



MSM INTERNATIONAL LIMITED
(Company Registration No.: 200918800R)

A N N U A L R E P O R T 2 0 2 4
G R O W T H W I T H A R T I F I C I A L I N T E L L I G E N C E

cover

Rationale

Our daily lives have become increasingly digitalised, as the rapid technological advancements in recent years have shown. The theme of our annual report reflects and celebrates the synergy between our core competencies in metal engineering and the transformative impact that technology, such as artificial intelligence (AI), is having on our customers' industries.

The "AI tree" underscores our commitment to growing alongside our customers, while adapting our expertise to support and enhance the AI-driven advancements that our customers are pursuing. Just as a tree's roots provide stability and strength, our core competencies and track record anchor us firmly in quality and reliability. The branches of the tree represent the myriad ways in which technology is branching out in diverse industries, including data centres, catalysing innovation and efficiency. We are thus reaffirming our dedication to our role as a crucial partner in realising our customers' ambitions in this new technological era.

This annual report has been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor"). This annual report has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

TABLE OF CONTENTS

01 Our Business Contents	07 Key Management	105 Statistics of Shareholdings
02 Letter to Shareholders	09 Corporate Information	107 Notice of Annual General Meeting
05 Board of Directors	10 Report On Corporate Governance	Proxy Form
	38 Financial Statements	Request Form

Our Business

Established since 1980s, MSM International Limited (“MSM”) is an integrated metal engineering company, offering a comprehensive suite of services spanning design, product development, prototyping, tool & die fabrication, production and assembly.

Through its 270,000 sq ft of specialised production space in Malaysia and Indonesia, MSM provides solutions to customers in Asia and Europe across the semiconductor, healthcare, food & beverage and hospitality industries.

MSM’s business activities are segmented as follows:

- OEM contract manufacturing
- Kitchen appliances, equipment and related services
- Cleanroom and laboratories

The Group operates a total of six showroom outlets occupying approximately 29,000 sq ft of floor space in Malaysia and Indonesia.

MSM was listed on the Singapore Exchange Catalyst on 7 May 2010.



Letter to Shareholders

Dear Shareholders,

During the financial year ended 31 March 2024 (“FY2024”), we were able to leverage our strengths and capabilities to seize opportunities that arose, to build new revenue streams and expand our customer base as we seek new business areas for growth.

LETTER TO SHAREHOLDERS

(CONT'D)

FINANCIAL REVIEW

We delivered a 10.9% increase in revenue to RM90.4 million in FY2024, from RM81.5 million in the preceding financial year ("FY2023"). This took into account higher revenue contribution from the Original Equipment Manufacturing ("OEM") segment, and the cleanroom and laboratories segments, and a decline in contribution from the kitchen appliances, equipment and related services (F&B) segment.

The OEM segment generated revenue of RM33.3 million, which was 2.8% higher than the RM32.4 million recorded a year ago. This comes on the back of an increase in business activity from new customers in the front-end semiconductor and energy sectors.

Revenue from the F&B segment fell 6.5% to RM37.4 million, from RM39.9 million in FY2023, as business activity normalised in FY2024 after a post-pandemic high in the previous financial year.

Revenue from the cleanroom and laboratories segment more than doubled to RM19.7 million, from RM9.2 million in FY2023, mainly due to the commencement of projects that had been postponed due to the pandemic.

Cost of sales rose 15.4% to RM70.1 million, compared to RM60.8 million in FY2023, in line with the general increase in revenue and business activities. Gross profit in FY2024 was largely consistent with FY2023 at RM20.3 million, while gross profit margin was lower at 22.4%, versus 25.4% in the preceding financial year. In spite of a higher revenue, the gross profit and margin performance took into account lower margin contribution from material projects secured by the cleanroom and laboratories segment in the year under review.

Other income decreased by 63% to RM1.3 million, after factoring in a RM2.4 million insurance claim in FY2023, in relation to a fire incident at one of our facilities in May 2022. We recorded other gains of about RM0.6 million, compared to other losses of RM3.7 million in FY2023. This took into account a RM6.8 million net loss allowance on financial assets and a RM3.2 million gain from dilution of interest following the listing of an associated company, Cosmos Technology International Berhad ("Cosmos") on the ACE market in October 2022, was recorded in FY2023 but not recur in FY2024.

Administrative expenses rose 8.4% to RM14.5 million, from RM13.4 million a year ago, mainly due to higher staff salaries resulting from salary adjustments and increased headcount.

We recorded a lower share of profit of RM0.6 million from associated companies, compared to RM1.1 million in FY2023, due to weaker financial performance from Cosmos in FY2024.

Income tax expense amounted to RM0.5 million in FY2024, compared to RM0.1 million a year ago. The lower income tax in FY2023 was mainly due to the utilisation of unrecognised tax losses.

In view of the above, we recorded net profit of RM0.4 million in FY2024, compared to RM0.6 million in FY2023.

REVIEW OF OPERATIONS

Having invested in new equipment in the previous financial year, we leveraged the expanded capacity and capabilities to penetrate new OEM customer markets in FY2024, and also onboarded new customers in the front-end semiconductor and energy sectors during the year. Our effort paid off as revenue contribution from these new customers helped to overcome the weaker demand from our existing back-end semiconductor customers.

On the F&B front, we secured and completed more projects from single-brand sole proprietors setting up food and beverage ventures during the year. We also ventured beyond our existing customer base of food and beverage operators, to provide outfitting services for kitchen and canteens in schools and hospitals. These projects saw us offering a full suite of services from kitchen design and consultancy to sale and installation of kitchen equipment. Progress in these areas made up for slower activity from our existing chain-brand food and beverage customers. These chain-brands had significantly slowed down their pace of store expansions in FY2024, after expanding aggressively in FY2023 to compensate for the lack of progress during the Covid-19 pandemic years.

The cleanroom and laboratories segment enjoyed a significant recovery in business activity, as some customers resumed projects that had been postponed due to the pandemic. As a result, we were able to complete more cleanroom projects with higher project value for customers in the semiconductor, electronics, healthcare and medical industries during the year.



LETTER TO SHAREHOLDERS

(CONT'D)

LOOKING AHEAD

In the year ahead, several factors bode well for MSM's customer engagements and business growth. Amid ongoing geopolitical and trade contestations, supply chains are moving to Southeast Asia as businesses seek substitute or alternative venue for manufacturing and production. Along with this, there has also been an increase in foreign investment by major global companies to establish or expand their operations in the region.

Nevertheless, the volatility of inflation and increase in Overnight Policy Rate (OPR) by Bank Negara Malaysia could exert upward pressure on labour and operating costs. The increase in sales and service tax in certain sectors such as utilities and leisure, may also impact consumer spending, while the restructuring of the Employees Provident Fund in Malaysia to introduce greater flexibility for fund withdrawals could put more cash in citizens' hands and induce spending.

The outlook for the semiconductor industry is expected to improve from end-2024, driven by continuous innovations in next-generation artificial intelligence, 5G, data centres, electric vehicles and energy storage. With the investments made in our OEM segment, we now have the capability and capacity to support customers in the front-end semiconductor, electric vehicle and energy industries, while continuing to support our back-end semiconductor customers.

Additionally, our OEM segment's has possessed a track record in delivering on Mass Rapid Transit projects in Kuala Lumpur. The Johor-Bahru-Singapore Rapid Transit System (RTS)' potential for bringing about greater economic benefits in Johor, such as the development of infrastructure and malls, could translate into more opportunities for our OEM and F&B businesses too.

With food and beverage chain-brands being a mainstay in malls, we will continue to support these customers in their store expansion plans. Leveraging our expertise in design consultancy of kitchen and cooking areas, we are also looking forward to building up a new revenue stream in the provision of such services and the sale of kitchen equipment to kitchen and canteens in institutions such as factories, schools, universities and hospitals.

With many multinational companies from the semiconductor, healthcare and medical industries setting up or expanding operations in Malaysia that require cleanrooms, and local government and private hospitals looking to build more laboratories, we are optimistic of an increase in business activities in these areas. We have the capabilities and track record to compete effectively for such projects, given our well-known position as one of the few Biosafety Level 3 (BSL-3) contractors in Malaysia.

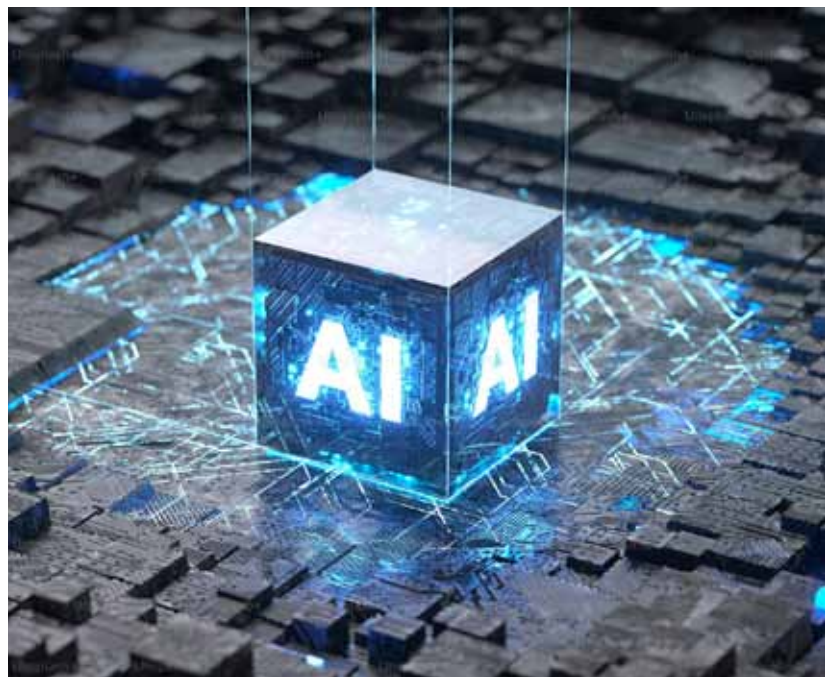
In the year ahead, we will be working hard to grow our customer base and market share in all business segments. Meanwhile, we continue to keep an eye out for opportunities for strategic investments, acquisitions and joint ventures that will enhance our capabilities and market position, both locally and abroad.

APPRECIATION

I would like to express my appreciation to all the staff and management of MSM for their dedication and diligence. I am grateful to my fellow Directors who have been unstinting in providing counsel and guidance in the past year. We would also like to thank all our shareholders, customers, suppliers and business partners for standing by us.

I am sure that, with your trust and support, we will be able to make use of our strengths to seize opportunities that arise.

Chan Kee Sieng
Executive Chairman



Board of Directors

CHAN KEE SIENG

Executive Chairman

Age 72

Mr Chan is one of the co-founders of the MSM Group and has over four decades of experience in the OEM contract manufacturing and kitchen equipment industries. Throughout the years of his career, Mr Chan had garnered extensive industry knowledge and wide business contacts from working as an engineering technician to setting up family companies such as Ban Seng Trading Co. which dealt in trading and supply of cooking oil and gas, and eventually Chan Brother Trading Co., a steel trading company, before setting up the flagship subsidiary of MSM Group.

He was appointed as Director of the Company on 30 October 2009 and was last re-elected on 29 July 2022. Mr Chan is presently responsible for charting the Group's business direction as well as corporate and strategic developments of the Group. Mr Chan also holds directorships in Triumphant Hope Sdn. Bhd., Widewin Strategy Sdn. Bhd. and Chan Strategy Sdn. Bhd..

Mr Chan is the father of the Executive Director and Chief Executive Officer, Mr Chan Wen Chau, and elder brother to the Executive Director, Mr Chan Kit Moi.

CHAN KIT MOI

Executive Director

Age 71

Mr Chan is one of the co-founders of the MSM Group and possesses over 40 years' experience in the OEM contract manufacturing and kitchen equipment industries. Prior to co-founding the Company, Mr Chan joined Ban Seng Trading Co. and Chan Brother Trading Co. as Director, where he was in-charge of strategic planning and controls, operations, inventory and administration. He was appointed as Director of the Company on 30 October 2009 and was last re-elected on 29 July 2022.

Mr Chan is presently involved in the corporate planning and business development of the Group. He holds directorships in Triumphant Hope Sdn. Bhd. and Chan Strategy Sdn. Bhd..

CHAN WEN CHAU

Executive Director & CEO

Age 49

Mr Chan has been spearheading the expansion and growth of the Group and is responsible for the overall business and strategic development, corporate planning, operations and management of the Group. He possesses over 10 years of extensive experience in the OEM contract manufacturing and kitchen equipment industries and has been closely involved in all levels of operation of the Group. Mr Chan was appointed as Director of the Company on 8 October 2009 and was last re-elected on 28 July 2023.

Mr Chan holds directorships in Triumphant Hope Sdn. Bhd. and Widewin Strategy Sdn. Bhd..

Mr Chan holds a Bachelor of Engineering (Mechanical Engineering) from the University of Portsmouth in the United Kingdom.



BOARD OF DIRECTORS

(CONT'D)



Mr Leow, who is not related to any family member of the directors and staff, was appointed as Independent Director of the Company on 30 October 2009 and Lead Independent Director on 8 August 2014. He was last re-elected on 28 July 2023. Mr Leow possesses over 20 years of corporate finance experience primarily in initial public offerings, mergers & acquisitions as well as advisory transactions.

Mr Leow is presently the Managing Director and Head of Corporate Finance at GSUM Titanland Capital Pte Ltd. Prior to this, Mr Leow was the Chief Executive Officer and Executive Director of Allied Technologies Limited, a company listed on the Catalist Board of the Singapore Exchange, Chief Executive Officer and Head of Corporate Finance at Crowe Horwath Capital Pte. Ltd. and has also held senior positions in corporate finance and banking in Singapore. He is currently an Independent Director of Ellipsiz Ltd. and Lum Chang Holdings Limited, companies listed on the Mainboard of the Singapore Exchange. He also serves as an Executive Committee member of the Singapore Tennis Association, which oversees the promotion and development of tennis in Singapore.

Mr Leow holds a Bachelor of Science in Applied Economics from Cornell University as well as a Master of Business Administration and a Postgraduate Diploma in Financial Strategy from the University of Oxford. Mr Leow, a Senior Accredited Director, is also a member of the Singapore Institute of Directors and has completed the Governance as Leadership Program at Harvard University. He has also been awarded the Singapore Armed Forces Good Service Medal in 2007.



Mr Wong, who is not related to any family member of the directors and staff, was appointed as Independent Director of the Company on 24 November 2009 and was last re-elected on 28 July 2021. He has more than 33 years of experience in external and internal auditing, financial accounting, management consultancy, taxation, due diligence and project implementation.

Mr Wong is the Managing Partner of Hasnan THL Wong & Partners, an accounting firm in Malaysia. He is a Member of the Malaysian Institute of Accountants and a Fellow of the Association of Chartered Certified Accountants. He is currently serving on the boards of Bursa Malaysia-listed corporations, M N C Wireless Berhad as Independent Director and Chairman of the Board and PNE PCB Berhad, Fitters Diversified Berhad, PDZ Holdings Berhad and Computer Forms (Malaysia) Berhad as their Independent Director and Chairman of the Audit Committee. He is also the Independent Director of Graphjet Technology which is listed on the Nasdaq.

He holds a Master of Business Administration from the Open University, United Kingdom.



Mr Lee, who is not related to any family member of the directors and staff, was appointed as Independent Director of the Company on 15 November 2018 and was last re-elected on 28 July 2021. He has more than 26 years of experience in external and internal auditing, financial accounting, management consultancy and advisory.

Mr Lee is the Managing Partner of KC Lee & Partners, an accounting firm in Malaysia and Director of Ideal Earnings Sdn. Bhd., a consulting firm in Malaysia. He is a Member of the Malaysian Institute of Accountants and a Member of CPA Australia. He is currently serving on the board of Bursa Malaysia listed corporations, SLP Resources Berhad, and Pentamaster Corporation Berhad as Independent Director. He holds a Master of Commerce from the University of New South Wales and Bachelor of Commerce of Murdoch University, Australia.

Key Management

LAI KHAR KHEI

Financial Controller

Age 33

Ms Lai, who is not related to any director and staff, joined the Group on 1 January 2024 as Financial Controller. She is responsible for the management of the Group's financial accounts, cash flow, corporate finance, financial reporting, risk management evaluation, audit, tax compliance, human resource management and administration.

Possessing more than 12 years of professional experience specialising in accounting and audit services, Ms Lai has held various accounting and audit positions in the past. Prior to joining the Company, she has been involved in provision of assurance services in public listed companies as well as small and medium enterprises.

Ms Lai is a member of the Association of Chartered Certified Accountants ("ACCA"). She holds a Bachelor of Commerce (Financial Accounting) from Tunku Abdul Rahman University of Management and Technology.

CHAN WEN YEE

General Manager

Age 40

Mr Chan Wen Yee is the son of Mr Chan Kit Moi (Executive Director and substantial shareholder), nephew of Mr Chan Kee Sieng (Executive Chairman and substantial shareholder) and cousin of Mr Chan Wen Chau (Executive Director and CEO). He joined the Group in 2006 and is responsible for the sales and operations of OEM Contract Manufacturing segment. He has more than 15 years of experience in mechanical and sheet metal manufacturing.

Mr Chan holds a Bachelor Degree in Mechanical & Manufacturing engineering from the Liverpool John Moores University, United Kingdom.

CHAN CHOI HAR

General Manager

Age 58

Ms Chan, who is not related to any director and staff, is the General Manager of MSM Kitchen Sdn. Bhd. (MSM Kitchen) and is responsible for the sales, marketing and securing of new customers and also the management of MSM Kitchen. She joined the Group in 1987 and has achieved more than 30 years of sales experience in kitchen equipment industries.

Ms Chan holds a Certificate in Human Resource Management from the Centre of Advanced Management Studies and Entrepreneurial Training (Amset), and a Certificate in Business Studies from Advance Tutorial Centre, Malaysia.

ONG SENG JOO

General Manager

Age 50

Mr Ong, who is not related to any director and staff, joined the Group as General Manager of OMS Technology Sdn. Bhd. (MSM OMS) in November 2008. He is responsible for the management of day-to-day operations, sales and marketing of MSM OMS.

He possesses extensive experience in the designing and building of cleanrooms, biotech facilities, animal research facilities, as well as strong expertise in project and site management, and sales and marketing.

Mr Ong holds a Certificate in Technology (Mechanical Engineering) from Tunku Abdul Rahman College, Malaysia.



KEY MANAGEMENT

(CONT'D)



Mr Tung, who is not related to any director and staff, joined the Group in 1998 and was appointed as Factory Manager since 2007, then promoted to General Manager on 1 March 2014. He is responsible for the sales, marketing and securing of new customers and also the management of FIC Kitchen Technology Sdn. Bhd. (FIC Kitchen). Mr Tung possesses more than 25 years of factory and general management experience in the OEM contract manufacturing industry and kitchen equipment industry.

Mr Tung holds a Diploma in Electrical and Electronic Engineering from Institute Teknologi Pertama, Malaysia, as well as a Certificate in Programmable Logic Controller and a Certificate in Laser and Holography, both from Master Academy, Malaysia.



Corporate Information

Board of Directors

CHAN KEE SIENG

Executive Chairman

CHAN KIT MOI

Executive Director

CHAN WEN CHAU

Executive Director and Chief Executive Officer

LEOW WEE KIA, CLEMENT

Lead Independent Director

WONG KOK SEONG

Independent Director

LEE KEAN CHEONG

Independent Director

Audit Committee

Wong Kok Seong
Chairman

Leow Wee Kia Clement

Lee Kean Cheong

Nominating Committee

Leow Wee Kia Clement
Chairman

Wong Kok Seong

Lee Kean Cheong

Remuneration Committee

Leow Wee Kia Clement
Chairman

Wong Kok Seong

Lee Kean Cheong

Company's Sponsor

UOB Kay Hian Private Limited
8 Anthony Road, #01-01
Singapore 229957

Company Secretary

Nor Hafiza Alwi

Registered Office

77 Robinson Road, #06-03
Robinson 77
Singapore 068896

T +65 6538 0779

F +65 6438 7926

Independent Auditor

CLA GLOBAL TS
Public Accounting Corporation
80 Robinson Road, #25-00
Singapore 068898

Director-in-charge:

Lee Tze Shiong
(Appointment with effect from financial
year ended 31 March 2022)

Share Registrar

B.A.C.S. Private Limited
77 Robinson Road, #06-03
Robinson 77
Singapore 068896

T +65 6538 0779

F +65 6438 7926



Report on Corporate Governance

The Board of Directors (“**Board**”) of MSM International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) recognises the importance of corporate governance in ensuring greater transparency, protecting the interests of its shareholders as well as strengthening investors’ confidence in its Management and financial reporting and is, accordingly, committed to maintaining a high standard of corporate governance within the Group. This Corporate Governance Report describes the Group’s corporate governance practices for the financial year ended 31 March 2024 (“**FY2024**”) with specific reference made to the Principles and Provisions of the Code of Corporate Governance 2018 (the “**Code**”) issued in August 2018, which forms part of the continuing obligations of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”).

The Board confirmed that for FY2024, the Company has adhered to the Principles of the Code, and the Provisions of the Code (except where otherwise explained). In areas where the Company’s practices vary from any Provisions of the Code, the Company has stated herein the Provision of the Code from which it has varied, and appropriate explanations are provided for the variation, and how the practices the Company had adopted are consistent with the intent of the relevant Principle of the Code. The Company will continue to assess its needs and implement appropriate practices accordingly.

BOARD MATTERS

THE BOARD’S CONDUCT OF AFFAIRS

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Company is headed by an effective Board to lead and control the Company. The Board has the overall responsibility for corporate governance, strategic direction and investments of the Company. Each individual Director is obliged to act in good faith and exercise independent judgment in the best interests of shareholders of the Company at all times and hold management accountable for performance.

The Board’s principal functions include:

- Determining, reviewing and approving the annual budgets, major investments, divestments, funding proposals, corporate strategies and directions of the Group;
- Overseeing the business and affairs of the Group, establishing the strategies and financial objectives to be implemented by the Management, and monitoring the performance of the Management; and
- Reviewing the Group’s financial performance, risk management processes and systems, financial and human resource requirements and corporate governance practices.

The Board has put in place a code of conduct and ethics, which set out a code of conduct and ethical standards for Directors and staff to adhere to, and sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. Directors who face a conflict of interest recuse themselves from discussions and decisions involving the issues of conflict.

To assist the Board in the execution of its responsibilities, Board Committees, namely the Audit Committee (“**AC**”), Nominating Committee (“**NC**”) and Remuneration Committee (“**RC**”), have been constituted with clear written terms of reference. Matters which are delegated to the Board Committees are reported to and monitored by the Board. Further details of AC, NC and RC are set out in Principles 10, 4 and 6, respectively.

In FY2024, the Board conducted two regular scheduled meetings. Ad-hoc meetings are convened when circumstances require. Directors with multiple board representations have ensured that sufficient time and attention were given to the affairs of the Company in FY2024. Directors are free to discuss and voice their concerns on any matter raised at the Board and/or Board Committees meetings. Telephonic and videoconferencing meetings of the Board are allowed under the Company’s Constitution. All Directors are provided with the agenda and a set of the Board papers prior to the Board meetings. These are issued in advance to give the Directors sufficient time to better understand the matters to be discussed and to obtain further clarifications or explanations at the Board meeting where necessary. The Company and the Board acknowledge that an unimpeded flow of relevant information in a timely manner is crucial for the Board to be effective in discharging its duties and responsibilities.

REPORT ON CORPORATE GOVERNANCE

(CONT'D)

The attendance of the Directors at meetings of the Board and Board Committees held in FY2024 are as follows:

Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Chan Kee Sieng	2	2	2	2*	1	0	1	0
Chan Kit Moi	2	2	2	2*	1	0	1	0
Chan Wen Chau	2	2	2	2*	1	0	1	0
Leow Wee Kia Clement	2	2	2	2	1	1	1	1
Wong Kok Seong	2	2	2	2	1	1	1	1
Lee Kean Cheong	2	2	2	2	1	1	1	1

* Executive Directors were present at the Board Committees meetings by invitation.

The Board has identified, without limitation, the following matters that require its approval:

- Declaration of dividends and other returns to shareholders of the Company;
- Major corporate policies on key areas of operation;
- Major funding proposals or bank borrowings;
- Corporate or financial restructuring and share issuances;
- Mergers and acquisitions;
- Material acquisitions and disposals;
- Interested person transactions; and
- Appointment of new Directors.

Directors understand the Company's business as well as their directorship duties, and have appropriate experience and expertise to manage the Group's business. All Directors are regularly updated on changes in the Company's policies and business. Newly appointed Directors will be given appropriate orientation/briefings by the Management on the business activities of the Group, its strategic directions and the Company's corporate governance policies and practices.

The Directors of the Company are provided with briefings from time to time and are kept updated on segmental business operation, strategic and business development of the Group as well as relevant new laws and regulations, including directors' duties and responsibilities, corporate governance matters and developing trends and financial reporting standards, so as to enable them to properly discharge their duties as members of the Board or Board Committees.

The Directors are encouraged to attend other trainings, conferences and seminars which may have a bearing on their duties and contributions to the Board, organised by the professional bodies, regulatory institutions and corporations at the Company's expense.

During FY2024, the Directors have received briefing and updates which include:

- Developments in the Singapore Financial Reporting Standards (International) briefed by the external auditors, CLA Global TS Public Accounting Corporation;
- Updates on the business and strategic developments of the Group's businesses briefed by the Management; and
- Update on regulatory changes of the Companies Act and Catalyst Rules by the Company Sponsor and the Company Secretary.

The Directors are provided with updates and/or briefings from time to time by professional advisers, external and internal auditors, the management of the Company ("**Management**"), Continuing Sponsor and Company Secretary, as the case may be, in areas such as corporate governance practices, risk management matters, changes and updates in financial reporting standards and regulatory requirements and directors' duties and responsibilities.



REPORT ON CORPORATE GOVERNANCE

(CONT'D)

The Board is provided with complete, accurate, and adequate information in a timely manner to enable them to fulfill their responsibilities. Such information includes background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, and internal financial statements. Such information is provided to the Directors to enable them to keep abreast of the Group's operational and financial performance and position, and to facilitate more-informed decision-making. Board members also have a separate and independent access to the Management and Company Secretary at all times. Board members may, at the Company's expense, obtain independent professional advice as and when necessary in furtherance of their duties.

The Company Secretary will attend all Board meetings to ensure that Board procedures are followed and applicable rules and regulations, including the requirements of the Companies Act 1967 and the SGX-ST Catalist Rules are complied with. Under the direction of the Chairman, the Company Secretary's other responsibilities include ensuring good information flows within the Board and its Committees, and between Management and Non-Executive Directors and assisting with professional development as required. The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board had the appropriate mix of expertise and experience and collectively possess the necessary core competencies for effective functioning and informed decision-making. Each Director has been appointed based on the strength of his calibre, experience, skillset and knowledge of corporate strategy which bring a valuable range of experience and expertise to contribute to the development of the Group's strategies and the performance of its business. The profiles of the Directors are found in the "Board of Directors" section of this annual report.

The Board members as of the date of this report are:

Chan Kee Sieng	Executive Chairman
Chan Kit Moi	Executive Director
Chan Wen Chau	Executive Director and Chief Executive Officer
Leow Wee Kia Clement	Lead Independent Director
Wong Kok Seong	Independent Director
Lee Kean Cheong	Independent Director

The Board provides diversity of expertise, experiences and knowledge in areas such as accounting, finance, strategic planning, business management, risk management and industry knowledge. This diversity facilitates constructive debate on the business activities of the Company and enables Management to benefit from a diverse and objective set of perspectives on issues that are brought before the Board.

The size, composition and diversity of the Board are reviewed by the NC. The NC annually reviews the skills and competencies of the Board members, to ensure that each member has the appropriate mix of expertise, skills and attributes to discharge his responsibilities effectively.

The Board, in concurrence of the NC, is of the view that the current Directors possess the necessary competencies to provide the Management with a diverse and objective perspective on issues so as to lead and govern the Company effectively.

REPORT ON CORPORATE GOVERNANCE

(CONT'D)

As at the date of this Report, the Company has formalised and adopted a Board Diversity Policy (“**Policy**”) that addresses diversity in terms of experience, skills, gender, age, tenure, and qualities, as well as any other relevant aspects of diversity. The Policy also sets out the approach which the Company takes towards diversity on its Board. The Company believes in diversity and values the benefits diversity can bring to the Board in its deliberations and the Board’s effectiveness – in particular, it believes that a balance and mix of skills, experiences and individual attributes of Board members which shape the composition and promote the effectiveness of the Board as a whole and that of the Board committees, will support the Company’s achievement of strategic objectives and long-term sustainable development and success.

The Board observes and applies the Policy to ensure that the Board will have an appropriate level of diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company. In this regard, the Board, supported by the NC, encourages the emergence of diverse candidates by ensuring that the Board is made up of a diversity of candidates (including consideration of a diversity of skills, knowledge, experience, gender, ethnicity and age). The Company continues to be receptive to achieving greater gender diversity and representation on the Board to complement the core competencies of the Board as a whole.

The Board has not set a specific target for board diversity. The Board will seek to incorporate diversity aspects as and when the opportunity arises, instead of adhering to a fixed timeline for diversity targets. The Board will ensure that it has the flexibility to improve its diversity without compromising board efficiency. The NC will deliberate and determine, from time to time, the need for progressive renewal of the Board composition and bearing in mind the salient factors set out under the Code and all other relevant provisions and make its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

The Board is of the opinion that its current board size of six Directors is appropriate and provides sufficient diversity of expertise and knowledge, to lead and govern the Company effectively considering the scope and nature of its operations. The NC, having conducted its reviews, was satisfied that members of the Board possess the relevant core competencies in areas accounting, finance, strategic planning, business management, risk management and industry knowledge. In particular, the Executive Chairman and Executive Directors of the Company, possess good industry knowledge while the Independent Directors, who are mostly professionals in their own fields, are able to take a broader view of the Group’s activities, contribute their valuable experiences and provide independent judgment during Board deliberations.

Details of the Directors’ qualifications, background and working experience and principal commitments are set out on pages 5 to 6 of this annual report. As the Group’s activities continue to grow, the NC will continuously review the composition of the Board so that it will have the necessary competency to be effective.

The NC also determines and ensures the independence of each Director annually. The NC adopts the Catalist Rule 406(3)(d) and the Code’s definition of what constitutes an “independent” director in its review. The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Catalist Rules and the Code. The Independent Directors have also confirmed their independence in accordance with the Catalist Rules and the Code. The Independent Directors will assist to develop strategies and goals for the Group and regularly assess the performance of the Management.

Provision 2.2 of the Code recommends that independent directors make up a majority of the Board where the Chairman is not independent and Provision 2.3 of the Code recommends that non-executive directors make up a majority of the Board. In the case of the Company, the Chairman is not independent as he is part of the Management team and the Executive Chairman and the CEO are immediate family members. The Board currently comprises six Directors of whom three are Executive Directors and three are Independent Directors. The Independent Directors make up half of the Board and all members of the Board Committees, thus providing a strong independent element on the Board, and there are adequate safeguards and checks in place to ensure that decision making process by the Board is independent. Although the Independent and Non-Executive Directors are not in a majority, the Board has always discussed important issues robustly and has always been able to reach a consensus on the votes without having to rely on any majority votes to decide nor having an individual or small group of individuals dominate the Board’s decision-making process. The Board is of the view that the Board’s composition has an appropriate level of independence to enable it to make decisions in the best interests of the Company, consistent with the intent of Principle 2 of the Code.



REPORT ON CORPORATE GOVERNANCE

(CONT'D)

As at the date of this report, Mr Leow Wee Kia Clement and Mr Wong Kok Seong have served as Independent Directors of the Company for more than nine years from the date of their first appointment, on 30 October 2009 and 24 November 2009 respectively. Pursuant to Rule 406(3)(d) of the Catalist Rules which took effect from 1 January 2023, both Mr Leow Wee Kia Clement and Mr Wong Kok Seong will cease to be independent at the conclusion of the upcoming AGM.

To facilitate the Board renewal, at the conclusion of the AGM, Mr Leow Wee Kia Clement will step down as a Director of the Company and concurrently vacate his positions as Chairman of the NC and RC and a member of the AC. Subject to Mr Wong Kok Seong's re-election as a Director of the Company being approved by the shareholders at the AGM, he will be redesignated and deemed as a Non-Independent Non-Executive Director of the Company and concurrently vacate his position as Chairman of the AC but remains as a member of the AC, NC and RC. The Board recognises that Mr Wong Kok Seong has developed substantial insight of the Group's business and operations and will continue to value add to the Board. Mr Wong Kok Seong had abstained from the deliberation and decision making on his redesignation as a Non-Independent Non-Executive Director.

The Board, together with the NC, are currently in the process of reviewing the Board's renewal and composition and identifying suitable candidate(s) to fill the vacancy. The Board will make the appropriate announcement(s) to update the shareholders on the Board renewal and re-composition of the Board and Board Committees in due course, within two months, but in any case, not later than three months from the conclusion of AGM.

Each of the NC members who is an Independent Director has abstained from participating in the assessment and review of his own independence status.

To date, none of the Independent Directors of the Company have been appointed as a Director of the Company's principal subsidiaries. The Board and the Management are of the view that the current board structures in the principal subsidiaries are well organised and constituted. The Board and Management will from time to time review the board structures of the principal subsidiaries and make an appropriate corporate decision of considering the appointment of an Independent Director into the principal subsidiaries.

The Independent Directors have confirmed that they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company.

When necessary, the Independent Directors will meet without the presence of other Non-Independent Directors to review any matters that must be raised privately before providing feedback to the Chairman of the Board. During FY2024, the Independent Directors had met during the Board Committees meetings without the presence of the non-Independent Directors and had presented a report on Board Committees' discussion and recommendations to the Chairman and the Board.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The roles of the Chairman and Chief Executive Officer (the "CEO") are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

Mr Chan Kee Sieng is the Executive Chairman of the Company and one of its co-founders. He leads the Board and is responsible for the Management of the Group. The Executive Chairman is in charge of charting the business direction as well as corporate planning and strategic developments of the Group. The Executive Chairman encourages Board's interaction with the Management, facilitates effective contribution of Non-Executive Directors, encourages constructive relationships among the Directors and promotes high standards of corporate governance. In addition, the Executive Chairman ensures that the Directors receive accurate, timely and clear information and there is effective communication with shareholders of the Company.

Mr Chan Wen Chau, the CEO and Executive Director of the Company, is the son of Mr Chan Kee Sieng. He is responsible for the overall business and strategic development, corporate planning, operations and Management of the Group.

REPORT ON CORPORATE GOVERNANCE

(CONT'D)

The Board has appointed Mr Leow Wee Kia Clement as the Lead Independent Director (“**Lead ID**”) since 8 August 2014 to provide leadership in situations including those where Executive Chairman may be conflicted. Mr Leow Wee Kia Clement is available to address shareholders’ concerns when contacted through the normal channels if the Executive Chairman, CEO or Financial Controller (“**FC**”) has failed to provide a satisfactory resolution or when such contact is inappropriate.

With the retirement of Mr Leow Wee Kia Clement at the upcoming AGM, the Board together with the NC will identify a suitable candidate to take on the role of Lead ID in his place.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC’s primary roles are to create a formal and transparent process for the appointments and re-nominations of members of the Board, to assess the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board as well as to affirm annually the independence of the Directors.

The NC is regulated by a set of written terms of reference and the NC’s members meet at least once a year. The NC comprises the following members, all of whom, including the Chairman who is also the Lead Independent Director, are independent:

Leow Wee Kia Clement	Chairman
Wong Kok Seong	Member
Lee Kean Cheong	Member

The principal functions of the NC as stipulated in its terms of reference are as follows:

- (a) Reviews and makes recommendations to the Board on all Board appointments and re-appointments (including alternate directors, if any);
- (b) Reviews the Board structure, size and composition and makes recommendations to the Board with regards to any adjustments that are deemed necessary;
- (c) Reviews the Board’s succession plans for Directors, in particular, the Executive Chairman and CEO;
- (d) Determines on an annual basis, if a Director is independent;
- (e) Deciding the process and criteria for evaluation of the performance of the Board, its Board committees and Directors;
- (f) Assesses the effectiveness of the Board and the contribution of each Director; and
- (g) Reviews training and professional development programmes for the Board.

For new appointments to the Board, the NC will consider the current size, composition and diversity of the Board, and decide if the candidate’s background, expertise and knowledge will complement the skills and competencies of the existing Directors on the Board. The candidate must be a person of integrity and able to commit sufficient time and attention to the affairs of the Company, especially if he is serving on multiple Boards.

If a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director, the NC, in consultation with the Board, will determine the selection criteria and select the appropriate candidate for the position. The Board is also advised by the Sponsor on the appointment of Directors as required under Catalyst Rule 226(2)(d).



REPORT ON CORPORATE GOVERNANCE

(CONT'D)

In its search and nomination process for a new Director, other than through formal search via external search consultants, if required, the NC will also tap on to the resources of the Directors' personal contacts and their recommendations for potential candidates. The NC will shortlist and interview potential candidates with the appropriate profile to assess his/her suitability before nominating the most suitable candidate to the Board for approval and appointment as a Director. The NC will ensure that the new Directors are aware of their duties and obligations.

The NC is charged with the responsibility of re-nomination having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an Independent Director. Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval. All Directors submit themselves for re-nomination and re-election at regular intervals at least once every 3 years. One-third of the Directors will retire at the Company's annual general meeting ("AGM") each year. In addition, newly appointed Directors are required to submit themselves for re-nomination and re-election at the next AGM following his appointment. Each member of the NC has abstained from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director.

At the forthcoming AGM, Mr Wong Kok Seong and Mr Lee Kean Cheong will be retiring by rotation pursuant to Article 107 of the Company's Constitution. Both Mr Wong Kok Seong and Mr Lee Kean Cheong have consented to continue in office and offered themselves for re-election. The Board and the NC have evaluated the overall contributions and performance of both Mr Wong Kok Seong and Mr Lee Kean Cheong and their participation at Board meetings. The Board has accepted the NC's recommendation for their re-election to the Board. Upon re-election as a Director of the Company, Mr Wong Kok Seong will be re-designated as a Non-Independent Non-Executive Director and relinquish his position as Chairman of the AC and remain as a member of the AC, NC and RC. Mr Lee Kean Cheong will, upon re-election as Director of the Company, remain as a member of the AC, NC and RC.

Mr Chan Kit Moi, an Executive Director of the Company has given notice to the Company that he will be retiring as a Director of the Company to facilitate the Board renewal in line with good governance practice and also to allow more time for him to focus on his other commitments. Mr Chan Kit Moi will cease to be a Director of the Company at the conclusion of the AGM.

Each Director who is subject to retirement and re-election has abstained from deliberating and voting on any resolution in respect of his re-nomination as a Director.

The disclosure of information on the Directors seeking re-election can be found on pages 28 to 36 of the Annual Report.

Please refer to the Notice of AGM for the resolutions put forth for their proposed re-elections.

The following table sets out the dates of each Directors' initial appointment and last re-election as well as their directorships:

Name of Director	Date of Initial Appointment	Date of Last Re-election	Present Directorship in Listed Companies	Past (preceding 3 years) Directorship in Listed Companies	Other Principal Commitments, if any
Chan Kee Sieng	30/10/2009	29/07/2022	Nil	Nil	Nil
Chan Kit Moi	30/10/2009	29/07/2022	Nil	Nil	Nil
Chan Wen Chau	08/10/2009	28/07/2023	Nil	Nil	Nil
Leow Wee Kia Clement	30/10/2009	28/07/2023	Ellipsiz Ltd Lum Chang Holdings Limited	Allied Technologies Limited Overseas Education Limited	Managing Director, Head of Corporate Finance of GSUM Titanland Capital Pte Ltd

REPORT ON CORPORATE GOVERNANCE

(CONT'D)

Name of Director	Date of Initial Appointment	Date of Last Re-election	Present Directorship in Listed Companies	Past (preceding 3 years) Directorship in Listed Companies	Other Principal Commitments, if any
Wong Kok Seong	24/11/2009	28/07/2021	PNE PCB Berhad M N C Wireless Berhad Graphjet Technology (Formerly known as Emergem Corp.) Fitters Diversified Berhad PDZ Holdings Berhad Computer Forms (Malaysia) Berhad	Nil	Managing Partner of Hasnan THL Wong & Partners
Lee Kean Cheong	15/11/2018	28/07/2021	Pentamaster Corporation Berhad SLP Resources Berhad	Teo Guan Lee Corporation Berhad	Managing Partner of KCLee & Partners Director of Ideal Earnings Sdn Bhd

Please refer to the “Board of Directors” section in the Annual Report for the profile of the Directors.

The NC has taken cognizance of the Code with regard to the fixing of the maximum number of board representations a Director may hold on other listed companies. Having reviewed the attendance of the Directors, their contributions at meetings of the Board and Board Committees, and their time commitment to the affairs of the Company, the NC believes that it would not be necessary to put a maximum limit on the number of listed company board representations each Director may hold. However, the NC would continue to review from time to time, the Directors’ board representations and other principal commitments to ensure that Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

The NC has reviewed the time spent and attention given by each of the Directors to the Company’s affairs, and is satisfied that all Directors have discharged their duties adequately for FY2024.

There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the 2018 Code or the Catalist Rules that would otherwise deem him not to be independent.

The Company does not have any alternate directors appointed on the Board.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Board and NC strive to ensure that Directors on the Board possess the experience, knowledge and skills critical to the Group’s business so as to enable the Board to make sound and well-considered decisions.

The NC has implemented a process for evaluating the performance and effectiveness of the Board as a whole and its Board Committees, as well as the performance and contribution of each individual Director to the effectiveness of the Board.



REPORT ON CORPORATE GOVERNANCE

(CONT'D)

Annually, the Directors will complete a board assessment checklist individually to facilitate the NC in its assessment of the performance and effectiveness of the Board as a whole as well as its Board Committees in its monitoring role and the attainment of the strategic objectives set by the Board. The performance is assessed based on criteria including the size, composition, processes of the Board, Board's access to information, strategic planning and accountability.

Each Director will also complete a self-assessment checklist individually to facilitate the NC in its assessment of the performance of the individual Directors based on factors which include their attendance, preparation and participation in the Board or Board Committees meetings, the quality of their intervention as well as their industry and business knowledge.

Each member of the NC has abstained from discussions and voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director. Evaluations of individual Directors aim to assess whether that individual has contributed effectively and demonstrated commitment to the role (including commitment of time for the meetings of Board and Board Committees, and any other duties).

The Chairman of the NC evaluates the assessment and shares the results with the rest of the Board members. Areas where the performance and effectiveness of the Board could be enhanced and recommendations for improvement are then submitted to the Board for discussion and implementation.

The Chairman of the NC, in consultation with its members, also acts on the results of the performance evaluation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of existing Directors.

The NC has performed the assessment for FY2024 and is of the view that the performance and effectiveness of the individual Directors, the Board Committees and the Board as a whole were satisfactory and the Board has met its performance objectives.

No external facilitator was used in the evaluation process.

REMUNERATION MATTERS PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC comprises the following members, all of whom, including the Chairman, are independent:

Leow Wee Kia Clement	Chairman
Wong Kok Seong	Member
Lee Kean Cheong	Member

The principal functions of the RC as stipulated in its terms of reference are as follows:

- review and recommend to the Board a framework of remuneration for the Directors and key management personnel, and determine specific remuneration packages for each Executive Director and key management personnel, with the recommendations of the RC submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind, shall be covered by the RC and the RC shall ensure all aspects of remuneration, including termination terms are fair; and
- perform an annual review of the remuneration of employees of the Group who are related to the Directors and CEO to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. They will also review and approve any bonuses, pay increases and/or promotions for these employees.

REPORT ON CORPORATE GOVERNANCE

(CONT'D)

If necessary, the RC will seek expert advice inside and/or outside the Company on remuneration of all Directors. Each member of the RC has abstained from voting on any resolutions in respect of his remuneration package or that of employees related to him.

No remuneration consultants were engaged by the Company in FY2024.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

As part of its review, the RC ensures that remuneration packages of the Directors and key management personnel are comparable within the industry as well as with similar companies. The RC considers the Group's relative performance and the contributions and responsibilities of the individual Directors in its review and recommendation of the remuneration of the Directors and key management personnel and ensure the remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the Group and for the long term success of the Group.

Policy in respect of Executive Directors and Key Management Personnel

Executive Directors do not receive directors' fees. Executive Directors are paid a basic salary pursuant to their respective service agreements which are reviewed and approved by the Board. The notice period of each Executive Director is fixed at a period of 6 months and each Executive Director may, in lieu of the 6 months' notice or part thereof, terminate the service agreement by paying an amount equivalent to 6 months' of his last drawn salary. The Executive Directors' service agreements do not contain onerous removal clauses.

The Group advocates a performance-based remuneration system that is highly flexible and responsive to the market and linked to the performance of the Group as well as the individual employee to ensure the interest of the shareholders and other stakeholders are aligned and promotes the long-term success of the Group. The total remuneration mix comprises annual fixed cash and annual performance incentive. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances while the annual performance incentive is tied to the performance of the Group and the individual employee.

The Company has no share-based compensation scheme or long-term scheme involving the offer of shares or options.

The Company does not use contractual provisions to allow the Company to reclaim the incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Policy in respect of Non-Executive Directors' remuneration

Non-Executive Directors do not have service agreements with the Company. They are compensated based on fixed directors' fees, which are determined by the Board based on their contribution, taking into consideration factors such as the effort, time spent and responsibilities of these Directors. The Chairman of each Board Committee is paid a higher fee as compared with members of the Board Committee in view of the higher responsibilities carried by that office. The directors' fees are subject to approval by the shareholders of the Company at each AGM. Non-Executive Directors do not receive any other remuneration from the Company.



REPORT ON CORPORATE GOVERNANCE

(CONT'D)

DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the CEO (together with other key management personnel) is reviewed periodically by the NC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

Executive Directors do not receive directors' fees but are remunerated as members of Management. The remuneration package of the Executive Directors and key management personnel comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance. The RC takes into consideration the financial performance of the Group and criteria such as leadership, people development, commitment and teamwork in assessing the individual's performance. This is designed to align the remuneration package with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

The RC has reviewed and is satisfied that the aforementioned performance conditions for the Executive Directors and key management personnel have been met in FY2024.

The level and mix of remuneration of the Directors and key management personnel of the Company for FY2024 are as follows:

Name	Salary and Other Benefits	Bonus	Directors' Fees	Total
Executive Directors Below S\$250,000				
Chan Kee Sieng	94%	6%	–	100%
Chan Kit Moi	94%	6%	–	100%
Chan Wen Chau	95%	5%	–	100%
Non-Executive Directors Below S\$250,000				
Leow Wee Kia Clement	–	–	100%	100%
Wong Kok Seong	–	–	100%	100%
Lee Kean Cheong	–	–	100%	100%
Key Management Personnel Below S\$250,000				
Soh Yeow Seng	100%	–	–	100%
Chan Choi Har	94%	6%	–	100%
Ong Seng Joo	93%	7%	–	100%
Chan Wen Yee	95%	5%	–	100%
Tung Wai Loon	94%	6%	–	100%
Lai Khar Khei	75%	25%	–	100%

During the financial year, Mr Soh Yeow Seng resigned as Chief Financial Officer with effect from 15 September 2023 and Ms Lai Khar Khei was appointed as Financial Controller with effect from 1 January 2024.

REPORT ON CORPORATE GOVERNANCE

(CONT'D)

After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment. As such, the Company has not disclosed exact details of the remuneration of each individual Director and key management personnel but instead presented the information in bands of S\$250,000, and the respective breakdowns of their remuneration in percentages.

The aggregate annual remuneration paid to all the above mentioned key management personnel of the Group for FY2024 was S\$371,000.

There are no termination, retirement and post-employment benefits that were granted to the Directors, CEO and key management personnel in FY2024.

Remuneration of Employees who are Substantial Shareholders or are Immediate Family Members of a Director, CEO or the Substantial Shareholder

Mr Chan Wen Yee is the son of Mr Chan Kit Moi (Executive Director and substantial shareholder), nephew of Mr Chan Kee Sieng (Executive Chairman and substantial shareholder) and cousin of Mr Chan Wen Chau (Executive Director and CEO). Mr Chan Wen Yee's remuneration was less than S\$100,000 during FY2024.

Save as disclosed above, there is no employee of the Group who is a substantial shareholder of the Company or an immediate family member of a Director, CEO or the substantial shareholder and was paid more than S\$100,000 during FY2024.

**ACCOUNTABILITY AND AUDIT
RISK MANAGEMENT AND INTERNAL CONTROLS****Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.**

The Board is responsible for providing a balanced and understandable assessment of the Company's performance, position and prospects. Financial reports and other price sensitive information are disseminated to shareholders through announcements via SGXNET and press releases. The Group releases announcement of its financial results in accordance with the requirements of the SGX-ST Catalist Rules. Management provides the Board with management accounts on a monthly basis. Such reports serve to keep the Board informed of, on a balanced and understandable basis, the performance, position and prospects of the Group and enable the Board to discharge its duties efficiently.

The Company does not have a Risk Management Committee. However, the Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all control policies and procedures and highlights all significant matters to the AC as well as the Board.

The AC will review, at least annually, the reports submitted by the external and internal auditors relating to the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems. Any material non-compliance or failures in internal controls and recommendation for improvement are reported to the AC. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

The AC will also review the effectiveness of the actions taken by the Management on the recommendations made by the external and internal auditors in this respect.

For FY2024, the Company has received the confirmation from the internal auditors (Wensen Consulting Asia (S) Pte. Ltd.) that the Company's internal controls system in place are adequate to address the financial, operational, compliance, and information technology risks of the Company. Throughout their audit, they did not identify any significant weaknesses in the internal control systems and none of the significant ineffectiveness has come to their attention after carried out internal audit.



REPORT ON CORPORATE GOVERNANCE

(CONT'D)

For the financial year under review, the CEO and FC have provided their confirmation and assurance to the Board on the integrity of the financial statements for the Group, that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and the Company's risk management and internal controls systems are adequate and effective (the "**Assurance**").

Based on the internal controls established and maintained by the Company, the Assurance provided by the CEO and FC, the work performed by the internal and external auditors and reviews performed by the Management and the various Board Committees, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal controls in place are adequate and effective in addressing the financial, operational, compliance and information technology risks as at 31 March 2024.

The system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Company is also consistently seeking to improve its internal controls and to adopt the recommendations which were highlighted by the internal and external auditors to further safeguard the Company's assets.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

The AC currently comprises the following members, all of whom are Independent Non-Executive Directors:

Wong Kok Seong	Chairman
Leow Wee Kia Clement	Member
Lee Kean Cheong	Member

All members of the AC have accounting and related financial management expertise and experience.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and cooperation of the Management, full discretion to invite any persons including a Director or an employee of the Group to attend its meeting, and reasonable resources to enable it to discharge its functions properly. None of the AC members were previous partners or directors of the Company's existing auditing firm or auditing corporation of the Company: (a) within the previous 2 years commencing on the date of their ceasing to be a partner or director of the auditing firm or corporation, and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The AC assists the Board in discharging its responsibility to safeguard the assets of the Company, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group. The AC will provide a channel of communication between the Board, the Management and the external auditor on matters relating to audit.

The principal functions of the AC as stipulated in its terms of reference are as follows:

- Review the scope and results of the audit and its cost effectiveness;
- Review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;
- Make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- Review with the external auditor on the audit plan, audit report and their evaluation of the system of internal accounting controls, letter to Management and the Management's response;

REPORT ON CORPORATE GOVERNANCE

(CONT'D)

-
- Review the half yearly and annual, and quarterly, if applicable, financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards, the SGX-ST Catalist Rules and any other relevant statutory or regulatory requirements;
 - Review the internal control procedures and ensure co-ordination between the external auditor and the Management, and review the assistance given by the Management to the external auditor, and discuss problems and concerns, if any, arising from audits, and any matters which the external auditor may wish to discuss (in the absence of the Management, where necessary);
 - Review and discuss with the external auditor any suspected fraud or irregularities, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;
 - Review the adequacy and effectiveness of the Company's internal controls, operational, compliance and information technology controls and risk management policies and systems established by the Management;
 - Review interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Catalist Rules;
 - Review potential conflicts of interest (if any);
 - Review with the internal auditors on the internal audit plans and their evaluation of the adequacy of the internal controls and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report;
 - Review and establish procedures for receipt, retention and treatment of complaints received by the Group regarding, inter alia, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;
 - Review key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNET;
 - Review the assurance from the CEO and FC on the financial records and financial statements;
 - Review the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
 - Undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
 - Generally to undertake such other functions and duties, as may be required by statute or the SGX-ST Catalist Rules, or by such amendments as may be made thereto from time to time.

The AC is guided by the terms of reference which stipulate its principal functions. The AC meets regularly with the Management and the external auditors to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues. It also reviews the internal audit functions to ensure that an effective system of control is maintained in the Group.

On a half-yearly basis, the AC also reviews the interested person transactions and the financial results announcements before their submission to the Board for approval.

The AC is kept abreast by the Management, the Company Secretary, the Sponsor and the external auditors of changes to accounting standards, Catalist Rules and other regulations (as the case may be) which could have an impact on the Group's business and financial statements.



REPORT ON CORPORATE GOVERNANCE

(CONT'D)

The external auditors present to the AC the audit plan and updates relating to any change of accounting standards which have a direct impact on financial statements during the AC meetings.

The AC meets with the external auditors and internal auditors, at least once annually, and more frequently, when required, with at least one of the meetings conducted without the presence of Management. The AC had in FY2024 met the external and internal auditors once without the presence of Management.

The AC reviews the independence and objectivity of external auditor annually. During the financial year under review, the AC has reviewed the independence of CLA Global TS Public Accounting Corporation ("**CLA Global TS**") including the volume of all non-audit services provided to the Group, and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The AC constantly bears in mind the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on value for money consideration. During the financial year under review, the aggregate amount of fees paid to the external auditors for the audit and non-audit services amounted to RM428,000 and RM88,000 respectively. The non-audit services rendered by the external auditors to the Group in FY2024 were not substantial.

The Group has appointed different auditors for its overseas subsidiaries. The Board and AC have reviewed that the appointment of different auditors for its overseas subsidiaries and were satisfied that the appointment of different auditors would not comprise the standard and effectiveness of the audit of the Group. The Company is in compliance with Rules 712, 715 and 716 of the SGX-ST Catalist Rules with regard to the appointment of the external auditors for the Company and its subsidiaries.

The AC has recommended, and the Board has approved the nomination for the re-appointment of CLA Global TS as external auditors of the Company at the forthcoming AGM.

The Group has outsourced its internal audit function to Wensen Consulting Asia (S) Pte. Ltd., a qualified professional firm which meets the standards set by internationally recognised professional bodies including the International Professional Practices Framework issued by The Institute of Internal Auditors. The outsourced internal audit function is headed by the Executive Director, who is assisted by an audit team comprising of the Engagement Director, Managers and Consultants. The Executive Director is a Practising Member of the Institute of Singapore Chartered Accountants (ISCA), a member of the Malaysian Institute of Accountants (MIA) and a Fellow Member of the Association of Chartered Certified Accountants (FCCA), with more than 20 years of experience in auditing while other team members are accounting graduates with a minimum qualification of a degree obtained from overseas and/ local universities. The AC is responsible for the hiring, removal and evaluation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.

The main objective of the internal audit function is to assist the Group in evaluating and assessing the effectiveness of internal controls and consequently to highlight the areas where control weaknesses exist, if any, and thus improvements could be made. The internal audit function is independent and it reports directly to the AC on audit matters and to the CEO on administrative matters. The internal auditor assists the Board in monitoring and managing risks and internal controls of the Group.

The AC also reviews and approves the internal auditor's plan of each financial year to ensure that the scope of the plan is adequate and covers the review of the system of internal controls of the Group, including financial, operational, compliance and information technology controls. The internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC, and has appropriate standing within the Company. The internal auditor will report their audit findings and recommendations to the AC.

The Management together with the Board will review all audit reports and findings from internal auditors and external auditors during the AC meetings.

During FY2024, the internal auditors had reviewed and carried out the audit on areas pertaining to procurement and payment management, and inventory and warehouse management.

REPORT ON CORPORATE GOVERNANCE

(CONT'D)

The AC had reviewed the adequacy of the internal audit function and is satisfied that the team is independent, effective and adequately resourced.

The Company has put in place a whistleblowing policy which sets out the procedures for a whistleblower to make a report on misconduct or wrongdoing relating to the Company and its officers. The AC has reviewed the whistleblowing policy that the Group has established. The Company publicly discloses through its website at <https://www.msmmgroup.com/pdf/Whistleblower-policy-for-MSMIL.pdf> and clearly communicates with employees, the existence of the whistleblowing policy, which contains:

- (a) procedures for raising such concerns;
- (b) clear channels through which staff and other persons may, in confidence, raise their concerns about possible improprieties, fraudulent activities or malpractices within the Company in a responsible and effective manner;
- (c) the arrangements and processes to facilitate independent investigation of such concerns and for appropriate follow-up action;
- (d) confidentiality clauses that protect identification of the whistleblower; and
- (e) protection to whistleblower against any detrimental and unfair treatment.

In compliance with Rule 1204(18B), the Company:

- (a) has designated the AC Chairman and AC members to investigate whistleblowing reports made in good faith;
- (b) ensures that the identity of the whistleblower is kept confidential;
- (c) discloses its commitment to ensure protection of the whistleblower against detrimental or unfair treatment in the Company's whistleblowing policy which is available on the Company's website; and
- (d) has designated the AC to be responsible for the oversight and monitoring of whistleblowing.

The AC is satisfied that arrangements are in place to ensure independent investigation of such matters and for appropriate follow-up actions to be taken.

For FY2024, there were no complaints, concerns or issues received by the AC.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and untestable assessment of its performance, position and prospects.

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Board believes in regular, timely and effective communication with shareholders. The Company does not practice selective disclosure. In line with continuous obligations of the Company pursuant to the SGX-ST Catalyst Rules, it is the Board's policy that shareholders are kept informed of all important developments concerning the Group that will or expect to have an impact on the Company or the Group through timely dissemination of information via SGXNET announcements, press releases, annual reports and various other announcements made whenever necessary. The Company also maintains a website at <http://www.msmmgroup.com> through which the shareholders can access to information about the Group. The website provides the business profile, corporate announcements, press releases, annual reports and other information of the Group.

Shareholders are encouraged to attend the AGM and/or general meetings to stay informed of the Company's goals and strategies and to ensure a high level of accountability by the Management. They are also given the opportunity and time to air their views and ask the Directors or Management questions regarding the Company.



REPORT ON CORPORATE GOVERNANCE

(CONT'D)

The Company's Constitution allows all shareholders to appoint proxy(ies) to attend general meetings and vote on their behalf. Voting in absentia and by mail, electronic mail or facsimile may be possible at the Directors' discretion to approve or implement, subject to the security measures as may be deemed necessary or expedient to ensure that the integrity of the information and authentication of the identity of shareholder(s) is not compromised. Separate resolutions are tabled on each substantially separate issue at general meetings unless the issues are interdependent and linked so as to form one significant proposal and if such, the explanatory notes are set out in the notices of general meetings to explain the reasons and its material implications

Printed copy of the notice of AGM (the "Notice") will be sent to the shareholders but printed copy of the Company's annual report ("AR") will not be sent to shareholders, instead, it will be sent to shareholders by electronic means via publication on the Company's website at the URL <http://www.msmmgroup.com/> and made available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements> at least 14 calendar days before the meeting (excluding the date of notice and the date of meeting). Shareholders are able to request for the AR in physical copy by completing the Request Form which is sent together with the Notice. Please refer to and read the instructions set out in the Request Form carefully.

The Board welcomes questions from shareholders either informally or formally before or at the AGM. The Chairman of the respective AC, RC and NC are available at the meeting to answer those questions relating to the work of the respective Board Committees. The Company's external auditors are also present to assist the Directors in addressing any relevant queries by shareholders. All Directors, Management, Company Secretary, external auditors and the Company's sponsor attended the Company's AGM in respect of FY2023 and EGM in relation to the disposal of properties, held on 28 July 2023 physically.

In addition, if the need arises, the Company may organise media/analyst briefings to enable a better appreciation of the Group's performance and developments, which will also act as platforms to solicit and understand the view of shareholders and investors.

The Company's external auditors are also present to assist the Directors in addressing any relevant queries by shareholders. While there is no limit imposed on the number of proxy votes for nominee companies, the Constitution of the Company allow each shareholder to appoint up to two (2) proxies to attend general meetings. The Board will review the Company's Constitution from time to time, and where an amendment to the Company's Constitution is required to align the relevant provisions with the requirements of the SGX-ST Catalist Rules, shareholders' approval will be obtained.

All resolutions put forth at the general meetings of the Company are put to vote by way of poll, and their detailed results including the total number and the respective percentage of votes cast for and against each resolution will be announced via the SGXNET.

The Company Secretary prepares minutes of the general meetings which include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and the Management. These minutes are subsequently approved by the Board. On receipt of any request from shareholders, the minutes will also be made available to them at the registered office of the Company during office hours. The minutes of the AGM in respect of FY2024 will be published to the SGXNET and on the corporate website of the Company within one month from the AGM date.

The Group does not have a fixed dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profitability, cash position, cash flow in relation to operating activities, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Board has not declared dividends for the FY2024 as the Company has deemed it more appropriate to retain the cash in the Group for its future growth plans.

The Company does not have a dedicated investor relations team. The FC is responsible for the Company's communication with shareholders. The public can provide feedback to the FC via electronic mail at msm.agm@msmmgroup.com or the Company's registered address at 77 Robinson Road #06-03 Robinson 77 Singapore 068896.

REPORT ON CORPORATE GOVERNANCE

(CONT'D)

**MANAGING STAKEHOLDERS RELATIONSHIPS
ENGAGEMENT WITH STAKEHOLDERS**

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company's engagement with all stakeholders will be set out in detail in the Sustainability Report to be published annually on the Company's corporate website and SGXNET. The Company takes a strategic and pragmatic approach in managing stakeholders' expectations to support its long-term strategy. Its key stakeholders include shareholders, investors, suppliers, customers, employees, government and regulators and the community. To understand stakeholders' expectations, the Company engages and fosters trusted relationships through listening to their views and responding to their concerns.

Additionally, the Company maintains a corporate website at <http://www.msmmgroup.com> to communicate and engage with stakeholders through the contact information of the Company which can be found on the website. The Company's announcements, financial results and annual reports are also made available on the Company's website.

The forthcoming AGM in respect of FY2024 ("**2024 AGM**") will be convened and held physically at 77 Robinson Road #06-03 Robinson 77 Singapore 068896 on 26 July 2024. Shareholders will be able to raise questions and vote in person at the 2024 AGM. Arrangements relating to the attendance and voting at the 2024 AGM by shareholders or their duly appointed proxy(ies), are set out in the Notice of AGM and Proxy Form.

OTHER CORPORATE GOVERNANCE MATTERS**Dealings in Securities**

The Company has adopted an internal code on dealings in securities. The Company and the Group's Directors and officers who have access to price-sensitive, financial or confidential information, or unpublished price-sensitive information on the Group, are not permitted to deal in the Company's securities during the periods commencing one month before the announcement of the Group's half year and full year financial results and ending on the date of announcement of such results. In addition, the Company, its Directors and officers are advised not to deal in the Company's securities for a short term considerations and are expected to observe the insider trading laws at all times even when dealing in the Company's securities within the permitted trading periods. Directors and officers are to consult with the FC/company secretary before trading in Company's securities and to confirm annually that they have complied with and not in breach of the internal code on dealings in securities. The Board is kept informed when a Director trades in the Company's securities.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported on in a timely manner to the AC and that the transactions are carried out on normal commercial terms and shall not be prejudicial to the interests of the Company and its minority shareholders. When a potential conflict of interest arises, the Director concerned neither takes part in discussions nor exercises any influence over other Board members.

The Company does not have a general mandate for interested person transactions ("**IPT**"). There were no discloseable IPTs in FY2024.

Material Contracts

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Director or controlling shareholder of the Company, either still subsisting at the end of the financial year, or if not then subsisting, which were entered into since the end of the previous financial year.



REPORT ON CORPORATE GOVERNANCE

(CONT'D)

Non-Sponsorship Fees

In FY2024, no fees relating to non-sponsorship activities or services were paid to UOB Kay Hian Private Limited.

Sustainability Management

The Sustainability Report will be prepared in accordance with the sustainability reporting requirements of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rule 711A and in line with the Global Reporting Initiatives (“GRI”). We are also guided by the recommendations of the Taskforce on Climate-related Financial Disclosures (“TCFD”) in our climate-related disclosures. The report will highlight the key economic, environmental, social and governance (ESG) factors such as economic performance, environmental compliance and occupational health and safety. More details and information will be available in the full report that will be published by 31 July 2024.

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE SGX-ST CATALIST RULES

Pursuant to Rule 720(5) of the SGX-ST Catalist Rules, the information as set out in Appendix 7F to the SGX-ST Catalist Rules relating to Mr Wong Kok Seong and Mr Lee Kean Cheong, being the Directors who are retiring in accordance with the Company’s Constitution at the forthcoming AGM, is set out below:

	Mr Wong Kok Seong	Mr Lee Kean Cheong
Date of Appointment	24/11/2009	15/11/2018
Date of last re-appointment	28/07/2021	28/07/2021
Age	54	56
Country of principal residence	Malaysia	Malaysia
The Board’s comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The re-election of Mr Wong Kok Seong as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his expertise, performance, overall contributions, and competencies in fulfilling his responsibilities.	The re-election of Mr Lee Kean Cheong as the Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his expertise, performance, overall contributions, and competencies in fulfilling his responsibilities.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive role	Non-Executive role
Job Title (e.g. Lead ID, AC Chairman, AC Member, etc)	Non-Independent Non-Executive Director and a member of the Audit, Nominating and Remuneration Committees	Independent Director and a member of the Audit, Nominating and Remuneration Committees
Professional qualifications	ACCA	CPA Australia
Working experience and occupation(s) during the past 10 years	Managing Partner of Hasnan THL Wong & Partner (From 2009 to current)	Vice President of Chrysalis Group (From 2005 to 2014) Managing Partner of KCLee & Partners (From 2011 to current) Director of Ideal Earnings Sdn Bhd (From 2005 to current)

REPORT ON CORPORATE GOVERNANCE

(CONT'D)

	Mr Wong Kok Seong	Mr Lee Kean Cheong
Shareholding interest in the listed issuer and its subsidiaries	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of Interests (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships#		
Past (for the last 5 years)	Bio Osmo Berhad Trive Property Group Berhad T H Law Consultants Sdn Bhd	Tang & Lee PLT Invantest DSG Sdn Bhd Teo Guan Lee Corporation Berhad
Present	Hasnan THL Wong & Partners PNE PCB Berhad M N C Wireless Berhad Graphjet Technology (Formerly known as Energem Corp.) Fitters Diversified Berhad PDZ Holdings Berhad Computer Forms (Malaysia) Berhad	KCLee & Partners Ideal Earnings Sdn Bhd SLP Resources Bhd Pentamaster Corporation Berhad
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No



REPORT ON CORPORATE GOVERNANCE

(CONT'D)

	Mr Wong Kok Seong	Mr Lee Kean Cheong
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

REPORT ON CORPORATE GOVERNANCE

(CONT'D)

	Mr Wong Kok Seong	Mr Lee Kean Cheong
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No



REPORT ON CORPORATE GOVERNANCE

(CONT'D)

	Mr Wong Kok Seong	Mr Lee Kean Cheong
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	<p>Yes - Trive Property Group Berhad ("Trive"), a company that is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Mr Wong was appointed as the Independent Non-Executive Director of Trive on 18 June 2014 until his cessation on 1 January 2018.</p> <p>(i) Bursa Malaysia had, on 29 October 2015, publicly reprimanded Trive and 10 former directors for breaches of the Main Market Listing Requirements ("Main LR"). In addition, 6 out of the 10 former directors were fined a total of RM80,000.</p> <p>Trive was publicly reprimanded for committing the following breaches of the Main LR:</p> <p>1. Paragraph 15.27(1) of the Main LR which requires a listed issuer to establish an internal audit function which is independent of the activities it audits. Trive had failed to establish an internal audit function from 1 September 2011 until 8 July 2014;</p> <p>2. Paragraphs 15.12(1)(e) and (f) of the Main LR which state that a listed issuer must ensure an audit committee review the following and report the same to the board of directors of the listed issuer:</p> <ul style="list-style-type: none"> - the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work; and - the internal audit program, processes, the results of the internal audit program, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function. 	<p>Yes.</p> <p>(i) Englotechs Holdings Berhad ("Englotechs"), a company that was formerly listed on Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Mr Lee was appointed as the Independent Non-Executive Director on 29 August 2007 until his cessation 2 January 2009.</p> <p>Bursa Malaysia had on 1 April 2009, publicly reprimanded Englotechs and its 2 Executive Directors and the Independent Non-Executive Directors for breaches of Bursa Malaysia Securities Main Market Listing Requirements ("Main LR").</p> <p>Englotechs was publicly reprimanded for breaching Paragraph 9.16 (1)(a) of the Main LR in respect of Company's announcement dated 29 February 2008 on the fourth quarterly report for the financial year ended 31 December 2007 ("4th QR 2007") i.e. the difference between the unaudited profit after taxation and minority interest in the 4th QR 2007 with the audited loss after taxation and minority interest in its annual audited accounts for the financial year ended 31 December 2007 represented a deviation of approximately 748% ("Englotechs Breach").</p> <p>The difference were mainly from provision of doubtful debts, Research and Development (R&D) expenses, provision of taxation and others.</p> <p>Englotechs was de-listed from Bursa Malaysia on February 2010.</p> <p>(ii) Petrol One Resources Berhad ("PORB"), a company that was formerly listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Mr Lee was appointed as the Independent Non-Executive Director of PORB on 9 November 2011 until his cessation on 3 January 2019.</p>

REPORT ON CORPORATE GOVERNANCE

(CONT'D)

	Mr Wong Kok Seong	Mr Lee Kean Cheong
	<p>The Audit Committee of Trive had failed to review the adequacy of the internal audit function and internal audit plan and/or report during the 18-month financial period ended 28 February 2013 and up to the appointment of Kloo Point Risk Management Services Sdn. Bhd. on 9 July 2014 (i.e. from 1 September 2011 until 8 July 2014);</p> <p>3. Paragraphs 2.18(1)(a) and (c) of the Main LR in respect of the representations in the Statement on Risk Management & Internal Control and the Audit Committee Statement contained in Trive's annual report for the 18-month financial period ended 28 February 2013 (AR 2013) submitted to Bursa Securities on 30 August 2013 which were inaccurate and particularly misleading with regard to the internal audit function / activities carried out during the 18-month financial period from 1 September 2011 to 28 February 2013; and</p> <p>4. Paragraph 15.23 of the Main LR for failing to ensure that the external auditors reviewed the statement on internal control in the AR 2013,</p> <p>collectively, the "Trive Main LR Breaches".</p> <p>10 directors of Trive at the material time were publicly reprimanded and/or imposed with fines for committing the breach of paragraphs 2.18(1) (a) and (c) and/or paragraph 16.13(b) of the Main LR for permitting knowingly, or where they had reasonable means of obtaining such knowledge, Trive to commit the aforementioned.</p> <p>For avoidance of doubt, Mr Wong was not a director of Trive at the material time of the Trive Main LR Breaches.</p>	<p>Bursa Malaysia had, on 5 June 2014, publicly reprimanded PORB and its 2 executive directors for breaches of the Bursa Malaysia Securities Main LR.</p> <p>PORB was publicly reprimanded for breaching:</p> <p>(a) Paragraph 9.16(1)(a) of the Main LR in respect of the Company's inaccurate/misleading quarterly report for the financial period ended 30 September 2011 ("QR Sept 2011") announced on 30 November 2011, quarterly report for the financial period ended 31 December 2011 ("QR Dec 2011") announced on 28 February 2012 and quarterly report for the financial period ended 31 March 2012 ("QR March 2012") announced on 31 May 2012 which were subsequently amended on 2 July 2012 due to the error in the computation of the depreciation value of the Company's vessels under property, plant and equipment; and</p> <p>(b) Paragraph 2.23(1) of the Main LR for failing to comply with Bursa Malaysia Securities' directive issued on 14 March 2012 to ensure that a limited review was carried out by PORB's external auditors for the QR March 2012 and the quarterly report for the financial period ended 30 June 2012 ("QR June 2012"), collectively, the "PORB Breaches".</p>



REPORT ON CORPORATE GOVERNANCE

(CONT'D)

	Mr Wong Kok Seong	Mr Lee Kean Cheong
	<p>(ii) The Securities Commission Malaysia (“SC”) had vide their letter dated 30 November 2017 reprimanded Trive for breach of Section 354(1)(a) of the Capital Markets and Services Act 2007 (“CMSA”) read together with Regulation 4(1) of the Securities Industry (Compliance with Approved Accounting Standards) Regulations 1999 and Section 369(b)(B) of the CMSA.</p> <p>The SC’s sanctions arose as a result of its findings that Trive had failed to perform an impairment assessment on its development expenditure amounting to RM21.1 million as at 31 July 2014 (“DE”) in the preparation of its audited financial statements for the financial period ended 31 July 2014 (“AFS 2014”), in accordance with the approved accounting standards, namely, the Malaysian Financial Reporting Standards (MFRS) 136: Impairment of Assets. This resulted in Trive and its five directors breaching Regulation 4(1) of the Securities Industry (Compliance with Approved Accounting Standards) Regulations 1999 and Section 369(b)(B) of the CMSA. In addition, Trive’s breach of Section 369(b)(B) of the CMSA was for knowingly authorizing the furnishing of the AFS 2014 that is false or misleading to the SC and Bursa Malaysia Securities Bhd in relation to the non-impairment of the DE (“Trive CMSA Breaches”).</p> <p>Given the severity of the directors’ failure to discharge their duties in ensuring that financial statements submitted to the regulators are true and fair, SC imposed a total fine of RM2.55 million on the directors.</p> <p>Two existing directors of Trive who are also Audit Committee (“AC”) members, Mr Wong and Thu Soon Shien, and one ex-director Dato’ Mohamad Amin Mohamad Salleh, who at the relevant time was a member of the AC, were fined RM539,000 each. Two other ex-directors, Dato’ Sri Dr. Pang Chow Huat and Zarul Ikhwan Zarul Ahmad were fined RM465,500 each.</p>	<p>The appointment of the external auditors had been discussed with PORB’s Executive Director and the external auditors together with the Independent Non-Executive Directors (INEDs) at the material time. The external auditors had declined the appointment due to time constraints as they were auditing the 9 months interim results of PORB at the material time and would also be performing the final audit of PORB which covered QR March 2012 and QR June 2012.</p> <p>With that the PORB Executive Director proposed to appeal to Bursa Malaysia for the deferment of the limited review by the external auditors to a later date.</p> <p>The appeal was subsequently rejected by Bursa Malaysia on 11 May 2012.</p> <p>PORB is commanded by Bursa Malaysia to be de-listed effective August 2024.</p>

REPORT ON CORPORATE GOVERNANCE

(CONT'D)

	Mr Wong Kok Seong	Mr Lee Kean Cheong
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	<p>Yes, in relation to the Trive CMSA Breaches as elaborated in paragraph (j) (ii) above and further explained below. For avoidance of doubt, Mr Wong was not a director of Trive at the material time of the Trive Main LR Breaches set out in paragraph (j)(i) above.</p> <p>Mr Wong was appointed to the Board of Trive on 18 June 2014 and was informed that the SC had already opened an investigation on the issues pertaining to the DE prior to Mr Wong's appointment. In addition, the auditors had already qualified Trive's audited financial statements for the prior financial year ended 28 February 2013. The auditors subsequently gave a clean opinion for the audited financial statements of Trive for the financial year ended 31 January 2017.</p> <p>Mr Wong received a notice of show cause dated 9 August 2017 ("Notice") (which was subsequently responded by Mr Wong via his letter dated 25 August 2017) as well as a sanction letter dated 30 November 2017 ("Sanction") issued by the SC to Mr Wong in relation to the SC's findings that Mr Wong, as a member of the Board of Directors of Trive, was in breach of Section 354(1)(a) of the CMSA read together with Regulation 4(1) of the Securities Industry (Compliance with Approved Accounting Standards) Regulations 1999 and Section 369(b)(B) of the CMSA.</p> <p>Pursuant to the Sanction, a fine of RM539,000 was imposed against Mr Wong. Subsequently, Mr Wong had applied to the High Court of Malaysia via judicial review to quash the SC's decision. This judicial review was dismissed, and Mr Wong's subsequent appeal was withdrawn after agreeing to the settlement terms with the SC. Mr Wong has since complied with the settlement terms, and the whole settlement has been fully paid on 15 September 2020.</p> <p>Notwithstanding the above, Mr Wong Kok Seong has not been blacklisted to be a director of a company and he still holds various directorships in both private and public companies in Malaysia.</p>	<p>Yes, in relation to:</p> <p>(i) the EngloTechs Breach as elaborated in paragraph (j)(i) above.</p> <p>As Mr Lee was a director of EngloTechs at the material time of the EngloTechs Breach, he was issued a public reprimand by Bursa Malaysia on 1 April 2009. Mr Lee has resigned as Director in January 2009.</p> <p>(ii) in relation to the PORB Breaches as elaborated in paragraph (j)(ii) above.</p> <p>As Mr Lee was a director of PORB at the material time of the PORB Breaches, he was issued a private reprimand by Bursa Malaysia on 5 June 2014. Subsequently, Mr Lee has resigned as Director in January 2019.</p> <p>Notwithstanding the above, Mr Lee has not been blacklisted to be a director of a company and he still holds various directorships in both private and public companies in Malaysia.</p>



REPORT ON CORPORATE GOVERNANCE

(CONT'D)

	Mr Wong Kok Seong	Mr Lee Kean Cheong
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable	Not applicable



FINANCIAL STATEMENTS

38	Directors' Statement	47	Balance Sheets	49	Consolidated Statement of Cash Flows
41	Independent Auditor's Report	48	Consolidated Statement of Changes in Equity	51	Notes to the Financial Statements
46	Consolidated Statement of Comprehensive Income				



Directors' Statement

For the financial year ended 31 March 2024

The directors present their statement to the members together with the audited financial statements of MSM International Limited (the "Company") and its subsidiary corporations (the "Group") for the financial year ended 31 March 2024 and the balance sheet of the Company as at 31 March 2024.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 46 to 104 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2024 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Chan Kee Sieng
Chan Kit Moi
Chan Wen Chau
Leow Wee Kia Clement
Lee Kean Cheong
Wong Kok Seong

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the 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.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.3.2024	At 1.4.2023	At 31.3.2024	At 1.4.2023
Company (No. of ordinary shares)				
Chan Kee Sieng ⁽¹⁾	187,000	187,000	76,955,933	76,955,933
Chan Kit Moi ⁽¹⁾	130,000	130,000	76,955,933	76,955,933
Chan Wen Chau ⁽²⁾	2,785,186	2,785,186	1,500,000	–

(1) The deemed interests of Chan Kee Sieng and Chan Kit Moi arise from their shareholdings in the holding corporation, Triumphant Hope Sdn. Bhd..

(2) At 31 March 2024, the 1,500,000 shares in the deemed interests of Chan Wen Chau arises from shares held by the nominee, Phillip Securities Pte Ltd.

DIRECTORS' STATEMENT

(CONT'D)

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At	At	At	At
	31.3.2024	1.4.2023	31.3.2024	1.4.2023
Holding Corporation				
- Triumphant Hope Sdn. Bhd.				
(No. of ordinary shares)				
Chan Kee Sieng	150	150	-	-
Chan Kit Moi	150	150	-	-

By virtue of Section 7 of the Singapore Companies Act 1967 (the "Act"), Chan Kee Sieng and Chan Kit Moi are deemed to have interests in the shares of all the subsidiary corporations, at the beginning and at the end of the financial year.

The directors' interests in the ordinary shares of the Company as at 21 April 2024 were the same as those as at 31 March 2024.

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Wong Kok Seong (Chairman)
Leow Wee Kia Clement
Lee Kean Cheong

All members of the Audit Committee were independent and non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967 and the Code of Corporate Governance. In performing those functions, the Audit Committee carried out the following:

- Review the scope and results of internal audit procedures with the internal auditor;
- Review the audit plan and results of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- Review the assistance given by the Company's management to the independent auditor;
- Review the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2024 before their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group;
- Review transactions falling within the scope of Chapter 9 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules");



DIRECTORS' STATEMENT

(CONT'D)

AUDIT COMMITTEE (CONT'D)

- Review the half yearly and annual financial statements and results announcement before submission to the Board of Directors for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalyst Rules and any other relevant statutory or regulatory requirements;
- Review the independence and objectivity of the independent auditor; and
- Make recommendations to the Board of Directors on the appointment, re-appointment and removal of independent auditor, and approve the remuneration and terms of engagement of the independent auditor.

The Audit Committee has recommended to the Board of Directors that the independent auditor, CLA Global TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, CLA Global TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

.....
Chan Kee Sieng
Director

.....
Chan Kit Moi
Director

2 July 2024

Independent Auditor's Report to the Members of

MSM International Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of MSM International Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 46 to 104.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics Applicable to Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



INDEPENDENT AUDITOR'S
REPORT TO THE MEMBERS OF MSM INTERNATIONAL LIMITED

(CONT'D)

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the matter
<p>Valuation of trade receivables (Refer to notes 2.9, 3.1(a), 13 and 30(b) to the financial statements)</p> <p>As at 31 March 2024, the carrying amount of trade receivables was RM22,239,000 (2023: RM20,368,000), net of loss allowance of RM1,897,000 (2023: RM2,461,000). These trade receivables accounted for approximately 45% (2023: 40%) of the Group's total current assets.</p> <p>During the financial year ended 31 March 2024, the Group recognised loss allowance of RM213,000 (2023: RM920,000) and reversal of loss allowance of RM777,000 (2023: RM28,000) in profit and loss.</p> <p>With reference to SFRS(I) 9 Financial Instruments, an entity shall measure expected credit losses ("ECL") on trade receivables in a way that reflects a range of possible outcomes, considering past events, current conditions and future economic conditions.</p> <p>In determining the ECL allowance for trade receivables, management conducted debtor specific assessment for credit impaired debtors ("non-performing receivables") and uses provision matrix to measure the lifetime ECL for trade receivables that are other than non-performing receivables. Management considers historical loss experience of the respective customers, their transactions, and receipts with the Group during the financial year and estimates of the collectability amount and timing for each customer.</p> <p>Trade receivables are categorised for potential write-off when the counterparty fails to make contractual payments more than 365 days past due and it is expected the outstanding balances will be uncollectible.</p> <p>We focused on this area due to the significant degree of management judgement involved in estimating the ECL and in consideration of the significance of trade receivables to the Group.</p>	<p>In obtaining sufficient audit evidence, the following procedures were carried out:</p> <ul style="list-style-type: none">• Obtained an understanding and evaluated management's processes and assessment of ECL on trade receivables.• Assessed the reliability of the trade receivables aging report by reviewing the aging of trade receivables on a sampling basis.• Assessed the recoverability of long outstanding trade receivables by comparing management's assumptions used in estimating the amounts and timing of the collection of outstanding debts to (1) historical patterns of receipts for the respective trade debtors, including review of historical default rate of debtors to assess the reasonableness and appropriateness of loss rate applied by the management; (2) subsequent receipts and any other evidence to support the recoverability of trade receivables; and (3) considerations of impact of uncertainty of market condition on the collectability of outstanding balances from trade debtors.• Reviewed the adequacy of the disclosures made in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MSM INTERNATIONAL LIMITED

(CONT'D)

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the matter
<p>Net realisable value of inventories (Refer to notes 2.16, 3.1(b) and 14 to the financial statements)</p> <p>The Group's inventories as at 31 March 2024 amounting to RM9,315,000 (2023: RM10,042,000) represented approximately 19% (2023: 20%) of the Group's total current assets.</p> <p>Inventories are measured at lower of cost and net realisable value. Management applied judgements in determining the net realisable value of inventories on an item-by-item basis by considering the following factors:</p> <ul style="list-style-type: none"> - slow-moving and obsolete as a result of a reduction in customer's demand; - destroyed or damaged inventories; - prevailing market conditions that would affect future demand and anticipated selling prices; and - possibility to have alternative use of the slow moving and obsolete inventories and the cost efficiency in conversion of these inventories into other products. <p>The management assessed that no inventories is required to be written down/written off during the financial year ended 31 March 2024.</p> <p>We focused on this area due to the significant degree of judgements involved in the assessment of the process, methods and assumptions used by management to determine the net realisable value of inventories.</p>	<p>In obtaining sufficient audit evidence, the following procedures were carried out:</p> <ul style="list-style-type: none"> • Evaluated management's process and reviewed the reasonableness of management's assessment on the net realisable value of the inventories. • Enquired with management any obsolete or slow-moving inventories and inspected the condition of the inventories during the observation of physical inventories count. • Discussed the basis of any inventories written down/written off with management and assessed the reasonableness of the assumptions used by management. • On sampling basis, checked and tested the net realisable value of inventories to subsequent selling price of the inventories or to the available latest selling prices.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements 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, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MSM INTERNATIONAL LIMITED

(CONT'D)

Responsibility of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 SSAs 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 SSAs, 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, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, 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 consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**INDEPENDENT AUDITOR'S
REPORT TO THE MEMBERS OF MSM INTERNATIONAL LIMITED**

(CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

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 current financial year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by a subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Lee Tze Shiong.

**CLA Global TS Public Accounting Corporation
Public Accountants and Chartered Accountants**

**Singapore
2 July 2024**



Consolidated Statement of Comprehensive Income

For the financial year ended 31 March 2024

	Note	2024 RM'000	2023 RM'000
Revenue	4	90,418	81,530
Cost of sales		(70,148)	(60,810)
Gross profit		20,270	20,720
Other income			
- Interest from bank deposits		35	24
- Others	5	1,277	3,558
Other gains and losses, net			
- Reversal of loss allowance/(loss allowance) on financial assets, net	30(b)	564	(6,841)
- Others	6	16	3,159
Expenses			
- Selling and distribution		(3,786)	(4,045)
- Administrative		(14,497)	(13,378)
- Finance	9	(3,618)	(3,525)
		261	(328)
Share of profit of associated companies	20	607	1,059
Profit before income tax		868	731
Income tax expense	10	(467)	(99)
Net profit for the financial year		401	632
Other comprehensive loss:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange loss arising from translation of foreign operations		(10)	(87)
Other comprehensive loss for the financial year, net of tax		(10)	(87)
Total comprehensive income for the financial year		391	545
Net profit/(loss) attributable to:			
Equity holders of the Company		377	666
Non-controlling interests		24	(34)
		401	632
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		367	579
Non-controlling interests		24	(34)
		391	545
Earnings per share for profit attributable to equity holders of the Company (RM cents per share)			
- Basic and diluted	11	0.36	0.63

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

Balance Sheets

As at 31 March 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
ASSETS					
Current Assets					
Cash and bank balances	12	7,416	9,234	67	409
Trade and other receivables	13	23,165	25,055	12,768	13,366
Inventories	14	9,315	10,042	-	-
Other current assets	15	7,973	5,183	-	-
Income tax recoverable		1,136	1,190	-	-
		49,005	50,704	12,835	13,775
Non-Current Assets					
Property, plant and equipment	16	38,776	42,839	-	-
Investment properties	18	5,541	3,504	-	-
Investments in subsidiary corporations	19	-	-	19,654	19,654
Investments in associated companies	20	14,429	13,822	5,056	5,056
		58,746	60,165	24,710	24,710
Total Assets		107,751	110,869	37,545	38,485
LIABILITIES					
Current Liabilities					
Trade and other payables	21	14,603	16,642	5,803	5,302
Borrowings	22	31,229	29,647	-	-
Lease liabilities	23	2,404	2,829	-	-
		48,236	49,118	5,803	5,302
Non-Current Liabilities					
Borrowings	22	20,971	23,578	-	-
Lease liabilities	23	5,291	5,311	-	-
Deferred income tax liabilities	24	143	143	-	-
		26,405	29,032	-	-
Total Liabilities		74,641	78,150	5,803	5,302
NET ASSETS		33,110	32,719	31,742	33,183
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	25	30,158	30,158	30,158	30,158
Currency translation reserve		(132)	(122)	-	-
Retained earnings		2,085	1,708	1,584	3,025
		32,111	31,744	31,742	33,183
Non-controlling interests	19	999	975	-	-
Total Equity		33,110	32,719	31,742	33,183

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



Consolidated Statement of Changes in Equity

For the financial year ended 31 March 2024

	← Attributable to equity holders of the Company →				Non-controlling interests	Total equity
	Share capital	Currency translation reserve	Retained earnings*	Total	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 March 2024						
Beginning of financial year	30,158	(122)	1,708	31,744	975	32,719
Net profit for the financial year	-	-	377	377	24	401
Other comprehensive loss for the financial year	-	(10)	-	(10)	-	(10)
Total comprehensive (loss)/income for the financial year	-	(10)	377	367	24	391
End of financial year	30,158	(132)	2,085	32,111	999	33,110
31 March 2023						
Beginning of financial year	30,158	(35)	1,042	31,165	1,009	32,174
Net profit/(loss) for the financial year	-	-	666	666	(34)	632
Other comprehensive loss for the financial year	-	(87)	-	(87)	-	(87)
Total comprehensive (loss)/income for the financial year	-	(87)	666	579	(34)	545
End of financial year	30,158	(122)	1,708	31,744	975	32,719

* Retained earnings of the Group are distributable, except for accumulated retained earnings of associated companies amounting to RM6,319,000 (2023: RM5,712,000), and accumulated distribution and impact on dilution of interest in associated companies amounting to RM6,368,000 (2023: RM6,368,000).

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

Consolidated Statement of Cash Flows

For the financial year ended 31 March 2024

	Note	2024 RM'000	2023 RM'000
Cash flows from operating activities			
Net profit		401	632
Adjustments for:			
- Income tax expense	10	467	99
- Depreciation of property, plant and equipment	7	3,402	4,060
- Depreciation of investment properties	7	59	59
- Gain on disposal of property, plant and equipment	6	(145)	(54)
- Gain on dilution of interest in associated companies	6	-	(3,204)
- Share of profit of associated companies	20	(607)	(1,059)
- Interest income		(35)	(24)
- Interest expense	9	3,618	3,525
- Unrealised currency translation gain		(10)	(87)
		7,150	3,947
Changes in working capital			
- Trade and other receivables		1,890	10,362
- Inventories		727	(319)
- Other current assets		(2,790)	(138)
- Trade and other payables		616	265
- Bills payable		(607)	(2,866)
Cash generated from operations		6,986	11,251
Interest paid		(1,800)	(1,643)
Interest received		35	24
Income tax paid		(413)	(54)
Net cash provided by operating activities		4,808	9,578
Cash flows from investing activities			
Additions to property, plant and equipment		(1,683)	(3,154)
Proceeds from disposal of property, plant and equipment		876	2,070
Dividends received from associated companies		-	346
Net cash used in investing activities		(807)	(738)
Cash flows from financing activities			
Increase in short-term bank deposits pledged		(35)	(24)
Repayment of bank borrowings		(2,520)	(2,037)
Repayment of lease liabilities		(3,583)	(4,348)
Interest paid		(1,818)	(1,882)
Net cash used in financing activities		(7,956)	(8,291)
Net (decrease)/increase in cash and cash equivalents		(3,955)	549
Cash and cash equivalents			
Beginning of financial year		(308)	(857)
End of financial year	12	(4,263)	(308)

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



CONSOLIDATED STATEMENT OF CASH FLOWS

(CONT'D)

Reconciliation of liabilities arising from financing activities

	Beginning of financial year RM'000	Principal and interest payments RM'000	Non-cash changes		End of financial year RM'000
			Additions RM'000	Interest expense RM'000	
2024					
Borrowings	26,223	(3,870)	–	1,350	23,703
Lease liabilities	8,140	(4,051)	3,138	468	7,695
2023					
Borrowings	28,260	(3,464)	–	1,427	26,223
Lease liabilities	8,464	(4,803)	4,024	455	8,140

Notes to the Financial Statements

For the financial year ended 31 March 2024

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

MSM International Limited (the “Company”) is listed on the Catalist, the sponsor-supervised listing platform of Singapore Exchange Securities Trading Limited (“SGX-ST”), which is incorporated and domiciled in Singapore. The address of its registered office is 77 Robinson Road, #06-03 Robinson 77, Singapore 068896. The principal place of business of the subsidiary corporations is located at Lot 1909, Jalan KP5, Kawasan Perindustrian Kampung Baru Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary corporations and associated companies are disclosed in Notes 19 and 20 to the financial statements.

The Company’s holding corporation is Triumphant Hope Sdn. Bhd., incorporated in Malaysia.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) under the historical cost convention, except as disclosed in the accounting policies below. The financial statements are presented in Malaysian Ringgit (“RM”) and all values are rounded up to the nearest thousand (“RM’000”) except as otherwise indicated.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2024

On 1 April 2023, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.2 Group accounting (cont'd)

(a) *Subsidiary corporations (cont'd)*

(i) *Consolidation (cont'd)*

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair values of the identifiable net assets acquired is recorded as goodwill.

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and associated companies" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

2. MATERIAL ACCOUNTING POLICIES (CONT'D)**2.2 Group accounting (cont'd)***(b) Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income.

Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associated company includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.2 Group accounting (cont'd)

(c) *Associated companies (cont'd)*

(iii) *Disposals*

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

2.3 Investments in subsidiary corporations and associated companies

Investments in subsidiary corporations and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.4 Revenue recognition

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised goods and service to the customer, which is when the customer obtains control of the goods and services. A performance obligation may be satisfied at a point in time or overtime. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Sale of goods - Standard kitchen equipment and metal parts*

Revenue from sale of goods is recognised at the point in time when the Group has delivered the products to its customers and the customers have obtained control of the products.

(b) *Revenue from services - Design, consultancy and installation works*

Revenue from services are satisfied over a period of time as the customer simultaneously receives and consumes the benefits over the duration of the contract. The Group's performance of these services does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Revenue is recognised over time by reference to the Group's progress towards completing the contract. The measure of progress is determined based on the proportion of contract costs incurred to date relative to the estimated total contract costs. The customer is invoiced on a milestone payment schedule for fixed-price contracts. If the value of the service transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods or service transferred, a contract liability is recognised.

Costs incurred in fulfilling a contract with a customer, are recognise only if (a) these costs relate directly to a contract or to an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (c) the costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently recognised to profit or loss as cost of sales when they are used. An impairment loss is recognised in profit or loss to the extent that the carrying amount of these costs incurred in fulfilling a contact exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Revenue recognition (cont'd)

(c) *Interest income*

Interest income is recognised using the effective interest method.

(d) *Rental income*

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2.5 Property, plant and equipment

(a) *Measurement*

(i) *Land and buildings*

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at cost less accumulated impairment losses. Buildings and leasehold land are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Other property, plant and equipment*

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(b) *Depreciation*

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold land and buildings	over the leased term ranged from 60 to 99 years/50 years
Plant and machinery	5 to 10 years
Renovation and signboard	10 years
Motor vehicles	5 years
Computer, office equipment, fixtures, furniture and fittings	5 to 10 years
Showroom equipment	3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when 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. All other repair and maintenance expenses are recognised in profit or loss when incurred.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.5 Property, plant and equipment (cont'd)

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains and losses, net - Others".

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.7 Investment properties

Investment properties comprise freehold land, leasehold land and office buildings that are held for long term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using a straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold land	58 years
Leasehold land and buildings	87/50 years

Freehold land is not depreciated.

The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.8 Impairment of non-financial assets

Property, plant and equipment

Right-of-use assets

Investment properties

Investments in subsidiary corporations and associated companies

Property, plant and equipment, right-of-use assets, investment properties and investments in subsidiary corporations and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

2. MATERIAL ACCOUNTING POLICIES (CONT'D)**2.8 Impairment of non-financial assets (cont'd)**

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.9 Financial assets*(a) Classification and measurement*

The Group classifies its financial assets at amortised cost.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables.

Subsequent measurement for debt instruments classified as amortised cost:

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (cont'd)

(b) Impairment (cont'd)

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other financial assets at amortised cost, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2.10 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Financial guarantee

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary corporations and associated company. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations and associated company fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-Group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

- (a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 Revenue from Contracts with Customers; and
- (b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.14 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.15 Leases

(a) *When the Group is the lessee*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) *Right-of-use assets*

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payment made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

Right-of-use assets are presented within "Property, plant and equipment".



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.15 Leases (cont'd)

(a) *When the Group is the lessee (cont'd)*

(ii) *Lease liabilities*

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments, less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term.

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

(iii) *Short-term and low value leases*

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(iv) *Variable lease payments*

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.15 Leases (cont'd)

(b) *When the Group is the lessor*

Lessor – Operating leases

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as an income in profit or loss when earned.

2.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but exclude borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situation in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.17 Income taxes (cont'd)

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax assets is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund and Malaysian Employees Provident Fund, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Short-term compensated absences*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.20 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Malaysian Ringgit ("RM"), which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.20 Currency translation (cont'd)

(b) *Transactions and balances (cont'd)*

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in profit or loss within "Other gains and losses, net – Others".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors who are responsible for allocating resources and assessing performance of the operating segments.

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash at bank and on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.23 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital amount.

2.24 Government grant

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are deducted against the related expense.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

(a) Expected credit losses on trade and other receivables

The Group's trade receivables arises from its different revenue segments – sale of OEM contract manufacturing products, kitchen appliances, equipment and related services and cleanroom and laboratories products.

The Group determines ECL of trade receivables by making debtor specific assessment for credit impaired debtors. The Group considers historical loss experience for the respective customers, its transactions, and receipts with the Group during the financial year and estimates of the amount and timing of the collectability of respective customers. Trade receivables have been categorised for potential write-off when the counterparty fails to make contractual payments more than 365 days past due and expected the outstanding balances to be uncollectible. A loss allowance of RM1,897,000 (2023: RM2,461,000) (Note 13) for trade receivables have been recognised as at 31 March 2024.

The Group generally measured the loss allowance of other receivables at an amount equal to 12-month ECL by taking into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the receivables in estimating the probability of default. When the credit quality deteriorates and the resulting credit risk of other receivables increase significantly since its initial recognition, the 12-month ECL would be replaced by lifetime ECL. A loss allowance of RM5,949,000 (2023: RM5,949,000) (Note 13) for other receivables have been recognised as at 31 March 2024.

The Group's credit risk exposure for trade and other receivables are set out in Note 30(b).

(b) Valuation of inventories

Inventories are measured at lower of cost and net realisable value. A review is made periodically and management applied judgement in determining the net realisable value of inventories by considering the following factors:

- slow-moving or obsolete as a result of a reduction in customer's demand
- destroyed or damaged inventories
- prevailing market conditions that would affect future demand and anticipated selling prices
- alternative use of the slow moving and obsolete inventories and the cost efficiency in conversion of these inventories to other products

The Group has assessed that no inventories is required to be written down or written off during the financial years ended 31 March 2024 and 2023.

The carrying amounts of inventories at the balance sheet date is disclosed in Note 14.

(c) Useful lives of plant and machinery

The cost of plant and machinery are depreciated on a straight-line basis over their estimated useful lives which management estimates the useful lives of these assets to be within 5 to 10 years.

Changes in the expected level of usage and technological development could impact the economic useful lives of these assets; therefore, future depreciation charges could be revised. Management reviews the residual values and useful lives of plant and machinery at each balance sheet date in accordance with the accounting policies in Note 2.5. The estimation of the residual values and useful lives involves significant judgements.

The carrying amounts of the Group's plant and machinery at the balance sheet date is disclosed in Note 16.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

3.1 Critical accounting estimates and assumptions (cont'd)

(d) *Impairment of investment in subsidiary corporations*

Investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. In determining the recoverable value, an estimate of expected future cash flows from each investment or CGU and an appropriate discount rate is required to be made. An impairment exists when the carrying amount of an investment or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use.

Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the investment or CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Actual results may ultimately differ from the estimates and key assumptions utilised in the calculations. Accordingly, there may be material adjustments to the carrying amounts.

The carrying amount of the Company's investments in subsidiary corporations at balance sheet date is disclosed in Note 19.

3.2 Critical judgements in applying the entity's accounting policies

Deferred income taxes

The Group recognises deferred income tax assets on carried forward capital allowances and reinvestment allowances to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which these allowances can be utilised and that the Group is able to satisfy the continuing ownership test. Significant management judgement is required in determining the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The total carrying amount of recognised capital allowances, reinvestment allowances and other temporary differences of the Group amounted to RM596,000 (2023: RM596,000) and the unrecognised tax losses, capital allowances and reinvestment allowances of the Group was RM32,559,000 (2023: RM34,873,000). If the tax authority regards the group entities is not satisfying and/or meeting certain statutory requirements in their respective countries of incorporation, the deferred income tax asset will have to be written off as income tax expense and unrecognised tax losses will be forfeited.



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

4. REVENUE

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following revenue streams:

	Sales of goods	Revenue from services	Total RM'000
	At a point in time RM'000	Overtime RM'000	
2024			
OEM contract manufacturing	27,612	5,721	33,333
Kitchen appliances, equipment and related services	37,355	–	37,355
Cleanroom and laboratories	1,647	18,083	19,730
	66,614	23,804	90,418
2023			
OEM contract manufacturing	28,340	4,091	32,431
Kitchen appliances, equipment and related services	39,945	–	39,945
Cleanroom and laboratories	2,375	6,779	9,154
	70,660	10,870	81,530

The Group has recognised an asset in relation to costs to fulfil contracts. This is presented within trade and other receivables (Note 13) in the balance sheet.

Costs to fulfil contracts for OEM contract manufacturing products and cleanroom and laboratories products relate to costs incurred for purchases of material/goods used to fulfil contracts. These costs are recognised to profit or loss as cost of sales when they are used.

5. OTHER INCOME - OTHERS

	Group	
	2024 RM'000	2023 RM'000
Rental income		
- Investment properties (Note 18)	92	90
- Factory, hostel and office	593	548
- Motor vehicles	–	3
Insurance claim ^(a)	415	2,777
Others	177	140
	1,277	3,558

(a) Included in the insurance claim in the FY2023 was the payout of RM2,440,000 for a fire incident that occurred at one of the Group's factory buildings located at Kawasan Perindustrian Kampung Baru Balakong, Seri Kembangan, Selangor Darul Ehsan on 2 May 2022.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

6. OTHER GAINS AND LOSSES, NET – OTHERS

	Group	
	2024 RM'000	2023 RM'000
Bad debt written off on trade receivables	–	(27)
Currency exchange loss – net	(129)	(72)
Gain on disposal of property, plant and equipment	145	54
Gain on dilution of interest in associated companies (Note 20)	–	3,204
	16	3,159

7. EXPENSES BY NATURE

	Group	
	2024 RM'000	2023 RM'000
Changes in inventories	727	257
Commission	73	208
Depreciation of property, plant and equipment (Note 16)	3,402	4,060
Depreciation of investment properties (Note 18)	59	59
Directors' fees	235	212
Employee compensation (Note 8)	14,672	14,375
Exhibitions	69	1
Fees on audit services paid/payable to:		
- Auditor of the Company	226	203
- Other auditors	238	207
Fees on non-audit services paid/payable to:		
- Other auditors	–	211
Freight and forwarding	282	350
Fuel and gas	798	787
Insurance	661	635
Professional fees	1,069	814
Purchases of inventories	53,300	42,864
Rental expense – short-term and low value leases	1,174	555
Subcontractors' cost	5,370	6,464
Travelling and transportation	1,186	1,179
Upkeep, repair and maintenance	1,918	1,974
Utilities	1,343	1,204
Others	1,629	1,614
	88,431	78,233



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

8. EMPLOYEE COMPENSATION

	Group	
	2024	2023
	RM'000	RM'000
Salaries, wages and bonuses	12,965	12,969
Employer's contribution to defined contribution plans	738	702
Other short-term benefits	969	704
	14,672	14,375

9. FINANCE EXPENSES

	Group	
	2024	2023
	RM'000	RM'000
Interest expense		
- Bank overdraft	710	730
- Bank loans	1,350	1,427
- Bills payable	1,090	913
- Lease liabilities (Note 17(c))	468	455
	3,618	3,525

10. INCOME TAX EXPENSE

	Group	
	2024	2023
	RM'000	RM'000
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
- Current income tax - Malaysia	274	144
- Deferred income tax (Note 24)	-	47
	274	191
Under/(over)provision in prior financial years:		
- Current income tax	193	(92)
	467	99

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

10 INCOME TAX EXPENSE (CONT'D)

The income tax expense on the Group's profit before income tax differs from the theoretical amount that would arise using the Malaysia standard rate of income tax is as follows:

	Group	
	2024 RM'000	2023 RM'000
Profit before income tax	868	731
Share of profit of associated companies, net of tax	(607)	(1,059)
Profit/(loss) before income tax and share of profit of associated companies	261	(328)
Tax calculated at Malaysia income tax rate of 24% (2023: 24%)	63	(79)
Effects of:		
- Different tax rates in other countries	111	290
- Expenses not deductible for tax purposes	1,378	1,890
- Income not subject to tax	(1,012)	(1,711)
- Tax incentives	(110)	-
- Utilisation of previously unrecognised tax losses and allowances	(320)	(843)
- Deferred tax assets not recognised	164	644
- Under/(over)provision of tax in prior financial years	193	(92)
Tax expense	467	99

11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. There were no dilutive potential ordinary shares during the current and prior financial year.

	2024	2023
Net profit attributable to equity holders of the Company (RM'000)	377	666
Weighted average number of ordinary shares outstanding for basic profit per share ('000)	105,391	105,391
Basic and diluted earnings per share (RM cents per share)	0.36	0.63



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

12. CASH AND BANK BALANCES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash at bank and on hand	6,250	8,103	67	409
Short-term bank deposits	1,166	1,131	–	–
	7,416	9,234	67	409

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2024 RM'000	2023 RM'000
Cash and bank balances (as above)	7,416	9,234
Less: Short-term bank deposits pledged	(1,166)	(1,131)
Bank overdrafts (Note 22)	(10,513)	(8,411)
Cash and cash equivalents per consolidated statement of cash flows	(4,263)	(308)

Short-term bank deposits are pledged in relation to the security granted for certain borrowings (Note 22(a)).

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade receivables - non-related parties	24,136	22,829	–	–
Less: Loss allowance - non-related parties (Note 30(b))	(1,897)	(2,461)	–	–
Trade receivables - net	22,239	20,368	–	–
Costs incurred to fulfil contracts	–	1,160	–	–
Other receivables				
- Non-related parties	6,738	9,289	5,949	5,949
- Associated company	137	187	–	–
- Subsidiary corporations	–	–	12,768	13,366
	6,875	9,476	18,717	19,315
Less: Loss allowance - non-related parties (Note 30(b))	(5,949)	(5,949)	(5,949)	(5,949)
Other receivables - net	926	3,527	12,768	13,366
	23,165	25,055	12,768	13,366

The non-trade amounts due from associated company and subsidiary corporations are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

14. INVENTORIES

	Group	
	2024 RM'000	2023 RM'000
Raw materials	2,302	2,171
Work-in-progress	2,849	2,840
Finished goods	4,164	5,031
	9,315	10,042

The cost of inventories recognised as an expense and included in "cost of sales" amounted to RM54,027,000 (2023: RM43,121,000).

15. OTHER CURRENT ASSETS

	Group	
	2024 RM'000	2023 RM'000
Deposits	2,032	2,024
Prepayments	5,941	3,159
	7,973	5,183

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Leasehold land and buildings RM'000	Plant and machinery RM'000	Renovation and signboard RM'000	Motor vehicles RM'000	Computer, office equipment, fixtures, furniture and fittings RM'000	Construction work-in-progress RM'000	Total RM'000
Group								
31 March 2024								
Cost								
Beginning of financial year	7,414	25,364	30,577	5,513	3,771	2,763	-	75,402
Additions	-	133	98	27	406	74	1,428	2,166
Reclassified to investment properties (Note 18)*	(2,096)	-	-	-	-	-	-	(2,096)
Written off	-	(1,195)	(213)	(1,132)	-	(430)	-	(2,970)
Disposals	-	-	(1,242)	-	(294)	-	-	(1,536)
End of financial year	5,318	24,302	29,220	4,408	3,883	2,407	1,428	70,966
Accumulated depreciation								
Beginning of financial year	-	5,711	18,993	3,265	2,429	2,165	-	32,563
Depreciation charge (Note 7)	-	796	1,693	370	334	209	-	3,402
Written off	-	(1,195)	(213)	(1,132)	-	(430)	-	(2,970)
Disposals	-	-	(600)	-	(205)	-	-	(805)
End of financial year	-	5,312	19,873	2,503	2,558	1,944	-	32,190
Net book value								
End of financial year	5,318	18,990	9,347	1,905	1,325	463	1,428	38,776

* A freehold land has been reclassified to investment properties as the Group has ceased to use the freehold land as owner-occupied property.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

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

	Freehold land RM'000	Leasehold land and buildings RM'000	Plant and machinery RM'000	Renovation and signboard RM'000	Motor vehicles RM'000	Computer, office equipment, fixtures, furniture and fittings RM'000	Showroom equipment RM'000	Total RM'000
Group								
31 March 2023								
Cost								
Beginning of financial year	7,414	25,257	32,930	5,503	2,682	2,650	456	76,892
Additions	-	107	5,385	10	1,302	123	-	6,927
Written off	-	-	-	-	-	-	(456)	(456)
Disposals	-	-	(7,738)	-	(213)	(10)	-	(7,961)
End of financial year	7,414	25,364	30,577	5,513	3,771	2,763	-	75,402
Accumulated depreciation								
Beginning of financial year	-	4,381	22,922	2,776	2,413	1,956	456	34,904
Depreciation charge (Note 7)	-	1,330	1,793	489	229	219	-	4,060
Written off	-	-	-	-	-	-	(456)	(456)
Disposals	-	-	(5,722)	-	(213)	(10)	-	(5,945)
End of financial year	-	5,711	18,993	3,265	2,429	2,165	-	32,563
Net book value								
End of financial year	7,414	19,653	11,584	2,248	1,342	598	-	42,839

(a) Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 17(a).

(b) Certain property, plant and equipment of the Group with carrying amounts of RM34,161,000 (2023: RM38,455,000), are provided as security for bank borrowings and bills payable (Note 22(a)) and lease liabilities (Note 23).



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

17. LEASES

Leases – The Group as a lessee

Nature of the Group's leasing activities

Leasehold land, buildings and renovation

The Group leases warehouse for storage and distribution needs.

Plant and machinery

The Group leases plant and machinery for manufacturing process and activities, which includes tools and implements used or installed with existing machineries due to wear and tear or improvements purposes and forklift used to carry inventories within the factory.

Motor vehicles

The Group leases commercial vehicles to deliver goods or products to customer or collect raw materials from supplier while non-commercial vehicles for staff are to carry out installation or servicing services on site or travel around to meet customer and supplier.

Computer and office equipment

The Group leases computer equipment for its product designation work.

These leasehold land, buildings and renovation, plant and machinery, motor vehicles and computer and office equipment are recognised within Property, plant and equipment (Note 16).

The Group make monthly lease payments for the assets above. There is no externally imposed covenant on these lease arrangements.

(a) Carrying amounts

Right-of-use assets ("ROU assets") classified within Property, plant and equipment

	Group	
	2024	2023
	RM'000	RM'000
Leasehold land and buildings	147	284
Plant and machinery	8,214	8,270
Motor vehicles	1,325	1,340
Computer and office equipment	146	261
	9,832	10,155

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

17. LEASES (CONT'D)**Leases – The Group as a lessee (cont'd)**

(b) Depreciation charge during the financial year

	Group	
	2024 RM'000	2023 RM'000
Leasehold land and buildings	269	777
Plant and machinery	1,247	1,307
Motor vehicles	334	222
Computer and office equipment	50	101
	1,900	2,407

(c) Interest expense

	Group	
	2024 RM'000	2023 RM'000
Interest expense on lease liabilities (Note 9)	468	455

(d) Lease expense not capitalised in lease liabilities

	Group	
	2024 RM'000	2023 RM'000
Lease expense – short-term leases	1,174	555

(e) Total cash outflow for all the leases during the financial year ended 31 March 2024 for the Group was RM5,225,000 (2023: RM5,358,000).

(f) Additions of ROU assets during the financial year ended 31 March 2024 for the Group were RM3,139,000 (2023: RM4,203,000). Included in the additions of ROU assets, amount of RM2,655,000 are acquired in the financial year ended 31 March 2023 and finance through hire purchase in the financial year ended 31 March 2024.

Leases – The Group as a lessor**Nature of the Group's leasing activities**

The Group has leased out their owned investment properties, freehold land and leasehold land and buildings to related and non-related parties for monthly lease payments. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties are disclosed in Note 18.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

17. LEASES (CONT'D)

Leases – The Group as a lessor (cont'd)

Nature of the Group's leasing activities (cont'd)

Undiscounted lease payments from the operating leases to be received after the balance sheet date are as follows:

	Group	
	2024 RM'000	2023 RM'000
Not later than one year	419	321
Between one and five years	152	5
	571	326

18. INVESTMENT PROPERTIES

	Freehold land RM'000	Leasehold land RM'000	Leasehold land and buildings RM'000	Total RM'000
Group				
31 March 2024				
Cost				
Beginning of financial year	–	3,690	903	4,593
Reclassified from property, plant and equipment (Note 16)	2,096	–	–	2,096
End of financial year	2,096	3,690	903	6,689
Accumulated depreciation				
Beginning of financial year	–	749	340	1,089
Depreciation charge (Note 7)	–	46	13	59
End of financial year	–	795	353	1,148
Net book value				
End of financial year	2,096	2,895	550	5,541
31 March 2023				
Cost				
Beginning and end of financial year	–	3,690	903	4,593
Accumulated depreciation				
Beginning of financial year	–	703	327	1,030
Depreciation charge (Note 7)	–	46	13	59
End of financial year	–	749	340	1,089
Net book value				
End of financial year	–	2,941	563	3,504

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

18. INVESTMENT PROPERTIES (CONT'D)

Investment properties are leased to related and non-related parties under operating leases (Note 17).

All investment properties are mortgaged to secure bank loans (Note 22(a)).

The following amounts are recognised in profit or loss:

	Group	
	2024 RM'000	2023 RM'000
Rental income (Note 5)	92	90
Direct operating expenses arising from:		
- Investment property that generated rental income	(21)	(22)
- Investment property that did not generate rental income	(50)	(53)

At the balance sheet date, the details of the Group's investment properties are as follows:

Location	Description	Existing use	Tenure	Unexpired term of lease
Lot 1861, Kawasan Perindustrian Kg Baru Balakong, 43300 Seri Kembangan, Selangor	Vacant land	Industrial	Leasehold land	49
Lot 1867, Kawasan Perindustrian Kg Baru Balakong, 43300 Seri Kembangan, Selangor	Vacant land	Industrial	Freehold land	-
No. 14 Jalan Kencana 30 Taman Kencana, 56100 Kuala Lumpur	Factory with 3-storey office	Commercial	Leasehold land and building	60

MSM Metal Industries Sdn Bhd, a wholly-owned subsidiary corporation of the Company has on 7 July 2023 entered into a sale and purchase agreement with Plustech Engineering and Construction Sdn. Bhd., for the sale of its land located at Lot 1861 and Lot 1867, Kawasan Perindustrian Kg Baru Balakong, 43300 Seri Kembangan, Selangor for an aggregate consideration of RM23.5 million which shall be paid via a combination of cash and by way of a set off against the contract price for construction of factories (Note 27(a)), subject to the terms and conditions of the sale and purchase agreement. For further information, please refer to the Company's announcement dated 7 July 2023. There is no financial impact arising from this transaction as at 31 March 2024.

Fair value hierarchy

	Fair value measurement using		
	Quoted prices in active markets for identical assets (Level 1) RM'000	Significant other observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
31 March 2024			
- Industrial land	-	-	23,000
- Factory building	-	-	2,700
31 March 2023			
- Industrial land	-	-	12,000
- Factory building	-	-	2,700



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

18. INVESTMENT PROPERTIES (CONT'D)***Valuation techniques used to derive Level 3 fair values***

Level 3 fair values of the Group's investment properties have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size and location. The most significant input in this valuation approach is the reference to market evidence of selling price per square meter.

Valuation process of the Group

The finance department of the Group performs the valuation of investment properties required for financial reporting purposes, including Level 3 fair values based on available market transacted data. Discussion of valuation processes and results are held between the finance team lead by financial controller and the board of directors on a yearly basis.

19. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2024 RM'000	2023 RM'000
<i>Equity investment at cost:</i>		
Beginning and end of financial year	19,654	19,654

The Group had the following subsidiary corporations as at 31 March 2024 and 2023:

Name of subsidiary corporations	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2024 %	2023 %	2024 %	2023 %
<u>Held by the Company</u>						
MSM Metal Industries Sdn. Bhd. ⁽¹⁾	Contract manufacturing of all metal products	Malaysia	100	100	-	-
MSM Equipment Manufacturer Sdn. Bhd. ⁽¹⁾	Contract manufacturing of kitchen equipment and sale of standard kitchen equipment	Malaysia	100	100	-	-
MSM Kitchen Sdn. Bhd. ⁽¹⁾	Sale and servicing of standard kitchen equipment products	Malaysia	100	100	-	-
Toyomi Engineering Sdn. Bhd. ⁽¹⁾	Sale and servicing of metal parts and kitchen equipment, and design consultancy and installation works	Malaysia	100	100	-	-
FIC Kitchen Technology Sdn. Bhd. ⁽¹⁾	Manufacturing, sale and servicing of refrigeration appliances	Malaysia	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

19. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

Name of subsidiary corporations	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2024	2023	2024	2023
			%	%	%	%
OMS Technology Sdn. Bhd. ⁽¹⁾	Design, consultancy and installation works for cleanrooms and laboratories	Malaysia	100	100	–	–
Flexacon Automation System Sdn. Bhd. ⁽¹⁾	Trading, design and supply of machine, conveyor system	Malaysia	51	51	49	49
MSM Metal (S) Pte. Ltd. ⁽²⁾	Trading and servicing of metal parts and kitchen equipment	Singapore	100	100	–	–
Held by MSM Equipment Manufacturer Sdn. Bhd.						
PT. Mulia Sinergi Metalindo ⁽³⁾	Sale and service of metal parts, kitchen equipment	Indonesia	100	100	–	–
MSM R Kitchen Sdn. Bhd. ⁽¹⁾	Trading and servicing of metal parts and kitchen equipment	Malaysia	100	100	–	–

⁽¹⁾ Audited by Nexia SSY PLT, Malaysia, a member firm of Nexia International

⁽²⁾ Audited by CLA Global TS Public Accounting Corporation, Singapore, a member firm of CLA Global Limited

⁽³⁾ Audited by KAP Kanaka Puradiredja, Indonesia, a member firm of Nexia International

⁽⁴⁾ In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiary corporations and significant associated companies would not compromise the standard and effectiveness of the audit of the Company.

Carrying value of non-controlling interests

	Group	
	2024 RM'000	2023 RM'000
Flexacon Automation System Sdn. Bhd.	999	975

Summarised financial information of subsidiary corporation with material non-controlling interests

Set out below are the summarised financial information for subsidiary corporation that has non-controlling interests that are material to the Group. These are presented before the intercompany elimination.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

(CONT'D)

19. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)*Summarised balance sheet*

	Flexacon Automation System Sdn. Bhd.	
	2024	2023
	RM'000	RM'000
<i>Current</i>		
Assets	2,822	1,905
Liabilities	(1,684)	(713)
Total current net assets	1,138	1,192
<i>Non-current</i>		
Assets	3,884	3,992
Liabilities	(2,986)	(3,196)
Total non-current net assets	898	796
Net assets	2,036	1,988

Summarised statement of comprehensive income

	Flexacon Automation System Sdn. Bhd.	
	2024	2023
	RM'000	RM'000
Revenue	6,421	4,835
Profit/(loss) before income tax	61	(17)
Income tax expense	(13)	(51)
Net profit/(loss)	48	(68)
Other comprehensive income	-	-
Total comprehensive income/(loss)	48	(68)
Total comprehensive income/(loss) allocated to non-controlling interests	24	(34)
Dividends paid to non-controlling interests	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

19. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)*Summarised cash flows*

	Flexacon Automation System Sdn. Bhd.	
	2024	2023
	RM'000	RM'000
Cash flows from operating activities		
Cash generated from/(used in) operations	697	(350)
Income tax (paid)/refunded	(78)	117
Net cash provided by/(used in) operating activities	619	(233)
Net cash provided by investing activities	11	34
Net cash used in financing activities	(321)	(370)
Net increase/(decrease) in cash and cash equivalents	309	(569)
Cash and cash equivalents at beginning of financial year	849	1,418
Cash and cash equivalents at end of financial year	1,158	849

20. INVESTMENTS IN ASSOCIATED COMPANIES

	Group	
	2024	2023
	RM'000	RM'000
Beginning of financial year	13,822	9,905
Add: Share of profit of associated companies	607	1,059
Add: Gain on dilution of interest in associated companies (Note 6)	–	3,204
Less: Dividends received	–	(346)
End of financial year	14,429	13,822

	Company	
	2024	2023
	RM'000	RM'000

Equity investment at cost:

Beginning and end of financial year	5,056	5,056
-------------------------------------	-------	-------

On 10 November 2021, Cosmos Technology International Berhad (“CTIB”), was delisted from the LEAP Market pursuant to the withdrawal of the listing from the LEAP Market to facilitate the listing on the ACE Market.

CTIB was subsequently listed on the ACE Market on 6 October 2022 with initial public offering of 64,125,300 new ordinary shares for the entire enlarged total number of 256,501,300 shares. Following the listing of CTIB, the Company’s shareholding interest in CTIB has been diluted from 36% to 27% of the total number of issued ordinary shares in CTIB. Consequently, a gain on dilution of interest in associated companies of RM3,204,000 (Note 6) is recognised during the financial year ended 31 March 2023.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

20. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Set out below are the associated companies which are material to the Group:

Name of associated company	Principal activities	Country of business/ incorporation	% of ownership interest	
			2024 %	2023 %
<u>Held by the Company</u>				
Cosmos Technology International Berhad ⁽¹⁾⁽²⁾	Investment holding	Malaysia	27	27
<u>Held by Cosmos Technology International Berhad</u>				
Cosmos Instruments Sdn. Bhd. ⁽¹⁾⁽²⁾	Supply of industrial automation and control instruments	Malaysia	100	100
MCI Etech Sdn. Bhd. (Formerly known as Marc Conleth Industries Sdn. Bhd.) ⁽¹⁾⁽²⁾	Metal engineering work for oil and gas and environmental related industries	Malaysia	100	100

⁽¹⁾ The financial year end of the associated company is 30 April

⁽²⁾ Audited by Nexia SSY PLT, Malaysia, a member firm of Nexia International

The contingent liabilities relating to the Group's interest in the associated companies are as disclosed in Note 26.

Summarised financial information for associated companies

Summarised balance sheet

	Cosmos Technology International Berhad and its subsidiary corporations	
	2024 RM'000	2023 RM'000
<i>Current</i>		
Assets	44,031	54,077
Liabilities	(10,526)	(19,024)
Total current net assets	33,505	35,053
<i>Non-current</i>		
Assets	23,269	19,981
Liabilities	(3,725)	(4,280)
Total non-current net assets	19,544	15,701
Net assets	53,049	50,754

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

20. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)*Summarised statement of comprehensive income*

	Cosmos Technology International Berhad and its subsidiary corporations	
	2024	2023
	RM'000	RM'000
Revenue	35,812	58,273
Profit before income tax	3,260	5,077
Income tax expense	(965)	(1,407)
Net profit	2,295	3,670
Total comprehensive income	2,295	3,670
Share of profit of associated companies	607	1,059

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associated companies, is as follows:

	Cosmos Technology International Berhad and its subsidiary corporations	
	2024	2023
	RM'000	RM'000
Net assets as at 30 April	53,049	50,754
Carrying amount as at 31 March		
Beginning of financial year	13,822	9,905
Add: Share of profit of associated companies	607	1,059
Add: Gain on dilution of interest in associated companies (Note 6)	–	3,204
Less: Dividends received	–	(346)
End of financial year	14,429	13,822
Group's equity interest	27%	27%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

(CONT'D)

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade payables				
- Non-related parties	9,276	11,412	-	-
Other payables				
- Non-related parties	1,008	1,194	104	156
- Subsidiary corporations	-	-	5,455	4,964
- Associated company	129	129	-	-
Accruals for operating expenses	3,710	3,190	244	182
Deposits received	480	717	-	-
	14,603	16,642	5,803	5,302

The non-trade amounts due to subsidiary corporations and associated company are unsecured, interest-free and repayable on demand.

22. BORROWINGS

	Group	
	2024 RM'000	2023 RM'000
<i>Current</i>		
Bank overdrafts (Note 12)	10,513	8,411
Bank loans	2,732	2,645
Bills payable	17,984	18,591
	31,229	29,647
<i>Non-current</i>		
Bank loans	20,971	23,578
Total borrowings	52,200	53,225

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

22. BORROWINGS (CONT'D)

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	Group	
	2024 RM'000	2023 RM'000
6 months or less	51,126	51,704

(a) Security granted

Bank overdrafts, bank loans and bills payable are secured by a legal mortgage over the Group's freehold land, leasehold land and buildings (Note 16), investment properties (Note 18), short-term bank deposits of the Group (Note 12), corporate guarantee of the Company and certain personal guarantees of the directors.

(b) Fair value of non-current borrowings

	Group	
	2024 RM'000	2023 RM'000
Bank loans	21,350	23,664

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group	
	2024 %	2023 %
Bank loans	4.7	4.5

The fair values are within Level 2 of the fair values hierarchy.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

(CONT'D)

23. LEASE LIABILITIES

	Group	
	2024	2023
	RM'000	RM'000
Current	2,404	2,829
Non-current	5,291	5,311
	7,695	8,140

Security granted

Lease liabilities of RM7,545,000 (2023: RM7,850,000) of the Group are effectively secured over the leased plant and machinery, motor vehicles and computer and office equipment, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the lease liabilities.

24. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2024	2023
	RM'000	RM'000
Deferred income tax assets	(36)	(69)
Deferred income tax liabilities	179	212
Net deferred tax liabilities - to be settled after one year	143	143

Movement in net deferred income tax account is as follows:

	Group	
	2024	2023
	RM'000	RM'000
Beginning of financial year	143	96
Tax charged to profit or loss (Note 10)	-	47
End of financial year	143	143

Deferred income tax assets are recognised for tax losses, capital allowances and reinvestment allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of RM16,175,000 (2023: RM17,981,000), capital allowances of RM2,918,000 (2023: RM2,775,000) and reinvestment allowances of RM13,466,000 (2023: RM14,117,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses, capital allowances and reinvestment allowances in their respective countries of incorporation. The tax losses and reinvestment allowances will expire between 2029 to 2032 and 2026 to 2031 respectively while the capital allowances have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

24. DEFERRED INCOME TAXES (CONT'D)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Deferred income tax assets

	Lease liabilities RM'000	Total RM'000
2024		
Beginning of financial year	(69)	(69)
Charged to profit or loss	33	33
End of financial year	(36)	(36)
2023		
Beginning of financial year	(230)	(230)
Charged to profit or loss	161	161
End of financial year	(69)	(69)

Deferred income tax liabilities

	Accelerated tax depreciation RM'000	ROU assets RM'000	Total RM'000
2024			
Beginning of financial year	144	68	212
Credited to profit or loss	(1)	(32)	(33)
End of financial year	143	36	179
2023			
Beginning of financial year	97	229	326
Charged/(credited) to profit or loss	47	(161)	(114)
End of financial year	144	68	212

No deferred tax liabilities have been recognised for withholding taxes that would be payable on unremitted earnings of the Group's subsidiary corporations (established in Malaysia and Indonesia) as the Group is in the position to control the timing of the remittance of earning and it is not probable that these subsidiary corporations will distribute such earnings in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

25. SHARE CAPITAL

	Group and Company			
	No. of ordinary shares		2024 RM'000	2023 RM'000
	2024 '000	2023 '000		
Beginning and end of financial year	105,391	105,391	30,158	30,158

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. The newly issued shares rank pari passu in all aspects with the previously issued shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

26. CONTINGENT LIABILITIES*(i) Corporate guarantee*

	Company	
	2024 RM'000	2023 RM'000
Corporate guarantees provided to banks on loans held by:		
- Subsidiary corporations	75,303	74,851
- Associated company	-	2,900
	75,303	77,751

The Company has issued corporate guarantees to certain banks and financial institutions for credit facilities granted to the subsidiary corporations and associated company. The Company has evaluated the fair value of the corporate guarantees and is of the view that the consequential benefit derived from its guarantees to the banks and the fair value with regard to the subsidiary corporations and associated company is minimal. The subsidiary corporations and associated company have not defaulted in the payment of borrowings in the financial years ended 31 March 2024 and 2023. As at the balance sheet date, no claims on the corporate guarantees are expected.

(ii) Financial support to subsidiary corporations

The Company has given letters of financial support to certain subsidiary corporations in the Group with net current liabilities position at the balance sheet date to enable these subsidiary corporations to operate as going concern and to meet their liabilities as and when they fall due.

27. COMMITMENTS*(a) Capital commitments*

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, are as follows:

	Group	
	2024 RM'000	2023 RM'000
Construction in progress – staff accommodation	1,092	-
Construction works – Factories (Note 18)	23,500	-
	24,592	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

27. COMMITMENTS (CONT'D)

(b) *Operating lease commitments – where the Group is a lessee*

Except for short-term and low value leases, lease payments have been recognised as right-of-use assets and lease liabilities on the balance sheet date. The Group leases photocopiers and hostel premise from non-related parties under non-cancellable operating lease agreements. These leases are assessed to be short-term and low value leases.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2024 RM'000	2023 RM'000
Not later than one year	453	618
Between one and five years	24	2
	477	620

28. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) *Sales and purchases of goods and services and other expenses*

	Group	
	2024 RM'000	2023 RM'000
Sales of goods to related parties	23	41
Rental expenses paid to directors	(35)	(95)
Rental income received from a related party	315	216
Purchases of material from related parties	(1)	(1)
Subcontractors' cost paid to related parties	–	(2)

Related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances as at 31 March 2024, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 13 and 21 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

28. RELATED PARTY TRANSACTIONS (CONT'D)

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties: (cont'd)

(b) *Key management personnel compensation*

Key management personnel compensation is as follows:

	Group	
	2024	2023
	RM'000	RM'000
Salaries, bonuses and allowances	2,012	2,099
Directors' fees	235	212
Employer's contribution to defined contribution plans	175	173
Other short-term benefits	531	460
	<hr/>	<hr/>
	2,953	2,944

Included in the above is total compensation to directors of the Company amounting to RM1,719,000 (2023: RM1,617,000).

29. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. For each of the strategic business units, the Board of Directors (the chief operating decision maker) reviews internal management reports on at least half-annually.

The Board of Directors comprises three independent directors and three non-independent directors. The Board of Directors considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in four primary geographic areas: Malaysia, Singapore, Indonesia and United States of America. All geographic locations are engaged in the Original Equipment Manufacturer contract manufacturing ("OEM contract manufacturing"), kitchen appliances, equipment and related services and cleanroom and laboratories.

The Board of Directors has organised the business of the Group in three business segments as set out below:

- OEM contract manufacturing;
- Kitchen appliances, equipment and related services; and
- Cleanroom and laboratories.

Except as disclosed above, no operating segments have been aggregated to form the above reportable operating segments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

29. SEGMENT INFORMATION (CONT'D)

The segment information provided to the Board of Directors for the reportable segments is as follows:

	OEM contract manufacturing RM'000	Kitchen appliances, equipment and related services RM'000	Cleanroom and laboratories RM'000	Total RM'000
2024				
Revenue				
Total segment sales	34,543	37,958	19,730	92,231
Inter-segment sales	(1,210)	(603)	–	(1,813)
<hr/>				
Sales to external parties	33,333	37,355	19,730	90,418
<hr/>				
Adjusted EBITDA	4,867	1,446	992	7,305
Depreciation of property, plant and equipment and right-of-use assets	2,289	1,031	82	3,402
Finance expense	2,548	933	137	3,618
<hr/>				
2023				
Revenue				
Total segment sales	32,461	40,505	9,164	82,130
Inter-segment sales	(30)	(560)	(10)	(600)
<hr/>				
Sales to external parties	32,431	39,945	9,154	81,530
<hr/>				
Adjusted EBITDA/(LBITDA)	6,824	925	(457)	7,292
Depreciation of property, plant and equipment and right-of-use assets	2,735	1,255	70	4,060
Finance expense	2,522	852	151	3,525

As the amounts of total assets and liabilities for each reportable segment is not regularly provided to Board of Directors, such information is not presented in the financial statements.

The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

The Board of Directors assesses the performance of the operating segments based on measure of earnings/(loss) before interest, tax, depreciation and amortisation and share of profit of associated companies ("adjusted EBITDA/(LBITDA)"). Interest income, depreciation of investment properties and share of profit of associated companies are not allocated to segments, as this type of activity is driven by the Chief Executive Officer (CEO) and Financial Controller (FC), who manage the cash position of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

29. SEGMENT INFORMATION (CONT'D)

A reconciliation of adjusted EBITDA to profit before income tax is provided as follows:

	Group	
	2024	2023
	RM'000	RM'000
Adjusted EBITDA for reportable segments	7,305	7,292
Depreciation of property, plant and equipment	(3,402)	(4,060)
Depreciation of investment properties	(59)	(59)
Finance expense	(3,618)	(3,525)
Interest income	35	24
Share of profit of associated companies	607	1,059
Profit before income tax	868	731

Geographical information

The Group's three business segments are headquartered and operated mainly in Malaysia. The operations in this area are principally in the manufacturing and sales of OEM contract manufacturing products, cleanroom and laboratories and kitchen appliances, equipment and related services.

In Singapore and Vietnam, the major operations is OEM contract manufacturing and kitchen appliances, equipment and related services. In Indonesia, the major operation is kitchen appliances, equipment and related services and minor operation in OEM contract manufacturing.

In other countries, the operations include the sale of OEM contract manufacturing products in United States of America, New Zealand and China whereas the sale of kitchen appliances and equipment in Thailand, Australia and China and the sale of cleanroom and laboratories in Philippines.

	Group	
	2024	2023
	RM'000	RM'000
Revenue		
Malaysia	85,508	76,209
Vietnam	129	101
Singapore	1,938	2,371
Indonesia	1,593	1,673
Other countries	1,250	1,176
	90,418	81,530
Non-current assets ⁽¹⁾		
Malaysia	44,317	46,343

⁽¹⁾ Non-current assets exclude investments in associated companies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

30. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board of Directors then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies.

The overall business strategies of the Group, its tolerance for risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions. In determining its risk management policies, the management ensures that an acceptable balance is made between the cost of risks occurring and the cost of managing the risks.

(a) Market risk

(i) *Currency risk*

The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below:

The Group mainly operates in Malaysia. Entities in the Group transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises when transactions are denominated in foreign currencies such as United States Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EUR") and Indonesia Rupiah ("IDR"). As the transactions in foreign currencies are minimal, the Group manages the foreign exchange exposure arising from future commercial transactions and recognised assets and liabilities by a policy of matching, as far as possible, receipts and payments in each individual currency.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

30. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The Group's currency exposure based on the information provided to key management is as follows:

	RM RM'000	USD RM'000	SGD RM'000	EUR RM'000	IDR RM'000	Total RM'000
31 March 2024						
Financial assets						
Cash and bank balances	7,068	107	165	4	72	7,416
Trade and other receivables	22,000	356	204	-	605	23,165
Other current assets	2,030	-	-	-	2	2,032
Inter-companies receivables	3,825	-	-	-	-	3,825
	34,923	463	369	4	679	36,438
Financial liabilities						
Trade and other payables	13,483	-	-	7	633	14,123
Borrowings	52,200	-	-	-	-	52,200
Lease liabilities	7,695	-	-	-	-	7,695
Inter-companies payables	3,825	-	-	-	-	3,825
	77,203	-	-	7	633	77,843
Net financial (liabilities)/assets	(42,280)	463	369	(3)	46	(41,405)
Less: Net financial liabilities denominated in the respective entities' functional currencies	42,280	-	-	-	-	42,280
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	-	463	369	(3)	46	875

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

30. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The Group's currency exposure based on the information provided to key management is as follows: (cont'd)

	RM RM'000	USD RM'000	SGD RM'000	EUR RM'000	IDR RM'000	Total RM'000
31 March 2023						
Financial assets						
Cash and bank balances	8,900	119	131	4	80	9,234
Trade and other receivables	22,598	454	206	-	637	23,895
Other current assets	2,022	-	-	-	2	2,024
Inter-companies receivables	5,446	-	-	-	-	5,446
	38,966	573	337	4	719	40,599
Financial liabilities						
Trade and other payables	15,022	473	-	7	423	15,925
Borrowings	53,225	-	-	-	-	53,225
Lease liabilities	8,140	-	-	-	-	8,140
Inter-companies payables	5,446	-	-	-	-	5,446
	81,833	473	-	7	423	82,736
Net financial (liabilities)/assets	(42,867)	100	337	(3)	296	(42,137)
Less: Net financial liabilities denominated in the respective entities' functional currencies	42,867	-	-	-	-	42,867
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	-	100	337	(3)	296	730

The Company does not have any significant exposure to currency risk as the transactions in foreign currencies are minimal.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

30. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

If the USD, SGD, EUR and IDR change against the RM by 5% (2023: 5%) respectively, with all other variables including tax rate being held constant, the effects arising from net financial liabilities/assets position will be as follows:

	← Increase/(decrease) →			
	2024	Equity	2023	Equity
	Net profit RM'000	RM'000	Net profit RM'000	RM'000
USD against RM				
- strengthened	18	18	4	4
- weakened	(18)	(18)	(4)	(4)
SGD against RM				
- strengthened	14	14	13	13
- weakened	(14)	(14)	(13)	(13)
EUR against RM				
- strengthened	*	*	*	*
- weakened	*	*	*	*
IDR against RM				
- strengthened	2	2	11	11
- weakened	(2)	(2)	(11)	(11)

* Less than RM1,000

(ii) Price risk

The Group does not have exposure to equity price risk as it does not hold any equity financial assets.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest rate risk mainly arises from bank borrowings at variable interest rates. The Group is not exposed to changes in interest rates for fixed rate financial assets and financial liabilities. The Group manages its interest rate risk by keeping bank borrowings to the minimum required to sustain the operations of the Group.

The Group's borrowings at variable rates are denominated in RM. If the RM interest rate increase/decrease by 1% (2023: 1%) with all other variables including tax rates being held constant, the net profit and equity will be lower/higher by RM389,000 (2023: RM393,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

30. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group and arises principally from the Group's receivables from customers. The Group adopts the policy of dealing only with:

- Customers of appropriate credit standing and history; and
- High credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the management.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except for corporate guarantees provided to banks on loans held by subsidiary corporations and associated company as disclosed in Note 26(i).

The Group assesses concentration of credit risk by monitoring the individual profile of its trade receivables on an ongoing basis. As at 31 March 2024, the Group has concentrated credit risk on 1 debtor (2023: 2 debtors) that individually constituted 13% (2023: 23%) of total trade receivables.

Trade receivables

The Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime expected credit loss ("ECL") to be recognised from initial recognition of the receivables.

The management made debtor specific assessment for credit impaired debtors. Debtors that are individually determined to be credit impaired ("non-performing receivables") at the financial year end relate to debtors who are in significant financial difficulties, default on payments more than 365 days, and/or legal enforcement action undertaken by the Group. In such instances, management measured the ECL of the non-performing receivable at its maximum exposure to the Group as at reporting date.

The Group uses a provision matrix to measure the lifetime ECL for trade receivables that are other than non-performing receivables. In calculating the ECL rates, the Group considers historical loss rates for each category of customers and adjusted to reflect current and forward-looking macroeconomic factors affecting the ability of customers to settle the receivables. The Group also considers respective customers' transactions and receipts with the Group during the financial year and estimates of the amount and timing of the collectability of respective customers.

Trade receivables are written-off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises trade receivables for potential write-off when the counterparty fails to make contractual payments more than 365 days past due. Where receivables are written-off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

30. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Trade receivables (cont'd)

The movements in credit loss allowance are as follows:

	Group	
	2024 RM'000	2023 RM'000
Beginning of financial year	2,461	3,046
(Reversal of loss allowance)/loss allowance recognised in profit or loss during the financial year on:		
- Loss allowance made	213	920
- Reversal of unutilised loss allowance	(777)	(28)
	(564)	892
Receivables written off as uncollectible	-	(1,477)
End of financial year (Note 13)	1,897	2,461

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

30. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Trade receivables (cont'd)

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 March 2024 and 2023 are set out in the provision matrix as follows:

	Current RM'000	Past due				Total RM'000
		Within 30 to 120 days RM'000	121 to 150 days RM'000	151 to 365 days RM'000	More than 365 days RM'000	
2024						
OEM contract manufacturing						
Trade receivables	4,130	4,776	1,088	2,207	19	12,220
Loss allowance	-	-	-	-	19	19
Kitchen appliances, equipment and related services						
Trade receivables	1,952	3,067	349	1,832	1,944	9,144
Loss allowance	-	-	-	-	1,858	1,858
Cleanroom and laboratories						
Trade receivables	1,713	588	107	19	345	2,772
Loss allowance	-	-	-	-	20	20
2023						
OEM contract manufacturing						
Trade receivables	2,755	5,160	495	1,070	860	10,340
Loss allowance	-	-	-	-	184	184
Kitchen appliances, equipment and related services						
Trade receivables	2,693	3,267	522	1,306	1,834	9,622
Loss allowance	-	-	-	-	1,800	1,800
Cleanroom and laboratories						
Trade receivables	749	753	337	548	480	2,867
Loss allowance	-	-	-	-	477	477



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

30. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Trade receivables (cont'd)

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group	
	2024	2023
	RM'000	RM'000
<u>By geographical areas</u>		
Malaysia	21,680	19,481
Indonesia	119	223
Singapore	162	460
Australia	219	–
Other countries	59	204
	<hr/>	<hr/>
	22,239	20,368
	<hr/>	<hr/>
<u>By types of customers</u>		
Non-related parties		
- Multi-national companies	5,051	6,407
- Other companies	17,188	13,961
	<hr/>	<hr/>
	22,239	20,368
	<hr/>	<hr/>

Other financial assets, at amortised cost

The Group's and the Company's other financial assets recognised at amortised cost are mainly comprised of cash and cash equivalents and other receivables, i.e. non-trade amounts due from non-related parties, subsidiary corporations and associated companies and deposits.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to these receivables in estimating the probability of default of each of these other financial assets.

For the purpose of impairment assessment, loss allowance is generally measured at an amount equal to 12-month ECL as there is low risk of default and strong capability to meet contractual cash flows. When the credit quality deteriorates and the resulting credit risk of other financial assets increase significantly since its initial recognition, the 12-month ECL would be replaced by lifetime ECL.

Other financial assets are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of other receivables to engage in a repayment plan with the Group or the Company, and a failure to make contractual payments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

30. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Other financial assets, at amortised cost (cont'd)

As at reporting date, other receivables of the Group and the Company were not subject to any material credit losses except as disclosed below:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Beginning of financial year	5,949	–	5,949	–
Loss allowance recognised in profit or loss during the financial year on:				
- Loss allowance made	–	5,949	–	5,949
End of financial year (Note 13)	5,949	5,949	5,949	5,949

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and having an adequate amount of committed credit facilities (Note 22) to enable it to meet its normal operating commitments. The Group's objective is to maintain a balance between continuing of funding and flexibility through the use of bank borrowings, bank overdrafts and lease liabilities. As at balance sheet date, assets held by the Group and the Company for managing liquidity risks included cash and short-term bank deposits as disclosed in Note 12.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000
Group				
31 March 2024				
Trade and other payables	14,123	–	–	–
Borrowings	32,421	3,919	8,277	15,422
Lease liabilities	2,773	2,211	3,305	259
	49,317	6,130	11,582	15,681
31 March 2023				
Trade and other payables	15,925	–	–	–
Borrowings	30,894	3,892	10,061	16,939
Lease liabilities	3,212	2,280	3,167	352
	50,031	6,172	13,228	17,291



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

30. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000
Company				
31 March 2024				
Trade and other payables	5,803	-	-	-
Corporate guarantees	75,303	-	-	-
	81,106	-	-	-
31 March 2023				
Trade and other payables	5,302	-	-	-
Corporate guarantees	77,751	-	-	-
	83,053	-	-	-

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio and compliance of external imposed capital requirements which were unchanged from 31 March 2023. Gearing ratio is calculated as total borrowings (including lease liabilities) secured over the leased plant and machinery, motor vehicles and computer and office equipment, divided by total net equity. Net equity is defined as total assets minus total liabilities.

The Group's policy is to maintain gearing ratio of not exceeding 2.4 times (2023: 2.4 times).

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Total borrowings	59,895	61,365	-	-
Net equity	33,110	32,719	31,742	33,183
Gearing ratio (times)	1.81	1.88	-	-

A group of subsidiary corporations in Malaysia is subject to external imposed capital requirements for the financial years ended 31 March 2024 and 2023. The management of the subsidiary corporations' strategy is to maintain: (i) minimum debt service coverage ratio of 1.25 times (2023: 1.25 times) and (ii) maximum gearing ratio of 1.2 times to 2.4 times (2023: 1.2 times to 2.4 times) at all times.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

30. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Capital risk (cont'd)

As at 31 March 2024, a subsidiary corporation of the Company had outstanding bills payables and bank overdrafts amounting to a total of RM3.7 million owing to a bank. However, the subsidiary corporation had, amongst others, not met the financial covenants to maintain a gearing ratio of not more than 2.4 times and a tangible net worth of not less than RM13 million as at 31 March 2024. Notwithstanding the aforementioned, the bank has notified the subsidiary corporation on 22 December 2023 that it is agreeable to continue extending the banking facilities until the next review of the bank facilities upon receipt of the subsidiary corporation's audited financial statements for the financial year ended 31 March 2024.

The Group is in compliance with all externally imposed capital requirements except as disclosed above. The Company is not subject to any externally imposed capital requirements for the financial years ended 31 March 2024 and 2023.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet, except for the following:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Financial assets, at amortised cost	32,613	35,153	12,835	13,775
Financial liabilities, at amortised cost	74,018	77,290	5,803	5,302

31. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2024 and which the Group has not early adopted.

- **Amendments to SFRS(I) 1-1 Presentation of Financial Statements:**

Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2024)

Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

(CONT'D)

31. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT'D)

• **Amendments to SFRS(I) 1-1 Presentation of Financial Statements: (cont'd)**

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The Group does not expect any significant impact arising from applying these amendments.

• **Amendments to SFRS(I) 1-7 Statement of Cash Flows and SFRS(I) 7 Financial Statements: Disclosures:**

Supplier finance arrangements (effective for annual periods beginning on or after 1 January 2024)

The amendments clarify the characteristics of supplier finance arrangements ("SFA") and introduce new disclosures of such arrangements. The objective of the new disclosures is to provide information about supplier finance arrangements that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk.

There is a transitional relief of not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances.

The amendments will be effective for annual periods beginning on or after 1 January 2024. Early adoption is permitted.

The Group does not expect any significant impact arising from applying these amendments.

• **Amendments to SFRS(I) 16 Leases:**

Lease liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024)

The narrow-scope amendments to SFRS(I) 16 explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

The Group does not expect any significant impact arising from applying these amendments.

32. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of MSM International Limited on 2 July 2024.

Statistics of Shareholdings

As At 24 June 2024

ISSUED AND PAID-UP CAPITAL	:	RM30,158,413
ISSUED AND FULLY PAID-UP SHARES EXCLUDING TREASURY SHARES	:	105,391,186
NUMBER OF TREASURY SHARES AND SUBSIDIARY HOLDINGS HELD	:	NIL
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE VOTE PER SHARE

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
	NO. OF SHARES	%	NO. OF SHARES	%
Triumphant Hope Sdn. Bhd.	76,955,933	73.02	–	–
Chan Kee Sieng	187,000	0.18	76,955,933	73.02
Chan Kit Moi	130,000	0.12	76,955,933	73.02

Notes:

Messrs Chan Kee Sieng and Chan Kit Moi are shareholders of Triumphant Hope Sdn. Bhd. (“**Triumphant Hope**”) (each holding 50% of shares in the capital of Triumphant Hope) and they are deemed to have an interest in the shares held by Triumphant Hope.

Shareholdings Held in the Hands of Public

Based on information available to the Company as at 24 June 2024, approximately 21.00% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the SGX-ST Listing Manual (Section B: Rules of Catalist) is complied with.

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1 - 99	1	0.92	3	0.00
100 - 1,000	4	3.67	1,300	0.00
1,001 - 10,000	25	22.94	198,300	0.19
10,001 - 1,000,000	73	66.97	10,377,120	9.85
1,000,001 & ABOVE	6	5.50	94,814,463	89.96
TOTAL	109	100.00	105,391,186	100.00

**MSM INTERNATIONAL LIMITED**

106

**STATISTICS OF SHAREHOLDINGS
AS AT 24 JUNE 2024**

(CONT'D)

TWENTY LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
TRIUMPHANT HOPE SDN. BHD.	76,955,933	73.02
CGS INTERNATIONAL SECURITIES SINGAPORE PTE LTD	7,245,906	6.87
PHILLIP SECURITIES PTE LTD	3,965,003	3.76
CHAN WEN CHAU	2,785,186	2.64
LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	2,780,000	2.64
CHAN WEN YAW	1,082,435	1.03
CHAN WEN YEE	883,810	0.84
ONG SENG JOO	883,810	0.84
LEE KAY HUAN HOLDINGS PTE LTD	840,000	0.80
KOK SHAW TERK (GUO SHAODE)	764,000	0.72
CHOO KOK CHENG	700,000	0.66
LOW SEE WAN	631,200	0.60
UOB KAY HIAN PTE LTD	560,000	0.53
TAN SZE SENG	438,800	0.42
GERALD CHEW KIN MUN	400,000	0.38
CHAN SIEW LING	361,000	0.34
NG SOON HOCK (HUANG SHUNFU)	313,000	0.30
CHUA KENG LOY	250,000	0.24
TAN LYE SENG	200,600	0.19
LIM TIONG KHENG STEVEN	200,000	0.19
TOTAL	102,240,683	97.01

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting (“AGM”) of the Company will be held at 77 Robinson Road #06-03 Robinson 77 Singapore 068896 on **Friday, 26 July 2024** at **10.30 a.m.** for the purpose of transacting the following businesses:

ORDINARY BUSINESS

- | | | |
|----|---|---------------------|
| 1. | To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2024 together with the Directors’ Statement and Independent Auditor’s Report thereon. | Resolution 1 |
| 2. | To approve the Directors’ fees of S\$83,000 for the financial year ending 31 March 2025 (financial year ended 31 March 2024: S\$83,000). | Resolution 2 |
| 3. | To re-elect Mr Wong Kok Seong, a Director who is retiring pursuant to Article 107 of the Company’s Constitution.
(See Explanatory Note 1) | Resolution 3 |
| 4. | To re-elect Mr Lee Kean Cheong, a Director who is retiring pursuant to Article 107 of the Company’s Constitution.
(See Explanatory Note 2) | Resolution 4 |
| 5. | To record the retirement of Mr Chan Kit Moi as a Director of the Company at the conclusion of the AGM.
(See Explanatory Note 3) | |
| 6. | To record the retirement of Mr Leow Wee Kia Clement as a Director of the Company at the conclusion of the AGM.
(See Explanatory Note 4) | |
| 7. | To re-appoint CLA Global TS Public Accounting Corporation as the Auditors of the Company and authorise the Directors to fix their remuneration. | Resolution 5 |
| 8. | To transact any other ordinary business which may be properly transacted at an AGM. | |

SPECIAL BUSINESS

To consider and, if thought fit, to approve the following Ordinary Resolution, with or without modifications:

- | | | |
|----|--|---------------------|
| 9. | Authority to allot and issue shares | Resolution 6 |
|----|--|---------------------|

That pursuant to Section 161 of the Companies Act 1967 (the “Act”) and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) (“Catalist Rules”), the Directors of the Company be authorised and empowered to:

- | | | |
|------|------|--|
| (I) | (i) | allot and issue shares in the capital of the Company (“Shares”) whether by way of rights, bonus or otherwise; and/or |
| | (ii) | make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and |
| (II) | | (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, |



NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

provided that:

- (a) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution), shall not exceed one hundred per cent (100%) of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below);
- (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) that may be issued under sub-paragraph (a) above, the percentage of the issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
 - (i) new Shares arising from the conversion or exercise of any convertible securities;
 - (ii) new Shares arising from the exercise of share options or vesting of share awards which are outstanding and/or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of Shares;Any adjustments made in accordance with sub-paragraphs (b)(i) or (b)(ii) above shall only be made in respect of new Shares arising from convertible securities and Instruments which were issued and outstanding and/or subsisting at the time of the passing of this Resolution.
- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and
- (d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(See Explanatory Note 5)

By Order of the Board

Chan Kee Sieng
Executive Chairman
Singapore
11 July 2024

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

Explanatory Notes:

1. Ordinary Resolution 3 - Mr Wong Kok Seong, upon re-election, will be redesignated as a Non-Independent Non-Executive Director of the Company and a member of the Audit, Nominating and Remuneration Committees. Mr Wong Kok Seong will not be considered by the Board to be independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information on Mr Wong Kok Seong can be found in the Annual Report 2024. There are no relationships (including immediate family relationships) between Mr Wong Kok Seong and the other Directors of the Company, the Company or its substantial shareholders.
2. Ordinary Resolution 4 - Mr Lee Kean Cheong will, upon re-election as a Director of the Company, remain as the Independent Director as well as a member of the Audit, Nominating and Remuneration Committees. Mr Lee Kean Cheong is considered by the Board to be independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information on Mr Lee Kean Cheong can be found in the Annual Report 2024. There are no relationships (including immediate family relationships) between Mr Lee Kean Cheong and the other Directors of the Company, the Company or its substantial shareholders.
3. Item 5 is to record the retirement of Mr Chan Kit Moi as an Executive Director of the Company at the conclusion of the AGM.
4. Item 6 is to record the retirement of Mr Leow Wee Kia Clement as a Director of the Company. Mr Leow Wee Kia Clement has served as Independent Director of the Company for more than nine years from the date of his appointment and will cease to be independent and retire as a Director at the conclusion of the AGM. He will concurrently cease to be the Lead Independent Director and vacate his positions on the Audit Committee, Nominating Committee and Remuneration Committee of the Company.
5. Ordinary Resolution 6 above, is to authorise the Directors of the Company from the date of the forthcoming AGM until the next AGM of the Company to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 100% of the total number of issued shares excluding treasury shares and subsidiary holdings of which the total number of shares issued other than on a pro-rata basis to existing shareholders shall not exceed 50% of the total number of issued shares excluding treasury shares and subsidiary holdings for such purposes as they consider would be in the interests of the Company. Rule 806(3) of the Catalist Rules currently provides for the percentage of the total number of issued shares excluding treasury shares and subsidiary holdings to be calculated on the basis of the total number of issued shares at the time that the Resolution is passed (taking into account the conversion or exercise of any convertible securities or employee share options at the time that the Resolution is passed, which were issued pursuant to previous shareholder approval), adjusted for any subsequent bonus issue, consolidation or subdivision of shares. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

Notes:

1. A printed copy of this notice of AGM (the “**Notice**”) will be sent to the shareholders. Printed copy of the Company’s annual report (“**AR**”) will not be sent to shareholders, instead, it will be made available to shareholders by electronic means via publication on the Company’s website at the URL <http://www.msmmgroup.com/> and made available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>. Shareholders have the right to elect whether to receive the AR in physical copy by completing the Request Form sent together with the Notice. Please refer to and read the instructions set out in the Request Form carefully.
2. A proxy need not be a shareholder of the Company.



NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

Notes: (cont'd)

3. The instrument appointing a proxy or proxies, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:
 - (a) if sent personally or by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896; or
 - (b) if submitted by email, be received by the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com,in either case, by 10.30 a.m. on 24 July 2024 (being not less than forty-eight (48) hours before the time appointed for holding the AGM (or at any adjournment thereof)) and in default the instrument of proxy shall not be treated as valid.
4. For investors who hold shares through relevant intermediaries, including CPF and SRS investors, who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes, at least seven (7) working days before the time appointed for the holding of the AGM (ie. by 10.30 a.m. on 17 July 2024). CPF investors and/or SRS investors are requested to contact their respective CPF and/or SRS Operators for any queries they may have with regard to the appointment of the Chairman of the Meeting as proxy for the AGM.
5. Except for a shareholder who is a Relevant Intermediary as defined under Section 181(6) of the Act, a shareholder entitled to attend and vote at this AGM is entitled to appoint not more than two proxies to attend and vote in his stead.
6. Where a shareholder appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
7. A shareholder who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at this AGM, but each proxy must be appointed to exercise the rights attached to a different shares held by such shareholder. Where such shareholder appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
8. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
9. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.
10. The appointment of a proxy(ies) shall not preclude a shareholder from attending, speaking and voting in person at the AGM. If a shareholder attends the AGM in person, the appointment of a proxy(ies) shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy(ies) to the AGM.

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

IMPORTANT INFORMATION**1. Attendance**

The AGM is being convened and will be held physically (“**Physical Meeting**”).

2. Voting

Voting on the resolutions tabled at the AGM will be by poll in accordance with the Constitution of the Company.

3. Submission of Questions in Advance

Shareholders may submit their questions in relation to the resolutions of the AGM by:

- (a) email to: msm.agm@msmmgroup.com; or
- (b) post to the registered office at 77 Robinson Road #06-03 Robinson 77 Singapore 068896.

When submitting questions by post or via email, shareholders should also provide the following details: (i) the shareholder’s full name; (ii) the shareholder’s email address; and (iii) the manner in which the shareholder holds shares in the Company (e.g., via CDP, CPF/SRS and/or physical scrip), for verification purposes.

All questions must be submitted by 10.30 a.m. on 19 July 2024 (“**Cut-Off Time**”).

The Company will endeavor to address all substantial and relevant questions received from shareholders by the Cut-Off Time and publish its response on the SGXNet at URL <https://www.sgx.com/securities/company-announcements> and at the Company’s website at URL <http://www.msmmgroup.com/> not later than 22 July 2024. Where substantial and relevant questions are unable to be answered prior to the AGM, the Company will address them at the AGM.

Verified shareholders and proxy(ies) attending the Physical Meeting will be able to ask questions in person at the AGM venue.

The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNET and the Company’s website and the minutes will include the responses to the questions referred to above.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the shareholder discloses the personal data of the shareholder’s proxy(ies) and/or representatives(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representatives(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representatives(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder’s breach of warranty.

(This page has been intentionally left blank)



MSM INTERNATIONAL LIMITED
(Company Registration No.: 200918800R)
(Incorporated in the Republic of Singapore)

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT:

1. Relevant intermediaries (as defined in Section 181 of the Companies Act 1967) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy the Company's shares, this Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

*I/We(Name)(NRIC/Passport No./Company Registration No.)

of (Address)

being a *shareholder/shareholders of **MSM INTERNATIONAL LIMITED** (the "Company"), hereby appoint:-

Name	NRIC/Passport No.	Proportion of Shareholdings	
Address		No. of Shares	%

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
Address		No. of Shares	%

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting ("AGM" or "Meeting") of the Company to be held at 77 Robinson Road #06-03 Robinson 77 Singapore 068896 on **Friday, 26 July 2024 at 10.30 a.m.** and at any adjournment thereof. Where a shareholder appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

I/We direct my/our proxy/proxies to vote for or against the Resolutions or to abstain from voting on the Resolutions to be proposed at the AGM as hereunder indicated. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolutions	For	Against	Abstain
1.	Adoption of the Audited Financial Statements for the financial year ended 31 March 2024 together with the Directors' Statement and the Auditors' Report thereon.			
2.	Approval of the Directors' fees of S\$83,000 for the financial year ending 31 March 2025.			
3.	Re-election of Mr Wong Kok Seong as a Director of the Company.			
4.	Re-election of Mr Lee Kean Cheong as a Director of the Company.			
5.	Re-appointment of CLA Global TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration.			
6.	Authority to allot and issue shares in the capital of the Company.			

Dated this day of 2024.

Total no. of Shares in	No. of Shares
(a) Depository Register	
(b) Register of Shareholder	

Signature(s) of Shareholder(s)/Common Seal of Corporate Shareholder(s)

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM OVERLEAF



NOTES FOR PROXY FORM

1. Except for a shareholder who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act 1967 (the “**Companies Act**”) a shareholder entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company.
2. Where a shareholder appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. A shareholder should insert the total number of shares held. If the shareholder has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), he should insert that number of shares. If the shareholder has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the shareholder has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the shareholder of the Company.
4. Pursuant to Section 181(1C) of the Companies Act, a shareholder who is a Relevant Intermediaries is entitled to appoint more than two proxies to attend, speak and vote at the Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by the shareholder. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
6. A corporation which is a shareholder may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967.
7. This instrument appointing a proxy or proxies must:
 - (a) if sent personally or by post, be lodged at the office of the Company’s Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896; or
 - (b) if submitted by email, be received by the Company’s Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com,in either case, by 10.30 a.m. on 24 July 2024 (being not less than forty-eight (48) hours before the time appointed for holding the AGM (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.
8. If you wish to exercise all your votes for or against the Resolutions or abstain from voting on the Resolutions as set out in the Notice of AGM, please indicate with an “X” in the spaces provided. Alternatively, please indicate the number of votes as appropriate. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM. Where a shareholder appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
10. In the case of shareholders of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such shareholders are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.
11. An investor who buys shares using CPF monies (“**CPF Investor**”) and/or SRS monies (“**SRS Investor**”) (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees at least seven (7) working days before the time appointed for the holding of the AGM (ie. by 10.30 a.m. on 17 July 2024) to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
12. The appointment of a proxy(ies) shall not preclude a shareholder from attending, speaking and voting in person at the AGM. If a shareholder attends the AGM in person, the appointment of a proxy(ies) shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy(ies) to the AGM

Personal data privacy:

By submitting this proxy form, the shareholder of the Company accepts and agrees to the personal data privacy terms as set out in the Notice of AGM dated 11 July 2024.

ANNUAL REPORT PRINT COPY REQUEST FORM

11 July 2024

Dear Shareholders,

We are pleased to enclose a printed copy of the Notice and Proxy Form of the upcoming Annual General Meeting of the Company to be held on 26 July 2024.

In line with the Company's sustainability efforts, we are implementing the use of electronic communications for the circulation of the Company's Annual Report 2024 for the financial year ended 31 March 2024 ("AR2024") and sincerely hope that you will join our sustainability efforts and embrace electronic communications. The AR2024 will be available for download or online viewing at the Company's corporate website <http://www.msmmgroup.com/> and the SGXNet at <https://www.sgx.com/securities/company-announcements> from the date of this letter.

However, if you still wish to receive a printed copy of the AR2024, please complete the Request Form below and email it to msm.agm@msmmgroup.com, or mail the physical copy to the Company at 77 Robinson Road #06-03 Robinson 77 Singapore 068896 **by 19 July 2024**.

By completing, signing and returning the Request Form to us, you agree and acknowledge that we and/or our service provider may collect, use and disclose your personal data, as contained in your submitted form or which is otherwise collected from you or your authorised representative(s), for the purpose of processing and effecting your request.

Yours faithfully

For and on behalf of MSM International Limited

Nor Hafiza Alwi
Company Secretary

REQUEST FORM

To: MSM International Limited

NB: Please tick accordingly. Incomplete or incorrectly completed forms will not be processed.

I/We wish to receive a printed copy of the AR2024

Investor's type (Please tick accordingly)

CDP Depositor(s)

Scrip Shareholder(s)

CPF Investment Scheme/SRS

Name(s) of Shareholder(s) or Corporation: _____

NRIC/Passport Number(s): _____

Company Registration Number: _____

Mailing Address: _____

Signature(s): _____ Date: _____



Please fold here

Stamp

MSM International Limited
77 Robinson Road
#06-03 Robinson 77 Singapore 068896

Please fold here



MSM INTERNATIONAL LIMITED

Company Registration No.: 200918800R

Principal Place of Business:

Lot 1909, Jalan KPB 5, Kawasan Perindustrian Kampung Baru Balakong
43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia

Tel : + 603 8962 6618 Fax : + 603 8962 3353

www.msmmgroup.com