



NATIONGATE HOLDINGS BERHAD
Registration No. 202101004230 (1404529-K)



Soaring into **Accelerated Future**

Annual Report 2023



SOARING INTO FUTURISTIC EXCELLENCE

NationGate surpasses the high expectations of the ever-evolving industry and soars above others with its forefront vision. We propel manufacturing efficiency and quality to unprecedented heights, gliding effortlessly into the future with our cutting-edge technology as we stay in step with technological progression. We are committed to leverage future tech as we reach for new peaks of excellence and are constantly on the right path to the next future.



The Annual Report can be accessed at
<http://www.nationgate.com.my/annualReport.html>



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Corporate Information

BOARD OF DIRECTORS

DATO' SERI WONG SIEW HAI
Independent Non-Executive
Chairman

OOI ENG LEONG
Managing Director

LEE KIM SAN
Executive Director cum
Chief Operating Officer

DATO' SERI LEE KAH CHOON
Independent Non-Executive Director

DATO' FAIZA BINTI ZULKIFLI
Independent Non-Executive Director

JU SIEW LEE
Independent Non-Executive Director



AUDIT AND RISK MANAGEMENT COMMITTEE

JU SIEW LEE
Chairman

DATO' FAIZA BINTI ZULKIFLI
Member

DATO' SERI LEE KAH CHOON
Member

REMUNERATION COMMITTEE

DATO' SERI LEE KAH CHOON
Chairman

DATO' FAIZA BINTI ZULKIFLI
Member

JU SIEW LEE
Member

NOMINATION COMMITTEE

DATO' FAIZA BINTI ZULKIFLI
Chairman

JU SIEW LEE
Member

DATO' SERI LEE KAH CHOON
Member

HEAD OFFICE

2005, Tingkat Perusahaan Satu
Kawasan Perusahaan Perai
13600 Perai
Pulau Pinang
Telephone No.: 04-398 9001
Fax No.: 04-398 9005

EMAIL ADDRESS AND WEBSITE

Email address:
corporate@nationgate.com.my

Website:
http://www.nationgate.com.my

REGISTERED OFFICE

Suite A, Level 9
Wawasan Open University
54, Jalan Sultan Ahmad Shah
10050 Georgetown
Pulau Pinang
Telephone No.: 04-229 6318
Fax No.: 04-228 2118
Email Address: tricor.penang@my.tricorglobal.com

COMPANY SECRETARIES

Chew Siew Cheng
(SSM PC No. 202008001179)
(MAICSA 7019191)

Lim Choo Tan
(SSM PC No. 202008000713)
(LS 0008888)

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone No.: 03-2783 9299
Fax No.: 03-2783 9222
Email Address: is.enquiry@my.tricorglobal.com

AUDITORS

Grant Thornton Malaysia PLT
Registration number: 201906003682
LLP number: LLP0022494-LCA
Firm number: AF 0737
Level 5, Menara BHL
51 Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Telephone No.: 04-228 7828
Fax No.: 04-227 9828

SPONSOR

M&A Securities Sdn Bhd
(197301001503 (15017-H))
45-11, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone No.: 03-2284 2911

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
AmBank (M) Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Maybank Islamic Berhad
Public Bank Berhad
United Overseas Bank (Malaysia) Bhd

STOCK EXCHANGE LISTING

ACE Market
Bursa Malaysia Securities Berhad
Stock Code: 0270
Stock Name: NATGATE

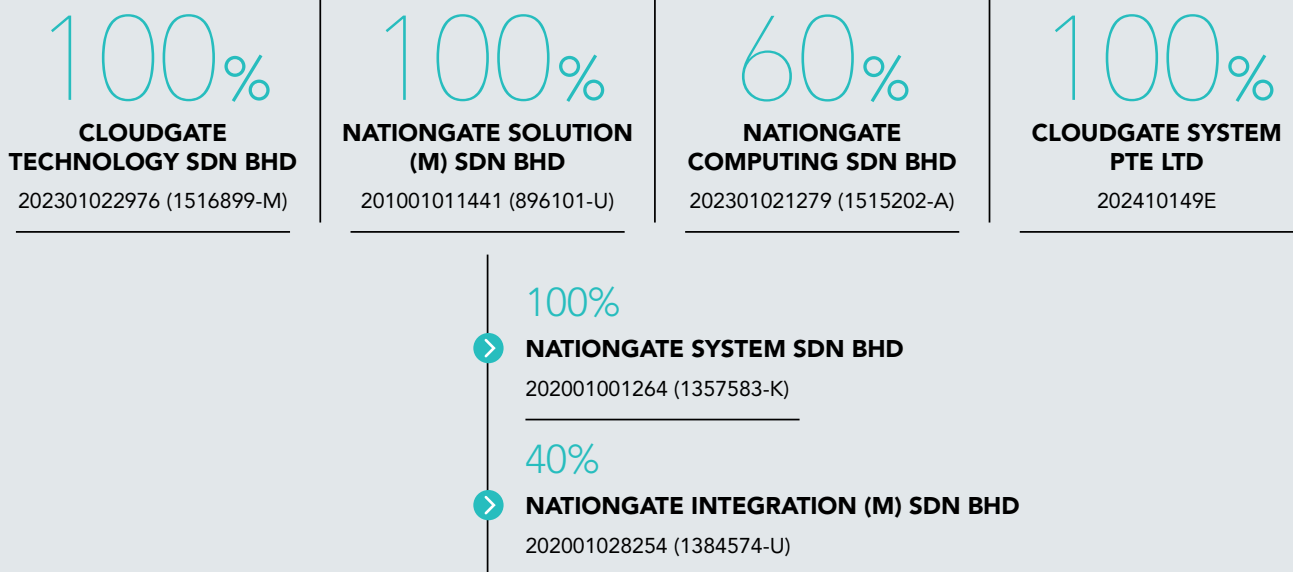
Corporate Structure



NationGate

NATIONGATE HOLDINGS BERHAD

202101004230 (1404529-K)



Media Highlights

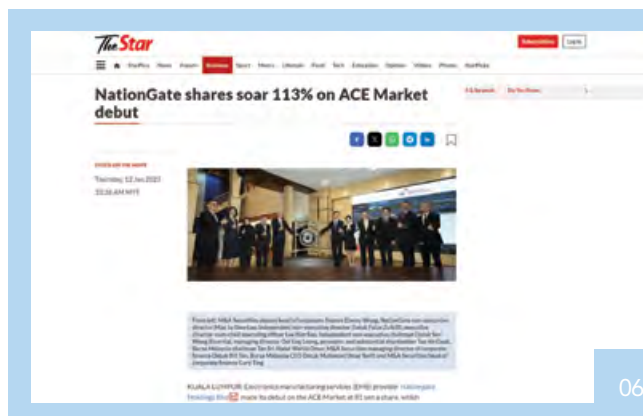
MEDIA HIGHLIGHTS 2023



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04



06



01



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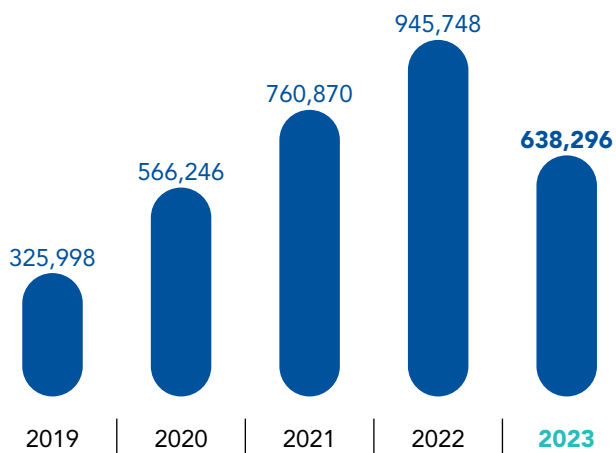
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Financial Highlights

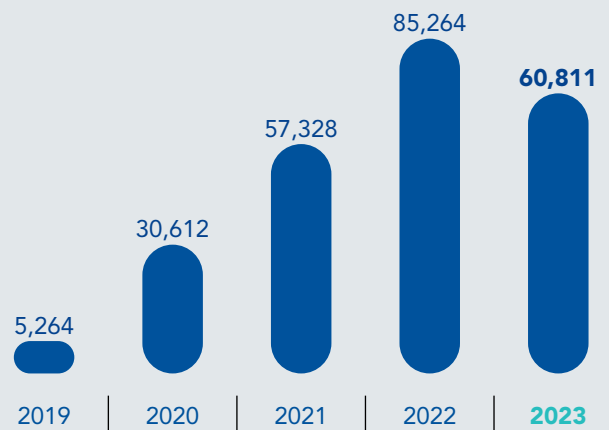
FINANCIAL HIGHLIGHTS	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenue (RM'000)	325,998	566,246	760,870	945,748	638,296
Profit Before Taxation (RM'000)	6,321	32,903	62,662	104,622	70,538
Profit After Taxation (RM'000)	5,264	30,670	59,547	85,608	60,925
Profit attributable to Owners of the Company (RM'000)	5,264	30,612	57,328	85,264	60,811
EBITDA (RM'000)	25,342	57,811	96,078	151,748	120,057
Basic Earnings per Share (Sen)*	0.32	1.87	3.50	5.20	2.95
Equity attributable to Owners of the Company (RM'000)	85,428	112,041	155,875	229,046	422,057
Return on Equity	6.2%	27.3%	36.8%	37.2%	14.4%

* Basic earnings per share is computed over the ordinary share capital of the Company as at 31 December 2023.

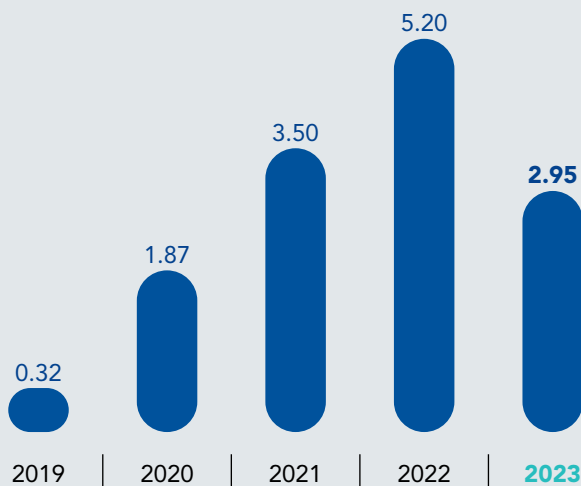
Revenue (RM'000)

☒ 638,296


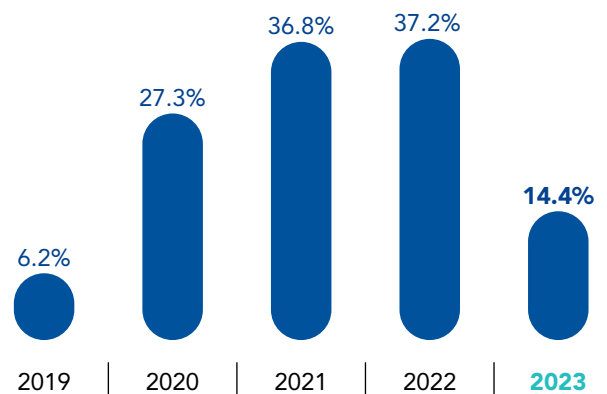
Profit attributable to Owners of the Company (RM'000)

☒ 60,811


Basic Earnings per Share (Sen)

☒ 2.95


Return on Equity

☒ 14.4%


Board of Directors' Profile



DATO' SERI WONG SIEW HAI

DSPN, DMPN, DGPN, DPPN

Independent Non-Executive Chairman

Malaysian

Male

Aged 72



Dato' Seri Wong Siew Hai ("Dato' Seri Wong") is our Independent Non-Executive Chairman and was appointed to our Board on 18 May 2021.

He graduated in 1974 with a Bachelor of Science in Mechanical Engineering from University of Leeds, UK. He obtained a Master of Science in Management Science in 1975 from Imperial College of Science and Technology, University of London, UK. In 2015, he was awarded the ASEAN Outstanding Engineering Achievement Award by the ASEAN Federation of Engineering Organisations.

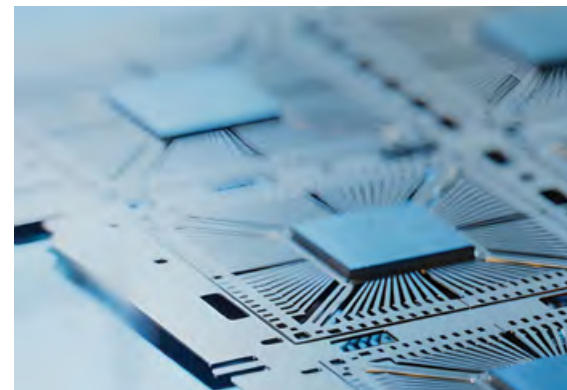
He started his career in 1976 with Intel Technology Sdn Bhd ("Intel") as Quality Assurance Engineer and left with his last position as General Manager in 1996. During his time with Intel, he was responsible for, amongst others, the quality assurance for assembly operations of semiconductors and Intel's 8-bit micro-controller business unit. Thereafter, he joined Dell Incorporated's Asia Pacific Customer Centre as Managing Director and Vice President where he was mainly involved in the management of their

operations. In 1998, he re-joined Intel as Managing Director of Assembly Test Manufacturing in Malaysia and was later promoted to Vice President of Technology and Manufacturing Group and General Manager of Assembly Test Manufacturing, where he was responsible for all of Intel's assembly test factories worldwide. He retired from Intel in 2004.

He was a Director of Invest-In-Penang Berhad, an agency incorporated by the Penang State Government to promote investment in the state of Penang from 2004 to 2008. From 2005 to 2017, he was a board member of Malaysia External Trade Development Corporation ("MATRADE"), a division under MITI and was the Chairman of the Audit Committee of MATRADE's board from 2011 to 2017. He was the Chairman of the Malaysian American Electronics Industry, an industry committee under the American Malaysian Chamber of Commerce from 2005 until 2021. He was the Chairman of TT Vision Holdings Berhad, from 1 June 2022 till 30 November 2023 and a board member of Penang Science Cluster from 4 April 2013 till 8 November 2023.

Currently, he is the President of the Malaysia Semiconductor Industry Association since January 2021 and the Chairman of Electrical and Electronics Productivity Nexus since 2017. He has over 30 years of experience in the E&E industry within Malaysia as well as Asia Pacific region.

Dato' Seri Wong sits on the Board of Penang Tech Centre, Malaysia Venture Capital Management Berhad, Greotech Technology Berhad and MTT Shipping and Logistics Berhad. He also sits on the Board of several private limited companies.



Board of Directors' Profile



OOI ENG LEONG

Managing Director

Malaysian

Male

Aged 55



Ooi Eng Leong ("Mr Ooi") is our Managing Director and was appointed to our Board on 1 June 2021. He completed his secondary school education at Han Chiang Independent High School, Pulau Pinang in 1986. In June 1988, he was awarded with the Certificate of Electrical Engineering Technician from City and Guilds of London Institute.

He is responsible for charting our Group's overall strategy and business direction. In respect of our Group's operations, he is involved in all major strategic and investment decisions as well as overseeing our Group's performance. He has more than 34 years of combined working experience in the Electrical and

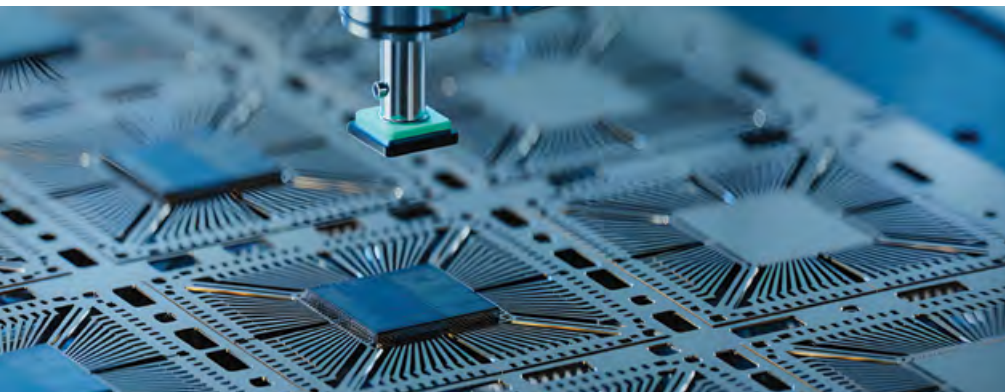
Electronics ("E&E") industry and Electronics Manufacturing Services ("EMS") market in Malaysia.

He started his career in the E&E industry as a Technician with Granek Electronic Sdn Bhd (a company involved in providing EMS activities) from 1986 to 1988, where he was skilled in repairing and analysing defects in electronic products. He then spent approximately four years from 1988 until 1992 with Shinca Electronic Sdn Bhd (a company involved in providing EMS activities) as its Manufacturing Engineer, where he was in-charge of setting up the company's production lines, overseeing manufacturing processes and various other aspects in the engineering of producing electronic products.

In 1992, he joined the auto-insert division of Kenmec Technology (M) Sdn Bhd (a company involved in providing EMS activities) as an Assistant Manager, where he was in charge of developing and improving its manufacturing processes. He was then promoted to its Section Manager in 1997, where he was responsible for the overall performance of the department. He then joined Natsteel Electronics (M) Sdn Bhd (later known as Soletron Technology (M) Sdn Bhd) (a company involved in the design, development and manufacture of printed circuit board ("PCB") assemblies and sub-assemblies for microprocessor applications, computers, computer peripherals and semiconductor equipment) in the same year as a Manufacturing Manager, where he was responsible for its manufacturing processes under high volume production environment, as well as ensuring delivery and quality commitments to various multinational companies.

In 1999, he co-founded our Group's EMS business and has been instrumental in the development, growth and success of our Group.

Mr Ooi sits on the Board of D Premier Residence Bayan Mutiara Berhad. He also sits on the Board of several private limited companies.



Board of Directors' Profile



LEE KIM SAN

Executive Director cum Chief Operating Officer

Malaysian

Male

Aged 58



Lee Kim San ("Mr Lee") is our Executive Director cum Chief Operating Officer and was appointed to our Board on 1 June 2021. He has more than 35 years of combined working experience and expertise in the E&E industry and EMS market in Malaysia. He is primarily responsible for the overall operations and resource management.

He started his career in Robert Bosch (M) Sdn Bhd (a company involved in the manufacturing of auto parts and related accessories) as a Test Technician for car stereos. In 1990, he joined Advantec Electronic Sdn Bhd (a company involved in the manufacturing and dealing of electrical products and related equipment) as a Production Supervisor and in a span of 2 years,

he rose to the position of Production Manager overseeing the audio product final assembly lines. He then joined Kenmec Technology (M) Sdn Bhd in 1994 as an Assistant Production Manager, where he was responsible for the company's production activities and product delivery to its customers. In 1996, he left Kenmec Technology (M) Sdn Bhd (a company involved in providing EMS activities) and joined Solectron Technology (M) Sdn Bhd (a company involved in the design, development and manufacture of PCB assemblies and sub-assemblies for microprocessor applications, computers, computer peripherals and semiconductor equipment) as a Production Manager, where he was responsible for its overall production and product delivery to customers.

In 2001, he left the company to join Flairis Sdn Bhd (a company involved in providing EMS activities) as an Operations Manager, where he was responsible for its production quality assurance and engineering operations for its electronic products.

In 2013, he was appointed Senior General Manager and subsequently appointed as our Group's Chief Operating Officer in 2015.

Mr Lee does not hold any other directorship in public companies or public listed companies. He sits on the Board of several private limited companies.



Board of Directors' Profile



DATO' SERI LEE KAH CHOON

DGNP

Independent Non-Executive Director

Malaysian

Male

Aged 64



Dato' Seri Lee Kah Choon ("Dato' Seri Lee") is our Independent Non-Executive Director and was appointed to our Board on 7 February 2022. He is Chairman of our Remuneration Committee as well as member of Audit and Risk Management Committee and Nomination Committee. He graduated with a Bachelor of Law from the Southampton University, United Kingdom in 1985.

He was called to the Bar of England and Wales at the honourable Society of Middle Temple in 1986. In 1987, he obtained a Master of Arts from the City University, United Kingdom and was called to the Malaysian Bar in the same year. He is also a Certified Financial Planner since 2019.

In 1987, he started his legal career at Messrs Wong-Chooi & Mohd Nor, a law firm, as a Legal Assistant responsible for providing legal services related to conveyancing, trust and estate, banking and corporate matters. In 1991, he was made a Partner of the firm before leaving in 1996. In 1997, he founded his own legal practice, Messrs KC Lee & Partners to provide legal advisory services. As the Managing Partner, he focused on conveyancing, trust and estate, banking and corporate services.

In 2004, he relinquished his position in his law firm to undertake the role of Parliamentary Secretary to the Ministry of Health, Malaysia. He was responsible for assisting the Minister on health matters in Malaysia, answering health related questions and tabling legislations on behalf of the Ministry in the house of Parliament. He held the position until 2008.

From 2008, he had served as board member of several government-linked corporations and companies; Parliamentary Secretary; Member of Parliament & Municipal Councillor.

Dato' Seri Lee also serves as Chairman of Federal Oats Mills and sits on the Board of several Bursa listed companies including Aemulus Holdings Berhad, L&P Global Berhad and Northeast Group Berhad.

Additionally, Dato' Seri Lee is a member of the Investment Committee of Areca Capital, a licensed fund manager for individuals, corporations, and institutions.

Board of Directors' Profile



DATO' FAIZA BINTI ZULKIFLI

DSPN

Independent Non-Executive Director

Malaysian

Female

Aged 63



Dato' Faiza Binti Zulkifli ("Dato' Faiza") is our Independent Non-Executive Director. She was appointed to our Board on 18 May 2021. She is the Chairman of the Nomination Committee and a member of the Audit and Risk Management Committee as well as Remuneration Committee.

She holds a Bachelor of Law (Honours) degree from University of Malaya (1984) and Master of Law in Intellectual Property and Information Technology Laws from University of East Anglia, United Kingdom in 2006. She was called to the Malaysian Bar in 2020. She is an experienced Senior Legal Officer with more than 35 years of working experience in various government agencies.

She started her career in the Judicial and Legal Service in 1984 as a Magistrate in Klang, Selangor. She held various positions in the Judicial and Legal Service. She served as a Legal Advisor to the Ministry of Domestic Trade and Consumer Affairs and as a Senior Assistant Parliamentary Draftsman at Attorney General's Chambers of Malaysia from 2002 to 2007.

She has been appointed as Penang State Legal Advisor, an ex-officio member of the State Executive Council of Penang and a member of the State Planning Committee and State Land Council since 2007.

From 2014 to August 2017, she was appointed as Chairman of the Advisory Board at the Prime Ministers Department. Thereafter from September 2017 to 2018, she served as the Chairman of the Customs Appeal Tribunal under the Ministry of Finance, and her last position with the government before her retirement in July 2020 was being the Chairman of the Special Commissioners of Income Tax under the Ministry of Finance. She was appointed as a member of the Suruhanjaya Perkhidmatan Air Negara from March 2022 to 2023.

Dato' Faiza also sits on the Board of Mestron Holdings Berhad, ARK Resources Holdings Berhad and Northeast Group Berhad.



Board of Directors' Profile



JU SIEW LEE

Independent Non-Executive Director

Malaysian

Female

Aged 54



Ju Siew Lee ("Ms Ju") was appointed as Independent Non-Executive Director of our Board on 7 February 2022. Ms Ju is the Chairman of the Audit and Risk Management Committee and a member to the Remuneration Committee and Nomination Committee.

Ms Ju is a qualified Management Accountant of The Chartered Institute of Management Accountants, United Kingdom and a Chartered Accountant of the Malaysian Institute of Accountants. Ms Ju is currently the Chief Financial Officer of Ivory Properties Group Berhad ("Ivory"). She has extensive working experiences in accounting, finance, and corporate finance through her attachment to accounting and auditing firm in Singapore and as the Group Financial Controller of a public listed company, prior to joining Ivory.

Ms Ju serves on the Board of Aemulus Holdings Berhad ("Aemulus"). Apart from her role at Aemulus, she does not hold directorship in any other public companies and public listed companies.

Notes:

(1) Family Relationships with any Director and/or Major Shareholder

None of the Directors has any family relationship with any Director and/or Major Shareholder of the Company except Ooi Eng Leong is the spouse of Tan Ah Geok who is a Major Shareholder.

(2) Directors' Shareholdings

Details of the Directors' shareholdings in the Company are provided in the Analysis of Shareholdings Section in this Annual Report.

(3) No Conflict of Interest

None of the Directors has any conflict of interest with the Company except:
Ooi Eng Leong has interest in several companies incorporated locally which carry on a similar or related trade or is a customer and/or supplier of the Group.

(4) Non-Conviction of Offences

All the Directors have not been convicted with any offences other than traffic offences (if any) in the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulator during the financial year.

(5) Board Meetings held during the financial year ended 31 December 2023 and details of Directors' attendance

Name	Meetings attended
Dato' Seri Wong Siew Hai	5/5
Ooi Eng Leong	5/5
Lee Kim San	5/5
Dato' Seri Lee Kah Choon	5/5
Dato' Faiza Binti Zulkifli	5/5
Ju Siew Lee	5/5

Key Senior Management's Profile

LEE AIK KUN

Malaysian | Male | Aged 53

Lee Aik Kun is the Chief Technical Officer of our Group. He has more than 28 years of combined working experience in the E&E industry and EMS market in Malaysia. In 2014, he obtained his Certified Six Sigma Black Belt from Certification Board of ASQ. He joined our Group as Chief Technical Officer in 2019. He is responsible for spearheading our Group's engineering team, development and implementation of manufacturing processes as well as overseeing overall SMT related operations and equipment.



DAVINDRA SINGH GENDEH

Malaysian | Male | Aged 50

Davindra Singh Gendeh is the Vice President of Operations of our Group. He joined our Group and assumed his current position in 2020. He has more than 23 years of combined working experience in the local and international E&E industry and EMS market in Malaysia, China, Singapore, Taiwan, Thailand and USA. He is responsible for overseeing the overall operations of NationGate System Sdn. Bhd.

CHANG TSUI SHI

Malaysian | Female | Aged 45

Chang Tsui Shi is the Finance Director of our Group. She has more than 19 years of working experience in the field of accounting and finance in Malaysia. In 2002, she obtained her Bachelor of Accounting (Honours) from Universiti Utara Malaysia and has been a member of the Malaysian Institute of Accountants since 2005. She joined our Group as an Accountant. She was promoted to Senior Finance Manager in 2018 and subsequently assumed her current role as Finance Director in 2021. She is responsible for overseeing our Group's accounts and finance related functions.

TAY SENG CHEW

Malaysian | Male | Aged 58

Tay Seng Chew is the Corporate Services Director of our Group. He joined our Group and assumed his current position in 2020. He has more than 25 years of combined working experience in the field of banking and finance in Malaysia. He graduated with a Bachelor of Management (Honours) in Finance and Accounting from Universiti Sains Malaysia in 1989. He is responsible for the corporate finance related matters such as fundraising activities as well as liaising with financial institutions and treasury functions.

On August 22, 2023, Tay Seng Chew was appointed as Executive Chairman in Ewein Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad that operates in multiple business segments including manufacturing, property development and property management.

LIM KEE BENG

Malaysian | Male | Aged 62

Lim Kee Beng is the Business Development Director of our Group. He has more than 38 years of combined working experience in the E&E industry and EMS market in Malaysia. He graduated with a Bachelor of Applied Science in Electrical Engineering from the University of Ottawa, Canada in 1984. In 1999, he obtained his Master of Business Administration from Heriot Watt University, United Kingdom. He joined our Group as Human Resource Manager in 2010 and undertook various job responsibilities in our Group until his current position as Business Development Director in 2020. He is responsible for developing, planning and implementing strategies to drive our Group's revenue and customer base.



Notes:

- (1) **No directorship in public companies and public listed companies**
None of the Key Senior Management holds any directorship in public companies and public listed companies.
- (2) **Family Relationships with any Director and/or Major Shareholder**
None of the Key Senior Management has any family relationship with any Director and/or Major Shareholder of the Company.
- (3) **No Conflict of Interest**
None of the Key Senior Management has any conflict of interest with the Company except:
Tay Seng Chew has interest in a company incorporated locally which carries on a similar or related trade or is a customer and/or supplier of the Group..
- (4) **Non-Conviction of Offences**
All the Key Senior Management have not been convicted with any offences other than traffic offences (if any) in the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulator during the financial year.

Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual report and audited financial statements of NationGate Holdings Berhad ("**NGH**" or the "**Company**" and collectively, with its subsidiaries, the "**Group**") for the financial year ended 31 December 2023 ("**FYE 2023**").

FINANCIAL PERFORMANCE IN FYE 2023

2023 mark another year of success in our corporate journey since our inception in 1999, where we have successfully completed our IPO in January 2023. This marks a significant milestone and exciting phase of our corporate journey to being a listed entity, thus enhancing our long-term corporate image, visibility, credibility, and liquidity as a publicly traded entity.

Our Group has managed to achieve revenue levels of RM638.30 million in FYE 2023, which represents a decrease of RM307.45 million or 32.5% from the previous FYE 2022. The decrease was mainly attributable from the decrease in revenue contribution from our major customers in the networking and telecommunications industry by RM344.13 million or 51.7%, which has experienced orders deferment to FYE 2024 to manage their inventory levels in response to the weakened market demand, which has impacted our Group's revenue levels. However, we have seen further growth in revenue contribution from customers in the consumer electronics, automotive and semiconductor industries during FYE 2023. This demonstrates our Group's ability in its continuous customer base acquisition and expansion to position itself to better withstand the challenging macroeconomic environment, demonstrating our Group's continued success in expanding its customer base and ability to effectively serve diverse industries.

As a result, gross profit has declined by RM40.17 million or 26.5% during FYE 2023. Despite this, gross profit margin improved by 1.4% to 17.4% during FYE 2023 from 16.0% during FYE 2022 attributed by favorable product mix. Our Group made a net profit after taxation of RM60.93 million in FYE 2023, which is lower by RM24.68 million or 28.8 % from RM85.61 million in the previous financial year. Our Group's EBITDA during FYE 2023 was RM120.06 million, which has decreased by 20.9% to RM31.69 million as compared with RM151.75 million in the previous financial year.

As at 31 December 2023, our Group had net current assets of RM190.41 million (31 December 2022: RM52.16 million), total assets of RM734.85 million (31 December 2022: RM762.44 million) and shareholders' funds of RM422.06 million (31 December 2022: RM229.05 million). Our Group's trade receivables decreased by RM88.88 million from RM221.57 million as at 31 December 2022 to RM132.69 million as at 31 December 2023.

Overall, the decrease is measured against our Group's record-breaking performance in the last financial year of FYE 2022. Despite the global challenges and uncertainties faced, we are proud of being able to achieve a commanding performance level benefiting from our continuous focus on providing quality EMS services and solutions to our customers with outstanding operational management.

Despite 2023 being characterised by numerous challenges, including macroeconomic uncertainties such as escalating geopolitical tensions and inflationary pressures weak manufacturing export-oriented sector, influenced by China's fragile post-pandemic recovery, extended global supply chain disruptions from the prolonged Russia-Ukraine war and the Israel-Gaza conflict as well as slowing down on order loadings by several customers, our Group remains optimistic and bullish in the year ahead on its future prospects and remains steadfast about propelling our Group to greater heights in line with the expected resurgence of demands within the electronic manufacturing services ("**EMS**") as well as electronic and electrical ("**E&E**") industries.

DIVIDENDS

We have declared interim dividends of 0.25 cents per share in May 2023 (which was paid in June 2023), 0.25 cents per share in August 2023 (which was paid in October 2023) and 0.25 cents per share in November 2023 (which was paid in December 2023). The final dividend for FYE 2023 of 0.25 sen per ordinary share has been declared in February 2024 and shall be paid in July 2024. Total dividends declared for FYE 2023 is 1.00 cent per share.

Chairman's Statement

OUTLOOK AND PROSPECTS FOR FYE 2024

The E&E industry contributes significantly to Malaysia's gross domestic product ("**GDP**") growth, investments, export earnings, employment, as well as industrial development. The E&E industry secured investments worth RM85.4 billion (comprising 56.2% of approved investments in the manufacturing sector) in 2023 (2022: RM29.3 billion), signifying the strategic expansion of global E&E companies in Malaysia that are capitalising on the forecasted recovery in the global technology cycle and the projected 11.8% growth in global semiconductor sales by 2024. In 2023, E&E exports comprised RM575.4 billion or 40.4% of total exports. Under the 12th Malaysia Plan, the E&E industry is targeted to contribute RM120.0 billion to Malaysia's GDP in 2025, compared to RM86.1 billion in 2020.

The domestic E&E industry is expected to continue maintaining its positive trajectory as global semiconductor sales are on the uptrend, despite the normalising demand for consumer products such as smartphones and personal computers post the COVID-19 pandemic. Future demand for E&E products will be largely supported by technological revolution in the technological spectrum and rapid technological advancements in internet of things ("**IoT**"), 5G, electric vehicle, supercomputers, Artificial Intelligence ("**AI**") and data centres.

Leveraging on the base of E&E activities, Malaysia has become a hub for EMS with both foreign multinational companies and local companies operating in the country producing a range of products from electronic components, modules, devices and systems across various industries. Based on the above positive developments, our Group is forging ahead and looking beyond the recovery in the EMS and E&E industry. Our Group's primary focus is on internal growth in preparation for the predicted recovery in 2024 such as focusing on expanding our Group's existing manufacturing capacities and capabilities to cater for the recovery of order replenishment by our major customers particularly in the networking and telecommunications industry as well as to cater for expected increase in assembly activities by customers particularly from the data computing, consumer electronics, automotive and semiconductor segments. We are also committed in continuously expanding talent resource to effectively serve new businesses from both existing and potential customers.

The expected growth in the E&E and EMS industries shall also be driven by the introduction/launch of new models and products by various industry players in the E&E and semiconductor industries in 2024, as we continue to lookout for trade diversion-related opportunities, diversion-related supply chain reconfiguration, increase in local E&E foreign direct investments as well as recovery in the E&E industry underpinned by normalisation of inventory level and improving order loadings from customers particularly in the networking and telecommunication, which are seeing ramp-ups related to telecommunication and advanced computing products, with some already in an advanced stage for commercialisation.

We also look forth at tapping new growth opportunities in the development of AI technologies, supercomputer, electric vehicles and data centers, which have seen continuous support by continued investments, collaborations and talent development efforts which are expected to further accelerate this growth trajectory in the EMS industry in the foreseeable future. We anticipate to ride on the technology wave from the continuous upcycle of the technology sector, in view of the continued rollout of 5G wireless communication technology driving demand for electronics components related to the IoT such as integrated circuits and microchips for various products used by consumers as well as businesses and organisations. These initiatives are currently being driven by the Malaysian government support in actively promoting the development of AI and digital infrastructure as part of its national agenda through various initiatives announced such as the National AI Framework and the Digital Economy Blueprint to provide strategic direction and support for the growth of AI-related industries.

With the proliferation of digital services, cloud computing, and data-driven technologies, there has been a surge in demand for data center infrastructure in Malaysia. Major technology companies, including both local players and multinational corporations, have been expanding their data center operations in the country to cater to this growing demand. Malaysia's strategic location in Southeast Asia, coupled with its well-established manufacturing and supply ecosystem, attractive operating cost structure, competitive manufacturing capabilities and robust digital infrastructure besides business-friendly policies, positions it as an attractive location for regional data center hubs and AI-related activities. This has attracted investments from global tech giants looking to establish a presence in the region.

Chairman's Statement

OUTLOOK AND PROSPECTS FOR FYE 2024 (Cont'd)

We are also bullish and positive by the various economic developments and initiatives announced by the Madani Government led by Prime Minister Datuk Seri Anwar Ibrahim to further boost and spur capital investments into Malaysia, which would augur well for our Group's role as a major EMS player in the foreseeable future. We note that the Madani Government remains committed to its economic reform efforts to attract high-value investments through catalytic blueprints and initiatives under the Madani economic framework, National Energy Transition Roadmap and the New Industrial Master Plan 2030 and Mid-Term Review of the 12th Malaysia Plan. On 29 February 2024, Malaysia's Minister of Investment, Trade and Industry ("MITI"), YB Senator Tengku Datuk Seri Utama Zafrul Abdul Aziz, announced that Malaysia had secured a staggering RM329.5 billion in approved investments, comprising 5,101 projects that are expected to create 127,332 new job opportunities. This remarkable performance is a 23.0% increase as compared to RM267.7 billion approved investments in 2022. Foreign investments accounted for 57.2% of total approved investments, or RM188.4 billion, while Domestic Investments recorded 42.8% or RM141.1 billion. On the manufacturing sector front, Malaysia attracted a total of RM152.0 billion in approved investments, accounting for 46.1% of the total approved investments across various economic sectors. This marks a significant increase of 80.3% from RM84.3 billion recorded in 2022. The E&E industry, a cornerstone of Malaysia's manufacturing prowess, secured the lion's share of investments with RM85.4 billion, representing 56.2% of the sector's total.

As such, we remain upbeat and confident with the various positive developments and announcements as highlighted above, which shall be the major catalysts in attracting industry players in considering Malaysia as their preferred source for EMS activities. We shall stand ready and prepared to cater for new opportunities that come our way considering the various development initiatives and positive outlooks of the EMS and E&E industries, which is rapidly recovering and growing in the years to come.

Furthermore, our Group remains committed to prioritising customer acquisition efforts and will continue to leverage its EMS solution to cater to new business opportunities, emphasising diversification as a strategic imperative. Our Group shall continue in its efforts to attract and assist new customers seeking to diversify their supply chains while benefiting from lower labour costs in different countries across Asia. This move shall further strengthen our position as a preferred EMS player to capitalise on evolving global supply chain dynamics in its customer acquisition efforts.

IN APPRECIATION

In closing, I would like to express my appreciation to my Board of Directors for their stewardship of NGH and for their continued advice and guidance during these challenging times. I would like to also thank the management and staff for resolute ability over the last few years to take on every challenge and overcome it. We also wish to thank our esteemed customers, suppliers and shareholders for their continued support, trust and confidence in us as we navigate ahead in these challenging times and capitalise on emergent opportunities. We are excited to continue supporting your business needs while fostering a lasting relationship. We also wish to extend our heartfelt appreciation and gratitude to our business partners, associates, bankers and other stakeholders who have stand by our side and also supported us as we navigate through these challenging times together. Even as our resilience is continually being tested by these challenging times, I believe NGH will emerge a better and stronger company. It is an honour to have you, which motivates us to pursue sustainable growth. We are committed to having a continuous engagement with you.



Management Discussion and Analysis

OPERATION OVERVIEW

NationGate Holdings Berhad (“**NGH**” or the “**Company**”) and its subsidiaries (“**Group**”) are an electronic manufacturing services (“**EMS**”) provider focusing on the assembly and testing of:

- electronic components and products to produce completed PCBs, semi-finished sub-assemblies and fully-assembled electronic products; and
- semiconductor devices.

The following diagram illustrates our Group’s business activities:

Business Segment	Provision of EMS
Business Activities	Established EMS provider focusing on the assembly and testing of: - Electronic components and products to produce completed PCBs, semi-finished sub-assemblies and fully assembled electronic products; - Semiconductor devices; and - Value added services - Prototyping for manufacturability - Supply chain management - Testing and inspection - Packaging
Business Model	• Turnkey basis – Responsibility of purchasing raw material fall upon contract manufacturer/ EMS provider • Consignment basis – Customer shall be responsible for sourcing, sorting and packing raw materials which are then delivered to the contract manufacturer/ EMS provider for assembly.
End-user Markets	• Networking & telecommunications • Data computing • Industrial instruments • Consumer electronics • Automotive • Semiconductor • Others including medical devices, IoT, household electronic products and analytical instrumentation devices.

Our Group operate our EMS business from our various EMS manufacturing facilities located in Seberang Perai, Pulau Pinang and Taiping, Perak. We have the flexibility to undertake high-mix, low-volume and low-mix, high volume production based on customers’ requirements.

At the core of our business capabilities is the ability to provide flexible and modular assembly lines that are highly complex and customisable, on both consignment and turnkey basis. We have the necessary technical capabilities to meet the various requirements of our customers from various industry segments which include networking and telecommunications, data computing, industrial instruments, consumer electronics, automotive and semiconductor segments.

We also have an in-house technical team consisting of engineers and technicians who are actively involved in providing technical advice on prototyping for manufacturability, conduct various tests and make recommendations on improving the manufacturability of products in terms of cost, quality and delivery time, which makes us an ideal partner for customers with diverse and specialised requirements. This level of flexibility allows us to accommodate customers with different order requirements and sizes, which in turn helps us serve a broader pool of clientele.

Our EMS assembly and test lines are equipped with various machineries and equipment which include, but are not limited to chip component placement machines, inspection machines and equipment, laser marking machines, high speed dispenser machines, test equipment and semiconductor assembly equipment. Furthermore, we have invested in an enterprise resource planning system which can provide us with a centralised system for controlling and managing our master production schedule where we track customer orders, manage raw material and input components procurement, monitor production progress and keep record of quality assurance tests throughout the pre-production and production processes to ensure timely delivery whilst improving the efficiency of our entire EMS operations.

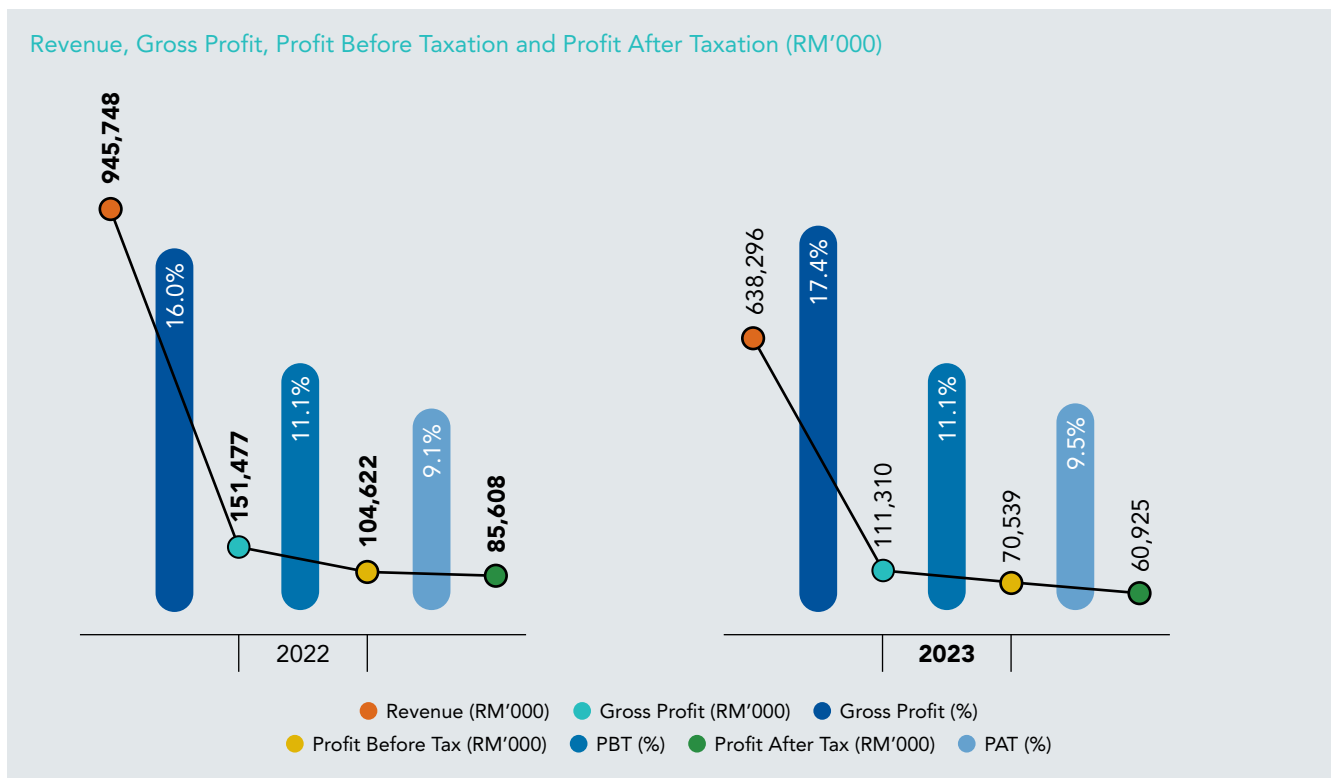
Management Discussion and Analysis

OPERATION OVERVIEW (Cont'd)

Throughout the years, we have been able to earn the trust of our customers by providing timely and quality services which meet their manufacturing requirements and quality standards. We place strong emphasis on the quality of services rendered to our customers. We believe that this can reinforce our efforts to ensure that we meet our customers' quality standards. To this end, our quality management system meets the international standards such as ISO 9001:2015, ISO 14001:2015, AS9100D, ISO 13485:2016 and IATF 16949:2016.

In addition, our technical expertise and flexibility to respond to change had allowed us to undertake the assembly and testing of a diverse product mix with different applications for our customers' products. The understanding of the entire product development process and customer needs, coupled with a strong and flexible engineering platform, have enabled us to provide wide range of EMS to our customers. With our years of proven track record of delivering exceptional results and our unwavering commitment to customer satisfaction, we are confident that we can continue to capitalise on this trend and drive long-term growth for our EMS business activities.

FINANCIAL OVERVIEW



Our Group achieved revenue of RM638.30 million for the financial year ending 31 December 2023 ("FYE 2023"), which is a decrease of RM307.45 million or 32.5% from the previous financial year ending 31 December 2022 ("FYE 2022") of RM945.75 million. The decrease was mainly attributable from the decrease in revenue contribution from the networking and telecommunications segment by approximately RM344.13 million or 51.7% arising from orders deferred from a major customer to FYE 2024. The decrease was mainly attributable to orders deferment from a major customer in the networking and telecommunications segment to FYE 2024 to manage their inventory levels in response to the weakened market demand, which has impacted our Group's revenue levels.

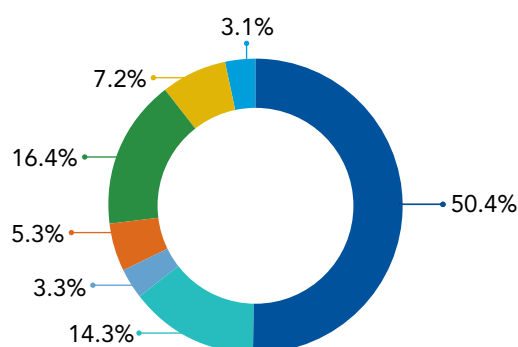
However, the decrease in revenue contribution from networking and telecommunications segment has been negated by growth in revenue contribution from customers involved in the consumer electronics, automotive and semiconductor segments where the revenue increased by approximately RM35.08 million or 53.44% from RM65.64 million during FYE 2022 to RM100.72 million during FYE 2023.

Management Discussion and Analysis

FINANCIAL OVERVIEW (Cont'd)

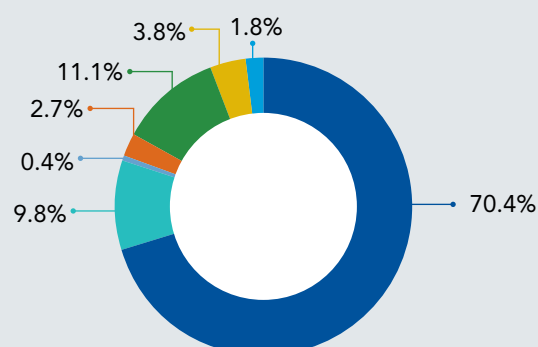
Revenue By Customer Segment

FYE 2023



Revenue By Customer Segment

FYE 2022

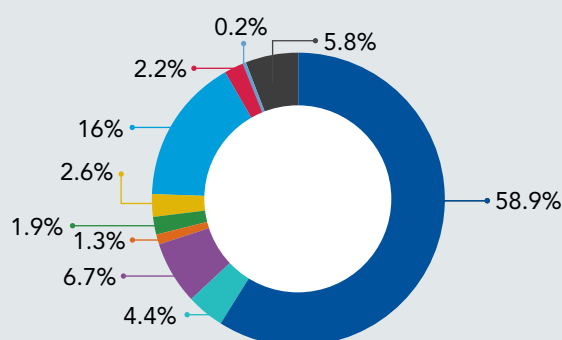


● Networking and telecommunications ● Industrial instruments ● Data computing
● Consumer electronics ● Automotive ● Semiconductor ● Others

Others : Mainly consists of manufacturers of medical devices, Internet of Things, household electronic products and analytical instrumentation devices.

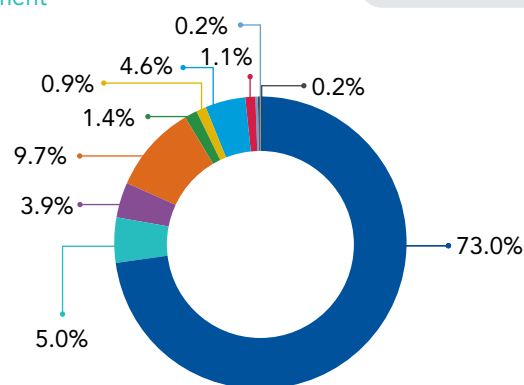
Revenue By Countries Segment

FYE 2023



Revenue By Countries Segment

FYE 2022



● Malaysia ● USA ● China ● Germany ● Australia
● Hong Kong ● Singapore ● France ● Denmark ● Others

Other countries include Taiwan, Thailand, United Kingdom, Mexico, Canada, India, Russia and Hungary.

In FYE 2023, our Group recorded a lower profit before taxation ("PBT") of RM70.54 million, which is a decrease of RM34.08 million or 32.6% from PBT position of RM104.62 million recorded in FYE 2022, with PBT margin maintained at 11.1%, which is in line with the lower revenue generated during FYE 2023.

PBT margin stood still despite of decreased in Our Group's revenue mainly due to improve of gross profit margin attributed from favourable product mix, where GP margin marked at 17.4% in FYE 2023 as compared to 16.0% in FYE 2022. This was also driven by higher other income generated of RM9.53 million in FYE 2023 (FYE 2022: RM5.69 million) mainly contributed by higher foreign exchange gain as a result of the appreciation of the USD against RM, in addition to the increase in finance income generated of RM2.68 million in FYE 2023 (FYE 2022: RM0.33 million), which is in tandem with the increase in short term deposits placed with licensed financial institutions. In addition, our Group recorded lower finance costs recorded in FYE 2023 of RM10.18 million (FYE 2022: RM12.37 million) as a result of the repayment of our Group's existing bank borrowings via the utilization of proceeds raised from our Initial Public Offering on the ACE Market of Bursa Securities ("IPO"), which was completed in January 2023.

Management Discussion and Analysis

FINANCIAL OVERVIEW (Cont'd)

As a result of the above, our Group made a net profit of RM60.93 million in the current financial year, lower by RM24.68 million or 28.8 % from RM85.61 million in the previous financial year. This was supported by lower income taxes incurred of RM9.61 million during FYE 2023 as compared to RM19.01 million during FYE 2022, in tandem with lower PBT levels recorded in FYE 2023, as compared with FYE 2022.

Profit attributable to owners of the Company for FYE 2023 decreased 28.7% year-on-year to RM60.81 million as compared with RM85.26 million in the previous financial year. Our Group's earnings per share is 2.95 sen for FYE 2023 as compared to earnings per share of 5.20 sen for FYE 2022.

LIQUIDITY AND CAPITAL RESOURCES

Our Group recorded higher cash and cash equivalents of RM76.60 million in FYE 2023 as compared to RM53.41 million in FYE 2022, after taking in consideration the following:

- (a) significant improvement in our operating cash flow generated of RM147.72 million during FYE 2023 as compared to RM20.55 million during FYE 2022 mainly attributed to better receivables collection;
- (b) net cash used in investing activities of RM44.04 million during FYE 2023 as compared to RM57.63 million during FYE 2022. This was mainly due to cash invested in capital expenditure of RM50.1 million during FYE 2023 for the continued expansion of our EMS manufacturing facilities which contribute to increase in our overall manufacturing capacity as well as expansion of our automation and cost optimization measures; and
- (c) net cash used in financing activities of RM84.69 million during FYE 2023 as compared to RM38.36 million during FYE 2022. This was mainly due to repayment of our existing bank borrowings of RM211.74 million, total cash dividend payments of RM36.29 million, RM8.02 million payment for our IPO expenses, and RM4.13 million payment of lease liabilities for the lease of our manufacturing facilities.

As at 31 December 2023, our Group total liabilities reduce significantly to RM312.80 million from RM533.39 million as at 31 December 2022 as a result of decreased in bank borrowings in tandem with the utilization of IPO proceeds. Accordingly, net gearing ratio been reduced to 0.28 in FYE 2023 as compared with 1.39 recorded in FYE 2022. The capital employed been increased to RM459.27 million from RM313.21 million mainly due to issuance of shares during IPO.

CHALLENGES AND RISKS

In 2023, the EMS and E&E industry, were affected by the post COVID-19 pandemic recovery, where the gradual resumption of economic activities globally with borders reopening since mid-2022 has brought about many countries achieving significant progress in recovering from the economic downturn caused by the global COVID-19 pandemic. However, the pace and trajectory of recovery varied across different countries and regions, depending on factors such as vaccination rates, government policies, and exposure to global supply chain disruptions, which has been exacerbated by other factors such as labor shortages, transportation bottlenecks, and semiconductor shortages, affected various industries including manufacturing, retail, and automotive.

Furthermore, the EMS and E&E industries continues to face challenges related to supply chain disruptions, component shortages, and geopolitical uncertainties, exacerbated by factors such as trade tensions, logistics constraints and fluctuations in raw material prices. These challenges, along with pandemic-induced supply chain disruptions affecting various industries, leading to persistent inflationary pressures in many parts of the world and raising concerns about rising prices and their impact on consumer purchasing power. These developments highlights the importance of robust supply chain management practices and risk mitigation strategies. In addition, the Red Sea conflict-induced shipping disruptions and higher freight costs have impacted importers in the chemicals, machinery and automotive industries due to delays in supply chain and production timelines, while exporters face minimal disruption amid freight cost increases.

Management Discussion and Analysis

FORWARD LOOKING STATEMENT

Outlook and prospects in FYE 2024

The E&E industry contributes significantly to Malaysia's gross domestic product ("GDP") growth, investments, export earnings, employment, as well as industrial development. The E&E industry secured investments worth RM85.4 billion (comprising 56.2% of approved investments in the manufacturing sector) in 2023 (2022: RM29.3 billion), signifying the strategic expansion of global E&E companies in Malaysia that are capitalising on the forecasted recovery in the global technology cycle and the projected 11.8% growth in global semiconductor sales by 2024. In 2023, E&E exports comprised RM575.4 billion or 40.4% of total exports. Under the Twelfth Malaysia Plan, the E&E industry is targeted to contribute RM120.0 billion to Malaysia's GDP in 2025, compared to RM86.1 billion in 2020.

Despite the challenges and risks faced in 2023, our Group remains optimistic and confident with the opportunities that lies ahead, particularly in the EMS industry, which are expected to experience notable developments and transformation driven by the following factors in 2024 and beyond:

- (a) **More manufacturing operations to shift out of China:** Our prospects remain vibrant and positive as more of our key partners and major customers aims to relocated their manufacturing facilities and operations in the ASEAN region as part of their objectives and strategies to redirect more of their current manufacturing capacity out from China. China's supply chain to major regions has faced increasing challenges in recent years, further exacerbated by the intensifying of US-China trade tension since 2018. This has benefited the ASEAN region underpinned by its geographic, demographic and regulatory advantages.
- (b) **Technological advancements:** The EMS industry continued to benefit from advancements in technology, particularly in areas such as AI technologies, IoT, supercomputers, electric vehicles and data centers. These technological innovations enabled the development of increasingly complex electronic devices and components, driving demand for specialized manufacturing capabilities and expertise within the EMS sector. Our Group is strategically positioned and poised to tap into the fast-growing networking and telecommunications as well as data computing segment, which are expected to be driven by more 5G adoption, IoT and data centers. The global cloud computing market is expected to see rapid growth fueled by increasing cloud services adoption, IoT and 5G application, rise of AI and machine learnings. Cloud computing has benefited users in terms of better scalability and flexibility, cost savings, and improved productivity.
- (c) **Digital transformation:** 2023 witnessed accelerated digital transformation across various sectors, driven by advancements in technology and changing consumer behaviors. Businesses increasingly adopted digital solutions for remote work, e-commerce, and online services, leading to shifts in consumer preferences and business models. This digitalization trend presented both opportunities and challenges, as companies raced to adapt to the evolving digital economy while addressing concerns related to data privacy, cybersecurity and digital inclusion. The EMS industry underwent a digital transformation, leveraging technologies such as big data analytics, cloud computing, and robotics to optimize manufacturing processes, enhance operational efficiency, and enable real-time decision-making. Digitalization initiatives enabled EMS providers to streamline production, improve quality control, and respond more effectively to changing customer demands and market dynamics.
- (d) **Increased enquiries from data center providers:** With the proliferation of digital services, cloud computing and data-driven technologies, there has been a surge in demand for data center infrastructure in Malaysia. Major technology companies, including both local players and multinational corporations, have been expanding their data center operations in the country to cater to this growing demand. Malaysia's strategic location in Southeast Asia, coupled with its robust digital infrastructure and business-friendly policies, positions it as an attractive location for regional data center hubs and AI-related activities. This has attracted investments from global tech giants looking to establish a presence in the region. On 1 September 2023, our Group was appointed as strategic partner for a leading global provider of computing infrastructures and services to manufacture graphics processing unit servers for the global market at our manufacturing facilities in Penang. This appointment is a testament to the Group's growing capability and competency as an established EMS provider.

In addition, the Group is also bullish and positive by the various economic developments and initiatives announced by the Madani Government led by Prime Minister Datuk Seri Anwar Ibrahim to further boost and spur capital investments into Malaysia, which would augur well for our Group's role as a major EMS player in the foreseeable future. We note that the Madani Government remains committed to its economic reform efforts to attract high-value investments through catalytic blueprints and initiatives under the Madani economic framework, National Energy Transition Roadmap and the New Industrial Master Plan 2030 and Mid-Term Review of the 12th Malaysia Plan.

Management Discussion and Analysis

FORWARD LOOKING STATEMENT (Cont'd)

Outlook and prospects in FYE 2024 (Cont'd)

Furthermore, the Group also encouraged and upbeat by the various economic developments and initiatives announced by the Madani Government led by Prime Minister Datuk Seri Anwar Ibrahim to further boost capital investments into Malaysia, wherein the Malaysian Government announced that Malaysia has achieved total potential foreign investments of RM329.5 billion in 2023, which is a substantial increase from RM264.6 billion recorded in 2022. In March 2024, the Malaysian Government has announced that Malaysia has received impressive support and recognition from Germany's leaders and captains of industry with potential investments worth RM45.4 billion from various industries such as semiconductors, aerospace, medical devices, chemicals and services.

It was announced that Malaysia has achieved total potential foreign investments of RM329.5 billion in 2023, which is a substantial increase from RM264.6 billion recorded in 2022. In March 2024, the Malaysian Government has announced that Malaysia has received impressive support and recognition from Germany's leaders and captains of industry with potential investments worth RM45.4 billion from various industries such as semiconductors, aerospace, medical devices, chemicals and services.

CORPORATE STRATEGIES AND INITIATIVES

In order to tap into the potential investments and growth opportunities, our Group will continue to focus and embark on strategies to improve our manufacturing capacities, thus further strengthening our operational efficiencies to grow revenue consistent with or better than industry forecasts in FYE 2024. Our future growth strategy involves the following initiatives:

- (a) To acquire new customers particularly in the networking and telecommunications, data computing, consumer electronics, automotive and semiconductor industries segments by seeking new growth opportunities in the development of Artificial Intelligence ("AI") technologies, supercomputer, electric vehicles and data centers, which are in line with the exponential growth derived of the technology wave from the continuous upcycle of the technology sector.
- (b) To expand existing manufacturing capacities and capabilities to cater for the recovery of order replenishment by our major customers particularly in the networking and telecommunications segment as well as to cater for expected increase in assembly activities by customers particularly from the data computing, consumer electronics, automotive and semiconductor segments.

The above strategies demonstrates our commitment to our customers that we are fully prepared to expand to support their assembly and manufacturing needs, alongside with our commitment towards expanding industry digitalisation and our customers' supply chains that our Group is fully equipped to be a part of.

Sustainability Statement

INTRODUCTION

NationGate Holdings Berhad (“NGH” or the “Company”) and its subsidiaries (“Group”) are pleased to present our Sustainability Statement (“Statement”) for the FYE 2023, providing an overview of our Group’s sustainability goals, commitments, initiatives, practices and performance, highlighting our impacts on the economic, environmental, social and governance.

This Statement should be read in conjunction with other sections in our Annual Report namely Management Discussion and Analysis, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control as well as Corporate Governance Report, as sustainability efforts may be better contextualised and narrated in the respective sections.



REPORTING PERIOD, SCOPE AND BOUNDARY

This Statement covers the business operations of the Group. It provides information on our Group’s annual sustainability performance and key achievements for financial year ended 31 December 2023 (“FYE 2023”), unless stated otherwise. Where relevant, we will also include data from previous years to track year-on-year progress and provide comparative data.

REPORTING FRAMEWORK

We have prepared this Statement in accordance with the ACE Market Listing Requirement, Sustainability Reporting Guide and Toolkits (3rd Edition) released by Bursa Malaysia Securities Berhad. In addition, we also strongly support the United Nations Sustainability Development Goals (“UNSDGs”).

AVAILABILITY

This Statement is available on our Company’s website at <http://www.nationgate.com.my/>.

ASSURANCE

There is no external assurance on seeking an independent evaluation of performance data published in this Statement. Regular audits/reviews are in place in relations to the policies and procedures quoted in this Statement. This Statement is reviewed and approved by the Board.

POINT OF CONTACT

We are fully committed to listen to our stakeholders and we welcome feedback for our continuous improvement in sustainability initiatives and reporting approach. Please email us at investorsrelation@nationgate.com.my.

OUR SUSTAINABILITY FRAMEWORK

We have established a Sustainability Policy which serves as the overarching framework governing our sustainability commitments, outlining our main pillars, priorities and commitments in sustainability, providing a guiding framework for instilling sustainable practices across operations and aligning them with our sustainability vision. The Sustainability Policy is available on our Company’s website at <http://www.nationgate.com.my/>.

The Group’s sustainability strategies are founded upon four (4) main pillars, namely Economic, Environment, Social and Governance sustainability. Through active engagement with our stakeholders, we have identified the material sustainability matters within these pillars. To ensure effective management of the identified matters, we constantly implement initiatives and strategies. We monitor our progress towards the targets and goals set, which align with our sustainability vision and international framework such as the UNSDGs.

Sustainability Statement

OUR SUSTAINABILITY FRAMEWORK (Cont'd)

Our sustainability framework is illustrated in the diagram below:

Sustainability Vision

We are committed to sustainable corporate governance practices, creating positive impact on the environment, society and the economy through collaboration with our employees, customers, and other stakeholders.

Sustainability Pillars

Economic	Environment	Social	Governance
- Product Quality - Customer Satisfaction - Supply Chain Management	- Environmental Compliance - Energy and Climate Change Management - Water Management - Waste Management	- Equal Employment Opportunities - Employee Development and Talent Retention - Employee Benefits and Welfare - Human and Labour Rights - Occupational Safety and Health - Corporate Social Responsibility	- Corporate Governance and Ethics - Data Protection and Privacy

Sustainability Goals

- Deliver quality products and services which meet customers' requirements and expectations - Promote local procurement - Deliver financial values to shareholders such as growth in revenue and earnings and dividend pay out	100% compliance with local regulatory requirements related to environment - Efficient in energy, water and waste management	- Provide equal employment and career growth opportunities for all irrespective of gender, race, religion and disabilities - Provide employment with development and talent retention 100% compliance to human and labour rights, zero tolerance to discrimination and harassment - Provide safe and health work environment - Support local communities through Corporate Social Responsibility programs	- Uphold the high standard of corporate governance and ethics - Zero breaches of data privacy
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Alignment with ESG Frameworks

SUSTAINABLE DEVELOPMENT GOALS

Engagement with Stakeholders

- Investor/ Shareholders
- Suppliers/ vendors/ business partners
- Directors
- Local communities/ societies
- Management
- Government/ Regulatory authorities
- Employees
- Customers

Governance

Board of Directors



Audit and Risk Management Committee



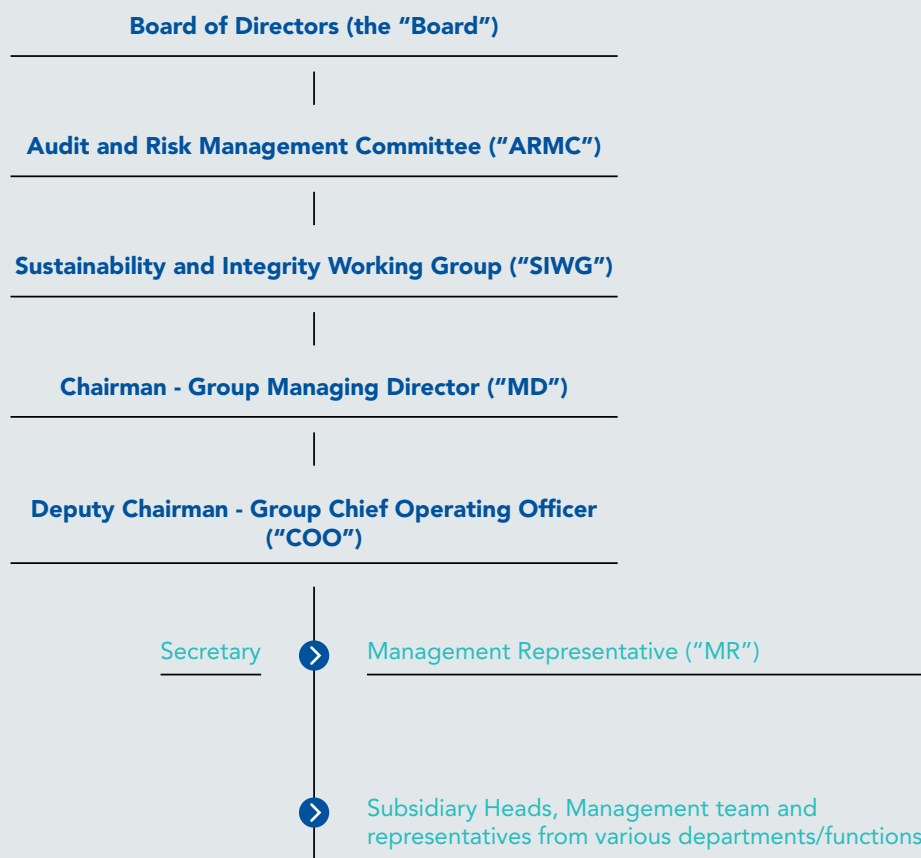
Sustainability and Integrity Working Group (chaired by Group Managing Director)

Sustainability Statement

OUR SUSTAINABILITY GOVERNANCE

To embed sustainability throughout our organisation, we adopt a tone from the top approach where our sustainability governance is led by our Board of Directors. Our Board is committed to sustainability practices in our organisation and is supported by Audit and Risk Management Committee and Sustainability and Integrity Working Group ("SIWG" or the "Working Group") in addressing sustainability and integrity matters within our Group.

The Board has delegated certain powers to the SIWG to review and administer sustainability and integrity matters, with the roles and responsibilities detailed in the Terms of Reference of the SIWG, which are available on our Company's website at <http://www.nationgate.com.my/>. The SIWG currently is led by our Group Managing Director, supported by the Chief Operating Officer and comprises the management team and representatives from various departments. The reporting structure and the roles and responsibilities of the SIWG is illustrated in the diagram below:



Sustainability Statement

OUR SUSTAINABILITY GOVERNANCE (Cont'd)

Governance	Roles and Responsibilities
Board of Directors	- Together with Senior Management takes responsibility for the governance of sustainability in the Group including setting the Group's sustainability strategies, priorities and targets, including among others the development and implementation of company strategies, business plans, major plans of action and risk management; and - Set the strategic plan including setting performance objectives and approving operating budgets for the Group and ensuring that the strategies support long-term value creation and promote sustainability within the aspects of environment, social, governance and economy and necessary resources are in place for the Company to meet its objectives. The Board is also responsible for monitoring the implementation of the strategic plan by Management as well as supervise and assess management performance to determine whether the business is being properly managed.
Sustainability and Integrity Working Group (Chairman: Mr. Ooi Eng Leong, Managing Director; Deputy Chairman: Mr. Lee Kim San, Chief Operating Officer)	On Sustainability - Establish effective Sustainability Framework to identify, analyse, evaluate, manage and monitor significant issues concerning the Group in the areas of: - Economic Sustainability - Environmental Sustainability - Social Sustainability - Governance Sustainability - Conduct periodic evaluation and update the Audit and Risk Management Committee on sustainability strategies, priorities and targets to continuously improve and ensure its relevance taking into consideration of best practices and changing business environment; - Provide feedback to the Audit and Risk Management Committee and ensure constant communication on Group's sustainability issues, including key risks faced by the Group, their changes and management action plans; and - Ascertain if a sound and effective approach has been followed in establishing the Group's business continuity planning arrangements including business continuity and disaster recovery plans. On Ethics and Integrity - Ensure Top Management commitment by providing oversight of the culture of integrity and monitor the "Tone from the top" set across the Group regularly; - Establish and ensure that there are adequate resources and effective corruption risk assessment to identify, analyse, evaluate, manage and monitor significant corruption risk; - Oversee and investigate whistleblowing matters as well as be the custodian of the Anti-Corruption and Bribery Policy and related matters of Malaysian Anti-Corruption Commission Act 2009; - Ensure that there are adequate ethics training programme at all levels and effective communications strategies for the ethics programme reinforcing ethical values and good practice within the Group; - Review and provide direction to resolve any conflict of interest declared by employees and Directors; and - Monitor the adequacy of measures taken to ensure there is an effective and embedded Speak Up culture that facilitates the reporting of any issues of concern internally and externally.

Sustainability Statement

STAKEHOLDER ENGAGEMENT

A stakeholder is essentially an individual or a group that has an effect on, or is affected by our Group and our activities. We actively engage with our stakeholders through different methods and channels to understand and respond to their concerns and expectations in order to align their key priorities with our business strategies. The outcome of the stakeholder engagement enables us to identify upcoming market trends, anticipate challenges and align our sustainability strategy and business activities with broader interests of the economy, society and environment.

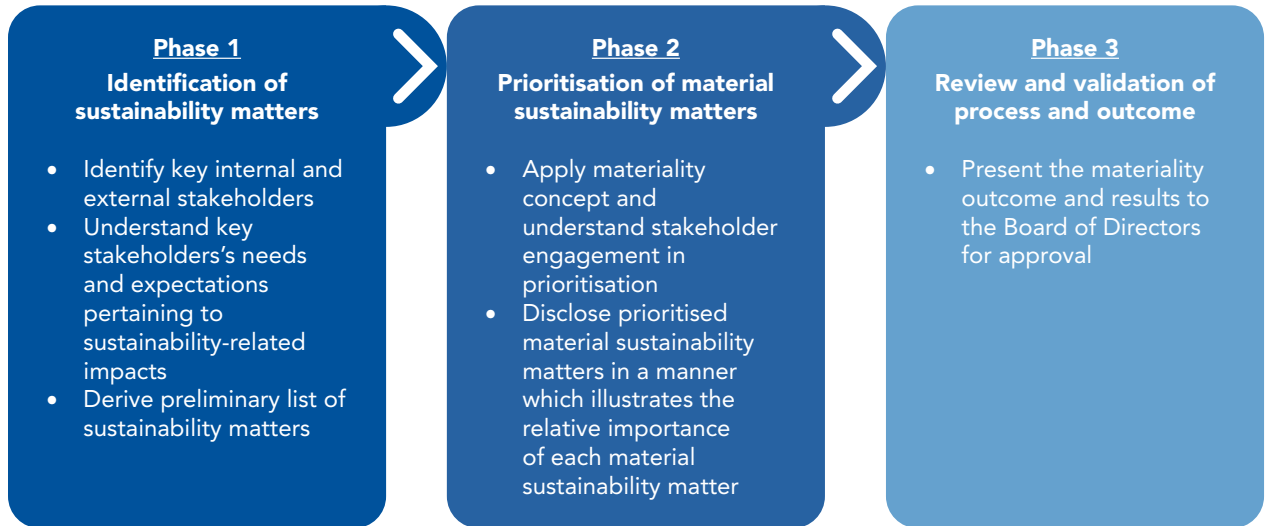
The table below summarises our key stakeholders, their sustainability concerns, areas of interest and the engagement channels.

Stakeholder Groups	Areas of Interest	Engagement Methods	Engagement Frequency
Investor/ Shareholders	- Return on investment - Business prospects - Future roadmap - Corporate governance	- Annual general meeting - Quarter and annual reporting - Company's website and social media platform - Roadshow/ investor briefing - Whistleblowing policy	- As needed - Quarterly - Annually
Directors	- Return on investment - Business prospects - Future roadmap - Corporate governance	- Board of Directors meetings - Corporate events	- As needed - Quarterly - Annually
Management	- Financial performance - Production performance - Business strategy	- Management meeting and reporting - Corporate events	- As needed - Monthly - Quarterly - Annually
Employees	- Competitive salary and benefits package - Work-life balance - Occupational safety and health - Diversity and equal opportunities - Employee development and talent retention	- Employee handbook - Performance appraisal - Training and development - Recreational activities - Corporate events	- As needed - Annually
Customers	- Long term relationship - Product quality - Reliable delivery - Competitive prices - Customer service and responsiveness	- Meetings - Customer feedback/ survey - Audits and site visits	- As needed - Annually
Suppliers/ vendors/ business partners	- Strategic partnership - Fair procurement practices - Ethics, integrity and regulatory compliance - Prompt payments within credit period - Business prospects and financial stability	- Meetings - Supplier evaluation and assessment on suitability of vendors - Reinforcement of Code of Business Conduct & Ethics for ethical practices - Audits and site visits	- As needed - Annually
Local communities/ societies	- Impact of operations on surrounding environment - Corporate social responsibility - Corporate governance	Engagement with local communities in community support programmes and corporate social responsibility events	As needed
Governments/ Regulatory authorities	- Compliance with laws and regulations - Corporate governance	- Formal meetings - Audits and site visits - Consultation with authorities - Participation in industry and government interest groups	As needed

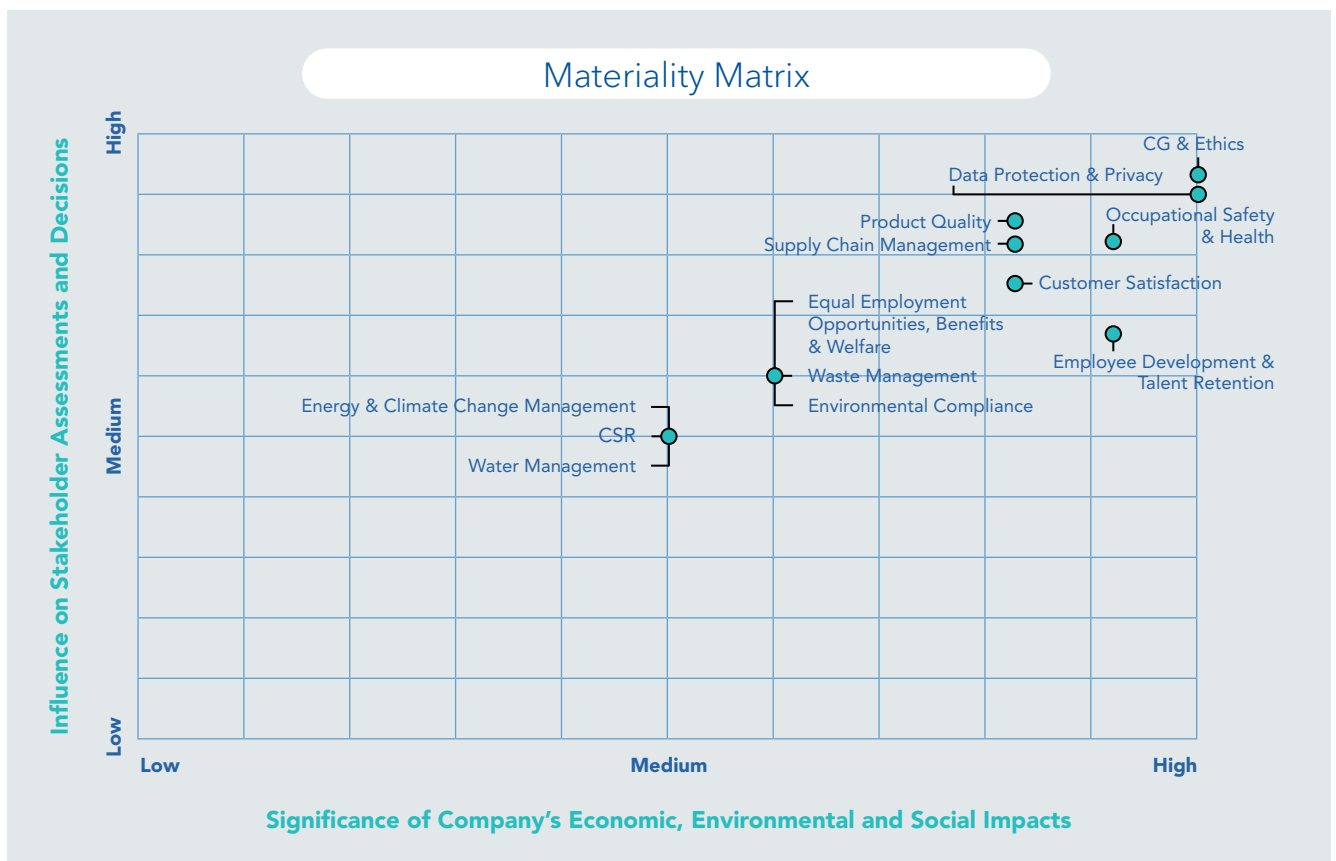
Sustainability Statement

MATERIALITY ASSESSMENT

Our materiality assessment enables us to identify and prioritise the key risks and opportunities related to sustainability matters. The illustration below summarises our materiality assessment process which is typically made up of three (3) distinctive phases.



In FYE 2022, we conducted our first materiality assessment to identify key sustainability topics that are material to both our Group and stakeholders. We gathered inputs from both our internal and external stakeholders such as employees, representatives from different functional groups, customers, suppliers and etc. The inputs gathered were tabulated and plotted on a materiality matrix to illustrates the relative importance of each material sustainability matter based on the importance to the Group and importance to the stakeholders. During FYE 2023, we reviewed and concluded that the materiality assessment performed in FYE 2022 still remained valid and vital for us to address.



Sustainability Statement

OUR SUSTAINABILITY GOALS

We constantly monitor our performance across our sustainability pillars. We align our sustainability goals and efforts with UNSDGs which are relevant to our operations.

The table below presents the overview of the sustainability goals, target and our performance for FYE 2023.

Sustainability Matters	Sustainability Goals	FYE 2023 Performance
Economic - Product Quality - Customer Satisfaction - Supply Chain Management 	- Deliver financial values to shareholders such as growth in revenue and earnings and dividend pay out - Deliver quality products and services which meet customers' requirements and expectations - Promote local procurement	- Revenue decreased by 32.5% and profit after taxation increased by 28.8% - No major customer complaints received. Achieved our annual target for customer satisfaction 32% spending with local suppliers
Environment - Environmental Compliance - Energy and Climate Change Management - Water Management - Waste Management 	100% compliance with local regulatory requirements related to environment - Efficient in energy, water and waste management	- Zero cases reported for non-compliance and breach of environmental regulations - GHG emissions intensity and water intensity are relatively low at 0.0691 and 0.2668 respectively. 75% of non-hazardous and hazardous wastes are diverted from disposal
Social - Equal Employment Opportunities - Employee Development and Talent Retention - Employee Benefits and Welfare - Human and Labour Rights - Occupational Safety and Health - Corporate Social Responsibility 	- Provide equal employment and career growth opportunities for all irrespective of gender, race, religion and disabilities. The Board comprises at least 30% women directors - Provide employment with development and talent retention 100% compliance to human and labour rights, zero tolerance to discrimination and harassment - Provide safe and health work environment - Support local communities through Corporate Social Responsibility ("CSR") programmes	45% of workforce is represented by female. 33% of the Board is held by women representatives - Achieved of 42,245 of total training working hours with an average of 15.7 hours per employees. 90 in total employee turnover - Zero substantiated complaints concerning human rights violations 0 work-related fatalities and LTIR at 0.25. 989 employees trained on health and safety standards - Contributed a total of RM16,080 for CSR programmes
Governance - Corporate Governance and Ethics - Data Protection and Privacy 	- Uphold the high standard of corporate governance and ethics - Zero breaches of data privacy	- Zero confirmed incidents of corruption. All operations are assessed for corruption-related risks. All employees are trained on policies in relation to anti-bribery and anti-corruption - Zero substantiated complaints concerning breaches of customer privacy and losses of customer data

Sustainability Statement

ECONOMIC

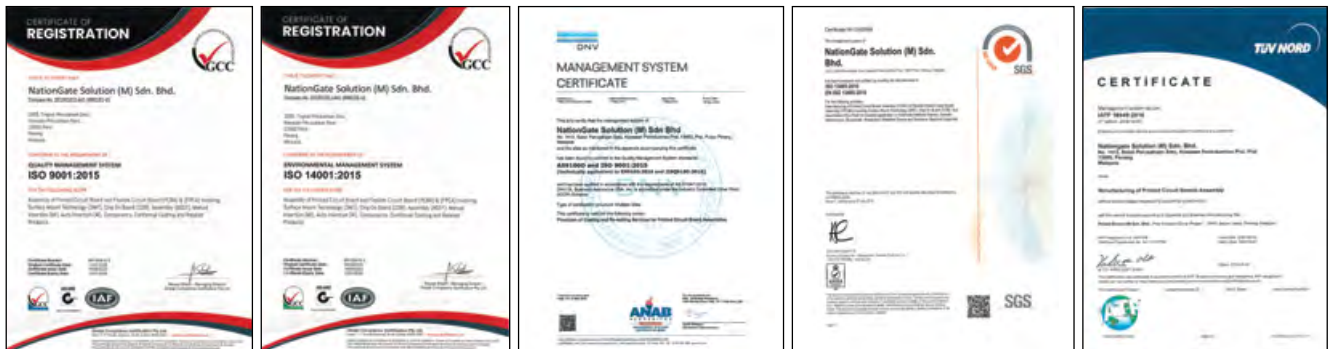
The Group's strategy is based on profitable and sustainable growth, which is important to our long-term success as a public listed company. We are mindful that our economic performance contributes to financial stability which in turn, has an impact on our ability to meet our financial obligations to the stakeholders, such as payment of salaries to our employees, to government through taxes, to shareholders through attractive returns, to suppliers through purchases, and to communities through donations, sponsorships and internship opportunities.

For the FYE 2023, the Group recorded RM638.30 million revenue, representing a decrease of 32.5% from RM945.75 million and profit after taxation ("PAT") decreased by 28.8% to RM60.93 million (FYE 2022: RM85.61 million). This was mainly caused by the lower demand especially from networking and telecommunication segments.

PRODUCT QUALITY



We are committed to deliver high quality products and services that align with our customers' requirements and expectation. In response to our commitment, we place strong emphasis on the quality of services rendered to our customers. The Quality Management System ("QMS") that we put in place are in line with internationally acceptable practices. We believe that this can reinforce our efforts to ensure that we meet our customers' quality standards. To this end, our QMS meets the international standards such as ISO 9001:2015, ISO 14001:2015, AS9100D, ISO 13485:2016 and IATF 16949:2016. Our relentless focus on product quality is evidenced by the absence of any major customer complaints received during the FYE 2023.



We have put in place Quality Assurance ("QA") procedures to ensure that there is a systematic process within our Group to conduct quality inspections and audit. Our Group's QA and Quality Control ("QC") departments work alongside the production team to ensure our quality assurance protocols and requirements are fully communicated throughout our organisation and that quality control systems are adhered to. We do not generally provide warranty for the assembly and testing of our customers' products. However, any batch of products returned will undergo stringent assessment procedures to identify the issue and allow the replacement of products due to component failure.

Sustainability Statement

PRODUCT QUALITY (Cont'd)

Quality Assurance

Our quality assurance is focused on setting certain guidelines and taking certain measures to ensure that the entire assembly process adheres to the required standards. These guidelines and measures are put in place to ensure that the quality of the products or services rendered are met by introducing fail safe measures to reduce human errors and conducting inspections to identify deficiencies during the production process. We have put in place a QMS which encompasses a series of checks, inspections and procedures comprising:

QMS	Details
Quality inspections	Quality inspections act as control gates put up throughout the supply chain and assembly process to ensure all processes conform to requirements. It consists of incoming QC, real-time inspection, in-process control and outgoing QC.
Quality audits	Quality audits systems are put in place to assess our assembly process for compliance with standards set by both ourselves and international organisations such as the ISO against documented procedures and specifications. The effectiveness of our quality assurance is tested by our quality assurance personnel and engineers by way of conducting internal quality audits. In addition to internal quality audits, we are also subject to third party quality audits by our customers and certification bodies to ensure that our processes and services comply with requirements and standards.

Quality Control

Our quality control activities consist of various checks, tests and inspections throughout our assembly process that are designed to ensure that the quality level of our products and services are not compromised and meet the requirements of our customers. The type of quality control tests that are conducted include in-circuit testing, functional testing, failure analysis, drop tests and accelerated life test, all done with the objective of ensuring that our products and services adhere to the required and specified functionality, reliability and overall quality imposed by our customers.

INNOVATION



Industrial 4.0 or “Smart Factory”, in which cyber-physical systems monitor the cyber-physical processes of the factory and make decentralized decisions. The physical systems become Internet of Things, communicating and cooperating both with each other and humans in real-time via the wireless web.

Sustainability Statement

INNOVATION (Cont'd)

Vitrox's V-ONE is an Industrial 4.0 software platform that collects BIG data from Cloud, Fog or Edge for analysis, with fully flexible visualization drill down charts and flexible dashboard to provide meaningful analytics to users in real time basis and extend the platform towards complete data feeding for Artificial Intelligence processing. We felt the platform was appropriate to manage the manufacturing processes and it started its journey with this platform in 2017. The lack of centralized system to monitor the entire production line of machine performance is essential to today's manufacturing management. Today, Vitrox Technologies Sdn. Bhd. and NGH has successfully collaborated on the V-ONE Manufacturing Platform which allows monitoring of the machine health, status, process trends, yield trends, defects correlation with other inspection systems on the same line and link to our ticketing systems to have a close loop monitoring, detection and prevention process, all in a convenience of a touch screen monitor. The successful implementation of Vitrox's V-ONE Smart Manufacturing Platform at NGH's Surface-Mount Technology ("SMT") lines has allowed double digit per cent downtime improvement. On top of that, the platform also allowed a real-time monitoring and proactive system, the exchange of information, best practices, enhancements, and expertise in relation to the adoption of the platform, and through the adoption of the platform.

We seek to embrace the 4th Industrial Revolution in our business operations. To this end, we have been adopting 4th Industrial Revolution technology innovations such as improving the level of automation in our manufacturing processes with the use of more automated machineries, utilising 3D imaging for inspection and investing in IT software that can help to drive the integration of our operational system as well as facilitate data collection and analytics among others.



For our production system, we have machineries and equipment that can link and communicate with one another. Real time data can be collected from these machineries and equipment, stored, retrieved and analysed by our system with the resulting outcome being delivered on demand in reports such as the production output summary report and production yield rate report. Besides that, issues encountered in the production lines including idle machineries can be identified and flagged promptly (via the visual management system that is embedded in the machineries involved) to our operators for their immediate action. The 3D images of our product(s) including assembled PCB(s) can also be captured by our machines to allow for automatic comparison with existing reference image(s) when making decisions on quality matters.



Sustainability Statement

INNOVATION (Cont'd)

Our Group relies on various different types of machineries and equipment used under our assembly and testing activities and high precision plastic injection moulding processes.

Machinery/ Equipment	Functions
SMT machines	Automated SMT high speed and precision placement machines that pick and place electronic components and mount onto the surface of PCBs.
Inspection machines and equipment	Perform various types of inspections including but are limited to automatic visual inspection, 3D angle inspection and dimension inspection amongst others.
Laser marking machines	Etching barcodes and serialised part identification on PCBs or print barcoding/fine text on the product automatically using laser methods.
High speed dispensing machines	Glue/epoxy dispenser onto PCB for holding electric components in place prior to the mounting of the electronics components.
Computer numerical control ("CNC") machines	A machine involved in the raw materials fabrication manufacturing process and are used as a subtractive fabrication method, where material gets removed during the production process.
Auto-insert machines	Automated Pin Trough Hole ("PTH") insertion machines that pick and insert electronic components into PCBs.
Semiconductor assembly machineries and equipment	Machineries and equipment that are used for the assembly and testing of semiconductor devices. These include but are not limited to die attach machines, ovens, wafer mounting equipment, wire bonding machines and laser marking machines.
Test equipment	Equipment that is used to perform various type of testing including in circuit test and functional testing.
Automated super-capacitor assembly lines	Used to manufacture super-capacitors known as CAP-XX. This includes acrotronics stacker machine, fill-burp-sealing machine, initial cell test machine, crop and sort machine as well as automated device assembly machine.



Sustainability Statement

INNOVATION (Cont'd)

We use various key software for our business operations. We purchase software together with the respective machinery purchase with additional payment for their engineers to perform updates as and when they are available. We also purchase other software that are either permanent or subject to periodical renewals with the vendor(s).

Software	Description
PanaCIM	- PanaCIM is a manufacturing execution software solution that provides a computerised system for manufacturers to manage, track, synchronise and document the execution of real-time, physical processes (such as the placement of electronic components on PCB) involved in the transformation of raw materials to semi-finished and/or finished products. It is pre-installed in each of our SMT machines and will be updated periodically by their engineers. - No periodical renewal required. - One-off fee payment for the use of this software. - Users of this software are subject to the standardised terms of use imposed by Panasonic Corporation.
Luvotech ERP	- We use the Luvotech Manufacturing Resource Planning and Manufacturing Execution System ERP systems to control and manage our master production schedule under a centralised system which includes tracking orders, managing materials procurement, monitoring the progress of production as well as keeping records of quality control and assurance tests to ensure timely deliverables to customer. - No periodical renewal required. - One-off fee payment for the use of this software.
AutoCAD	- AutoCAD is a computer-aided design software that allows us to create, modify, analyse and optimise designs for plastic structure parts and enclosures that will be produced via our high precision plastic injection moulding activities. - It is subject to periodical renewal, with additional fee payment to be made for extension of use. - Users of this software are subject to the standardised terms of use imposed by AutoDesk Inc.

CUSTOMER SATISFACTION

We recognise that customer satisfaction is one of the key factors for our Group's operations long term sustainability. We strive to provide quality products and services in order to meet the expectation of our customers. We conduct customer satisfaction survey with the aim to assess the customer satisfaction level and seek for continuous improvements. In FYE 2023, we have achieved our annual target for customer satisfaction.

In addition, we have also received several awards over the years which serve as acknowledgement of our efforts and commitment in delivering quality products and services which meet our customers' expectations.

Market Presence

By participating in associations, we have the opportunity to network and explore business opportunities with potential customers. In addition, we are also kept updated with the latest manufacturing technologies, regulations, trends and demand in the industry, enabling us to continuously enhance our processes, as well as products and services.

We are members of international and local associations as below.

- Penang Skill Development Centre ("PSDC");
- Federation of Malaysian Manufacturers ("FMM");
- American Malaysian Chamber of Commerce ("AMCHAM"); and
- Malaysian Semiconductor Industry Association ("MSIA").

We also actively participate in international conventions, exhibitions, conference and trade fairs to market our EMS to prospective customers on an international forum. Moving forward, we will continue to actively participate in trade fair and exhibition to solidify our market presence.

Sustainability Statement

SUPPLY CHAIN MANAGEMENT

We are committed to following the standards of the Responsible Business Alliance (“RBA”) and require our suppliers to do the same. The RBA Code of Conduct sets standards for safe working conditions, fair treatment of workers, and environmentally responsible business operations in the electronics industry supply chain. We expect our suppliers to provide a current RBA Validated Audit Report and Corrective Action Plan, and reserves the right to audit and monitor supplier performance. If violations are found, the Group may disqualify the supplier as an approved vendor.

The RBA Code of Conduct covers the following areas:

Standard	Description	Elements
Labour	Upholding the human rights of workers, preventing forced labour and child labour, limiting excessive working hours, providing fair wages and benefits, ensuring humane treatment, non-discrimination and freedom of association.	- Freely Chosen Employment - Young Workers - Working Hours - Wages and Benefits - Humane Treatment - Non-Discrimination - Freedom of Association
Health and Safety	Providing a safe and healthy work environment, minimizing work related injury and illness.	- Occupational Safety - Emergency Preparedness - Occupational Injury and Illness - Industry Hygiene - Physically Demanding Work - Machine Safeguarding - Sanitation, Food and Housing - Health and Safety Communication
Environment	Minimizing environmental impact, promoting sustainable use of natural resources, and complying with applicable environmental laws and regulations.	- Environmental Permits and Reporting - Pollution Prevention and Resource Reduction - Hazardous Substances - Solid Waste - Air Emissions - Materials Restrictions - Water Management - Energy Consumption and Greenhouse Gas Emissions
Ethics	Promoting ethical business practices, preventing corruption and bribery, and protecting confidential information.	- Business Integrity - Non Improper Advantage - Disclosure of Information - Intellectual Property - Fair Business, Advertising and Competition - Protection of Identity and Non-Retaliation - Responsible Sourcing of Minerals - Privacy
Management System	Establishing and maintaining effective management systems, ensuring transparency and accountability, and promoting continuous improvement.	- Company Commitment - Management Accountability and Responsibility - Legal and Customer Requirements - Risk Assessment and Risk Management

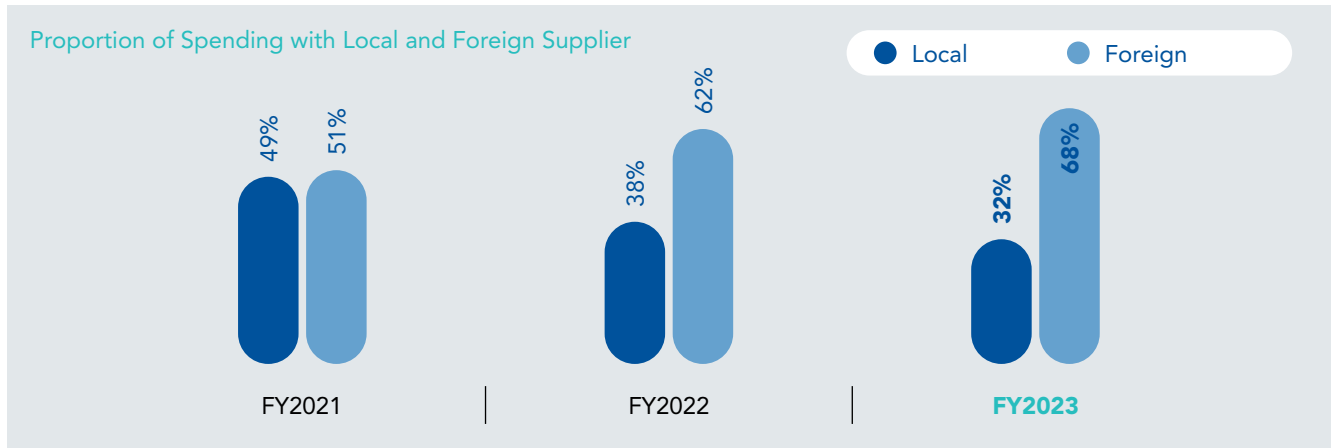
We have processes and adheres to the system of internal controls around supplier selection. It is our policy that supplier selection should never be based on receipt of a gift, hospitality or payment. Our supplier selection is a formal and structured process. Our tender process includes an invitation for other parties to make a proposal, on the understanding that any competition for the relevant contract must be conducted in response to the tender, no parties having the unfair advantage of separate, prior, close-door negotiations for the contract where a bidding process is open to all qualified bidders and where the sealed bids are in the open for scrutiny and are chosen on the basis of price and quality. We perform due diligence of new suppliers in supplier selection which includes the elements of corruption risk assessment.

Sustainability Statement

SUPPLY CHAIN MANAGEMENT (Cont'd)

To contribute a direct positive economic impact on the communities where we operate, we also prioritise our procurement of goods and services with local suppliers who meet the standards that we require.

The proportion of our spending with local and foreign suppliers are illustrated as below:



		FYE2021		FYE2022		FYE2023	
	Unit	Local Supplier	Foreign Supplier	Local Supplier	Foreign Supplier	Local Supplier	Foreign Supplier
Proportion of Spending	%	49%	51%	38%	62%	32%	68%

ENVIRONMENT

We are dedicated to uphold environmental performance and management across all our operations in compliance with local and regional environment laws and regulations. Acknowledging the impact of climate change, we are proactive in reducing greenhouse gas emissions, aligning our efforts with the national commitments made in the Paris Agreement. Our environmental management strategy focuses on optimising resource usage, reducing our carbon footprint and minimising waste generation.

ENVIRONMENTAL COMPLIANCE

We are committed to upholding stringent environmental standards and ensuring compliance with local and regional laws and regulations governing environmental conservation, including the Environmental Quality Act 1974. Our dedication to compliance is evidenced by successfully passing routine audits conducted by the Department of Environment ("DOE"), affirming our adherence to environmental laws and regulations. In FYE 2023, there were no non-compliance cases and breach of environmental regulations.

ENERGY AND CLIMATE CHANGE MANAGEMENT

According to the World Economic Forum Global Risks Perception Survey 2022-2023, it has been highlighted that the top global risks ranked by severity over the long term period are failure to mitigate climate change, failure of climate-change adaption and natural disasters and extreme weather events. In cognizance of these global challenges, particularly stemming from escalated energy consumption and greenhouse gas emissions, we remain resolute in our commitment to implementing energy-efficient and environmentally-conscious initiatives. In response to this, we have taken steps such as the installation of solar panel at rooftops of Plant 1, Plant 2, Plant 3 and Plant 5 which aim to reduce our carbon footprint and contribute to climate change mitigation efforts. Additionally, the establishment of green wall planter within our premises further bolsters our sustainability endeavours, enhancing air quality and biodiversity, acting as natural carbon sinks, and helping to absorb and mitigate the effects of greenhouse gas emissions. These initiatives signify our proactive approach towards mitigating climate-related risks and fostering sustainability within our operations.

Sustainability Statement

ENERGY AND CLIMATE CHANGE MANAGEMENT (Cont'd)



In addition, we also support all minor activities in our operation which do not appear significant but also can help in fighting climate change such as switch off unused lighting and electronic equipment within our premises.

On 25 March 2023, we actively participated in Earth Hour by switching off lights for 60 minutes, aligning with our commitment to raise awareness about climate change and environmental sustainability. In addition, we also encouraged our employees to extend this practice to their homes, fostering a culture of conservation beyond the workplace.

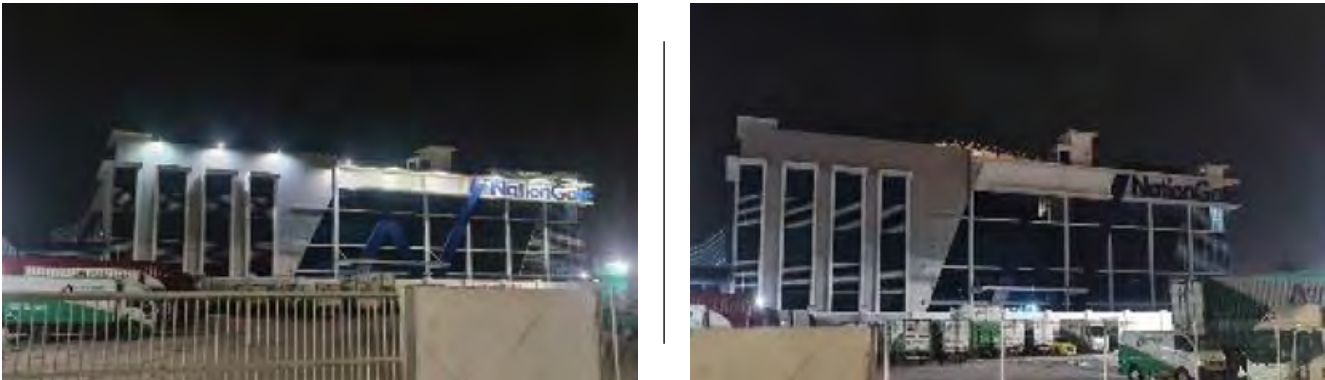
Before

After

Plant 1 and Plant 2

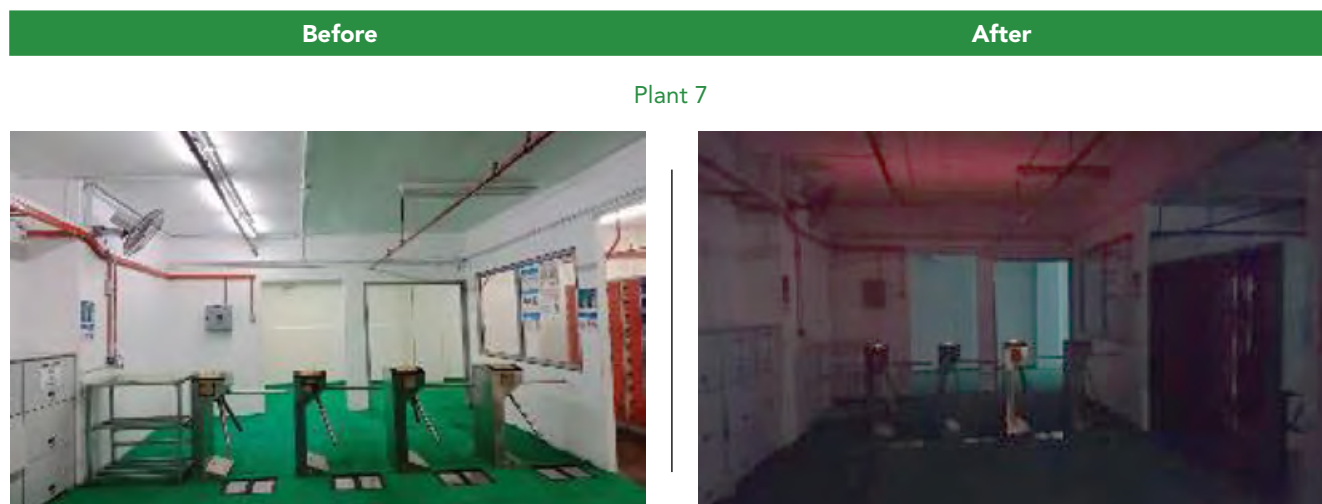


Plant 5



Sustainability Statement

ENERGY AND CLIMATE CHANGE MANAGEMENT (Cont'd)



	Unit	FYE 2021	FYE 2022	FYE 2023
Total electricity consumption	kWh	25,244,473	61,544,159	67,094,541
Revenue	RM'000	760,870	945,748	638,296
Electricity intensity	kWh/RM'000	33.1784	65.0746	105.1151

Note:

a) Consumption of electricity is measured based on the quantities consumed according to the electricity bill.

b) The energy intensity is a representation of energy (kWh) used per Group's revenue (RM'000).

	Unit	FYE 2021	FYE 2022	FYE 2023
Total petrol and diesel consumption	Litre	59,111	74,678	42,153
Revenue	RM'000	760,870	945,748	638,296
Petrol and diesel intensity	Litre/RM'000	0.0777	0.0790	0.0660

Note:

a) Consumption of petrol and diesel is measured based on the petrol and diesel claimed.

b) The petrol and diesel intensity is a representation of petrol and diesel (litre) used per Group's revenue (RM'000).

Scope 1, direct CO₂ emissions : emissions come from the consumption of petrol and diesel for vehicles, calculated based on the reported fuel quantities.

Scope 2, indirect CO₂ emissions : emissions come from the consumption of electricity, calculated based on the energy quantities.

	Unit	FYE 2021	FYE 2022	FYE 2023
Direct emissions - Scope 1	tCO ₂	153	193	112
Indirect emissions - Scope 2	tCO ₂	16,131	39,327	43,971
Total GHG emissions	tCO ₂	16,284	39,520	44,083
Revenue	RM'000	760,870	945,748	638,296
GHG emissions intensity	tCO ₂ /RM'000	0.0214	0.0418	0.0691

Sustainability Statement

ENERGY AND CLIMATE CHANGE MANAGEMENT (Cont'd)

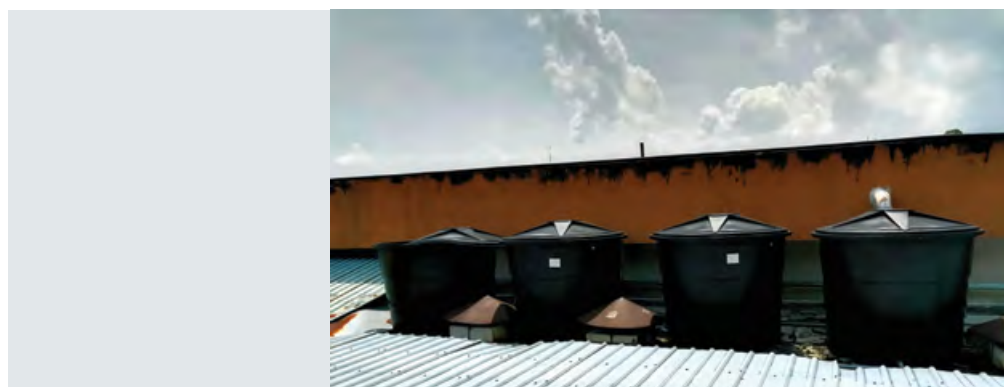
Note:

- The GHG emission for Scope 1 (FYE 2021 and FYE 2022) is calculated using the emission factor obtained from the IPCC Fifth Assessment Report, while the default emission factors were based on IPCC Guidelines for National Greenhouse Gas Inventories (2006). The GHG emissions for Scope 1 (FYE 2023) is calculated using the emission factor obtained from US EPA 2021 AR5.
- The GHG emission for Scope 2 (FYE 2021 and FYE 2022) is calculated using the emission factor obtained from the Sustainable Energy Development Authority ("SEDA") 2016 Baseline CO₂ for Peninsular Malaysia. The GHG emission for Scope 2 (FYE 2023) is calculated using the emission factor obtained from the Malaysia Energy Commission 2019 Grid Emission Factor.
- The GHG emissions intensity is a representation of GHG emissions (Scope 1 and Scope 2) per Group's revenue (RM'000).

WATER MANAGEMENT

The escalating concern on water scarcity is attributed to several factors, including climate change, inadequate water management and contamination. Although all our operations are not located in water stressed areas, we are committed to contribute to better water management which includes reducing water usage and safeguarding clean water sources. Across all our operation sites, we only source water from established water supply companies with well-developed water distribution infrastructure. We do not withdraw water from or release wastewater into oceans, rivers, lakes, natural ponds and wells. Our production activities do not cause water pollution.

We actively promote responsible water usage among our employees within their workspace. Additionally, we perform regular inspections and maintenance routines to identify and address any water leakages within our infrastructure. To further solidify our dedication to sustainability, we have implemented a rainwater harvesting system by installing a storage tank to collect and store rainwater. This initiative not only reduces our dependency on municipal water supply but also allows us to harness a natural resource for various purposes including gardening and sanitary purposes.



	Unit	FYE 2021	FYE 2022	FYE 2023
Total water consumption	m ³	141,355	225,774	170,283
Revenue	RM'000	760,870	945,748	638,296
Water intensity	m ³ /RM'000	0.1858	0.2387	0.2668

Note:

- Consumption of water is measured based on the quantities consumed according to the water bill.
- Water intensity is a representation of water (m³) used per Group's revenue (RM'000).

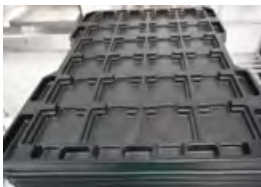
	Unit	FYE 2021	FYE 2022	FYE 2023
Total contaminated water released	m ³	3,263	2,950	564

Sustainability Statement

WASTE MANAGEMENT

We strive to managing wastes in compliance with the applicable regulatory requirements. We prioritise effective waste management practices to minimise our environmental impact and positively impact the surrounding communities.

Stemming from our daily operations, we generate different types of waste, including both hazardous and non-hazardous wastes as outlined in table below. Our commitment to sustainable waste management is underscored by the adoption of 3Rs approach – Reduce, Reuse and Recycle and by raising employees' awareness on the importance of sustainable waste management. Furthermore, we ensure that our waste management protocols, including scheduled wastes, strictly adhere to the environmental regulations, thus maintaining our dedication to environmental stewardship and compliance.

Non-hazardous wastes	Hazardous wastes
• Tray • Roller • Plastic • Carton • Pin	• Scheduled wastes such as: • Solder waste • Scrap PCBA • Contaminated empty container • Contaminated rag
    	    

Waste Management Program and Methodology

- Recycling
- Recovery
- Recycling

	Unit	FYE 2021	FYE 2022	FYE 2023
Total non-hazardous waste generated	Ton	267.69	318.77	400.34
Total hazardous waste generated	Ton	31.51	58.18	101.18
Recycling of non-hazardous waste	Ton	215.69	266.77	276.94
Recycling and recovery of hazardous waste	Ton	28.85	56.94	98.31
Percentage of non-hazardous and hazardous wastes diverted from disposal	%	82%	86%	75%
Percentage of non-hazardous and hazardous wastes diverted to disposal	%	18%	14%	25%

Sustainability Statement

WASTE MANAGEMENT (Cont'd)

Type of Scheduled Wastes	Unit	FYE 2021	FYE 2022	FYE 2023
SW103	KG	0	0	525
SW104	KG	4,737	4,557	7,058
SW109	KG	0	0	358
SW110	KG	16,107	36,548	69,640
SW311	KG	221	0	219
SW322	KG	1,740	1,290	7,916
SW325	KG	2	0	2
SW404	KG	0	39	0
SW409	KG	4,823	8,272	7,450
SW410	KG	3,130	7,132	7,516
SW422	KG	0	0	0
SW429	KG	750	0	428

Wastewater Discharge

Effluent discharge contains chemicals, metals, organic and inorganic compounds which may be detrimental to the environment. We strive to maintain the water quality discharged to ensure compliance with the local regulatory requirements. We have fully complied with all local regulatory requirements for our wastewater discharge quality.

	Unit	FYE 2021	FYE 2022	FYE 2023
Wastewater discharge	m ³	3,263	2,950	564



Sustainability Statement

SOCIAL



We are committed to fostering a safe, inclusive, non-discriminatory workplace that offers equal opportunities for all our employees. We respect human rights by upholding international human rights principles and standards. In addition, we are dedicated to promoting the overall welfare of society.

EQUAL EMPLOYMENT OPPORTUNITIES

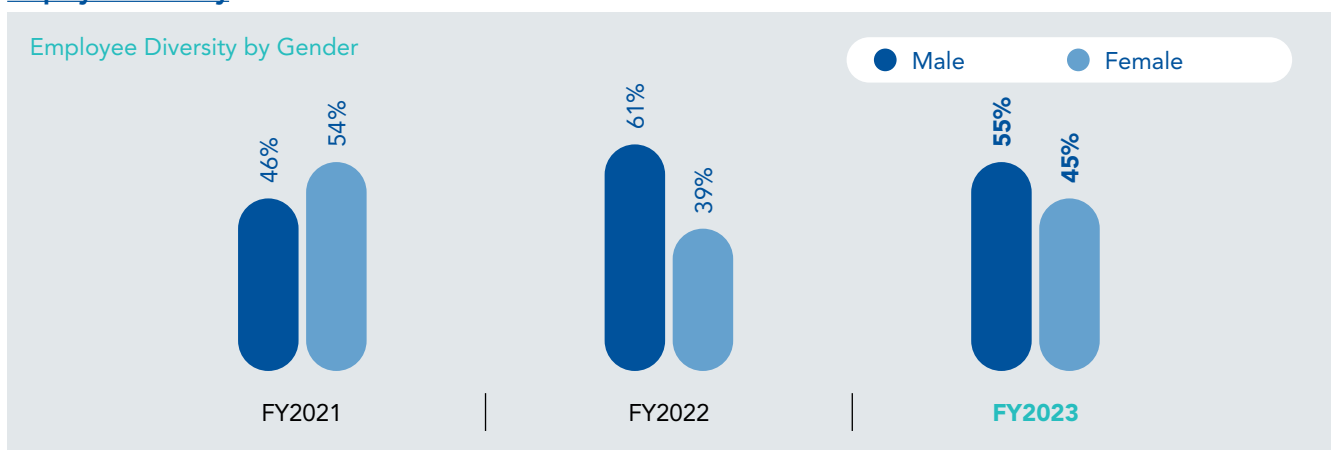
We are committed to build a diverse and inclusive environment without discrimination and any kind of harassment in the workplace. This is translated in our Code of Business Conduct & Ethics, it is our policy that our recruitment, advancement and retention of employees forbid discrimination on the basis of any criteria prohibited by law, including but not limited to gender, race, age, religion and political inclination. Our policies are adapted to ensure all employees are treated and treat each other fairly, with respect and dignity. Hence conduct involving discrimination and harassment of others will not be tolerated. All employees are required to comply with our policy of equal opportunity, non-discrimination and fair employment.

Workforce Diversity and Inclusion

We recognise the strength in having a diverse workforce and inclusive environment. This is affirmed by our Group's gender diversity policy on the board comprises at least 30% women directors. In FYE 2023, the Board comprises 2 women Directors out of 6 Directors, which represents 33% women directors. This demonstrates the Group's commitment on Board gender diversity as we had exceeded the prevailing requirement of Practice 5.9 of the Malaysian Code on Corporate Governance ("MCCG") to have at least 30% women Directors on Board.

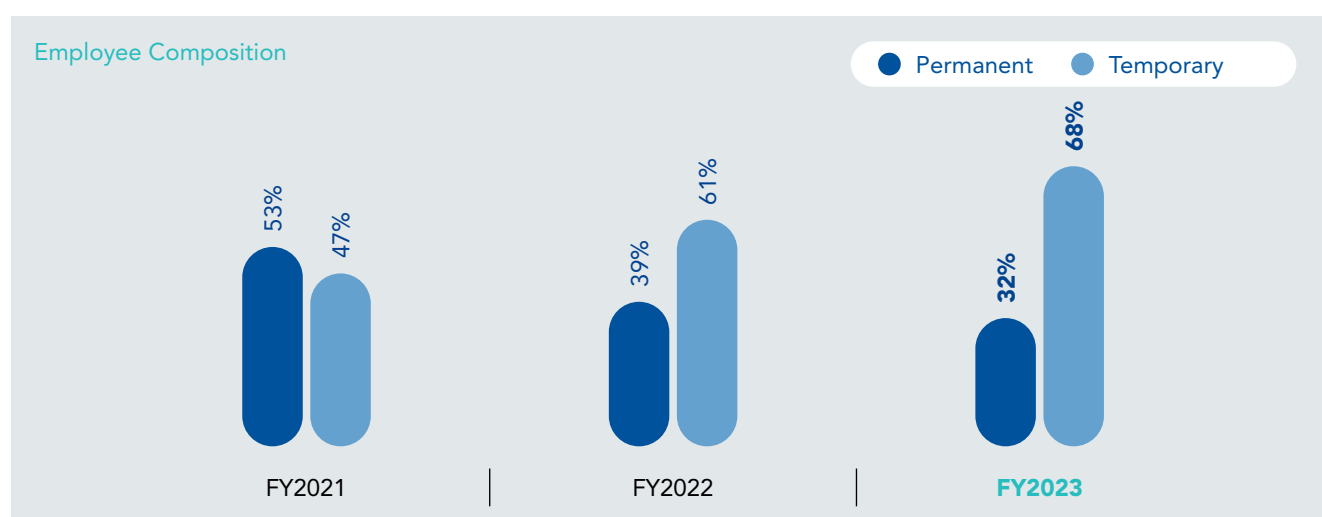
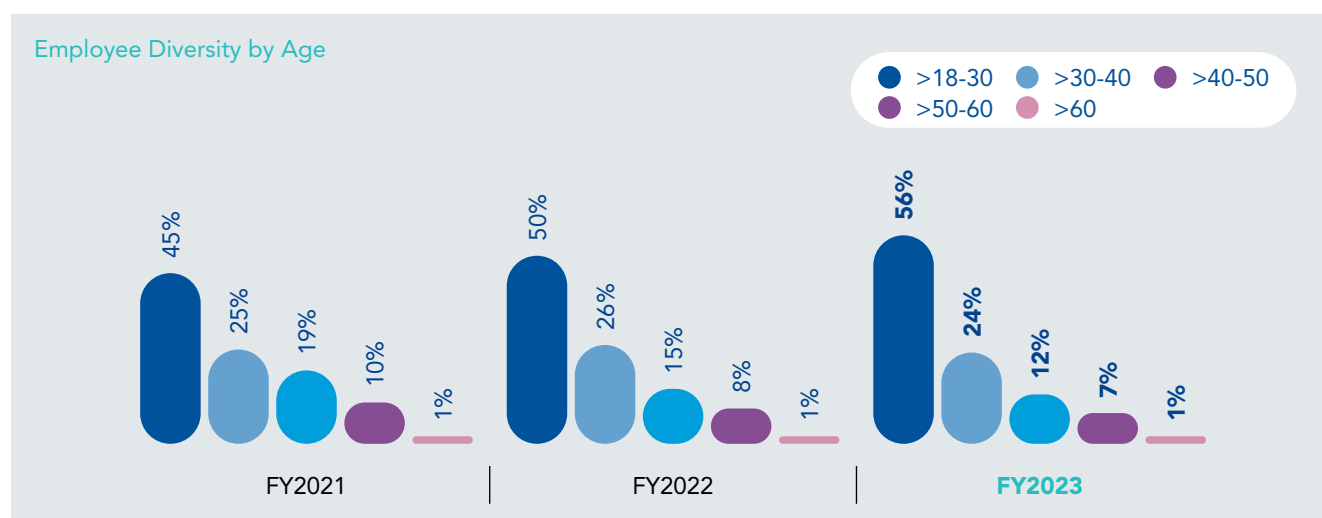
In FYE 2023, we recorded total headcount of 2,694 pax (FYE 2022: 2,248 pax). The details of our employee profile are presented as below:

Employee Diversity



Sustainability Statement

EQUAL EMPLOYMENT OPPORTUNITIES (Cont'd)



	FYE 2021 No.		FYE 2022 No.		FYE 2023 No.	
Total Employees	1,512		2,248		2,694	
Employee Breakdown by Gender	No.	%	No.	%	No.	%
Male	696	46%	1,368	61%	1,487	55%
Female	816	54%	880	39%	1,207	45%
Employee Breakdown by Age						
>18-30	683	45%	1,126	50%	1,503	56%
>30-40	371	25%	585	26%	647	24%
>40-50	293	19%	338	15%	321	12%
>50-60	154	10%	182	8%	201	7%
>60	11	1%	17	1%	22	1%

Sustainability Statement

EQUAL EMPLOYMENT OPPORTUNITIES (Cont'd)

Employee Breakdown by Gender and Employee Category	FYE 2021		FYE 2022		FYE 2023	
	No.	%	No.	%	No.	%
Senior Management – Male	53	88%	62	90%	56	89%
Senior Management – Female	7	12%	7	10%	7	11%
Middle Management – Male	53	72%	56	71%	72	71%
Middle Management – Female	21	28%	23	29%	30	29%
Executive – Male	154	56%	182	58%	177	56%
Executive – Female	119	44%	132	42%	139	44%
Non-Executive – Male	436	39%	1,068	60%	1,182	53%
Non-Executive – Female	669	61%	718	40%	1,031	47%

Employee Breakdown by Age and Employee Category						
Senior Management – >18-30	0	0%	0	0%	1	2%
Senior Management – >30-40	5	8%	6	9%	3	5%
Senior Management – >40-50	20	33%	22	32%	22	35%
Senior Management – >50-60	28	47%	34	49%	30	48%
Senior Management – >60	7	12%	7	10%	7	11%
Middle Management - >18-30	7	9%	2	3%	12	12%
Middle Management - >30-40	12	16%	12	15%	20	20%
Middle Management - >40-50	26	35%	26	33%	21	21%
Middle Management - >50-60	28	38%	37	47%	45	44%
Middle Management - >60	1	1%	2	3%	4	4%
Executive - >18-30	77	28%	112	36%	132	42%
Executive - >30-40	62	23%	53	17%	45	14%
Executive - >40-50	85	31%	89	28%	70	22%
Executive - >50-60	48	18%	57	18%	66	21%
Executive - >60	1	0%	3	1%	3	1%
Non-Executive - >18-30	599	54%	1,012	57%	1,358	61%
Non-Executive - >30-40	292	26%	514	29%	579	26%
Non-Executive - >40-50	162	15%	201	11%	208	9%
Non-Executive - >50-60	50	5%	54	3%	60	3%
Non-Executive - >60	2	0%	5	0%	8	0%

Employee Breakdown by Employment Contract						
Permanent Staffs	806	53%	876	39%	858	32%
Contractors/ Temporary Staffs	706	47%	1,372	61%	1,836	68%

Employee Breakdown by Nationality						
Malaysian	865	57%	896	40%	879	33%
Non-Malaysian	706	43%	1,352	60%	1,815	67%

Sustainability Statement

EQUAL EMPLOYMENT OPPORTUNITIES (Cont'd)

Board Diversity

Director Breakdown by Gender	FYE 2021		FYE 2022		FYE 2023	
	No.	%	No.	%	No.	%
Male	3	75%	4	67%	4	67%
Female	1	25%	2	33%	2	33%
Director Breakdown by Age						
>50-60	2	50%	3	50%	3	50%
>60	2	50%	3	50%	3	50%

Employee New Hire

New Hire by Gender	FYE 2021	FYE 2022	FYE 2023
	No.	No.	No.
Male	158	138	85
Female	111	108	62
New Hire by Age			
>18-30	48	162	134
>30-40	42	65	7
>40-50	132	16	4
>50-60	47	3	1
>60	0	0	1
Total	269	246	147

Employee Turnover

Employee Turnover by Gender	FYE 2021	FYE 2022	FYE 2023
	No.	No.	No.
Male	68	77	28
Female	88	56	62
Employee Turnover by Age			
>18-30	98	84	59
>30-40	26	31	21
>40-50	25	13	7
>50-60	7	5	3
>60	0	0	0
Total	156	133	90

We continue to see the under 30 years old category as consistently our largest group for both turnover and new hires as they are in the early stages of their career journey and are always looking out for new opportunities.

Sustainability Statement

EMPLOYEE DEVELOPMENT AND TALENT RETENTION

We consider continuous development to be an investment in the future and keys to attracting and retaining high performers. We are committed to nurturing our employees through diverse learning experiences to help them to achieve excellence in their respective fields, which in return, will improve in work productivity and efficiency. In FYE 2023, we have carried out a total of 42,245 hours of training with average 15.7 training hours per employee.

	Unit	FYE 2021	FYE 2022	FYE 2023
Total Training Hours	Hours	26,370	49,334	42,245
Total Amount invested in Employee Learning and Development	RM	115,989	204,724	209,447

Total Training Hours by Gender

Male	Hours	8,908	23,099	20,543
Female	Hours	17,462	26,235	21,702

Total Training Hours by Employee Category

Senior Management	Hours	198	642	1,208
Middle Management	Hours	2,222	2,501	3,656
Executive	Hours	2,747	5,399	4,292
Non-Executive	Hours	21,203	40,904	33,089

Note: Figures for FYE 2021 and FYE 2022 have been restated due to the inclusion of a wider range of trainings.

Below we summarise the types of training and development programmes:

Training Types	Description
Orientation	- One time programme to welcome new employees. - The topics cover company overview, key corporate policies, overview of benefits and attendance, health and safety procedures. - Facility tour helps new employees to get acquainted with new workplace.
On-the-Job (OJT) Training	- Focus on departmental goals by delivering the necessary skills, knowledge, and core competencies to new employees to perform the task efficiently. - Mentoring programme drives rich learning and development for both mentees and mentors.
Technical Skills Training	- Job-specific training which focus on building employee's prerequisite technical skills and competencies relevant to his role. - Regular training is conducted to keep abreast of latest development.
Soft Skills Training	- To enable our employees to work together as a team for the benefit of their own and the organisation's success. - The training module covers the topics such as leadership, communication, teamwork, collaboration, time management, problem-solving and etc.
Mandatory Training	- All employees are required to undergo Safety and Health Training. - All employees are expected to discharge their respective duties in line with our standards and policies.

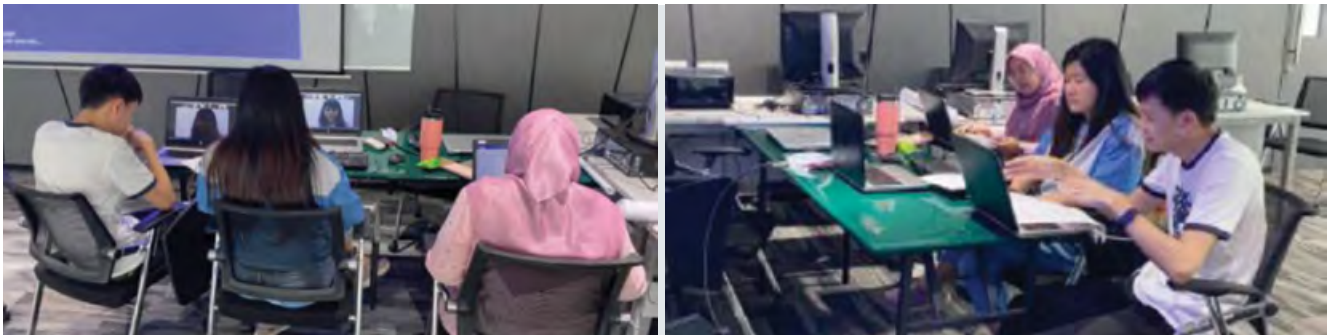
Sustainability Statement

EMPLOYEE DEVELOPMENT AND TALENT RETENTION (Cont'd)

We proactively collaborate with colleges and universities throughout Malaysia by participating in career fairs, forum talks and engaging in various partnership activities. During these interactions, we furnish interested candidates with comprehensive insights into our Company's background and corporate culture, presenting them with valuable career opportunities within our organisation.



We have sponsored RM6,000 for the Universiti Sains Malaysia ("USM") Computer Science Internship and Recruitment Fair ("CSIRF") and RM5,300 for the USM Engineering Campus Career Fair 2023. Throughout the fairs held in January 2023 and April 2023, we deliver informative career talk to students, providing them with valuable insights into manufacturing jobs.



We collaborated with Sunway University and participated in the Talent Management Forum held on 13 June 2023. Through this forum, we shared the best industry practices to the participants.



We attended UniMap Students Final Year Project Presentation on 13 July 2023, aligning with our strategy to foster strong relationships with the institution. In addition, we facilitated temporary employment placements for students during their semester breaks, providing them with valuable industry experience to better prepare them for their future careers.

Sustainability Statement

EMPLOYEE DEVELOPMENT AND TALENT RETENTION (Cont'd)



We sponsored RM800 to the School of Applied Creative Arts and Design, Han Chiang University College of Communication for the students' graduation exhibition showcase, which took place on 4 November 2023.



We sponsored RM1,000 for the USM career exposure event held on 16 December 2023. Through this event, we aimed to broaden the perspectives of participants on various aspects of the business operations.

EMPLOYEE BENEFITS AND WELFARE

We recognise that our success is driven by a committed workforce and therefore we aim to provide a conducive working environment for our employees, supporting them in pursuing reasonable standard of lifestyle and work life balance. We adhere to the local regulations on labour matters, which includes but not limited to Employment Act 1955, minimum wage law and etc.

Sustainability Statement

EMPLOYEE BENEFITS AND WELFARE (Cont'd)

To promote a healthy working life, we believe in providing a balanced work-life environment to all our employees to enable them to have more time for their family and/or to pursue and advance their areas of interest. In this respect we do not encourage overtime work unless it is absolutely necessary such as to meet customer's order or regulatory deadlines. All our employees are entitled to national and state public holidays. In addition, our employees are entitled to annual leave, medical leave, marriage leave, maternity leave, paternity leave and etc. The details of employee benefits and welfare are outline as follows:

Statutory Benefits	Leave Provision	Employment Benefits & Welfare	Facilities
• Adhere to minimum wages • Statutory contributions (EPF, SOCSO, EIS and Income Tax) • Annual salary increment • Performance bonus • Service awards • Overtime payments • National and state public holidays	• Annual leave • Medical leave • Hospitalization leave • Marriage leave • Maternity leave • Paternity leave • Compassionate leave • Replacement leave	• Shift allowance • Outstation allowance • Penang bridge toll subsidy • Transport allowance • Marriage gift • New birth gift • Employee gift • Festival goodies • Service award • Star award • Bereavement gift • GP clinic visit • Hospitalisation and surgical coverage • Recreational activities • Flexible working time • Foreign worker permit • Accommodation and transportation	• Car park • Cafeteria • Pantry • Personal lockers • Prayer rooms • Training rooms • Auditorium • Meeting rooms



Sustainability Statement

EMPLOYEE BENEFITS AND WELFARE (Cont'd)

Throughout the year, we organised various programmes such as Annual Dinner, team building events, sports activities and festive celebrations.



Annual Dinner 2023



Bowling Tournament 2023

Sustainability Statement

EMPLOYEE BENEFITS AND WELFARE (Cont'd)



Team Building at Escape Theme Park



Christmas Celebration 2023

Sustainability Statement

EMPLOYEE BENEFITS AND WELFARE (Cont'd)



Deepavali Celebration 2023

HUMAN AND LABOUR RIGHTS

We respect all international standards, local laws and regulations applicable to the protection of human and labour rights. We recognise the importance of evading all forms of human rights abuses, including any form of harassment, discrimination, threatening or inappropriate behaviour. This is also translated in our Code of Business Conduct & Ethics which clearly states that any form of forced or child labour is strictly prohibited.

Our Human Resource Department oversees all issues regarding human rights, forced and child labour and ensure protection of our employees' rights. They are tasked to make sure that our operations comply with regulations mandated by the Department of Labour and international standards. Our Human Resource staffs were also being briefed on the minimum age for hiring and they will perform age verification to avoid hiring of underage labours.

We encourage all stakeholders to report suspected human and labour rights violations within our operation without fear of retaliation. All stakeholders can report via our whistleblowing mechanism. In FYE 2023, there were no substantiated complaints concerning human rights violations, including child and forced labour, discrimination or harassment.

	Unit	FYE 2021	FYE 2022	FYE 2023
Number of substantiated complaints concerning human rights violations	No.	0	0	0

Sustainability Statement

OCCUPATIONAL SAFETY AND HEALTH

The health, safety and well-being of our employees, contractors, visitors and communities are vital to our operations. We are committed to:

- Establish and maintain a safe and healthy environment for all employees and visitors;
- Integrate safety and health issues in all aspects at the workplace;
- Identify and eliminate hazards in order to prevent any accidents;
- Promote safety consciousness and responsibility and provide adequate training to enhance the safety awareness to employees; and
- Involve all employees in safety and health planning and implementation.

We established Safe and Health Committee which consists of employee representatives from different departments, to oversee the Group's safety and health related matters. The Safe and Health Committee performs periodic workplace inspection to identify and manage any safety and health hazard risks to prevent accidents from happening. The outcome of the workplace inspection will be discussed during the Safe and Health Committee meeting on a quarterly basis. To promote safety consciousness and promote safety awareness among our employees, we provide them various trainings on safety procedures to ensure they are equipped with relevant skills they need to carry out work safety and keep abreast with current relevant regulatory requirements.



Fire drill exercise

Below summarises the number of staffs trained on health and safety standards:

	Unit	FYE 2021	FYE 2022	FYE 2023
Number of staffs trained on health and safety standards	No.	335	508	989

In FYE 2023, there were no work-related injuries. All the injuries were investigated by Safety and Health Officer and closed with necessary corrective action.

	Unit	FYE 2021	FYE 2022	FYE 2023
Number of work-related fatalities	No.	0	0	0
Lost Time Injury Frequency Rate ("LTIFR")	%	0.59	0	0.25

Note:

a) LTIFR refers to the number of lost time injuries occurring in a workplace per 1 million hours worked. $LTIFR = \frac{\text{No. of lost time injury incidents}}{\text{total man hours}} \times 1,000,000$

We have complied to the best of our ability the existing laws and regulations relevant to our operations such as Occupational Safety and Health Act 1994, Factories and Machinery Act 1967, Fire Services Act 1988 and Prevention and Control of Infectious Diseases Act 1988, etc.

Sustainability Statement

CORPORATE SOCIAL RESPONSIBILITY

Internship Programme

We take in interns to expose them to a working environment where they can apply the knowledge from the classroom to the real-world experience, gain skills and hands-on experience that will enable them to be successful in their careers.

Local Communities Development

We recognise the importance of giving back to the communities we operate in. Below summarises some of our contribution this year for our Corporate Social Responsibility activities:

	Unit	FYE 2021	FYE 2022	FYE 2023
Total amount invested where the target beneficiaries are external parties	RM	NA	18,000	16,080
Total number of beneficiaries of the investment in community	No.	NA	3 schools 162 elderly	4 families 3 schools 28 children

Note: NA refers to not available as data tracking commenced since FYE2022.



- In January 2023, we contributed RM7,500 to support fifty (50) students from SJK(T) Kadun Jawi with Early Schooling Assistance.
- In March 2023, we extended a cash donation amounting to RM1,000 to assist personnel affected by flood incidents. This contribution made a positive impact on four (4) families.



- In August 2023, we donated thirty (30) units of used desktop computers to SJK(T) Kamunting. This contribution benefited a total of 169 students.

Sustainability Statement

CORPORATE SOCIAL RESPONSIBILITY (Cont'd)

Local Communities Development (Cont'd)



- On 22 December 2023, we visited Taiping Chrystal Children Home, where we had the opportunity to engage with the children. During our visit, we donated in-kind items worth RM2,580, benefiting a total of 28 children. In addition to our donation, we also spent quality time playing and interacting with the children, contributing to their well-being and happiness.



- We sponsored RM5,000 for the USM glow paint run activity held on 5 November 2023. This event not only supported the community but also allowed us to advocate for the significance of maintaining a balanced healthy lifestyle. By encouraging participants to actively engage in physical activities, we aimed to promote overall well-being and fitness awareness.

Sustainability Statement

GOVERNANCE

Governance stands as a fundamental pillar within NGH's sustainability framework, seamlessly integrated across all facets or the Company's functions and processes. It acts as a beacon of transparency and accountability, guiding us to effectively manage risks, uphold operational and business sustainability, and maintain the trust and confidence of our stakeholders.

CORPORATE GOVERNANCE AND ETHICS

Code of Business Conduct & Ethics

Our Code of Business Conduct & Ethics ("Code") summarizes the standards that guide every employee and director actions. Through the Code, we aim to foster a culture of honesty and accountability. Our commitment to the highest level of ethical conduct should be reflected in all the Company's dealings with its suppliers, customers, the government, public, among employees and also our shareholders.

Our Code covers the standards for the following areas:

- Compliance with laws, rules and regulations;
- Abuse of powers;
- Insider trading;
- Anti-money laundering;
- Protection of confidential information;
- Conflict of interest;
- Equal opportunity and non-discrimination;
- Environment, health and safety;
- Quality of public disclosure;
- Compliance of the Code and reporting of any illegal or unethical behaviour;
- Anti-corruption and bribery;
- Gift, entertainment, hospitality and travel;
- CSR, donation and sponsorship;
- Procurement process;
- Facilitation payments;
- Dealings with public officials; and
- Political contributions.

In FYE 2023, there were no non-compliance cases and breach of Code of Business Conduct & Ethics.

Anti-Bribery and Anti-Corruption Policy

We are committed to fair, honest and transparent conduct of business. We never offer or accept bribes, whether directly or indirectly to gain a business advantage. Every employee and director shall endeavour to deal fairly with customers and suppliers, the public and one another at all times and in accordance to sound ethical practices. No bribes, kickbacks or any payments in any form shall be made directly or indirectly to anyone for the purpose of obtaining or retaining business or obtaining any favorable action.

With the implementation of the new Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 which introduces corporate liability provision for bribery and corruption offences that came into effect on 1 June 2020, we have established Anti-Bribery and Anti-Corruption Policy, with the following purposes:

- Set out the responsibilities of the Group, and the responsibilities of in observing and upholding the Group's position on bribery and corruption, in order to ensure that the Group comply with applicable laws, regulations and policies and procedures;
- Ensure that the Group has adequate procedures in place to prevent and detect bribery and corruption;
- Provide information and guidance to employees on how to recognise and deal with potential bribery and corruption issues; and
- Protect the Group against the possible penalties and repercussions resulting from acts of bribery and corruption or being associated with such behaviour.

Sustainability Statement

CORPORATE GOVERNANCE AND ETHICS (Cont'd)

Anti-Bribery and Anti-Corruption Policy (Cont'd)

The Anti-Bribery and Anti-Corruption Policy is applicable to directors, Senior Management and employees including any person who is employed full time, on probation, contractually or temporarily. It is stated in our policy that any and all forms of corruption, extortion, and embezzlement are strictly prohibited and will result in disciplinary action, including immediate termination and/or other legal actions against the employee or director. Employees are encouraged to raise concerns about any instances, or suspicion, of malpractice at the earliest possible stage through their line manager or Whistleblowing channel.

To ensure the effective implementation of the Anti-Bribery and Anti-Corruption Policy, we provide training and communication to all new employees pertaining to this policy during the time of induction. A copy of the Anti-Bribery and Anti-Corruption Policy is made available to all employees through our intranet.

	Unit	FYE 2021	FYE 2022	FYE 2023
Senior Management	%	0%	100%	100%
Middle Management	%	0%	100%	100%
Executive	%	0%	100%	100%
Non-Executive	%	0%	100%	100%

Although the Policy is specifically written for employees, we expect that contractors, sub-contractors, consultants, agents, representatives and others performing work or services for or on behalf of the Group will comply with it in relevant part when performing such work or services. We have made this policy available in our Company's website so they are able to view our policy from time to time. This Policy will be communicated to them at the beginning of business relationship with them and as appropriate thereafter.

In FYE 2023, we have engaged YNC Business Consulting Sdn. Bhd., an independent consulting firm, to conduct Corruption Risk Management ("CRM") assessment across our operations. From the assessment, we identified the potential corruption-related risks, assess its impact and likelihood of occurrence and ensure there are controls in place and action plans taken to mitigate the identified corruption-related risks.

	Unit	FYE 2021	FYE 2022	FYE 2023
Operations assessed for corruption-related risks	%	0%	0%	100%

In FYE 2023, there were no confirmed incidents of corruption.

	Unit	FYE 2021	FYE 2022	FYE 2023
Number of confirmed incidents of corruption	No.	0	0	0

Whistleblowing Policy

We are committed to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs. We expect wrongdoings such as fraud, corruption, serious financial impropriety and gross mismanagement to be reported and facilitates this through internal mechanisms. In relation to this, we have established Whistleblowing Policy to provide an avenue for employees and stakeholders (shareholders, customer and suppliers) to raise concerns and take appropriate action to resolve them effectively. All stakeholders and employees of the Group are encouraged to raise genuine concerns about possible improprieties in matters of financial reporting, compliance, malpractices and unethical business conduct such as bribery and corruption within the Group at the earliest opportunity and in an appropriate way.

Sustainability Statement

CORPORATE GOVERNANCE AND ETHICS (Cont'd)

Whistleblowing Policy (Cont'd)

The Whistleblowing Policy outlines the procedures for reporting of a wrongdoings which includes who can disclose, what to disclose, when to disclose and how to proceed. The objectives of Whistleblowing Policy is to:

- Encourage whistleblower to be confident in raising serious genuine concerns and to question and act on those concerns;
- Facilitate early disclosure in a responsible manner by establishing procedures for stakeholders to raise genuine concerns or allegations through an appropriate channel upon discovery of possible wrongdoing(s);
- Address disclosure in an appropriate and timely manner. Disclosed matters may be prioritized according to the nature or seriousness of the alleged wrongdoing(s) or reported risk(s) and the magnitude of the impact;
- Protect identity of whistleblower upon receipt of report on a confidential and anonymous basis; and
- Treat both whistleblower and alleged wrongdoer fairly. Status of disclosure shall be informed to the whistleblower while alleged wrongdoer will be informed of the allegations at an appropriate time and be given opportunity to answer the allegations. Identities and personal information of the whistleblower and alleged wrongdoer will only be revealed to persons involved in investigations on a "need-to-know" basis only.

The types of concerns can be reported through whistleblowing mechanism includes but not limited to the following:

- Acceptance of favour;
- Corruption, blackmail or fraud;
- Criminal offence;
- Misuse of Group's funds or assets;
- Gross mismanagement within the Group;
- Serious financial irregularity or impropriety within the Group;
- Serious breach of Code of Business Conduct & Ethics;
- An act or omission which creates a substantial or specific danger to the lives, health, or safety of employees, the public or the environment;
- Failure to comply within the provisions of other Acts of Parliament where the wrongdoer knowingly disregards or does not comply with such provisions;
- Knowingly directing or advising a person to commit any of the above wrongdoings; and
- Concealment of any or a combination of the above.

In FYE 2023, there were no whistleblowing reports being reported.

Our policies and procedures namely Code of Business Conduct & Ethics, Anti-Bribery and Anti-Corruption Policy and Whistleblowing Policy are made available on our Company's website at <http://www.nationgate.com.my/>.

DATA PROTECTION AND PRIVACY

We are committed to protecting the private information and personal data of our customers, suppliers and employees. We secure information assets and personal data of our customers, suppliers and employees through the use of integrated data protection and information security strategies. We consider certain types of information about products, processes and employees to be confidential, the disclosure of which could significantly harm our Group's interests. Unauthorised disclosure, use or theft of our Group's confidential information will be subject to disciplinary and also possibly legal action against the employee/director. Each employee is responsible for protecting the confidentiality of our Group's records and information.

Below are examples of our measures, protocols and practices that we have implemented to protect data privacy:

- Use of firewall, anti-virus and anti-malware protection;
- Use of physical security measures;
- Password Policy for accessing to PCs, notebooks and servers, which requires users to periodically change the passwords;
- Control over access to data information to prevent unauthorised access;
- Employees sign Non-Disclosure Agreement;
- Disaster Recovery Plan to ensure continuity of operations in the event of major systems failure or catastrophe; and
- Scheduled backup on an external drive which is placed outside of the Company's premises.

Sustainability Statement

DATA PROTECTION AND PRIVACY (Cont'd)

In FYE 2023, there were no substantiated complaints concerning breaches of customer privacy and losses of customer data.

	Unit	FYE 2021	FYE 2022	FYE 2023
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	No.	0	0	0

Corporate Governance Overview Statement

The Board of Directors ("Board") of NationGate Holdings Berhad ("Company" or "NGH") recognises the importance of practicing high standards of corporate governance is essential in building a sustainable business and creating long-term value for the shareholders and stakeholders and to enhance the performance of the Company and its subsidiaries ("Company"). The Board is committed to upholding high standards of integrity and transparency in its governance and ensuring corporate practices are implemented and maintained throughout the Company.

The Board is pleased to present the Corporate Governance Overview Statement ("Statement") to provide shareholders and investors with an overview of the corporate governance practices adopted by the Company in achieving the intended outcomes as set out in the new Malaysian Code on Corporate Governance ("MCCG") with the following three (3) key principles, under the leadership of the Board during the financial year ended 31 December 2023 ("FYE 2023"):

Principle A: Board Leadership and Effectiveness;

Principle B: Effective Audit and Risk Management; and

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This Statement also serves as a compliance with Paragraph 15.25(1) of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and shall be read together with the Corporate Governance Report ("CG Report") of the Company for the FYE 2023 published on the Company's website at <http://www.nationgate.com.my/> and Bursa Securities' website: <https://www.bursamalaysia.com>.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

1.0 Board's Leadership on Objectives and Goals

1.1 Strategic Aims, Value and Standards

Our Board's primary role is to provide leadership to set the Company's strategic plan, values, standards and ensure necessary resources are in place to achieve the long-term sustainable success of the Company for the benefit of stakeholders. The Board assumes ultimate accountability and responsibility for the performance and affairs of the Company and is collectively responsible for meeting the objectives and goals of the Company as stipulated in the Board Charter.

The Board is made up of a combination of Executive Directors who are involved in strategic formulation, implementation and day-to-day operations while Independent Non-Executive Directors ("INEDs") who are involved in decision evaluation and approval.

To assist the Board in fulfilling its duties and responsibilities, the Board has delegated specific responsibilities to the Board Committees which operate within their defined roles and responsibilities as set out in their respective Terms of Reference ("TOR"), which are made available on our Company's website:

- Audit and Risk Management Committee ("ARMC")
- Remuneration Committee ("RC")
- Nomination Committee ("NC")

The Board has also established a topic-specific Committee, Sustainability and Integrity Working Group ("SIWG"), to which it has delegated certain powers to review and administer sustainability and integrity matters. The SIWG's TOR is also made available on our Company's website.

During the financial year ended 31 December 2023 ("FYE 2023"), the Board reviewed business and financial performance through the regular updates received from the Company Managing Director ("MD"), Chief Operating Officer ("COO"), the Finance Director ("FD") during the Board meeting. Through the regular updates received from the Board meeting, the Board was kept abreast on the conduct, business activities and development of the Company and able to discuss and advise the Management in its formulation of the Company's business strategies. Discussions would include the deployment of resources efficiently and effectively in achieving the objectives to be met. In making its decisions, the Board would be guided by the Company's values and standards.

Corporate Governance Overview Statement

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

I. BOARD RESPONSIBILITIES (CONT'D)

1.0 Board's Leadership on Objectives and Goals (Cont'd)

1.2 The Chairman of the Board

Dato' Seri Wong Siew Hai, an INED, was appointed as the Chairman of the Board. He assumed the role of a leader with responsibility for instilling good corporate governance practices. He chaired all the Board meetings during FYE 2023, led discussions and provided effective leadership to the Board.

The roles and responsibilities of the Chairman are enunciated in the Board Charter, which is made available on our Company's website.

1.3 Chairman and Chief Executive Officer

The Board is headed by Dato' Seri Wong Siew Hai, Chairman of the Board of Directors, whereas the Company MD is Mr. Ooi Eng Leong. The role of the Board Chairman is to ensure the effective functioning of the Board while the Company MD is to ensure effective implementation of the Company's business plan, lead and manage the Company's operations. The Company MD also acts as a link between the Independent Directors and the Management to align management actions to Board's decisions and strategies. The distinct and separate roles and responsibilities of the Chairman and Company MD are as set out in the Board Charter of the Company, which is available on our Company's website.

The position of the Chairman of the Board and the Company MD are held by different individuals to ensure an appropriate balance of role, power and authority, such that no one individual has unfettered powers during Board discussions and decision making.

For better safeguard the interest of our stakeholders, the Board is balanced by a majority of INEDs on the Board to foster greater objectivity in the Boardroom.

1.4 Chairman and Board Committees

The Chairman, Dato' Seri Wong Siew Hai is not a member of the various Board subcommittees.

1.5 Company Secretaries

The Board is supported and assisted by two (2) suitably qualified, competent and capable Company Secretaries, namely Ms. Chew Siew Cheng (MAISCSA 7019191) and Ms. Lim Choo Tan (LS 0008888). Both the Company Secretaries are qualified Secretaries as per Section 235(2) of the Companies Act 2016 registered with the Companies Commission of Malaysia ("CCM").

The roles and responsibilities of the Company Secretaries are outlined in the Board Charter, which is made available on our Company's website.

1.6 Access to Information and Meeting Materials

As stated in the Board Charter, the minimum number of Board Committee meetings to be held in a financial year is four (4) meetings. Additional meetings may be called at any time, at the discretion of the Chairman. In FYE 2023, a total of five (5) Board meetings were held with full attendance from the Board.

All Board and Board Committee meetings are determined in advance with approved agenda to facilitate Directors' time planning. Prior to the respective meetings, Board members are provided with pre-circulated Board papers and related meeting materials to enable them to make informed decisions. The notice of the meetings shall be given in writing at least seven (7) days prior to the meetings, to enable sufficient time for the Directors to prepare for the meetings and to facilitate informed decision making.

The minutes will record the deliberation, in terms of the issues discussed and the conclusions thereof. Company Secretaries are responsible for the proper maintenance of the records of Board and Board Committees meetings and record of discussions on key deliberations and decisions taken. Minutes of the meeting are circulated to the members of the Board, Board Committees and the Management for review and comments in a timely manner. The draft minutes will then be tabled at the following meeting for confirmation. The Company Secretaries will also notify and follow up with the Management of any actions to be taken or further updates to be provided to the Board. The updates and action plans for the items identified as matters arising would be discussed at the next Board and Board Committee meetings.

Corporate Governance Overview Statement

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

I. BOARD RESPONSIBILITIES (CONT'D)

2.0 Demarcation of Responsibilities

2.1 Board Charter

The Board is guided by a Board Charter which clearly defines the respective roles and responsibilities of the Board, Board Committees, individual Directors and Management as well as matters reserved for the Board. It sets out the principles for the operation of the Board of Directors and describes the functions of the Board and those functions delegated to Management of the Company.

The Board Charter is kept under continuous review and updated to ensure it remains consistent with the Board's objectives and is kept up-to-date with changes in regulations and governance practices.

The Board Charter is made available on our Company's website.

3.0 Good Business Conduct and Healthy Corporate Culture

3.1 Code of Conduct & Ethics

The Board is responsible for promoting good corporate governance culture within the Company which reinforces ethical, prudent and professional behavior. We aim to foster a culture of honesty and accountability. Our commitment to the highest level of ethical conduct should be reflected in all the Company's dealings with its suppliers, customers, the government, public, among employees and shareholders.

Accordingly, the Company has adopted a Code of Business Conduct & Ethics ("Code"), formally approved by the Board, which summarizes the standards that guide the actions of employees and directors. The employees and directors are clear that they must adhere to the spirit and language of this Code seeking to avoid the appearance of improper behavior.

As part of the Company's commitment in upholding high ethical standards, the Code is extended to third parties through the Supplier Code of Conduct and Declaration ("Supplier Code"). The Supplier Code defines the basic requirement of supplier on the activities that are strictly prohibited as well as respective responsibilities towards their stakeholders. Mechanisms are in place to report instances of bribery, fraud, corruption, unethical behaviour and irregularities.

The Company has adopted a zero-tolerance policy against all forms of bribery and corruption and is committed to fair, honest and transparent conduct of business. In respect to this, the Company has implemented a comprehensive Anti-Bribery and Corruption Policy ("ABAC") which provides information and guidance to employees, senior management and directors on how to recognize and deal with potential bribery and corruption issues. Although the ABAC Policy is written specifically to the internal employees, senior managers and directors, the Company also expects that the contractors, sub-contractors, consultants, agents, representatives and others performing work or services for or on behalf of the Company will comply with it in relevant part when performing such work or services.

In FYE 2023, no misconduct cases were being reported.

The Code and ABAC Policy are made available on the Company's website.

Corporate Governance Overview Statement

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

I. BOARD RESPONSIBILITIES (CONT'D)

3.0 Good Business Conduct and Healthy Corporate Culture (Cont'd)

3.2 Whistleblowing Policy

The Company is committed to values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs. It expects the wrongdoings such as fraud, corruption, serious financial impropriety and gross mismanagement to be reported and facilitates this through internal mechanism.

In respect to this, the Board has formalised a Whistleblowing Policy, with the aims to promote a workplace conducive to open communication regarding the Company's business practices. The Whistleblowing Policy provides a mechanism for stakeholders of the Company (such as employees employed full time, on probation, contractually or temporarily), people performing services for the Company (such as contractors and service providers), members of the public who are natural persons, not being incorporated or unincorporated bodies, to raise genuine concerns, channel their complaints or to provide information on wrongdoings and improper conduct which may adversely impact the Company. The Whistleblowing Policy outlines who can disclose, what to disclose, when to disclose, how and to whom a concern may be properly raised, distinguishes a concern from a personal grievance and allows the whistleblower the opportunity to raise a concern outside their management line and in confidence.

The whistleblowing report will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation. The unauthorized disclosure of whistleblower's information or the identity of a whistleblower by any employee may constitute misconduct for which, if established, disciplinary measures will be imposed.

In FYE 2023, no incident of whistleblowing were reported.

The Whistleblowing Policy is accessible to the public for reference on the Company's website.

4.0 Addressing Sustainability Risks and Opportunities

4.1 Governance of Sustainability

As stated in the Board Charter, the Board together with senior management, takes responsibility for the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets. The Board shall promote sustainability within the aspects of environment, social, governance and economy.

The Company has formed SIWG, led by the Company MD with the support from key functional group, to identify, analyse, evaluate, manage and monitor sustainability issues with emphasis on economic, environmental, workplace and governance. To better discharge the duties of SIWG, a TOR has been formalised which outlines the reporting structure, duties and responsibilities of the working group. The SIWG's TOR is made available on our Company's website.

4.2 Communication of Company's Sustainability Strategies, Priorities, Targets and Performance

The Board understands that meeting the needs of all stakeholders is fundamental in building trust and confidence and forms the foundation of good governance in the Company. Our sustainability strategy is guided by a materiality assessment which defines the sustainability focus areas that are most important to the Company and its stakeholders that the Company believe, will have the most impact on its business.

The details pertaining to the sustainability strategies, priorities, stakeholder groups, engagement methods and performance are communicated to both internal and external stakeholders through the Company's Sustainability Statement in Annual Report 2023 which is made available on our Company's website. The Sustainability Statement is prepared in accordance with the AMLR issued by Bursa Securities, referencing the Sustainability Reporting Guide (3rd Edition).

Corporate Governance Overview Statement

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

I. BOARD RESPONSIBILITIES (CONT'D)

4.0 Addressing Sustainability Risks and Opportunities (Cont'd)

4.3 Board Keeps Abreast of the Relevant Sustainability Issues

The Board acknowledges the importance to keep fully abreast of knowledge, risks and opportunities as well as current and future trends on sustainability matters.

During FYE 2023, the Board has attended a number of continuous professional development programme covering various topics in relation to sustainability such as MSIA Sustainability and ESG Conference and Leading for Impact (Building High Impact Boards for Sustainable Growth). Moving forward, the Board aspires to be constantly abreast of current sustainability issues and regulatory requirements.

4.4 Performance Evaluation of Board and Senior Management

The Board assessment/evaluation is being conducted annually. The Board evaluation on 29 February 2024 in respect of FYE 2023 takes into consideration the performance of the Board in addressing the Company's material sustainability risks and opportunities and also the conduct of the Board to stay abreast with and understand the sustainability issues relevant to the Company and its business.

The Company has implemented a yearly performance review for the senior management. The assessment criteria for the said evaluation takes into account, amongst others, sustainability risks such as financial and people development.

4.5 Sustainability Strategy (Step Up)

The SIWG is chaired by the Company MD to oversee the planning and execution of sustainability strategies and ensure that our sustainability matters are implemented throughout our business operations. The Company MD is supported by the Company COO and Heads of Department.

The reporting structure, duties and responsibilities of the SIWG has been formalised and documented in the TOR of SIWG, which is made available on our Company's website.

II. BOARD COMPOSITION

5.0 Board Objectivity

5.1 Board Appointment and Composition

The NC is empowered by the Board to review the required mix of skills, experience and other qualities of the Board and to assess the effectiveness of the Board as a whole as well as contribution by each director, through annual assessment.

Our present Board comprises four (4) INEDs and two (2) Executive Directors whereby this composition is on par with the practice required for Large Companies, complies with Paragraph 15.02 of the AMLR and Practice 5.2 of the MCGG as more than half of the Board are Independent Directors. This composition enables the Board to provide an objective judgement in the best interest of the Company taking into account diverse perspectives and insights.

Annually, each of the Directors will give confirmation to disclose any potential or actual conflict of interests arises. This is one of the criteria to enable the Board/NC to assess the Directors' independence as and when any new interest or relationship develops.

During the financial year under review, the NC had assessed the effectiveness of the Board, the Committees, the contribution of each individual Director and performance of Independent Directors. The NC is satisfied with the assessment results.

Corporate Governance Overview Statement

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

II. BOARD COMPOSITION (CONT'D)

5.0 Board Objectivity (Cont'd)

5.1 Board Appointment and Composition (Cont'd)

In accordance with Clause 76(3) of the Company's Constitution. The NC has reviewed Mr. Ooi Eng Leong and Mr. Lee Kim San performance who is retired and eligible for re-election at the forthcoming AGM. The NC is satisfied with the assessment result and recommendation has been made to the Board on their re-election at the 3rd AGM.

Upon assessment of independence of the Independent Directors, the tenure of individual Independent Directors would be presented to the NC for review annually.

As of 31 December 2023, none of the Independent Directors had served the Company for more than 9 years as per MCCG recommendations.

5.2 Tenure of Independent Non-Executive Director

As stated in the Board Charter, the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a non-Independent non-executive Director. The Board may subject to the assessment of the NC on an annual basis, recommend for an Independent Director who has served a consecutive or cumulative term of nine (9) years to remain as an Independent Director subject to Shareholders' approval with justification given. If the Board continues to retain the Independent Director after the ninth (9th) year, the Board should seek annual Shareholders' approval through a two-tier voting process. After the twelfth (12th) year, an Independent Director must observe a cooling-off period of three (3) years before re-appointment.

At present, all our Independent Directors have not exceeded this limit.

5.3 Appointment of Board and Senior Management

The Board believes that a truly diverse and inclusive Board will leverage the differences of its members, to achieve stewardship and in turn, retains its competitive advantage.

As stated in the Board Charter, the Board shall be of a size and take into consideration the representation of the interest of certain shareholders or group of shareholders with the benefit of diversity in perspectives, experience, skill sets, gender mix, ethnicities and age to understand and deal with the current and emerging issues of the Company's business and operations.

The NC is mindful of its responsibilities to conduct all Board appointment processes through various approaches in a manner to promote Board diversity. In determining the process for the identification of suitable candidates, the following attributes or factors will be considered:

- Skills, knowledge, expertise and experience;
- Professionalism;
- Commitment (including time commitment) to effectively discharge his/her role as a Director;
- Contribution and performance;
- Background, character, integrity and competence; and
- Boardroom diversity including gender diversity.

In addition, the Board has adopted the Fit and Proper Policy to ensure appointing the right person with the right skills, experience and credibility. This Policy aims to provide a formalised and clear parameter on the selection process of Directors and Senior Management Personnel, which will improve and strengthen the Board independence, quality and diversity.

Corporate Governance Overview Statement

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

II. BOARD COMPOSITION (CONT'D)

5.0 Board Objectivity (Cont'd)

5.4 Appointment of Board and Senior Management (Cont'd)

The diversity in the gender, age, race/ethnicity (culture background) and nationality of the existing Board and Key Senior Management is as follows:

	Age				Gender	
	41-45	46-50	51-55	≥56	Male	Female
Number of Directors	0	0	2	4	4	2
Number of Key Senior Management	1	1	1	2	4	1

	Race/ Ethnicity				Nationality	
	Malay	Chinese	Indian	Others	Malaysian	Foreigner
Number of Directors	1	5	0	0	6	0
Number of Key Senior Management	0	4	1	0	5	0

5.5 Identify Candidates for Board Appointment

The NC is responsible to perform screening, evaluation and nomination of the new Board Member's appointment. The procedures for the appointment of Directors and the criteria used by the NC in the selection process are provided in the TOR of NC.

In sourcing new Directors, the NC is empowered to utilize independent sources to identify suitably qualified candidates and does not solely rely on recommendations from existing directors, management or major shareholders to identify a short-list of suitable candidates for consideration.

5.6 Details of interest, position and relationship

The profile and details of the Directors are published in the Annual Report 2023. These include their age, gender, position, tenure of service, working experience, directorship in other companies, interest and relationship.

In the notice of the Company's Second AGM, the Board included comments on whether the Board supports the resolutions relating to the re-election of the retiring Directors. In addition, the Board provided insights into the rationale behind the re-election of the retiring Directors. These decisions were grounded in the satisfactory performance evaluations conducted annually, as outlined in the Fit and Proper Policy.

5.7 Nomination Committee

The NC is chaired by Dato' Faiza Binti Zulkifli, the INED of the Company. In accordance to the NC TOR, the NC shall comprise at least three (3) members, exclusively of non-executive Directors, a majority of whom must be independent which are free from any business relationship that would materially interfere with their judgement as members of the Committee. The present NC comprises exclusively of INEDs as follows:

- Dato' Faiza Binti Zulkifli (INED/Chairman)
- Ms. Ju Siew Lee (INED/Member)
- Dato' Seri Lee Kah Choon (INED/Member)

Corporate Governance Overview Statement

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

II. BOARD COMPOSITION (CONT'D)

5.0 Board Objectivity (Cont'd)

5.8 Diversity of Board and Senior Management

The Board comprises two (2) women Directors out of six (6) Directors, which represents 33% women Directors. This demonstrates the Company's commitment on Board gender diversity as we had exceeded the prevailing requirement of Practice 5.9 of the MCCG to have at least 30% women Directors on Board.

The Board recognises the importance of diversity in contributing to the sustainable development of the Company, the appointment of Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The Company does not discriminate on the basis of ethnicity, age, gender, nationality, political affiliation, religious affiliation, marital status, education background or physical ability.

The Board has disclosed the Company's policy on gender diversity in the Annual Report.

6.0 Overall Effectiveness of the Board and Individual Directors

6.1 Annual Evaluation of Effectiveness of the Board, Board Committees and Directors

The Company carried out the assessment of the Board and Board Committees on 29 February 2024. The assessment was conducted internally via the NC taking into consideration the criteria guided by the Corporate Governance Guide of Bursa Malaysia Berhad. As stated in the TOR of NC, the NC is tasked to review annually the effectiveness of the Board by taking into consideration the present size, structure and composition of the Board and board committees as well as the required mix skills, experience and competency required. The NC is also responsible for assessing annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Directors, including the directors' time commitment, character, experience and integrity. The assessment findings revealed that the Board, its Committees and individual Directors have met the criteria used and satisfied the requirements. All assessments and evaluations carried out by the NC in the discharge of all its function shall be properly documented.

In addition, the NC also assesses annually the independence of the Independent Directors and this activity is disclosed in the Annual Report of the Company. The results of the evaluation were discussed by the NC which were then reported to the Board. The Board did not engage any external party to undertake an independent assessment of the Directors.

The training programmes attended by the Directors of the Company are disclosed under page 70 of this Annual Report.

III. REMUNERATION

7.0 Level and Composition of Remuneration

7.1 Remuneration Policy

The Board has adopted a Remuneration Policy and Procedures, with the aim to attract and retain quality members of the Board and Senior Management. The Policy serves as a guiding document to determine the remuneration of Directors and Senior Management, taking into account the demands, complexities and performance of the Company as well as skills and experience required. It also sets out an overarching framework for the development and administration of a fair and transparent framework for the remuneration of Directors and Senior Management.

The Remuneration Policy and Procedures has outlined the following key contents:

- Remuneration principles
- Remuneration structures
- Remuneration policies and procedures for Non-Executive Directors, Executive Directors and Senior Management
- Governance of remuneration

The Board and RC will review the on-going appropriateness and relevance of the Remuneration Policy and Procedures. The Policy is made available on the Company's website.

Corporate Governance Overview Statement

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

III REMUNERATION (CONT'D)

7.0 Level and Composition of Remuneration (Cont'd)

7.2 Remuneration Committee

As stated in the Remuneration Policy and Procedures, the RC as delegated by the Board is responsible to implement the Remuneration Policy and Procedures including reviewing and recommending matters relating to the remuneration of Directors and Senior Management.

The RC comprises exclusively of INEDs of the Company and is governed by its TOR, which is available on the Company's website. The current members of the RC are as follows:

- Dato' Seri Lee Kah Choon (INED/Chairman)
- Ms. Ju Siew Lee (INED/Member)
- Dato' Faiza Binti Zulkifli (INED/Member)

8.0 Remuneration of Directors and Key Senior Management

8.1 Directors' Remuneration

The detailed disclosure on named basis for the remuneration of individual directors, including the breakdown of individual directors on fees, salary, bonus, benefits-in-kind and other emoluments for FYE2023 are as disclosed below.

No	Name	Directorate	Company (RM'000)							Group (RM'000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Ooi Eng Leong	Executive Director	-	-	-	-	-	-	-	-	7.0	660.0	55.0	25.0	143.0	890.0
2	Lee Kim San	Executive Director	-	-	-	-	-	-	-	-	7.0	408.0	34.0	16.2	88.4	553.6
3	Dato' Seri Wong Siew Hai	Independent Director	50.0	-	-	-	-	-	50.0	50.0	10.5	-	-	-	-	60.5
4	Dato' Seri Lee Kah Choon	Independent Director	36.0	-	-	-	-	-	36.0	36.0	10.4	-	-	-	-	46.4
5	Dato' Faiza Binti Zulkifli	Independent Director	36.0	-	-	-	-	-	36.0	36.0	10.3	-	-	-	-	46.3
6	Ju Siew Lee	Independent Director	36.0	-	-	-	-	-	36.0	36.0	10.7	-	-	-	-	46.7

Corporate Governance Overview Statement

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

III REMUNERATION (CONT'D)

8.0 Remuneration of Directors and Key Senior Management (Cont'd)

8.2 Key Senior Management's Remuneration

The detailed disclosure on named basis for the remuneration of top 5 key senior management, including the breakdown of top 5 key senior management on salary, bonus, benefits-in-kind and other emoluments for FYE2023 are as disclosed below.

			Company (RM'000)					
No	Name	Position	Salary	Allowance	Bonus	Benefits-in-kind	Other emoluments	Total
1	Lee Aik Kun	Chief Technical Officer	300.0-350.0	-	50.0-100.0	0-50.0	75.0-80.0	450.0-500.0
2	Chang Tsui Shi	Finance Director	150.0-200.0	-	0-50.0	0-50.0	0-50.0	200.0-250.0
3	Lim Kee Beng	Business Development Director	150.0-200.0	-	0-50.0	0-50.0	0-50.0	250.0-300.0
4	Tay Seng Chew	Corporate Service Director	100.0-150.0	-	0-50.0	0-50.0	-	150.0-200.0
5	Davindra Singh Gendeh	Vice President of Operation	300.0-350.0	-	0-50.0	0-50.0	0-50.0	400.0-450.0

The performance of Key Senior Management is evaluated on an annual basis and measured against the targets set for the year. The remuneration packages are reviewed annually and adjustments to their remuneration are made based on not only on their individual performance and contributions in the preceding year, but also the Company's performance.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I AUDIT AND RISK MANAGEMENT COMMITTEE

9.0 Effective and Independent Audit and Risk Management Committee

9.1 Chairman of the Audit and Risk Management Committee

In accordance with the TOR of ARMC, the Chairman of the ARMC shall be appointed by the members of the Committee and must not be the chairman of the Board.

The ARMC is chaired by Ms. Ju Siew Lee who is not the Chairman of the Board. This ensures the Board is able to objectively review the ARMC's findings and recommendations.

9.2 Former Key Audit Partner

As stated in the TOR of ARMC, a former partner of the external audit firm is required to observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee.

The Company has not appointed any former partner of external audit firm to be a member of the ARMC.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

I AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

9.0 Effective and Independent Audit and Risk Management Committee (Cont'd)

9.3 Suitability, Objectivity and Independence of the External Auditors

The Audit Committee had on 13 April 2023 assessed the external auditors, namely Grant Thornton Malaysia PLT, based on inter alia, the following factors:-

1. Quality of service including level of knowledge, capabilities, experience and quality of previous work
2. Communication and interaction such as ability to provide constructive observations, implications and recommendations in areas which require improvements
3. Independence, objectivity, professionalism and caliber of external auditors
4. Audit scope and fees as well as the provision of non-audit services does not impede their independence
5. Ability to perform the audit work within the agreed time frame
6. Inputs and opinions from the Company's personnel who constantly deal with the external audit team throughout the year.

The External Auditors has provided assurance to the Audit Committee that they are, and have been, independent throughout the conduct of the audit engagement in accordance with By-Laws of the Malaysian Institute of Accountants.

The ARMC was satisfied with the performance and independence of the External Auditors.

9.4 Composition of the Audit and Risk Management Committee (Step Up)

In accordance to the TOR of ARMC, the ARMC shall be appointed by the Board and shall comprise at least three (3) members, consisting solely of INEDs who are free from any business or other relationship that would materially interfere with their judgement as members of the ARMC.

The present ARMC of the Company comprises solely of INEDs, namely:

- Ms. Ju Siew Lee (INED/Chairman)
- Dato' Faiza Binti Zulkifli (INED/Member)
- Dato' Seri Lee Kah Choon (INED/Member)

9.5 Qualification of the Audit and Risk Management Committee

All members of the ARMC are financial literate, competent and able to understand matters under the purview of the ARMC including the financial reporting process. They are able to review the Company's financial reporting process and information to ascertain whether the financial reporting reflects the Company's actual performance. The Chairman of the ARMC namely Ms. Ju Siew Lee is a Chartered Accountant by profession.

All members of the ARMC have undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

In addition, the ARMC is also kept updated by the Management, Company Secretaries, External and Internal Auditors on changes to accounting and auditing standards, practices and rules.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

I AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

9.0 Effective and Independent Audit and Risk Management Committee (Cont'd)

9.5 Qualification of the Audit and Risk Management Committee (Cont'd)

The details on training programmes, seminars and forums attended by ARMC members in the FYE 2023 are disclosed in the Company's Annual Report 2023 as follows:

- Penang Future Forum Summit 2023: panellist on Attracting Investments, forging growth & prosperity
- Publication: Penang & Malaysia: Beyond manufacturing excellence
- Guest Speaker on 'Penang: A Sustainable Investment Location' organised by Royal Institution of Surveyors Malaysia Northern Branch
- Attended Master the Panel Discussion: Be A Better Moderator/ Panelist, Organised by Amcham
- Semi Exhibition/ Conference: Moderating: Riding the Industry 4.0 Bandwagon: From Automation Equipment Manufacturing to Industrial IOT Solution Provider
- Panellist (Roundtable discussion): South East Asia Landscape & Investment Opportunities
- Global Minimum Tax seminar by Deloitte
- FPAM Workshop-Equity Portfolio Management by Pauline Tien
- Leading for Impact (Building High Impact Boards for Sustainable Growth) by SC
- Management of Cyber Risk webinar by EY Consulting Sdn Bhd
- KPMG Tax Summit 2023:
 - Panellist: Penang's Industrial Opportunities & Challenges
 - International Semiconductor Executive Summit (SEA)
 - Panellist: Empowering the Next Generation of Semiconductor Talents in SEA
- MSIA National E&E Forum, Kuala Lumpur **
- MSIA Sustainability and ESG Conference **
- Tech in Asia Conference, Jakarta **
- Seminar: SEMICON SEA **
- Seminar on Corruption Risk Management *, **
- Seminar on Enterprise Risk Management *, **
- Corporate Tax Strategy – Capitalising The Right Tax Opportunities For Your Business
- Handling Post listing obligations
- 2024 Budget Seminar
- MFRS updates Seminar
- Capital Gain Tax Seminar
- ESD Refresher Training *

* Training programmes also attended by Company's MD Mr. Ooi Eng Leong and Chief Operating Officer Mr. Lee Kim San.

** Training programmes also attended by Chairman of the Board, Dato' Seri Wong Siew Hai.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

10.0 Risk Management

10.1 Effective Risk Management ("ERM") and Internal Control Framework

The Board recognises the importance of having a sound framework for internal controls and risk management. In respect to this, the Company has established an ERM Framework which is aligned with ISO 31000:2018 Risk Management Standards. The ERM framework enables the Company to have a structured process for risk management which includes identification, analysis, treatment, monitoring, review and reporting of risks across the Company.

Upon listing in January 2023, the Company had engaged an independent professional firm to provide ERM awareness session to the identified employees, focusing the introduction of risk, importance of risk management and ERM methodology.

Subsequently, ERM assessment was conducted according the established ERM Framework. The FYE 2022 risk profile of the Company was presented to the ARMC on 23 February 2023, where internal controls and risk mitigation strategies were highlighted. The 2023 Internal Audit Plan was prepared based on the identified risk profile and approved by the ARMC on the same date.

On 15 November 2023, a Corruption Risk Management ("CRM") awareness session had been conducted to the Company's employees followed by Corruption Risk Assessment session with respective Senior Management. The CRM report had been presented to the ARMC on 26 February 2024.

The Statement on Risk Management and Internal Control ("SORMIC") Company's Annual Report 2023 provides an overview on the state of the risk management and internal control in the Company.

10.2 Features of Risk Management and Internal Control Framework

The Board has disclosed the overview of the risk management framework and internal control system within the Company and the adequacy and effectiveness of the framework in the SORMIC of the Annual Report 2023.

The Board is satisfied with the existing level of systems of risk management and internal control. The Board also received assurance from the Managing Director, Executive Director and Finance Director that to the best of their knowledge that the Company's risk management and internal control systems are adequate and effective.

The SORMIC was reviewed by the Company's External Auditors.

10.3 Risk Management Committee (Step Up)

The Board has formed its ARMC to oversee the risk management framework and policies in the Company. In accordance to the TOR of ARMC, the ARMC shall be appointed by the Board and shall comprise at least three (3) members, consisting solely of INEDs which are free from any business or other relationship that would materially interfere with their judgement as members of the Committee.

The present ARMC of the Company comprises solely of INEDs, namely:

- Ms. Ju Siew Lee (INED/Chairman)
- Dato' Faiza Binti Zulkifli (INED/Member)
- Dato' Seri Lee Kah Choon (INED/Member)

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

11.0 Effective Governance, Risk Management and Internal Control Framework

11.1 Internal Audit Function and Effectiveness Review

The internal audit ("IA") function is outsourced to an independent professional service provider namely MCM International Consultancy PLT ("MCMIC") to assist the ARMC and the Board in discharging their responsibilities. The outsourced Internal Auditors reports directly to the ARMC and provides the Board with independent, objective and reasonable assurance on the effectiveness of the internal controls in the Company.

In accordance with 2023 Paragraph 15.15(3)(e) of AMLR, the summary of work of the IA function is disclosed in this Annual Report, under ARMC Report.

In ensuring that the duties and responsibilities of Internal Auditors are fully discharged, functioning effectively and independently, the TOR of the ARMC stipulates that the ARMC is responsible to review:

- Review and report the same to the Board on the adequacy of the scope, functions, competency and resources of the IA function without interference from the Management, and that it has the necessary authority to carry out its work;
- Review and report the same to the Board on the IA program, processes, the results of the IA program, processes or investigation undertaken, and whether or not appropriate action is taken on the recommendations of the IA function;
- Ensure that appropriate action is taken on the recommendations of the internal auditors, where necessary;
- Review the assistance and cooperation given by the employees of the Company to the internal auditors;
- Review any appraisal or assessment of the performance of the internal auditors;
- Review the effectiveness of the Company's IA function including compliance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and make recommendations necessary for improvement of the internal audit function;
- Approve any appointment or termination of the internal auditors; and
- Review any letter of resignation of internal auditors and request the resigning firm to submit its reasons for resigning.

The IA function is outsourced to MCMIC, an independent professional firm. The internal audit engagement is led by a partner, Ms. Phoon Yee Min, who is a Certified Internal Auditor ("CIA"), member of Association of Chartered Certified Accountants ("ACCA") and member of Malaysia Institute of Accountants ("MIA"). She has accumulated over 19 years of experience in Audit and Advisory engagement. She is further supported by other MCMIC professional staffs. All the personnel deployed by MCMIC do not have any family relationship or conflicts of interest with our Company that could impair their objectivity and independence during the course of their work.

The Internal Auditors conducted their work in consideration of the broad principles of the International Professional Practice Framework ("IPPF") of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.

In FYE 2023, the Internal Auditors had reported their observations and findings according to the approved Internal Audit Plan to the ARMC.

Corporate Governance Overview Statement

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

I ENGAGEMENT WITH STAKEHOLDERS

12.0 Communication with Stakeholders

12.1 Effective, Transparent and Regular Communication with its Stakeholders

The Board ensures that the communication with its stakeholders is accurate, transparent, timely and with high-quality disclosure. In respect to this, the Board has established various communication channels with its stakeholders.

The Annual Report remains a vital and convenient source of essential information for investors, shareholders and stakeholders. Annual Report is made available on our Company's website.

The Company's website serves as a platform to provide information about the Company. The Company's website also has a dedicated Investor Relations ("IR") section containing annual report, quarterly report, announcement, corporate governance and stock information. Contact details of the IR including its email investorsrelation@nationgate.com.my are also listed on the website to facilitate dialogue and queries from shareholders.

The detailed stakeholder engagement method is set out in the Company's Sustainability Report.

12.2 Integrated Reporting

This practise is not applicable in view the Company does not fall within the definition of large company.

II CONDUCT OF GENERAL MEETINGS

13.0 Engagement with Shareholders

13.1 Notice of Annual General Meeting

The Board endeavours to provide shareholders with adequate time to consider the resolutions that will be discussed and decided during the AGM. Where the shareholders are not able to attend the AGM, they may appoint proxies to attend, vote and ask question on their behalf.

The notice of the Company's Second AGM was circulated to shareholders on 27 April 2023, which is at least 28 days prior to the date of the meeting, i.e. 28 June 2023.

13.2 Directors' Participation at General Meetings

All the Directors, Chairman of the Board and Chairpersons of the Board Committees attended the Second AGM held on 28 June 2023 and EGM held on 20 July 2023 to provide meaningful response to questions addressed to them. They are fully aware of their respective scope of responsibilities and will come prepared to address any issues that the shareholders may raise within the scope of the responsibilities of the Board Committees that they lead.

13.3 Voting

The Company conducted its Second AGM on 28 June 2023 physically at Sri Cengal 1, Level 1, Sunway Hotel Seberang Jaya, No 11, Lebuhr Tenggiri Dua, Pusat Bandar Seberang Jaya, 13700 Prai, Pulau Pinang, Malaysia. Electronic voting was adopted to ensure accurate recording of votes and all resolutions put to vote by poll. An independent scrutineer has been appointed to validate the votes cast and results of each resolution put to vote were announced at the meeting. An announcement detailing the results, including the total number of votes cast for and against each resolution and the respective percentages has been announced via Bursa Securities' website after the conclusion of the AGM.

Shareholders who are unable to attend the AGM are advised to appoint proxies to attend and vote on their behalf by completing the proxy form enclosed in the Annual Report and depositing it at the Registered Office at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

Corporate Governance Overview Statement

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

II CONDUCT OF GENERAL MEETINGS (CONT'D)

13.0 Engagement with Shareholders (Cont'd)

13.4 Interaction with Shareholders in General Meetings

The Board regards its AGM or other general meetings as an opportunity to communicate directly with shareholders and endeavour to encourage shareholders to participate in these meetings.

The Second AGM held on 28 June 2023 was conducted physically. The Company's financial and non-financial performance has been presented during the AGM. The Board Chairman provided appropriate and sufficient time and encourage shareholders to pose questions, express opinions and give suggestions about the issues throughout the entire meeting. The Finance Director, Corporate Services Director, Joint Company Secretaries and external auditors were present during the AGM to engage with shareholders and address any areas of interest or concern brought up by the shareholders.

The EGM held on 20 July 2023 was conducted virtually through live streaming and online remote voting. The Board Chairman provided appropriate and sufficient time and encourage shareholders to pose questions, express opinions and give suggestions about the issues throughout the entire meeting.

13.5 Virtual General Meeting

For the financial year under review, an EGM was held virtually on 20 July 2023.

Shareholders were advised to attend, speak (in the form of real time submission of typed texts) and vote remotely at the EGM through RPV facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via TIIH Online website at <https://tiih.online/>.

13.6 Minutes of the General Meeting

The Board understand that the minutes of AGM and EGM reflects the mutual understanding and resolutions reached between the shareholders and Directors of the Company. The minutes also provide meaningful information to shareholders especially for the absentee shareholders to keep track with the AGM and EGM that they are unable to attend.

The minutes of the Company's second AGM (held on 28 June 2023), which details the meeting proceedings including the Q&A discussions, were published on the Company's and Bursa Securities website on 26 July 2023 i.e. no later than 30 business day after the AGM.

While the minutes of the Company's EGM (held on 20 July 2023), which details the meeting proceedings including the Q&A discussions, were published on the Company's website on 20 July 2023 i.e. no later than 30 business day after the EGM.

Statement On Risk Management And Internal Control

Pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and Practice 10.2 of the Malaysian Code on Corporate Governance 2021 ("MCCG"), with the guidance on the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board of Directors of NationGate Holdings Berhad ("NGH" or the "Company") and its subsidiaries ("Group") is pleased to present the Statement on Risk Management and Internal Control. The Statement outlines the nature and scope of risk management and internal control of the Group for the financial year ended 31 December 2023.

BOARD'S RESPONSIBILITY

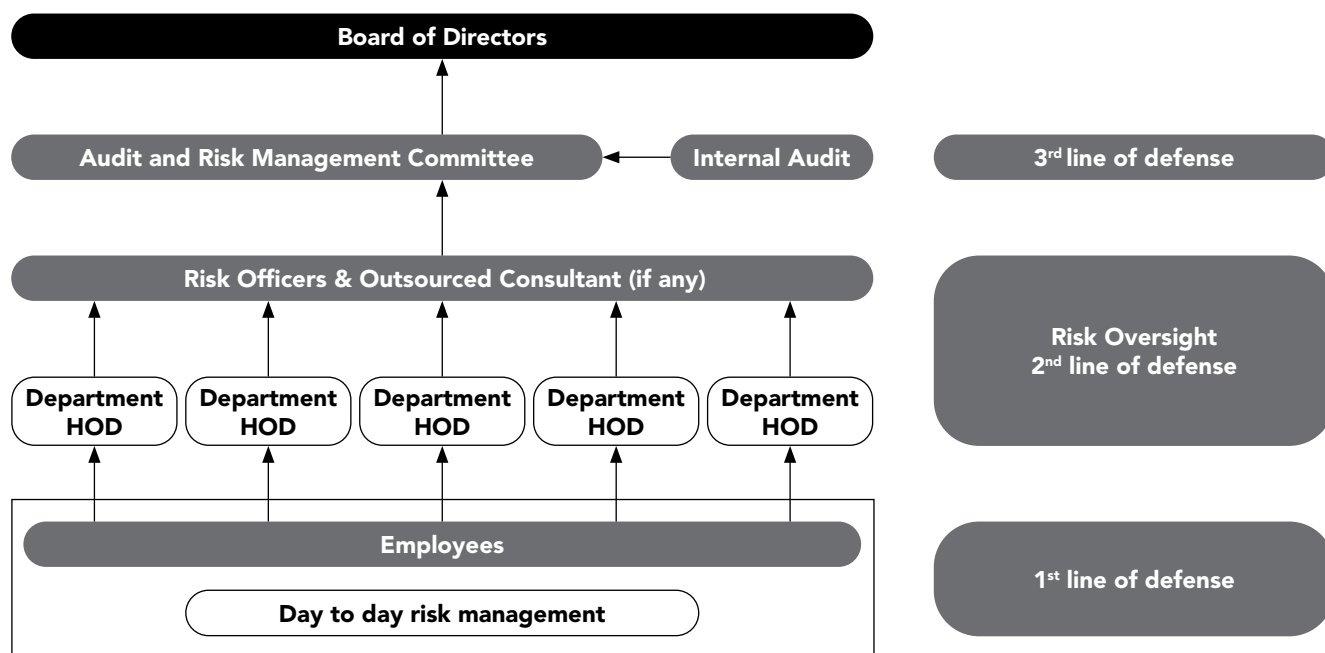
The Board affirms its overall responsibility for the Group's system of internal control and risk management. The Board recognises the importance of maintaining a sound system of internal control and risk management to safeguard the shareholders' investment and the Group's assets and to discharge their stewardship responsibilities in identifying and reviewing risks and ensuring the implementation of appropriate systems to manage these risks. However, in view of the limitations that are inherent in any risk management system and internal control system, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the business objectives of the Group. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement, financial losses, fraud and breaches of laws or regulations.

The Board has delegated the oversight of the risk management and the internal control function to the Audit and Risk Management committee ("ARMC") which is comprised solely of Independent Non-Executive Directors. On a periodic basis, the Board, via the ARMC, reviews the adequacy and integrity of the Group's internal control systems and where appropriate, requires the Management to implement appropriate internal controls and mitigation measures to address emerging issues or areas of control deficiencies. The process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in this Annual Report.

The Group's system of risk management and internal control applies principally to the Company and its subsidiaries but do not apply to the associate due to the associate has remained dormant throughout the financial year under review.

RISK MANAGEMENT FRAMEWORK

The Group has in place an Enterprise Risk Management ("ERM") framework which serves as a methodical approach for the timely identification, reporting and management of principal risks as well as in ensuring the implementation, tracking and review of the effectiveness of mitigation actions for the risks identified. It sets out the risk management governance, guidelines, processes and control responsibilities in association with the Group's business and operational requirements in order to maintain a sound control environment. The risk reporting structure is outlined as below:



Statement On Risk Management And Internal Control

RISK MANAGEMENT FRAMEWORK (CONT'D)

The risk assessment had been outsourced to an independent professional firm, MCM International Consultancy PLT ("MCMIC") to assist the Board and Management in developing business risk profile, ranking and prioritisation of the Group's key business risks which could affect its strategic, operational, financial and reputational well-being via ERM activities. The risk assessment process considered the potential impact and likelihood of risk occurrence, effectiveness of controls in place and action plans taken to manage the risks to the desired level. The ERM activities during the financial year under review encompassed:

- Strategic discussion with Executive Directors and Senior Management to understand the strategic concerns from Top Management; and
- Interviews with Management identified personnel to elicit risk information, scrutinise and validate preliminary risks and current controls.

In November 2023, the Group has engaged YNC Business Consulting Sdn Bhd ("YNC") to conduct a Corruption Risk Management ("CRM") awareness session to the Group's employees followed by Corruption Risk Assessment session with respective Senior Management. The 2023 CRM report had been presented to the ARMC on 26 February 2024.

INTERNAL AUDIT FRAMEWORK

The salient elements of the Group's internal control framework are described below:

a) Organisation Structure and Limit of Authority

The Group has an organisational structure that well defines lines of responsibility, delegation of authority, segregation of duties and flow of information, aligned to the operational requirements of the business of the Group within management, which provides the levels of accountability and responsibility of the respective job functions of management. The Group has established authorisation limits and approval levels for management to follow including those requiring approval from the Board. No single individual should be accorded with unfettered powers.

b) Policies and Procedures

Formalised and documented internal policies, standards and procedures are in place to ensure compliance with internal controls and relevant laws and regulations. The policies and procedures are subject to review and enhancement as and when necessary to ensure that documentation remains current and relevant.

c) Strategic Business Planning Process

Business plans are established in which the Group's business objectives, strategies and targets are articulated. Business planning and budgeting are undertaken to establish plans and targets against which performance is monitored on an ongoing basis.

d) Integrity and Ethical Values

The Board acknowledges that "tone from the top" is a key driver for healthy corporate culture and serves to form the bedrock of value creation. In respect to this, the Board adopts the Anti Bribery and Corruption Policy and Code of Business Conduct and Ethics. The Whistleblowing Policy is also established to provide avenue for the stakeholders to raise genuine concerns about possible improprieties in matters of financial reporting, compliance, malpractices and unethical business conduct such as bribery and corruption within the Group at the earliest opportunity and in an appropriate way.

e) Approval of the Annual Internal Audit Plan

Internal audit will be carried out based on the annual internal audit plan approved by the ARMC and takes into consideration feedback from the Management. During the financial year under review, the risk based internal audit plan covering identified areas was reviewed and approved by the ARMC.

Statement On Risk Management And Internal Control

INTERNAL AUDIT FUNCTION

The Group outsourced the internal audit function to MCMIC, an independent professional firm. The firm is free from any relationships or conflicts of interest, which could impair its objectivity and independence of the internal audit function. The firm does not have any direct operational responsibility or authority over any of the activities audited. Functionally, the Internal Auditors report directly to the ARMC. The primary responsibility of the Internal Auditors is to assist the Board and the ARMC in reviewing and assessing management systems of internal control and procedures. The ARMC reviews and approves the Internal Audit Engagement and fees to ensure the independence and objectivity of the Internal Auditors.

The Internal Auditors executed the internal audit work based on a risk-based internal audit plan which had been approved by the ARMC before the commencement of work. The Internal Auditors will conduct their work in consideration of the broad principles of the International Professional Practices Framework ("IPPF") of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.

The internal audit engagement by MCMIC was led by a Partner, namely Ms Phoon Yee Min who is a Certified Internal Auditor ("CIA"), member of Association of Chartered Certified Accountants ("ACCA") and member of Malaysia Institute of Accountants ("MIA"). She has accumulated over 19 years of experience in Audit and Advisory engagement. She was further supported by other MCMIC professional staff. All the personnel deployed by MCMIC will not have any family relationship or conflicts of interest with the Group that could impair their objectivity and independence during the course of their work.

During the financial year under review, the internal auditors assessed the adequacy and effectiveness of internal controls and risk management processes in the following areas.

- Supply Chain Management ("SCM") on supplier pre-qualification process, approving matrix, long outstanding purchase order, inventory management, SCM Standard Operating Procedure ("SOP"), supplier performance evaluation, vendor price adjustment tracking and indirect material purchases; and
- Production and Quality Management on accessibility over the production schedule, components control and management, forklift handling, 5S at production area, work order ageing monitoring, logistic and shipping arrangement, IPQC documentation, periodic preventive maintenance and machine downtime computation.

REVIEW BY THE EXTERNAL AUDITORS

The external auditors, Grant Thornton Malaysia PLT, have reviewed the Statement on Risk Management and Internal Control pursuant to Rule 15.23 of the ACE Market Listing Requirements of Bursa Malaysia and in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Company for the financial year under review.

The external auditors have reported to the Board that nothing has come to their attention that caused them to believe that this Statement is not prepared, in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate. AAPG 3 does not require the external auditors to consider whether this Statement covers all risk and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures.

CONCLUSION

The Board is of the view that the risk management and internal control systems are operating satisfactorily and effectively to safeguard the interest of stakeholders and assets of the Group for the financial year under review, and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the annual report of the Company.

The Board has received assurance from the Managing Director and Finance Director that the risk management and internal control system is operating adequately and effectively, in all material aspects, based on the framework adopted by the Group.

This Statement on Risk Management and Internal Control is made in accordance with a resolution passed in the Board of Directors' meeting held on 23 April 2024.

Audit And Risk Management Committee Report

NationGate Holdings Berhad ("NGH" or the "Company") and its subsidiaries ("Group") is pleased to present the Audit and Risk Management Committee ("ARMC") Report for the financial year ended 31 December 2023.

COMPOSITION

The ARMC comprised solely of Independent Non-Executive Directors as below:

Name	Designation	Directorship
Ju Siew Lee	Chairman	Independent Non-Executive Director
Dato' Seri Lee Kah Choon	Member	Independent Non-Executive Director
Dato' Faiza Binti Zulkifli	Member	Independent Non-Executive Director

The current composition of ARMC is in line with Paragraphs 15.09(1) and (2) of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Practice 1.4 of the Malaysian Code on Corporate Governance ("MCCG"), where the Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee and Step Up Practice 9.4 of MCCG, which stipulated the Audit Committee should comprise solely of Independent Directors.

The ARMC is chaired by Ms. Ju Siew Lee who is not the Chairman of the Board, which is aligned with the Practice 9.1 of the MCCG. Ms. Ju Siew Lee is a member of the Malaysian Institute of Accountants ("MIA"). Therefore, the Group complies with the requirements of Rule 15.09(1)(c)(i) of the AMLR which stipulates that at least one member of the ARMC must be a member of MIA.

All members of the ARMC are financial literate, competent and able to understand matters under the purview of the ARMC including the financial reporting process. They are able to review the Group's financial reporting process and information to ascertain whether the financial reporting reflects the Group's actual performance.

MEETINGS AND ATTENDANCE

The ARMC convened five (5) meetings during the financial year ended 31 December 2023. The attendance of the members is tabulated below.

Name of ARMC members	Attendance	Percentage of Attendance
Ju Siew Lee	5 of 5 meetings	100%
Dato' Seri Lee Kah Choon	5 of 5 meetings	100%
Dato' Faiza Binti Zulkifli	5 of 5 meetings	100%

Executive Directors, Finance Director and other relevant key personnel as appropriate are invited to attend the meetings to facilitate direct communication and provide clarification on audit issues, financial reports and operations of the Group. Representatives of the internal auditors and external auditors are also invited to attend the meetings to present their respective reports.

The Company Secretary acts as secretary to the ARMC. Notice of meetings and supporting documents were circulated to the ARMC members at least seven (7) days prior to the meeting, providing the ARMC with relevant and timely information for effective discussions during the meeting. The minutes of each meeting are kept and distributed electronically to the ARMC members and Board of Directors.

TERMS OF REFERENCE

The Terms of Reference ("TOR") of the ARMC, which outline the composition, authority, duties and responsibilities, meeting and disclosure are published on the Company's website at <http://www.nationgate.com.my>.

Audit And Risk Management Committee Report

SUMMARY OF ACTIVITIES OF ARMC

The activities undertaken by the ARMC in discharging its functions and duties during the financial year under review are summarized as below:

Financial Reporting

- Reviewed the Group's unaudited quarterly financial reports and the audited financial statements, prior to recommendation to the Board for its approval and release of the Group's financial results to Bursa Securities.
- Discussed and reviewed the integrity of information, regulatory and accounting standard compliance in the quarterly financial reports and audited financial statements focusing particularly on changes in or implementation of major accounting policies, major judgement areas, significant and unusual events and compliance with applicable accounting standards.

External Audit

- Reviewed the Audit Planning Memorandum which outlined the external auditors' audit team, audit scope and materiality, initial assessment of the significant audit risks, summary of audit approach, proposed audit timeline and reporting schedule besides proposed audit fees for the financial year under review.
- Held private discussions with the external auditors, in the absence of the management, to review and discuss area of concern. No major concerns were raised by the external auditors.
- Reviewed the external auditors' report and their opinion in relation to the audited financial statements of the Company and the Group, including any significant findings in relation to the audit.
- Performed annual assessment on the independence and performance of the external auditors. ARMC is satisfied with the outcome of assessment and recommended for their re-appointment as external auditor as well as the proposed audit fees to the Board.

Internal Audit

- Reviewed and recommended the appointment of internal auditors.
- Reviewed and approve the internal audit plan proposed by the internal auditors to ensure the adequacy of the scope and coverage of work.
- Reviewed the internal audit reports, assessed the audit findings, management comments, audit recommendations for improvements and actions taken for improvement.
- Reported to the Board on the internal audit activities, significant audit findings and actions taken for improvement.

Conflict of Interest, Related Party Transactions ("RPT") and Recurrent Related Party Transactions ("RRPT")

- Reviewed any conflict of interest situation and RPT on quarterly basis.
- Reviewed RRPT on quarterly basis to ascertain if the transactions were at arm's length basis and in ordinary course of business.
- Reviewed the proposed RRPT for shareholders' mandate before recommended to the Board.

Other Activities

- Reviewed and recommended the Audit and Risk Management Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report to the Board for approval.
- Reviewed the TOR of ARMC.

Audit And Risk Management Committee Report

SUMMARY OF ACTIVITIES CARRY OUT BY ARMC DURING THE FINANCIAL YEAR

The activities undertaken by the ARMC in discharging its functions and duties during the financial year under review are summarized as below:

a.) Financial Reporting

The ARMC reviewed the unaudited quarterly financial reports as well as the annual financial statements of the Group before recommended to the Boards for its approval.

Date of meetings	Financial Statements
23 February 2023	Unaudited Fourth Quarter Interim Financial Report for the quarter ended 31 December 2022.
13 April 2023	Draft audited financial statements for the financial period ended 31 December 2022.
22 May 2023	Unaudited First Quarter Interim Financial Report for the quarter ended 31 March 2023.
25 August 2023	Unaudited Second Quarter Interim Financial Report for the quarter ended 30 June 2023.
9 November 2023	Unaudited Third Quarter Interim Financial Report for the quarter ended 30 September 2023.

b.) External Auditors

- i.) The ARMC conducted two (2) private sessions with the external auditors on 23 February 2023 and 9 November 2023, with the absence of the management of the Company, to discuss on their area of concerns arising from the audit performed.
- ii.) On 23 February 2023, the ARMC reviewed the audit findings report in respect of their audit for the financial year ended 31 December 2022.
- iii.) On 13 April 2023, the ARMC reviewed and discussed on the annual audited financial statements for financial period ended 31 December 2022. It was unanimously resolved that the annual audited financial statements be recommended to the Board for approval.

On the even date, the ARMC considered the external auditors' performance, tenure, independence and objectivity, technical competency, audit quality and adequacy of resources in their evaluations of external auditors' performance.

The ARMC was satisfied with the performance of Messrs Grant Thornton Malaysia PLT ("GTM") and had recommended the re-appointment of GTM as external auditors to the Board subject to the shareholders' approval at the company forthcoming Second Annual General Meeting.

- iv.) On 9 November 2023, the ARMC discussed and reviewed the external auditors' Audit Planning Memorandum for the financial year ended 31 December 2023 outlining their audit team, objectives and scope, recent development of the Group, key identified risks, audit approach, proposed audit timeline and reporting schedule and proposed audit fees before the commencement of the audit for the Group's financial statements.

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

Audit And Risk Management Committee Report

SUMMARY OF ACTIVITIES CARRY OUT BY ARMC DURING THE FINANCIAL YEAR (CONT'D)

c.) Internal Auditors

During the financial year under review, the Group continued to outsource its internal audit function to MCM International Consultancy PLT ("MCMIC"), an independent professional firm to provide the internal audit services for the Group. MCMIC assists both the Board and the ARMC by conducting independent assessments on the adequacy and effectiveness of the Group's internal control system, based on an Internal Audit Plan approved by the ARMC before the commencement of work. The Internal Auditors report directly to the ARMC to ensure independence from Management.

- i.) On 23 February 2023, the ARMC reviewed the internal audit plan which covers key processes for Supply Chain Management, and Production and Quality Management.
- ii.) On 23 February 2023, the ARMC reviewed Enterprise Risk Management ("ERM") 2022 reports covering the areas of strategic and operations.
- iii.) On 22 May 2023, the ARMC reviewed the reports received on Supply Chain Management which covering audit findings, management response and their recommendations for improvement.
- iv.) On 9 November 2023, the ARMC reviewed the reports received on Production and Quality Management which covering audit findings, management response and their recommendations for improvement, besides follow-up reviews in assessing the progress of the agreed management's action plans.
- v.) On 9 November 2023, the ARMC with satisfaction with the performance of MCMIC had approved the appointment of MCMIC new venture company, YNC Business Consulting Sdn Bhd ("YNC") as internal auditors.

The total cost incurred for the internal audit function for the financial period ended 31 December 2023 was RM36,000.

The internal audit findings, description, implications, recommendations for improvement and management response and action plan were tabled to the ARMC for their review and deliberations. The internal auditors monitored and follow-through the implementation of management's action plan to ascertain that all key risk and control weaknesses are being properly addressed.

Further details on the internal audit function are reported in the Statement on Risk Management and Internal Control of this Annual Report.

d.) Conflict of Interest, RPT and RRPT

- i.) On 23 February 2023, the ARMC reviewed the Group's RRPT value to be included in the circular for proposed new shareholders' mandate for RRPT to be submitted to Bursa Malaysia Securities Berhad and mandate for the RRPT ("RRPT Circular") before recommending to the Board.

e.) Others

- i.) On 22 May 2023, the ARMC received reports from the Chairman of Sustainability and Integrity Working Group ("SIWG") which covering introduction of SIWG organization chart, duties and responsibilities and updates on activities performed.

The details of non-audit fees for the Company and the Group are stated below.

Nature of Services	Company RM	Group RM
Review of Statement on Risk Management and Internal Control	3,000	3,000
Others*	314,000	340,000
Total	317,000	343,000

* Others comprises of professional fees for tax compliance services and reporting accountant fee in relation to IPO exercise.

Statement of Directors' Responsibility

Pursuant to the provisions of the Companies Act 2016, and Paragraph 15.26(a) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Directors are required to prepare the annual audited financial statements, including the cash flows and results, that give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year.

In the preparation of these financial statement, the Directors have taken the following measures:

- i. appropriate accounting policies have been adopted and applied consistently;
- ii. reasonable and prudent judgements and estimates have been made;
- iii. all applicable approved accounting standards in Malaysia, such as Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 have been adhered to; and
- iv. the financial statements have been prepared on a going concern basis.

The Directors have ensured that proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement was made in accordance with a resolution of Board of Directors dated 23 April 2024.

Additional Compliance Information

1. UTILIZATION OF PROCEEDS

On 12 January 2023, NationGate Holdings Berhad ("NGH" or the "Company") and its subsidiaries ("Group") was listed on the ACE Market of Bursa Malaysia Securities Berhad ("Listing"). As part of the listing exercise, NGH undertook a public issue of 435,525,900 new ordinary shares in the Company at an issue price of RM0.38 per share, raising proceeds of RM165,499,842.

Our utilization of proceeds as at 31 December 2023 is as follows:

Utilisation of proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance of Proceeds RM'000	Estimated timeframe for utilization from date of Listing
Purchase of machineries and equipment	5,930	5,930	-	Within 36 months
Working capital requirements	48,362	48,362	-	Within 24 months
Repayment of bank borrowings	105,508	105,508	-	Within 24 months
Estimated listing expenses	5,700	5,700	-	Within 1 month
Total	165,500	165,500	-	

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered to the Company and the Group for the financial period ended 2023 ("FY 2023") by the Company's Auditors and its local affiliate are as follows:

	Audit Fees (RM)	Non-Audit Fees* (RM)
Company	40,000	317,000
Group	159,000	343,000

* Non-Audit fees comprise of Review of Statement of Risk Management and Internal Control, professional fees for tax compliance services and reporting accountant fee in relation to IPO exercise.

3. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 32 (ii) to the financial statements.

4. MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE OR MAJOR SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Company and its subsidiary involving Directors', Chief Executive and major shareholders' interests during the financial year ended 31 December 2023.

Directors' Report

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

RESULTS

	GROUP RM	COMPANY RM
Profit for the financial year	<u>60,924,897</u>	<u>10,710,388</u>
Attributable to:		
Owners of the Company	60,810,669	10,710,388
Non-controlling interest	<u>114,228</u>	<u>-</u>
	<u>60,924,897</u>	<u>10,710,388</u>

In the opinion of the directors, 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.

DIVIDENDS

Since the end of the previous financial year, the Company had declared the following dividends:

- (i) Final single tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2022 amounting to RM20,739,334 on 27 April 2023;
- (ii) First interim single tier dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2023 amounting to RM5,184,833 on 29 May 2023;
- (iii) Second interim single tier dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2023 amounting to RM5,184,833 on 29 August 2023; and
- (iv) Third interim single tier dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2023 amounting to RM5,184,833 on 24 November 2023.

A final single tier dividend of 0.25 sen per ordinary share amounting to RM5,184,833 in respect of the financial year ended 31 December 2023 was recommended by the directors subject to the shareholders' approval at the forthcoming Annual General Meeting. The current financial statements do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2024.

RESERVES AND PROVISIONS

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

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM143,360,649 to RM304,540,409 by way of issuance of 435,525,900 new ordinary shares in conjunction with the Initial Public Offering exercise of the Company as disclosed in Note 38(i) to the financial statements.

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

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

Directors' Report

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

DIRECTORS

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

Directors of the Company:

Dato' Seri Wong Siew Hai

* **Ooi Eng Leong**

* **Lee Kim San**

Dato' Seri Lee Kah Choon

Dato' Faiza Binti Zulkifli

Ju Siew Lee

* The directors are also directors of the subsidiaries.

Directors of the subsidiaries:

Davindra Singh Gendeh

Lee Aik Kun

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholding kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in shares in the Company during the financial year are as follows:

	Number of ordinary shares			
	Balance at 1.1.2023	Subscribe/ Bought	Sold	Balance at 31.12.2023
The Company				
Direct Interest:				
Dato' Seri Wong Siew Hai	-	5,300,000	(100,000)	5,200,000
Ooi Eng Leong	1,458,182,700	960,300	(258,412,700)	1,200,730,300
Lee Kim San	-	15,789,500	(318,600)	15,470,900
Dato' Seri Lee Kah Choon	-	4,000,000	(2,250,000)	1,750,000
Dato' Faiza Binti Zulkifli	-	1,300,000	(1,280,000)	20,000
Ju Siew Lee	-	1,300,000	(1,300,000)	-
Deemed Interest:				
^ Dato' Seri Wong Siew Hai	-	1,194,000	(309,200)	884,800
# Ooi Eng Leong	180,224,700	-	(31,938,600)	148,286,100
^ Dato' Faiza Binti Zulkifli	-	4,000	(4,000)	-

^ Deemed interested pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of shares held by their children.

Deemed interested pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of shares held by spouse.

By virtue of his shareholdings in the Company, **Mr. Ooi Eng Leong** is also deemed interested in the shares of all the subsidiaries of the Company, to the extent that the Company has interests.

Directors' Report

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

DIRECTORS' REMUNERATION AND BENEFITS

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

	COMPANY RM	SUBSIDIARIES RM	GROUP RM
Fees	158,000	-	158,000
Salaries, bonus and allowances	55,900	1,157,000	1,212,900
EPF	-	231,400	231,400
Benefits-in-kind	-	35,625	35,625
	213,900	1,424,025	1,637,925

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

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown above) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in Note 32 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The insurance premium paid and professional indemnity coverage for the directors and officers of the Company during the financial year amounted to RM53,010 and RM30 million respectively.

OTHER STATUTORY INFORMATION

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

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts to be written off and no provision for doubtful debts was required; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- (i) which would render it necessary to write off any bad debts or to make any provision for doubtful debts in the financial statements of the Group and of the Company; or
- (ii) which would render the value attributed to the current assets of the financial statements of the Group and of the Company misleading; or
- (iii) 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; or
- (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

Directors' Report

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

OTHER STATUTORY INFORMATION (CONT'D)

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

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

In the opinion of the directors:

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

SIGNIFICANT EVENTS

The details of the significant events are disclosed in Note 38 to the financial statements.

EVENTS AFTER THE REPORTING PERIOD

The details of the events after the reporting period are disclosed in Note 39 to the financial statements.

AUDITORS

The auditors, **Grant Thornton Malaysia PLT**, have expressed their willingness to continue in office.

The total amount of fees paid to or receivable by the auditors and its affiliate as remuneration for their services to the Group and the Company for the financial year ended 31 December 2023 are as follows:

	GROUP RM	COMPANY RM
Statutory audit	159,000	40,000
Assurance related and non-audit services	343,000	317,000
Total	502,000	357,000

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

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

.....
Ooi Eng Leong

Penang,

Date: 23 April 2024

.....
Lee Kim San

Directors' Statement

In the opinion of the directors, the financial statements set out on pages 94 to 139 are properly drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 2023** and of their financial performance and cash flows for the financial year then ended.

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

.....
Ooi Eng Leong

.....
Lee Kim San

Date: 23 April 2024

Statutory Declaration

I, **Ooi Eng Leong**, the director primarily responsible for the financial management of **NationGate Holdings Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 94 to 139 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Penang, this **23rd**)
day of **April 2024**.)

.....
Ooi Eng Leong

Before me,

.....
Liew Juan Leng (P162)
Commissioner for Oaths

Independent Auditors' Report

To The Members of Nationgate Holdings Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **NationGate Holdings Berhad**, which comprise the statements of financial position as at **31 December 2023** 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 94 to 139.

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 2023** and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of 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.

Independent Auditors' Report

To The Members of Nationgate Holdings Berhad

Key Audit Matters

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

Key Audit Matters	How our audit addressed the Key Audit Matters
Valuation of inventories (Note 9 to the financial statements) The Group holds significant inventories as at 31 December 2023 which exposes the Group to a risk that the inventories may become slow moving or recorded above their realisable value. Besides, it is also exposed to risks of inaccurate valuation due to inaccurate physical or costing records. We focus on this area as it involves estimation uncertainty by the management in determining the accuracy of inventories written down and in assessing the adequacy of inventories not stated at the lower of cost and net realisable value.	Our audit procedures in relation to the valuation of inventories included, amongst others, the followings: • Obtained an understanding of: - the Group's inventory management process; - how the Group identifies and assesses inventories written down; and - how the Group makes the accounting estimates for inventories written down; • Reviewed the consistency of the application of management's methodology in determining and estimating the inventories written down from year to year; • Attended the year end physical inventory counts to observe the inventory count procedure carried out and separately identify if there are any inventories which are slow moving or obsolete; • Made inquiries of management regarding the action plans to clear the aged inventories; • Reviewed the costing method used by the Group and assessed whether it is consistent with prior year. This process involved understanding how material, labour and overhead cost are allocated to the inventories and verifying that the data used by the management was up-to-date; • Performed substantive testing to verify cost of raw materials to supplier invoices on a sampling basis; • Reviewed and tested the net realisable value of inventories on a sampling basis; and • Obtained and tested the reliability of the inventories ageing worksheet provided by the management. From there, we have assessed management's evaluation on non-provision of write-down for slow moving inventories through enquiries and corroborating with other supporting evidence.

Independent Auditors' Report

To The Members of Nategate Holdings Berhad

Key Audit Matters (Cont'd)

Key Audit Matters	How our audit addressed the Key Audit Matters
Revenue recognition (Note 24 to the financial statements) The Group's revenue is mainly derived from the assembly and testing of electronic components/products and semiconductor devices and is recognised at a point in time. We focus on this area as the magnitude and voluminous transactions may give rise to a higher risk of material misstatements in respect of the timing and amount of revenue recognised.	Our audit procedures in relation to the revenue recognition included, amongst others, the followings: • Obtained an understanding of the Group's revenue recognition process and application surrounding the occurrence of revenue and thereafter tested key controls on the effectiveness of the controls applied; • Performed analytical procedures on the trend of revenue recognised to identify for any abnormalities; • Performed substantive testing on a sampling basis to verify that revenue recognition criteria was properly applied by checking to the documents which evidenced the delivery of goods to the customers; • Assessed whether revenue was recognised in the correct period by testing cut-off through assessing sales transactions taking place at either side of the reporting date as well as reviewing credit notes and sales returns issued after the reporting date; • Reviewed the sales contracts entered into with customers having special delivery arrangement (Note 12 to the financial statements) and verified that revenue recognition is in accordance with the accounting standards; and • Reviewed the sales ledger to identify any sales transactions that were entered using journals or non-sales invoices references and evaluated the nature of the transactions to determine whether they were <i>bona fide</i> transactions.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Directors' Responsibilities for the Financial Statements

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

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

Independent Auditors' Report

To The Members of Nategate Holdings Berhad

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

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

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

Independent Auditors' Report

To The Members of Natingate Holdings Berhad

Other Matter

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

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

Penang

Date: 23 April 2024

Terence Lau Han Wen
No. 03298/04/2025 J
Chartered Accountant

Statements Of Financial Position

As At 31 December 2023

		GROUP		COMPANY	
			(Restated)		
		2023	2022	2023	2022
	NOTE	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	245,559,753	233,546,794	-	-
Right-of-use assets	4	8,083,575	11,997,675	-	-
Investment properties	5	14,812,672	15,116,607	-	-
Investment in subsidiaries	6	-	-	154,160,649	143,360,647
Investment in an associate	7	395,204	392,225	-	-
Amount due from subsidiaries	8	-	-	147,293,913	-
		<u>268,851,204</u>	<u>261,053,301</u>	<u>301,454,562</u>	<u>143,360,647</u>
Current assets					
Inventories	9	230,223,764	186,328,898	-	-
Trade receivables	10	132,688,047	221,570,965	-	-
Other receivables, deposits and prepayments	11	17,812,745	10,417,508	1,000	2,105,781
Contract assets	12	8,382,311	29,271,330	-	-
Amount due from subsidiaries	8	-	-	728,902	26,000,000
Investment securities	13	294,586	384,595	-	-
Fixed deposits with licensed banks	14	20,687,130	13,542,065	-	-
Cash and bank balances	15	55,914,052	39,868,699	3,948,357	2
		<u>466,002,635</u>	<u>501,384,060</u>	<u>4,678,259</u>	<u>28,105,783</u>
TOTAL ASSETS		<u>734,853,839</u>	<u>762,437,361</u>	<u>306,132,821</u>	<u>171,466,430</u>
EQUITY AND LIABILITIES					
Share capital	16	304,540,409	143,360,649	304,540,409	143,360,649
Merger reserve	17	(133,360,647)	(133,360,647)	-	-
Retained profits	18	243,569,037	219,046,104	365,759	25,949,204
		<u>414,748,799</u>	<u>229,046,106</u>	<u>304,906,168</u>	<u>169,309,853</u>
Non-controlling interest		7,308,131	-	-	-
Total equity		<u>422,056,930</u>	<u>229,046,106</u>	<u>304,906,168</u>	<u>169,309,853</u>
Non-current liabilities					
Borrowings	19	23,064,037	67,521,261	-	-
Lease liabilities	4	4,539,405	8,292,296	-	-
Deferred tax liabilities	20	9,600,000	8,353,000	-	-
		<u>37,203,442</u>	<u>84,166,557</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade payables	21	129,232,168	131,832,873	-	-
Other payables, accruals and provision	22	45,642,250	47,968,314	51,560	28,991
Contract liabilities	23	594,517	9,089,000	-	-
Amount due to subsidiaries	8	-	-	-	2,127,586
Borrowings	19	94,239,002	250,285,893	-	-
Lease liabilities	4	3,752,891	3,853,702	-	-
Income tax payable		2,132,639	6,194,916	1,175,093	-
		<u>275,593,467</u>	<u>449,224,698</u>	<u>1,226,653</u>	<u>2,156,577</u>
Total liabilities		<u>312,796,909</u>	<u>533,391,255</u>	<u>1,226,653</u>	<u>2,156,577</u>
TOTAL EQUITY AND LIABILITIES		<u>734,853,839</u>	<u>762,437,361</u>	<u>306,132,821</u>	<u>171,466,430</u>

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

Statements Of Comprehensive Income

For The Financial Year Ended 31 December 2023

	NOTE	GROUP		COMPANY	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	24	638,296,483	945,747,703	9,300,000	26,000,000
Cost of sales		(526,986,099)	(794,270,995)	-	-
Gross profit		111,310,384	151,476,708	9,300,000	26,000,000
Other income		9,526,030	5,693,919	-	-
Administrative expenses		(42,801,802)	(40,509,403)	(4,493,096)	(43,140)
Operating profit		78,034,612	116,661,224	4,806,904	25,956,860
Finance income	25	2,682,092	333,482	7,753,577	-
Finance costs	26	(10,181,258)	(12,368,758)	-	-
Share of profit/(loss) from an associate		2,979	(4,376)	-	-
Profit before taxation	27	70,538,425	104,621,572	12,560,481	25,956,860
Taxation	28	(9,613,528)	(19,013,208)	(1,850,093)	-
Net profit, representing total comprehensive income for the financial year		60,924,897	85,608,364	10,710,388	25,956,860
Total comprehensive income for the financial year attributable to:					
Owners of the Company		60,810,669	85,263,861	10,710,388	25,956,860
Non-controlling interest		114,228	344,503	-	-
		60,924,897	85,608,364	10,710,388	25,956,860
Earnings per share attributable to owners of the Company (sen)					
- Basic and diluted	29	2.95	5.20		

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

Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 December 2023

	NOTE	Attributable to Owners of the Company					Non-controlling Interest	Total Equity
		Share Capital	Merger Reserve	Retained Profits	Total			
		RM	RM	RM	RM	RM	RM	RM
2023								
Balance at beginning		143,360,649	(133,360,647)	219,046,104	229,046,106	-	-	229,046,106
Total comprehensive income for the financial year		-	-	60,810,669	60,810,669	114,228		60,924,897
<i>Transactions with owners of the Company:</i>								
Changes of ownership interest in a subsidiary		-	-	6,097	6,097	7,193,903		7,200,000
Dividends	30	-	-	(36,293,833)	(36,293,833)	-		(36,293,833)
Issuance of shares pursuant to Initial Public Offering ("IPO")	16	165,499,842	-	-	165,499,842	-		165,499,842
Share issuance expenses	16	(4,320,082)	-	-	(4,320,082)	-		(4,320,082)
Balance at end		161,179,760	(36,287,736)	124,892,024	414,748,799	7,308,131		422,056,930
		304,540,409	(133,360,647)	243,569,037	414,748,799	7,308,131		422,056,930
	NOTE	Attributable to Owners of the Company					Non-controlling Interest	Total Equity
		Share Capital	Invested Equity	Merger Reserve	Retained Profits	Total		
		RM	RM	RM	RM	RM	RM	RM
2022								
Balance at beginning		2	10,000,000	6,077	145,868,421	155,874,500	2,559,567	158,434,067
Total comprehensive income for the financial year		-	-	-	85,263,861	85,263,861	344,503	85,608,364
<i>Transactions with owners of the Company:</i>								
Adjustment on the acquisition of a subsidiary		-	(10,000,000)	10,000,000	-	-	-	-
Issuance of shares pursuant to acquisition of a subsidiary	16	143,360,647	-	(143,360,647)	-	-	-	-
Step acquisition of a controlled subsidiary		-	-	-	(12,095,930)	(12,095,930)	(2,904,070)	(15,000,000)
Partial disposal of a subsidiary		-	-	(6,077)	9,752	3,675	-	3,675
Balance at end		143,360,647	(10,000,000)	(133,366,724)	(12,086,178)	(12,092,255)	(2,904,070)	(14,996,325)
		143,360,649	-	(133,360,647)	219,046,104	229,046,106	-	229,046,106

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

Statement Of Changes In Equity

For The Financial Year Ended 31 December 2023

	NOTE	Share Capital RM	Distributable Retained Profits RM	Total Equity RM
2023				
Balance at beginning		143,360,649	25,949,204	169,309,853
Total comprehensive income for the financial year		-	10,710,388	10,710,388
<i>Transactions with owners of the Company:</i>				
Dividends	30	-	(36,293,833)	(36,293,833)
Issuance of shares pursuant to IPO	16	165,499,842	-	165,499,842
Shares issuance expenses	16	(4,320,082)	-	(4,320,082)
Balance at end		304,540,409	365,759	304,906,168
2022				
Balance at beginning		2	(7,656)	(7,654)
Total comprehensive income for the financial year		-	25,956,860	25,956,860
<i>Transactions with owners of the Company:</i>				
Issuance of shares pursuant to acquisition of a subsidiary	16	143,360,647	-	143,360,647
Balance at end		143,360,649	25,949,204	169,309,853

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

Statements Of Cash Flows

For The Financial Year Ended 31 December 2023

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	70,538,425	104,621,572	12,560,481	25,956,860
Adjustments for:				
Accretion of interest on lease liabilities	280,070	355,983	-	-
Depreciation of :				
- investment properties	303,935	177,295	-	-
- property, plant and equipment	37,797,955	30,949,424	-	-
- right-of-use assets	3,914,100	3,964,573	-	-
Dividend income	(5,984)	(6,000)	(9,300,000)	(26,000,000)
Fair value loss on investment securities	90,191	1,337	-	-
Gain on partial disposal of a subsidiary	-	(2,678)	-	-
Gain on disposal of property, plant and equipment	(86,259)	(107,995)	-	-
Interest expense	9,901,188	12,012,775	-	-
Interest income	(2,682,092)	(333,482)	(7,753,577)	-
Inventories written down				
- addition	710,791	4,037,262	-	-
- reversal	(3,776,819)	(3,049,456)	-	-
Share of (profit)/loss from associate	(2,979)	4,376	-	-
IPO expenses	3,701,800	-	3,701,800	-
Unrealised (gain)/loss on foreign exchange	(1,174,683)	1,692,550	-	-
Operating profit/(loss) before changes working capital	119,509,639	154,317,536	(791,296)	(43,140)
Net changes in:				
Inventories	(40,828,838)	(34,476,492)	-	-
Receivables	80,774,608	(60,442,574)	2,104,781	(2,061,583)
Payables	(1,802,014)	(24,124,573)	22,569	(22,863)
Contract assets	20,889,019	(6,475,319)	-	-
Contract liabilities	(8,494,483)	9,089,000	-	-
Cash generated from/(used in) operations	170,047,931	37,887,578	1,336,054	(2,127,586)
Income tax paid	(12,428,805)	(5,321,698)	(675,000)	-
Interest paid	(9,901,188)	(12,012,775)	-	-
Net cash from/(used in) operating activities/Balance carried forward	147,717,938	20,553,105	661,054	(2,127,586)

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

Statements Of Cash Flows

For The Financial Year Ended 31 December 2023

	NOTE	GROUP		COMPANY	
		2023 RM	2022 RM	2023 RM	2022 RM
Balance carried forward		147,717,938	20,553,105	661,054	(2,127,586)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash flows effects of disposal of a subsidiary	A	-	(394,856)	-	-
Dividend received		5,984	6,000	9,300,000	-
Effects of acquisition of a subsidiary		-	(15,000,000)	-	-
Investment in subsidiaries		-	-	(10,800,002)	-
Interest received		2,483,628	291,416	7,753,577	-
Placement of fixed deposits with licensed banks		(4,000,000)	(6,500,000)	-	-
Proceeds from disposal of property, plant and equipment		342,413	2,300,200	-	-
Issuance of share to non-controlling interest		7,200,000	-	-	-
Purchase of property, plant and equipment	B	(50,067,068)	(38,329,105)	-	-
Net cash (used in)/from investing activities		(44,035,043)	(57,626,345)	6,253,575	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(36,293,833)	(12,500,000)	(36,293,833)	-
Net change in subsidiaries' balance		-	-	(124,150,401)	2,127,586
Payment of lease liabilities	C	(4,133,772)	(4,188,291)	-	-
Proceeds from issuance of shares pursuant to IPO		165,499,842	-	165,499,842	-
IPO expenses		(8,021,882)	-	(8,021,882)	-
(Repayment)/Drawdown of bankers' acceptance	C	(90,362,233)	14,195,901	-	-
Repayment of hire purchase	C	(23,343,190)	(16,460,070)	-	-
Drawdown of revolving credit	C	10,000,000	1,397,518	-	-
(Repayment)/Drawdown of term loans	C	(98,035,873)	55,913,297	-	-
Net cash (used in)/from financing activities		(84,690,941)	38,358,355	(2,966,274)	2,127,586
NET INCREASE IN CASH AND CASH EQUIVALENTS		18,991,954	1,285,115	3,948,355	-
CASH AND CASH EQUIVALENTS AT BEGINNING		46,868,698	45,583,583	2	2
CASH AND CASH EQUIVALENTS AT END		65,860,652	46,868,698	3,948,357	2
The cash and cash equivalents are represented by:					
Cash and bank balances		55,914,052	39,868,699	3,948,357	2
Fixed deposits with licensed banks		20,687,130	13,542,065	-	-
Less: Fixed deposits pledged with a licensed bank		(10,740,530)	(6,542,066)	-	-
		65,860,652	46,868,698	3,948,357	2

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

Statements Of Cash Flows

For The Financial Year Ended 31 December 2023

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
A. Cash flows effects of disposal of a subsidiary				
Total proceeds from disposal of a subsidiary	-	600,000	-	-
Less: Cash position of a subsidiary on disposal	-	(994,856)	-	-
Net cash outflow	-	(394,856)	-	-
B. Purchase of property, plant and equipment				
Total acquisition cost	50,067,068	72,319,540	-	-
Acquired under hire purchase	-	(33,990,435)	-	-
Total cash acquisition	50,067,068	38,329,105	-	-

C. Liabilities arising from financing activities

Reconciliation between the opening and closing balances in the statements of financial position for total liabilities arising from financing activities is as follows:

	Balance at beginning RM	Net cash flows RM	Unrealised gain/(loss) on foreign exchange RM	Others RM	Balance at end RM
GROUP					
2023					
Bankers' acceptance	127,214,214	(90,362,233)	1,237,181	-	38,089,162
Hire purchase	60,165,191	(23,343,190)	-	-	36,822,001
Revolving credit	14,000,000	10,000,000	-	-	24,000,000
Term loans	116,427,749	(98,035,873)	-	-	18,391,876
Lease liabilities	12,145,998	(4,133,772)	-	280,070 ²	8,292,296
Total liabilities arising from financing activities	329,953,152	(205,875,068)	1,237,181	280,070	125,595,335
2022					
Bankers' acceptance	114,260,581	14,195,901	(1,242,268)	-	127,214,214
Hire purchase	42,634,826	(16,460,070)	-	33,990,435 ¹	60,165,191
Revolving credit	12,670,400	1,397,518	(67,918)	-	14,000,000
Term loans	60,514,452	55,913,297	-	-	116,427,749
Lease liabilities	457,841	(4,188,291)	-	15,876,448 ²	12,145,998
Total liabilities arising from financing activities	230,538,100	50,858,355	(1,310,186)	49,866,883	329,953,152

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

Statements Of Cash Flows

For The Financial Year Ended 31 December 2023

C. Liabilities arising from financing activities (Cont'd)

Notes:

¹ The amount represents the additions to hire purchase during the year.² The amount consists of non-cash items represented by:

	GROUP	
	2023 RM	2022 RM
Accretion of interest on lease liabilities	280,070	355,983
Additions of lease liabilities during the year	-	15,520,465
	280,070	15,876,448

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

1. GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at Suite A, Level 9, Wawasan Open University, 54 Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang.

The principal place of business of the Company is located at 2005, Tingkat Perusahaan Satu, Kawasan Perusahaan Perai, 13600 Perai, Pulau Pinang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors on 23 April 2024.

Principal Activities

The principal activities of the Company consist of investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

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 applicable Malaysian Financial Reporting Standards ("MFRS"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the material accounting policy information as set out in the notes to the financial statements.

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

Fair Value Measurement

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

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

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

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of Measurement (Cont'd)

Fair Value Measurement (Cont'd)

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

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

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

2.3 Functional and Presentation Currency

Ringgit Malaysia ("RM") is the presentation currency of the Group and of the Company.

RM is also the functional currency of the Company and its subsidiaries. The functional currency is the currency of the primary economic environment in which the entity operates.

2.4 Adoption of Standards/Amendments to MFRSs

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

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts: Initial application of MFRS 17 and MFRS 9 - Comparative Information

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

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

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

Amendments to MFRS 112 Income Taxes: International Tax Reform - Pillar Two Model Rules

Initial application of the above new standard/amendments to MFRSs did not have any material impact to the financial statements upon adoption, except for *Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies*. The amendments change the requirements in MFRS 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant' with 'material'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in MFRS 101 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Malaysian Accounting Standards Board ("MASB") has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in MFRS Practice Statement 2.

The amendments have had an impact on the Group's and the Company's disclosures of accounting policies but not on the measurement, recognition or presentation of any items in the Group's and the Company's financial statements.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards Issued But Not Yet Effective

The following are accounting standards that have been issued by the MASB but are not yet effective for the Group and for the Company:

Effective for annual periods beginning on or after 1 January 2024

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

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

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

Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements

Effective for annual periods beginning on or after 1 January 2025

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

Effective date yet to be confirmed

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

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

2.6 Significant Accounting Estimates and Judgements

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

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

2.6.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

2.6.2 Key sources of estimation uncertainty

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

(i) Useful lives of depreciable assets

The Group's major fixed assets which are subject to key sources of estimation uncertainty are its machinery and equipment. Management estimates the useful lives of these assets to be 8 to 25 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of these assets. Therefore, future depreciation charges could be revised.

The carrying amount and depreciation of property, plant and equipment are disclosed in Note 3 to the financial statements.

(ii) Inventories

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

The inventories written down are disclosed in Note 9 to the financial statements.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

2. BASIS OF PREPARATION (CONT'D)**2.6 Significant Accounting Estimates and Judgements (Cont'd)****2.6.2 Key sources of estimation uncertainty (Cont'd)****(iii) Provision for expected credit losses ("ECL") of trade receivables**

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

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

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

The information about the ECL on the Group's trade receivables is disclosed in Note 34.3 (iii) to the financial statements.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Leasehold land RM	Buildings RM	Buildings improvements RM	Buildings RM	Plant and machinery RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Capital work- in-progress RM	Total RM
2023										
At cost										
Balance at beginning	10,210,646	58,530,846	604,013	203,922,966	58,453,359	13,560,780	4,888,558	-	350,171,168	
Additions	-	6,357,622	-	10,950,885	19,204,888	11,795,554	1,758,119	-	50,067,068	
Disposals	-	-	-	(172,500)	-	-	(326,677)	-	(499,177)	
Balance at end	10,210,646	64,888,468	604,013	214,701,351	77,658,247	25,356,334	6,320,000	-	399,739,059	
Accumulated depreciation										
Balance at beginning	982,699	3,685,535	148,648	76,523,955	24,366,136	8,003,225	2,914,176	-	116,624,374	
Current charge	244,947	1,344,614	21,235	24,125,397	8,686,188	2,614,310	761,264	-	37,797,955	
Disposals	-	-	-	(44,922)	-	-	(198,101)	-	(243,023)	
Balance at end	1,227,646	5,030,149	169,883	100,604,430	33,052,324	10,617,535	3,477,339	-	154,179,306	
Carrying amount	8,983,000	59,858,319	434,130	114,096,921	44,605,923	14,738,799	2,842,661	-	245,559,753	

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**GROUP (CONT'D)**

	Leasehold land RM	Buildings RM	Buildings improvements RM	Plant and machinery RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Capital work- in-progress RM	Total RM
2022									
At cost									
Balance at beginning	14,324,261	68,129,281	2,857,613	167,617,005	39,346,648	9,559,885	4,649,971	129,500	306,614,164
Additions	-	-	-	48,418,618	18,878,931	3,668,860	922,816	430,315	72,319,540
Disposals	-	-	-	(12,112,657)	-	-	(684,229)	-	(12,796,886)
Transfer to investment properties	(4,113,615)	(9,598,435)	(2,253,600)	-	-	-	-	-	(15,965,650)
Reclassification	-	-	-	-	227,780	332,035	-	(559,815)	-
Balance at end	10,210,646	58,530,846	604,013	203,922,966	58,453,359	13,560,780	4,888,558	-	350,171,168
Accumulated depreciation									
Balance at beginning	829,453	2,625,764	366,850	65,407,273	18,191,705	6,490,161	3,040,173	-	96,951,379
Current charge	277,962	1,350,774	37,827	21,037,135	6,174,431	1,513,064	558,231	-	30,949,424
Disposals	-	-	-	(9,920,453)	-	-	(684,228)	-	(10,604,681)
Transfer to investment properties	(124,716)	(291,003)	(256,029)	-	-	-	-	-	(671,748)
Balance at end	982,699	3,685,535	148,648	76,523,955	24,366,136	8,003,225	2,914,176	-	116,624,374
Carrying amount	9,227,947	54,845,311	455,365	127,399,011	34,087,223	5,557,555	1,974,382	-	233,546,794

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (i) The leasehold land and buildings of the Group are pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 19 to the financial statements.
- (ii) The information of right-of-use assets included in property, plant and equipment are as follows:

	GROUP	
	2023 RM	2022 RM
Carrying amount		
Leasehold land	8,983,000	9,227,947

- (iii) The carrying amount of property, plant and equipment acquired under hire purchase are as follows:

	GROUP	
	2023 RM	2022 RM
Plant and machinery	41,739,881	72,141,711
Motor vehicles	384,635	1,615,140
Furniture and fittings	803,036	1,058,178
	42,927,552	74,815,029

Material accounting policy information

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

Leasehold land and buildings	Amortise over the lease period of 22, 51 and 55 years
Building improvements	Amortise over the lease period of the leasehold land and building
Plant and machinery (including solar photovoltaic "PV" system)	4% - 12.50%
Furniture and fittings	12.50% - 33.33%
Renovation	20%
Motor vehicles	20%

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**Group as a lessee**

The Group has lease contracts for premises used as warehouse and factory for its operations which generally have lease terms of 1 to 2 years with the option to extend the lease for another 3 years. The Group expects that it is reasonably certain that it will exercise the option to extend the lease and has factored the extension options as part of the lease term for the lease of warehouse and factory. The lease contracts restrict the Group from assigning and subleasing the leased assets.

The Group also has leases of hostel and factory with lease terms of 12 months or less and leases of office equipment of low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Right-of-use assets

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

GROUP

	Warehouse and factory	
	2023 RM	2022 RM
Balance at beginning	11,997,675	441,783
Addition	-	15,520,465
Depreciation	(3,914,100)	(3,964,573)
Balance at end	<u>8,083,575</u>	<u>11,997,675</u>

Lease liabilities

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

	GROUP	
	2023 RM	2022 RM
Balance at beginning	12,145,998	457,841
Addition	-	15,520,465
Accretion of interest	280,070	355,983
Payment	(4,133,772)	(4,188,291)
Balance at end	<u>8,292,296</u>	<u>12,145,998</u>
Represented by:		
Non-current liabilities	4,539,405	8,292,296
Current liabilities	<u>3,752,891</u>	<u>3,853,702</u>
	<u>8,292,296</u>	<u>12,145,998</u>

The maturity analysis of lease liabilities is disclosed in Note 34.4 to the financial statements.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

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

Lease liabilities (Cont'd)

The following are amounts recognised in profit or loss:

	GROUP	
	2023 RM	2022 RM
Accretion of interest on lease liabilities	280,070	355,983
Depreciation of right-of-use assets	3,914,100	3,964,573
Lease payments on:		
- low-value assets	76,618	68,225
- short-term leases	550,093	23,450
Total amount recognised in profit or loss	4,820,881	4,412,231

The Group's total cash outflows for leases amounted to **RM4,760,483** (2022: RM4,279,966).

Material accounting policy information

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying assets are available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Warehouse and factory 3 to 4 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Short-term leases and leases of low-value assets

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

5. INVESTMENT PROPERTIES

GROUP

	Leasehold land RM	Building RM	Total RM
2023			
At cost	4,113,615	11,852,035	15,965,650
Accumulated depreciation			
Balance at beginning	170,936	678,107	849,043
Current charge	79,235	224,700	303,935
Balance at end	250,171	902,807	1,152,978
Carrying amount	3,863,444	10,949,228	14,812,672

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

5. INVESTMENT PROPERTIES (CONT'D)**GROUP (CONT'D)**

	Leasehold land RM	Building RM	Total RM
2022			
At cost			
Reclassified from property, plant and equipment/ Balance at end	<u>4,113,615</u>	<u>11,852,035</u>	<u>15,965,650</u>
Accumulated depreciation			
Reclassified from property, plant and equipment	124,716	547,032	671,748
Current charge	<u>46,220</u>	<u>131,075</u>	<u>177,295</u>
Balance at end	<u>170,936</u>	<u>678,107</u>	<u>849,043</u>
Carrying amount	<u>3,942,679</u>	<u>11,173,928</u>	<u>15,116,607</u>

- (i) In the prior financial year, the Group had reclassified its double-storey detached factory cum office block (including leasehold land and building) from property, plant and equipment to investment properties as it is no longer in use by the Group and had been leased to a third party for rental income.

(ii) Group as a lessor

The Group has entered into an operating lease on its investment properties. This lease has a fixed term of 1 year with an automatic extension period of another 3 years.

The following are recognised in profit or loss in respect of investment properties:

	GROUP	
	2023 RM	2022 RM
Rental income from income generating properties	1,620,000	945,000
Direct operating expenses	<u>60,664</u>	<u>74,722</u>

Future minimum rentals receivables under a non-cancellable operating lease are as follows:

	GROUP	
	2023 RM	2022 RM
Within one year	1,620,000	1,620,000
More than one year and less than five years	<u>2,295,000</u>	<u>3,915,000</u>
	<u>3,915,000</u>	<u>5,535,000</u>

- (iii) Investment properties are pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 19 to the financial statements.
- (iv) The fair value of investment properties for disclosure purposes are disclosed in Note 35.2 to the financial statements.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

5. INVESTMENT PROPERTIES (CONT'D)

Material accounting policy information

Investment properties are initially measured at cost, including transaction costs. Cost includes expenditures that are directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of investment properties is provided on a straight line basis to write off the cost of each property to its residual value over its estimated useful lives, at the following annual rates:

Leasehold land and building	Amortise over the lease period of 51 years
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6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2023 RM	2022 RM
Unquoted shares, at cost	154,160,649	143,360,647

The details of the subsidiaries, which was incorporated and its principal place of business in Malaysia, are as follows:

Name	Effective Equity Interest		Principal Activities
	2023	2022	
NationGate Solution (M) Sdn. Bhd. ("NSM")	100%	100%	Assembly and testing of electronic components and products.
NationGate Computing Sdn. Bhd. ("NCS")	60%	-	Manufacture of server, network switches and other electronic components.
CloudGate Technology Sdn. Bhd. ("CGT")	100%	-	Dormant. The intended principal activity is in the assembly and testing of electronic components and products.
Indirect - held through NSM NationGate System Sdn. Bhd. ("NSY")	100%	100%	Assembly and testing of electronic components and products and semiconductor devices.

(i) Subscriptions of ordinary shares in subsidiaries

- (a) On 7 June 2023, the Company had subscribed to 10,000 ordinary shares in NCS representing 100% equity interest in NCS for a total cash consideration of RM10,000. On 15 November 2023, the Company had subscribed to an additional 10,790,000 ordinary shares in NCS for a total cash consideration of RM10,790,000. Arising from the subsequent fund raising of NCS, the equity interest of the Company in NCS had reduced from 100% to 60%.
- (b) On 19 June 2023, the Company had subscribed to 2 ordinary shares in CGT representing 100% equity interest in CGT for a total cash consideration of RM2.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (ii) Subsidiary with material non-controlling interest ("NCI")

The Group's subsidiary, NCS, has material NCI which is set out as follows.

	Carrying amount of NCI RM	Profit allocated to NCI RM	Equity interest held by NCI %
2023			
NCS	7,308,131	114,228	40

The summarised financial information presented below is the amount before intercompany elimination.

	2023 RM
Assets and liabilities	
Non-current assets	2,826,488
Non-current liabilities	(77,000)
Current assets	33,084,709
Current liabilities	(17,563,870)
Net assets	18,270,327
Results	
Revenue	351,957
Net profit for the financial period, representing total comprehensive income for the financial period	270,327
Net cash (used in)/from:	
Operating activities	(81,772)
Investing activities	(2,759,241)
Financing activities	20,884,267
Net change in cash and cash equivalents	18,043,254

Material accounting policy information

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment.

7. INVESTMENT IN AN ASSOCIATE

	GROUP	
	2023 RM	2022 RM
Unquoted shares, at cost	396,601	396,601
Share of post-acquisition result	(1,397)	(4,376)
	395,204	392,225

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

7. INVESTMENT IN AN ASSOCIATE (CONT'D)

Details of the associate which is incorporated and its principal place of business is in Malaysia is as follows:

Name of Companies Name	Effective Equity Interest		Principal Activities
	2023	2022	
NationGate Integration (M) Sdn. Bhd. ("NIM")	40%	40%	Dormant. The intended principal activity is in the provision of electronics manufacturing services activities.

The following table summarises the financial information of NIM, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	2023 RM	2022 RM
Financial position as at 31 December		
Assets and liabilities		
Current assets	993,092	984,907
Current liabilities	(3,714)	(4,346)
Net assets	989,378	980,561
Summary of financial performance for the financial year ended 31 December		
Profit/(Loss) for the financial year, representing total comprehensive income/(loss)	7,448	(9,687)
Reconciliation of net assets to carrying amount As at 31 December		
Group's share of net assets, representing carrying amount in the statements of financial position	395,204	392,225
Group's share of results for the financial year ended 31 December		
Group's share of profit/(loss)	2,979	(4,376)

Contingent liabilities and capital commitments

The associate has no contingent liabilities or capital commitments as at the end of the reporting period.

Material accounting policy information

The Group's investment in the associate is accounted for using the equity method. In the Company's separate financial statements, investment in the associate is measured at cost less impairment losses.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

8. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	COMPANY	
	2023 RM	2022 RM
Non-current assets		
Amount due from subsidiaries		
- Interest bearing at 5.48% per annum	147,293,913	-
Current assets		
Amount due from subsidiaries		
- Interest bearing at 5.48% per annum	728,902	-
- Non-interest bearing	-	26,000,000
	728,902	26,000,000
Current liabilities		
Amount due to a subsidiary		
- Non-interest bearing	-	(2,127,586)

The amount due from subsidiaries is non-trade related, unsecured, and classified based on the expected timing of realisation.

The amount due to a subsidiary was non-trade related, unsecured and repayable on demand.

9. INVENTORIES

	GROUP	
	2023 RM	2022 RM
At cost:		
Raw materials	195,544,878	155,727,038
Work-in-progress	132,301	147,639
Finished goods	19,205,916	22,107,151
Goods-in-transit	15,340,669	8,347,070
	230,223,764	186,328,898
Recognised in profit or loss:		
Inventories recognised as cost of sales	530,052,127	793,283,189
Inventories written down:		
- Addition	710,791	4,037,262
- Reversal	(3,776,819)	(3,049,456)

The reversal of inventories written down was made when the related inventories were consumed in the production of goods or sold.

Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of all inventories is calculated using the weighted average cost method.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

10. TRADE RECEIVABLES

The currency profile of the trade receivables is as follows:

	GROUP	
	2023 RM	2022 RM
Ringgit Malaysia	9,529,952	6,723,458
United States Dollar ("US Dollar")	123,158,095	214,847,507
	<u>132,688,047</u>	<u>221,570,965</u>

The normal credit terms granted to trade receivables range from **30 to 120 days** (2022: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables	999,442	1,664,149	1,000	-
Deposits	6,747,959	2,279,892	-	-
Prepayments	10,065,344	6,473,467	-	2,105,781
	<u>17,812,745</u>	<u>10,417,508</u>	<u>1,000</u>	<u>2,105,781</u>

Included in the deposits of the Group is an amount of:

- (i) **RM1,050,000** (2022: RM Nil) paid to third parties for the acquisition of industrial premises pursuant to the Sale and Purchase Agreement dated 29 May 2023 as disclosed in Note 38(ii) to the financial statements;
- (ii) **RM2,380,000** (2022: RM Nil) paid to a third party for the acquisition of land pursuant to the Sales and Purchase Agreement dated 1 August 2023 as disclosed in Note 38(iii) to the financial statements.

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

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	15,008,207	8,983,468	1,000	2,105,781
US Dollar	2,721,566	1,263,395	-	-
Japanese Yen	78,706	169,716	-	-
Chinese Yuan	3,263	-	-	-
Euro	1,003	929	-	-
	<u>17,812,745</u>	<u>10,417,508</u>	<u>1,000</u>	<u>2,105,781</u>

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

12. CONTRACT ASSETS

	GROUP	
	2023 RM	2022 RM
Balance at beginning	29,271,330	22,796,011
Increase as a result of recognising revenue	8,382,311	29,271,330
Decrease due to issuance of sales invoices	(29,271,330)	(22,796,011)
Balance at end	8,382,311	29,271,330

Contract assets are in respect of goods delivered but not yet invoiced. Provisions of the contract entered with the customer enable the Group the right to invoice goods delivered to the customer's destination point 60 days from the date of delivery regardless of whether the goods are picked up by the customer. As such, revenue is recognised at point of delivery since the Group has satisfied all its performance obligations.

13. INVESTMENT SECURITIES

	GROUP	
	2023 RM	2022 RM
Financial assets at fair value through profit or loss:		
Shares quoted in Malaysia	174,000	249,000
Shares quoted outside Malaysia	2,786	4,595
Quoted warrants in Malaysia	14,000	26,600
Quoted redeemable preference shares in Malaysia	103,800	104,400
Total investment securities	294,586	384,595

The currency profile of the investment securities is as follows:

	GROUP	
	2023 RM	2022 RM
Ringgit Malaysia	291,800	380,000
Singapore Dollar	2,786	4,595
	294,586	384,595

Material accounting policy information

Investment securities are carried in the statements of financial position at fair value with net changes in fair value recognised in profit or loss.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

14. FIXED DEPOSITS WITH LICENSED BANKS

The currency profile of the fixed deposits with licensed banks is as follows:

	GROUP	
	2023 RM	(Restated) 2022 RM
Ringgit Malaysia	18,850,530	13,542,065
US Dollar	1,836,600	-
	<u>20,687,130</u>	<u>13,542,065</u>

The effective interest rates per annum and maturities of fixed deposits with licensed banks at the end of the reporting period range from **2.00% to 5.00%** (2022: 1.85% to 2.25%) per annum and **5 days to 6 months** (2022: 4 days to 6 months) respectively.

Included in fixed deposits with licensed banks is an amount of **RM10,740,350** (2022: RM6,542,066) which is pledged as securities for banking facilities granted to the Group as disclosed in Note 19 to the financial statements.

15. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2023 RM	(Restated) 2022 RM	2023 RM	2022 RM
Cash in hand	84,833	13,969	2	2
Cash at bank	45,313,356	27,333,681	3,948,355	-
Repo	10,515,863	12,521,049	-	-
	<u>55,914,052</u>	<u>39,868,699</u>	<u>3,948,357</u>	<u>2</u>

The currency profile of the cash and bank balances is as follows:

	GROUP		COMPANY	
	2023 RM	(Restated) 2022 RM	2023 RM	2022 RM
Ringgit Malaysia	41,560,973	16,109,800	3,948,357	2
US Dollar	14,353,079	23,758,899	-	-
	<u>55,914,052</u>	<u>39,868,699</u>	<u>3,948,357</u>	<u>2</u>

The effective interest rates per annum and maturities of repo at the end of reporting period range from **2.90% to 2.95%** (2022: 2.45% to 2.95%) per annum and **1 day** (2022: 1 day) respectively.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

16. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2023	2022	2023 RM	2022 RM
Issued and fully paid with no par value:				
Balance at beginning	1,638,407,400	2	143,360,649	2
Issuance of shares pursuant to:				
- acquisition of a subsidiary	-	1,638,407,398	-	143,360,647
- IPO	435,525,900	-	165,499,842	-
Share issuance expenses	-	-	(4,320,082)	-
Balance at end	<u>2,073,933,300</u>	<u>1,638,407,400</u>	<u>304,540,409</u>	<u>143,360,649</u>

2023

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM143,360,649 to RM304,540,409 by way of issuance of 435,525,900 new ordinary shares in conjunction with the Initial Public Offering exercise of the Company as disclosed in Note 38(i) to the financial statements.

2022

In the previous financial year, the Company has increased its paid-up capital from RM2 to RM143,360,649 by the issuance of additional 1,638,407,398 new ordinary shares at RM0.0875 per ordinary share as consideration for the acquisition of NSM.

17. MERGER RESERVE

The merger reserve arose from the difference between the carrying value of the investment and the nominal value of the shares of a subsidiary upon consolidation under the merger accounting principles.

18. RETAINED PROFITS

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

19. BORROWINGS

	GROUP	
	2023 RM	2022 RM
Non-current liabilities		
Secured:		
Hire purchase	22,570,564	42,640,486
Term loans	493,473	24,880,775
	<u>23,064,037</u>	<u>67,521,261</u>
Current liabilities		
Secured:		
Bankers' acceptance	38,089,162	127,214,214
Hire purchase	14,251,437	17,524,705
Revolving credit	24,000,000	14,000,000
Term loans	17,898,403	91,546,974
	<u>94,239,002</u>	<u>250,285,893</u>
Total borrowings	<u>117,303,039</u>	<u>317,807,154</u>

The currency profile of borrowings is as follows:

	GROUP	
	2023 RM	2022 RM
Ringgit Malaysia	97,719,413	193,366,309
US Dollar	19,583,626	124,440,845
	<u>117,303,039</u>	<u>317,807,154</u>

The borrowings of the Group except for hire purchase are secured by way of:

- (i) Legal charge over certain leasehold land, building and investment properties of the Group as disclosed in Note 3 and 5 to the financial statements respectively;
- (ii) Fixed deposits with licensed banks of the Group as disclosed in Note 14 to the financial statements;
- (iii) Personal guarantee of a director of the Company; and
- (iv) Corporate and personal guarantees by holding company and third parties.

The hire purchase are secured over the leased assets as disclosed in Note 3 to the financial statements.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

19. BORROWINGS (CONT'D)

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

	Effective interest rates per annum (%)	Total RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM	More than 5 years RM
GROUP						
2023						
Bankers' acceptance	3.73 to 6.62	38,089,162	38,089,162	-	-	-
Hire purchase	1.68 to 3.10	36,822,001	14,251,437	12,413,471	10,157,093	-
Revolving credit	4.10 to 5.78	24,000,000	24,000,000	-	-	-
Term loans	5.05 to 5.29	18,391,876	17,898,403	287,717	205,756	-
2022						
Bankers' acceptance	3.87 to 6.30	127,214,214	127,214,214	-	-	-
Hire purchase	1.68 to 3.10	60,165,191	17,524,705	16,580,266	26,060,220	-
Revolving credit	4.54 to 5.40	14,000,000	14,000,000	-	-	-
Term loans	4.29 to 5.73	116,427,749	91,546,974	2,768,134	7,562,641	14,550,000

20. DEFERRED TAX LIABILITIES

	GROUP	
	2023 RM	2022 RM
Balance at beginning	8,353,000	217,000
Recognised in profit or loss	2,020,000	5,583,000
	10,373,000	5,800,000
(Over)/Under provision in prior year	(773,000)	2,553,000
	9,600,000	8,353,000

The deferred tax liabilities as at the end of the reporting period are represented by the temporary differences arising from the following:

	GROUP	
	2023 RM	2022 RM
Property, plant and equipment	12,620,000	16,256,000
Unabsorbed capital allowances	(361,000)	-
Others	(2,659,000)	(7,903,000)
	9,600,000	8,353,000

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

21. TRADE PAYABLES

The currency profile of trade payables is as follows:

	GROUP	
	2023 RM	2022 RM
Ringgit Malaysia	26,619,832	10,455,606
US Dollar	102,029,310	119,573,946
Japanese Yen	-	1,565,216
Euro	583,026	183,860
Pound Sterling	-	54,245
	129,232,168	131,832,873

The normal credit terms granted by trade payables range from **30 to 120 days** (2022: 30 to 120 days) and are non-interest bearing.

22. OTHER PAYABLES, ACCRUALS AND PROVISION

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Other payables				
- Third parties	17,135,242	22,857,015	10,500	2,811
- Related parties	2,186,389	455,870	-	-
Accruals	22,714,235	16,427,655	41,060	26,180
Deposits received	626,100	665,100	-	-
Provision for product attrition				
Balance at beginning	7,562,674	-	-	-
(Reversal)/Additions during the financial year	(4,582,390)	7,562,674	-	-
Balance at end	2,980,284	7,562,674	-	-
	45,642,250	47,968,314	51,560	28,991

The currency profile of other payables and accruals is as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	39,347,022	45,200,882	51,560	28,991
US Dollar	6,295,228	2,767,432	-	-
	45,642,250	47,968,314	51,560	28,991

Related parties refers to companies in which a director of the Company has substantial financial interests. The amount is unsecured, non-interest bearing and with credit term range from **30 to 90 days** (2022: 30 to 90 days).

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

23. CONTRACT LIABILITIES

Contract liabilities comprise of deposits received from customers for manufacturing orders.

When the Group receives a deposit before production commences, this will give rise to contract liabilities at the start of a contract. The deposit will be reversed and recognised as revenue upon satisfying the performance obligation within the contract.

The performance obligation arising from all deposits received are expected to be satisfied within one year.

24. REVENUE**24.1 Disaggregation revenue information**

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Type of goods:				
Provision of assembly and testing of electronic components and products, representing total revenue from contracts with customers	638,296,483	945,747,703	-	-
Dividend income from subsidiaries, representing total other revenue	-	-	9,300,000	26,000,000
Total revenue	638,296,483	945,747,703	9,300,000	26,000,000

	GROUP	
	2023 RM	2022 RM

Timing of revenue recognition:

At point in time, representing total revenue from contracts with customers	638,296,483	945,747,703
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	GROUP	
	2023 RM	2022 RM

Geographical markets of revenue:

Malaysia	376,260,766	690,236,780
Singapore	102,323,915	43,874,994
Germany	42,850,655	36,897,155
Taiwan	35,003,900	455,994
United States of America	27,823,180	47,628,819
Australia	16,287,510	8,314,152
France	14,081,935	10,501,897
China	12,418,173	13,535,246
Hong Kong	8,352,250	92,092,642
Others	2,894,199	2,210,024
Total revenue from contracts with customers	638,296,483	945,747,703

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

24. REVENUE (CONT'D)

24.2 Contract balances

	GROUP	
	2023 RM	2022 RM
Trade receivables (Note 10)	132,688,047	221,570,965
Contract assets (Note 12)	8,382,311	29,271,330
Contract liabilities (Note 23)	<u>(594,517)</u>	<u>(9,089,000)</u>

24.3 Performance obligation

The performance obligations of the Group and of the Company for each type of goods or service have been disclosed in the material accounting policy information below.

Material accounting policy information

(i) Sale of electronic components

Revenue from sale of electronic components includes the manufacturing and assembling of electronic components and revenue is recognised at a point in time upon shipment or delivery to a dedicated destination point.

(ii) Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

25. FINANCE INCOME

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest income from:				
- Subsidiaries	-	-	7,146,064	-
- Fixed deposits with licensed banks and repo	<u>2,682,092</u>	<u>333,482</u>	<u>607,513</u>	<u>-</u>
	<u>2,682,092</u>	<u>333,482</u>	<u>7,753,577</u>	<u>-</u>

26. FINANCE COST

	GROUP	
	2023 RM	2022 RM
Accretion of interest on lease liabilities	280,070	355,983
Interest expenses on:		
- Bankers' acceptance	2,901,745	5,656,811
- Bank overdraft	24,380	126,158
- Hire purchase	3,009,693	3,003,229
- Revolving credit	354,341	549,855
- Term loan	<u>3,611,029</u>	<u>2,676,722</u>
	<u>10,181,258</u>	<u>12,368,758</u>

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

27. PROFIT BEFORE TAXATION

This is arrived at:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
After Charging:				
Fees for statutory audit:				
- Grant Thornton Malaysia PLT				
- Current year	159,000	122,000	40,000	25,000
- Under provision in prior year	6,800	2,500	-	-
Fees for assurance related and non-audit services:				
- Grant Thornton Malaysia PLT ^(#)	247,900	3,000	247,900	3,000
- Affiliate of Grant Thornton Malaysia PLT	30,000	27,000	4,000	1,000
Depreciation of:				
- investment properties	303,935	177,295	-	-
- property, plant and equipment	37,797,955	30,949,424	-	-
- right-of-use assets	3,914,100	3,964,573	-	-
Directors' fee	158,000	-	158,000	-
IPO expenses	3,701,800	-	3,701,800	-
Inventories written down				
- addition	710,791	4,037,262	-	-
- reversal	(3,776,819)	(3,049,456)	-	-
Fair value loss on investment securities	90,191	1,337	-	-
Lease payments for:				
- low-value assets	76,618	68,225	-	-
- short-term leases	550,093	23,450	-	-
Loss on foreign exchange:				
- realised	-	1,378,692	-	-
- unrealised	-	1,692,550	-	-
* Staff costs	105,368,989	97,477,010	55,900	-
And crediting:				
Dividend income	5,984	6,000	-	-
Gain on disposal of property, plant and equipment	86,259	107,995	-	-
Gain on partial disposal of a subsidiary	-	2,678	-	-
Gain on foreign exchange:				
- realised	4,230,923	-	-	-
- unrealised	1,174,683	-	-	-
Rental income	1,797,046	946,400	-	-

(#) The reporting accountants fee of the Group and of the Company paid in relation to the IPO exercise during the financial year amounted to RM310,000. Out of this amount, RM65,100 was set-off against the share capital during the financial year, and the remaining balance of RM244,900 was charged to profit or loss.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

27. PROFIT BEFORE TAXATION (CONT'D)

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
* Staff costs				
- Salaries, overtime, allowance, bonus and other related expenses	98,247,921	90,484,204	55,900	-
- EPF	5,895,569	5,924,486	-	-
- SOCSO	1,069,231	1,002,296	-	-
- EIS	156,268	66,024	-	-
	105,368,989	97,477,010	55,900	-

Included in the staff costs of the Group and of the Company are executive and non-executive directors' emoluments as shown below:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive directors:				
Directors of the Company				
- Salaries and bonus	1,157,000	1,379,058	-	-
- EPF	231,400	275,816	-	-
	1,388,400	1,654,874	-	-
Directors of a subsidiary				
- Salaries and bonus	1,076,300	758,150	-	-
- EPF	187,260	113,600	-	-
	1,263,560	871,750	-	-
Total executive directors' remuneration	2,651,960	2,526,624	-	-
Non-executive directors				
Directors of the Company				
- Allowances	55,900	-	55,900	-
Total executive and non-executive directors' remuneration	2,707,860	2,526,624	55,900	-

The estimated money value of benefits-in-kind received or receivable by the directors of the Company and the director of a subsidiary during the financial year amounted to **RM35,625** (2022: RM21,042) and **RM48,750** (2022: RM36,250) respectively.

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For The Financial Year Ended 31 December 2023

28. TAXATION

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Malaysian income tax:				
Based on results for the financial year				
- Current tax	(8,574,621)	(10,689,916)	(1,850,093)	-
- Deferred tax relating to the origination and reversal of temporary differences	(2,020,000)	(5,583,000)	-	-
	(10,594,621)	(16,272,916)	(1,850,093)	-
Over/(Under) provision in prior year				
- Current tax	208,093	(187,292)	-	-
- Deferred tax	773,000	(2,553,000)	-	-
	981,093	(2,740,292)	-	-
	(9,613,528)	(19,013,208)	(1,850,093)	-

The reconciliation of taxation of the Group and of the Company are as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before taxation	70,538,425	104,621,572	12,560,481	25,956,860
Share of (profit)/loss of an associate	(2,979)	4,376	-	-
	70,535,446	104,625,948	12,560,481	25,956,860
Income tax at Malaysian statutory tax rate of 24%	(16,928,507)	(25,110,228)	(3,014,515)	(6,229,646)
Income not subject to tax	295,575	21,691	2,233,436	6,240,000
Double deduction expenses	-	50,945	-	-
Expenses not deductible for tax purpose	(1,746,007)	(1,572,176)	(1,069,014)	(10,354)
Pioneer income not subject to tax ^	2,462,777	1,308,520	-	-
Utilisation of reinvestment allowance	5,321,541	9,028,332		
	(10,594,621)	(16,272,916)	(1,850,093)	-
Over/(Under) provision in prior year	981,093	(2,740,292)	-	-
	(9,613,528)	(19,013,208)	(1,850,093)	-

^ NSY has been granted pioneer status under the Promotion of Investment Act, 1986 by the Malaysian Industrial Development Authority which exempts 70% of statutory income in relation to the production of its products.

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For The Financial Year Ended 31 December 2023

29. EARNINGS PER SHARE

Basic earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the Group's profit attributable to the owners of the Company by the number of ordinary shares in issue at the end of the financial year as follows:

	GROUP	
	2023 RM	2022 RM
Profit attributable to the owners of the Company (RM)	60,810,669	85,263,861
Weighted average number of shares*	2,060,807,860	1,638,407,400
Basic earnings per ordinary share (sen)	2.95	5.20

* The calculation of weighted average number of ordinary shares has taken into account the issued share capital pursuant to IPO as disclosed in Note 38 to the financial statements.

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

30. DIVIDENDS

	GROUP	
	2023 RM	2022 RM
In respect of the financial year ended 31 December 2022		
- An interim single tier dividend of 1.00 sen per ordinary share	20,739,334	-
In respect of the financial year ended 31 December 2023		
- First interim single tier dividend of 0.25 sen per ordinary share	5,184,833	-
- Second interim single tier dividend of 0.25 sen per ordinary share	5,184,833	-
- Third interim single tier dividend of 0.25 sen per ordinary share	5,184,833	-
	36,293,833	-

A final single tier dividend of 0.25 sen per ordinary share amounting to RM5,184,833 in respect of the financial year ended 31 December 2023 was recommended by the directors subject to the shareholders' approval at the forthcoming Annual General Meeting. The current financial statements do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2024.

31. OPERATING SEGMENT

The management determines the business segments based on the reports reviewed and used by the directors for strategic decisions making and resources allocation.

The Group has only one reportable business segment of manufacturing, which relates principally to the provision of electronic manufacturing services ("EMS"). This segment mainly comprises the assembly and testing of electronic components and products to produce completed printed circuit boards, semi-finished sub-assemblies, fully assembled electronic products (*under NSM, NSY and NCS*) and semiconductor devices (*under NSY*). Accordingly, no business segmental information is presented.

Geographical segments

Revenue of the Group based on geographical location of its customers are disclosed in Note 24 to the financial statements. The Group's non-current assets are entirely located in Malaysia.

Major customer

The revenue from **1** (2022: 1) major customer which contributed revenue equal to or more than 10% of the Group's total revenue amounted to **RM215,363,919** (2022: RM531,200,333).

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

32. RELATED PARTY DISCLOSURES**(i) Identity of related parties**

The Group has related party relationship with its subsidiaries, key management personnel and the following parties:

<u>Related parties</u>	<u>Relationship</u>
SkyGate Precision (M) Sdn. Bhd. SkyGate Sciences Sdn. Bhd. VS Solution Services Sdn. Bhd. Oneworks Lighting Sdn. Bhd.	Companies in which a director of the Company has substantial financial interests.

(ii) Related party transactions

Related party transactions have been entered into at terms agreed between the parties during the financial year.

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Purchase from:				
- VS Solution Services Sdn. Bhd.	667,815	405,153	-	-
- Oneworks Lighting Sdn. Bhd.	-	2,200	-	-
- Skygate Precision (M) Sdn. Bhd.	3,499	-	-	-
Purchase of property, plant and equipment:				
- VS Solution Services Sdn. Bhd.	1,239,678	2,472,282	-	-
Rental payment to:				
- SkyGate Sciences Sdn. Bhd.	4,097,772	3,756,291	-	-
Dividend received from subsidiaries	-	-	9,300,000	26,000,000
Interest receivable/received from subsidiaries	-	-	7,146,064	-
Advances to subsidiaries	-	-	140,877,016	2,127,586

(iii) Compensation of key management personnel

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

Key management includes all the directors of the Company and its subsidiaries and certain members of senior management of the Group.

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors' fee	158,000	-	158,000	-
Salaries, allowances and bonus	2,854,240	3,167,816	-	-
EPF	503,654	554,832	-	-
	3,515,894	3,722,648	158,000	-
Analysed as:				
- Directors	2,865,860	2,526,624	158,000	-
- Key management personnel	650,034	1,196,024	-	-
	3,515,894	3,722,648	158,000	-

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For The Financial Year Ended 31 December 2023

33. CAPITAL COMMITMENT

	GROUP	
	2023 RM	2022 RM
Contracted but not provided for:		
- Land and building	30,870,000	-
- Building improvement	826,635	-
- Plant and machinery	16,447,731	16,353,196
- Renovation	1,092,707	88,355
- Factory equipment	1,347,197	-
- Furniture and fitting	2,972,374	864,057
- Motor vehicle	-	143,000
	53,556,644	17,448,608

34. FINANCIAL INSTRUMENTS

34.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC") and fair value through profit or loss ("FVTPL").

GROUP

	Carrying amount RM	AC RM	FVTPL RM
2023			
Financial assets			
Trade receivables	132,688,047	132,688,047	-
Other receivables and refundable deposits	3,375,474	3,375,474	-
Investment securities	294,586	-	294,586
Fixed deposits with licensed banks	20,687,130	20,687,130	-
Cash and bank balances	55,914,052	55,914,052	-
	212,959,289	212,664,703	294,586
Financial liabilities			
Trade payables	129,232,168	129,232,168	-
Other payables and accruals	42,661,966	42,661,966	-
Borrowings	117,303,039	117,303,039	-
	289,197,173	289,197,173	-

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

34. FINANCIAL INSTRUMENTS (CONT'D)**34.1 Categories of financial instruments (Cont'd)****GROUP (CONT'D)**

	Carrying amount RM	AC RM	FVTPL RM
2022			
Financial assets			
Trade receivables	221,570,965	221,570,965	-
Other receivables and refundable deposits	3,944,041	3,944,041	-
Investment securities	384,595	-	384,595
Fixed deposits with licensed banks	13,542,065	13,542,065	-
Cash and bank balances	39,868,699	39,868,699	-
	<u>279,310,365</u>	<u>278,925,770</u>	<u>384,595</u>
Financial liabilities			
Trade payables	131,832,873	131,832,873	-
Other payables and accruals	40,405,640	40,405,640	-
Borrowings	317,807,154	317,807,154	-
	<u>490,045,667</u>	<u>490,045,667</u>	<u>-</u>

COMPANY**2023****Financial assets**

Other receivables	1,000	1,000	-
Amount due from subsidiaries	148,022,815	148,022,815	-
Cash and bank balances	3,948,357	3,948,357	-
	<u>151,972,172</u>	<u>151,972,172</u>	<u>-</u>

Financial liabilities

Other payables and accruals	51,560	51,560	-
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2022**Financial assets**

Amount due from subsidiaries	26,000,000	26,000,000	-
Cash and bank balances	2	2	-
	<u>26,000,002</u>	<u>26,000,002</u>	<u>-</u>

Financial liabilities

Other payables and accruals	28,991	28,991	-
Amount due to subsidiaries	2,127,586	2,127,586	-
	<u>2,156,577</u>	<u>2,156,577</u>	<u>-</u>

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

34. FINANCIAL INSTRUMENTS (CONT'D)

34.2 Financial risk management

The Group is exposed to a variety of financial risks arising from its operations and use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

34.3 Credit risk

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

(i) Credit risk concentration profile

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

	GROUP	
	2023 RM	2022 RM
Number of customers	4	2
Percentage of trade receivables	<u>62%</u>	<u>66%</u>

(ii) Exposure to credit risk

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

(iii) Assessment of allowance for ECL

(a) Trade receivables

Credit risk arising from trade customers is addressed by the application of credit evaluation and close monitoring procedures by the management. The Group typically gives the existing customers credit terms of **30 to 120 days** (2022: 30 to 120 days). In deciding whether credit terms shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness.

New customers are subject to a credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further sales are suspended and legal actions are taken to attempt recoveries and mitigate losses.

In addition, as set out in Note 2.6.2 (iii), the Group assesses ECL under MFRS 9 on trade receivables based on a provision matrix, the expected loss rates are based on the payment profile for sales in the past as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

34. FINANCIAL INSTRUMENTS (CONT'D)**34.3 Credit risk (Cont'd)****(iii) Assessment of allowance for ECL (Cont'd)****(a) Trade receivables (Cont'd)**

The ageing of trade receivables of the Group is as follows:

	GROUP	
	2023 RM	2022 RM
Not past due	84,526,221	181,573,986
1 to 30 days past due	12,426,533	24,043,035
31 to 60 days past due	8,078,584	10,308,800
61 to 90 days past due	3,173,108	5,396,450
Past due more than 90 days	24,483,601	248,694
	48,161,826	39,996,979
	132,688,047	221,570,965

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

The Group has trade receivables amounting to **RM48,161,826** (2022: RM39,996,979) that are past due at the end of the reporting period but not impaired as the management is of the view that these past due amounts will be collected in due course.

(b) Intercompany balances

The Company provides advances to its subsidiaries and monitors their results regularly.

The maximum exposure to credit risk is represented by the carrying amount in the Company's statement of financial position.

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of these advances.

(c) Financial guarantees**COMPANY**

The Company had issued unsecured financial guarantees to licensed banks for banking facilities granted as follows:

	2023 RM	2022 RM
Corporate guarantee given to licensed banks for banking facilities granted to a subsidiary		
- Limit	92,251,000	-
- Utilisation	18,067,511	-

Financial guarantees have not been recognised since the fair value on initial recognition was not material as no consideration was paid to the Company.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

34. FINANCIAL INSTRUMENTS (CONT'D)

34.4 Liquidity risk

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

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM	More than five years RM
GROUP						
2023						
Non-derivative financial liabilities						
Trade payables	129,232,168	129,232,168	129,232,168	-	-	-
Other payables and accruals	42,661,966	42,661,966	42,661,966	-	-	-
Borrowings	117,303,039	122,415,095	95,912,157	13,672,355	12,830,583	-
Lease liabilities	8,292,296	8,537,025	4,097,772	4,097,772	341,481	-
Financial guarantee*	-	18,067,511	18,067,511	-	-	-
	297,489,469	320,913,765	289,971,574	17,770,127	13,172,064	-
2022						
Non-derivative financial liabilities						
Trade payables	131,832,873	131,832,873	131,832,873	-	-	-
Other payables and accruals	40,405,640	40,405,640	40,405,640	-	-	-
Borrowings	317,807,154	334,134,347	254,732,250	22,317,112	39,968,365	17,116,620
Lease liabilities	12,145,998	12,670,798	4,133,772	4,097,772	4,439,254	-
	502,191,665	519,043,658	431,104,535	26,414,884	44,407,619	17,116,620

* This has been included for illustration purpose only as the related financial guarantees have not crystallised as at the end of the reporting period.

The financial liabilities of the Company as at the end of the reporting period will mature in less than one year based on the carrying amounts reflected in the financial statements.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2023

34. FINANCIAL INSTRUMENTS (CONT'D)**34.5 Interest rate risk**

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

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on their carrying amounts as at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Fixed rate instruments				
Financial assets	31,202,993	26,063,114	-	-
Financial liabilities	<u>74,911,163</u>	<u>187,379,405</u>	<u>-</u>	<u>-</u>
Floating rate instruments				
Financial assets	-	-	148,022,815	-
Financial liabilities	<u>42,391,876</u>	<u>130,427,749</u>	<u>-</u>	<u>-</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss nor designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 25 basis point would have decreased profit before taxation and equity by the amount shown below and a corresponding decrease would have an equal but opposite effect. This analysis assumes that all other variables remain constant.

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
(Decrease)/Increase in profit before taxation	<u>(192,547)</u>	<u>(161,228)</u>	<u>326,007</u>	<u>-</u>
(Decrease)/Increase in equity	<u>(146,336)</u>	<u>(122,553)</u>	<u>247,765</u>	<u>-</u>

34.6 Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the Group's functional currency. The currency giving rise to this risk is primarily the USD. The Group also maintains USD denominated bank account to facilitate the deposits of the Group's revenue denominated in USD as well as to pay for purchases denominated in USD. This provides some form of natural hedge against adverse foreign exchange fluctuations.

Sensitivity analysis for foreign currency risk

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

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34. FINANCIAL INSTRUMENTS (CONT'D)

34.6 Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk (Cont'd)

	GROUP	
	2023 RM	2022 RM
USD	(1,416,118)	691,242
Other currencies	<u>49,727</u>	<u>162,808</u>
(Decrease)/Increase in profit before taxation	<u>(1,366,391)</u>	<u>854,050</u>
(Decrease)/Increase in equity	<u>(1,038,457)</u>	<u>649,078</u>

34.7 Equity price risk

Equity price risk is the risk that the fair value or future cash flows of the Group's financial assets designated at FVTPL will fluctuate because of changes in market prices. Equity price risk arises from the Group's other investments which are the quoted equity securities.

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the executive directors of the Company.

Sensitivity analysis for equity price risk

A 5% increase in share prices of the quoted equity securities at the end of the reporting period, with all other variables held constant, would have impacted on the Group's profit before taxation and equity by the amount shown below, and a decrease would have an equal but opposite effect, arising as a result of higher/lower fair value gain on investment securities.

	GROUP	
	2023 RM	2022 RM
Increase in profit before taxation and equity	<u>14,729</u>	<u>19,230</u>

35. FAIR VALUE MEASUREMENT

35.1 Fair value measurement of financial instruments

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

The carrying amounts of the non-current portion of hire purchase are reasonable approximation of fair values due to their insignificant impact of discounting.

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35. FAIR VALUE MEASUREMENT (CONT'D)**35.1 Fair value measurement of financial instruments (Cont'd)**

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy:

	Fair value of financial instruments				Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	
GROUP					
2023					
Financial assets					
Investment securities	294,586	-	-	294,586	294,586
2022					
Financial assets					
Investment securities	384,595	-	-	384,595	384,595

The investments in quoted securities are quoted in an active market which are carried at fair value by reference to their quoted closing bid price at the end of the reporting period.

35.2 Fair value measurement of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets for which fair value is disclosed as at the end of the reporting period:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Carrying amount RM
GROUP					
2023					
Investment properties	-	-	13,600,000	13,600,000	14,812,672
2022					
Investment properties	-	-	13,600,000	13,600,000	15,116,607

The fair value for investment properties for disclosure purposes is categorised under Level 3 of the fair value hierarchy (refer to Note 2.2 to the financial statements for definition of fair value hierarchy). The fair value is derived based on appraisal performed by independent professional valuers using the Comparison Approach for its existing use. The Comparison Approach entails comparing the land with similar properties that were sold recently and is adjusted for positive and negative factors of time (market improvement), location, size and tenure of the property.

The building is valued by taking into consideration of the estimated cost to construct a new similar building based on market prices for materials, labour and contractor's overhead. From this total, depreciation is then deducted using an appropriate rate to take into consideration the age of the building, physical deterioration, obsolesce and economic factors. The most significant input into this valuation approach is price per square foot of comparable properties.

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35. FAIR VALUE MEASUREMENT (CONT'D)

35.2 Fair value measurement of non-financial assets (Cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial year.

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy remain unchanged and are to maintain a strong capital base to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust its capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts.

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

The Group considers its total equity and total loans and borrowings to be the key components of its capital structure and monitor capital using a debt-to-equity ratio, which is calculated as total borrowings divided by total equity as follows:

	GROUP	
	2023 RM	2022 RM
Total borrowings	117,303,039	317,807,154
Total equity	422,056,930	229,046,106
Gearing ratio (times)	0.28	1.39

37. MATERIAL LITIGATION

Dispute over ownership of consigned machines

By a manufacturing agreement dated 15 July 2020, NSY was appointed by Lumileds Malaysia Sdn. Bhd. ("Lumileds") to manufacture products using machines consigned by Lumileds ("Consigned Machines"). These Consigned Machines were previously in possession of a former supplier of Lumileds, Optotronics Semiconductors Sdn Bhd ("Optotronics") for which hire purchase arrangement was obtained by Optotronics to lease this Consigned Machines through BMW Credit (Malaysia) Sdn. Bhd. ("BMW Credit").

Following a default in repayment by Optotronics, BMW Credit attempted to retrieve the Consigned Machines through a court order but was denied by NSY since NSY does not have ownership over the Consigned Machines and cannot release the Consigned Machines without permission of Lumileds. Arising from this, BMW Credit filed a civil suit with the Kuala Lumpur High Court against Lumileds as the 1st defendant and NSY as the 2nd defendant for recovery of the Consigned Machine. The civil suit is fixed for trial on 27 to 31 May 2024.

As at the date of this report, the directors of the Company do not anticipate any financial exposure arising from the mentioned case.

38. SIGNIFICANT EVENTS

- (i) The Company had on 12 December 2022 launched its IPO prospectus in conjunction with its listing on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") comprising:
 - (a) Public Issue of 435,525,900 Issue Shares in the Company at an issue price of RM0.38 per share, and

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38. SIGNIFICANT EVENTS (CONT'D)

- (i) The Company had on 12 December 2022 launched its IPO prospectus in conjunction with its listing on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") comprising: (Cont'd)
- (b) Offer for Sale of 290,351,300 Offer Shares by way of private placement exercise at an offer price of RM0.38 per share.

On 12 January 2023, the Company was successfully admitted to the Official List of Bursa Securities and the Company's entire enlarged issued shares of 2,073,933,300 was listed and quoted on the ACE Market of Bursa Securities.

- (ii) On 29 May 2023, a subsidiary of the Company, NSY, has entered into a Sale and Purchase Agreement with Delta Palma Sdn. Bhd. to acquire industrial premises for a purchase consideration of RM10,500,000 to be satisfied via cash. The Company has paid an upfront deposit of 10% of the purchase price of RM1,050,000. As of the date of this report, the transaction has yet to be completed.
- (iii) On 1 August 2023, a subsidiary of the Company, NSY, has entered into a Sale and Purchase Agreement with Incline Dynamics Sdn. Bhd. to acquire land for a purchase consideration of RM23,800,000 to be satisfied via cash. The Company has paid an upfront deposit of 10% of purchase price of RM2,380,000. As of the date of this report, the transaction has yet to be completed.
- (iv) On 1 December 2023, the Company has implemented the Long Term Incentive Plan ("LTIP") for eligible directors and employees of the Group. There are no shares granted to the eligible directors and employees of the Group as at the date of this report.

39. EVENTS AFTER THE REPORTING PERIOD

- (i) On 8 February 2024, the Company has entered into a Share Sale Agreement with Heap Seong Chan Company Sdn. Berhad to acquire the entire issued equity interest of Hesechan Industries Sdn. Bhd. for a total purchase consideration of RM25,000,000. The transaction has yet to be completed as at the date of this report.
- (ii) On 14 March 2024, the Company had incorporated a wholly-owned subsidiary, CloudGate System Pte. Ltd. ("CSPL"). CSPL is incorporated in the Republic of Singapore and its intended principal activity is sales and trading of electronics devices.
- (iii) On 8 April 2024, the Company had proposed to undertake the transfer listing of its entire issued share capital from the ACE Market of Bursa Securities to the Main Market of Bursa Securities. The transfer listing is still pending completion as at the date of this report.

40. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation as follows:

	As previously stated RM	Reclassification RM	As restated RM
GROUP			
Consolidated statement of financial position			
Current assets			
Fixed deposits with licensed bank	26,063,114	(12,521,049)	13,542,065
Cash and bank balances	27,347,650	12,521,049	39,868,699

List of Properties

No.	Postal address / Title details	Description / Existing use	Land area (Sq Ft)	Tenure	Approximate Age of Building (Years)	Carrying Amount (RM'000)	Date of Acquisition
(a)	Plant 1						
	PT 76 held under HSD 44452 ("PT 76") & Lot 9168 held under PN 10342 ("Lot 9168"), all in Mukim 01, Daerah Seberang Perai Tengah, Negeri Pulau Pinang bearing the postal address of 1413, Solok Perusahaan 1, Kawasan Perusahaan Perai, 13600 Perai, Pulau Pinang	Industrial land with a single storey detached factory annexed with a single storey factory office	59,910	PT 76: Leasehold 99 years (expiring on 27 November 2073)	31 years	6,692	18 November 2019
		Industrial land with office, storage space and manufacturing facilities for NSM		Lot 9168: Leasehold 60 years (expiring on 07 September 2070)			
(b)	Plant 2						
	PT 1076, Mukim 01, Daerah Seberang Perai Tengah, Pulau Pinang held under HSD 44098 bearing the postal address of 2422, Solok Perusahaan 1, Kawasan Perusahaan Perai, 13600 Perai, Pulau Pinang	Industrial land with a double-storey office block annexed with 1½-storey detached factory Office, storage space and manufacturing facilities for NSM	43,727	Leasehold 60 years (expiring on 21 February 2042)	31 years	8,140	18 November 2019
(c)	Plant 3						
	Lot 683, Mukim 01, Daerah Seberang Perai Tengah, Negeri Pulau Pinang held under PN 1338, bearing the postal address of 1415, Lorong Perusahaan 1, Kawasan Perusahaan Perai, 13600 Perai, Pulau Pinang	Industrial land with A double-storey detached factory cum office block	84,798	Leasehold 99 years (expiring on 22 August 2072)	50 years	14,813	12 October 2020
(d)	Plant 5						
	Plot 44, Plot 45, 46 & 47, Mukim 01, Daerah Seberang Perai Tengah, Negeri Pulau Pinang held under HSD 44436 bearing the postal address of 2005, Tingkat Perusahaan 1, Kawasan Perusahaan Perai, 13600 Perai, Pulau Pinang	Industrial land with a three-storey detached office block annexed with double-storey detached factory, doublestorey detached guard house and single-storey guard house, pump house, chemical house and TNB sub-station Leasehold Office, storage space and manufacturing facilities for NSM	124,712	Leasehold 99 years (expiring on 14 May 2072)	51 years	54,443	11 October 2016

Analysis Of Shareholdings

AS AT 1 APRIL 2024

Issued Share Capital	: RM308,860,491 comprising 2,073,933,300 ordinary shares
Class of Shares	: Ordinary shares
Total Number of Holders	: 4,572
Voting right	: One vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS

Holdings	No. of Holders	%	No. of Shares	%
1 – 99	16	0.349	122	0.000
100 – 1,000	841	18.394	463,442	0.022
1,001 – 10,000	2,059	45.034	10,799,901	0.520
10,001 – 100,000	1,207	26.399	44,717,707	2.156
100,001 – 103,696,664 (*)	447	9.776	668,935,728	32.254
103,696,665 and above (**)	2	0.043	1,349,016,400	65.046
Total	4,572	100.000	2,073,933,300	100.000

* Less than 5% of the issued shares

** 5% and above of the issued shares

LIST OF TOP THIRTY (30) HOLDERS**(Without aggregating securities from securities accounts belonging to the same registered holder)**

Name of Shareholders	Shareholding	%
1. Ooi Eng Leong	1,200,730,300	57.896
2. Tan Ah Geok	148,286,100	7.149
3. Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN for Citibank New York (Norges Bank 22)</i>	44,642,900	2.152
4. AmanahRaya Trustees Berhad <i>Amanah Saham Malaysia</i>	29,000,000	1.398
5. AmanahRaya Trustees Berhad <i>Amanah Saham Bumiputera 3 - Didik</i>	21,575,000	1.040
6. AmanahRaya Trustees Berhad <i>Amanah Saham Malaysia 3</i>	19,788,600	0.954
7. Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt AN for AIA Bhd</i>	19,576,800	0.943
8. Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN for Citibank New York (Norges Bank 14)</i>	19,205,500	0.926
9. AmanahRaya Trustees Berhad <i>ASN Umbrella for ASN Equity 3</i>	16,500,000	0.795
10. Lee Kim San	15,470,900	0.745
11. Davindra Singh Gendeh	14,683,100	0.707
12. CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Commerce Trustee Berhad – Kenanga Growth Fund</i>	14,644,100	0.706
13. HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Principal Dali Asia Pacific Equity Growth Fund</i>	14,000,000	0.675

Analysis Of Shareholdings

AS AT 1 APRIL 2024

LIST OF TOP THIRTY (30) HOLDERS (CONT'D)

(Without aggregating securities from securities accounts belonging to the same registered holder)

Name of Shareholders		Shareholding	%
14.	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN for Citibank New York (Norges Bank 19)</i>	12,432,000	0.599
15.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Principal Dali Equity Fund</i>	11,397,100	0.549
16.	AmanahRaya Trustees Berhad <i>ASN Umbrella for ASN Sara (Mixed Asset Conservative) 1</i>	10,739,837	0.517
17.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Nomura)</i>	10,314,800	0.497
18.	AmanahRaya Trustees Berhad <i>Amanah Saham Nasional</i>	9,792,000	0.472
19.	Citigroup Nominees (Asing) Sdn Bhd <i>UBS EUR SE for UBS (Lux) Equity SICAV – Asian Smaller Companies (USD)</i>	9,335,700	0.450
20.	AmanahRaya Trustees Berhad <i>Amanah Saham Malaysia 2 - Wawasan</i>	9,000,000	0.433
21.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Commerce Trustee Berhad for Kenanga Shariah Growth Opportunities Fund (50156 TR01)</i>	8,377,200	0.403
22.	Cartaban Nominees (Asing) Sdn Bhd <i>Exempt AN for State Street Bank & Trust Company (West CLT OD67)</i>	7,887,000	0.380
23.	AmanahRaya Trustees Berhad <i>Public Index Fund</i>	7,711,000	0.371
24.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Principal Islamic Small Cap Opportunities Fund</i>	7,241,600	0.349
25.	AmanahRaya Trustees Berhad <i>PB Balanced Fund</i>	6,608,700	0.318
26.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Principal Islamic Lifetime Balancedfund</i>	6,000,000	0.289
27.	AmanahRaya Trustees Berhad <i>ASN Equity 2</i>	5,500,000	0.265
28.	Lee Aik Kun	5,500,000	0.265
29.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Principal Islamic Enhanced Opportunities Fund</i>	5,305,000	0.255
30.	Wong Siew Hai	5,200,000	0.250
TOTAL		1,716,445,237	82.762

SUBSTANTIAL SHAREHOLDERS

In accordance with the Register of Substantial Shareholders, the Substantial Shareholders and their shareholdings as at 1 April 2024 are as follows:-

Name of Shareholders	Direct	No of shares		
		%	Indirect	%
Ooi Eng Leong	1,200,730,300	57.896	148,286,100*	7.150
Tan Ah Geok	148,286,100	7.150	1,200,730,300*	57.896

* Deemed interested by virtue of his/her spouse's interest in the Company pursuant to Section 8(4) of the Companies Act 2016 ("the Act")

Analysis Of Shareholdings

AS AT 1 APRIL 2024

DIRECTORS AND THEIR SHAREHOLDINGS

In accordance with the Register of Directors' Shareholdings, the Directors and their shareholdings as at 1 April 2024 are as follows:-

Name of Directors	No of shares			
	Direct	%	Indirect	%
Dato' Seri Wong Siew Hai	5,200,000	0.251	844,800*	0.041
Ooi Eng Leong	1,200,730,300	57.896	148,286,100^	7.150
Lee Kim San	15,470,900	0.746	-	-
Dato' Seri Lee Kah Choon	1,750,000	0.084	-	-
Dato' Faiza Binti Zulkifli	20,000	0.001	-	-
Ju Siew Lee	-	-	-	-

* Other interest of children by virtue of Section 59(11)(c) of the Act

^ Deemed interested by virtue of his spouse's interest in the Company pursuant to Section 8(4) of the Act

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of **NationGate Holdings Berhad** will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIH Online website at <https://tiih.online> on Friday, 28 June 2024 at 10.00 a.m. for the purpose of considering if thought fit, to pass the following resolutions, with or without modifications:-

AGENDA

ORDINARY BUSINESS

- | | |
|--|-------------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. | Please refer to Note 2 |
| 2. To declare a Final Single Tier Dividend of 0.25 sen per share for the financial year ended 31 December 2023. | Ordinary Resolution 1 |
| 3. To re-elect Mr Ooi Eng Leong who retires in accordance with Clause 76(3) of the Company's Constitution. | Ordinary Resolution 2 |
| 4. To re-elect Mr Lee Kim San who retires in accordance with Clause 76(3) of the Company's Constitution. | Ordinary Resolution 3 |
| 5. To re-appoint Grant Thornton Malaysia PLT as Auditors and to authorise the Directors to determine their remuneration. | Ordinary Resolution 4 |
| 6. To approve the payment of Directors' fees of up to an amount of RM195,000.00 for the financial year ending 31 December 2024. | Ordinary Resolution 5 |
| 7. To approve the payment of Directors' benefits in accordance with Section 230(1) of the Companies Act 2016 ("the Act") up to an amount of RM168,000.00 from 28 June 2024 until the next Annual General Meeting of the Company. | Ordinary Resolution 6 |

Notice Of Annual General Meeting

SPECIAL BUSINESS

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

8. AUTHORITY TO ISSUE AND ALLOT SHARES OF THE COMPANY PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

"THAT pursuant to Sections 75 and 76 of the Act, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed General Mandate").

THAT such approval on the Proposed General Mandate shall be in force until:

- a. the conclusion of the next Annual General Meeting ("AGM") of the Company held after the approval was given;
- b. the expiration of the period within which the next AGM of the Company is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting.

whichever is the earlier.

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the ACE Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

Ordinary Resolution 7

Notice Of Annual General Meeting

9. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT subject always to the provisions of the Act, the Company's Constitution, Listing Requirements or other regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions with the related parties as set out in Appendix I of the Circular to Shareholders dated 29 April 2024 ("the Circular"), which are necessary for the day to day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders as set out in the Circular ("Mandate").

THAT the Directors be empowered to do all such acts and things be considered necessary or expedient to give full effect to the Mandate with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be imposed by the relevant authorities.

THAT such Mandate shall commence upon passing this ordinary resolution and to be in force until:

- (a) the conclusion of the next AGM of the Company at which time the authority shall lapse unless the authority is renewed by a resolution passed at the meeting; or
- (b) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and to 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 transactions contemplated and/or authorised by this ordinary resolution."

Ordinary Resolution 8

- 10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board

CHEW SIEW CHENG (MAICSA 7019191)

(SSM PC No.: 202008001179)

LIM CHOO TAN (LS 0008888)

(SSM PC No.: 202008000713)

Company Secretaries

Date: 29 April 2024

Penang

Notice Of Annual General Meeting

NOTES:

1. Proxy

- 1.1 The Annual General Meeting ("AGM") will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") in Malaysia via its TIIH Online website at <https://tiih.online>. Members are to attend, speak (including posing questions to the Board of Directors of the Company via real time submission of typed texts) and vote (collectively, "Participate") remotely at this AGM via Remote Participation and Voting ("RPV") facilities provided by Tricor. Members are advised to follow the procedures of RPV as stated in the Administrative Guide.
- 1.2 The online meeting platform at TIIH Online website at <https://tiih.online> or <https://tiih.com.my> which is the main venue of the EGM, is registered with MYNIC Berhad under the Domain Registration No. D1A282781. This fulfills Section 327(2) of the Companies Act 2016 which requires the main venue of a company's general meeting to be in Malaysia and the chairperson to be present at that main venue as clarified in the Frequently Asked Questions on Virtual General Meetings dated 8 June 2021 issued by the Companies Commission of Malaysia.
- 1.3 For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 20 June 2024. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM or appoint a proxy to participate, speak and vote on his/her/its behalf.
- 1.4 A member entitled to attend and vote at this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
- 1.5 A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the General Meeting.
- 1.6 Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- 1.7 Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- 1.8 Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- 1.9 The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:
 - (i) In hard copy form
In the case of an appointment made in hard copy form, this proxy form must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang.
 - (ii) By electronic means
The Proxy Form can be electronically lodged via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of the Proxy Form.
- 1.10 Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

Notice Of Annual General Meeting

NOTES: (CONT'D)

1. Proxy (Cont'd)

- 1.11 Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
- 1.12 Last date and time for lodging this proxy form is 10.00 a.m. on 26 June 2024 (Wednesday).
- 1.13 For a corporate member who has appointed a representative, please bring the ORIGINAL certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's registered office earlier.
- 1.14 Those Proxy Forms which are indicated with "✓" in the spaces provided to show how the votes are to be casted will also be accepted.
- 1.15 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 the Personal Data Protection Act 2010 set out below:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate the AGM or at 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 agent) for the purpose of the processing and administration 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 agent) 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 agent), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agent) 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 (or its agent) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

- 1.16 Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of AGM will be put to vote by way of poll.

2. Audited Financial Statements for the financial year ended 31 December 2023

This Agenda item is meant for discussion only as the provision of Sections 248(2) and 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence is not put forward for voting.

3. Re-election of retiring Directors

The details and profile of the retiring Directors, Mr Ooi Eng Leong and Mr Lee Kim San who are standing for re-election at the AGM is set out in the Directors' profile on pages 7 and 8 of the Annual Report 2023.

The Board through the Nomination Committee ("NC") had conducted an annual assessment on the performance and contribution of the individual Directors including the retiring Directors for the financial year ended 31 December 2023 based on a set of prescribed criteria. Based on the results of the annual assessment, the performance of each individual Director was found to be satisfactory and the NC had assessed that each individual Director was fit and proper to continue to hold the position as a Director of the Company.

Premised on the satisfactory outcome of the assessments, the Board endorsed the recommendation of the NC to seek members' approval for the re-election of Mr Ooi Eng Leong and Mr Lee Kim San as Directors of the Company.

4. Directors' Fees

The proposed Ordinary Resolution 5, if passed, will authorise the payment of the Directors' fees up to the amount of RM195,000.00 for the financial year ending 31 December 2024.

5. Directors' Benefits

The proposed Ordinary Resolution 6, if passed, will authorise the payment of the Directors' benefits in accordance with Section 230(1) of the Companies Act 2016 of up to RM168,000.00 from 28 June 2024 until the next Annual General Meeting of the Company.

Notice Of Annual General Meeting

6. Resolution Pursuant to Sections 75 and 76 of the Companies Act 2016

The Board is desirous of seeking a general mandate for issuance of shares at the 3rd AGM. The proposed Ordinary Resolution 7, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's current and/or future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of the issued shares (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company ("Proposed General Mandate").

7. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 8, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature. This Authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company. Please refer to the Circular to Shareholders dated 29 April 2024 for more information.

Notice Of Dividend Entitlement And Payment

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders at the forthcoming Third Annual General Meeting, a Final Single Tier Dividend of 0.25 sen per share for the year ended 31 December 2023 will be paid on 16 July 2024 to Depositors registered in the Record of Depositors at the close of business on 3 July 2024.

A Depositor shall qualify for the above entitlement only in respect of: -

- a) shares transferred into the Depositor's Securities Account before 4.30 p.m. on 3 July 2024 in respect of transfers;
- b) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the rules of Bursa Securities.

By Order of the Board

CHEW SIEW CHENG (MAICSA 7019191)

(SSM PC No.: 202008001179)

LIM CHOO TAN (LS 0008888)

(SSM PC No.: 202008000713)

Company Secretaries

Date: 29 April 2024

Penang

Statement Accompanying Notice of Annual General Meeting

pursuant to Rule 8.29(2) of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements

There are no individuals who are standing for election as Director (excluding Directors standing for re-election) at the forthcoming Annual General Meeting.

General Mandate for Issue of Securities pursuant to Rule 6.04(3) of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements

The proposed Resolution 7, if passed, will provide the authority to and empower the Directors, pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot new ordinary shares in the Company up to an aggregate number not exceeding ten per centum (10%) of the total number of issued shares of the Company for the time being for such purposes as the Directors deem necessary, expedient and in the best interest of the Company. The proposed general mandate will provide flexibility to the Company to issue new ordinary shares for any possible fund-raising activities, including but not limited to placement of shares for the purpose of funding working capital, future investments and/or acquisitions or such other application as the Directors may deem fit in the best interest of the Company.

This would eliminate any delay arising from and eliminate costs involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. The authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was given or revoked/varied at any time by a resolution passed at general meeting, whichever is the earlier.

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NATIONGATE HOLDINGS BERHAD
Registration No. 202101004230 (1404529-K)

PROXY FORM

CDS Account No.

No. of shares held

I/We _____ Tel: _____
[Full name in block, NRIC/Passport/Company No.]
of _____

being member(s) of **NationGate Holdings Berhad**, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Third Annual General Meeting of the Company to be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIH Online website at <https://tihih.online> on Friday, 28 June 2024 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:

Ordinary Business		For	Against
Declaration of Final Single Tier Dividend	Ordinary Resolution 1		
Re-election of Mr Ooi Eng Leong	Ordinary Resolution 2		
Re-election of Mr Lee Kim San	Ordinary Resolution 3		
Re-appointment of Grant Thornton Malaysia PLT as Auditors	Ordinary Resolution 4		
Approval of Directors' fees	Ordinary Resolution 5		
Approval of Directors' benefits	Ordinary Resolution 6		
Special Business			
Authority to issue and allot shares	Ordinary Resolution 7		
Renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature	Ordinary Resolution 8		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this _____ day of _____

Signature*
Member

* Manner of execution:

- If you are an individual member, please sign where indicated.
- If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - at least two (2) authorised officers, of whom one shall be a director; or
 - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

- For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 20 June 2024. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM or appoint a proxy to participate, speak and vote on his/her/its behalf.
- A member entitled to attend and vote at this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
- A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the General Meeting.
- Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:
 - In hard copy form
In the case of an appointment made in hard copy form, this proxy form must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang.
 - By electronic means
The Proxy Form can be electronically lodged via TIH Online website at <https://tihih.online>. Please refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of the Proxy Form.



Notes: (Cont'd)

8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
9. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging this proxy form is 10.00 a.m. on 26 June 2024 (Wednesday).
11. For a corporate member who has appointed a representative, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's registered office earlier.
12. Those Proxy Forms which are indicated with "✓" in the spaces provided to show how the votes are to be casted will also be accepted.
13. 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 the Personal Data Protection Act 2010 set out below:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate the AGM or at 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 agent) for the purpose of the processing and administration 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 agent) 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 agent), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agent) 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 (or its agent) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.
14. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of AGM will be put to vote by way of poll.

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STAMP

The Secretaries
NATIONGATE HOLDINGS BERHAD
202101004230 (1404529-K)

Suite A, Level 9, Wawasan Open University
54, Jalan Sultan Ahmad Shah
10050 Georgetown, Penang
Malaysia

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www.nationgate.com.my

NATIONGATE HOLDINGS BERHAD

Registration No. 202101004230 (1404529-K)

2005, Tingkat Perusahaan Satu,
Kawasan Perusahaan Perai,
13600 Perai, Pulau Pinang, Malaysia

Tel: +604-398 9001