smis.com.my</a>.

#### **LOOKING AHEAD**

The Board is mindful of the need to continually strengthen its governance practices and processes in identified key focus areas and future priorities as part of its forward-looking strategies. Moving forward, these Practices will be constantly reviewed and strengthened where needed. The areas to be prioritised would be those principles which have not adopted by the Company as disclosed in Corporate Governance Report 2024.

#### ADDITIONAL COMPLIANCE CONFIRMATION

a) Material Contracts Involving Directors' and Major Shareholders' Interest

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by SMIS and/or its subsidiary companies which involve Directors' and major shareholders' interests either still subsisting at the end of the FY2024 or entered into since the end of the previous financial year.

b) Recurrent Related Party Transactions

The details of the transactions with related parties undertaken by the Company during the FY2024 are disclosed in Note 24 on pages 109 to 110 of the notes to the financial statements and in the Part A of the Circular/Statement to Shareholders, dated 30 April 2025.

c) Audit and Non-Audit Fees

The amount of audit and non-audit fees paid or payable to the External Auditors by the Company and the Group for the FY2024 are as follows:-

	Group (RM)	Company (RM)
Audit Fees	267,000	71,000
Non-Audit Fees	6,000	6,000
Total	273,000	77,000

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#### d) Utilisation of Proceeds

On 30 September 2024, the Company had entered into a conditional Shares Sale Agreement ("SSA") with Yamaguchi Mfg Co. Ltd ("Yamaguchi") for the disposal of 2,300,000 ordinary shares, representing 46% of the total number of issued shares in Sanyco Grand Industries Sdn. Bhd. ("Sanyco"), a wholly-owned subsidiary of the Company, for a total cash consideration of RM5,071,369, subject to the terms and conditions of the SSA ("Disposal"). The Disposal has been completed on 25 March 2025.

On 21 April 2025, the proceeds arising therefrom have been utilised for the working capital payments to trade creditors and other operating expenses of the Group.

This Statement is approved by the Board on 28 April 2025.

The Board is pleased to present the Audit and Risk Committee ("ARC") Report for the FY2024 in accordance with Paragraph 15.15 of Bursa Malaysia Listing Requirements and MCCG.

The ARC provides assistance to the Board in ensuring timely and accurate financial reporting, proper implementation of risk management policies and strategies in relation to the Group's business strategies and oversight of risk and internal control. It also reviews the Group's compliance with legal and regulatory requirements.

#### **COMPOSITION AND MEETING ATTENDANCE**

The ARC comprising entirely of Independent Non-Executive Directors. Members of the ARC and details of their attendance at meetings during the FY2024 were as follows:

Composition of Committee	No. of Meetings Attended
Tan Hock Soon Chairman (Independent Non-Executive Director)	5/5
Oei Kok Eong Member (Independent Non-Executive Director)	5/5
Tan Yi Woan  Member (Independent Non-Executive Director) (Appointed as Member of ARC on 27 Novermber 2024)	N/A
Wern Li Morsingh Member (Independent Non-Executive Director) (Resigned as Member of ARC 27 Novermber 2024)	5/5

<sup>\*</sup> N/A = Not applicable

The Chairman of the ARC, Mr Tan Hock Soon, is an Independent Non-Executive Director and is a fellow member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants. All members of the ARC are financially literate. They are able to understand matters under the purview of the ARC including the financial reporting process to effectively discharge their duties and responsibilities as members of the ARC. No alternate director is a member of the ARC.

The ARC held five (5) meetings during the FY2024. The meetings were appropriately structured through the use of agendas and board papers containing information relevant to the matters for deliberation, which were distributed to members with sufficient notice.

The Executive Directors, Group Financial Controller, representatives of the Internal Auditors and External Auditors would normally attend the meetings to facilitate direct communication and to provide clarifications on unaudited quarterly financial statements, audit issues, operations of the Group and internal audit reports. From time to time, other Senior Management and employees may attend the meetings upon invitation by the ARC.

Minutes of each ARC meeting were recorded and tabled for confirmation at the next ARC meeting, which shall then be tabled to the Board for notation in the same quarter of the Board Meeting. The ARC Chairman reports to the Board on activities undertaken and key recommendations for the Board's consideration and decision.

The composition of the ARC is in compliance with Paragraphs 15.09 and 15.10 of the Bursa Malaysia Listing Requirements and adopts the Step Up Practice 9.4 under Principle B of the MCCG.

#### TERMS OF REFERENCE OF THE ARC

The information on the Terms of Reference of the ARC is available on the Company's website at <a href="www.smis.com.my">www.smis.com.my</a>.

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#### SUMMARY OF WORKS OF THE ARC

In accordance with the Terms of Reference of the ARC, the ARC had discharged its functions and duties and undertaken the following works to meet its responsibilities during the FY2024:

#### 1. Financial Reporting

- (a) Reviewed the quarterly unaudited financial results of the Group with the Executive Directors and Management prior to recommending them for approval by the Board.
- (b) Reviewed the annual audited financial statements of the Group with the External Auditors prior to tabling to the Board for their consideration and approval.

#### 2. External Audit

- (a) Reviewed the Audit Planning Memorandum of the External Auditors and the scope of their audits, including any changes to the nature and scope of the audit plan. Met with the External Auditors twice without the presence of Executive Directors and Management.
- (b) Reviewed the overall performance of the External Auditors, including assessment of their independence, objectivity and effectiveness of the External Auditors and the services provided, including non-audit services and corresponding fees.
- (c) Reviewed and recommended the re-appointment of External Auditors and the Audit Fees to the Board for approval.
- (d) Reviewed the Statement on Risk Management and Internal Control to be published in the Annual Report.
- (e) Received from the External Auditors their written assurance confirming their independence to the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- (f) Reviewed the Audit Review Memorandum of the External Auditors in relation to audit and accounting issues arising from the audit and the Management's response before recommending to the Board for approval, including the Key Audit Matters.

#### 3. Internal Audit

- (a) Reviewed the adequacy of scope, competency and resources of the internal audit function. Met with the Internal Auditors twice without the presence of Executive Directors and Management.
- (b) Reviewed and approved the internal audit plan prepared by the Internal Auditors.
- (c) Reviewed internal audit reports which outlined recommendations towards correcting areas of weaknesses and ensured that there are management action plans established for the implementation of internal auditors' recommendations.
- (d) Reviewed the follow-up reports on status of the implementation of action plans by the Management in addressing the areas for improvements as reported from the previous audit reviews.
- (e) Reviewed the results of the risk management exercise carried out for the Group.
- (f) Reviewed the overall performance of the Internal Auditors, including assessment of their independence, technical competency and sufficiency of its resources to carry out its work.

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#### 4. Related Party Transactions

- (a) Reviewed related party transactions and recurrent related party transaction entered into by the Company and the Group, taking into consideration conflict of interests and potential conflict of interest situations that may arise.
- (b) Reviewed the Circular to Shareholders relating to Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature prior to recommending it for the Board's approval.

#### 5. Ethical and Integrity Areas

The ARC reviewed any whistle-blowing cases for FY2024. However, the ARC did not receive any reports under the Whistle Blowing Policy for the period, which the ARC would take very seriously in its implementation and protection of its confidentiality as set out in the aforesaid policy.

#### 6. Corporate Governance

- (a) Reviewed disclosure statements on the ARC Report, Statement on Risk Management and Internal Control, Corporate Governance ("CG") Overview Statement, CG Report and Directors' Responsibility Statement in respect of the Audited Financial Statements for the FY2024 and ensured that these reports were prepared in accordance with the applicable requirements for inclusion in the Annual Report 2024 prior to the recommendation to the Board for adoption.
- (b) Reviewed the Circular/Statement to Shareholders relating to Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature and Statement to Shareholders in relation to the proposed share buy-back prior to recommending it for the Board's approval.
- (c) Received updates from the External Auditors on the new developments in disclosure requirements arising from the revised Auditors Reporting Standard and the amendments to Bursa Malaysia Listing Requirements affecting the contents of the ARC Report in the annual reports, particularly on enhancement of disclosure on non-financial information, key audit matters and going concern.

#### **INTERNAL AUDIT FUNCTION**

The Group's internal audit function, which reports directly to the ARC, was outsourced to T.H. Kuan & Co.

During the financial year under review, the outsourced internal audit function carried out the following audit activities:

- (a) Prepared the risk based internal audit plan for the review and approval of the ARC.
- (b) Carried out reviews in accordance with the risk based internal audit plan reviewed and approved by the ARC. Details of the reviews carried out are as follows:

No.	Entities	Business Processes			
1	Sanyco Grand Industries Sdn. Bhd.	<ul><li>i) Inventory management and logistic</li><li>ii) Procurement management</li><li>iii) Human resource management</li></ul>			
2	Sugihara Grand Industries Sdn. Bhd.	<ul><li>i) Inventory management and logistic</li><li>ii) Procurement management</li><li>iii) Human resource management</li></ul>			
3	Grand Carpet Industries Sdn. Bhd.	<ul><li>i) Inventory management and logistic</li><li>ii) Procurement management</li><li>iii) Human resource management</li></ul>			
4	PT Grand Sugihara Techno	i) Inventory management and logistic ii) Procurement management iii) Human resource management			

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Findings from the internal audit reviews conducted were discussed with Senior Management and subsequently presented, together with Management's response and proposed action plans, to the ARC for their review and approval at the quarterly ARC meeting. The outsourced internal audit function also carries out follow up review and reports to the ARC on the status of implementation of action plans pursuant to the recommendations highlighted in the internal audit reports.

Based on the internal audit reviews conducted, although a number of internal control deficiencies were identified during the reviews, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

The total professional fees paid for the outsourced internal audit function for the FY2024 was RM56,600 (FY2023 – RM56,600).

In addition, the Internal Auditors met the ARC on 28 August 2024 and 27 November 2024 without the executive members of the Board and Management team being present to discuss audit related matters. The Internal Auditors reported that there were no issues requiring their attention other than those reported in the audit findings.

#### **CONTINUOUS TRAINING DEVELOPMENT**

To enable the ARC to fulfill their role effectively, all its members had attended various seminars and training programs during the year. Details of the trainings are disclosed in the CG Overview Statement in this Annual Report.

#### **EVALUATION OF THE ARC**

Each ARC member had performed the self-evaluation assessment and the results were tabled to the NC for review and discussion prior to presenting the summary of assessment report to the Board for evaluation. The ARC members had carried out their duties and responsibilities in accordance with the Terms of Reference and the Board was satisfied with their performance throughout the FY2024.

This report is made in accordance with the approval of the Board of Directors dated 28 April 2025.

# Statement on Risk Management and Internal Control

#### INTRODUCTION

The Board of SMIS is pleased to present the following Statement on Risk Management and Internal Control which outlines the nature and scope of its risk management and internal controls of the Group during the FY2024. This Statement on Risk Management and Internal Control was made pursuant to Paragraph 15.26 (b), Practice Note 9 of Bursa Malaysia Listing Requirements and in accordance with Part II of Principle B of the MCCG and the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" endorsed by Bursa Malaysia.

#### **BOARD RESPONSIBILITY**

The Board acknowledges its responsibility for the Group's internal control and risk management systems, which includes the establishment of an appropriate internal control environment and framework that covers not only financial controls but also operational, organisational and compliance controls and reviewing the integrity, effectiveness and adequacy of these systems to determine the Group's level of risk appetite and tolerance and actively identify, assess and monitor key business risks to ensure that the Group's assets and the shareholders' interests are safeguarded.

Given that there are inherent limitations in any system of risk management and internal controls, the systems put into effect by Management can only manage and reduce but cannot totally eliminate all the risks of failure to achieve the Group's business objectives. Consequently, the system can only provide reasonable but not absolute assurance against material misstatement, losses or fraud.

The process of identifying, evaluating and managing the significant risks is a concerted and continuing effort throughout the financial year under review. The Board will constantly be proactive to enforce and strengthen the Group's risk management and internal control system.

#### KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

#### 1. Risk Management Framework

The Board recognises that effective risk management practices are essential for the Group in pursuit of its corporate objectives, in today's challenging business environment and is a daily integral part of the Group's business operations and performance. As such, the Board has established an appropriate risk management framework to ensure key risks are identified and relevant controls are implemented to manage such risks.

Whilst the Board maintains ultimate control over risk and control issues, Key Management staff and Heads of Department are delegated with the responsibilities to implement the system of risk management and internal control within defined parameters and standards. The risks such as finance, operations, regulatory compliance reputation, cyber security and sustainability were evaluated and deliberated and related mitigating responses are carried out at the periodic management meetings attended by the Executive Directors, Key Management staff and Heads of Department. Significant risks are communicated to the Board of Directors at its scheduled meetings, who are in consultation with the ARC. During the FY2024, the Group conducted a risk assessment exercise and updated its Key Risk Profile which was reported to the ARC.

The above-mentioned practices of the Group serve as the on-going process used to identify, evaluate and manage significant risks which had been in place for the year under review and up to the date of this report. The Board shall re-evaluate the existing risk management practices, and where appropriate and necessary, revise such practices accordingly as well as the follow-up process.

# Statement on Risk Management and Internal Control

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#### 2. Internal Control System

Apart from having periodic internal audits, key elements of the Company's internal control systems are as follows:

- An organizational structure, which clearly defines the segregation of roles and responsibilities, lines of
  accountability and levels of authority to promote an effective and independent stewardship.
- Rigorous review of key information such as financial performance, key business indicators, management accounts and detailed budgets by the Board and the ARC.
- The ARC members are all Independent Non-Executive Directors, and the Chairman of the ARC is not the Chairman of the Board. The ARC members bring with a wide range of knowledge, expertise and experience from various industries and backgrounds. They regularly review the risk management and internal control activities of the Group.
- The Executive Directors are closely involved in the running of business and operations of the Group. They
  report to the Board on significant changes in the business and external environment, which may affect the
  operations of the Group at large.
- Timely and effective internal reporting involving the services of qualified professionals such as Auditors and Internal Auditors.
- Operation review meetings are held by the management on a monthly basis to monitor the progress of business operations against the operating plans, deliberate significant issues and formulate appropriate measures.
- The Carpet division within Automotive segment is reviewed and certified by ISO 9001:2015 and IATF 16949:2016 where they meet specific requirements for quality management system and demonstrate their abilities to consistently provide products that meet customers' and applicable regulatory requirements. These enhance customers' satisfaction through effective application of the system, including processes for continual improvement of the system and assurance of conformity to customers' and applicable regulatory requirements. The said business division is also ISO14001 certified, where it meets specific requirements for environmental management standards and demonstrates its ability to establish, implement, maintain and improve its environmental management system to conform with its stated environmental policy.
- The Braking Component division within Automotive segment is reviewed and certified by ISO 9001:2015, IATF 16949:2016 and AS9100 (quality management system for the aerospace industry).

#### INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional services firm to assist the Board and the ARC in providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system. The internal auditors' reports were presented directly to the ARC. The scope of review of the outsourced internal audit function is determined and approved by the ARC.

During the FY2024, the internal audit function, led by the outsourced Internal Auditors, performed reviews in accordance with the internal audit plan approved by the ARC. Findings from the internal audit reviews, including the recommended improvement were presented to the ARC at their quarterly scheduled meetings and would thereafter be reported and recommendations be made to the Board. In addition, follow-up visits were conducted to ensure that corrective actions have been implemented in a timely manner. A description of the internal audit function's activities during the FY2024 can be found in the ARC Report included in this Annual Report.

Based on the results of internal audit reviews, identified issues in internal control have been adequately addressed. Heads of Department continue to ensure that appropriate actions are taken to enhance and strengthen the internal control environment.

# Statement on Risk Management and Internal Control

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#### **ASSURANCE FROM MANAGEMENT**

The Executive Directors and the Group Financial Controller have given assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively in all material aspects based on the risk management framework adopted by the Group.

#### **REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS**

The External Auditors have reviewed this Statement of Risk Management and Internal Control for inclusion in the Annual Report of the Company for the FY2024 in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement other than Audits or Reviews of Historical Financial Information and AAPG 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Controls included in the Annual Report. Their work performed are restricted to the requirements by Paragraph 15.23 of the Bursa Malaysia Listing Requirements.

Based on their review, the External Auditors have reported that nothing has come to their attention that cause them to believe that the Statement of Risk Management and Internal Control intended to be included in the Annual Report of the Company is not prepared, in all material respects, 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.

#### CONCLUSION

For the year under review, the Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' interests and the Group's assets. However, the Board is also aware that internal control systems and risk management practices must be evaluated periodically, and continuously evolve to ensure their continued effectiveness to meet dynamic changes in the business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control and risk management framework.

This statement is approved by the Board of Directors on 28 April 2025.

## **Directors' Responsibility Statement**

The Directors are required by the Companies Act 2016 (the "Act") to prepare the financial statements for the FY2024 which have been made out in accordance with applicable Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards and the requirements of the Act in Malaysia and the Bursa Malaysia Listing Requirements.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of financial position of SMIS Group as at 31 December 2024, and of the financial performance and cash flows of the SMIS Group for the FY2024.

In preparing the financial statements, the Directors have:

- adopted suitable and appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured the adoption of applicable approved accounting standards; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the SMIS Group kept proper accounting records which disclose with reasonable accuracy the financial position of the SMIS Group in accordance with the Act. The Directors are also responsible for taking such steps to ensure that proper internal controls are in place to safeguard the assets of the Group, and to detect and prevent fraud and other irregularities.



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The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

#### PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries include manufacturing and trading of carpet of all descriptions, manufacturing of automotive braking components and motorcycle components, trading of machinery and industrial parts supplies and investment holding. There have been no significant changes in the nature of these principal activities during the financial year.

#### **RESULTS**

	Group	Company
	RM'000	RM'000
Profit for the financial year, net of tax	6,101	2,926
Attributable to:		
Owners of the Company	2,820	2,926
Non-controlling interests	3,281	-
	6,101	2,926

#### **DIVIDENDS**

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2024.

#### **RESERVES OR PROVISIONS**

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

#### **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debt or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

#### **CURRENT ASSETS**

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

#### **VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

#### **CONTINGENT AND OTHER LIABILITIES**

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

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

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

#### **CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt within this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

#### ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

cont'd

#### **AUDITORS' REMUNERATION AND INDEMNITY**

The auditors' remuneration of the Group and the Company during the financial year were RM273,000 and RM77,000 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

#### **ISSUE OF SHARES AND DEBENTURES**

During the financial year, no new issue of shares or debentures were made by the Company.

#### TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

As at 31 December 2024, the Company held treasury shares out of its total number of issued shares. Such treasury shares are held at a carrying amount of RM1,192,000. Further details are disclosed in Note 14 to the financial statements.

#### **DIRECTORS**

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Ng Wai Kee\* Yap Siew Foong\* Oei Kok Eong Tan Hock Soon

Tan Yi Woan (Appointed on 27 November 2024) Wern Li Morsingh (Resigned on 27 November 2024)

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Robert Koong Yin Leong Soo Hak Min Masatsugu Izumi Shunzo Ishii Reh Kiang Hoo

Beh Kiang Hoo (Appointed on 7 April 2025) Masahiko Shimbara (Resigned on 4 July 2024) Shigeru Sugihara (Resigned on 4 July 2024)

<sup>\*</sup> Directors of the Company and certain subsidiaries

#### **DIRECTORS' INTERESTS**

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

	Number of ordinary shares			
	At			At
	1.1.2024	Bought	Sold	31.12.2024
The Company				
Direct interests				
Ng Wai Kee	1,550,900	-	-	1,550,900
Yap Siew Foong	1,263,730	-	-	1,263,730
Indirect interests				
Yap Siew Foong*	15,680,000	-	-	15,680,000

<sup>\*</sup> Shares held through a company in which the director has substantial financial interests.

By virtue of her interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Yap Siew Foong is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

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

#### **DIRECTORS' BENEFITS**

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

The directors' benefit of the Group and the Company were as follows:

	Group RM'000	Company RM¹000
Directors of the Company		
Executive directors		
- Other emoluments	1,306	-
Non-executive directors		
- Fees	157	157
- Other emoluments	18	18
	175	175
Directors of the subsidiaries		
Executive directors		
- Other emoluments	881	-
	2,362	175

cont'd

#### **DIRECTORS' BENEFITS** cont'd

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

#### INDEMNITY TO DIRECTORS AND KEY MANAGEMENT

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the directors and key management of the Company were RM5,000,000 and RM10,500 respectively.

#### **SUBSIDIARIES**

The details of the Company's subsidiaries are as follows:

	Country of interes				
	incorporation/ Principal place	2024	2023		
Name of subsidiaries	of business	%	%	Principal activities	
Direct subsidiaries					
Grand Carpet Industries Sdn. Bhd.	Malaysia	100	100	Trading of carpet of all descriptions	
Sanyco Grand Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing of automotive braking components and motorcycle components	
Machinery & Industrial Supplies Sdn. Bhd.	Malaysia	100	100	Trading of machinery and industrial parts supplies	
Sugihara Grand Industries Sdn. Bhd.	Malaysia	60	60	Manufacturing and trading of carpet of all descriptions	
Cendana Eksotik Sdn. Bhd.	Malaysia	100	100	Investment holding	
PT Grand Sugihara Techno	Indonesia	60	60	Manufacturing and selling of automotive floor carpet assy, trunk trims and luggage mats	
Direct subsidiary and indirect subsidiary held through Machinery & Industrial Supplies Sdn. Bhd. & Grand Carpet Industries Sdn. Bhd.					
SMIS Grand Ventures Sdn. Bhd.	Malaysia	100	100	Investment holding	
Direct subsidiary and indirect subsidiary held through Machinery & Industrial Supplies Sdn. Bhd.					
PT Zusma Plastics	Indonesia	100	100	Dormant	

#### SUBSIDIARIES cont'd

The details of the Company's subsidiaries are as follows: cont'd

	Country of Effective ownership interest			
	incorporation/ Principal place	2024	2023	
Name of subsidiaries	of business	%	%	Principal activities
Indirect subsidiaries held through Machinery & Industrial Supplies Sdn. Bhd.				
Plaspoint Sdn. Bhd.	Malaysia	99.87	99.87	Dormant
Indirect subsidiary held through SMIS Grand Ventures Sdn. Bhd. and Machinery & Industrial Supplies Sdn. Bhd.				
PT Sanyco Grand Indonesia	Indonesia	100	100	Dormant
Indirect subsidiary held through SMIS Grand Ventures Sdn. Bhd., Cendana Eksotik Sdn. Bhd. and Machinery& Industrial Supplies Sdn. Bhd.				
PT Grand Ventures Hartamas	Indonesia	100	100	Investment holding

The available auditors' report on the accounts of the subsidiaries did not contain any qualification.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) Subscription of additional 473,400 new shares in PT Grand Sugihara Techno, a 60%-owned subsidiary of the Company

On 14 July 2024, PT Grand Sugihara Techno ("PT GST") issued a total of 789,000 ordinary shares of which 473,400 ordinary shares were subscribed by the Company for a total cash consideration of USD473,400 (equivalent to RM2,214,000). The Company's effective ownership interest in PT GST remained at 60%.

(b) Disposal of 2,300,000 ordinary shares in Sanyco Grand Industries Sdn. Bhd. by the Company

On 30 September 2024, the Company had entered into a conditional Shares Sale Agreement ("SSA") with Yamaguchi Mfg Co. Ltd. for the disposal of 2,300,000 ordinary shares in Sanyco Grand Industries Sdn. Bhd. ("Sanyco"), a wholly-owned subsidiary of the Company, for a total cash consideration of RM5,071,369.

All the terms and conditions as stipulated in the SSA have been fulfilled and the disposal has been completed on 25 March 2025. Following the disposal, Sanyco became a 54%-owned subsidiary of the Company.

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The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

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#### NG WAI KEE

Director

#### YAP SIEW FOONG

Director

Kuala Lumpur

Date: 28 April 2025

## **Statements of Financial Position**

As at 31 December 2024

		Group			Company	
		2024	2023	2024	2023	
	Note	RM'000	RM'000	RM'000	RM'000	
ASSETS						
Non-current assets						
Property, plant and equipment	5	31,213	27,976	-	-	
Right-of-use assets	6	13,743	16,229	-	-	
Intangible asset	7	1,453	-	-	-	
Investment in subsidiaries	8	-	-	69,687	67,805	
Deferred tax assets	9	5	5	-	-	
Total non-current assets		46,414	44,210	69,687	67,805	
Current assets						
Inventories	10	20,107	23,240	-	-	
Tax recoverable		1,437	348	7	1	
Trade and other receivables	11	24,365	25,195	4,164	1,510	
Prepayments		761	708	7	-	
Cash and short-term deposits	12	45,055	38,385	4,170	6,611	
Total current assets		91,725	87,876	8,348	8,122	
TOTAL ASSETS		138,139	132,086	78,035	75,927	
EQUITY AND LIABILITIES						
Equity attributable to the owners of the Company						
Share capital	13	49,691	49,691	49,691	49,691	
Treasury shares	14	(1,192)	(1,192)	(1,192)	(1,192)	
Reserves	15	31,842	30,356	22,397	19,471	
		80,341	78,855	70,896	67,970	
Non-controlling interests		22,241	18,229	-	-	
TOTAL EQUITY		102,582	97,084	70,896	67,970	

# **Statements of Financial Position**

As at 31 December 2024 cont'd

			Group	(	Company
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Non-current liabilities					
Loans and borrowings	16	4,271	2,818	-	-
Lease liabilities	6	1,494	2,545	-	-
Deferred tax liabilities	9	887	511	-	-
Provision for post-employment benefit	17	84	74	-	-
Total non-current liabilities		6,736	5,948	-	-
Current liabilities					
Loans and borrowings	16	915	428	-	-
Lease liabilities	6	717	858	-	-
Trade and other payables	18	27,189	27,248	7,139	7,957
Tax payables		-	520	-	-
Total current liabilities		28,821	29,054	7,139	7,957
TOTAL LIABILITIES		35,557	35,002	7,139	7,957
TOTAL EQUITY AND LIABILITIES		138.139	132,086	78,035	75,927

# Statements of Comprehensive Income For the Financial Year Ended 31 December 2024

			Group		Company
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Percente	19				287
Revenue Cost of sales	19	157,198 (131,848)	159,786 (139,874)	3,878	201
Gross profit		25,350	19,912	3,878	287
Other operating income		1,453	685	-	5
Administrative and distribution expenses		(15,090)	(13,453)	(580)	582
Other operating expenses		(2,732)	(4,046)	(59)	- *
Net impairment (loss)/gain of financial instruments		(17)	(52)	8	-
Net impairment (loss)/gain on investment in subsidiaries		-	-	(332)	5,621
Operating profit	20	8,964	3,046	2,915	5,331
Finance income		429	204	11	-
Finance costs	21	(300)	(226)	-	-
Profit before tax		9,093	3,024	2,926	5,331
Income tax expense	22	(2,992)	(1,616)	-	
Profit for the financial year		6,101	1,408	2,926	5,331
Other comprehensive (loss)/income for the financial year, net of tax					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(1,569)	1,125	-	
Total comprehensive income for the financial year		4,532	2,533	2,926	5,331
Profit/(Loss) attributable to:					
Owners of the Company		2,820	(385)	2,926	5,331
Non-controlling interests		3,281	1,793	-	-
		6,101	1,408	2,926	5,331
Total comprehensive income attributable to:					
Owners of the Company		1,486	726	2,926	5,331
Non-controlling interests		3,046	1,807	-	-
		4,532	2,533	2,926	5,331
Earnings/(Loss) per share attributable to owners of the Company (sen per share):					
Basic	23(a)	6.69	(0.91)		
Diluted	23(b)	6.69	(0.91)		

<sup>\*</sup> Represented by amount less than RM1,000

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

# **Statements of Changes In Equity**For the Financial Year Ended 31 December 2024

	↓ ↓	Attributable	Attributable to the owners of the Company	of the Compan		ı	
Group	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Sub-total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 January 2024  Total comprehensive (loss)/income for the financial year	49,691	(1,192)	347	30,009	78,855	18,229	97,084
Profit for the financial year	1	1	1	2,820	2,820	3,281	6,101
Other comprehensive loss for the financial year	1	1	(1,334)		(1,334)	(235)	(1,569)
Total comprehensive (loss)/income	,	1	(1,334)	2,820	1,486	3,046	4,532
Transaction with owners							
Dividend paid to non-controlling interests on shares of a subsidiary	ı	1	ı	ı	1	(524)	(524)
Changes in ownership interests in subsidiaries	1	1	•	1	1	1,490	1,490
Total transaction with owners	ı	ı	1	1	1	996	996
At 31 December 2024	49,691	(1,192)	(286)	32,829	80,341	22,241	102,582
At 1 January 2023	49,691	(1,192)	(764)	24,938	72,673	14,969	87,642
Total comprehensive income/(loss) for the financial year							
(Loss)/Profit for the financial year	ı	ı	ı	(382)	(385)	1,793	1,408
year	ı	1	1,111	I	1,111	14	1,125
Total comprehensive income/(loss)	ı	ı	1,111	(382)	726	1,807	2,533
Transaction with owners							
Dividend paid to non-controlling interests on shares of a subsidiary	1	ı	,	1	1	(191)	(191)
Changes in ownership interests in subsidiaries	1	1	'	5,456	5,456	1,644	7,100
Total transaction with owners	1	1	1	5,456	5,456	1,453	6,909
At 31 December 2023	49,691	(1,192)	347	30,009	78,855	18,229	97,084

# Statements of Changes In Equity For the Financial Year Ended 31 December 2024

cont'd

	<b>←</b> Attr	ributable to the	owners of the	Company →
	Share capital	Treasury shares	Retained earnings	Total equity
Company	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	49,691	(1,192)	14,140	62,639
Profit for the financial year, representing total comprehensive income for the financial year	-	-	5,331	5,331
At 31 December 2023	49,691	(1,192)	19,471	67,970
Profit for the financial year, representing total comprehensive income for the financial year	-	-	2,926	2,926
At 31 December 2024	49,691	(1,192)	22,397	70,896

For the Financial Year Ended 31 December 2024

		Group		Company
	2024	2023	2024	2023
Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit before tax	9,093	3,024	2,926	5,331
Adjustments for:				
Amortisation of intangible assets	101	-	-	-
Depreciation of:				
- property, plant and equipment	4,231	5,736	-	-
- right-of-use assets	1,625	1,489	-	-
Dividend income from subsidiaries	-	-	(3,878)	(287)
Finance income	(429)	(204)	(11)	-
Finance costs	300	226	-	-
Gain on disposal of:				
- property, plant and equipment	(136)	(167)	-	-
- equity interests in subsidiary	-	-	-	(4)
Gain on termination of lease contract	(1)	-	-	-
Impairment loss on:				
- investment in subsidiaries	-	-	332	28
- trade receivables	18	52	-	-
Inventories written-down	1,049	317	-	-
Reversal of inventories written down	(63)	(1,075)	-	-
Reversal of impairment loss on:				
- amount owing from subsidiaries	-	-	(8)	-
- investment in subsidiaries	-	-	-	(5,649)
- trade receivables	(1)	-	-	-
Unrealised loss/(gain) on foreign exchange	(105)	272	-	- *
Written off on:				
- property, plant and equipment	-	37	_	-
- amount owing from subsidiaries	-	-	8	-
- other receivables	5	-	-	-
Operating profit/(loss) before changes in working capital, carried forward	15,687	9,707	(631)	(581)

For the Financial Year Ended 31 December 2024 cont'd

			Group	(	Company
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES: cont'd					
Operating profit/(loss) before changes in working capital, brought forward		15,687	9,707	(631)	(581)
Changes in working capital:					
Inventories		2,147	369	-	-
Receivables		913	5,301	(2,654)	(1,505)
Prepayments		(53)	-	(7)	-
Payables		(841)	(3)	(818)	(287)
Provision for post-employment benefit		10	12	-	-
Net cash generated from/(used in) operations		17,863	15,386	(4,110)	(2,373)
Income tax paid		(4,222)	(933)	(6)	- *
Interest paid		(300)	(226)	-	-
Net cash from/(used in) operating activities		13,341	14,227	(4,116)	(2,373)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of property, plant and equipment		(7,877)	(7,055)	-	-
Acquisition of intangible asset	(a)	(817)	-	-	-
Addition in investment in subsidiaries		-	-	(2,214)	-
Dividend received		-	-	3,878	287
Interest received		429	204	11	-
Proceeds from disposal of:					
- property, plant and equipment		173	648	-	-
Proceeds from disposal of equity interest in subsidiary		-	7,100	-	7,100
Net cash (used in)/from investing activities		(8,092)	897	1,675	7,387

For the Financial Year Ended 31 December 2024 cont'd

			Group	(	Company
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from additional equity interest to non-controlling interests		1,490	-	-	-
Dividend paid to non-controlling interests		(524)	(191)	-	-
Drawdown of term loans	(b)	2,368	-	-	-
Payment of lease liabilities	(b)	(1,381)	(1,327)	-	-
Repayment of term loans	(b)	(428)	(428)	-	-
Net cash from/(used in) financing activities		1,525	(1,946)	-	-
Net change in cash and cash equivalents		6,774	13,178	(2,441)	5,014
Effect of exchange rate changes		(104)	179	-	-
Cash and cash equivalents at the beginning of the financial year		38,385	25,028	6,611	1,597
Cash and cash equivalents at the end of the financial year	12	45,055	38,385	4,170	6,611

<sup>\*</sup> Represented by amount less than RM1,000

# (a) Acquisition of intangible asset

During the financial year, the Group made the following cash payment to acquire intangible asset:

		Group
	2024	2023
	RM'000	RM'000
Acquisition of intangible asset	1,599	-
Less: Conside ration payable	(782)	-
Cash payment on acquisition of intangible asset	817	-

For the Financial Year Ended 31 December 2024 cont'd

## (b) Reconciliation of liabilities arising from financing activities:

		Non-cash				
	At 1 January	Net cash flows	Addition	Lease termination	Foreign exchange movement	At 31 December
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
2024						
Term loans	3,246	1,940	-	-	-	5,186
Lease liabilities	3,403	(1,381)	221	(30)	(2)	2,211
	6,649	559	221	(30)	(2)	7,397
2023						
Term loan	3,674	(428)	-	-	-	3,246
Lease liabilities	706	(1,327)	4,045	-	(21)	3,403
	4,380	(1,755)	4,045	-	(21)	6,649

# (c) Total cash outflows for leases as a lessee

During the financial year, the Group had a total cash outflows for leases of RM2,044,000 (2023: RM 1,828,000).

#### 1. CORPORATE INFORMATION

SMIS Corporation Berhad ("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 ("Bursa Securities").

The registered office of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Lot 3, Jalan Pemaju U1/15, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are as stated in Note 8 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were approved and authorised for issue by the Board of Directors on 28 April 2025.

#### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

#### 2.2 Adoption of amendments to MFRSs

The Group and the Company have adopted the following applicable amendments to MFRSs for the current financial year:

#### Amendments to MFRSs

MFRS 7 Final Instruments: Disclosures

MFRS 16 Leases

MFRS 101 Presentation of Financial Statements

MFRS 107 Statements of Cash Flows

The adoption of the above amendments to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

cont'c

#### 2. BASIS OF PREPARATION cont'd

#### 2.3 New MFRS and amendments to MFRSs that have been issued, but are yet to be effective

(a) The Group and the Company have not adopted the following new MFRS and amendments to MFRSs that have been issued, but are yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to	MFRSs	
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7	Financial Instruments: Disclosures	1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	1 January 2026/ Deferred
MFRS 107	Statement of Cash Flows	1 January 2026
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group and the Company are summarised below.

#### MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 replaces MFRS 101 Presentation of Financial Statements. It retains many requirements from MFRS 101 without modification.

MFRS 18 introduces two subtotals which are to be presented in the statement of profit or loss – including "operating profit", which has been specifically defined. Income and expenses shall be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

MFRS 18 requires disclosure of explanations of the entity's company-specific measures that are related to the statement of profit or loss, referred to as management-defined performance measures ("MPMs"). The entity is required to reconcile MPMs to a total or subtotal required by MFRS 18 or another MFRS Accounting Standards. MFRS 18 also requires other disclosures, including how each MPM is calculated, what the MPM communication about the entity's financial performance, and any changes made to the MPMs in the year.

MFRS 18 adds new principles for aggregation and disaggregation of information. It requires the entity to classify the expenses in the "operating" category in the profit or loss by nature or function, or both. The entity that classifies operating expenses by functions are required to disclose in the notes to the financial statements, the amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line in the operating category. Subject to materiality, MFRS 18 requires items presented or disclosed as "other" to be labelled and/or described in as faithfully representative and precise a way as possible.

cont'd

#### 2. BASIS OF PREPARATION cont'd

#### 2.3 New MFRS and amendments to MFRSs that have been issued, but are yet to be effective cont'd

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group and the Company are summarised below. cont'd

### Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates

Amendments to MFRS 121 respond to stakeholder feedback and concerns about diversity in practice in accounting for a lack of exchangeability between currencies.

Applying the amendments, entities will be applying a consistent approach in determining if a currency can be exchanged into another currency. These amendments provide guidance on the spot exchange rate to use when a currency is not exchangeable into another currency and the disclosures entities need to provide to enable users of financial statements to understand the impact on the entities' financial performance, financial position and cash flows as a result of a currency being not exchangeable into another currency.

#### Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures

These narrow scope amendments to MFRS 9 clarify the requirements, including:

- clarify the classification of financial assets, particularly those with environmental, social and
  corporate governance and similar features. The Amendments clarify how the contractual cash
  flows on such financial assets should be assessed, specifically the assessment of interest
  focuses on what an entity is being compensated for, rather than how much compensation it
  receives. Nonetheless, the amount of compensation the entity receives may indicate that it is
  being compensated for something other than basic lending risks and costs.
- clarify the date on which a financial asset or a financial liability settled via electronic payment systems is derecognised. The Amendments permit an entity to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

Amendments to MFRS 7 introduces new disclosure requirements relating to: investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

(c) The Group and the Company are currently assessing the impact of initial application of the above applicable new MFRS and amendments to MFRSs.

### 2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and have been rounded to the nearest thousand, unless otherwise stated.

#### 2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed.

cont'c

#### 3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following material accounting policy information have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

#### 3.1 Basis of consolidation

#### (a) Subsidiaries and business combination

The Group applies the acquisition method to account for business combinations from the acquisition date when the acquired set of activities meets the definition of a business and control is transferred to the Group.

#### (b) Non-controlling interests

At the acquisition date, components of non-controlling interests of the Group are measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

#### 3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses.

#### 3.3 Financial instruments

### Financial assets - subsequent measurement and gains and losses

#### Debt instruments at amortised cost

The Group and the Company subsequently measure these assets at amortised cost under the effective interest method. The carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### Financial liabilities - subsequent measurement and gains and losses

The Group and the Company classify the financial liabilities at amortised cost.

The Group and the Company subsequently measure other financial liabilities at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### 3.4 Property, plant and equipment

Property, plant and equipment measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

cont'd

#### 3. MATERIAL ACCOUNTING POLICY INFORMATION cont'd

#### 3.4 Property, plant and equipment cont'd

All other property, plant and equipment (other than right-of-use assets as disclosed in Note 3.5 to the financial statement) are depreciated on straight-line basis by allocating their depreciable amounts over to the financial statements remaining useful lives.

	Useful lives (years)
Buildings	20 - 50 years
Plant and machineries	5 - 10 years
Office equipment, furniture and fittings and renovation	3 - 50 years
Motor vehicles	3 - 10 years
Moulds and jigs	3 - 10 years

#### 3.5 Leases

#### (a) Lessee accounting

The Group presents right-of-use assets and lease liabilities as separate lines in the statements of financial position.

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

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

#### Right-of-use assets

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

### Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

#### (b) Lessor accounting

The Group recognises lease payments received from investment properties under operating leases as income on a straight-line basis over the lease term as part of revenue. Rental income from subleased properties is recognised as other income.

cont'c

#### 3. MATERIAL ACCOUNTING POLICY INFORMATION cont'd

#### 3.6 Intangible assets

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

	Method	Useful lives (years)
License	Straight-line	20 years

#### 3.7 Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials, consumables and trading goods: cost is determined on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

#### 3.8 Revenue and other income

### (a) Sale of goods – manufacturing

The Group manufactures and trades carpets of all descriptions, automotive braking components, motorcycle components, machinery parts, industrial parts supplies, automotive floor carpet assy, trunk trims and luggage mats to customer. Revenue from sale of manufactured goods is recognised as a point in time when control of the goods has been transferred, being when the customers accept the delivery of the goods.

Sales are made with a credit term of 30 days to 180 days, which is consistent with market practice, therefore, no element of financing is deemed present.

Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience with the customer's purchasing pattern is used to estimate and provide for the discounts, using the expected value method. The Group uses the expected value method because it is the method that the Group expects to better predict the estimated volume discounts to which it will be provided to the customers. The estimated volume discounts recognised is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group's customary business practice is to allow a customer to return any defected product and receive a full refund. The Group uses its experience in estimating returns for this product and customer class. The Group uses the expected value method because it is the method that the Group expects to better predict the amount of consideration to which the products will be refunded. With that, upon transfer the control of the product, the Group does not recognise revenue for products that it is highly probable to be returned.

#### (b) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

cont'd

#### 3. MATERIAL ACCOUNTING POLICY INFORMATION cont'd

#### 3.8 Revenue and other income cont'd

#### (c) Dividend income from subsidiaries

Dividend income from subsidiaries is recognised when right to receive payment is established.

#### (d) Interest income

Interest income is recognised using the effective interest method in profit or loss.

#### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

#### **Inventories**

Inventories are measured at the lower of cost and net realisable value. The review of valuation of these inventories at lower of cost and net realisable value by the directors would result in uncertain estimation in value.

The Group writes down their obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amount of the Group's inventories is disclosed in Note 10 to the financial statements.

cont'd

## 5. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and machineries	Office equipment, furniture and fittings and renovations	Motor vehicles	Moulds and jigs	Capital work-in- progress	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost								
At 1 January 2023	5,047	14,446	58,836	14,034	1,971	20,641	2,127	117,102
Additions	-	-	2,816	506	280	756	2,697	7,055
Disposals	-	-	(242)	(120)	(4)	(10)	(228)	(604)
Written off	-	-	-	(7)	-	-	(33)	(40)
Exchange differences	-	17	193	39	7	62	28	346
At 31 December 2023	5,047	14,463	61,603	14,452	2,254	21,449	4,591	123,859
Additions	-	979	4,868	770	306	284	670	7,877
Disposals	-	-	(137)	(31)	(163)	(266)	-	(597)
Written off	-	(20)	(14)	(1)	- (0)	(02)	(1.40)	(15)
Exchange differences		(20)	(383)	(81)	(9)	(83)	(148)	(724)
At 31 December 2024	5,047	15,422	65,937	15,109	2,388	21,384	5,113	130,400
Accumulated depreciation								
At 1 January 2023	-	6,312	47,844	13,057	1,745	18,620	-	87,578
Depreciation for the financial year	-	292	3,313	384	162	1,585	-	5,736
Disposals	-	-	-	(120)	(4)	-	-	(124)
Written off	-	-	-	(2)	-	-	-	(2)
Exchange differences	-	4	117	31	7	60	-	219
At 31 December 2023	-	6,608	51,274	13,350	1,910	20,265	-	93,407
Depreciation for the financial year		326	1,964	358	149	1,434		4,231
Disposals	_	-	(101)	(31)	(163)	(266)	_	(561)
Written off	-	_	(13)	(1)	-	-	_	(14)
Exchange differences	-	(6)	(209)	(50)	(9)	(78)	-	(352)
At 31 December 2024	-	6,928	52,915	13,626	1,887	21,355	-	96,711
Accumulated impairment loss								
At 1 January/31 December	-	-	2,244	208	-	24	-	2,476
Carrying amount								
At 31 December 2023	5,047	7,855	8,085	894	344	1,160	4,591	27,976
At 31 December 2024	5,047	8,494	10,778	1,275	501	5	5,113	31,213

## Assets pledged as security

Freehold land and buildings of the Group with carrying amounts of RM6,610,000 (2023: RM6,686,000) have been pledged to licensed banks as security for banking facilities granted to subsidiaries as disclosed in Note 16 to the financial statements.

cont'd

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

The Group recognises right-of-use assets and lease liabilities with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

#### Right-of-use assets

The Group leases several assets including leasehold land, buildings, land-use rights, computers and plant and machinery.

Information about leases for which the Group are lessee is presented below:

Group	Leasehold land RM'000	Buildings RM'000	Land-use rights RM'000	Computers RM'000	Plant and machinery RM'000	Total RM'000
Cost						
At 1 January 2023	1,460	2,655	13,224	256	73	17,668
Additions	-	4,045	-	-	-	4,045
Derecognition	-	(1,976)	-	-	-	(1,976)
Exchange differences	-	92	730	-	-	822
At 31 December 2023	1,460	4,816	13,954	256	73	20,559
Additions	-	221	-	-	-	221
Derecognition	-	(355)	-	(256)	(73)	(684)
Exchange differences	-	(245)	(858)	-	-	(1,103)
At 31 December 2024	1,460	4,437	13,096	-	-	18,993
Accumulated depreciation						
At 1 January 2023	431	1,780	2,308	134	68	4,721
Depreciation for the financial year	18	950	431	85	5	1,489
Derecognition	-	(1,976)	-	-	-	(1,976)
Exchange differences	-	98	(2)	-	-	96
At 31 December 2023	449	852	2,737	219	73	4,330
Depreciation for the financial year	16	1,159	413	37	_	1,625
Derecognition	-	(326)	- 10	(256)	(73)	(655)
Exchange differences	_	(38)	(12)	(=00)	-	(50)
At 31 December 2024	465	1,647	3,138	-	-	5,250
Carrying amount						
At 31 December 2023	1,011	3,964	11,217	37	-	16,229
At 31 December 2024	995	2,790	9,958	-	-	13,743

cont'c

### 6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES cont'd

#### Right-of-use assets cont'd

#### (i) Lease term

The leasehold land and buildings generally have lease terms between 30 and 99 years.

The Group has land-use rights over two plots of state-owned land in the Republic of Indonesia, with unexpired lease period of 24 years and 25 years respectively.

Plant and machinery and computers have lease terms between 1 and 3 years (2023: 1 and 3 years).

### Lease liabilities

	Group	
	2024	2023
	RM'000	RM'000
Non-current: Lease liabilities	1,494	2,545
Current:		
Lease liabilities	717	858
	2,211	3,403

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

		Group
	2024	2023
	RM'000	RM'000
Minimum lease payments:		
Not later than one year	1,031	1,245
Later than one year and not later than 5 years	1,703	2,772
	2,734	4,017
Less: future finance charges	(523)	(614)
Present value of minimum lease payments	2,211	3,403
Present value of minimum lease payments:		
Not later than one year	717	858
Later than one year and not later than 5 years	1,494	2,545
	2,211	3,403
Less: amount due within 12 months	(717)	(858)
Amount due after 12 months	1,494	2,545

cont'd

## 7. INTANGIBLE ASSETS

	License 2024 RM'000
Group	
Cost	
At 1 January	-
Addition	1,599
Exchange differences	(49)
At 31 December	1,550
Accumulated amortisation	
At 1 January	-
Amortisation charge for the financial year	101
Exchange differences	(4)
At 31 December	97
Carrying amount	
At 31 December	1,453

According to the Technical Support Agreement, Sugihara Co. Ltd granted the subsidiary of the Group, PT Grand Sugihara Techno ("PT GST") an exclusive license to provide the technical information necessary for designing and manufacturing products at the factory. This agreement is valid for 20 years.

#### **Amortisation**

The amortisation of the license of the Group of RM101,000 (2023: Nil) is included in administrative expenses.

cont'd

## 8. INVESTMENT IN SUBSIDIARIES

		Company
	2024	2023
	RM'000	RM'000
Cost		
Unquoted shares		
At 1 January	81,665	97,980
Addition	2,214	-
Disposal	-	(7,096)
Written off	-	(9,219)
At 31 December	83,879	81,665
Accumulated impairment		
At 1 January	13,860	28,700
Impairment loss for the financial year	332	28
Reversal of impairment loss	-	(5,649)
Written off	-	(9,219)
At 31 December	14,192	13,860
Carrying amounts		
At 31 December	69,687	67,805

Details of the subsidiaries are as follows:

	Country of		ownership rest	
	incorporation/ Principal place	2024	2023	
Name of subsidiaries	of business	%	%	Principal activities
Direct subsidiaries				
Grand Carpet Industries Sdn. Bhd.	Malaysia	100	100	Trading of carpet of all descriptions
Sanyco Grand Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing of automotive braking components and motorcycle components
Machinery & Industrial Supplies Sdn. Bhd.	Malaysia	100	100	Trading of machinery and industrial parts supplies
Sugihara Grand Industries Sdn. Bhd.	Malaysia	60	60	Manufacturing and trading of carpet of all descriptions
Cendana Eksotik Sdn. Bhd.	Malaysia	100	100	Investment holding
PT Grand Sugihara Techno #	Indonesia	60	60	Manufacturing and selling of automotive floor carpet assy, trunk trims and luggage mats

cont'd

### 8. INVESTMENT IN SUBSIDIARIES cont'd

Details of the subsidiaries are as follows: cont'd

	Country of		ownership	
	incorporation/	inte 2024	rest 2023	
Name of subsidiaries	Principal place of business	 %	%	Principal activities
Direct subsidiary and indirect subsidiary held through Machinery & Industrial Supplies Sdn. Bhd. & Grand Carpet Industries Sdn. Bhd.				
SMIS Grand Ventures Sdn. Bhd.	Malaysia	100	100	Investment holding
Direct subsidiary and indirect subsidiary held through Machinery & Industrial Supplies Sdn. Bhd.				
PT Zusma Plastics #	Indonesia	100	100	Dormant
Indirect subsidiaries held through Machinery & Industrial Supplies Sdn. Bhd.				
Plaspoint Sdn. Bhd.	Malaysia	99.87	99.87	Dormant
Indirect subsidiary held through SMIS Grand Ventures Sdn. Bhd. and Machinery & Industrial Supplies Sdn. Bhd.				
PT Sanyco Grand Indonesia ^	Indonesia	100	100	Dormant
Indirect subsidiary held through SMIS Grand Ventures Sdn. Bhd., Cendana Eksotik Sdn. Bhd. and Machinery& Industrial Supplies Sdn. Bhd.				
PT Grand Ventures Hartamas #	Indonesia	100	100	Investment holding

<sup>#</sup> Audited by an independent member firm of Baker Tilly International

# (a) Subscription of additional 473,400 new shares in PT Grand Sugihara Techno, a 60%-owned subsidiary of the Company.

On 14 July 2024, PT GST issued a total of 789,000 ordinary shares of which 473,400 ordinary shares were subscribed by the Company for a total cash consideration of USD473,400 (equivalent to RM2,214,000). The Company's effective ownership interest in PT GST remained at 60%.

Not required to be audited in its country of incorporation. The management accounts have been reviewed for consolidation purpose.

cont'c

### 8. INVESTMENT IN SUBSIDIARIES cont'd

## (b) Non-controlling interests in subsidiaries

The financial information of the Group's and the Company's subsidiaries that have material non-controlling interests are as follows:

Equity interests held by non-controlling interests:

		Effective ownership interest		
Name of subsidiaries	Country of incorporation	<b>2024</b> %	2023 %	
Sugihara Grand Industries Sdn. Bhd.	Malaysia	40%	40%	
PT Grand Sugihara Techno	Indonesia	40%	40%	
Plaspoint Sdn. Bhd.	Malaysia	0.13%	0.13%	

Carrying amounts of non-controlling interests:

Name of subsidiaries	Country of incorporation	2024 RM'000	2023 RM'000
Sugihara Grand Industries Sdn. Bhd.	Malaysia	19,341	16,613
PT Grand Sugihara Techno	Indonesia	2,900	1,619
Others		- *	(3)
		22,241	18,229

Total comprehensive income/(loss) allocated to non-controlling interests:

Name of subsidiaries	2024 RM'000	2023 RM'000
Sugihara Grand Industries Sdn. Bhd. PT Grand Sugihara Techno Others	3,253 (210) 3	1,832 (25) - *
	3,046	1,807

<sup>\*</sup> Represented by amount less than RM1,000

cont'd

## 8. INVESTMENT IN SUBSIDIARIES cont'd

## (c) Summarised financial information of material non-controlling interests

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiaries that have material non-controlling interests are as follows:

		gihara Grand tries Sdn. Bhd.
	2024	2023
	RM'000	RM'000
Summarised statements of financial position		
As at 31 December		
Non augrent agasta	20.000	10.704
Non-current assets	20,020	13,724
Current assets	49,414	44,514
Non-current liabilities	(7,409)	(2,971)
Current liabilities	(13,671)	(13,845)
Net assets	48,354	41,422
Summarised statements of comprehensive income		
Financial year ended 31 December		
Revenue	88,285	90,233
Profit for the financial year	8,132	4,580
Total comprehensive income	8,132	4,580

cont'c

## 8. INVESTMENT IN SUBSIDIARIES cont'd

## (c) Summarised financial information of material non-controlling interests cont'd

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiaries that have material non-controlling interests are as follows: *cont'd* 

	Sugihara Grand Industries Sdn. Bhd.	
	2024	2023
	RM'000	RM'000
Summarised cash flows information		
Financial year ended 31 December		
Cash flows from operating activities	14,219	6,292
Cash flows used in investing activities	(5,195)	(1,961)
Cash flows used in financing activities	(515)	(1,054)
Net increase in cash and cash equivalents	8,509	3,277
Dividends paid to non-controlling interests	(524)	(191)

	PT Grand Sugihara Techno 2024 2023	
	RM'000	RM'000
Summarised statements of financial position As at 31 December		
Non-current assets	10,282	8,922
Current assets	8,058	6,462
Non-current liabilities	(1,411)	(2,295)
Current liabilities	(9,679)	(9,054)
Net assets	7,250	4,035
Summarised statements of comprehensive income Financial year ended 31 December		
Revenue	20,917	20,283
Loss for the financial year	(73)	(820)
Total comprehensive loss	(525)	(553)
	-	-
Summarised cash flows information Financial year ended 31 December		
Cash flows from operating activities	1,128	4,952
Cash flows used in investing activities	(3,603)	(3,901)
Cash flows from/(used in) financing activities	2,850	(863)
Net increase in cash and cash equivalents	375	188

cont'd

### 9. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

		Group
	2024	2023
	RM'000	RM'000
Deferred tax assets	5	5
Deferred tax liabilities	(887)	(511)
	(882)	(506)

The net movement in deferred tax credited and charged to the profit and loss are as follows:

	Group	
	2024	2023
	RM'000	RM'000
At 1 January	(506)	(800)
Recognised in profit or loss (Note 22)		
- temporary differences between net carrying amounts and the corresponding		
tax written down values of assets	49	379
- other deductible temporary differences	(428)	(85)
	(379)	294
Foreign exchange differences	3	-
At 31 December	(882)	(506)

The deferred tax assets and liabilities are made up of temporary differences arising from:

	Group	
	2024	2023
	RM'000	RM'000
Deferred tax assets		
Deferred tax assets (before offsetting)		
- unutilised capital allowance	145	71
- other deductible temporary differences	5	5
	150	76
Offsetting	(145)	(71)
Deferred tax assets (after offsetting)	5	5

cont'd

### 9. DEFERRED TAX ASSETS/(LIABILITIES) cont'd

The deferred tax assets and liabilities are made up of temporary differences arising from: cont'd

	Group	
	2024	2023
	RM'000	RM'000
Deferred tax liabilities		
Deferred tax liabilities (before offsetting)		
<ul> <li>temporary differences between net carrying amounts and the corresponding tax written down values of assets</li> </ul>	(1,032)	(582)
Offsetting	145	71
Deferred tax liabilities (after offsetting)	(887)	(511)

### Unrecognised deferred tax assets

The estimated amount of deferred tax assets calculated at the applicable tax rate, which are not recognised in the financial statements due to uncertainty of its realisation is as follows:

	Group	
	2024	2023
	RM'000	RM'000
Unused tax losses	7,785	10,120
Unabsorbed capital allowances	213	1,556
Other taxable temporary differences	(1,283)	(2,772)
	6,715	8,904
Potential deferred tax assets not recognised at 24% (2023: 24%)	1,612	2,137

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia and Indonesia are subject to requirements under Income Tax Act, 1967 and Indonesia Income Tax Article respectively as well as guidelines issued by the tax authority.

cont'd

# 9. DEFERRED TAX ASSETS/(LIABILITIES) cont'd

The unused tax losses are available for utilisation up to the following financial years:

		Group
	2024	2023
	RM'000	RM'000
Year of assessment		
2024	-	1,712
2025	1,620	1,737
2026	1,265	1,355
2028	1,296	3,012
2029	1,621	1,621
2030	199	216
2031	112	112
2032	355	355
2033	1,317	-
	7,785	10,120

# 10. INVENTORIES

	Group	
	2024	2023
	RM'000	RM'000
At cost:		
Raw materials	11,893	12,534
Work-in-progress	2,138	2,093
Manufactured goods	1,960	3,401
Trading goods	2,874	3,833
Consumables	1,242	1,379
	20,107	23,240

		Group
	2024	2023
	RM'000	RM'000
Recognised in profit or loss:		
Inventories recognised as cost of sales	96,446	98,725
Inventories written down	1,049	317
Reversal of inventories written down	(63)	(1,075)

cont'd

### 10. INVENTORIES cont'd

The cost of inventories of the Group recognised as an expense in cost of sales in respect of write-down of inventories to net realisable value was RM1,049,000 (2023: RM317,000) in view of the aged inventories.

## 11. TRADE AND OTHER RECEIVABLES

	Group		Group		Company
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current					
Trade					
Trade receivables	(a)	22,146	23,421	-	-
Less: Impairment losses		(403)	(494)	-	-
		21,743	22,927	-	-
Non-trade					
Other receivables	(b)	6,398	6,596	-	-
Less: Impairment losses		(5,044)	(5,064)	-	-
		1,354	1,532	-	-
Deposits		1,268	736	-	
Amount owing from subsidiaries	(b)	-	-	4,164	2,384
Less: Impairment losses		-	-	-	(874)
		-	-	4,164	1,510
		2,622	2,268	4,164	1,510
Total trade and other receivables		24,365	25,195	4,164	1,510

### (a) Trade receivables

Trade receivables are non-interest bearing and the credit terms of trade receivables offered by the Group range from 30 to 180 days (2023: 30 to 180 days).

cont'd

### 11. TRADE AND OTHER RECEIVABLES cont'd

#### (a) Trade receivables cont'd

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

		Group
	2024	2023
	RM'000	RM'000
At 1 January	494	442
Charge for the financial year		
- Individually assessed	18	52
Reversal of impairment loss	(1)	-
Written off	(108)	-
At 31 December	403	494

The information about the credit exposures is disclosed in Note 26(b)(i) to the financial statements.

## (b) Other receivables and amounts owing from subsidiaries

Amounts owing from subsidiaries are non-trade in nature, unsecured, interest free, repayable on demand and are expected to be settled in cash.

The Group's and the Company's other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of other receivables are as follows:

		Group	(	Company					
	2024	2024 2023		2023 2024		2024 2023 2024		2024 2023 2024 2023	2023
	RM'000	RM'000	RM'000	RM'000					
At 1 January	5,064	5,064	874	874					
Reversal of impairment loss	-	-	(8)	-					
Written off	(20)	-	(866)	-					
At 31 December	5,044	5,064	-	874					

cont'd

#### 12. CASH AND SHORT-TERM DEPOSITS

		Group		Company		
	2024 2023		2024	2023		
	RM'000	RM'000	RM'000	RM'000		
Deposits placed with licensed bank	24,053	6,055	1,782	-		
Cash and bank balances	21,002	32,330	2,388	6,611		
	45,055	38,385	4,170	6,611		

#### 13. SHARE CAPITAL

	Group and Company				
	Number of ordinary shares			Amounts	
	2024	2023	2024	2023	
	Unit'000	Unit'000	RM'000	RM'000	
Issued and fully paid up (no par value):					
At 1 January/31 December	44,800	44,800	49,691	49,691	

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

## 14. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The Company's share buyback scheme was approved by the Company's shareholders in the Annual General Meeting held on 31 May 2024 for the Company to repurchase 10% of its issued ordinary shares. The directors of the Company believe that the repurchase plan is applied in the best interests of the Company and its shareholders. The mandate for share buybacks was renewed in each subsequent Annual General Meeting of shareholders. The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

At 31 December 2024, 2,637,000 (2023: 2,637,000) units of the Company's shares are being held as treasury shares. The number of outstanding ordinary shares in issue after set off is 42,163,000 (2023: 42,163,000).

cont'd

#### 15. RESERVES

		Group			Company
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Non-distributable					
Foreign currency translation reserve	(a)	(987)	347	-	-
Distributable					
Retained earnings	(b)	32,829	30,009	22,397	19,471
		31,842	30,356	22,397	19,471

#### (a) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

#### (b) Retained earnings

As at 31 December 2024, the Company is able to distribute the retained earnings under the single tier system.

#### 16. LOANS AND BORROWINGS

		Group		
		2024	2023	
	Note	RM'000	RM'000	
Non-current				
Term loans	(a)	4,271	2,818	
Current				
Term loans	(a)	915	428	
Total loans and borrowings				
Term loans	(a)	5,186	3,246	

#### (a) Term loans

Term loan 1 of a subsidiary bears an interest rate at 4.72% (2023: 4.47% to 4.72%) per annum and is repayable in 180 monthly installments of RM36,000 (2023: RM36,000).

The term loan is secured by way of:

- (i) a first party all monies charge and specific debentures created over freehold land and buildings of the Group as disclosed in Note 5(a) to the financial statements;
- (ii) a corporate guarantee issued by the Company.

Term loan 2 of a subsidiary bears an interest rate at 4.20% (2023: Nil) per annum and is repayable in 60 monthly installments of RM48,757 (2023: Nil).

The term loan is secured by way of a corporate guarantee issued by the Company.

cont'c

#### 17. PROVISION FOR POST-EMPLOYMENT BENEFIT

The Indonesian government officially signed Law No. 11/2020 concerning Job Creation on November 2020. The Indonesian government officially ratified the implementing regulations for the Job Creation Law including Government Regulation No. 35/2021 concerning the certain time work agreement, outsourcing, working time and rest periods, and termination of employment promulgated and enforced on February 2021. Furthermore, the Indonesian government passed Law No. 6 of 2023 concerning Stipulation of Government Regulation in Lieu of Law No. 2 of 2022 concerning Job Creation becomes Law on March 2023.

The latest actuarial valuation upon the estimated liabilities for post-employment benefits was conducted by KKA Steven & Mourits Consulting, an independent actuary, based on Actuarial Report dated 16 December 2024.

There were 37 and 25 employees eligible for such post-employment benefits in 2024 and 2023 respectively.

The main assumptions used in calculating the estimated liabilities for post-employment benefits are as follows:

		2024	2023
Normal pension age	:	55 years	55 years
Annual salary increment rate	:	5.00%	5.00%
Annual discount rate	:	7.15%	6.85%
Mortality table	:	Indonesian table of Mortality 4	Indonesian table of Mortality 4
Resignation rate	:	10% until age 25 then decreasing into 1% at age 50	10% until age 25 then decreasing into 1% at age 50
Calculation method	:	Projected unit credit	Projected unit credit
Report period	:	1 January up to 31 December	1 January up to 31 December

The details of post-employment benefit expenses are as follows:

		Group
	2024	2023
	RM'000	RM'000
Current service cost	18	15
Net interest	5	5
Excess benefit paid	-	- *
	23	20

<sup>\*</sup> Represented by amount less than RM1,000.

The amounts included in the Statements of Financial Position in respect of these post-employment benefits obligation are as follows:

	Group	
	2024	2023
	RM'000	RM'000
Present value of benefit obligations	84	74

cont'd

## 17. PROVISION FOR POST-EMPLOYMENT BENEFIT cont'd

Changes in the net liabilities are as follows:

		Group
	2024	2023
	RM'000	RM'000
At 1 January	74	59
Benefit expenses	35	16
Benefit paid	(20)	(3)
Exchange differences	(5)	2
At 31 December	84	74

The sensitivity analysis of the estimated liabilities for post-employment benefits for changes in the main assumptions for the year 2024 and 2023 are as follows:

	Group Post-employment benefits	
	Increase	Decrease
	RM'000	RM'000
2024		
Increase/Decrease of 1% discount rate	75	94
Increase/Decrease of 1% expected rate of salary increase	94	74
2023		
Increase/Decrease of 1% discount rate	65	83
Increase/Decrease of 1% expected rate of salary increase	83	65

### 18. TRADE AND OTHER PAYABLES

		Group			Company
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Current:					
Trade					
Trade payables	(a)	13,975	15,657	-	-
Non-trade					
Other payables and accruals	(b)	12,913	11,421	766	184
Advances from customer		301	170	-	-
Amount owing to subsidiaries	(c)	-	-	6,373	7,773
		13,214	11,591	7,139	7,957
Total trade and other payables		27,189	27,248	7,139	7,957

cont'd

#### 18. TRADE AND OTHER PAYABLES cont'd

- (a) Credit terms of trade payables range from 30 to 120 days (2023: 30 to 120 days).
- (b) Included in other payables and accruals of the Group is an amount of RM1,339,000 (2023: RM1,153,000) owing to a non-controlling interest. The credit terms granted by the non-controlling interest is 60 days (2023: 60 days).
- (c) Amount owing to subsidiaries are non-trade in nature, unsecured, interest free, repayable on demand and are expected to be settled in cash.

### 19. REVENUE

		Group		Company		
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000		
Automotive parts Dividend income	153,291	154,472	3,878	- 287		
Machinery parts	3,907	5,314	-	-		
	157,198	159,786	3,878	287		
Timing of revenue recognition:	457.400	450.700	0.070	007		
At a point in time	157,198	159,786	3,878	287		

#### 20. OPERATING PROFIT

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at operating profit:

		Group	Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
After charging:				
Auditors' remuneration - statutory audit:				
- Baker Tilly Monteiro Heng PLT	204	162	71	50
- Member firms of Baker Tilly International	63	63	-	-
Auditors' remuneration - non-statutory audit:				
- Baker Tilly Monteiro Heng PLT	6	6	6	6
Other services:				
- Member firms of Baker Tilly International	72	50	3	3
Depreciation of:				
- property, plant and equipment	4,231	5,736	-	-
- right-of-use assets	1,625	1,489	-	-
Amortisation of intangible assets	101	-	-	-
Foreign exchange loss:				
- realised	454	530	51	-
- unrealised	168	272	-	-
Impairment loss on:				
- investment in subsidiaries	-	-	332	28
- trade receivables	18	52	-	-
Inventories written-down	1,049	317	-	-

cont'd

## 20. OPERATING PROFIT cont'd

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at operating profit: cont'd

	2024	Group 2023	2024	Company 2023
	RM'000	RM'000	RM'000	RM'000
After charging: cont'd				
Personnel expenses (including key management personnel):				
- wages, salaries and others	25,269	27,380	182	175
- contribution to Employees Provident Fund	1,725	1,647	-	-
- post-employment benefit	35	16	-	-
Rental expenses on:				
- short-term lease				
- staff housing facilities	459	73	-	-
- others	160	414	-	-
- low value assets				
- others	44	14	-	-
Written off on:				
- property, plant and equipment	-	37	-	-
- amounts owing from subsidiaries	-	-	8	-
- other receivables	5	-	-	-
And crediting:				
Foreign exchange gain:				
- realised	(5)	-	-	-
- unrealised	(273)	-	-	- *
Gain on disposal of:				
- property, plant and equipment	(136)	(167)	-	-
- equity interests in subsidiary	-	-	-	(4)
Rental income from:				
- premises	(48)	(48)	-	-
Reversal of impairment losses on:				
- amounts owing from subsidiaries	-	-	(8)	-
- investment in subsidiaries	-	-	-	(5,649)
- trade receivables	(1)	-	-	-
Reversal of inventories written down	(63)	(1,075)	-	-
Interest income from fixed deposits	(429)	(204)	(11)	_

<sup>\*</sup> Represented by amount less than RM1,000

cont'd

## 21. FINANCE COSTS

	Group	
	2024	2023
	RM'000	RM'000
Interest expenses on:		
- term loans	176	161
- lease liabilities	95	26
- bank overdraft	-	12
	271	199
Other bank charges	29	27
	300	226

### 22. INCOME TAX EXPENSE

The major components of income tax expenses for the financial years ended 31 December 2024 and 31 December 2023 are as follows:

		Group		Company	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Statements of comprehensive income					
Current income tax:					
- Current income tax charge		(2,650)	(2,004)	-	-
- Adjustment in respect of prior years		37	94	-	-
		(2,613)	(1,910)	-	-
Deferred tax:					
- Origination of temporary differences	9	(188)	241	-	-
- Adjustment in respect of prior years	9				
		(191)	53	-	-
		(379)	294	-	-
Income tax expense recognised in profit or loss		(2,992)	(1,616)	-	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2023: 24%) of the estimated assessable profit for the financial year.

cont'd

## 22. INCOME TAX EXPENSE cont'd

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expenses are as follows:

		Group	С	Company		
	2024	2023	2024	2023		
	RM'000	RM'000	RM'000	RM'000		
Profit before tax	9,093	3,024	2,926	5,331		
Tax at Malaysian statutory income tax rate of 24% (2023: 24%)	(2,182)	(726)	(702)	(1,279)		
Difference tax rates in other countries	3	(18)	-	-		
Adjustments:						
- Non-deductible expenses	(2,753)	(2,426)	(229)	(147)		
- Income not subject to tax	1,569	1,444	931	1,426		
- Deferred tax not recognised on tax losses and temporary differences	525	(37)	-	-		
<ul> <li>Adjustment in respect of current income tax of prior years</li> </ul>	37	94	-	-		
- Adjustment in respect of deferred tax of prior years	(191)	53	-	-		
Income tax expense	(2,992)	(1,616)	-	-		

## 23. EARNINGS/(LOSS) PER ORDINARY SHARE

## (a) Basic earnings/(loss) per ordinary share

The calculation of basic earnings/(loss) per ordinary share are based on the profit/(loss) for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

		Group
	2024	2023
	RM'000	RM'000
Profit/(Loss) attributable to owners of the Company	2,820	(385)
Weighted average number of ordinary shares:		
Issued ordinary shares	44,800	44,800
Effect of treasury shares held	(2,637)	(2,637)
Weighted average number of ordinary shares at 31 December	42,163	42,163
Basic earning/(loss) per ordinary share (sen)	6.69	(0.91)

cont'd

## 23. EARNINGS/(LOSS) PER ORDINARY SHARE cont'd

## (b) Diluted earnings/(loss) per ordinary share

Diluted earnings/(loss) per ordinary share are based on the profit/(loss) for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The basic and diluted earnings/(loss) per ordinary share are equal as the Group has no dilutive potential ordinary share(s).

#### 24. RELATED PARTIES

#### (a) Identification 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 may be individuals or other entities.

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

The Company has controlling related party relationship with its direct and indirect subsidiaries and entities having significant influence over the Group.

San Yes Automotive Technology Co. Ltd. is a substantial shareholder of the Company through its interest of more than 20% in MIYES Holdings Sdn. Bhd. ("MIYES"). The Company's director, Yap Siew Foong, has indirect interest in MIYES.

Sugihara Co. Ltd. ("SUGI-Japan") holds direct equity interest of more than 20% in the subsidiaries of the Company, namely Sugihara Grand Industries Sdn. Bhd. ("SUGI") and PT Grand Sugihara Techno ("PT GST"). Shunzo Ishii, a director of SUGI and PT GST is also a director of SUGI-Japan. All outstanding amounts are unsecured and are expected to be settled in cash.

#### (b) Significant related party transactions

		Group	Company		
	2024	2023	2024	2023	
	RM'000	RM'000	RM'000	RM'000	
Dividend income					
- Sugihara Grand Industries Sdn. Bhd.	-	-	(786)	(287)	
- Sanyco Grand Industries Sdn. Bhd.	-	-	(3,092)	-	
Purchase of goods					
- Sugihara Co. Ltd.	2,234	3,295	-	-	
Royalties payable					
- Sugihara Co. Ltd.	945	969	-	-	

cont'd

## 24. RELATED PARTIES cont'd

## (c) Compensation of key management personnel

The compensation of directors and other key management personnel are as follows:

		Group	С	Company		
	2024	2023	2024	2023		
	RM'000	RM'000	RM'000	RM'000		
Directors:						
- Fees	157	157	157	157		
- Remuneration	1,155	1,170	18	18		
<ul> <li>Contribution to Employees Provident Fund</li> </ul>	169	196	-	-		
	1,481	1,523	175	175		
Other key management personnel:						
- Remuneration	742	730	-	-		
<ul> <li>Contribution to Employees Provident Fund</li> </ul>	139	107	-			
	881	837	-			
	2,362	2,360	175	175		

## 25. CAPITAL COMMITMENTS

## (a) Commitments

The Group has made commitment for the following capital expenditure:

		Group
	2024	2023
	RM'000	RM'000
Plant and machineries	248	1,716

cont'd

## 26. FINANCIAL INSTRUMENTS

## (a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned as amortised cost:

	Carrying amount	Amortised cost
	RM'000	RM'000
31 December 2024		
Financial assets		
Group		
Trade and other receivables	24,365	24,365
Cash and short term deposits	45,055	45,055
	69,420	69,420
Company		
Other receivables	4,164	4,164
Cash and short term deposits	4,170	4,170
	8,334	8,334
Financial liabilities		
Group		
Loans and borrowings	5,186	5,186
Trade and other payables	27,189	27,189
	32,375	32,375
Company		
Other payables	7,139	7,139

cont'd

## 26. FINANCIAL INSTRUMENTS cont'd

## (a) Categories of financial instruments cont'd

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned as amortised cost: *cont'd* 

	Carrying amount	Amortised cost
	RM'000	RM'000
31 December 2023		
Financial assets		
Group		
Trade and other receivables	25,195	25,195
Cash and short term deposits	38,385	38,385
	63,580	63,580
Company		
Other receivables	1,510	1,510
Cash and short term deposits	6,611	6,611
	8,121	8,121
Financial liabilities		
Group		
Loans and borrowings	3,246	3,246
Trade and other payables	27,248	27,248
	30,494	30,494
Company		
Other payables	7,957	7,957

## (b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company have adopted a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and the Company.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

cont'c

## 26. FINANCIAL INSTRUMENTS cont'd

#### (b) Financial risk management cont'd

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

## (i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise from outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from their operating activities (primarily trade and other receivables) and from their investing activities, including deposits with banks, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

At the end of the reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Those events evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, including a default event;
- a concession or restructuring of loans granted by the lender of the counterparty relating to the counterparty's financial difficulty; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation.

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

## Trade receivables

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

The carrying amount of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

cont'd

## 26. FINANCIAL INSTRUMENTS cont'd

- (b) Financial risk management cont'd
  - (i) Credit risk cont'd

Trade receivables cont'd

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group		
	2024	2023	
	RM'000	RM'000	
Automotive parts	20,976	21,911	
Machinery parts	767	1,016	
	21,743	22,927	

## Recognition and measurement of impairment losses

The Group applies the simplified approach to provide for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward-looking information.

The information about the credit risk exposure on the Group's trade receivables are as follows:

	Trade receivables					
Group	Current RM'000	> 30 days past due RM'000	> 60 days past due RM'000	> 90 days past due RM'000	Total RM'000	
31 December 2024						
Gross carrying amount Impairment losses	15,944 -	4,706 -	638	858 (403)	22,146 (403)	
31 December 2023						
Gross carrying amount Impairment losses	20,093	1,321	475	1,532 (494)	23,421	
impairment iosses				(494)	(494)	

cont'd

## 26. FINANCIAL INSTRUMENTS cont'd

## (b) Financial risk management cont'd

## (i) Credit risk cont'd

#### Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

As at the end of reporting date, the Group and the Company consider the other receivables and other financial assets as low credit risk and any loss allowance would be negligible.

#### Financial guarantees

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayment made by the subsidiary.

The maximum exposure to credit risk amounts to RM5,186,000 (2023: RM3,246,000) representing the outstanding facilities of the subsidiary as at end of the reporting period.

As at end of the reporting period, there was no indication that the subsidiary would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

## (ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

cont'd

## 26. FINANCIAL INSTRUMENTS cont'd

## (b) Financial risk management cont'd

## (ii) Liquidity risk cont'd

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's finance department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

## Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

	< Contractual cash flows>					
	Carrying amount RM'000	On demand or within 1 year RM'000	Between 1-5 years RM'000	More than 5 years RM'000	Total RM'000	
31 December 2024						
Group						
Trade and other						
payables	27,189	27,189	-	-	27,189	
Lease liabilities	2,211	1,031	1,703	-	2,734	
Term loans	5,186	1,132	4,028	702	5,862	
	34,586	29,352	5,731	702	35,785	
Company						
Other payables	7,139	7,139	-	-	7,139	
Financial guarantees	-	5,186	-	-	5,186	
	7,139	12,325	-	-	12,325	
31 December 2023						
Group						
Trade and other						
payables	27,248	27,248		-	27,248	
Lease liabilities	3,403	1,245	2,772	- 4 470	4,017	
Term loan	3,246	572	2,087	1,173	3,832	
	33,897	29,065	4,859	1,173	35,097	
Company						
Other payables	7,957	7,957	-	-	7,957	
Financial guarantees		3,246	-	-	3,246	
	7,957	11,203	-	-	11,203	

cont'c

## 26. FINANCIAL INSTRUMENTS cont'd

## (b) Financial risk management cont'd

## (iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales, purchases and cash and cash equivalents that are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group does not engage in foreign currency hedging on its foreign currency exposures but the management is monitoring these exposures on an ongoing basis.

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period were as follows:

	<b>←</b> Denominated in — →						
	USD	JPY	ТНВ	SGD	INR	CNY	IDR
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets and liabilities not held in functional currency:							
At 31 December 2024							
Trade receivables	-	-	402	-	-	-	-
Other receivables	322	30	-	-	6	108	-
Cash and bank balances	2,118	-	230	-	-	_*	3,257
Trade payables	(43)	(27)	(1,102)	-	-	(1,283)	-
Other payables	(2)	(20)	-	(15)	-	-	-
	2,395	(17)	(470)	(15)	6	(1,175)	3,257
31 December 2023							
Other receivables	-	-	-	-	-	57	-
Cash and bank balances	1,683	-	1,262	- *	-	-	-
Trade payables	(779)	(495)	(2,268)	-	-	(1,771)	-
Other payables	-	-	-	(36)	-	-	-
	904	(495)	(1,006)	(36)	-	(1,714)	-

<sup>\*</sup> Represented by amount less than RM1,000

cont'd

## 26. FINANCIAL INSTRUMENTS cont'd

#### (b) Financial risk management cont'd

## (iii) Foreign currency risk cont'd

Foreign currency risk sensitivity analysis

The Group's principal foreign currency exposure relates mainly to United States Dollar ("USD"), Japanese Yen ("JPY"), Thai Baht ("THB"), Singapore Dollar ("SGD"), Indian Rupee ("INR"), Chinese Yuan ("CNY") and Indonesian Rupiah (IDR).

The following table demonstrates the sensitivity to a reasonably possible change in the USD, JPY, THB, CNY and IDR, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year.

	Change	Effect on profit/(i for the financial y		
	in rate	2024	2023	
		RM'000	RM'000	
Group				
USD	+ 10%	182	69	
	- 10%	(182)	(69)	
JPY	+ 10%	(1)	(38)	
	- 10%	1	38	
THB	+ 10%	(36)	(76)	
	- 10%	36	76	
CNY	+ 10%	(89)	(130)	
	- 10%	89	130	
IDR	+ 10%	248	-	
	- 10%	(248)	-	

The exposure to currency risk of the Group on INR and SGD are not material and hence, sensitivity analysis is not presented.

## (iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates.

The Group is presently enjoying competitive interest rates which are reviewed and negotiated on a yearly basis. The Group's surplus funds are placed as short-term deposits with licensed banks.

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

cont'd

## 26. FINANCIAL INSTRUMENTS cont'd

## (b) Financial risk management cont'd

## (iv) Interest rate risk cont'd

Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit or loss for the financial year.

Group	Change in basis points	Effect on profit/(loss) for the financial year RM'000
31 December 2024	+ 100	(39)
	- 100	39
31 December 2023	+ 100	(25)
	- 100	25

## (c) Fair value measurement

The carrying amounts of cash and short-term deposits, short-term receivables, payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

The fair value of long-term portion of the loans approximate to their carrying amount as it is a floating rate instrument.

The fair values of the other financial liabilities are calculated based on the present value of estimated settlement amounts.

As the financial assets and financial liabilities of the Group and the Company are not carried at fair value by any valuation method, the fair value hierarchy is not presented.

There have been no transfers between Level 1, Level 2 and Level 3 during the financial year (2023: no transfers in either direction).

cont'd

## 27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) Subscription of additional 473,400 new shares in PT Grand Sugihara Techno, a 60%-owned subsidiary of the Company

On 14 July 2024, PT Grand Sugihara Techno ("PT GST") issued a total of 789,000 ordinary shares of which 473,400 ordinary shares were subscribed by the Company for a total cash consideration of USD473,400 (equivalent to RM2,214,000). The Company's effective ownership interest in PT GST is remained at 60%.

(b) Disposal of 2,300,000 ordinary shares in Sanyco Grand Industries Sdn. Bhd. by the Company

On 30 September 2024, the Company had entered into a conditional Shares Sale Agreement ("SSA") with Yamaguchi Mfg Co. Ltd. for the disposal of 2,300,000 ordinary shares in Sanyco Grand Industries Sdn. Bhd. ("Sanyco"), a wholly-owned subsidiary of the Company, for a total cash consideration of RM5,071,369.

All the terms and conditions as stipulated in the SSA have been fulfilled and the disposal has been completed on 25 March 2025. Following the disposal, Sanyco became a 54%-owned subsidiary of the Company.

#### 28. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors monitor and are determined to maintain an optimal gearing ratio and a consolidated shareholders' equity that complies with debt covenants and regulatory requirements. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2024 and 31 December 2023.

The debt to equity ratios were as follows:

		Group	(	Company	
	2024	2023	2024	2023	
	RM'000	RM'000	RM'000	RM'000	
Loans and borrowings	5,186	3,246	-	-	
Equity attributable to the owners of the Company	80,341	78,855	70,896	67,970	
Debt to equity ratio	6%	4%	N/A	N/A	

The Group and the Company are not exposed to any externally imposed capital requirement.

cont'd

#### 29. SEGMENT INFORMATION

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Executive Directors review internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Automotive parts Manufacturing and trading of carpet of all descriptions and manufacturing of automotive

braking components and motorcycle components.

Machinery parts Trading of machinery and industrial parts supplies.

Others Investment holding and dormants.

Inter-segment pricing is determined on negotiated basis.

#### Segment profits

Segment profit is used to measure performance as the Group's Executive Directors believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

## Segment assets

The total of segment assets is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment total asset is used to measure the return of assets of each segment.

## Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Executive Directors. Hence no disclosure is made on segment liabilities.

## Geographical segments

Revenue and non-current assets information on the basis of geographical segments are based on the geographical location of customers and assets respectively. The amounts of non-current assets do not include financial instruments and deferred tax assets.

## Factors used to identify reportable segments

The factors used to identify the entity's reportable segments are based on each subsidiary's principal activities and the products manufactured.

cont'd

## 29. SEGMENT INFORMATION cont'd

2024	Note	Automotive parts RM'000	Machinery parts RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue:						
Revenue from external customers		153,291	3,907	-	-	157,198
Inter-segment revenue		28,998	-	3,878	(32,876)	-
	(a)	182,289	3,907	3,878	(32,876)	157,198
Results:						
Depreciation for:						
- property, plant and equipment		(3,983)	(110)	(125)	(13)	(4,231)
- right-of-use assets		(1,914)	(137)	_	426	(1,625)
Amortisation of intangible assets		(101)	-	_	_	(101)
Employment benefit expenses		(25,961)	(886)	(182)	-	(27,029)
Foreign exchange (loss)/gain:		(==,==:)	()	()		(,)
- realised		(403)	5	(51)	_	(449)
- unrealised		(1)	(130)	236	_	105
Gain on disposal of:		(1)	(100)	200		100
- property, plant and equipment		70	66	_	_	136
Impairment loss of		70	00			100
- investment in subsidiaries			(131)	(586)	717	
- trade receivables		_	(18)	(000)	-	(18)
Inventories written-down		(427)	(622)	_	_	(1,049)
Rental income		966	48	- 57	(1,023)	48
Rental expense on:		900	40	37	(1,023)	40
- short-term lease						
		(450)				(450)
- staff housing facilities		(459)	-	-	-	(459)
- others		(190)	-	-	30	(160)
- low value assets		(4.4)				(4.4)
- others		(44)	-	-	-	(44)
Reversal of inventories written- down		-	63	-	-	63
Written off on:						
- amount owing from subsidiaries		_	-	(8)	8	_
- other receivable		_	_	(5)	_	(5)
Segment profit/(loss)	(b)	11,555	(1,019)	4,605	(6,177)	8,964
Finance income		87	331	11	_	429
Finance costs		(462)	(6)	-	168	(300)
Income tax expense		(2,906)	(80)	(6)	100	(2,992)
	(la)				(6,000)	
Profit/(Loss) for the financial year	(b)	8,274	(774)	4,610	(6,009)	6,101
Other information						
Segment assets	(c)	124,836	21,334	108,123	(116,154)	138,139
	(c)					

cont'd

## 29. SEGMENT INFORMATION cont'd

2023	Note	Automotive parts RM'000	Machinery parts RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue:						
Revenue from external customers		154,472	5,314	-	-	159,786
Inter-segment revenue		31,159	-	287	(31,446)	_
J	(a)	185,631	5,314	287	(31,446)	159,786
Results:						
Depreciation of:						
- property, plant and equipment		(5,550)	(170)	(16)	_	(5,736)
- right-of-use assets		(921)	(137)	-	(431)	(1,489)
Employment benefit expenses		(27,726)	(1,142)	(175)	-	(29,043)
Foreign exchange (loss)/gain:		, ,	( , ,	,		( , ,
- realised		(530)	-	-	-	(530)
- unrealised		(145)	48	(175)	-	(272)
Gain on disposal of:						
- property, plant and equipment		166	-	1	-	167
Impairment loss on:						
- investment in subsidiaries		-	(118)	(120)	238	-
- trade receivables		-	(52)	-	-	(52)
Inventories written-down		(134)	(183)	-	-	(317)
Rental income from investment property		967	48	-	(967)	48
Rental expense on:						
- short-term lease						
- staff housing facilities		(73)	-	-	-	(73)
- others		(414)	-	-	-	(414)
- low value assets						
- others		(14)	-	-	-	(14)
Reversal of impairment loss on investment in subsidiaries		-	-	5,649	(5,649)	-
Reversal of inventories		000	400			4.075
written-down		966	109	-	<u>-</u>	1,075
Segment profit/(loss)	(b)	4,544	(277)	5,004	(6,225)	3,046
Finance income		-	204	-	-	204
Finance costs		(216)	(10)	-	-	(226)
Income tax expense		(1,616)	-	-	-	(1,616)
Profit/(Loss) for the financial year	(b)	2,712	(83)	5,004	(6,225)	1,408
Other information						
Segment assets	(c)	115,847	22,206	101,461	(107,428)	132,086
Segment liabilities	(c)	(45,701)	(356)	(14,690)	25,745	(35,000)
Cogmont habilities	(~)	(10,701)	(000)	(17,000)	20,170	(00,002)

cont'd

## 29. SEGMENT INFORMATION cont'd

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities are as follows:

- (a) Inter-segment revenues are eliminated on consolidation;
- (b) Inter-segment income and expenses are eliminated on consolidation; and
- (c) Inter-segment balances are eliminated on consolidation.

## Geographical information

Revenue and non-current assets (excluding deferred tax asset) information based on the geographical location of customers are as follows:

	Revenue	Non-current assets
	RM'000	RM'000
31 December 2024		
Malaysia	126,913	24,507
Indonesia	20,917	21,902
Thailand	9,368	-
	157,198	46,409
31 December 2023		
Malaysia	128,843	22,842
Indonesia	20,283	21,363
Thailand	10,660	-
	159,786	44,205

## Information about major customers

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

		Revenue
	2024	2023
	RM'000	RM'000
Customer A	42,597	39,109
Customer B	30,276	32,022
Customer C	24,726	24,346

## **Statement By Directors** (Pursuant to Section 251(2) of the Companies Act 2016)

We, NG WAI KEE and YAP SIEW FOONG, being two of the directors of SMIS Corporation Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on page 71 to 124 are drawn up in accordance with Malaysian Financial Reporting Standards. International Financial Reporting Standards and the

requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the
Group and of the Company as at 31 December 2024 and of their financial performance and cash flows for the financial year then ended.
Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

NG WAI KEE	 	 
Director		

YAP SIEW FOONG

Kuala Lumpur

Director

Date: 28 April 2025

## **Statutory Declaration**(Pursuant to Section 251(1) of the Companies Act 2016)

I, <b>NG WAI KEE</b> , being the director primarily responsible for the financial management of SMIS Corporation Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on page 71 to 124 are 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.
NG WAI KEE
Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 28 April 2025.
Before me,
Commissioner for Oaths

## **Independent Auditors' Report**

To the Members of SMIS Corporation Berhad

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### **Opinion**

We have audited the financial statements of SMIS Corporation Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 71 to 124.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

## **Basis for Opinion**

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

Independence and Other Ethical Responsibilities

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

## **Key Audit Matters**

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

We have determined the matters below to be the key audit matters to be communicated in our report.

## Group

## Inventories (Note 4 and 10 to the financial statements)

The Group's inventories are measured at the lower of cost and net realisable value. Judgement is required in estimating their net realisable values. The directors are required to perform an assessment to determine whether these inventories are stated at the lower of cost and net realisable value.

We focused on this area because the review of saleability and valuation of these inventories at lower of cost and net realisable value by the directors are major source of estimation uncertainty.

## Our response:

Our audit procedures included, among others:

- observing year end physical inventory count to observe the existence and conditioning of the finished goods and understanding the design and implementation of controls during the count;
- checking subsequent sales and evaluating directors' assessment on estimated net realisable value on selected inventory items; and
- discussing with the Group whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost.

## **Independent Auditors' Report**

To the Members of SMIS Corporation Berhad cont'd

## Key Audit Matters cont'd

#### Company

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

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

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

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

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

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

## Responsibilities of the Directors for the Financial Statements

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

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

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

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

## **Independent Auditors' Report**

To the Members of SMIS Corporation Berhad cont'd

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

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

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the 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 financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

#### **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 contents of this report.

**Baker Tilly Monteiro Heng PLT** 

201906000600 (LLP0019411-LCA) & AF 0117

**Chartered Accountants** 

Ong Teng Yan

No. 03076/07/2025 J

**Chartered Accountant** 

Kuala Lumpur

Date: 28 April 2025

## **ANALYSIS OF SHAREHOLDINGS**

as at 16 April 2025

Total Number of Issued Shares : 44,800,000 ordinary shares (including 2,637,000 treasury shares)
Class of Shares : Ordinary Shares
Voting Rights : One vote per Ordinary Share

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares/ Securities*	% of Issued Capital*
1-99	30	3.243	735	0.002
100-1,000	224	24.216	173,000	0.410
1,001-10,000	446	48.216	2,218,100	5.261
10,001-100,000	187	20.216	6,048,256	14.345
100,001-2,108,149	37	4.000	18,042,909	42.793
2,108,150 and above	1	0.109	15,680,000	37.189
Total	925	100.000	42,163,000	100.000

Total No of Shareholders/ Depositors : 925
Total Shareholdings/ Securities : 42,163,000
Total Percentage (%) : 100.000

Excludes 2,637,000 Ordinary Shares bought back by the Company and held as treasury shares as at 16 April 2025.

## **ANALYSIS OF SHAREHOLDINGS**

as at 16 April 2025 cont'd

## SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 16 APRIL 2025

	Direct Interest		Indirect Interest		
Name of Substantial Shareholder	No. of Shares	% of Issued Capital*	No. of Shares	% of Issued Capital*	
MIYES Holdings Sdn. Bhd. ("MIYES")	15,680,000	37.19	-	-	
Umberston Holdings Sdn. Bhd. ("Umberston")	-	-	15,680,000 <sup>(1)</sup>	37.19	
San Yes Automotive Technology Co., Ltd	-	-	15,680,000(1)	37.19	
Yap Siew Foong	1,263,730	3.00	15,680,000(2)	37.19	

<sup>\*</sup> Excludes 2,637,000 Ordinary Shares bought back by the Company and held as treasury shares as at 16 April 2025.

## DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 16 APRIL 2025

	Dire	Direct Interest		
Name of Director	No. of Shares	% of Issued Capital*	No. of Shares	% of Issued Capital*
Yap Siew Foong	1,263,730	3.00	15,680,000(1)	37.19
Ng Wai Kee	1,550,900	3.68	-	-
Oei Kok Eong	-	-	-	-
Tan Hock Soon	-	-	-	-
Tan Yi Woan	_	_	_	_

<sup>\*</sup> Excludes 2,637,000 Ordinary Shares of bought back by the Company and held as treasury shares as at 16 April 2025.

deemed interested through MIYES

deemed interested through Umberston and MIYES

deemed interested through Umberston and MIYES

## **ANALYSIS OF SHAREHOLDINGS**

as at 16 April 2025 cont'd

## THIRTY LARGEST SHAREHOLDERS/DEPOSITORS as at 16 APRIL 2025

No.	Name of Shareholders/Depositors	No. of Shares	Holding Percentage % *
1.	MIYES HOLDINGS SDN BHD	15,680,000	37.19
2.	CHEE SAI MUN	1,650,700	3.92
3.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KONG HWEE (E-KPG/SGK)	1,511,100	3.58
4.	NG WAI KEE	1,490,900	3.54
5.	CHOW KUAN FONG	1,447,195	3.43
6.	CHEN, MENG-HSIN	1,368,941	3.25
7.	YAP SIEW FOONG	1,263,730	3.00
8.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAK KAM WAH (8082357)	772,000	1.83
9.	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	742,000	1.76
10.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KONG HWEE (E-KPG/SGK)	725,600	1.72
11.	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHUA ENG HO WA'A @ CHUA ENG WAH	630,100	1.49
12.	TEE MUI LAI	613,200	1.45
13.	CHAM WEI WEI	500,000	1.19
14.	TAN LAY HARNG	498,600	1.18
15.	WIJAYA SYUKUR (M) SDN BHD	483,600	1.15
16.	ENG KIM LIAN	380,964	0.90
17.	LIM WEE CHIN	344,000	0.82
18.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING VIN SOON (E-TSA)	300,000	0.71
19.	CARTABAN NOMINEES (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS MICRO-CAP EQUITY MASTER FUND	291,900	0.69
20.	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOAY YAN WAH (M)	215,000	0.51
21.	TAN LAY CHONG	200,600	0.48
22.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SII TOH PING (E-PDG)	200,000	0.47
23.	TAN AI LENG	200,000	0.47
24.	CHAM BEE SENG @ CHIAM BEE SENG	199,989	0.47
25.	TAN LAY CHEE	197,900	0.47
26.	JIS SYSTEM (M) SDN BHD	185,000	0.44
27.	LIM CHAI GUAN	170,000	0.40
28.	LIM CHING WAH	168,000	0.40
29.	LIM SIEW LEE	150,000	0.36
30.	TAN KHEAK GEAI	150,000	0.36
	TOTAL	32,731,019	77.63

<sup>\*</sup> Excludes 2,637,000 Ordinary Shares bought back by the Company and held as treasury shares as at 16 April 2025.

## **LIST OF PROPERTIES**

For the Financial Year Ended 31 December 2024

Registered Beneficial Owner	Location		Description and Existing Use	Tenure and Year of Expiry	Approximate Age of Property (Year)	Built Up area (Sq.m)	Net book value as at 31 December 2024 (RM)
Grand Carpet Industries Sdn. Bhd.	Lot 3, Jalan Sultan Hishamuddin 2, Kawasan Perusahaan Selat Kelang Utara, 42000 Port Klang, Selangor.	February 20, 2012	Industrial land erected with a single storey detached factory and a double storey frontal office.  Office and factory.	Leasehold of 99 years, expiring on June 9, 2086	33	10,310	3,956,916
Cendana Eksotik Sdn. Bhd.	No 3, Jalan U1/15, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor.	January 11, 2024	Industrial land erected with a single storey detached factory with a mezzanine floor office annexed. Office and factory.	Freehold	26	2,140	3,961,253
PT Zusma Plastics	Suryacipta City of Industry, Jl. Surya Madya IV Kav 1-28 J, Kutanegara Village, Ciampel, Karawang, West Java 41361, Indonesia	August 23, 2011	Industrial Land. The land is vacant.	Leasehold of 50 years, expiring June 16, 2048	14	7,012	1,099,606
Sugihara Grand Industries Sdn. Bhd.	PT 12673, Kawasan Perindustrian Sendayan Tech Valley, Bandar Sri Sendayan, 71950 Seremban, Negeri Sembilan Darul Khusus	August 6, 2015	Industrial land erected with a single storey detached factory with office annexed. Office and factory.	Freehold	10	3,681	6,609,886
PT Grand Ventures Hartamas	Kawasan Industri Terpadu Indonesia China Lot 70, which is located in Kawasan Industri Terpadu Indonesia China, Kota Deltamas, Cikarang Pusat, Bekasi 17530, West Java, Indonesia	April 28, 2017	Industrial Land. The land is vacant.	Leasehold of 50 years, expiring January 8, 2049	8	16,186	9,316,600
PT Grand Ventures Hartamas	Le Freya and Cosmo Estate, Lippo Cikarang, Bekasi, Jawa Barat, Indonesia	September 29, 2017	3 units of double storey residential house. 1 unit is rented out whilst the remaining 2 units are vacant.	Leasehold	8	215	183,316

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth ("26th") Annual General Meeting ("AGM") of SMIS Corporation Berhad (the "Company") will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia on Thursday, 19 June 2025 at 10.00 a.m. to transact the following businesses:-

#### **AGENDA**

#### **As Ordinary Business**

To receive the Audited Financial Statements for the financial year ended (Please refer to Note 1 of the 31 December 2024 together with the Directors' and Auditors' Reports thereon.

Explanatory Notes)

2. To approve the Non-Executive Directors' Fees of RM163,600.00 in respect of the financial year ended 31 December 2024.

**Ordinary Resolution 1** (Please refer to Note 2 of the Explanatory Notes)

To approve the Non-Executive Directors' Fees up to an aggregate amount of RM200,000.00 in respect of the financial year ending 31 December 2025 and the payment of Benefits Payable up to an aggregate amount of RM50,000.00 to the Non-Executive Directors for the period from the 26th AGM until the next AGM of the Company in year 2026.

**Ordinary Resolution 2** (Please refer to Note 3 of the Explanatory Notes)

To re-elect Ms Tan Yi Woan who is retiring under Clause 103 of the Company's Constitution.

**Ordinary Resolution 3** (Please refer to Note 4 of the Explanatory Notes)

To re-elect Madam Yap Siew Foong who is retiring under Clause 96 of the Company's Constitution.

**Ordinary Resolution 4** (Please refer to Note 4 of the Explanatory Notes)

To re-appoint Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

**Ordinary Resolution 5** (Please refer to Note 5 of the Explanatory Notes)

## **As Special Business**

To consider and, if thought fit, to pass the following resolutions:-

7. Authority for Mr Oei Kok Eong to continue in office as Independent **Non-Executive Director** 

"THAT authority be and is hereby given to Mr Oei Kok Eong who has served as an Independent Non-Executive Director of the Company for a cumulative period of more than nine (9) years to continue to act as Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with Malaysian Code on Corpoate Govervanance ("MCCG"). "

**Ordinary Resolution 6** (Please refer to Note 6 of the Explanatory Notes)

cont'c

8. Proposed Renewal of Authority under Sections 75 and 76 of the Companies Act 2016 ("the Act") for the Directors to allot and issue shares

"THAT pursuant to Sections 75 and 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and from time to time until the conclusion of the next AGM upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) for the time being, subject always to the Constitution of the Company and approval of all relevant regulatory authorities being obtained for such allotment and issuance.

**THAT** in connection with the above, pursuant to Section 85 of the Act and Clause 59 of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings at such price and at such terms to be offered arising from any issuance of new shares above by the Company.

**AND THAT** the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

Ordinary Resolution 7 (Please refer to Note 7 of the Explanatory Notes)

 Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

"THAT, pursuant to Paragraph 10.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company and its subsidiaries ("SMIS Group") be and are hereby authorised to enter into any of the recurrent transactions of a revenue or trading nature as set out under Section 2.4 of Part A of the Circular to Shareholders dated 30 April 2025 with the related parties mentioned therein which are necessary for the SMIS Group's day-to-day operations, subject further to the following:-

- the transactions are in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (ii) disclosure of the aggregate value of the transactions of the Proposed Shareholders' Mandate conducted during the financial year will be disclosed in the Annual Report for the said financial year,

cont'd

THAT such approval will continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate is approved, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed:
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- (iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier;

**AND THAT** the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

Ordinary Resolution 8 (Please refer to Note 8 of the Explanatory Notes)

10. Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares of up to 10% of the total number of issued shares ("Proposed Renewal of Share Buy-Back Mandate")

"THAT subject to the Act, the Constitution of the Company, the MMLR of Bursa Securities, all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise an amount not exceeding the audited retained profits as at 31 December 2024 to purchase such amount of ordinary shares in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company;

**THAT** an amount not exceeding the Company's retained profits account be allocated by the Company for the Proposed Share Buy-Back;

**THAT** authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either cancel and/or retain the shares so purchased as treasury shares to dealt with such treasury shares in the manner as set out in Section 127(7) of the Act;

cont'd

**THAT** the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:

- (i) the conclusion of the next AGM of the Company (being the Twenty-Seventh ("27<sup>th</sup>") AGM of the Company), at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the 27<sup>th</sup> AGM of the Company is required by law to be held; or
- revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any);

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/ or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Directors may in their discretion deem necessary and to do all such acts and things as the Directors may deem fit and expedient in the best interests of the Company."

Ordinary Resolution 9 (Please refer to Note 9 of the Explanatory Notes)

11. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the Act.

BY ORDER OF THE BOARD

**TAI YIT CHAN** (SSM PC No. 202008001023) (MAICSA 7009143)

TAN AI NING (SSM PC No. 202008000067) (MAICSA 7015852)

Company Secretaries

Selangor Darul Ehsan Date: 30 April 2025

cont'd

#### **NOTES:**

- 1. In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at 12 June 2025 shall be eligible to participate in the AGM or appoint proxy(ies) to participate and vote on his/her behalf.
- 2. A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991) of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to participate and vote on his/her behalf. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.
- 3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- 4. Where a member is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- 5. The Proxy Form shall be signed by the appointer of his/her attorney duly authorised in writing or, if the member is a corporation, must be executed under its Common Seal or by its duly authorised attorney or officer.
- 6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of the attorney.
- 7. The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the AGM or at any adjournment thereof, as follows:-
  - (i) In hard copy form

The original instrument appointing a proxy ("**Proxy Form**") must be deposited at the Company's Share Registrar's Office at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.

#### (ii) By electronic means

The Proxy Form can also be lodged electronically with the Share Registrar of the Company through BoardRoom Smart Investor Portal at <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> or email to <a href="https://investor.boardroomlimited.com">bsr.helpdesk@boardroomlimited.com</a>. Please follow the procedures provided in the Administrative Guide for the 26th AGM in order to deposit the Proxy Form electronically.

- 8. If you have submitted your Proxy Form(s) and subsequently decide to appoint another person or wish to participate in the AGM by yourself, please write in to <a href="mailto:bsr.helpdesk@boardroomlimited.com">bsr.helpdesk@boardroomlimited.com</a> or log in to BoardRoom Smart Investor Portal at https:// investor.boardroomlimited.com for the revocation of proxy, the procedures of which is provided in the Administrative Guide for the 26th AGM, to revoke revoke the earlier appointed proxy forty-eight (48) hours before this meeting.
- 9. Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the Notice of the 26th AGM will be put to vote by way of poll.

cont'd

#### **EXPLANATORY NOTES:**

#### 1. To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting.** 

2. Ordinary Resolution No. 1 – Directors' Fees to the Non-Executive Directors for the financial year ended 31 December 2024

Section 230(1) of the Act provides amongst others that the fees of the Directors payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting. Based on the recommendation from the Remuneration Committee ("RC"), the Board approved the following proposed Directors' Fee for the financial year ended 31 December 2024 to be tabled to the shareholders for approval at the forthcoming AGM of the Company:

Name	Designation	Proposed Directors' Fees (RM)
Ms Wern Li Morsingh	Independent Non-Executive Director	45,879
Mr Oei Kok Eong	Independent Non-Executive Director	48,171
Mr Tan Hock Soon	Independent Non-Executive Director	65,550
Ms Tan Yi Woan	Independent Non-Executive Director	4,000
Total		163,600

The amount of Directors' fees payable includes fees payable to Directors as members of Board and Board Committees. Other than the Directors' Fees from the Company, the Non-Executive Directors do not receive any Directors' Fees from any of the subsidiaries within the SMIS Group.

3. Ordinary Resolution No. 2 - Directors' Fees to the Non-Executive Directors for the financial year ending 31 December 2025 ("FYE 2025") and Benefits Payable to the Non-Executive Directors for the period from this AGM until the next AGM of the Company in year 2026

Section 230(1) of the Act provides amongst others that the fees of the Directors and any benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting. Based on the recommendation from the RC, the Board approved the proposed revised Non-Executive Directors' Fees for the FYE 2025 and the revised Benefits Payable for the period from this AGM until the next AGM of the Company in year 2026, to be tabled to the shareholders for approval at the forthcoming AGM of the Company.

The amount of Directors' fees payable includes fees payable to Directors as members of Board and Board Committees. Other than the Directors' Fees from the Company, the Non-Executive Directors do not receive any Directors' Fees from any of the subsidiaries within the SMIS Group.

The increase in amount of Directors' benefits payable comprises meeting allowances from this AGM until the conclusion of the next AGM of the Company in year 2026 pursuant to the Act which shareholders' approval will be sought at this 26<sup>th</sup> AGM in accordance with Section 230(1) of the Act. In determining the estimated total amount of the Directors' benefits, the Board has considered the number of scheduled and special meetings (if any) for the Board and Board Committees as well as the number of Non-Executive Directors involved in the meetings, including any potential future appointment of director(s). Other than the benefits payable from the Company, the Non-Executive Directors do not receive any benefits payable from any of the subsidiaries within the SMIS Group.

In the event that the proposed Directors' Fees and Benefits Payable during the above period exceed the estimated amount sought at the 26th AGM, approval will be sought at the next AGM for additional Directors' Fees and Benefits Payable to meet the shortfall, prior to the payment being made.

The payment of the Directors' Fees for the FYE 2025 and Benefits Payable to the Non-Executive Directors for the period from this AGM until the next AGM of the Company in year 2026, will only be made if the proposed Ordinary Resolution 2 has been passed at the 26th AGM.

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## 4. Ordinary Resolutions No. 3 and No. 4 - Re-election of Directors

For the purpose of determining the eligibility of the Directors to stand for re-election at the 26<sup>th</sup> AGM of the Company, the Board through its Nomination Committee ("**NC**") undertakes a formal evaluation to determine the eligibility of each retiring Director in line with the MCCG and MMLR of Bursa Securities, which includes the following:-

- (i) Performance and effectiveness of the Board as a whole, Board Committees and individual Directors; and
- (ii) Fit and proper assessment.

The NC and the Board are satisfied with the performance, effectiveness, character, integrity, experience, competence and time and commitment of Ms Tan Yi Woan and Madam Yap Siew Foong who are due for retirement as Directors, and being eligible, have offered themselves for re-election at the 26th AGM.

The two (2) retiring Directors have abstained from deliberations and decision on their own eligibility and suitability to stand for re-election at the relevant NC and Board meetings. The profiles of the Directors who are standing for re-election under Ordinary Resolutions 3 and 4 are set out in the Profile of Directors of the Annual Report 2024.

## 5. Ordinary Resolution No. 5 - Re-appointment of Auditors

Messrs. Baker Tilly Monteiro Heng PLT, the auditors of the Company have expressed their willingness to continue in office as auditors of the Company for the FYE 2025. The Board has approved the Audit and Risk Committee's recommendation that they be retained after taking into account relevant feedback on their experience, performance and independence following a formal assessment.

## 6. Ordinary Resolution No. 6 – Authority for Mr Oei Kok Eong to continue in office as Independent Non-Executive Directors

Ordinary Resolution 6 proposed under item 6 of the Agenda, if passed, will allow Mr Oei Kok Eong ("Mr Oei") to continue to serve as an Independent Director of the Company until the conclusion of the next AGM of the Company. Mr Oei was appointed as an Independent Non-Executive Director of the Company on 21 November 2014 and has served for a cumulative term of more than nine (9) years prescribed by the MCCG.

In accordance with the MCCG, the NC and the Board have assessed the independence of Mr Oei and consider him to be independent, based on, amongst other, the following justifications and therefore recommend that Mr Oei be retained as an Independent Director of the Company:

- (a) He has fulfilled the criteria under the definition on Independent Director as stated in the MMLR of Bursa Securities as well as the prescribed criteria under the MCCG, and therefore is able to bring independent and objective judgement to the Board:
- (b) His experience in the automotive industry enables him to provide the Board with a diverse set of experience, expertise, skills and competence;
- (c) He actively participates in Board's and Board Committees' deliberations and decision making in an objective manner, exercise due care in all undertakings of the SMIS Group and carried out his fiduciary duty in the interest of the Company;
- (d) He does not have any conflict of interest with the Company and have not been entering/are not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies; and
- (e) The Board is of the opinion that he is an important Independent Non-Executive Director in view of many years on the Board with incumbent knowledge of the Company and the SMIS Group's activities and corporate history and have provided invaluable contributions to the Board in his role as an Independent Non-Executive Director.

## 7. Ordinary Resolution No. 7 – Proposed Renewal of Authority under Sections 75 and 76 of the Act for the Directors to allot and issue shares

The Company had, during its Twenty-Fifth (25th) AGM held on 31 May 2024, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Act. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained and this mandate will lapse at the conclusion of the 26th AGM.

Ordinary Resolution 7 proposed under item 7 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the total number of issued shares (excluding treasury shares) of the Company for such purposes as the Directors consider would be in the interest of the Company ("General Mandate"). This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

cont'd

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding investment project(s), working capital and/or acquisitions.

The waiver of pre-emptive rights pursuant to Section 85 of the Act and Clause 59 of the Constitution will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate.

If there should be a decision to issue new shares after the General Mandate is obtained, the Company will make an announcement in respect thereof.

#### 8. Ordinary Resolution No. 8 - Proposed Shareholders' Mandate

Ordinary Resolution 8 proposed under item 8 of the Agenda, if passed, will allow the SMIS Group to enter into RRPTs in accordance with Paragraph 10.09 of the MMLR of Bursa Securities and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPT occur would not arise. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the SMIS Group or affecting the business opportunities available to the SMIS Group. The Proposed Shareholders' Mandate is subject to renewal on an annual basis.

Further information on the Proposed Shareholders' Mandate is set out in the Circular of the Proposed Shareholders' Mandate of the Company dated 30 April 2025.

#### 9. Ordinary Resolution No. 9 - Proposed Renewal of Share Buy-Back Mandate

Ordinary Resolution 9 proposed under item 9 of the Agenda, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of Shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. The authority will, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM of the Company following the 26th AGM is required by law to be held.

Further information on the Proposed Renewal of Share Buy-Back is set out in the Share Buy Back Statement of the Company dated 30 April 2025.

## Personal data privacy:

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

## ADMINISTRATIVE GUIDE OF TWENTY-SIXTH ANNUAL GENERAL MEETING



[Registration No. 199901016957 (491857-V)] (Incorporated in Malaysia)

## ADMINISTRATIVE GUIDE FOR SHAREHOLDERS ON THE TWENTY-SIXTH ANNUAL GENERAL MEETING ("26th AGM") OF SMIS CORPORATION BERHAD

Meeting Date : Thursday, 19 June 2025

Time : 10.00 a.m.

Venue : Dewan Berjaya, Bukit Kiara Equestrian & Country Resort

Jalan Bukit Kiara Off Jalan Damansara 60000 Kuala Lumpur W. P. Kuala Lumpur

Malaysia

#### Dear Valued Shareholders,

The Company will conduct its forthcoming 26th AGM in accordance with Clause 64 of the Constitution of the Company.

## **DIGITAL COPIES OF AGM DOCUMENTS**

- 1. As part of our dedicated commitment to sustainable practices, the following documents can be downloaded from Bursa Malaysia Securities Berhad's website at http://www.bursamalaysia.com OR SMIS Corporation Berhad's website at http://www.smis.com.my/news.php OR scan the QR code below:
  - a. Notice of the 26th AGM and Proxy Form;
  - b. Annual Report 2024;
  - c. Circular/Statement to Shareholders on Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares of up to 10% of the total number of issued shares ("Circular/Statement to Shareholders"); and
  - d. Corporate Governance Report 2024.



- i) Use the QR Code Reader on your Android or iOS smartphone.
  - If your smartphone is not installed with a QR Code Reader, you can download from the Google Play/iOS Store.
- ii) Scan the code using your smartphone. This will take you to the relevant page on our website and you may download the latest PDF file(s) shown on the webpage.

# ADMINISTRATIVE GUIDE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

2. If you need a copy of the printed Annual Report 2024 and the Circular/Statement to Shareholders, kindly complete the Requisition Form and send by post or login to Boardroom Smart Investor Portal to request for a printed copy of the Annual Report 2024 and the Circular/Statement to Shareholders as follows:-

Step 1 : Log in to <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a>.

Step 2 : At left-menu, click on << Investor Services>> and << Request For Annual Report and Circular>>.

Step 3 : Please select the company name or Bursa stock code before completing the online request form.

Step 4 : Please click << **Submit**>> button to send your request.

3. Any request for the printed Annual Repot 2024 and the Circular/Statement to Shareholders would be forwarded to the requestor within four (4) market days from the date of receipt of the written request.

## **ENTITLEMENTS TO PARTICIPATE AND VOTE**

Only a depositor whose name appears in the Record of Depositors as at **12 June 2025** is entitled to participate and/or vote at the said meeting or appoint proxies to participate and vote on his/her behalf in respect of the number of shares registered in his/her name at that time.

## FORM(S) OF PROXY

If a shareholder is unable to attend the 26<sup>th</sup> AGM on Thursday, 19 June 2025, he/she can appoint the Chairman of the meeting or a proxy to participate and vote in his/her stead. The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the AGM, latest by **Tuesday, 17 June 2025 at 10.00 a.m.** or at any adjournment thereof, as follows: -

## (i) In hard copy form

Please submit your Proxy Form to the Share Registrar's Office of the Company, Boardroom Share Registrar Sdn. Bhd. at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.

## (ii) By electronic means

You may also submit the Proxy Form via electronic means ("e-Proxy") through the BoardRoom Smart Investor Portal at <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> by logging in and selecting "Submit eProxy Form" no later than the aforementioned date and time. The procedures to your Proxy Form are summarised below: -

## **ADMINISTRATIVE GUIDE OF TWENTY-SIXTH**

## ANNUAL GENERAL MEETING

cont'd

Prod	cedure	Action
1.	Register Online with BoardRoom Smart Investor Portal (for first time registration only)	<ul> <li>[Note: If you have already signed up with BoardRoom Smart Investor Portal, you are not required to register. You may proceed to Step 2 – Appointment of Proxy]</li> <li>a. Access website <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a></li> <li>b. Click &lt;<a href="https://investor.boardroomlimited.com">Register&gt;</a> to sign up as a user.</li> <li>c. Please select the correct account type, i.e. sign up as "Shareholder" or "Corporate Holder".</li> <li>d. Complete the registration and upload a softcopy of your MyKAD (for Malaysian) front and back or Passport (for non-Malaysian) in JPEG, PNG or PDF Format.</li> <li>e. For Corporate Holder, kindly upload the authorisation letter and click &lt;<sign up="">&gt;.</sign></li> <li>f. You will receive an email from Boardroom for email address verification. Click &lt;<vi>Perify Email Address&gt;&gt; from the email received to continue with the registration.</vi></li> <li>g. Once your email address is verified, you will be re-directed to BoardRoom Smart Investor Portal for verification of mobile number. Click &lt;<a href="Request OTP Code">Request OTP Code</a>&gt; and an OTP code will be sent to the registered mobile number. You will need to enter the OTP Code and click &lt;<a href="Enter">Enter</a>&gt; to complete the process.</li> <li>h. Your registration will be verified and approved within one (1) business day and an email notification will be provided to you.</li> </ul>
2.	Appointment of Proxy (User ID and Password)	Registration for appointment of proxy will be opened on Wednesday, 30 April 2025. Please note that the closing time to submit your request is not less than forty-eight (48) hours before the time of holding the 26 <sup>th</sup> AGM, i.e. latest by Tuesday, 17 June 2025 at 10.00 a.m.  Appointment of Proxy – Individual Members a. Log in to https://investor.boardroomlimited.com using your user ID and password from Step 1 above. b. Select < <smis 26<sup="" berhad="" corporation="">TH ANNUAL GENERAL MEETING&gt;&gt; from the list of Corporate Meetings and click &lt;<enter>&gt;. c. Click on &lt;<submit eproxy="" form="">&gt;. d. Read and accept the General Terms and Conditions by clicking &lt;<next>&gt;. e. Enter your CDS Account Number and number of securities held. Select your proxy – either the Chairman of the meeting or individual named proxy(ies) and enter the required particulars of your proxy(ies). f. Indicate your voting instructions – "FOR" or "AGAINST" or "ABSTAIN". If you wish to have your proxy(ies) to act upon his/her discretion, please indicate "DISCRETIONARY". g. Review and confirm your proxy appointment. h. Click &lt;<apply>&gt;. i. Download or print the eProxy form as acknowledgement.</apply></next></submit></enter></smis>

# ADMINISTRATIVE GUIDE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

Procedure	Action
	Authorised Nominee and Exempt Authorised Nominee
	Via BoardRoom Smart Investor Portal  a. Login to <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> using your user ID and password from Step 1 above.  b. Select << SMIS CORPORATION BERHAD 26 <sup>TH</sup> ANNUAL GENERAL MEETING>> from the list of Corporate Meetings and click < <enter>&gt;&gt;.  c. Click on &lt;<submit eproxy="" form="">&gt;.  d. Select the company you would like to represent (if more than one).  e. Proceed to download the file format for "Submission of Proxy Form" from BoardRoom Smart Investor Portal.  f. Prepare the file for the appointment of proxies by inserting the required data.  g. Proceed to upload the duly completed proxy appointment file.  h. Review and confirm your proxy appointment and click &lt;<submit>&gt;.  i. Download or print the eProxy form as acknowledgement.  Note: if you wish to appoint more than one (1) company, kindly click the home button and select &lt;<edit profile="">&gt; in order to add company name.  Via email  a. Write in to bsr.helpdesk@boardroomlimited.com by providing the</edit></submit></submit></enter>
	name of Corporate Holder, CDS account number accompanies with the certificate of appointment of corporate representative or Proxy Form (as the case maybe) to submit the request.  b. Please provide a copy of corporate representative's or proxy's
	MyKAD (front and back) or Passport as well as his/her email address.

## **REVOCATION OF PROXY**

If you have submitted your Proxy Form prior to the 26<sup>th</sup> AGM and subsequently decide to appoint another person or if you wish to participate at the 26<sup>th</sup> AGM yourself, please revoke the appointment of proxy/proxies at least forty-eight (48) hours before the 26<sup>th</sup> AGM. Please find below the steps for revocation of the eProxy Form or hard copy Proxy Form:

eProxy Form Ha	ard copy Proxy Form
► Click "Meeting Event" and Enter "SMIS CORPORATION BERHAD 26 <sup>TH</sup> ANNUAL GENERAL MEETING"	lease write in to bsr.helpdesk@boardroomlimited.com prevoke the appointment of proxy/proxies.
Go to "Submitted eProxy Form list" and click "View" for the eProxy Form.	
<ul> <li>Click "Cancel/Revoke" at the bottom of the eProxy Form.</li> <li>Click "Proceed" to confirm.</li> </ul>	

## **CORPORATE MEMBER**

Any corporate member who wishes to appoint a representative instead of a proxy to attend the meeting should submit the original certificate of appointment under the seal of the corporation to the office of the Share Registrar at any time before the time appointed for holding the meeting.

## **ADMINISTRATIVE GUIDE OF TWENTY-SIXTH**

## ANNUAL GENERAL MEETING

cont'd

## **VOTING PROCEDURE**

- Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the 26<sup>th</sup> AGM will be conducted by poll. The Company has appointed Boardroom Share Registrars Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic voting ("e-voting") and Sky Corporate Services Sdn. Bhd. as Independent Scrutineer to verify and validate the poll results.
- 2. During the 26<sup>th</sup> AGM, the Chairman of the meeting will invite the Poll Administrator to brief on the e-voting housekeeping rules. E-voting session for all the resolutions as set out in the Notice of 26<sup>th</sup> AGM will take place concurrently after the relevant questions in respect of these resolutions have been addressed.
- 3. When the Chairman opens the poll, please vote using your smartphone/tablet with the special QR code, which will be generated during registration.
- Upon the conclusion of the e-voting session, the Independent Scrutineer will verify the poll results followed by the declaration by the Chairman of the meeting whether the resolutions put to vote were successfully carried or otherwise.

#### **REGISTRATION PROCEDURES**

- 1. Registration will start at 9.00 a.m. at the venue and close before the voting session begins or such time as may be determined by the Chairman of the meeting.
- 2. Please present your original MyKad/passport to the registration staff for verification.
- 3. Upon verification, you are required to write your name and sign the attendance list placed on the registration table.
- 4. You will be given an identification wristband upon registration and only be allowed to enter the meeting hall if you are wearing the identification wristband. There will be no replacement in the event you lose or misplace the identification wristband.
- 5. If you are attending the meeting as a member as well as a proxy, you will be registered once and will be given only one identification wristband to enter the meeting hall.
- 6. No person will be allowed to register on behalf of another person even with the original MyKad/passport of the other person.

## PRE-MEETING SUBMISSION OF QUESTIONS

In order to enhance the efficiency of the proceedings of the 26<sup>th</sup> AGM, the shareholders may submit questions to the Company via e-mail to <u>corporate@smis.com.my</u> not later than Thursday, 12 June 2025 at 5:00 p.m. If time permits, the Chairman and the Board of Directors will endeavour their best to respond to the questions submitted by the shareholders which are related to the resolutions to be tabled at the 26<sup>th</sup> AGM. The shareholders are encouraged to submit questions before the 26<sup>th</sup> AGM as priority will be given to questions submitted before the 26<sup>th</sup> AGM.

#### **HELP DESK**

A help desk will be stationed at the meeting venue for any clarification or queries apart from registration details, including revocation of proxy's appointment.

## **FOOD AND BEVERAGE**

Light refreshment will be provided before the 26th AGM.

# ADMINISTRATIVE GUIDE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

## RECORDING OR PHOTOGRAPHY AT THE 26TH AGM

Strictly no recording or photography of the 26th AGM proceedings is allowed.

#### **ENQUIRY**

If you have any general queries prior to the meeting, please contact the following persons during office hours from Mondays to Fridays, 8.30 a.m. to 5.30 p.m. (except on public holidays):-

## Boardroom Share Registrars Sdn. Bhd. [Registration No. 199601006647 (378993-D)]

Address 11<sup>th</sup> Floor, Menara Symphony

No. 5 Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan, Malaysia

General Line +603-7890 4700 Fax Number +603-7890 4670

Email <u>bsr.helpdesk@boardroomlimited.com</u>

## SMIS Corporation Berhad [Registration No. 199901016957 (491857-V)]

General Line +603-5880 0900 Fax Number +603-2303 1349

Email corporate@smis.com.my

## PERSONAL DATA POLICY

By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.



Number of shares held	CDS Account No.

**PROXY FORM** 

				NRIC/Passport/Compa	11y 140		
of	(NAME IN FULL AN	ID IN BLOCK LETTERS	)				
			(FULL ADDRI	ESS)			
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"Company"), h	nereby appoint			NRIC/Passpoi	rt No		
		(NAME IN FULL AND	BLOCK LETTERS)				
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my/our proxy/p Company, to b P. Kuala Lump referred to in the	proxies to vote for me held at Bukit Kiara ur, Malaysia on <b>Thur</b> ue Notice of the 26th A	ne/us and on my/o Equestrian & Cou rsday, 19 June 20 AGM. ECHAIRMAN OF TH	ur behalf at the ntry Resort, Jala <b>25</b> at <b>10:00 a.m</b>	or failing him/her, a Twenty-Sixth ("26th") an Bukit Kiara, Off Jal n. and at any adjournm	Annual Gener lan Damansara nent thereof, c	ral Meeting ( a, 60000 Kua on the follow	" <b>AGM</b> ") of that Lumpur, Ving resolution
No.	Resolution					For	Against
Ordinary Resolution 1		payment of Non- ncial year ended 3		ctors' Fees of RM16 24.	3,600.00 in		
Ordinary Resolution 2	Approval of the payment of Non-Executive Directors' Fees up to an aggregate amount of RM200,000.00 per annum in respect of the financial year ending 31 December 2025 and the payment thereof and Benefits Payable up to an aggregate amount of RM50,000.00 to the Non-Executive Directors for the period from the 26th AGM until the next AGM of the Company in year 2026, to be paid quarterly in arrears.						
Ordinary Resolution 3	Re-election of Ms Constitution.	Tan Yi Woan who	is retiring und	der Clause 103 of the	Company's		
Ordinary Resolution 4	Re-election of M Company's Const		Foong who is	retiring under Clause	e 96 of the		
Ordinary Resolution 5		of Baker Tilly Mont the Directors to fix t		as Auditors of the Co	ompany and		
nesolution 5							
Ordinary Resolution 6	Director.			e as Independent No			
Ordinary Resolution 6 Ordinary Resolution 7	Director.  Proposed Renewa ("the Act") for the	al of Authority unde Directors to allot a	er Sections 75 ar nd issue shares	nd 76 of the Compani	es Act 2016		
Ordinary Resolution 6 Ordinary	Director. Proposed Renewa ("the Act") for the Proposed Renew	al of Authority unde Directors to allot a wal of Existing	er Sections 75 and issue shares Shareholders'	nd 76 of the Compani	es Act 2016		
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Ordinary Resolution 6 Ordinary Resolution 7 Ordinary Resolution 8 Ordinary Resolution 9 Please indicate	Director.  Proposed Renewa ("the Act") for the Proposed Renewa Shareholders' Ma Trading Nature.  Proposed Renewa of up to 10% of the	al of Authority under Directors to allot a wal of Existing and at the for Recurrent of Authority for the total number of its spaces provided was allowed to the control of the total number of its spaces provided was allowed to the control of the c	er Sections 75 and issue shares Shareholders' ent Related Parine Company to Issued shares.	nd 76 of the Companion.  Mandate and Property Transactions of a Purchase its own Ordinsh your votes to be companion.	es Act 2016 bosed New Revenue or inary Shares	inst the resc	olutions. In th
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- (b) If you are a corporate member which has a common seal, this Form of Proxy should be executed under seal in accordance with the Constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this Form of Proxy should be affixed with the rubber stamp of your corporation (if any) and executed by:-
  - (i) at least two (2) authorised officers, of whom one shall be a director; or
  - (ii) any Director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

#### NOTES:

- 1. In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at 12 Juen 2025 shall be eligible to participate in the AGM or appoint proxy(ies) to participate and vote on his/her behalf.
- A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991) of the Company entitled to
  attend and vote at the meeting is entitled to appoint not more than two (2) proxies to participate and vote on his (her) behalf. A proxy may but need not be a
  member of the Company and there shall be no restriction as to the qualification of the proxy.
- 3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he (she) specifies the proportion of his (her) holdings to be represented by each proxy.
- 4. Where a member is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- 5. The Proxy Form shall be signed by the appointer of his (her) attorney duly authorised in writing or, if the member is a corporation, must be executed under its Common Seal or by its duly authorised attorney or officer.
- 6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of the attorney.
- 7. The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the AGM or at any adjournment thereof, as follows:-
  - (i) In hard copy form

The original instrument appointing a proxy ("**Proxy Form**") must be deposited at the Company's Share Registrar's Office at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.

(ii) By electronic means

The Proxy Form can also be lodged electronically with the Share Registrar of the Company through BoardRoom Smart Investor Portal at <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> or email to <a href="https://investor.boardroomlimited.com">bsr.helpdesk@boardroomlimited.com</a>. Please follow the procedures provided in the Administrative Guide for the 26th AGM in order to deposit the Proxy Form electronically..

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#### BOARDROOM SHARE REGISTRARS SDN. BHD.

[Registration No. 199601006647 (378993-D)]
11TH FLOOR, MENARA SYMPHONY
NO. 5, JALAN PROF. KHOO KAY KIM
SEKSYEN 13
46200 PETALING JAYA
SELANGOR DARUL EHSAN
MALAYSIA

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- 8. If you have submitted your Proxy Form(s) and subsequently decide to appoint another person or wish to participate in our electronic 26th AGM by yourself, please write in to <a href="mailto:bsr.helpdesk@boardroomlimited.com">bsr.helpdesk@boardroomlimited.com</a> to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.
- 9. Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the Notice of 26th AGM will be put to vote by way of poll.

## Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms pursuant to Personal Data Protection Act, 2010.

