

**ECONFRAME BERHAD**

Registration No. 201901042935 (1352265-T)  
(Incorporated in Malaysia under the Companies Act 2016)

ANNUAL  
REPORT

**2023**



**ECONFRAME BERHAD**

Registration No. 201901042935 (1352265-T)

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# CORPORATE STRUCTURE



**Notes:**  
<sup>1</sup> Acquired on 8 September 2023.  
<sup>2</sup> Has not commenced business operations.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### ROBERT KOONG YIN LEONG

Independent Non-Executive Chairman

### LIM CHIN HORNG

Managing Director

### KHOO SOON BENG

Executive Director

### TEOH KENG CHANG

Executive Director

(Resigned on 17 October 2023)

### LIM SAW NEE

Non-Independent Non-Executive Director

### LIM FOO SENG

Non-Independent Non-Executive Director

### TAN HOCK SOON

Senior Independent Non-Executive Director

### ILHAM FADILAH BINTI SUNHAJI

Independent Non-Executive Director

### CHAN SOON TAT

Independent Non-Executive Director

## AUDIT AND RISK MANAGEMENT COMMITTEE

### Chairman

Tan Hock Soon

### Member

Ilham Fadilah Binti Sunhaji  
Chan Soon Tat

(Appointed on 14 April 2023)

Robert Koong Yin Leong

(Resigned on 14 April 2023)

## NOMINATION COMMITTEE

### Chairperson

Ilham Fadilah Binti Sunhaji

### Member

Tan Hock Soon

Chan Soon Tat

(Appointed on 14 April 2023)

Robert Koong Yin Leong

(Resigned on 14 April 2023)

## REMUNERATION COMMITTEE

### Chairman

Chan Soon Tat

(Appointed on 14 April 2023)

Robert Koong Yin Leong

(Resigned on 14 April 2023)

### Member

Tan Hock Soon

Ilham Fadilah Binti Sunhaji

## COMPANY SECRETARIES

Chua Siew Chuan (MAICSA 0777689)  
SSM PC No. 201908002648

Chew Kit Yee (MAICSA 7067474)

SSM PC No. 202208000376

(Appointed on 17 January 2023)

Cheng Chia Ping (MAICSA 1032514)

SSM PC No. 202008000730

(Resigned on 17 January 2023)

## REGISTERED OFFICE

Level 7, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Telephone number: 03-2084 9000

Fax number: 03-2094 9940 /

03-2095 0292

Email address: info@sshbs.com.my

## PRINCIPAL PLACE OF BUSINESS

No. 1, Jalan 27A, Kawasan 16

Sungai Rasau Industrial Area

41300 Klang, Selangor

Telephone number : 03-3348 7268

Website : www.econframe.com

## AUDITORS

### Baker Tilly Monteiro Heng PLT

LLP number: 201906000600

(LLP0019411-LCA)

(Firm number: AF 0117)

Baker Tilly Tower, Level 10

Tower 1, Avenue 5

Bangsar South City

59200 Kuala Lumpur

Telephone number : 03-2297 1000

## SHARE REGISTRAR

### Securities Services (Holdings) Sdn Bhd

Registration No. 197701005827 (36869-T)

Level 7, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Telephone number : 03-2084 9000

Fax number : 03-2094 9940 /

03-2095 0292

Email address: info@sshbs.com.my

## SPONSOR

### M&A Securities Sdn Bhd

Level 11, 45 & 47

The Boulevard

Mid Valley City

Lingkaran Syed Putra

59200 Kuala Lumpur

Telephone number : 03-2284 2911

## STOCK EXCHANGE LISTING

### ACE Market, Bursa Malaysia

### Securities Berhad

Stock Code : 0227

Stock Name : EFRAME

Sector : Industrial Products  
and Services

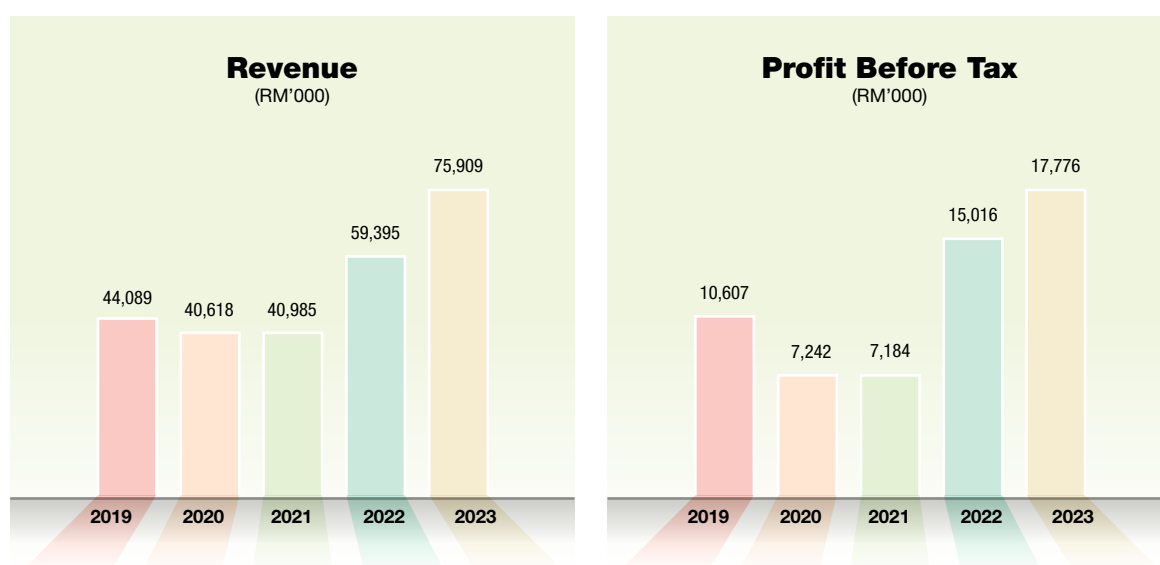
## GROUP FINANCIAL HIGHLIGHTS

	Financial year ended 31 August				
	2019* RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Revenue	44,089	40,618	40,985	59,395	75,909
Profit before tax	10,607	7,242	7,184	15,016	17,776
Profit attributable to owners of the Company	8,135	5,339	5,110	11,239	13,064
Total assets	33,208	36,232	59,035	74,543	95,476
Equity attributable to owners of the Company	26,009	31,348	53,924	63,538	85,460
EBITDA <sup>^</sup>	11,214	7,769	7,387	15,183	17,908
Net assets per share # (RM)	0.10	0.12	0.17	0.20	0.25
Earnings per share # (Sen)	3.13	2.05	1.62	3.46	3.93

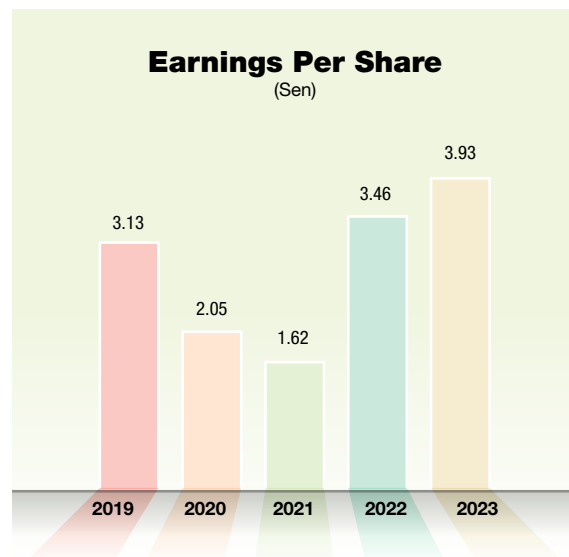
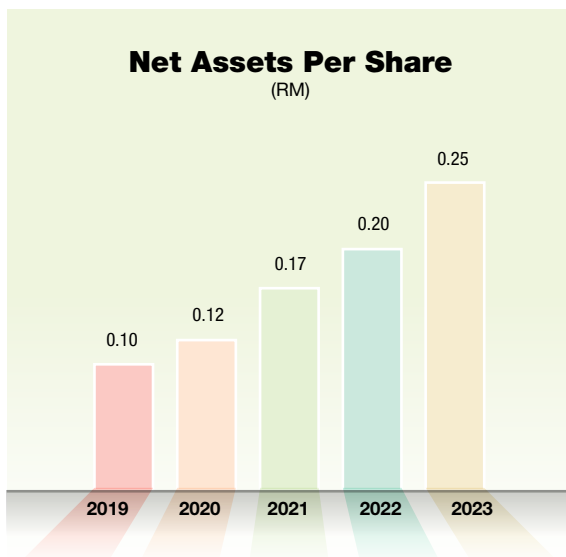
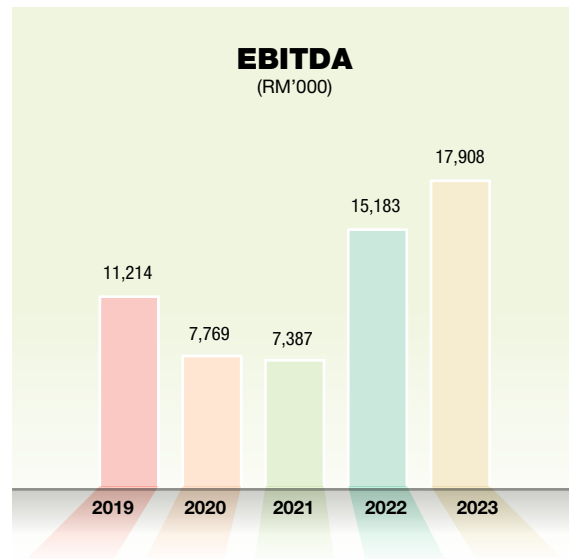
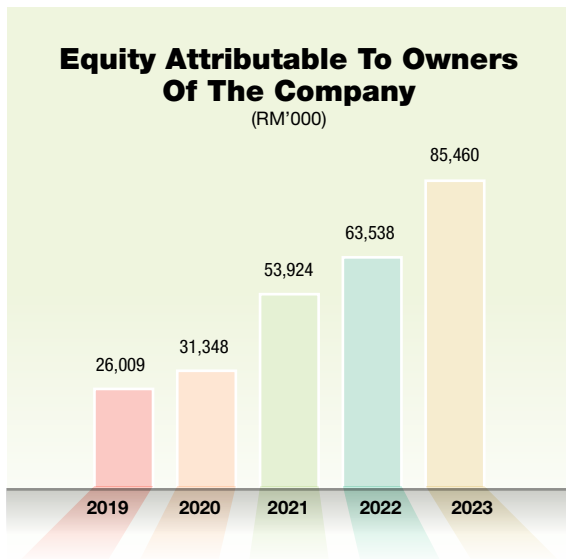
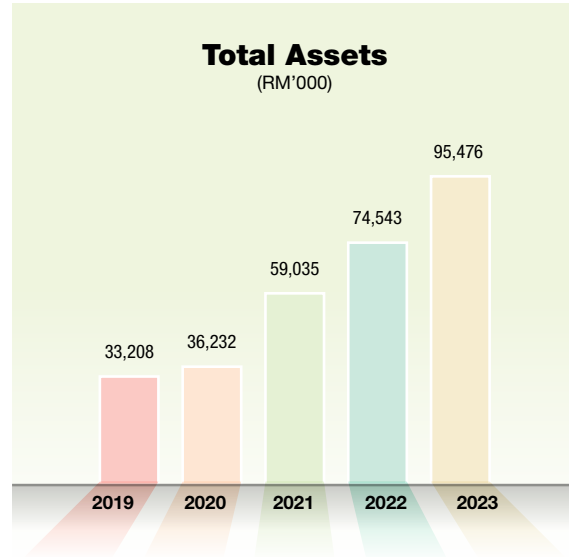
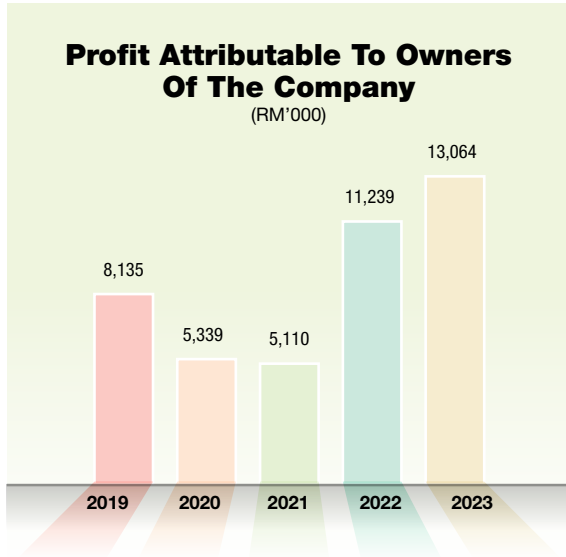
\* Shown (for comparison purposes) on the basis of combined group i.e, the Company completed the acquisitions of the subsidiaries, Econframe Marketing Sdn Bhd and Econframe Pre-Hung Doors Sdn Bhd (collectively, the "Acquisitions") on 1 August 2020 and are assumed to be under common control since their incorporation and prior to the Acquisitions.

<sup>^</sup> Earnings before interests, tax, depreciation and amortisation.

# Attributable to owners of the Company.



GROUP FINANCIAL HIGHLIGHTS (CONT'D)



## DIRECTORS' PROFILE



### ROBERT KOONG YIN LEONG

Independent Non-Executive Chairman

**Robert Koong Yin Leong**, a Malaysian, male, aged 55, is the Independent Non-Executive Chairman. He was appointed to the Board on 11 February 2020. He had relinquished his position as the Chairman of the Remuneration Committee, member of the Audit and Risk Management Committee and Nomination Committee on 14 April 2023 in compliance with practice 1.4 of the Malaysian Code on Corporate Governance.

He is an Associate Member of the Chartered Institute of Management Accountant, United Kingdom as well as a Member of the Malaysian Institute of Accountants.

He commenced his career with Arthur Andersen & Co in 1990 in the corporate recovery and corporate finance division prior to joining Electroscon Sdn Bhd as Group Finance Manager in 1994. He joined Tanco Resorts Berhad in 1999 as the Finance and Administration Manager. In 2002, he joined Hicom-Teck See Sdn Bhd and was posted to Hicom Automotive Plastics (Thailand) Ltd from 2002 to 2005 as General Manager, Finance, before joining Nakamichi Corporation Berhad as Manager, Finance and Administration in 2005. In 2006, he joined SMIS Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), as Group Financial Controller, a position he holds until today.

He does not hold any other directorship in any other public companies or public listed companies in Malaysia and has no family relationship with any of the Director and/or major shareholders.



### LIM CHIN HORNG

Managing Director

**Lim Chin Horng**, a Malaysian, male, aged 54, is the Managing Director. He was appointed to the Board on 13 February 2020.

He commenced his career in 1990 with Amalgamated Containers Berhad (now known as Parkson Holdings Berhad) in the quality control department prior to joining Era Ace Sdn Bhd as Project Manager for the provision of mechanical and electrical engineering services in 1996. In 1999, he left Era Ace Sdn Bhd and set up Era Ace Engineering and Trading, a sole proprietorship, where he undertook the business of trading in mechanical electronic parts and components, to collaborate with Era Ace Sdn Bhd. Era Ace Engineering and Trading ceased operations in 2004.

In August 2001, he co-founded Econframe Marketing Sdn Bhd to undertake the business of manufacturing of metal door frames and metal window frames. In 2010, he set up Econframe Pre-Hung Doors Sdn Bhd together with Khoo Soon Beng (the Executive Director) for the trading of wooden doors to complement the metal door frames business of Econframe Marketing Sdn Bhd. He leads the Company and the subsidiaries ("**the Group**") in the development and implementation of the Group's strategies as well as managing the Group's operational and product development.

He is the brother of Lim Saw Nee (the Non-Independent Non-Executive Director and major shareholder) and he does not hold any other directorship in any other public companies or public listed companies in Malaysia.

## DIRECTORS' PROFILE (CONT'D)



## **KHOO SOON BENG**

Executive Director

**Khoo Soon Beng**, a Malaysian, male, aged 54, is the Executive Director. He was appointed to the Board on 13 February 2020.

In 1992, he graduated with a NCC (National Computing Centre) Diploma in Computer Studies from Informatics Institute, Klang, Malaysia (which has since ceased operation). He also obtained a Diploma in Business Studies issued by the Institute of Commercial Management, England from Institute Wawasan, Klang, Malaysia (which has since ceased operation) in 1994.

He commenced his career in 1990 as a Production Planner with Amalgamated Containers Berhad (now known as Parkson Holdings Berhad), before leaving in 1994 to join Forenade Plast (Malaysia) Sdn Bhd, as a Production Controller. In 2002, he joined Nakagawa (M) Sdn Bhd, as a Production Planning Executive and left in 2003 to re-join Forenade Plast (Malaysia) Sdn Bhd as a Sales Executive.

In July 2006, he commenced his employment with Econframe Marketing Sdn Bhd and in 2010, he co-founded Econframe Pre-Hung Doors Sdn Bhd with Lim Chin Horng (the Managing Director). He is responsible for overseeing the sales and marketing activities of the Group.

He does not hold any other directorship in any other public companies or public listed companies in Malaysia and has no family relationship with any of the Director and/or major shareholders.



## **LIM SAW NEE**

Non-Independent Non-Executive Director

**Lim Saw Nee**, a Malaysian, female, aged 56, is the Non-Independent Non-Executive Director and major shareholder. She was appointed to the Board on 13 February 2020.

She obtained her Diploma in Interior Design at the Modern Institute of Interior Design, Petaling Jaya, Malaysia (which has since ceased operation) in 1988.

She commenced her career with Sun Swee Productions Sdn Bhd as a Junior Production Designer in 1988 and left in 1989 to join United Tradewind Trading Sdn Bhd, a company co-founded by her spouse. She has remained at United Tradewind Trading Sdn Bhd since 1989 and currently holds the position of General Manager, where she oversees various departments including the human resource department and procurement department.

She is the sister of Lim Chin Horng (the Managing Director) and she does not hold any other directorship in any other public companies or public listed companies in Malaysia.



## DIRECTORS' PROFILE (CONT'D)

**LIM FOO SENG**

Non-Independent Non-Executive Director

**Lim Foo Seng**, a Malaysian, male, aged 53, is the Non-Independent Non-Executive Director. He was appointed to the Board on 1 February 2021.

He is a Member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

He started his career in Deloitte Kassim Chan, an international accounting firm, from 1989 till 1995. Thereafter, he joined Arab-Malaysian Corporation Berhad ("**Amcorp**") and left in 2003 where his last position was Chief Financial Officer ("**CFO**") of MCM Technologies Berhad, a subsidiary company of Amcorp which was formerly listed on the then MESDAQ Market of Bursa Securities.

Subsequently, he joined Quest Technology Sdn Bhd ("**Quest**") as CFO and from 2005 to 2008, he was Executive Director cum CFO for Quest's immediate holding company, Ruby Quest Berhad, a company listed on the then MESDAQ Market of Bursa Securities. From 2008 to 2009, he was Executive Director of Asia Bioenergy Technologies Berhad, a company listed on the then MESDAQ Market of Bursa Securities. Between 2011 and 2013, he was Head of Strategic Planning for Aivoria Group Sdn Bhd and in 2014, he joined Winn Worldwide Sdn Bhd until 2017 as Chief Strategy Officer. In mid-2017, he joined Nova Pharma Solutions Berhad as Chief Strategy Officer, a company listed on the LEAP Market of Bursa Securities and left in mid-2023.

Currently he is the Chief Operating Officer of Virtuals Space Sdn Bhd, a company involved in the provision of interior design services under the homegrown S.U.A brand of 34 years.

He is also an Independent Non-Executive Director of Iskandar Waterfront City Berhad, Knusford Berhad and PLS Plantations Berhad, all listed on the Main Market of Bursa Securities.

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

## DIRECTORS' PROFILE (CONT'D)

**TAN HOCK SOON**

Senior Independent Non-Executive Director

**Tan Hock Soon**, a Malaysian, male, aged 51, is the Senior Independent Non-Executive Director. He was appointed to the Board on 11 February 2020 and he is the Chairman of the Audit and Risk Management Committee. He is also a member of the Remuneration Committee and Nomination Committee.

He is a Fellow Member of the Malaysian Institute of Certified Public Accountants as well as a Member of the Malaysian Institute of Accountants.

He commenced his career with KPMG in 1992 before leaving to join the Corporate Finance Division of Commerce International Merchant Bankers Berhad (now known as CIMB Investment Bank Berhad) in 1996. He left in 1999 to set up his own business. From 2001 to 2004, he was an Executive Director of Merces Holdings Berhad (now known as Y&G Corporation Berhad), a company listed on the then Second Board of Bursa Securities. From 2003 to 2008, he was also an Independent Non-Executive Director and Audit Committee Chairman of NTPM Holdings Berhad, a company listed on the Main Market of Bursa Securities. In 2004, he obtained his Investment Representative license and co-founded and is currently a Director of Strategic Capital Advisory Sdn Bhd, a Licensed Investment Advisory company which specialises in Corporate Finance.

Presently, he is an Independent Non-Executive Director of SMIS Corporation Bhd, a company listed on the Main Market of Bursa Securities and Director of Leinet Technology Berhad, a public company.

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

**ILHAM FADILAH BINTI SUNHAJI**

Independent Non-Executive Director

**Ilham Fadilah Binti Sunhaji**, a Malaysian, female, aged 41, is the Independent Non-Executive Director. She was appointed to the Board on 11 February 2020 and she is the Chairperson of the Nomination Committee. She is also a member of the Audit and Risk Management Committee and Remuneration Committee.

She completed her Bachelor of Arts majoring in International Studies (Global Security) and Political Science from the University of Wisconsin-Madison, United States of America in 2005. In 2014, she obtained her Masters of Business Administration in Strategic Management from the International Islamic University Malaysia.

She commenced her career in 2005 with Solid Partners Sdn Bhd in the sales and marketing department, before leaving in 2006, to join Accenture Malaysia as an Analyst. In 2012, she left Accenture Malaysia and joined Performance Management and Delivery Unit ("PEMANDU"), an agency of the Prime Minister's Department as Manager. In 2017, she left PEMANDU and joined Pemandu Associates Sdn Bhd, a private management consultancy firm, as Senior Vice President. In 2021, she left Pemandu Associates Sdn Bhd and joined Malaysia Petroleum Resources Corporation as the Head of Corporate Strategy and Research.

Presently, she is an Independent Non-Executive Director of Ocean Vantage Holdings Berhad, a company listed on the ACE Market of Bursa Securities.

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

DIRECTORS' PROFILE (CONT'D)



**CHAN SOON TAT**

Independent Non-Executive Director

**Chan Soon Tat**, a Malaysian, male, aged 40, is the Independent Non-Executive Director. He was appointed to the Board on 23 February 2022. He was appointed as the Chairman of the Remuneration Committee, member of the Audit and Risk Management Committee and Remuneration Committee on 14 April 2023.

He is a Fellow Member of the Association of Chartered Certified Accountants as well as a Member of the Malaysian Institute of Accountants. He is also an Associate Member of Chartered Tax Institute of Malaysia.

He commenced his career as an Audit Associate with YYC & Co. in 2007 and was appointed as Chief Strategy, Marketing Officer and Director of Merger and Acquisition of YYC Holdings Sdn Bhd in 2018. He left in 2019 and joined SJ & Co. PLT as Director and is currently involved in auditing, tax planning and business advisory for various types of companies.

Presently, he is the Non-Independent Non-Executive Chairman of Systech Bhd, a company listed on the ACE Market of Bursa Securities.

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

**CONFLICT OF INTEREST**

There is no conflict of interest between the Directors and the Group.

**CONVICTION FOR OFFENCES**

None of the Directors have been convicted for any offences (except traffic offences) within the past 5 years or have any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

## KEY SENIOR MANAGEMENT'S PROFILE



### **KOH SEE YING**

Chief Financial Officer

**Koh See Ying**, a Malaysian, female, aged 31, is the Chief Financial Officer. She is a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom and a Member of the Malaysian Institute of Accountants.

She commenced her career with Genting Malaysia Berhad in July 2014. She left Genting Malaysia Berhad in December 2020 and joined the Group on 2 January 2021 as Assistant Financial Controller. She currently holds the position of Chief Financial Officer since 1 February 2022 and is responsible for the Group's financial, tax and accounting matters as well as corporate finance related matters.



### **YONG CHAW ANG**

General Manager

**Yong Chaw Ang**, a Malaysian, female, aged 42, is the General Manager. She completed an accounting course at ALC College, (now known as Peninsula College) Malaysia and earned a Higher Diploma in Accounting in 2002.

She commenced her career with Kwangly Auto Sdn Bhd in 2003, as an Administrative and Accounts Executive, prior to joining Econframe Marketing Sdn Bhd in June 2006. She currently holds the position of General Manager since 1 January 2021 and is responsible for overseeing the production of metal door frames and window frames and procurement of ironmongery.



### **SOI WEN LI**

Purchasing Manager

**Soi Wen Li**, a Malaysian, female, aged 46, is the Purchasing Manager.

She commenced her career with Arm Shield Sdn Bhd in 1998 as a Production Clerk. In 2010, she joined Triplast Plastic Industries Sdn Bhd as a Production Planner, prior to joining Econframe Marketing Sdn Bhd in May 2013. She currently holds the position of Purchasing Manager since 1 August 2017 and is responsible for the procurement of raw materials for the production activities of the Group.

KEY SENIOR MANAGEMENT'S PROFILE (CONT'D)



**ANG SZE CIE**

Production Manager

**Ang Sze Cie**, a Malaysian, female, aged 31, is the Production Manager.

She commenced her career with Herald Remittance Sdn Bhd in 2009, as a General Clerk, prior to joining Econframe Marketing Sdn Bhd in September 2012. She currently holds the position of Production Manager since 1 January 2021 and is responsible for overseeing the production of the Group's fire resistant doors, metal doors and wooden doors.



**KOH SIEW SIAH**

Sales Manager

**Koh Siew Siah**, a Malaysian, male, aged 51, is the Sales Manager. He graduated with Diploma in Electronics Engineering from Federal Institute of Technology, Kuala Lumpur, Malaysia.

He commenced his career in 1995 with Aval Electric (KL) Sdn Bhd as Procurement Executive. He then joined GM Corporation Sdn Bhd as Sales and Marketing Executive in 2002 prior to joining Econframe Marketing Sdn Bhd in February 2014. He currently holds the position of Sales Manager since 1 October 2021 and is responsible to lead and manage the sales operations of the Group.



**LIOW CHING TSEN**

Sales Manager

**Liow Ching Tsen**, a Malaysian, male, aged 30, is the Sales Manager. He graduated with Bachelor of Development Management from University Utara Malaysia.

He joined Econframe Marketing Sdn Bhd in November 2018 as Sales and Marketing Executive. He currently holds the position of Sales Manager since 1 June 2022 and is responsible to lead and manage the sales operations of the Group.

**FAMILY RELATIONSHIP**

None of the key senior management have family relationship with any Director and/or major shareholder of the Company.

**DIRECTORSHIP IN PUBLIC COMPANIES AND PUBLIC LISTED COMPANIES**

None of the key senior management have any directorship in public companies and public listed companies in Malaysia.

**CONFLICT OF INTEREST**

There is no conflict of interest between the key senior management and the Group.

**CONVICTION FOR OFFENCES**

None of the key senior management have been convicted for any offences (except traffic offences) within the past 5 years or have any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Dear Esteemed Shareholders,

On behalf of the Board of Directors (“the Board”), I am pleased to present the Management Discussion and Analysis of Econframe Berhad (“Econframe”) and its subsidiaries (“the Group”) for the financial year ended 31 August 2023 (“FYE 2023”), where we registered another record high financial performance with revenue and profit after tax (“net profit”) at RM75.9 million and RM13.1 million respectively.



### Another Record-Breaking Top & Bottom-Line Performance



FY2023 Revenue

**RM75.9**  
million



FY2023 Net Profit:

**RM13.1**  
million

## BUSINESS AND OPERATIONAL REVIEW

Econframe is a leading one-stop total door system solution provider with more than 20 years of track record serving a wide range of notable property developers and construction companies for residential, commercial and mixed projects.

The Group’s operations include the following:

### I. Total door system solution

- Providing a complete door system solution which includes the manufacturing and trading of metal doors and window frames, wooden doors, fire-resistant door sets, and a wide range of hardware including but not limited to ironmongery.
- One of our key competitive advantages is our ability to provide customised metal door frames taking consideration of budget, materials, wall type, construction methods, and dimensions amongst others.
- This is backed by our strong in-house design and development team.
- We have the flexibility to cater to a wide range of design options, material types, and door core selections, such as solid timber core, solid particle core, and honeycomb core, to meet diverse functional needs.
- Additionally, we also offer a diversity of finishes such as veneer, melamine, and high-density fibreboard for different aesthetic appeals.

### II. Electronics and electrical systems and accessories

- Providing smart home and security system for residential, commercial, and industrial buildings in Malaysia.

### III. Solar energy products and system

- Trading and installation services of solar energy products and systems for commercial and industrial buildings.

## ECONOMIC & BUSINESS REVIEW

Malaysia’s Gross Domestic Product (“GDP”) experienced a robust growth of 8.7% in 2022, surpassing the 3.1% growth recorded in 2021, as reported by the Ministry of Finance (“MOF”). The growth continued with a 5.6% expansion in the first quarter of 2023. However, this momentum moderated in the subsequent quarters, with our economy growing only 2.9% and 3.3% in the second and third quarter of 2023 respectively. This was mainly due to the decrease in exports according to Bank Negara Malaysia (“BNM”).

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

**ECONOMIC & BUSINESS REVIEW (CONT'D)**

Against this backdrop, the business operating landscape remains challenging with ongoing headwinds such as fluctuations in raw material costs, hike in labour costs, and utility expenditures to name a few. It was demanding for us at Econframe as well but nevertheless, we leveraged on our experience and proven track record combined with our prudent approach and solid balance, to navigate through these obstacles.

Operationally, we are pleased to share that production utilisation in the financial year under review remained high on the back of healthy demand. The order flow for our products continued to trend upwards, contributing to the all-time high financial performance achieved in the FYE 2023.

At the same time, we also upgraded our machines as part of our continuous improvement and expansion, which boosted our capacity by approximately 30%. More importantly, with this additional capacity, we are able to maintain our utilisation rate at an optimal level and allowing us to further scale our business sustainably.

**CORPORATE DEVELOPMENTS**

On the corporate front, Econframe successfully acquired a 65% equity interest in Lee & Yong Aluminium Sdn. Bhd. (“**LYASB**”) from Mr. Yong Kuen Hwan (“**Vendor**”) on 8 September 2023 for RM17.2 million, of which RM8.1 million was satisfied in cash with the remaining via issuance of 10,459,770 new ordinary shares in Econframe (“**Acquisition**”). Notably, the investment risk for the Acquisition is mitigated with a profit guarantee provided by the Vendor that LYASB shall achieve an audited profit after tax (“**PAT**”) of not less than RM4.0 million each year for 3 consecutive years (financial years ending 31 August 2024 to financial year ending 31 August 2026) and a minimum cumulative audited PAT of not less than RM12.0 million (“**Profit Guarantee**”).

With more than 30 years of track record, LYASB specialises in the fabrication and installation of aluminium glazing, glass products and facade works, which complements Econframe’s existing business. Its fully equipped and skilled fabrication factory with a built-up space of close to 30,000 square feet (“**sf.**”) is located in Kota Bahru, Kelantan. LYASB has the capability to fabricate customised aluminium window and door solutions to meet architectural and client specifications.

Together with the above Acquisition, Econframe also acquired a 100% equity interest in Trans United Sdn. Bhd. (“**TUSB**”) for a cash consideration of RM1.0 million. TUSB owns the land where LYASB’s manufacturing facility is situated.



Separately, the Group had in January 2023, completed the acquisition of a parcel of industrial property in Sungai Rasau, Klang, for a cash consideration of RM8.13 million. The property comprises a single-storey warehouse with mezzanine floor and annexed double-storey office building, refuse chamber and guard house (“**Property**”). The gross built-up area of more than 35,000 sf. allows the Group to re-organise its manufacturing activities, implement automation process and improve the manufacturing workflow and efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

**CORPORATE DEVELOPMENTS (CONT'D)**

Lastly, Econframe also completed the bonus issue of 162,499,998 warrants (“Warrants”) on the basis of 1 warrant for every 2 existing shares (“**Bonus Issue of Warrants**”) in December 2022. This was an expression of our appreciation towards our shareholders’ support since the Group’s listing. The Bonus Issue of Warrants serves to reward our shareholders by providing them with the opportunity to increase their equity participation in the Group should they choose to exercise the Warrants at the pre-determined price of RM0.42 per ordinary share of Econframe anytime during the 5 years period from its issuance date.



Our shareholders may also benefit from any potential capital appreciation arising from the exercise of the Warrants. Based on the assumption that all the Warrants are converted, the Group would raise RM68.3 million. The proceeds shall be placed in deposits with financial institutions or short-term money market instruments. The interest or gains derived from the deposits will be used as additional working capital for the Group.

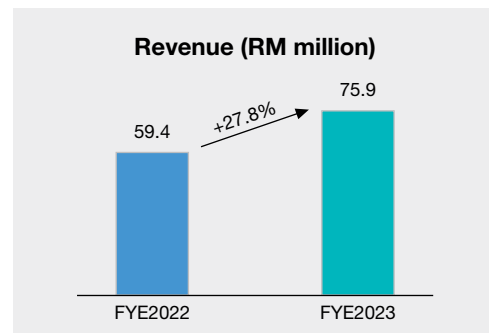
**FINANCIAL REVIEW**

Econframe posted top and bottom-line year-on-year (“YoY”) growth, which culminated in our record-breaking full year performance. It is also noteworthy to mention that the Group achieved record annual performance for a second consecutive year. On top of that, we were able to deliver a solid set of results while maintaining our healthy double-digit profit margins.

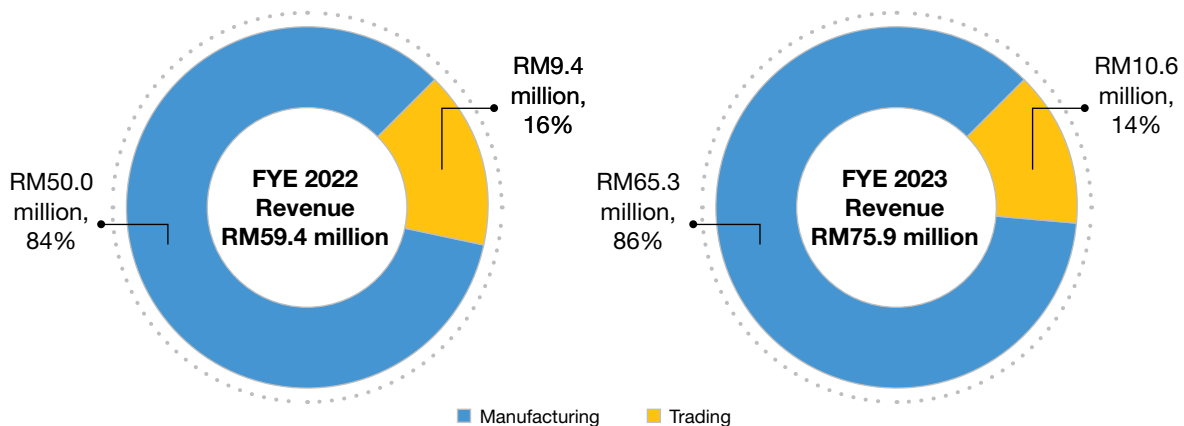
**Revenue**

For the FYE 2023, the Group’s revenue increased 27.8% YoY to RM75.9 million from RM59.4 million in the prior year. This was primarily driven by its manufacturing segment with stronger sales.

The manufacturing segment remained our largest revenue contributor, accounting for RM65.3 million or 86.1% of total revenue in the FYE 2023. This translated to a YoY growth of 30.5% from RM50.0 million in the prior year on the back of higher sales demand. The remaining RM10.6 million or 13.9% of total revenue in the FYE 2023 was contributed from the trading segment.



**Revenue breakdown by Segment (RM million)**



**Profit Before Tax (“PBT”)**

The record top-line performance was also reflected at the PBT level. The Group’s PBT for the FYE 2023 increased 18.4% YoY to a high of RM17.8 million from RM15.0 million in the prior year. The Group’s PBT margin remained healthy at 23.4% for the FYE 2023. This was slightly lower than 25.3% recorded in the prior year due to higher administrative expenses incurred in the FYE 2023 stemming from higher payroll related expenses and one-off expenses associated with the Acquisition and Bonus Issue of Warrants.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

**FINANCIAL REVIEW (CONT'D)**

**Net Profit**

Correspondingly, the Group reported a net profit of RM13.1 million for the FYE 2023, this was an improvement of 16.2% YoY from RM11.2 million achieved in the prior year. Net profit margin for the FYE 2023 was at 17.2%.

**Return On Assets (“ROA”) and Return On Equity (“ROE”)**

The Group’s ROA and ROE continued to be healthy. We managed to maintain double-digit for both ROA and ROE at 13.7% and 15.3% respectively for the FYE 2023.

**Capital Structure and Capital Resources**

Amid the uncertainties and challenges arising from the global macroeconomic conditions, the Group’s solid balance sheet plays a crucial part as we manoeuvre through the strenuous environment.

As of 31 August 2023, the Group’s total assets amounted to RM95.5 million, an increase from RM74.5 million in the previous year. The rise was attributed to an increase in property, plants and equipment following the purchase of the earlier mentioned Property and additional machinery. Total cash and cash equivalents stood at RM31.7 million as at 31 August 2023 vis-à-vis RM26.8 million in the previous year. This was largely due to the proceeds raised from the conversion of Warrants.

Total liabilities of the Group as at 31 August 2023 stayed broadly in line with the previous year at RM10.0 million as compared to RM11.0 million as of 31 August 2022. The Group’s total borrowings as at 31 August 2023 continued to be low at RM0.4 million versus RM0.5 million in the previous year, translating into a gearing ratio of 0.4% and 0.8% respectively.

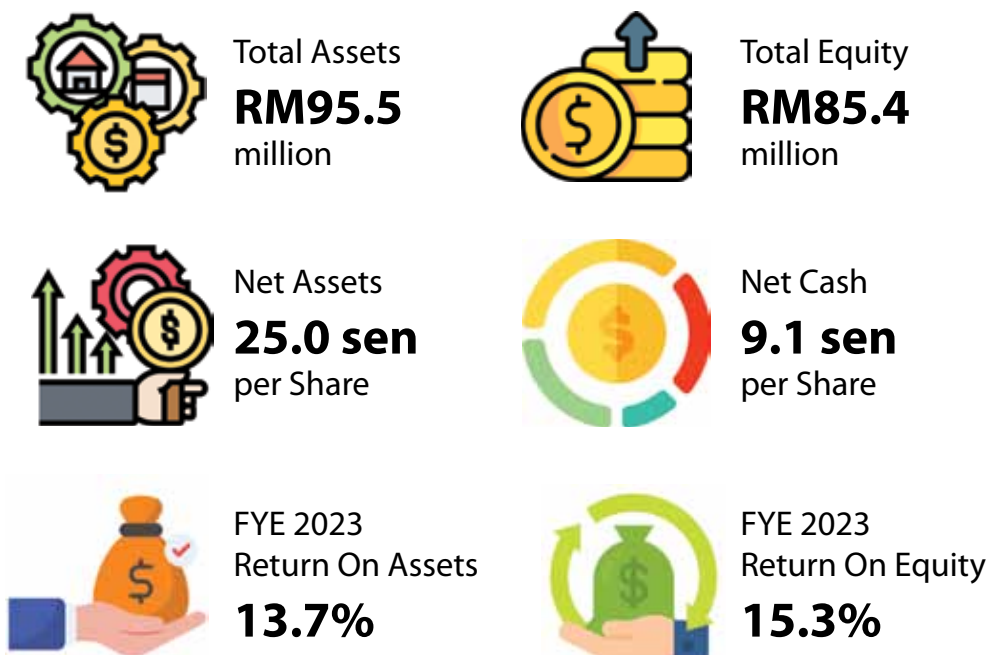
**Net Cash Per Share**

With minimal borrowings, we remain in a net cash position with a net cash per share of 9.1 sen.

**Liquidity**

The Group’s businesses generated a positive net operating cash flow of RM9.4 million for the FYE 2023, mainly attributed to higher operating profits achieved during the FYE 2023.

**Balance Sheet Highlights as at 31 August 2023**



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## ANTICIPATED OR KNOWN RISKS

### Fluctuations in Raw Material Costs

Exposure to fluctuations in raw material prices is a critical consideration for the Group, particularly metal door frames and fire-resistant door sets. The manufacturing of these products relies heavily on steel coils as a key raw material and the pricing of which is subject to global market conditions, including supply and demand dynamics. The Group acknowledges that a surge in global steel prices may significantly increase the cost of steel coils, thereby impacting production costs and inventory carrying expenses. The ability to pass on the increase in costs may impact our profitability.

To mitigate this risk, we implement a back-to-back ordering strategy. This approach involves the Group securing raw material orders only after obtaining purchase orders from customers. Additionally, we regularly update the selling prices offered to customers, ensuring they reflect current market rates.

### Lack of Long-Term Contracts

The nature of the Group's business entails customers issuing purchase orders tailored to specific project requirements on a project-to-project basis. The absence of long-term contracts exposes the Group to revenue fluctuations and overall performance uncertainties. Adverse economic conditions or slowdowns in the customers' industries could negatively impact on the Group's revenue, leading to a decline in its financial performance.

As an industry veteran, Econframe has built a name for itself as a leading total door system provider. As a result, we have long-established relationships with notable property developers and construction companies. This, along with our proven track record, we have been able to continuously replenish our unfulfilled orders in hand. At the same time, our marketing team collaborates closely with customers, strategically planning sales and delivery schedules for the upcoming 12 months.

### Product Certifications and Approvals

The Group's fire resistant door sets are required to undergo rigorous testing and to be certified by SIRIM QAS International Sdn Bhd, alongside with approval from the Fire and Rescue Department of Malaysia. These certifications and approvals are pivotal for production and sales of the Group's fire resistant door sets, any failure in renewal could adversely impact the Group's financial performance.

Securing these certifications and approvals depends on our manufacturing capability and sourcing of raw materials that meet the required specifications. Our team works diligently to ensure the acquisition of raw materials aligns with these stringent criteria. Simultaneously, we maintain active engagement with relevant authorities and business associations to consistently seeking feedback and staying attuned to the latest industry requirements.

### Competition Risk

The metal door frame and door industry in Malaysia is moderately competitive. Industry players generally compete in terms of branding, pricing, product range, quality of products and services, delivery timing and many more. Therefore, it is crucial to have competitive advantages to enhance value proposition to customers. For us, one of our key competitive strengths is our ability to customise metal door frames taking consideration of budget, materials, wall type, construction methods, and dimensions amongst other. This is backed by our strong in-house design and development team. Furthermore, we also have our in-house brands – Econframe® and Duroe®. This provides strong brand recognition as it serves as a competitive differentiation.

### Dependence on Human Capital

As a manufacturer, we rely on human capital for our production processes. Shortage of workers and the ability to recruit and retain workforce is an ongoing issue faced by all players in the industry. Econframe is continually stepping up the use of automation in our manufacturing process to reduce our reliance on physical labour. Although the Group has semi-automated several manufacturing processes, there remains a certain reliance on manual procedures. Moving ahead, we will be implementing automation solutions at our new factory.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

**OUTLOOK**

Forging ahead, the uncertain macroeconomic conditions are expected to prevail. According to MOF, Malaysia's third quarter GDP grew 3.3%, which was an improvement from 2.9% growth recorded for the second quarter, anchored by domestic demand. However, the expansion was slower compared to the 5.6% growth recorded for the first quarter. For 2023, MOF estimates the GDP growth to be approximately 4%.

On the other hand, the property market continues to improve on the back of higher number of launches and sales coupled with the downward trend in the property overhang and inventory levels of developers. This encouraging trend is further reinforced by the expedited implementation of both existing and new investment projects, contributing to the recovery of the sector. The Government's recognition of the need to boost the supply of affordable housing to meet the rising demand augurs well for the industry. Furthermore, ongoing accommodative policies and initiatives, such as the continuation of stamp duty exemption for first-home ownership, are anticipated to sustain support for the property market.

At Econframe, we continue to be upbeat on our prospects. The Group's main focal point is on the execution of our strategic plans, which is to grow organically and inorganically. For our existing business, the order flow remains on an uptrend. We are leveraging on our established relationship with our customers to provide highly customised solutions that satisfy their requirements. Simultaneously, our team is working hard to replenish our orders and maintain it at healthy levels, to give us clear earnings visibility.

Besides, the Group is also exploring potential export markets to expand our geographical reach beyond the borders of Malaysia. This is part of our efforts to grow our business and diversify our revenue stream. We have been in active discussions with potential customers and have yielded very encouraging feedback.

Meanwhile, we are excited by the potential arising from the acquisition of LYASB, a specialist in the fabrication and installation of aluminium glazing, glass products and facade works. Given its complementary nature with our products, we will be able to create strong synergies and expand our product offering. Together, we will be leveraging on each other's strengths and expertise to broaden our geographical reach and cross selling our products to our existing customers.



Mr. Lim Chin Heng, Managing Director of Econframe Berhad and Mr. Yong Kuen Hwan, Managing Director of LYASB.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

**OUTLOOK (CONT'D)**

This is a synergistic partnership with the founder and Managing Director of LYASB, Mr. Yong Kuen Hwan, who is retaining a 35% equity interest in LYASB and continues operating LYASB. With his expertise, backed by Econframe's network and financial strength, we have managed to grow LYASB's order book, which provides us with healthy earnings visibility.

Moreover, this Acquisition would enable us to capture a larger market share and further cement our position in the industry. This is a positive development for Econframe, which will ultimately enhance the Group's bottom-line as the Acquisition comes with a Profit Guarantee of RM4.0 million each year for 3 consecutive years.

This Acquisition forms part of our plan to grow inorganically. The Group will continue to actively explore mergers and acquisitions opportunities that create synergies and complement our existing business. Our focus is on acquiring companies within the value chain that we are in so that we can further strengthen our position in the industry. This is supported by our strong balance sheet with net cash position that enables us to seize any opportunities that arise.

All in all, the outlook of the Group continues to be bright underpinned by the aforementioned factors. As we charge forward towards a new chapter of growth for Econframe, we are also cognizant of the headwinds.

**DIVIDEND**

Currently, the Group does not have a formal dividend policy. No dividends were declared for the FYE 2023, aligning with our decision to conserve cash for our ongoing expansions. Any payments of dividends will depend on the financial condition, capital expenditure plans, business expansion plans and liquidity of the Group.

**ACKNOWLEDGEMENT AND APPRECIATION**

On behalf of the Board, I would like to commend the team at Econframe for an exceptional display of grit, adaptability and competency this year. Thanks to all your efforts, we successfully created history once again with our record-breaking revenue and net profit in the FYE 2023. And to do so at a time that was filled with various challenges was definitely not an easy feat.

Our sincere thanks go to all our stakeholders, including but not limited to our customers, business partners, bankers and relevant authorities for their support to the Group. To our esteemed shareholders, thank you for placing your trust and confidence in our leadership and vision. Your steadfast support has been vital in navigating through this challenging period and enabled us to continue growing our business.

Next, I would like to express my appreciation to Mr. Teoh Keng Chang, who relinquished his role as an Executive Director, for his contributions and invaluable advice.

To my fellow Board members, your collective wisdom, insightful counsel and guidance have been essential in navigating through the obstacles and delivering our all-time high results. It has truly been a pleasure to work alongside each of you and I look forward to another fruitful year ahead.

Thank you.

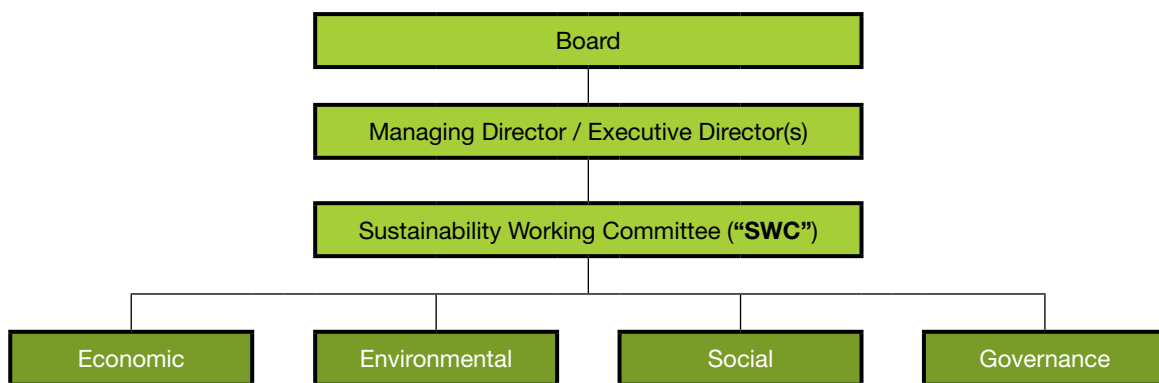
**Mr. Lim Chin Horng**  
Managing Director

# SUSTAINABILITY STATEMENT

The Board of Directors (“**the Board**”) in compliance with the requirements of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), is adopting the recommendations by providing a Sustainability Statement (“**this Statement**”) of the Company and the subsidiaries (“**the Group**”) in respect of the Group’s operations and business practices.

## GOVERNANCE STRUCTURE

The Board is the governing body that sets and oversees the sustainability framework of the Group and provide guidance to the Group towards ingraining sustainability to ensure that sustainability goals are aligned with the overall business strategy, effectively implemented, and transparently communicated to stakeholders. For effective sustainability monitoring and execution, the governance structure which has been endorsed and approved by the Board, is depicted below:



Governance body	Roles and responsibilities
Board	<ul style="list-style-type: none"> <li>– Responsible for the direction and overall sustainability strategy and related matters for the Group.</li> <li>– Oversees the Group’s sustainability framework and accountable for the ultimate supervision of sustainability performance.</li> <li>– Reviews and approves the sustainability reporting.</li> </ul>
Managing Director / Executive Director(s)	<ul style="list-style-type: none"> <li>– Advising the Board and recommending to it, business strategies in the area of sustainability.</li> <li>– Incorporating sustainability into the business strategies and business decisions.</li> <li>– Oversee the implementation of sustainability strategies and related matters.</li> <li>– Oversee the preparation of sustainability reporting as required by Bursa Securities.</li> </ul>
SWC	<ul style="list-style-type: none"> <li>– Comprises members of senior management from respective functions.</li> <li>– Supports the Managing Director and Executive Director(s) in monitoring and tracking sustainability within the Group.</li> <li>– Executes the implementation of sustainability strategies and related matters and reports the performance to Managing Director and Executive Director(s).</li> <li>– Compile and submit information, data, photos, etc. from all relevant departments promptly for the preparation of the sustainability report.</li> </ul>

SUSTAINABILITY STATEMENT (CONT'D)

### THE SCOPE AND BOUNDARY OF THE SUSTAINABILITY STATEMENT

The scope of this Statement includes the relevant sustainability information during the financial year ended 31 August 2023 (“FYE 2023”), unless otherwise specified. This Statement covers the business operations and activities of the Group.

We are mindful that the Group’s activities should be carried out with the highest standards of corporate and social responsibility, and strive to balance this with the business operations. We do this by minimising the environmental impact arising from our operations and actions while at the same time improving social and economic conditions for all our stakeholders. This includes employees and the communities within which we operate with integrity and ethical practices.

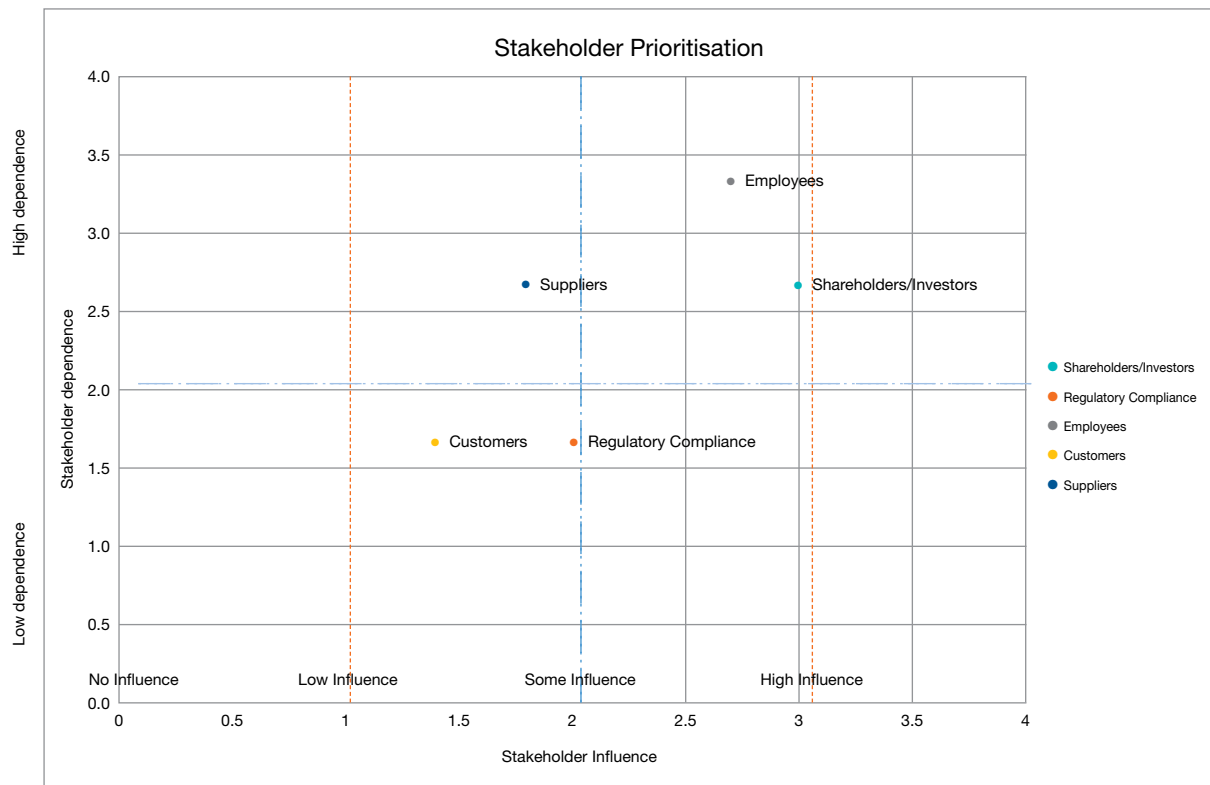
### STAKEHOLDERS ENGAGEMENTS

We recognise the importance of consistent engagement with stakeholders through multiple platforms in understanding stakeholders’ key concerns and being responsive to their expectations. Stakeholder engagement stands as a fundamental component of successful sustainability initiatives and establishing a framework for ethical and responsible business practices.

We aimed to create a balance between time, resources and the expectations of our stakeholders and enhance the effectiveness of our sustainability initiatives. We rely on 2 primary criteria in identifying and validating the sustainability-related interests of each stakeholder group:

- Level of influence, where we assessed the level of influence each stakeholder group exerts on our business; and
- Level of dependence, where we evaluated the level of dependence each stakeholder group has on our business.

All stakeholders may have varying influences on the business or dependence on the business. The Group’s stakeholder’s prioritisation is illustrated as follows:



SUSTAINABILITY STATEMENT (CONT'D)

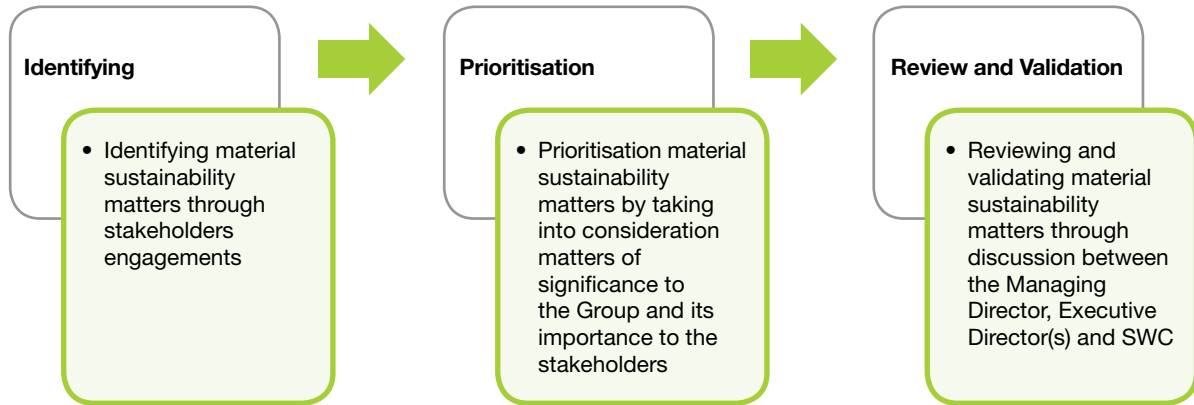
**STAKEHOLDERS ENGAGEMENTS (CONT'D)**

We understand that regularly engaging with stakeholders through multiple platforms is essential in understanding their key concerns and being responsive to their expectations. Table below highlights our approaches towards engaging key stakeholders who are most impacted by or impacting our businesses.

Stakeholder Group	Stakeholders' Expectations	Management Response to Stakeholders' Expectations	Engagement Method	Frequency of Engagement
Shareholders/ Investors	<ul style="list-style-type: none"> <li>Timely availability of corporate information</li> <li>Healthy financials and reputation</li> </ul>	<ul style="list-style-type: none"> <li>Timely provision of the Group's performance updates</li> <li>Ensure material corporate information are made available to the shareholders/investors</li> </ul>	<ul style="list-style-type: none"> <li>Announcements</li> <li>Annual general meeting</li> <li>Media conference</li> <li>Website</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>Annual</li> <li>As and when necessary</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Quality products and services</li> <li>After-sales services</li> <li>Timely delivery</li> </ul>	<ul style="list-style-type: none"> <li>Quality control and assurance</li> <li>Regular customers' engagement (meetings/visits)</li> <li>Experienced and responsible sales and marketing team</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction surveys</li> <li>Customer site visits</li> </ul>	<ul style="list-style-type: none"> <li>As and when necessary</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Timely payment</li> <li>Fair and transparent procurement procedures</li> </ul>	<ul style="list-style-type: none"> <li>Regular suppliers' engagement (meetings/visits)</li> <li>Comparative quotes</li> <li>Timely payment as per agreed terms</li> </ul>	<ul style="list-style-type: none"> <li>Suppliers' performance evaluation</li> </ul>	<ul style="list-style-type: none"> <li>As and when necessary</li> </ul>
Regulatory Compliance	<ul style="list-style-type: none"> <li>Compliance to regulatory requirements</li> </ul>	<ul style="list-style-type: none"> <li>Adherence to the regulatory requirements including all necessary updates</li> </ul>	<ul style="list-style-type: none"> <li>Statutory reporting</li> <li>Regulatory authority certification</li> </ul>	<ul style="list-style-type: none"> <li>Periodic</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Fair employment and well-being</li> <li>Safe and conducive working environment</li> <li>Rewards and recognition for performance</li> <li>Career development and training</li> </ul>	<ul style="list-style-type: none"> <li>Non-discrimination and gender diversity</li> <li>Occupational health and safety enhancement.</li> </ul>	<ul style="list-style-type: none"> <li>Performance appraisal</li> <li>Trainings</li> <li>Company events</li> </ul>	<ul style="list-style-type: none"> <li>Annual</li> <li>Periodic</li> <li>As and when necessary</li> </ul>

## MATERIAL SUSTAINABLE MATTERS

Our approach towards identifying the Group's material sustainable matters is as follows:



### 1) Economic

The Group has formulated sustainability practices which aim to generate long-term benefits to all stakeholders in terms of business continuity and value. The Group is mindful that our activities should take into account the impact on the economic conditions of our stakeholders and the impact on economic systems.

#### i) Shareholders

The Group recognises the importance of providing timely and quality information on the Group's financial performance and position to shareholders. An open and transparent communication is crucial for maintaining trust and confidence among shareholders.

The Annual General Meetings ("AGM") are used as the main forum of dialogue for shareholders to raise any issues pertaining to the Group. The Group encourages shareholder participation at the AGM and ensure shareholders are given the opportunity to speak and seek clarifications during the AGM for effective and transparent communications with shareholders.

The Group also ensures all corporate information such as quarterly interim financial results, statement and circular (if any) and annual reports are made available on Bursa Securities' website and the Company's website in a timely manner where shareholders are kept abreast with material business matters in relation to the Group.

#### ii) Customers' satisfaction

The Group recognises that customers' satisfaction is one of the key factors underlying the long-term sustainability of the Group's operations. We place the quality of our products and services and timeliness in delivery as our top priorities. We strive to deliver good quality and reliable products and high standards of workmanship to meet our customers' rising expectations and provide committed after sales service to our customers. The Group has maintained its quality standards in line with the ISO 9001:2015 (Quality Management Systems) standards.

Our sales and marketing team work closely with our customers to obtain their feedbacks and recommendations to improve our products and services as well as to build a strong and conducive relationship with our customers.

#### iii) Procurement practice

The Group is committed to enhance its procurement system to ensure the procurement process is fair and transparent. We conduct pre-qualification assessments for new suppliers and/or vendors while maintaining cordial relationships with our suppliers and vendors. We look to create value, by looking for opportunities to collaborate and share best practices with our suppliers.



## SUSTAINABILITY STATEMENT (CONT'D)

## MATERIAL SUSTAINABLE MATTERS (CONT'D)

## 1) Economic (cont'd)

## iv) Compliance

The Group believes that strict compliance with all relevant laws and regulations is a requisite to promote an ethical and responsible society. We ensure regulatory compliances are adhered to by understanding the regulatory policies and guidelines. We will ensure that the necessary certification from various regulatory agencies such as SIRIM QAS International Sdn Bhd (“**SIRIM**”) and Malaysian Fire and Rescue Services Department (“**BOMBA**”) for our products are obtained/maintained.

## 2) Environmental

As a responsible corporate entity, we have a responsibility to protect and conserve the environment we operate in. The Group is committed to identify, manage and minimise the environmental impact by our business operations in a manner that is environmentally friendly. We are determined to carry out the actions progressively and consistently to accomplish the intended goals as follows:

- To comply with environmental regulatory and legal requirements.
- To protect, conserve and enhance the surrounding environment and natural resources.
- To provide a safe and hygienic workplace and ensure that our personnel are properly trained with appropriate safety procedures and control actions.
- To ensure the efficient use of water and energy. The Group’s employees have made concerted efforts to manage energy consumption by implementing seemingly small initiatives of power management:
  - Reduce electricity consumption of lighting by gradually retrofitting to LED lights.
  - Office signage that reminds staff to switch off lights when not in use.
  - Reduce electricity consumption of air-conditioners by conducting regular maintenance and setting the temperature to the optimum level and reminders to switch off air-conditioners when not in use.
  - Reduce electricity consumption of computers and printers by using energy-saving features and shutting down computers when not in use.

## 3) Social

## i) Occupational health and safety

The Group recognises that the safety and well-being of its employees are the foundation of its success. Hence, we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations. The Group has in place a policy that highlights our commitment to ensure compliance with laws and regulations in relation to occupational health and safety.

The Group has a Safety and Health Committee (“**HSC**”) to oversee this integral matter. The HSC is tasked to develop policies and guidelines as well as to provide and maintain a safe and healthy workplace for all employees, contractors and visitors.

We ensure that our employees are well-trained in relevant practices and remain vigilant to potential workplace hazards. Necessary Personal Protective Equipment (“**PPE**”) such as safety boot and jacket (long sleeve) are given to workers and general PPE e.g. face mask, hand glove, ear plug, goggle, respiratory mask etc. are provided to workers on a bi-weekly basis. Preventative measures such as safety briefings and fire drills are conducted routinely to enable the employees to understand safety issues and to react promptly in times of an emergency.

**MATERIAL SUSTAINABLE MATTERS (CONT'D)**

**3) Social (cont'd)**

**ii) Employee wellness and human rights**

The Group believes employees are the key assets to drive the Group’s success. The Group complied with minimum wage standards and laws to ensure that all employees receive fair compensation for their work. The Group places great attention on the well-being and benefits of the workforce by granting a wide range of monetary and non-monetary benefits which includes numerous forms of paid leave, medical care as well as other benefits such as travelling allowances. These benefits are consistently evaluated alongside industry best practices. Wages and remuneration across the Group correspond with their job strengths, experience, qualifications, performance and industry benchmarks.

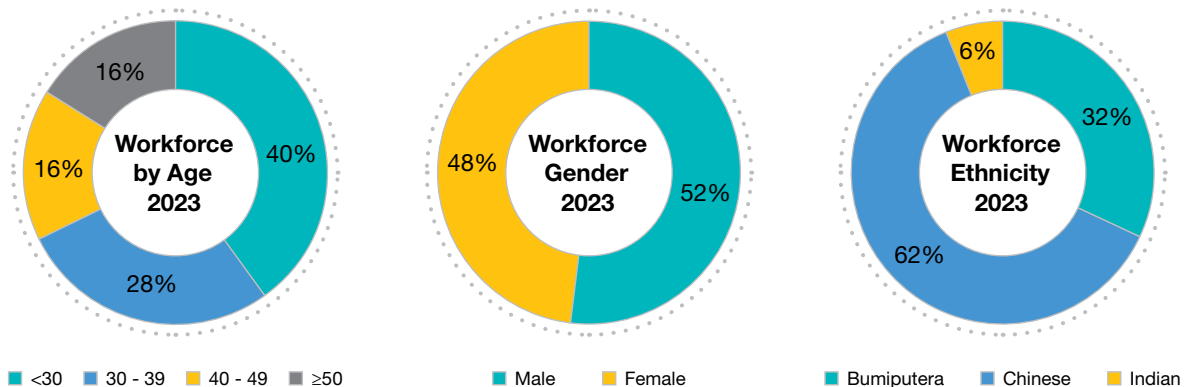
The Group provides a safe and healthy working environment for employees by implementing safety protocols to protect employees. Accommodations provided to our foreign workers meet the local regulatory standards and are well-equipped to meet basic living needs.

**iii) Workplace diversity**

The Group strives to create a diversity and equitable workplace that values and leverages individual differences. Our approach of promoting diversity and equality lies on following principles:

- a) Equal employment opportunity - We provide equal opportunities for all employees irrespective of their background. This includes fair hiring practices, promotions, and career development opportunities.
- b) Diverse recruitment sources - We actively seek candidates from diverse sources to ensure a broad pool of applicants.
- c) Inclusive culture - We foster an inclusive culture that ensures employees feel valued, respected, and supported regardless of their differences.
- d) Fair performance evaluation - We implement fair and transparent performance evaluation processes to ensure that biases do not impact assessments.

Following are the workforce composition (excluding production workers) of the Group:



SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABLE MATTERS (CONT'D)

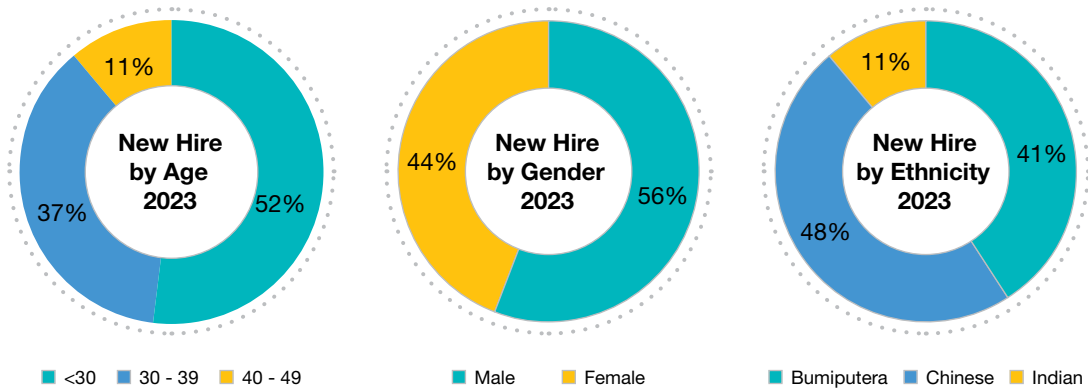
3) Social (cont'd)

iii) Workplace diversity (cont'd)

**Fostering youth employees**

Fostering youth employees is crucial for succession planning. As more experienced employees retire, having a pipeline of talented and trained young professionals ensures a smooth transition of leadership and key roles. Young employees often bring fresh perspectives and innovative ideas to the workplace. The enthusiasm and energy of youth can positively impact the overall workplace culture. Their passion for learning and exploring new opportunities can create a dynamic and vibrant atmosphere.

Among the newly hired employees (excluding production workers) of the Group during FYE 2023, a significant portion falls within the age range of below 30 years old. The Group also strives to maintain a balance in terms of gender distribution.



iv) Community

The Group is committed in giving back to society. We strive to help those who are less fortunate, alleviate suffering, and make a positive impact on society.

During the FYE 2023, our Managing Director, who is an enthusiastic cyclist, participated in the Ride of Hope campaign which involves cycling activities covering a distance of 400km over 5 days and 4 nights. The journey started from Tanjung Malim and goes all the way to Penang. The primary goal of this campaign is to raise a donation fund of RM100,000, which will be dedicated to 100 orphans who have shown outstanding academic achievements and merits, by providing them with access to quality education.

A total of 100 orphans from Yayasan Islam Darul Ehsan and the Department of Social Welfare Selangor have been selected to receive the charitable donation amounting to RM100,000. This fund will be utilised for the purpose of furthering their education.

## SUSTAINABILITY STATEMENT (CONT'D)

## MATERIAL SUSTAINABLE MATTERS (CONT'D)

## 3) Social (cont'd)

## iv) Community (cont'd)



## 4) Governance

An effective governance structure and risk management system form the backbone of our business operations. The Group incorporates proper control and good corporate governance features into all management functions and processes, strategic planning, authority controls and approvals and emphasise accountability across all levels of management.

The Board has formulated ethical standards through a Code of Conduct and Ethics for all the Directors, Management, employees and stakeholders and will ensure its compliance.

The Board has also in place an Anti-Bribery and Anti-Corruption Policy to prevent any act of bribery and corruption at the workplace. Throughout the past 3 years, no reports concerning incidents of bribery and corruption were received.

The Code of Conduct and the Anti-Bribery and Anti-Corruption Policy are available on the Company's website at [www.econframe.com](http://www.econframe.com).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**the Board**”) acknowledges the importance of the principles and recommendations as set out in the Malaysian Code on Corporate Governance (“**MCCG**”). In line with this, the Board is committed to the policy of managing the affairs of the Company and subsidiaries (“**the Group**”) with transparency, integrity and accountability by ensuring that a sound framework of the best corporate practices is in place. The ensuing paragraphs describe the extent the Group has applied and complied with the practices and guidance as set out in the MCCG. This Corporate Governance Overview Statement (“**this Statement**”) is to be read in conjunction with the Corporate Governance Report in respect of the financial year ended 31 August 2023 (“**FYE 2023**”) (“**CG Report**”), which is made available on the Company’s website at [www.econframe.com](http://www.econframe.com). Where a specific principle or practice of the MCCG has not been observed during the FYE 2023, the non-observation, including reasons thereof, and the alternative practice adopted, if any, is mentioned in the CG Report.

The Board is pleased to present this Statement to provide the stakeholders with an overview of the extent of compliance with 3 principles as set out below in MCCG under the stewardship of the Board for the FYE 2023 and/or up to the date of this CG Statement (where applicable) (“**Applicable Period**”):

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

This Statement is presented pursuant to Rule 15.25(1) of the ACE Market Listing Requirements (“**ACE LR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

### Part I: Board Responsibilities

#### 1) Clear Functions, Roles and Responsibilities of the Board and Management

- i) The Board takes full responsibility for the overall performance of the Group by setting strategic directions and objectives, formulating policies and executing key strategic action plans. The Board regularly reviews the Group’s business operations and maintains full and effective control over its management.

The duties and responsibilities of the Board include determining the Group’s overall strategic plans and performing periodic reviews of the business and financial performance, as well as adopting and implementing practical risk management and internal control systems within the Group.

The Board has also delegated certain responsibilities to other Board committees which operate within clearly defined Terms of Reference. The Board committees include the Audit and Risk Management Committee (“**ARMC**”), the Nomination Committee (“**NC**”) and the Remuneration Committee (“**RC**”).

The roles and responsibilities of the Chairman of the Board and the Managing Director are distinct and clearly defined in the Board Charter to ensure effective operations of the Group. The Board is helmed by the Independent Non-Executive Chairman, Mr. Robert Koong Yin Leong who strives to instill good corporate governance practices, demonstrates strong leadership and oversees the effectiveness of the Board whilst Mr. Lim Chin Horng, the Managing Director together with the Executive Director(s), oversee the day-to-day management and operations of the Group and the implementation of the Board’s decisions, business strategies and policies.

The Board Chairman had relinquished his position as the Chairman of the RC, member of the ARMC and NC on 14 April 2023. Subsequently, the Board Chairman did not attend nor participate in any of the Board committees’ meetings as an invitee to ensure there is check and balance as well as objective review by the Board committees.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Part I: Board Responsibilities (Cont'd)****1) Clear Functions, Roles and Responsibilities of the Board and Management (Cont'd)**

- ii) The Board reviewed the sustainability, effectiveness and implementation of the strategic plans for the year and provided guidance and input to Management. The principal responsibilities of the Board include, among others, the following:
- a) To provide leadership and oversee the overall conduct of the Group's businesses to ensure that the businesses are being properly managed;
  - b) To set, review and adopt strategic plans, values and standards for the Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
  - c) To monitor the implementation of strategic plans by Management;
  - d) To promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour, together with the Key Senior Management;
  - e) To review and adopt corporate governance best practices in relation to risk management, legal and compliance management and internal control systems to safeguard the Group's reputation, the employees and assets and to ensure compliance with applicable laws and regulations;
  - f) To ensure that the Company has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by MCCG;
  - g) To review and approve the annual business plans, financial statements and annual reports;
  - h) To supervise and assess Management's performance to determine whether the business is being properly managed;
  - i) To monitor the relationship between the Group and Management, shareholders and stakeholders, and to develop and implement an investor relations programme or shareholders' communications policy for the Group;
  - j) To ensure that Key Senior Management have the necessary skills and experience, and measures are in place to provide for the orderly succession of Board member(s) and Key Senior Management;
  - k) To ensure the integrity of the Group's financial and non-financial reporting;
  - l) To ensure there is a sound framework for internal controls and risk management; and
  - m) To appoint the members of the Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by the Board committees and deliberate on the recommendations thereon.

**iii) Role of Company Secretaries**

In compliance with Practice 1.5 of the MCCG, the Board is supported by suitably qualified and competent Company Secretaries as follows:

- Ms. Chua Siew Chuan, FCIS
- Ms. Chew Kit Yee, ACIS (*appointed on 17 January 2023*)
- Mr. Cheng Chia Ping, ACIS (*resigned on 17 January 2023*)

The Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators ("**MAICSA**") and are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016 ("**the Act**"). Details of the qualifications and experience of the Company Secretaries are set out in Practice 1.5 of the CG Report, which are available for viewing on the Company's website at [www.econframe.com](http://www.econframe.com).

For the FYE 2023, the Company Secretaries have attended the relevant continuous professional development programmes as required by MAICSA for practising Company Secretaries. The Company Secretaries possess valid Practising Certificates issued by Companies Commission of Malaysia for the FYE 2023.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Part I: Board Responsibilities (Cont'd)****1) Clear Functions, Roles and Responsibilities of the Board and Management (Cont'd)****iii) Role of Company Secretaries (Cont'd)**

The main duties of the Company Secretaries, among others, are as follows:

- Manage all Board's and Board committees' meeting logistics, attend and record minutes of all Board and Board committees' meetings and facilitate Board communications;
- Advise the Board on its roles and responsibilities;
- Facilitate the orientation of new Directors and assist in Directors' training and development;
- Advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirements;
- Manage processes pertaining to the annual shareholders' meeting;
- Monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and
- Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

The appointment and removal of the Company Secretaries is a matter for the Board. The Board had resolved the appointment of Ms. Chew Kit Yee in place of Mr. Cheng Chia Ping on 17 January 2023. The Company Secretaries are responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretaries play a key role to facilitate communication between the Board and Management and to ensure that the deliberations at the Board meetings are well captured and minuted.

For the FYE 2023, the Board is satisfied with the performance and support rendered by the Company Secretaries in discharging its functions.

**iv) Access to Information and Advice**

The Board shall be supplied with appropriate and timely information to enable it to discharge its duties.

The notices of scheduled Board meetings are served to all Directors at least 7 days prior to the Board meetings. Unless there is an exceptional case for convening of a special meeting of the Board to address any emergency issue, shorter notice is allowed with the consent of all Directors.

The Board papers shall be supplied to the Directors at least 7 days in advance of the meeting day. The Board papers are to be comprehensive and include all necessary information so that informed decisions could be made. The Board may also request for additional information whenever it is deemed necessary or appropriate. Management is invited to the Board meetings to furnish clarification on certain issues.

The Directors have access to professional advice and services of the Company Secretaries in the course of discharging their duties and responsibilities on matters relating to procedures governing the Company which include the Act, ACE LR of Bursa Securities and other applicable laws, rules and regulations, either as a full Board or in their individual capacity.

The Directors may seek independent professional advice, whenever necessary and in appropriate circumstances, either individually or collectively on any matter concerning with the discharge of their responsibilities at the expense of the Company.

Subsequent to Board meetings, the minutes will be circulated to the Board for confirmation to ensure that the deliberations and decisions of the Board are accurately recorded. The Company Secretaries would ensure that a statement of declaration of interest or abstention from voting and deliberation are recorded in the minutes. The Chairman of the Board meeting signs the minutes as a correct record of the proceedings and thereafter, the said minutes of all proceedings are kept in the statutory book at the registered office of the Company to be made available for inspection under the Act.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Part I: Board Responsibilities (Cont'd)****2) Demarcation of Responsibilities****i) Board Charter**

The Board has in place a Board Charter, setting out, inter-alia, the roles, duties and responsibilities of the Board and the application of principles and practices of good corporate governance.

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. Any subsequent amendments to the Board Charter can only be approved by the Board.

The Board Charter was reviewed on 9 December 2022 and it is available on the Company's website at [www.econframe.com](http://www.econframe.com).

**3) Good Business Conduct and Corporate Culture****i) Code of Conducts and Ethics**

The Board has in place the Code of Conduct and Ethics ("**the Code**") which applies to all Directors, Management, employees and stakeholders during the conduct of businesses of the Group.

In addition, the Managing Director, Executive Director(s), Management and employees of the Group are required to observe and comply with the Code of Conduct for workplace which is issued by the Human Resources department. All Directors shall be accountable for full compliance with the Code. In the event of any violation of the Code, the Board shall take necessary actions to rectify the non-compliance or violation. The Code will be reviewed as and when required.

The Code is available on the Company's website at [www.econframe.com](http://www.econframe.com).

**ii) Whistleblowing Policy**

The Board has in place a Whistleblowing Policy to uphold the Group's effort and commitment in doing business with ethics of honesty and integrity, henceforth, providing a transparent and confidential process in handling the whistleblowing reports.

The Whistleblowing Policy aims to provide a structured mechanism for its employees, Directors and associates to report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Group and to provide reassurance that they shall be protected from reprisals or victimisation for whistleblowing in good faith.

The Whistleblowing Policy is available on the Company's website at [www.econframe.com](http://www.econframe.com). The ARMC has been tasked by the Board to perform the oversight function over the administration of the Whistleblowing Policy.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Part I: Board Responsibilities (Cont'd)****3) Good Business Conduct and Corporate Culture (Cont'd)****ii) Whistleblowing Policy (Cont'd)**

Anyone with genuine concerns in relation to unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements may forward his report to the designated persons as provided below (where applicable):

<p>For matters relating to financial reporting, unethical or illegal conduct, one can report directly to the following designated person:</p> <p><b><u>ARMC Chairman</u></b></p> <p>Mr. Tan Hock Soon at email address: <a href="mailto:soon.strategic@gmail.com">soon.strategic@gmail.com</a></p>
<p>For employment-related concerns, one can report directly to the following designated person(s):</p> <p><b>1) <u>Managing Director</u></b></p> <p>Mr. Lim Chin Horng at email address: <a href="mailto:chlim@econframe.com">chlim@econframe.com</a></p> <p><b>2) <u>General Manager</u></b></p> <p>Ms. Yong Chaw Ang at email address: <a href="mailto:jacqueline@econframe.com">jacqueline@econframe.com</a></p>
<p>For any concerns from the shareholders/stakeholders and/or whistleblowing, one can email to the following designated Director:</p> <p><b><u>Senior Independent Non-Executive Director</u></b></p> <p>Mr. Tan Hock Soon at email address: <a href="mailto:soon.strategic@gmail.com">soon.strategic@gmail.com</a></p>

During the FYE 2023, none of the designated persons has received any reports or concerns via the abovementioned communication and feedback channels.

**iii) Anti-Bribery and Anti-Corruption Policy**

The Board has in place an Anti-Bribery and Anti-Corruption Policy to prevent corrupt practices and to provide a measure of assurance and defence against corporate liability for corruption under Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

The Anti-Bribery and Anti-Corruption Policy is available on the Company's website at [www.econframe.com](http://www.econframe.com).

**iv) Directors' Fit and Proper Policy**

The Board has in place a Directors' Fit and Proper Policy which sets out the fitness and propriety for the appointment and re-election of Directors and to ensure that each of the Director has the character, integrity, experience, competence and time commitment to effectively discharge his/her role as a Director of the Group in tandem with good corporate governance practices.

The Directors' Fit and Proper Policy is available on the Company's website at [www.econframe.com](http://www.econframe.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Part I: Board Responsibilities (Cont'd)****4) Governance of Sustainability**

The Board and Key Senior Management are mindful of the importance of building a sustainable business and are determined to embed sustainability into the Group's business operations to achieve the objectives of the Group by minimising the environmental impact arising from the operations as well as improving social and economic conditions for all stakeholders. For effective monitoring and execution, the Board has established a sustainability governance structure comprising the Board, Managing Director/Executive Director(s) and Sustainability Working Committee ("**SWC**").

The Board is responsible for the overall sustainability strategy and oversees the Group's sustainability framework whilst the Managing Director/Executive Director(s) are responsible for incorporating sustainability into the business strategies and business decisions and ensuring the implementation of the sustainability strategy by SWC.

The Group has been continuously engaging with a wide range of stakeholders to communicate the Group's sustainability strategies to ensure its stakeholders are well aware of the Group's sustainability strategies.

As addressing material sustainability risks and opportunities is the responsibility of the Board and Key Senior Management, the performance evaluation of the Board and Key Senior Management includes the consideration of Environmental, Social and Governance ("**ESG**") issues or sustainability.

The NC and Board would assess the trainings attended by all Directors to ensure that the Directors are continuously kept abreast of sustainability issues and climate-related risks and opportunities.

The details of the Group's sustainability practices are set out in the Sustainability Statement in this Annual Report.

**Part II: Board Composition****5) Board's Objectivity****i) Composition of the Board**

The Board presently has 8 Board members, comprising 1 Managing Director, 1 Executive Director, 2 Non-Independent Non-Executive Directors, 1 Senior Independent Non-Executive Director and 3 Independent Non-Executive Directors, which fulfils the prescribed requirement of 1/3 of the Board to be independent as stated in Rule 15.02(1) of the ACE LR of Bursa Securities and Practice 5.2 of the MCGG to have at least half of the Board comprises Independent Directors.

The presence of Independent Non-Executive Directors from various fields are invaluable assets to the Company and fulfil the pivotal role in corporate accountability. The role of Independent Non-Executive Directors is particularly important as they provide unbiased and independent views, advices and judgements to take into account the interests of the Group and stakeholders.

The profiles of individual Directors are set out in the Directors' Profile in this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Part II: Board Composition (Cont'd)****5) Board's Objectivity (Cont'd)****ii) Independent Non-Executive Directors, Board Diversity and Key Senior Management****a) Tenure of Independent Non-Executive Director**

As at 31 August 2023, none of the Independent Non-Executive Directors had served the Board as Independent Non-Executive Directors for more than 9 years.

**b) Policy of Independent Non-Executive Director's Tenure**

The Company does not have a policy which limits the tenure of the Independent Non-Executive Directors to 9 years. However, upon completion of the 9 years' term, the Independent Non-Executive Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Non-Executive Director.

In the event that the Director is to remain as an Independent Non-Executive Director after the 9th year, the Company shall first justify the Director's independence and obtain annual shareholders' approval at every Annual General Meeting ("AGM") through a 2-tier voting process to retain the Independent Non-Executive Director of the Company who has served the Board for more than 9 years.

The NC is responsible to conduct a review to determine whether a Director can continue to be independent if the tenure of the Independent Non-Executive Director exceeds the cumulative term of 9 years. Thereafter, the NC shall recommend to the Board for recommendation to the shareholders on the retention of the aforesaid Independent Non-Executive Director, if he/she so meets the independence guidelines as set out in Chapter 1 of the ACE LR of Bursa Securities.

**c) Diverse Board and Key Senior Management**

Appointment of the Board and Key Senior Management are based on objective criteria, merit and due regard for diversity in skills, experience, age, cultural background and gender. Please refer to the Directors' Profile and the Key Senior Management's Profile in this Annual Report for further information.

The NC is responsible for making recommendations relating to any new appointment of Director to the Board and Key Senior Management. Any nomination received by the NC is to be assessed and reviewed by the NC with appropriate selection criteria and processes and to identify candidates for directorships of the Company, members of the relevant Board committees and Key Senior Management prior to the recommendation to the Board for their assessment and approval.

The NC will not limit themselves by solely relying on the recommendations from the existing Board members, Management or major shareholders, but also will utilise independent sources to identify suitably qualified candidates including but not limited to the sourcing from a directors' registry and open advertisements or the use of independent search firms.

The NC assesses the suitability of the candidates by taking into consideration the mix of skills, knowledge, expertise and experience, competencies, time commitment and professionalism required by the Board.

During the FYE 2023, there was no new Director appointed to the Board of the Company.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Part II: Board Composition (Cont'd)****5) Board's Objectivity (Cont'd)****ii) Independent Non-Executive Directors, Board Diversity and Key Senior Management (Cont'd)****d) Gender Diversity Policy**

Despite not having a Gender Diversity Policy, the Board acknowledges the importance of boardroom diversity, including gender diversity, for the effective functioning of the Board. The Board aims to have at least 30% female representation.

The recruitment and appointment of suitable female representative on the Board will be considered when vacancies arise or suitable candidates are identified in line with the Group's strategic objectives.

Currently, the Board has 2 female Directors out of 8 Directors, equivalent to 25% women representation on the Board. Nonetheless, the Key Senior Management comprises 67% of women representation.

**iii) NC**

As at the date of this statement, the NC consists of 3 members, all of whom are Independent Non-Executive Directors, and the composition of the NC is as follows:

Members	Designation	Number of NC meetings attended/ held during the FYE 2023
Puan Ilham Fadilah Binti Sunhaji	Chairperson	1/1
Mr. Tan Hock Soon	Member	1/1
Mr. Robert Koong Yin Leong (resigned on 14 April 2023)	Member	1/1
Mr. Chan Soon Tat (appointed on 14 April 2023)	Member	Not applicable

The NC is chaired by Puan Ilham Fadilah Binti Sunhaji. The Chairperson of the NC is responsible to lead the NC to carry out annual review of effectiveness of the Board as a whole, and the Board committees, as well as the contribution and performance of each individual Director on an on-going basis in terms of contribution, skills, experience and other qualities.

In addition, the NC also has the function of assessing the effectiveness of the Board, reviewing the skills and competencies of individual Director and the composition of the various committees of the Board. The objective is to improve the Board's effectiveness, identify gaps, maximise strengths and address weaknesses of the Board.

The Terms of Reference of the NC, outlining the NC's objectives, composition, proceeding of meetings, circular resolution, authority and duties and responsibilities, is available on the Company's website at [www.econframe.com](http://www.econframe.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Part II: Board Composition (Cont'd)****5) Board's Objectivity (Cont'd)****iii) NC (Cont'd)****Summary of Works**

The following works were undertaken by the NC during the FYE 2023:

- Examined the composition of the Board and Board committees.
- Reviewed the gender diversity of the Board.
- Reviewed the required mix of skills, experience and other qualities of the Board.
- Reviewed the meeting attendance of the Board and committees of the Board for the financial year ended 31 August 2022 ("FYE 2022") and the sufficiency of time commitment of the Directors in discharging their roles and responsibilities in the Company.
- Reviewed the length of service of each Independent Non-Executive Director and assessment of the independency of the Independent Non-Executive Directors to assess their abilities to bring independent and objective judgement to Board's deliberations and proposals.
- Reviewed the results of the assessments on terms of office and effectiveness of the ARMC, the effectiveness of the Board as a whole and the committees of the Board and the contribution and performance of each individual Director for the FYE 2022.
- Recommended to the Board the re-election of Mr. Chan Soon Tat, Mr. Teoh Keng Chang, Mr. Khoo Soon Beng and Mr. Robert Koong Yin Leong, who retired pursuant to the Company's Constitution at the Third AGM held on 17 January 2023 ("3rd AGM").
- Reviewed the training programmes attended by the Directors for the FYE 2022 and the Directors' training needs for the FYE 2023.
- Recommended to the Board the proposed changes in the composition of the NC, RC and ARMC.

**Reinforce Independence: Annual Assessment of Independence of Directors**

The Board adopts the concept of independence in tandem with the definition of Independent Non-Executive Director as prescribed under Rule 1.01 of the ACE LR of Bursa Securities. The Board also carries out an annual assessment of the independence of its Independent Non-Executive Directors through the assistance of the NC for the FYE 2023.

The Board considers that its Independent Non-Executive Directors provide an objective and independent view on various issues dealt with at the Board and Board committees level. All the Independent Non-Executive Directors are independent of management and are free from any relationship that could materially interfere with the exercise of their independent judgement.

**Re-election of Directors**

In accordance with Clause 21.7 of the Company's Constitution, at every AGM, 1/3 of the Directors will retire from office unless elected or re-elected at the AGM. The Directors retiring will be those longest in office since their appointment or last election. If the Directors were appointed/elected on the same day, the Directors to retire will be either as agreed between those Directors or by lot. If the total number of Directors is not 3 or a multiple of it, the number nearest to 1/3 will retire. All the Directors shall retire from office at least once in each 3 years, but shall be eligible for re-election.

Directors who are appointed by the Board to fill a casual vacancy shall hold office until the next AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at the AGM pursuant to Clause 21.11 of the Company's Constitution.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Part II: Board Composition (Cont'd)****6) Overall Board Effectiveness****i) Annual Evaluation of the Board**

The Board, through the NC, and facilitated by the Company Secretaries, would undertake the following assessments annually:

- a) The Board and Board committees performance evaluation;
- b) Self-performance evaluation;
- c) ARMC performance assessment questionnaires; and
- d) Independence of the Independent Non-Executive Directors.

The independency of the Independent Non-Executive Directors of the Company had been fulfilled in accordance with the ACE LR of Bursa Securities and would not impede their independence in carrying out their duties in the Board and Board committees' meetings.

During the FYE 2023, the Board via the NC's annual assessment is satisfied with the performance of the Directors, Mr. Chan Soon Tat, Mr. Teoh Keng Chang, Mr. Khoo Soon Beng and Mr. Robert Koong Yin Leong, who are standing for re-election pursuant to the Constitution and recommended shareholders their proposed re-election at the 3<sup>rd</sup> AGM. The details of the Directors who were due for retirement and eligible for re-election at the 3<sup>rd</sup> AGM, which included the nature of interest, position and experience are set out in the Directors' Profile in the Annual Report in respect of the FYE 2022.

**ii) Board Meetings**

During the FYE 2023, a total of 5 Board meetings were held and the details of each Director's attendance at the Board meetings were as follows:

Name of Directors	No. of meetings attended	Percentage
Mr. Robert Koong Yin Leong	4/5	80%
Mr. Lim Chin Horng	5/5	100%
Mr. Khoo Soon Beng	5/5	100%
Mr. Teoh Keng Chang (resigned on 17 October 2023)	5/5	100%
Madam Lim Saw Nee	5/5	100%
Mr. Lim Foo Seng	5/5	100%
Mr. Tan Hock Soon	5/5	100%
Puan Ilham Fadilah Binti Sunhaji	5/5	100%
Mr. Chan Soon Tat	5/5	100%

In the intervals between the Board meetings, Board approvals are obtained via circular resolutions for exceptional matters requiring Board's decision which is supported by the relevant information in order to form an informed decision. In order to facilitate the Directors' planning and time management, an annual meeting calendar is prepared and given to the Directors before the beginning of each financial year.

All of the Directors do not hold more than 5 directorships in public listed companies as stipulated under the ACE LR of Bursa Securities. If any Director wishes to accept a new directorship in public listed companies, the Chairman of the Board will be informed beforehand together with indication of time that will be spent on the new appointment.

For the FYE 2023, the Company received notifications from Mr. Lim Foo Seng and Mr. Chan Soon Tat on their respective new directorship in a public listed company as well as the cessation of directorship in a public listed company from Mr. Robert Koong Yin Leong and Mr. Tan Hock Soon respectively. The Board is satisfied with the time commitment given by the Directors, who hold not more than 5 directorships in public listed companies.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Part II: Board Composition (Cont'd)****6) Overall Board Effectiveness (Cont'd)****iii) Directors' Training**

For the FYE 2023, the Directors had attended the following training programmes:

Directors	Training(s) Attended
Mr. Robert Koong Yin Leong	<ul style="list-style-type: none"> <li>- Briefing on the amendments to ACE LR in relation to Enhanced Sustainability Reporting Framework</li> <li>- Baker Tilly Malaysia Tax &amp; Budget Webinar</li> </ul>
Mr. Lim Chin Horng	<ul style="list-style-type: none"> <li>- Benefits of Investing in Money Market Funds</li> <li>- Embracing Challenges for a Sustainable Future</li> <li>- Identifying Tax and Transfer Pricing Risks and Using Voluntary Disclosure to Mitigate these Effects of Such Risks</li> <li>- Special Voluntary Disclosure Programme 2.0</li> </ul>
Mr. Khoo Soon Beng	<ul style="list-style-type: none"> <li>- Benefits of Investing in Money Market Funds</li> <li>- Embracing Challenges for a Sustainable Future</li> <li>- Identifying Tax and Transfer Pricing Risks and Using Voluntary Disclosure to Mitigate these Effects of Such Risks</li> <li>- Special Voluntary Disclosure Programme 2.0</li> </ul>
Madam Lim Saw Nee	<ul style="list-style-type: none"> <li>- Benefits of Investing in Money Market Funds</li> <li>- Embracing Challenges for a Sustainable Future</li> <li>- Identifying Tax and Transfer Pricing Risks and Using Voluntary Disclosure to Mitigate these Effects of Such Risks</li> <li>- Special Voluntary Disclosure Programme 2.0</li> </ul>
Mr. Lim Foo Seng	<ul style="list-style-type: none"> <li>- Amendments to 2022 New Bursa Listing Requirements</li> <li>- Advocacy Session for Directors and Chief Executive Officer of Main Market Listed Issuers</li> <li>- Conflict of Interest</li> </ul>
Mr. Tan Hock Soon	<ul style="list-style-type: none"> <li>- Key Amendments to Listing Requirements 2022</li> <li>- ESG Disclosures: Improving the Quality of ESG Data and its Impact</li> <li>- Briefing on the amendments to ACE LR in relation to Enhanced Sustainability Reporting Framework</li> <li>- Share Capital: Issuance and Alteration</li> </ul>
Puan Ilham Fadilah Binti Sunhaji	<ul style="list-style-type: none"> <li>- Invest Malaysia - Reshaping Malaysia's Narrative</li> <li>- Launch of the National Energy Transition Roadmap Part 1: Flagship Catalyst Projects and Initiatives</li> <li>- Energising the Nation</li> <li>- Powering our Future</li> <li>- Rystad Energy APAC Regional Webinar: Navigating the next wave - what opportunities and challenges await Southeast Asia's upstream sector?</li> <li>- Second Edition World ESG Summit - The World ESG Summit</li> <li>- Malaysia National Energy Transition Roadmap Part 2: TNB Energy Transition Conference</li> </ul>
Mr. Chan Soon Tat	<ul style="list-style-type: none"> <li>- MIA Webinar Series: Closure of Companies: Winding-Up and Striking-Off - a step-by-step approach</li> <li>- MIA Webinar Series: Tax Audit and Investigations - a Legal and Practical Approach</li> <li>- MIA Webinar Series: Board of Director Leadership - ESG Essentials</li> <li>- MIA Webinar Series: Conduct of Directors and Common Breaches of Listing Requirements</li> <li>- Mandatory Accreditation Programme Part II: Leading for Impact (LIP)</li> </ul>

Upon review, the Board concluded that the Directors' trainings for the FYE 2023 were adequate.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Part III: Remuneration****7) Remuneration**

The remuneration package of the Managing Director, Executive Director(s) and Key Senior Management are linked to the Group's and their individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities assumed in the Board committees, their attendances, special skills and expertise that they bring to the Board.

**8) RC**

The main function of the RC is to assist the Board in fulfilling its responsibilities on matters relating to the Group's compensation, bonuses, incentives and benefits. The RC assists the Board in assessing the remuneration packages of the Managing Director, Executive Director(s) and Key Senior Management with a view to ensure that a competitive remuneration package is offered to attract and retain the talented individuals to serve the Group, reviews the Directors' fees and benefits proposed to the Board for approval and recommendation to the shareholders at the AGM.

The RC consists of 3 members, all of which are Independent Non-Executive Directors, and the composition of the RC is as follows:

Members	Designation	Number of RC meetings attended/ held during the FYE 2023
Mr. Robert Koong Yin Leong <i>(resigned on 14 April 2023)</i>	Chairman	1/1
Mr. Tan Hock Soon	Member	1/1
Puan Ilham Fadilah Binti Sunhaji	Member	1/1
Mr. Chan Soon Tat <i>(appointed on 14 April 2023)</i>	Chairman	Not applicable

The Terms of Reference of the RC, outlining the RC's objectives, composition, proceeding of meetings, circular resolution, authority and duties and responsibilities, is available on the Company's website at [www.econframe.com](http://www.econframe.com).

**Summary of Works**

The following works were undertaken by the RC during the FYE 2023:

- Reviewed and recommended to the Board the remuneration package of the Executive Directors of the Company for the FYE 2023.
- Reviewed and recommended to the Board the Directors' fees payable to the Directors of the Company for the FYE 2023.
- Reviewed and recommended to the Board the benefits payable to the Directors of the Company for the period from the 3<sup>rd</sup> AGM until the next AGM of the Company to be held in year 2024.
- Reviewed the remuneration package of the Key Senior Management of the Group for the FYE 2023.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Part III: Remuneration (Cont'd)****9) Directors' Remuneration**

The details of remuneration of Directors of the Company comprising remuneration received from the Group and the Company during the FYE 2023 were as follows:

Name of Directors	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>							
<b>Independent Non-Executive Directors</b>							
Mr. Robert Koong Yin Leong	39	6	-	-	-	-	45
Mr. Tan Hock Soon	39	7	-	-	-	-	46
Puan Ilham Fadilah Binti Sunhaji	27	6	-	-	-	-	33
Mr. Chan Soon Tat	27	7	-	-	-	-	34
<b>Non-Independent Non-Executive Directors</b>							
Madam Lim Saw Nee	27	7	-	-	-	-	34
Mr. Lim Foo Seng	27	7	-	-	-	-	34
<b>Executive Directors</b>							
Mr. Lim Chin Horng	39	4	308	75	-	47	473
Mr. Khoo Soon Beng	27	55	152	39	-	24	297
Mr. Teoh Keng Chang <i>(resigned on 17 October 2023)</i>	27	7	264	-	-	33	331
<b>Company</b>							
<b>Independent Non-Executive Directors</b>							
Mr. Robert Koong Yin Leong	39	6	-	-	-	-	45
Mr. Tan Hock Soon	39	7	-	-	-	-	46
Puan Ilham Fadilah Binti Sunhaji	27	6	-	-	-	-	33
Mr. Chan Soon Tat	27	7	-	-	-	-	34
<b>Non-Independent Non-Executive Directors</b>							
Madam Lim Saw Nee	27	7	-	-	-	-	34
Mr. Lim Foo Seng	27	7	-	-	-	-	34
<b>Executive Directors</b>							
Mr. Lim Chin Horng	39	4	-	-	-	-	43
Mr. Khoo Soon Beng	27	7	-	-	-	-	34
Mr. Teoh Keng Chang <i>(resigned on 17 October 2023)</i>	27	7	-	-	-	-	34

**10) Remuneration of Top 5 Key Senior Management**

The Board is of the view that the disclosure of the top 5 Key Senior Management's remuneration will be counterproductive due to the competitive environment for talent in the industry that the Group operates in. The Board is also of the opinion that the Key Senior Management's remuneration disclosed in the Annual Report in the financial statements section is sufficient, complies with the Malaysian Financial Reporting Standards and achieves the objective that stakeholders are able to assess whether the remuneration of Directors and Key Senior Management commensurate with their individual performance, taking into consideration the Group's performance.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT****11) ARMC**

The ARMC consists of 3 Independent Non-Executive Directors which complied with Rule 15.09(1)(b) of the ACE LR of Bursa Securities whereby the ARMC shall only consist of Non-Executive Directors and majority of whom are Independent Non-Executive Directors. The Chairman of the ARMC, Mr. Tan Hock Soon, is not the Chairman of the Board.

For detailed information on the ARMC with regards to its composition, activities and its report, please refer to the ARMC report in this Annual Report.

None of the ARMC members was a former partner of the external audit firm of the Company. In line with the MCCG, the Board has adopted the Terms of Reference of the ARMC that no former partner of the external audit firm of the Company could be appointed as a member of the ARMC before observing a cooling-off period of at least 3 years.

All members of the ARMC are financially literate and have the relevant accounting, finance and/or related financial experience and expertise to effectively discharge their duties. The qualification and experience of the individual ARMC members are disclosed in the Directors' Profile in this Annual Report.

**12) Suitability, Objectivity and Independence of the External Auditors**

The Board, through the ARMC, maintains a formal and transparent relationship with its External Auditors in seeking professional advice. The ARMC meets with the External Auditors without the presence of the Executive Board members and Management regarding audit planning, adequacy of controls, and other relevant audit and accounting issues.

The ARMC is assigned to assess, review and supervise the performance, suitability, objectivity and independence of the External Auditors. Evaluation of the External Auditors is carried out on a yearly basis to determine its continuance suitability, objectivity and independence via a formal assessment form. The ARMC remains confident that the objectivity and independence of the External Auditors are not in any way impaired by reason of the non-audit services provided to the Group.

The External Auditors confirmed that independence check and confirmation procedures were carried out and there is no conflict of interest for the audit and non-audit services engagement during the FYE 2023.

**13) Risk Management and Internal Control**

The Board is responsible for the overall and oversight of risk management of the Group, covering the systems of risk management and internal control for financial, operational and compliance while the Managing Director and Executive Director(s), together with the Key Senior Management are primarily responsible for managing risks in the Group.

The Statement on Risk Management and Internal Control ("**SORMIC**") is set out in this Annual Report detailing the state and fundamentals of the risk management and internal control systems in the Group as well as the review mechanism of the Board. The Board has expressed in the SORMIC that they are satisfied with the effectiveness and adequacy of the existing level of systems of risk management and internal control.

The Internal Audit Function ("**IAF**") is outsourced to an internal audit consulting firm. Further details of IAF are reported in the ARMC Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS****14) Corporate Reporting**

In presenting the annual financial statements and quarterly announcements of its results, the Board is committed to provide a balanced, fair and comprehensive assessment of the Group's state of affairs in relation to its financial performance. In order to achieve the above, adequate financial processes are in place, aimed at keeping the Group's accounting records and transactions in accordance with accepted accounting standards.

The ARMC assists the Board by reviewing the financial statements with Management and the External Auditors to ensure the accuracy and adequacy of all the information to be disclosed as well as to ensure its compliance with the requirements of the rules and regulations of the regulators and approved accounting standards. The Chief Financial Officer also presented to the ARMC and the Board the detailed presentations on the financial results.

The Statement of Directors' Responsibility pursuant to the ACE LR of Bursa Securities on its responsibilities in preparing the audited financial statements is set out in other section of this Annual Report.

**15) Communication with Stakeholders**

Information on the Group's business and corporate development, annual reports, circulars, general meetings, press releases, quarterly financial results and timely announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance. These form an important channel of communication to reach the stakeholders.

The Managing Director is the designated spokesperson for all matters related to the Group and dedicated personnel are tasked to prepare and verify material information for timely disclosure upon approval by the Board.

In addition, the Company maintains a website at [www.econframe.com](http://www.econframe.com) for shareholders, investors and general public to access information on, amongst others, the Group's corporate profile, products, financial performance announcements published on Bursa Securities' website, Board Charter and Board committees' Terms of Reference and corporate information.

**16) Conduct of General Meetings****Notice of AGM**

The notice of the 3<sup>rd</sup> AGM was issued not less than 28 days prior to the meeting so as to enable the shareholders to have full information about the 3<sup>rd</sup> AGM, to facilitate informed decision-making and to encourage shareholders' participation. Full explanation of the effects of a proposed resolution of any special business was accompanied the notice of the 3<sup>rd</sup> AGM.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)****16) Conduct of General Meetings (Cont'd)****Directors' Commitment**

There were 3 general meetings held during the FYE 2023 as follow:

- Extraordinary General Meeting (“**EGM**”) held on 30 November 2022;
- 3<sup>rd</sup> AGM held on 17 January 2023; and
- EGM held on 14 July 2023.

Save for Mr. Robert Koong Yin Leong absence from the 3<sup>rd</sup> AGM and Puan Ilham Fadilah Binti Sunhaji absence from the EGM held on 14 July 2023, all Directors attended all the general meetings of the Company held during the FYE 2023 to engage shareholders personally and proactively.

The chairman of the general meetings ensured that sufficient opportunities and time were allocated for discussion and to address questions raised as well as encouraged the shareholders and/or proxies to participate in the question-and-answer session at the general meetings. The Board is supported by the External Auditors, the Company Secretaries, legal and financial advisers, and Key Senior Management, where applicable, who were also present at the general meetings to communicate with the shareholders as well as to respond to the queries raised.

The Minutes of the general meetings have been made available to shareholders no later than 30 business days after the general meetings on the Company's website at [www.econframe.com](http://www.econframe.com).

**Voting in Absentia and Remote Shareholders' Participation at General Meeting(s)**

Although the Board recognises the importance of leveraging on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on all resolutions via remote participation and voting facilities, the Board also noted several considerations:

- Availability/affordability of technology and infrastructure;
- Sufficient number of shareholders residing at particular remote location(s); and
- Age profiles of the shareholders.

After taking into account the above considerations, the Company conducted its general meetings physically at Sultan Abdul Aziz Shah Golf & Country Club, Shah Alam which have convenient accessibility.

**COMPLIANCE WITH MCCG**

The Board is satisfied that during the FYE 2023, the Company has substantially complied with the best practices of the MCCG on the application of the principles and best practices in corporate governance, except for the following:

- Practice 5.9 : The Board comprises at least 30% women Directors;
- Practice 5.10 : The Company's policy on gender diversity for the Board and senior management;
- Practice 8.2 : The remuneration of top 5 senior management;
- Practice 13.2 : All directors attend general meetings; and
- Practice 13.3 : Leverage technology to facilitate voting including in absentia and remote shareholders' participation at general meetings.

The departures of the above practices will be addressed in the CG Report.

This Statement and the CG report are made in accordance with a resolution of the Directors passed on 14 December 2023.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. UTILISATION OF PROCEEDS

As at 27 November 2023, the gross proceeds of RM18.20 million raised from the listing exercise was utilised in the following manner:

Purpose	Proposed utilisation	Actual utilised	Unutilised amount	Estimated timeframe for utilisation from Listing
	RM'000	RM'000	RM'000	
Land acquisition and construction of new manufacturing facility <sup>(1)</sup>	5,000	5,000	–	Within 36 months <sup>(2)</sup>
Automation of manufacturing process	4,000	4,000	–	Within 36 months <sup>(2)</sup>
Working capital	6,200	6,200	–	Within 18 months
Estimated listing expenses	3,000	3,000	–	Within 1 month
<b>Total</b>	<b>18,200</b>	<b>18,200</b>	<b>–</b>	

#### Notes:

- The Company had intended to purchase a land located in Kapar, Klang, for the construction of a new manufacturing facility. The acquisition of land and construction of the manufacturing facility were originally scheduled to be completed by October 2022. However, due to the revised land cost and the subsequent increase in prices of building materials as well as shortage of foreign workers in the construction industry, the said plan was delayed. On 21 October 2022, the Company announced it had entered into a conditional sale and purchase agreement for the proposed acquisition of a parcel of industrial property and the acquisition was completed on 17 January 2023.*
- On 21 October 2022, the Company announced the extension of timeframe for the utilisation of proceeds from within 24 months to within 36 months (i.e. by 27 October 2023).*

### 2. AUDIT AND NON-AUDIT FEES

During the financial year ended 31 August 2023 (“**FYE 2023**”), Messrs. Baker Tilly Monteiro Heng PLT, the External Auditors have rendered audit and non-audit services to the Company and the subsidiaries (“**the Group**”). The breakdown of the fees payable to the External Auditors is as follows:

	Group (RM)	Company (RM)
<b>Audit services rendered</b>	147,000	62,000
<b>Non-audit services rendered</b>	5,000	5,000
Review of Statement on Risk Management and Internal Control		
<b>Total</b>	<b>152,000</b>	<b>67,000</b>

### 3. MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interests of the Directors and major shareholders of the Company that is still subsisting at the end of the previous financial year.

### 4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“RRPT”) AND RELATED PARTY TRANSACTIONS (“RPT”)

There were no RRPT or RPT entered into by the Group which involves the Directors’ and/or major shareholders’ interest during the FYE 2023.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“**the Board**”) of the Company is pleased to present the Audit and Risk Management Committee (“**ARMC**”) report for the financial year ended 31 August 2023 (“**FYE 2023**”). The ARMC report is made in accordance with a resolution of the Directors passed on 14 December 2023.

## 1. COMPOSITION OF THE ARMC AND MEETINGS ATTENDANCE

The ARMC comprises 3 Independent Non-Executive Directors. This meets the requirements of Rule 15.09 of the ACE Market Listing Requirements (“**ACE LR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and satisfies the test of independence under the ACE LR of Bursa Securities and Step-Up Practice 9.4 of the Malaysian Code on Corporate Governance (“**MCCG**”).

Mr. Tan Hock Soon, the Senior Independent Non-Executive Director is the Chairman of the ARMC. In this respect, the Company complies with Rule 15.10 of the ACE LR of Bursa Securities. Furthermore, in compliance with Practice 9.1 of the MCCG, the Chairman of the ARMC is not the Chairman of the Board. In addition, Mr. Tan Hock Soon, is a Fellow Member of the Malaysian Institute of Certified Public Accountants and a Member of the Malaysian Institute of Accountants. In this respect, the Company complies with Rule 15.09(1)(c) of the ACE LR of Bursa Securities.

During the FYE 2023, the ARMC held a total of 5 meetings. The members of the ARMC and their attendance at the meetings are set out below:

Members	Designation	Directorship	Attendance	Percentage
Mr. Tan Hock Soon	Chairman	Senior Independent Non-Executive Director	5/5	100%
Puan Ilham Fadilah Binti Sunhaji	Member	Independent Non-Executive Director	5/5	100%
Mr. Chan Soon Tat (Appointed on 14 April 2023)	Member	Independent Non-Executive Director	2/2	100%
Mr. Robert Koong Yin Leong (Resigned on 14 April 2023)	Member	Independent Non-Executive Chairman	2/3	66.67%

The Board, via the Nomination Committee, reviews the terms of office and performance of the ARMC to determine whether the ARMC has carried out its duties in accordance with the Terms of Reference (“**TOR**”) of the ARMC pursuant to Rule 15.20 of the ACE LR of Bursa Securities.

## 2. SUMMARY OF WORKS FOR THE FYE 2023

During the FYE 2023, the summary of works carried out by the ARMC was as follows:

### i) Overview of Financial Performance and Reporting

- Reviewed the unaudited quarterly financial results for the quarters ended 31 August 2022, 30 November 2022, 28 February 2023 and 31 May 2023 and recommended the same for the Board’s approval.
- Reviewed the financial performance of the Group on a quarterly basis.
- Reviewed the identified significant matters pursuant to Rule 15.12(1)(g)(ii) of the ACE LR of Bursa Securities on a quarterly basis.
- Reviewed the draft audited financial statements for the financial year ended 31 August 2022 (“**FYE 2022**”) and recommended the same for the Board’s approval.
- Reviewed the Group’s compliance with the accounting standards and relevant regulatory requirements.
- Reviewed the budget of the Group for the financial year ending 31 August 2024 and recommended the same to the Board for approval and adoption.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

**2. SUMMARY OF WORKS FOR THE FYE 2023 (CONT'D)**

During the FYE 2023, the summary of works carried out by the ARMC was as follows (Cont'd):

**ii) Oversight of External Auditors**

- Received the Audit Review Memorandum prepared by the External Auditors for the FYE 2022, covering audit scope and approach, significant audit findings, potential key audit matters and significant outstanding information/documents from the audit field works.
- Reviewed the External Auditors' Audit Plan and statutory audit fees for the FYE 2023.
- Met with the External Auditors without the presence of the Executive Directors and Management to discuss any major concerns arising from the annual statutory audit.
- Reviewed the effectiveness, suitability, objectivity and independence of the External Auditors vide a formalised "Assessment on external auditors" and upon review and having been satisfied with the results of the said assessment, the same was recommended to the Board for approval.
- Reviewed and discussed with the External Auditors, the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board, including any significant issues and concerns arising from the audit.

**iii) Oversight of Internal Audit Function ("IAF")**

- Reviewed the internal audit plan for the Group for the FYE 2023.
- Reviewed the Internal Audit Reports for the FYE 2023 and assessed the major findings by the Internal Auditors and evaluated Management's response.
- Reviewed the progress updates on the follow-up review of the previous Internal Audit Reports.
- Reviewed the adequacy and performance of the IAF and its comprehensive coverage of the Group's activities vide a formalised "Assessment on IAF".
- Met with the Internal Auditors without the presence of the Executive Directors and Management to discuss any major concerns arising from the internal audit.

**iv) Oversight of Risk Management Matters**

- Ensured the incorporation of risk assessment exercise in the Internal Audit Plan for the Group for the FYE 2023.
- Reviewed the results of risk assessment by the Internal Auditors for the FYE 2023 with all significant risks identified.
- Reviewed the risk management governance structure.

**v) Oversight of Internal Control Matters**

- Reviewed and confirmed the minutes of the ARMC meetings.
- Reviewed the disclosures in the ARMC report, Statement on Risk Management and Internal Control and Corporate Governance Overview Statement for inclusion in the Annual Report for the FYE 2022.
- Reviewed the disclosures in the Corporate Governance Report for the FYE 2022.
- Reviewed the progress of the utilisation of the proceeds raised from the Initial Public Offering Exercise.
- Reviewed the revised TOR of ARMC and recommended the same for the Board's approval and adoption.

**vi) Review of Related Party Transactions**

- Reviewed the related party transactions and conflict of interest situation that arose, persist or may arise within the Group on a quarterly basis, including any transaction, procedure or course of conduct that raises questions on management integrity.

**3. TOR**

The TOR of the ARMC is available for viewing at the Company's website at [www.econframe.com](http://www.econframe.com).

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

**4. IAF**

The IAF plays an important role to provide the Board, through the ARMC, reasonable assurance of the effectiveness of the system of internal control in the Group.

The IAF is independent and performs audit assignments with impartiality, proficiency and due professional care.

The Group outsourced its IAF to an independent professional firm, namely Wensen Consulting Asia (M) Sdn. Bhd. as the Group's Internal Auditors. The Internal Auditors report directly to the ARMC, provide the Board with a reasonable assurance of adequacy, efficiency, and effectiveness of the Group's internal control system. The IAF is responsible to conduct reviews in accordance with the internal audit plan or other ad-hoc assignments which are approved by the ARMC.

The Internal Auditors have affirmed to the ARMC that they were free from any relationships or conflicts of interest in relation to the Group, which could impair their objectivity and independency.

The internal audit reporting format can broadly be segregated into 2 main areas as follows:

**i) Internal Audit Plan of the Group**

At the beginning of the financial year, the Internal Auditors present the internal audit plan of the Group to the ARMC for discussion and adoption. The ARMC would report the same to the Board for notation.

**ii) Regular Internal Audit Reports and Follow-up Reports**

Internal audit reports are reviewed and adopted by the ARMC on a half-yearly basis to review the internal audit findings and to discuss on the corrective action plans in order to ensure that the control weaknesses highlighted in the internal audit reports are appropriately addressed by Management.

In addition, the Internal Auditors would carry out follow-up visits to ensure that all agreed corrective action plans are satisfactorily implemented by Management. The progression status of the corrective action plans would also be reported to the ARMC on a half-yearly basis.

During the FYE 2023, the Internal Auditors assisted the ARMC in reviewing the adequacy and effectiveness of the system of governance, risk management and internal control, based on an internal audit plan approved by the ARMC before audit work is carried out.

The costs incurred for the IAF for the FYE 2023 amounted to RM22,000.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Pursuant to Rule 15.26(b) of the ACE Market Listing Requirements (“**ACE LR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and the Malaysian Code on Corporate Governance, the Board of Directors (“**the Board**”) of the Company is pleased to provide the Group’s Statement on Risk Management and Internal Control (“**this Statement**”) in this Annual Report.

## BOARD RESPONSIBILITY

The Board acknowledges their responsibility for maintaining a sound risk management and internal control systems as well as adequacy and effectiveness of those systems to safeguard the stakeholders’ interests and to protect the Group’s assets. The system of risk management and internal control covers not only financial controls but risk management, organisational, operational, fraud prevention and compliance controls. It is designed to manage the Group’s risks within an acceptable risk profile rather than eliminate the risk of failure in order to achieve the goals and objectives of the Group. Hence, the system of risk management and internal control could only provide reasonable but not absolute assurance against material misstatement, fraud and potential losses.

The Board affirms that the Group has in place an on-going process of identifying, evaluating, monitoring and managing the principal risks affecting the achievement of its business objectives throughout the financial year ended 31 August 2023 (“**FYE 2023**”). The Board has delegated the review of adequacy and effectiveness of the internal control system to the Audit and Risk Management Committee (“**ARMC**”). The Board is kept informed of all significant control issues brought to the attention of the ARMC by Management, the Internal Audit Function (“**IAF**”) and also the External Auditors. The Board is working closely with the ARMC to review and improve the internal controls as well as address potential risks from time to time.

## RISK MANAGEMENT FRAMEWORK AND PROCESS

The Board recognises the importance to manage risk to safeguard shareholders’ investment and the Group’s assets. Facilitated by a professional services firm, it has deployed an on-going process, to identify and evaluate significant business risks faced by the Group to manage the risks. Management is entrusted to identify such risks for onward reporting to the ARMC so that remedial measures may be taken to mitigate the risks. For each risk identified, the risk management process includes assessing the likelihood of its occurrence and its impact. The significant risks faced by the Group, including action plans to mitigate risks within acceptable levels, is reported by ARMC to the Board at least once a year.

As part of the Group’s risk management process, the ARMC, chaired by the Senior Independent Non-Executive Director, has been established to perform, amongst others, the following:

- overseeing the risk management structure;
- reviewing and recommending risk management strategies, policies and framework for identifying, measuring, monitoring and controlling risks;
- developing and implementing internal compliance and control systems and procedures to manage risks; and
- monitoring and communicating risk assessment results to the Board.

The ARMC meets periodically to consider principal risks evaluated by the respective risk owners that may impede the Group from achieving its strategic and operational objectives, as well as develop action plans to mitigate such risks.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

**RISK MANAGEMENT FRAMEWORK AND PROCESS (CONT'D)**

During the FYE 2023, the following risk management activities were carried out:

- On 5 July 2023, risk assessment meeting with Management was conducted to update the key risk profile. During the meeting, key risks identified were rated and prioritised in terms of likelihood of the risk occurring and its impact should the risk occur. The risk ratings take into consideration the effectiveness of internal controls existingly in place to mitigate the key risks identified. Thereafter, risk management strategies or Management's action plans to be undertaken are considered to manage risks to an acceptable level.
- The results of the risk assessments were reported and deliberated at the ARMC meeting held on 28 July 2023.

All significant risks identified and relevant controls and mitigation plans taken by Management are documented in the risk management reports which are compiled and tabled to the ARMC and the Board for deliberation.

The risk management process has been in place for the FYE 2023 and up to the date of approval of this Statement for inclusion in the Company's Annual Report.

**IAF**

The Group's IAF is outsourced to Wensen Consulting Asia (M) Sdn. Bhd., which is guided by the International Professional Practices Framework of the Institute of Internal Auditors, in carrying out internal audit assignments. The Internal Auditors report directly to the ARMC and assist the Board in assessing the adequacy and effectiveness of the internal control system established by Management based on an agreed scope of work outlined in the annual internal audit plan approved by the ARMC during the FYE 2023. There was no restriction placed upon the scope of the IAF's work and the internal audit was allowed full and unrestricted access to the records pertinent for the internal audit and relevant personnel of the Group.

The ARMC reviewed the IAF's work, its observations and recommendations to ensure that the ARMC obtained the necessary level of assurance with respect to the adequacy and effectiveness of the risk management and internal control systems. The Internal Auditors also follow-up and report to the ARMC on the status of implementation by Management on recommendations highlighted in the previous internal audit reports.

The scope of work of the IAF includes but not limited to the following:

- Review and assess the adequacy, efficiency and effectiveness of the Group's internal control system.
- Review the compliance of the Group with the policies, standard operating procedures and other laws and regulations which could possibly cause a significant impact to the business operations of the Group.
- Report significant issues in relation to the business operations and activities of the Group and make recommendations for improvements in the internal audit reports to the ARMC.
- Conduct follow-up visits to ensure that all agreed corrective action plans are satisfactorily implemented by Management and reports the same to the ARMC.
- Highlight any irregularities to the ARMC.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

**OTHER KEY ELEMENTS OF INTERNAL CONTROL PROCESSES**

In addition to the risk management and internal audit, the Group has established various controls to review the adequacy, effectiveness and integrity of the internal control system. Such controls include:

- Budgets are prepared by the operating business segments for subsequent monitoring and tracking of performance.
- Documented the quality management system accredited by the International Organisation for Standardisation (ISO) certification body on the manufacturing activities.
- Quarterly review of financial results and operational matters by the ARMC and the Board.
- Policies and standard procedures of various operating business units within the Group are properly documented for operational guidance and compliance. These policies and procedures are reviewed and updated when necessary to maintain its effectiveness at all times.
- Corporate finance and treasury matters are controlled centrally and monitored on a weekly, monthly and quarterly basis.
- Formal authorisation limit for various levels of personnel is established in order to minimise the risk of unauthorised transactions.
- Monthly key operational performance report on key business indicators and performance results on each subsidiary is reported to Management for review and decision making.

**ASSURANCE BY MANAGEMENT**

The Board has received assurance from the Managing Director and the Chief Financial Officer that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management model and internal control system adopted by the Group.

**BOARD'S COMMENTS ON THE ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM**

The Board, through its ARMC, has reviewed the adequacy and effectiveness of the risk management and internal control system of the Group and relevant actions have been or are being taken, as the case may be, to remedy internal control weaknesses identified from the review, which was largely based on the outcome of observations raised by the Internal Auditors to the ARMC.

The Board is of the view that there have been no weaknesses in the system of risk management and internal control that resulted in material losses, contingencies or uncertainties that would require mention in the Company's Annual Report. The Board, through Management, continues to take measures to strengthen the Group's risk management and internal control system from time to time based on recommendations of the IAF as well as the External Auditors.

**REVIEW OF STATEMENT BY EXTERNAL AUDITORS**

Pursuant to Rule 15.23 of the ACE LR of Bursa Securities, the External Auditors have reviewed this Statement for inclusion in the Company's Annual Report. Their review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants. AAPG 3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process and the review adopted by the Board on the adequacy and integrity of the risk management and internal control of the Group.

This Statement is made in accordance with a resolution of the Directors passed on 14 December 2023.

# STATEMENT OF DIRECTORS' RESPONSIBILITY

## PREPARATION OF THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023 ("FYE 2023")

The Directors are required by the Companies Act 2016 ("**the Act**") to lay before the shareholders at the Annual General Meeting, the Audited Financial Statements (which include the Consolidated Statements of Financial Position and the Consolidated Statements of Profit or Loss and other Comprehensive Income) of the Company and the subsidiaries ("**the Group**") for each financial year, prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provision of the Act and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible for ensuring that the Audited Financial Statements of the Group are prepared in accordance with the accounting records of the Group so as to give a true and fair view of the state of affairs as at 31 August 2023, and of the results of their operations and cash flows for the financial year ended on that date.

In preparing the Audited Financial Statements for the FYE 2023, the Directors have reviewed and consistently applied the suitable accounting policies throughout the financial year. In the cases where judgements and estimations were made, they were based on reasonableness and prudence assumptions.

The Directors also have a general responsibility for taking such steps that are available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Directors passed on 14 December 2023.

## DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2023.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries include manufacturing and sales of doors, door and window frames and trading of ironmongery, doors, electronics and electrical systems and accessories as well as trading and provision of installation services for solar energy products and systems.

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

### RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	13,063,874	47,255
<hr/>		
Attributable to:		
Owners of the Company	13,064,466	47,255
Non-controlling interests	(592)	-
	<hr/> 13,063,874	<hr/> 47,255

### DIVIDENDS

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

The Directors do not recommend the payment of any dividends in respect of the financial year ended 31 August 2023.

### RESERVES OR PROVISIONS

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

### BAD AND DOUBTFUL DEBTS

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

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

## CURRENT ASSETS

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

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

## VALUATION METHODS

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

## CONTINGENT AND OTHER LIABILITIES

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

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

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

## CHANGE OF CIRCUMSTANCES

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

## ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the Directors,

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

## AUDITORS' REMUNERATION

The auditors' remuneration of the Group and of the Company for the financial year were RM140,000 and RM65,000 respectively.

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

## DIRECTORS' REPORT (CONT'D)

**ISSUE OF SHARES AND DEBENTURES**

During the financial year, the Company issued 17,366,350 new ordinary shares arising from the exercise of warrants at the exercise price of RM0.42 for cash of RM7,293,867.

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

There were no issues of debentures during the financial year.

**OPTIONS GRANTED OVER UNISSUED SHARES**

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

**WARRANTS 2022/2027**

Pursuant to a Deed Poll dated 30 November 2022 ("Deed Poll"), the Company issued 162,499,998 Warrants 2022/2027 ("Warrants") to the entitled shareholders of the Company pursuant to the bonus issue of Warrants.

The salient features of the Warrants are as follows:

- (i) Each Warrant entitles the warrant holder to subscribe for one new ordinary share in the Company at any time on or before the maturity date, falling 5<sup>th</sup> anniversary from the date of issuance of the Warrants. Unexercised Warrants after the exercise period will thereafter lapse and cease to be valid;
- (ii) The exercise price of the Warrants is fixed at RM0.42 per Warrant;
- (iii) The new ordinary shares to be issued upon the exercise of the Warrants shall rank pari passu in all respects with the ordinary shares of the Company; and
- (iv) The Warrants were listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad on 27 December 2022.

The movement of the Warrants during the financial year is as follows:

	At 27.12.2022	Number of Warrants 2022/2027		At 31.8.2023
		Exercised	Lapsed	
Warrants 2022/2027	162,499,998	(17,366,350)	–	145,133,648

**DIRECTORS**

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

Robert Koong Yin Leong  
 Lim Chin Horng \*  
 Khoo Soon Beng \*  
 Teoh Keng Chang  
 Lim Saw Nee \*  
 Tan Hock Soon  
 Ilham Fadilah Binti Sunhaji  
 Chan Soon Tat  
 Lim Foo Seng

(Resigned on 17 October 2023)

\* Directors of the Company and certain subsidiaries

The name of Director of a subsidiary where the shares are held by the Company is listed below (excluding directors who are also directors of the Company):

Chew Cheng Kiat

## DIRECTORS' REPORT (CONT'D)

**DIRECTORS' INTERESTS**

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

**Interests in the Company**

	Number of ordinary shares				At 31.8.2023
	At 1.9.2022	Bought	Sold	Transferred (to)/from	
<b>Direct interests:</b>					
Lim Chin Horng	69,549,735	–	–	(42,764,088)	26,785,647
Lim Saw Nee	47,755,300	–	(23,870,000)	42,764,088	66,649,388
Khoo Soon Beng	6,694,965	–	–	–	6,694,965
Robert Koong Yin Leong	50,000	–	–	–	50,000
Tan Hock Soon	50,000	–	–	–	50,000
Ilham Fadilah Binti Sunhaji	50,000	–	–	–	50,000

	Number of Warrants 2022/2027				At 31.8.2023
	At 1.9.2022	Granted	Sold	Transferred (to)/from	
<b>Direct interests:</b>					
Lim Chin Horng	–	34,774,867	(13,312,000)	(8,070,044)	13,392,823
Lim Saw Nee	–	23,877,650	(11,938,000)	8,070,044	20,009,694
Khoo Soon Beng	–	3,347,482	(3,000,000)	–	347,482
Robert Koong Yin Leong	–	25,000	–	–	25,000
Tan Hock Soon	–	25,000	–	–	25,000
Ilham Fadilah Binti Sunhaji	–	25,000	–	–	25,000

Other than as stated above, none of the other Directors in office at the end of the financial year had any interest in ordinary shares and/or warrants of the Company and its related corporations during the financial year.

**DIRECTORS' BENEFITS**

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



## DIRECTORS' REPORT (CONT'D)

**DIRECTORS' BENEFITS (CONT'D)**

The Directors' benefits of the Group and of the Company for the financial year ended 31 August 2023 are as follows:

	<b>Group RM</b>	<b>Company RM</b>
<b>Directors of the Company</b>		
Executive Directors		
- Directors' fee	93,000	93,000
- Salaries, allowances and bonuses	905,549	18,000
- Defined contribution plans	100,614	-
- Other staff related benefits	3,476	-
	1,102,639	111,000
Non-executive Directors		
- Directors' fee	186,000	186,000
- Allowances	40,000	40,000
	226,000	226,000
	1,328,639	337,000

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

**INDEMNITY TO DIRECTORS AND OFFICERS**

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the Directors and Officers of the Group and the Company were RM1,000,000 and RM6,000 respectively.

**SUBSIDIARIES**

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

<b>Name of company</b>	<b>Country of incorporation</b>	<b>Ownership interest</b>	<b>Principal activities</b>
Econframe Marketing Sdn. Bhd.	Malaysia	100%	Manufacturing and sales of doors, door and window frames and trading of ironmongery
Econframe Pre-Hung Doors Sdn. Bhd.	Malaysia	100%	Trading of doors
Eframe Technology Sdn. Bhd.	Malaysia	100%	Trading of electronics and electrical systems and accessories
Eframe Solartech Sdn. Bhd.	Malaysia	60%	Trading and provision of installation services for solar energy products and systems

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

DIRECTORS' REPORT (CONT'D)

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

Details of significant events during and subsequent to the end of the financial year are disclosed in Note 29 to the financial statements.

**AUDITORS**

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

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 14 December 2023.

.....  
**LIM CHIN HORNG**  
Director

.....  
**KHOO SOON BENG**  
Director

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 AUGUST 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	21,274,569	9,745,221	–	–
Investment property	6	300,000	300,000	–	–
Investment in subsidiaries	7	–	–	26,006,090	26,006,090
<b>Total non-current assets</b>		<b>21,574,569</b>	<b>10,045,221</b>	<b>26,006,090</b>	<b>26,006,090</b>
<b>Current assets</b>					
Inventories	8	12,274,973	14,695,052	–	–
Trade and other receivables	9	29,959,307	23,017,653	1,839,908	3,052,022
Contract asset	16	–	24,518	–	–
Cash and short-term deposits	10	31,666,907	26,760,712	22,321,058	13,547,870
<b>Total current assets</b>		<b>73,901,187</b>	<b>64,497,935</b>	<b>24,160,966</b>	<b>16,599,892</b>
<b>TOTAL ASSETS</b>		<b>95,475,756</b>	<b>74,543,156</b>	<b>50,167,056</b>	<b>42,605,982</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	11	50,623,949	43,330,082	50,623,949	43,330,082
Other reserves	12	(19,970,960)	(21,469,903)	–	–
Retained earnings/ (accumulated losses)		54,806,806	41,677,402	(788,700)	(835,955)
		85,459,795	63,537,581	49,835,249	42,494,127
Non-controlling interests		(27,269)	(26,677)	–	–
<b>TOTAL EQUITY</b>		<b>85,432,526</b>	<b>63,510,904</b>	<b>49,835,249</b>	<b>42,494,127</b>
<b>Non-current liabilities</b>					
Loans and borrowings	13	164,417	245,026	–	–
Deferred tax liabilities	14	1,829,490	1,293,876	–	–
<b>Total non-current liabilities</b>		<b>1,993,907</b>	<b>1,538,902</b>	<b>–</b>	<b>–</b>
<b>Current liabilities</b>					
Loans and borrowings	13	194,619	272,267	–	–
Trade and other payables	15	6,516,034	8,304,585	312,805	95,533
Current tax liabilities		1,338,670	916,498	19,002	16,322
<b>Total current liabilities</b>		<b>8,049,323</b>	<b>9,493,350</b>	<b>331,807</b>	<b>111,855</b>
<b>TOTAL LIABILITIES</b>		<b>10,043,230</b>	<b>11,032,252</b>	<b>331,807</b>	<b>111,855</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>95,475,756</b>	<b>74,543,156</b>	<b>50,167,056</b>	<b>42,605,982</b>

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	17	75,908,860	59,394,512	1,000,000	2,000,000
Cost of sales		(50,948,312)	(38,938,825)	–	–
<b>Gross profit</b>		<b>24,960,548</b>	<b>20,455,687</b>	<b>1,000,000</b>	<b>2,000,000</b>
Other income	18	648,547	482,588	423,719	243,724
Administrative expenses		(6,770,137)	(4,930,495)	(1,305,545)	(645,015)
Distribution expenses		(979,235)	(970,851)	–	–
Impairment loss on financial instruments		(66,204)	–	–	–
<b>Operating profit</b>		<b>17,793,519</b>	<b>15,036,929</b>	<b>118,174</b>	<b>1,598,709</b>
Finance costs	19	(17,438)	(21,261)	–	–
<b>Profit before tax</b>	<b>20</b>	<b>17,776,081</b>	<b>15,015,668</b>	<b>118,174</b>	<b>1,598,709</b>
Income tax expense	22	(4,712,207)	(3,778,320)	(70,919)	(50,079)
<b>Profit for the financial year</b>		<b>13,063,874</b>	<b>11,237,348</b>	<b>47,255</b>	<b>1,548,630</b>
<b>Other comprehensive income, net of tax</b>					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Net changes of revaluation reserve		1,563,881	–	–	–
<b>Other comprehensive income for the financial year</b>		<b>1,563,881</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income for the financial year</b>		<b>14,627,755</b>	<b>11,237,348</b>	<b>47,255</b>	<b>1,548,630</b>
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		13,064,466	11,239,051	47,255	1,548,630
Non-controlling interests		(592)	(1,703)	–	–
		<b>13,063,874</b>	<b>11,237,348</b>	<b>47,255</b>	<b>1,548,630</b>
<b>Total comprehensive income/ (loss) attributable to:</b>					
Owners of the Company		14,628,347	11,239,051	47,255	1,548,630
Non-controlling interests		(592)	(1,703)	–	–
		<b>14,627,755</b>	<b>11,237,348</b>	<b>47,255</b>	<b>1,548,630</b>
<b>Earnings per share attributable to owners of the Company (sen)</b>					
- Basic	23	3.93	3.46		
- Diluted	23	3.91	3.46		

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

	Attributable to owners of the Company ----->						
	Share capital RM	Revaluation reserve RM	Reorganisation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
<b>Group</b>							
<b>At 1 September 2021</b>	43,330,082	4,410,821	(25,825,125)	32,007,752	53,923,530	(24,974)	53,898,556
Profit/(Loss) for the financial year, representing total comprehensive income/(loss) for the financial year	-	-	-	11,239,051	11,239,051	(1,703)	11,237,348
Realisation of revaluation reserve	-	(55,599)	-	55,599	-	-	-
<b>Transaction with owners</b>							
Single-tier interim dividends of RM0.50 per ordinary shares for the financial year ended 31 August 2022	-	-	-	(1,625,000)	(1,625,000)	-	(1,625,000)
<b>At 31 August 2022</b>	43,330,082	4,355,222	(25,825,125)	41,677,402	63,537,581	(26,677)	63,510,904
Profit/(Loss) for the financial year	-	-	-	13,064,466	13,064,466	(592)	13,063,874
Other comprehensive income for the financial year	-	1,563,881	-	-	1,563,881	-	1,563,881
Total comprehensive income/(loss) for the financial year	-	1,563,881	-	13,064,466	14,628,347	(592)	14,627,755
Realisation of revaluation reserve	-	(64,938)	-	64,938	-	-	-
<b>Transaction with owners</b>							
Issuance of ordinary shares pursuant to warrants exercised	7,293,867	-	-	-	7,293,867	-	7,293,867
<b>At 31 August 2023</b>	50,623,949	5,854,165	(25,825,125)	54,806,806	85,459,795	(27,269)	85,432,526

## STATEMENTS OF CHANGES IN EQUITY (CONT'D)

		Attributable to owners of the Company		
	Note	Share capital RM	Accumulated losses RM	Total equity RM
<b>Company</b>				
<b>At 1 September 2021</b>		<b>43,330,082</b>	<b>(759,585)</b>	<b>42,570,497</b>
Profit for the financial year, representing total comprehensive income for the financial year		–	1,548,630	1,548,630
<b>Transaction with owners</b>				
Single-tier interim dividends of RM0.50 per ordinary shares for the financial year ended 31 August 2022	<b>24</b>	–	(1,625,000)	(1,625,000)
<b>At 31 August 2022</b>		<b>43,330,082</b>	<b>(835,955)</b>	<b>42,494,127</b>
Profit for the financial year, representing total comprehensive income for the financial year		–	47,255	47,255
<b>Transaction with owners</b>				
Issuance of ordinary shares pursuant to warrants exercised	<b>11</b>	7,293,867	–	7,293,867
<b>At 31 August 2023</b>		<b>50,623,949</b>	<b>(788,700)</b>	<b>49,835,249</b>

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Cash flows from operating activities</b>					
Profit before tax		17,776,081	15,015,668	118,174	1,598,709
Adjustments for:					
Depreciation of property, plant and equipment		659,475	457,064	–	–
Gain on disposal of property, plant and equipment		–	(42,817)	–	–
Gain on lease modification		–	(49)	–	–
Impairment loss on trade receivables		66,204	–	–	–
Bad debts written off		265,870	61,650	–	–
Finance costs		17,438	21,261	–	–
Interest income		(545,461)	(310,878)	(423,719)	(243,724)
Net unrealised foreign exchange loss/(gain)		1,319	(15,914)	–	–
<b>Operating profit/(loss) before changes in working capital</b>		<b>18,240,926</b>	<b>15,185,985</b>	<b>(305,545)</b>	<b>1,354,985</b>
<b>Changes in working capital:</b>					
Inventories		2,420,079	(6,186,258)	–	–
Trade and other receivables		(5,459,503)	(6,766,681)	(7,584)	8,876
Trade and other payables		(1,789,870)	5,392,706	217,272	7,633
Contract asset		24,518	(24,518)	–	–
Contract liability		–	(130,542)	–	–
<b>Net cash generated from/ (used in) operations</b>		<b>13,436,150</b>	<b>7,470,692</b>	<b>(95,857)</b>	<b>1,371,494</b>
Income tax paid		(4,060,540)	(3,036,580)	(68,239)	(52,138)
<b>Net cash flows from/(used in) operating activities</b>		<b>9,375,610</b>	<b>4,434,112</b>	<b>(164,096)</b>	<b>1,319,356</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	(a)	(10,277,709)	(578,600)	–	–
Change in pledged deposits		(120,000)	(120,000)	–	–
Interest income		488,257	272,256	423,719	243,724
Other investing activity	(b)	(1,820,000)	–	(1,820,000)	–
<b>Net cash flows (used in)/from investing activities</b>		<b>(11,729,452)</b>	<b>(426,344)</b>	<b>(1,396,281)</b>	<b>243,724</b>

## STATEMENTS OF CASH FLOWS (CONT'D)

	Note	2023 RM	Group 2022 RM	2023 RM	Company 2022 RM
<b>Cash flows from financing activities</b>	<b>(c)</b>				
Repayments of term loans		(160,601)	(239,074)	–	–
Repayments of lease liabilities		(76,202)	(58,619)	–	–
Drawdown of hire purchase		80,000	125,000	–	–
Repayment of hire purchase		(54,231)	(28,926)	–	–
Dividends paid		–	(1,625,000)	–	(1,625,000)
Net change in amount owing by subsidiaries		–	–	3,039,698	(3,000,000)
Proceeds from warrants conversion		7,293,867	–	7,293,867	–
<b>Net cash flows from/(used in) financing activities</b>		<b>7,082,833</b>	<b>(1,826,619)</b>	<b>10,333,565</b>	<b>(4,625,000)</b>
Net increase/(decrease) in cash and cash equivalents		4,728,991	2,181,149	8,773,188	(3,061,920)
Cash and cash equivalents at the beginning of the financial year		23,754,458	21,573,309	13,547,870	16,609,790
<b>Cash and cash equivalents at the end of the financial year</b>	<b>10</b>	<b>28,483,449</b>	<b>23,754,458</b>	<b>22,321,058</b>	<b>13,547,870</b>

(a) Purchase of property, plant and equipment:

	Note	2023 RM	Group 2022 RM
Purchase of property, plant and equipment	5	10,318,823	710,497
- Operating lease recognised as right-of-use assets		(41,114)	(89,080)
- Financed by way of proceeds from disposal of property, plant and equipment		–	(42,817)
Cash payments on purchase of property, plant and equipment		10,277,709	578,600

(b) The other investing activity of the Group and of the Company representing 10% of the purchase consideration paid by the Company for the proposed acquisition as disclosed in Note 29.



## STATEMENTS OF CASH FLOWS (CONT'D)

(c) The reconciliation of liabilities arising from financing activities are as follows:

	Term loan RM	Group Lease liabilities RM	Hire purchase payables RM
<b>At 1 September 2021</b>	458,857	105,220	45,373
Cash flows			
- Drawdown	-	-	125,000
- Repayment	(239,074)	(58,619)	(28,926)
Non-cash changes			
- Interest expenses	14,291	3,790	3,180
- Addition	-	89,080	-
- Lease modification	-	(879)	-
<b>At 31 August 2022</b>	234,074	138,592	144,627
Cash flows			
- Drawdown	-	-	80,000
- Repayment	(160,601)	(76,202)	(54,231)
Non-cash changes			
- Interest expenses	6,632	4,051	6,755
- Addition	-	41,114	-
- Others	-	-	(5,775)
<b>At 31 August 2023</b>	80,105	107,555	171,376

(d) During the financial year, the Group had total cash outflows for leases of RM182,792 (2022: RM155,244).

# NOTES TO THE FINANCIAL STATEMENT

## 1. CORPORATE INFORMATION

Econframe Berhad (the “Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur. The principal place of business of the Company is located at No. 1 & 3, Jalan 27A, Kawasan 16, Sungai Rasau Industrial Area, 41300 Klang, Selangor.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 7.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 14 December 2023.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

### 2.2 Adoption of amendments/improvements to MFRSs

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

#### Amendments/improvements to MFRSs

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets

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

### 2.3 Amendments/improvements to MFRSs that have been issued, but are yet to be effective

**2.3.1** The Group and the Company have not adopted the following amendments/improvements to MFRSs that have been issued, but are yet to be effective:

<u>Amendments/improvements to MFRSs</u>		<b>Effective for financial year beginning on or after</b>
MFRS 7	Financial Instruments: Disclosures	1 January 2024
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2024
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 121	The Effects of Changes in Foreign Exchange Rate	1 January 2025

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**2. BASIS OF PREPARATION (CONT'D)****2.3 Amendments/improvements to MFRSs that have been issued, but are yet to be effective (Cont'd)**

**2.3.2** The Group and the Company plan to adopt the above applicable amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

***Amendments to MFRS 101 Presentation of Financial Statements***

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

In another amendments, an entity is required to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

***Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures***

Amendments to MFRS 107 and MFRS 7 respond to investors' concerns that some supplier finance arrangements – also referred to as supply chain finance, trade payables finance or reverse factoring arrangements – used by entities are not sufficiently visible, hindering investors' analysis.

The disclosure requirements require entities to disclose information that would enable users of financial statements to assess how supplier finance arrangements affect an entity's operations; including the effects supplier finance arrangements have on an entity's liability, cash flows and exposures to liquidity risk. The new disclosure requirements would also inform users of financial statements on how an entity might be affected if the arrangements were no longer available to it.

***Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors***

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

**2.3.3** The financial effects of the adoption of the applicable amendments/improvements to MFRSs that have been issued, but are yet to be effective are currently being assessed by the Group and the Company.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**2. BASIS OF PREPARATION (CONT'D)****2.4 Functional and presentation currency**

The financial statements of the Group and of the Company are measured using the currency of the primary economic environment in which it operates (“the functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is also the Group’s and the Company’s functional currency.

**2.5 Basis of measurement**

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

**2.6 Use of estimates and judgement**

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

The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**3.1 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

**(a) Subsidiary and business combination**

Subsidiaries are entities over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.1 Basis of consolidation (Cont'd)****(a) Subsidiary and business combination (Cont'd)**

Acquisition of entities under a reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company are a continuation of the acquired entity and is accounted for as follows:

- the assets and liabilities of the acquired entity are recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
- the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Company and the differences arising from the change in equity structure of the Group will be accounted for in other reserves.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statements of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, a financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

**(b) Non-controlling interests**

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statements of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

**(c) Transactions eliminated on consolidation**

Inter-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

**3.2 Separate financial statements**

In the Company's statements of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.11(b).

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 Foreign currency transactions****Translation of foreign currency transactions**

Foreign currency transactions are translated to the functional currency of the Group using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currency that are measured at fair value are retranslated at the exchange rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currency that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss, respectively).

**3.4 Financial instruments**

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Except for the trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers*.

**(a) Subsequent measurement**

The Group and the Company categorise the financial instruments as follows:

**(i) Financial assets**

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Company classify and measure their financial assets at amortised cost.

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.11(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.4 Financial instruments (Cont'd)****(a) Subsequent measurement (Cont'd)****(ii) Financial liabilities**

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

Subsequent to initial recognition, financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

**(b) Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

**(c) Regular way purchase or sale of financial assets**

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

**(d) Derecognition**

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive cash flows from the financial asset expire, or
- (ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.4 Financial instruments (Cont'd)****(d) Derecognition (Cont'd)**

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations the Group and the Company have retained.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**(e) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

**3.5 Property, plant and equipment****(a) Recognition and measurement**

Property, plant and equipment (other than lands and buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

Lands and buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on buildings and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the lands and buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.



## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.5 Property, plant and equipment (Cont'd)****(a) Recognition and measurement (Cont'd)**

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

**(b) Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss as incurred.

**(c) Depreciation**

Freehold lands have unlimited useful life and therefore is not depreciated.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	<b>Useful lives (years)</b>
Buildings	46 - 50
Plant and machineries	10
Motor vehicles	5
Furniture and fittings	10
Office equipment	10
Computer software and hardware	5
Renovation	10

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

**(d) Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.6 Leases****(a) Definition of a lease**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

**(b) Lessee accounting**

At the lease commencement date, the Group recognises a right-of-use (“ROU”) asset and a lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

ROU asset

The ROU asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities. The ROU asset is depreciated over the shorter of the asset’s useful lives and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; and
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.6 Leases (Cont'd)****(b) Lessee accounting (Cont'd)**Lease liability (Cont'd)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related ROU asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “administrative expenses” in the statements of comprehensive income.

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

Short-term leases and leases of low value assets

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments as an operating expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**(c) Lessor accounting**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.6(b), then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group applies MFRS 15 to allocate the consideration under the contract to each component.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.7 Investment properties**

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

An investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains and losses arising from derecognition of the asset is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

**3.8 Inventories**

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a first-in first-out basis.
- finished goods: purchase costs on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

**3.9 Contract asset/(liability)**

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a).

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers.

**3.10 Cash and cash equivalents**

For the purpose of the statements of cash flows, cash and cash equivalents comprise bank balances and deposits and other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change of value.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.11 Impairment of assets****(a) Impairment of financial assets and contract asset**

Financial assets measured at amortised cost and contract asset will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract asset, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 120 days past due.

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

- the debtor is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group; or
- the contractual payment of the financial asset is more than 120 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.11 Impairment of assets (Cont'd)****(a) Impairment of financial assets and contract asset (Cont'd)**

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

- significant financial difficulty of the issuer or the debtor;
- a breach of contract, such as a default of past due event;
- the lender(s) of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

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

**(b) Impairment of non-financial assets**

The carrying amount of non-financial assets (except for inventories, contract asset and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset of a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.12 Share capital**

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**3.13 Employee benefits****(a) Short-term employee benefits**

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in profit or loss in the financial year where the employees have rendered their services to the Group and to the Company.

**(b) Defined contribution plans**

As required by law, the Group contributes to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in profit or loss in the financial year where the employees have rendered their services to the Group.

**3.14 Revenue and other income**

The Group recognises revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue recognition of the Group is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Group reasonably expects that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group measures revenue from sale of good at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as sales and services tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group uses the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group expects to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the standalone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

Revenue from contract with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customers is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.14 Revenue and other income (Cont'd)**Financing components

The Group has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

**(a) Sale of goods**

The Group manufactures and sells building material and hardware. Revenue from sale of manufactured goods are recognised at the point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

The Group also sells electronic and solar energy products and systems. Revenue from sale of electronic and solar energy products and systems are recognised at the point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with credit term of 30 to 120 days, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

It is the Group's obligation to repair or replace faulty products under different warranty terms to customers.

**(b) Interest income**

Interest income is recognised using the effective interest method.

**(c) Dividends income**

Dividends income is recognised when the right to receive payment is established.

**(d) Rental income**

Rental income is recognised on straight-line basis over the lease term.

**3.15 Borrowing costs**

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.



## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.16 Income tax**

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

**(a) Current tax**

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

**(b) Deferred tax**

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amount in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.7, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.16 Income tax (Cont'd)****(c) Sales and services tax ("SST")**

Revenue, expenses and assets are recognised net of the amount of SST except:

- where the SST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of SST included.

The net amount of SST payable to the taxation authority is included as part of payables in the statements of financial position.

**3.17 Earnings per share**

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

**3.18 Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Managing Director of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

**3.19 Fair value measurements**

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

There was no transfer between levels of the fair value hierarchy during the financial year.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.20 Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

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

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

**4.1 Impairment of trade receivables**

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

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

The information about the impairment losses on the Group's trade receivables are disclosed in Note 25(b).

**4.2 Valuation of property, plant and equipment**

Freehold lands, leasehold land and buildings are carried at revalued amount. Revaluation of these assets is based on valuation performed by independent professional property valuers. The independent professional property valuers may exercise judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in their valuation process. Judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations may materially affect these estimates and the resulting valuation estimates.

The carrying amounts of the Group's property, plant and equipment are disclosed in Note 5.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

## 5. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Freehold lands RM	Buildings RM	Plant and machineries RM	Motor vehicles RM	Furniture and fittings RM	Office equipment RM	Computer software and hardware RM	Renovation RM	Right-of- use assets RM	Total RM
<b>Cost/revaluation</b>											
At 1 September 2021		5,120,000	3,320,000	2,151,704	1,373,664	272,485	308,359	140,882	534,488	139,588	13,361,170
Additions		-	-	251,105	227,695	53,358	27,180	34,330	27,749	89,080	710,497
Disposals		-	-	-	(76,529)	-	-	-	-	-	(76,529)
Lease modification		-	-	-	-	-	-	-	-	(28,238)	(28,238)
At 31 August 2022		5,120,000	3,320,000	2,402,809	1,524,830	325,843	335,539	175,212	562,237	200,430	13,966,900
Additions		-	3,851,950	1,264,892	148,000	72,736	6,340	45,500	274,416	4,654,989	10,318,823
Revaluation surplus		-	850,850	-	-	-	-	-	-	1,019,150	1,870,000
At 31 August 2023		5,120,000	8,022,800	3,667,701	1,672,830	398,579	341,879	220,712	836,653	5,874,569	26,155,723
<b>Group</b>											
<b>Accumulated depreciation and impairment loss</b>											
At 1 September 2021		-	132,800	1,652,086	1,211,108	201,790	207,510	117,886	309,974	35,398	3,868,552
Depreciation charge for the financial year	20	-	112,622	127,143	66,137	22,358	20,655	10,440	41,982	55,727	457,064
Disposals		-	-	-	(76,529)	-	-	-	-	-	(76,529)
Lease modification		-	-	-	-	-	-	-	-	(27,408)	(27,408)
At 31 August 2022		-	245,422	1,779,229	1,200,716	224,148	228,165	128,326	351,956	63,717	4,221,679
Depreciation charge for the financial year	20	-	149,719	135,905	116,656	20,313	17,699	21,490	43,827	153,866	659,475
At 31 August 2023		-	395,141	1,915,134	1,317,372	244,461	245,864	149,816	395,783	217,583	4,881,154

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

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

Group	Freehold lands RM	Buildings RM	Plant and machineries RM	Motor vehicles RM	Furniture and fittings RM	Office equipment RM	Computer software and hardware RM	Renovation RM	Right-of- use assets RM	Total RM
<b>Net carrying amount</b>										
At 31 August 2022										
- At cost	-	-	623,580	324,114	101,695	107,374	46,886	210,281	136,713	1,550,643
- At revaluation	5,120,000	3,074,578	-	-	-	-	-	-	-	8,194,578
	5,120,000	3,074,578	623,580	324,114	101,695	107,374	46,886	210,281	136,713	9,745,221
At 31 August 2023										
- At cost	-	-	1,752,567	355,458	154,118	96,015	70,896	440,870	105,304	2,975,228
- At revaluation	5,120,000	7,627,659	-	-	-	-	-	-	5,551,682	18,299,341
	5,120,000	7,627,659	1,752,567	355,458	154,118	96,015	70,896	440,870	5,656,986	21,274,569

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)****(a) Assets pledged as security**

	2023 RM	Group 2022 RM
Freehold lands	5,120,000	5,120,000
Freehold buildings	2,992,771	3,074,578
	8,112,771	8,194,578

Freehold lands and buildings have been pledged as security to secure credit facilities of the Group as disclosed in Note 13(a).

**(b) Right-of-use assets**

The Group leases several assets including leasehold land and apartments.

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

	Leasehold land (At revaluation) RM	Apartments (At cost) RM	Total RM
<b>Group</b>			
<b>Carrying amount</b>			
At 1 September 2021	–	104,190	104,190
Additions	–	89,080	89,080
Lease modification	–	(830)	(830)
Depreciation	–	(55,727)	(55,727)
At 31 August 2022	–	136,713	136,713
Additions	4,613,875	41,114	4,654,989
Revaluation surplus	1,019,150	–	1,019,150
Depreciation	(81,343)	(72,523)	(153,866)
At 31 August 2023	5,551,682	105,304	5,656,986

The Group leases land for its warehousing. The lease for land has lease term of 46 years.

The Group leases apartments for staff accommodations. The leases for apartments generally have lease term between 2 to 3 years.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)****(c) Fair value information**

Fair value of lands and buildings and right-of-use asset are categorised as follows:

	<b>2023</b>	<b>Group Level 3</b>	<b>2022</b>
	<b>RM</b>		<b>RM</b>
Freehold lands	5,120,000		5,120,000
Buildings	7,627,659		3,074,578
Right-of-use asset:			
- Leasehold land	5,551,682		-
	<hr/> 18,299,341		<hr/> 8,194,578

There are no Level 1 and Level 2 lands and buildings and right-of-use asset or transfers between Level 1, Level 2 and Level 3 during the financial year.

**Level 3 fair value**

Level 3 fair value of lands and buildings have been derived using the sales comparison approach. Sales price of comparable property in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter of comparable property.

**Valuation processes applied by the Group**

The fair value of lands and buildings and right-of-use asset were determined on 14 October 2022, being the date of valuation, by an external independent property valuer, a member of the Institute of Valuers in Malaysia, with appropriate recognised professional qualifications and recent experience in the location and category of property being valued. There has been no change to the valuation technique during the financial year.

- (d)** Had the revalued lands and buildings and right-of-use asset been carried at historical cost less accumulated depreciation less accumulated impairment loss, the net carrying amount of the lands and buildings and right-of-use asset that would have been included in the financial statements of the Group are as follows:

	<b>2023</b>	<b>Group</b>	<b>2022</b>
	<b>RM</b>		<b>RM</b>
Freehold lands	2,646,577		2,646,577
Buildings	4,197,608		411,657
Right-of-use asset:			
- Leasehold land	4,547,249		-
	<hr/> 11,391,434		<hr/> 3,058,234

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**6. INVESTMENT PROPERTY**

	<b>2023</b>	<b>Group</b>	<b>2022</b>
	<b>RM</b>		<b>RM</b>
<b>At fair value:</b>			
At 1 September / 31 August	300,000		300,000

Investment property with a carrying amount of RM300,000 (2022: RM300,000) has been pledged as security to secure credit facilities of the Group as disclosed in Note 13.

There is no rental income generated from the investment property. The direct operating expenses incurred for the investment property are RM1,910 during the financial year (2022: RM1,447).

**Fair value information**

Fair value of investment property is categorised as follows:

	<b>2023</b>	<b>Group</b>	<b>2022</b>
	<b>RM</b>	<b>Level 3</b>	<b>RM</b>
Building	300,000		300,000

There are no transfers between Level 1, Level 2 and Level 3 during the financial year.

**Level 3 fair value**

Level 3 fair value of investment property have been derived using the sales comparison approach. Sales price of comparable property in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter of comparable property.

**Valuation processes applied by the Group**

The fair value of investment property was determined by an external independent property valuer, a member of the Institute of Valuers in Malaysia, with appropriate recognised professional qualifications and recent experience in the location and category of property being valued. There has been no change to the valuation technique during the financial year.

**7. INVESTMENT IN SUBSIDIARIES**

	<b>2023</b>	<b>Company</b>	<b>2022</b>
	<b>RM</b>		<b>RM</b>
<b>At cost:</b>			
Unquoted shares	26,006,090		26,006,090



## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**7. INVESTMENT IN SUBSIDIARIES (CONT'D)**

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Ownership interest		Principal activities
		2023	2022	
Econframe Marketing Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and sales of doors, door and window frames and trading of ironmongery
Econframe Pre-Hung Doors Sdn. Bhd.	Malaysia	100%	100%	Trading of doors
Eframe Technology Sdn. Bhd.	Malaysia	100%	100%	Trading of electronics and electrical systems and accessories
Eframe Solartech Sdn. Bhd.	Malaysia	60%	60%	Trading and provision of installation services for solar energy products and systems

**(a) Non-controlling interests in a subsidiary**

The financial information of the Group's and the Company's subsidiary that has non-controlling interests are as follows:

Equity interest held by non-controlling interests:

Name of company	Country of incorporation	Ownership interest	
		2023	2022
Eframe Solartech Sdn. Bhd.	Malaysia	40%	40%

Carrying amount of non-controlling interests:

Name of company	2023 RM	2022 RM
Eframe Solartech Sdn. Bhd.	(27,269)	(26,677)

Loss allocated to non-controlling interests:

Name of company	2023 RM	2022 RM
Eframe Solartech Sdn. Bhd.	(592)	(1,703)

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**7. INVESTMENT IN SUBSIDIARIES (CONT'D)****(b) Summarised financial information of non-controlling interests**

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Eframe Solartech Sdn. Bhd.</b>		
<b>Summarised statement of financial position</b>		
<b>As at 31 August</b>		
Current assets	139,247	141,565
Current liabilities	(207,420)	(208,257)
	(68,173)	(66,692)
<b>Summarised statement of comprehensive loss</b>		
<b>Financial year ended 31 August</b>		
Loss for the financial year, representing total comprehensive loss for the financial year	(1,481)	(4,257)
<b>Summarised statement of cash flows</b>		
<b>Financial year ended 31 August</b>		
Cash flows from operating activities	22,200	49,751
Cash flows from investing activity	–	–
Cash flows from financing activity	–	30,000
	22,200	79,751

**8. INVENTORIES**

	<b>2023</b>	<b>Group</b>
	<b>RM</b>	<b>2022</b>
		<b>RM</b>
<b>At cost:</b>		
Raw materials	9,878,874	10,744,887
Finished goods	2,396,099	3,950,165
	12,274,973	14,695,052

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM44,500,563 (2022: RM34,062,334).

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

## 9. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Current:</b>					
<b>Trade</b>					
Trade receivables	(a)	26,043,850	20,512,254	–	–
Less: Impairment loss		(66,204)	–	–	–
		25,977,646	20,512,254	–	–
<b>Non-trade</b>					
Deposits	(b)	2,876,798	1,591,573	1,820,000	–
Prepayments		1,104,863	913,826	19,908	12,324
Amounts owing by subsidiaries	(c)	–	–	–	3,039,698
		3,981,661	2,505,399	1,839,908	3,052,022
Total trade and other receivables		29,959,307	23,017,653	1,839,908	3,052,022

- (a) Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 days to 120 days from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

Trade receivables that are impaired

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

	Group	
	2023 RM	2022 RM
At 1 September	–	–
Charge for the financial year	66,204	–
At 31 August	66,204	–

- (b) Included in deposits of the Group and of the Company at the end of the financial year is an amount of RM1,820,000 representing 10% of the purchase consideration paid by the Company for the proposed acquisitions as disclosed in Note 29.
- (c) Amounts owing by subsidiaries are unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

The information about the credit exposures are disclosed in Note 25(b)(i).

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**10. CASH AND SHORT-TERM DEPOSITS**

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	13,731,067	10,507,641	7,816,577	543,488
Short-term deposits	17,935,840	16,253,071	14,504,481	13,004,382
	31,666,907	26,760,712	22,321,058	13,547,870

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Short-term deposits	17,935,840	16,253,071	14,504,481	13,004,382
Less: Pledged deposits	(3,183,458)	(3,006,254)	–	–
	14,752,382	13,246,817	14,504,481	13,004,382
Cash and bank balances	13,731,067	10,507,641	7,816,577	543,488
	28,483,449	23,754,458	22,321,058	13,547,870

Short-term deposits placed with licensed banks of the Group have been pledged to the licensed banks to secure credit facilities granted to the Group as disclosed in Note 13.

**11. SHARE CAPITAL**

	Group and Company			
	Number of ordinary shares		Amounts	
	2023 Unit	2022 Unit	2023 RM	2022 RM
<b>Issued and fully paid-up with no par value:</b>				
At 1 September	325,000,000	325,000,000	43,330,082	43,330,082
Issuance of ordinary shares pursuant to warrants exercised	17,366,350	–	7,293,867	–
At 31 August	342,366,350	325,000,000	50,623,949	43,330,082

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

During the financial year, the Company issued 17,366,350 new ordinary shares at the exercise price of RM0.42 per ordinary shares pursuant to the exercise of warrants.

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

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**12. OTHER RESERVES**

		Group	
	Note	2023 RM	2022 RM
Revaluation reserve	(a)	5,854,165	4,355,222
Reorganisation reserve	(b)	(25,825,125)	(25,825,125)
		(19,970,960)	(21,469,903)

- (a) Revaluation reserve relates to the revaluation of the Group's lands and buildings.
- (b) Reorganisation reserve represents the difference between the purchase consideration to acquire subsidiaries and the share capital of the Company.

**13. LOANS AND BORROWINGS**

		Group	
	Note	2023 RM	2022 RM
<b>Non-current:</b>			
Term loans	(a)	–	79,667
Lease liabilities	(b)	41,503	71,902
Hire purchase payables	(c)	122,914	93,457
		164,417	245,026
<b>Current:</b>			
Term loans	(a)	80,105	154,407
Lease liabilities	(b)	66,052	66,690
Hire purchase payables	(c)	48,462	51,170
		194,619	272,267
<b>Total loans and borrowings:</b>			
Term loans	(a)	80,105	234,074
Lease liabilities	(b)	107,555	138,592
Hire purchase payables	(c)	171,376	144,627
		359,036	517,293

**(a) Term loans**

Term loans of the Group bear interests ranging from 4.04% to 4.79% (2022: 3.44% to 4.04%) per annum and are repayable by monthly instalments of RM3,364 to RM4,783 (2022: RM3,364 to RM7,859) over 5 to 7 years commencing from the day of first drawdown and are secured and supported as follows:

- (i) Legal charge over the freehold lands and buildings of a subsidiary as disclosed in Note 5(a);
- (ii) Legal charge over the investment property of a subsidiary as disclosed in Note 6; and
- (iii) Short-term deposits with interest capitalised as disclosed in Note 10.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**13. LOANS AND BORROWINGS (CONT'D)****(b) Lease liabilities**

Lease liabilities of the Group bear interest of 3.43% (2022: ranging from 3.43% to 4.26%).

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

	<b>2023</b>	<b>Group</b>	<b>2022</b>
	<b>RM</b>		<b>RM</b>
Minimum lease payments:			
Not later than one year	68,350		70,200
Later than one year and not later than five years	42,300		73,450
	110,650		143,650
Less: Future finance charges	(3,095)		(5,058)
Present value of minimum lease payments	107,555		138,592
Present value of minimum lease payments:			
Not later than one year	66,052		66,690
Later than one year and not later than five years	41,503		71,902
	107,555		138,592

**(c) Hire purchase payables**

Hire purchase payables of the Group bear interests ranging from 2.33% to 3.59% (2022: 2.33% to 3.32%) per annum and are secured by the Group's motor vehicles under hire purchase arrangements as disclosed in Note 5(a).

**14. DEFERRED TAX LIABILITIES**

Deferred tax relates to the following:

	<b>As at</b>	<b>Recognised</b>	<b>As at</b>
	<b>1 September</b>	<b>in profit or loss</b>	<b>31 August</b>
	<b>2021</b>	<b>RM</b>	<b>2022</b>
	<b>RM</b>	<b>(Note 22)</b>	<b>RM</b>
<b>Group</b>			
<b>Deferred tax liabilities:</b>			
Property, plant and equipment	353,370	18,960	372,330
Revaluation surplus on property, plant and equipment	939,103	(17,557)	921,546
	1,292,473	1,403	1,293,876

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**14. DEFERRED TAX LIABILITIES (CONT'D)**

	As at 1 September 2022 RM	Recognised in profit or loss RM (Note 22)	Other Comprehensive income RM (Note 12)	As at 31 August 2023 RM
<b>Group</b>				
<b>Deferred tax liabilities:</b>				
Property, plant and equipment	372,330	250,000	–	622,330
Revaluation surplus on property, plant and equipment	921,546	(20,505)	306,119	1,207,160
	1,293,876	229,495	306,119	1,829,490

**15. TRADE AND OTHER PAYABLES**

	2023 RM	Group 2022 RM	2023 RM	Company 2022 RM
<b>Current:</b>				
<b>Trade</b>				
Trade payables	3,599,982	6,048,448	–	–
<b>Non-trade</b>				
Other payables	977,312	568,525	216,892	746
Accruals	1,537,775	850,940	95,913	94,787
Customers' deposits	400,965	836,672	–	–
	2,916,052	2,256,137	312,805	95,533
Total trade and other payables	6,516,034	8,304,585	312,805	95,533

Trade payables are non-interest bearing and are normally settled within 30 days to 60 days.

For explanation on the Group's and the Company's liquidity risk management processes, refer to Note 25(b)(ii).

**16. CONTRACT ASSET/(LIABILITY)**

The contract asset is the timing differences in revenue recognition and billings in respect of the services provided by the Group.

The contract liability is relating to advance payment by customer for future services provided by the Group.

Significant changes in contract balances during the financial year are as follows:

	2023 RM	Group 2022 RM
<b>Contract asset/(liability)</b>		
At 1 September	24,518	(130,542)
Revenue recognised during the financial year	12,999	418,807
Transfer to receivables	(37,517)	(263,747)
At 31 August	–	24,518

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**17. REVENUE**

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Revenue from contract customers:</b>				
At a point in time:				
Sales of goods	75,908,860	59,394,512	–	–
<b>Revenue from other source:</b>				
Dividends income	–	–	1,000,000	2,000,000
	75,908,860	59,394,512	1,000,000	2,000,000

Transaction price allocated to the remaining performance obligations

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and does not disclose information about the remaining performance obligations that have original expected durations of one year or less.

**18. OTHER INCOME**

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Rental income	30,121	31,333	–	–
Interest income	545,461	310,878	423,719	243,724
Gain on lease modification	–	49	–	–
Gain on disposal of property, plant and equipment	–	42,817	–	–
Realised foreign exchange gain	71,483	25,877	–	–
Unrealised foreign exchange gain	–	15,914	–	–
Wage Subsidy Program by Government of Malaysia	–	36,000	–	–
Others	1,482	19,720	–	–
	648,547	482,588	423,719	243,724

**19. FINANCE COSTS**

	Group	
	2023 RM	2022 RM
Interest expense on:		
- Term loans	6,632	14,291
- Lease liabilities	4,051	3,790
- Hire purchase payables	6,755	3,180
	17,438	21,261



## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**20. PROFIT BEFORE TAX**

Other than disclosed elsewhere in the financial statements, the following items have been charged in arriving at profit before tax:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration:				
- Statutory audit fees				
- current year	135,000	123,000	60,000	58,000
- prior year	12,000	–	2,000	–
- Non-statutory audit fees	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment	659,475	457,064	–	–
Impairment loss on trade receivables	66,204	–	–	–
Bad debts written off	265,870	61,650	–	–
Realised foreign exchange loss	107,894	127,755	–	–
Unrealised foreign exchange loss	1,319	–	–	–
Employee benefits expense	7,185,330	4,861,304	337,000	241,000
Expenses relating to short-term lease	106,590	96,625	–	–

**21. EMPLOYEE BENEFITS EXPENSE**

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, allowances, bonuses and commissions	6,728,283	4,467,335	337,000	241,000
Defined contribution plans	387,377	351,403	–	–
Other staff related benefits	69,670	42,566	–	–
	7,185,330	4,861,304	337,000	241,000

Included in employee benefits expenses are:

**Directors of the Company**

Executive Directors				
- Directors' fee	93,000	51,000	93,000	51,000
- Salaries, allowances and bonuses	905,549	749,882	18,000	10,000
- Defined contribution plans	100,614	83,026	–	–
- Other staff related benefits	3,476	2,308	–	–
	1,102,639	886,216	111,000	61,000
Non-executive Directors				
- Directors' fee	186,000	153,000	186,000	153,000
- Allowances	40,000	27,000	40,000	27,000
	226,000	180,000	226,000	180,000
	1,328,639	1,066,216	337,000	241,000

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**22. INCOME TAX EXPENSE**

The major components of income tax expense for the financial year ended 31 August 2023 and financial year ended 31 August 2022 are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Statements of comprehensive income</b>				
<b>Current income tax:</b>				
- Current income tax charge	4,532,173	3,791,788	70,668	50,072
- (Over)/Under provision in respect of prior years	(49,461)	(14,871)	251	7
	4,482,712	3,776,917	70,919	50,079
<b>Deferred tax (Note 14):</b>				
- Origination/(Reversal) of temporary differences	193,495	(1,135)	-	-
- Under provision in respect of prior years	36,000	2,538	-	-
	229,495	1,403	-	-
Income tax expenses recognised in profit or loss	4,712,207	3,778,320	70,919	50,079

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2022: 24%) on the estimated chargeable profit for the financial year.

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

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Profit before tax	17,776,081	15,015,668	118,174	1,598,709
Tax at statutory income tax rate of 24% (2022: 24%)	4,266,259	3,603,760	28,362	383,690
Adjustments:				
Income not subject to tax	-	(14,095)	(240,000)	(480,000)
Non-deductible expenses	482,409	215,103	282,306	146,382
Crystallisation of revaluation reserves	(20,505)	(17,557)	-	-
Recognition of previously unrecognised deferred tax assets	(3,439)	-	-	-
Deductible temporary differences not recognised	944	3,442	-	-
(Over)/Under provision in respect of current income tax of prior years	(49,461)	(14,871)	251	7
Under provision in respect of deferred tax of prior years	36,000	2,538	-	-
Income tax expense	4,712,207	3,778,320	70,919	50,079

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**22. INCOME TAX EXPENSE (CONT'D)**Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	<b>2023</b>	<b>Group</b>	<b>2022</b>
	<b>RM</b>		<b>RM</b>
Unutilised tax losses			
- Expiring in year of assessment 2031	(63,797)		(72,435)
- Expiring in year of assessment 2032	(5,351)		(5,351)
- Expiring in year of assessment 2033	(3,934)		-
	(73,082)		(77,786)
Property, plant and equipment	(2,621)		(8,312)
	(75,703)		(86,098)
Potential deferred tax benefit at 24%	18,169		20,664

**23. EARNINGS PER SHARE**

## (a) Basic earnings per share

Basic earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year.

The basic earnings per share are calculated as follows:

	<b>2023</b>	<b>Group</b>	<b>2022</b>
	<b>RM</b>		<b>RM</b>
Profit attributable to owners of the Company	13,064,466		11,239,051
Weighted average number of ordinary shares	332,398,554		325,000,000
Basic earnings per ordinary share (sen)	3.93		3.46

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**23. EARNINGS PER SHARE (CONT'D)**

## (b) Diluted earnings per share

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

The diluted earnings per share are calculated as follows:

	<b>2023 RM</b>	<b>Group 2022 RM</b>
Profit attributable to owners of the Company	13,064,466	11,239,051
Weighted average number of ordinary shares	332,398,554	325,000,000
Adjustment for dilutive effect of warrants	1,517,112	–
Weighted average number of ordinary shares for diluted earnings per share	333,915,666	325,000,000
Diluted earnings per ordinary share (sen)	3.91	3.46

**24. DIVIDENDS**

	<b>Group and Company 2022 RM</b>
<b>Recognised during the previous financial year:</b>	
Dividends on ordinary shares	
- Single-tier interim dividends of RM0.50 per ordinary share for the financial year ended 31 August 2022, paid on 27 May 2022	1,625,000

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**25. FINANCIAL INSTRUMENTS****(a) Categories of financial instruments**

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

	<b>Carrying amount RM</b>	<b>Amortised cost RM</b>
<b>31 August 2023</b>		
<b>Financial assets</b>		
<b>Group</b>		
Trade and other receivables less prepayments	28,854,444	28,854,444
Cash and short-term deposits	31,666,907	31,666,907
	<hr/> 60,521,351	<hr/> 60,521,351
<b>Company</b>		
Deposits	1,820,000	1,820,000
Cash and short-term deposits	22,321,058	22,321,058
	<hr/> 24,141,058	<hr/> 24,141,058
<b>Financial liabilities</b>		
<b>Group</b>		
Trade and other payables less SST payables	(5,948,055)	(5,948,055)
Term loans	(80,105)	(80,105)
Hire purchase payables	(171,376)	(171,376)
	<hr/> (6,199,536)	<hr/> (6,199,536)
<b>Company</b>		
Other payables	(312,805)	(312,805)

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**25. FINANCIAL INSTRUMENTS (CONT'D)****(a) Categories of financial instruments (Cont'd)**

	<b>Carrying amount RM</b>	<b>Amortised cost RM</b>
<b>31 August 2022</b>		
<b>Financial assets</b>		
<b>Group</b>		
Trade and other receivables less prepayments	22,103,827	22,103,827
Cash and short-term deposits	26,760,712	26,760,712
	<hr/> 48,864,539	<hr/> 48,864,539
<b>Company</b>		
Amounts owing by subsidiaries	3,039,698	3,039,698
Cash and short-term deposits	13,547,870	13,547,870
	<hr/> 16,587,568	<hr/> 16,587,568
<b>Financial liabilities</b>		
<b>Group</b>		
Trade and other payables less SST payables	(7,850,781)	(7,850,781)
Term loans	(234,074)	(234,074)
Hire purchase payables	(144,627)	(144,627)
	<hr/> (8,229,482)	<hr/> (8,229,482)
<b>Company</b>		
Other payables	(95,533)	(95,533)

**(b) Financial risk management**

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks are liquidity risk, credit risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Company's senior management.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**25. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (Cont'd)****(i) Credit risk**

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

**Trade receivables and contract asset**

As at the end of the financial year, the maximum exposure to credit risk arising from trade receivables and contract asset are represented by the carrying amounts in the statements of financial position.

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

Credit risk concentration profile

At the end of the financial year, the Group does not have any significant exposure to any individual customers.

The Group applies the simplified approach to measure expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected losses provision for all trade receivables and contract asset. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected credit losses also incorporate forward-looking information. The Group has recognised an impairment loss on trade receivables of RM66,204 during the financial year.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

## 25. FINANCIAL INSTRUMENTS (CONT'D)

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

## (i) Credit risk (Cont'd)

## Trade receivables and contract asset (Cont'd)

Credit risk concentration profile (Cont'd)

The information about the credit risk exposure in the Group's trade receivables and contract asset are as follows:

	Contract asset RM	Current RM	Trade receivables					Total RM
			1 to 30 days past due RM	31 to 60 days past due RM	61 to 90 days past due RM	91 to 120 days past due RM	> 120 days past due RM	
<b>Group</b>								
<b>At 31 August 2023</b>								
Expected credit loss rate	0%	0%	0%	0%	0%	0%	10.17%	0.25%
Gross carrying amount	-	13,406,319	6,650,421	3,371,011	1,318,141	646,722	651,236	26,043,850
Impairment loss	-	-	-	-	-	-	(66,204)	(66,204)
Net balances	-	13,406,319	6,650,421	3,371,011	1,318,141	646,722	585,032	25,977,646
<b>At 31 August 2022</b>								
Expected credit loss rate	0%	0%	0%	0%	0%	0%	0%	0%
Gross carrying amount	24,518	8,603,504	4,610,328	3,240,039	1,430,810	1,227,808	1,399,765	20,512,254



## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**25. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (Cont'd)****(i) Credit risk (Cont'd)****Other receivables and other financial assets**

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

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

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 120 days past due in making a contractual payment.

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

As at the end of the report date, the Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets. The Group and the Company consider the financial assets to have low credit risk.

Refer to Note 3.11(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

**(ii) Liquidity risk**

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

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

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**25. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (Cont'd)****(ii) Liquidity risk (Cont'd)**Maturity analysis

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

	<----- Contractual cash flows ----->			
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	Total RM
<b>Group</b>				
<b>At 31 August 2023</b>				
Trade and other payables				
less SST payables	5,948,055	5,948,055	–	5,948,055
Term loans	80,105	81,066	–	81,066
Lease liabilities	107,555	68,350	42,300	110,650
Hire purchase payables	171,376	57,828	132,696	190,524
	6,307,091	6,155,299	174,996	6,330,295
<b>At 31 August 2022</b>				
Trade and other payables				
less SST payables	7,850,781	7,850,781	–	7,850,781
Term loans	234,074	160,612	80,643	241,255
Lease liabilities	138,592	70,200	73,450	143,650
Hire purchase payables	144,627	58,056	100,961	159,017
	8,368,074	8,139,649	255,054	8,394,703
<b>Company</b>				
<b>At 31 August 2023</b>				
Other payables	312,805	312,805	–	312,805
<b>At 31 August 2022</b>				
Other payables	95,533	95,533	–	95,533

**(iii) Interest rate risk**

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

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**25. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (Cont'd)****(iii) Interest rate risk (Cont'd)**Sensitivity analysis for interest rate risk

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

	Carrying amount RM	Change in basis point	Effects on profit for the financial year/equity RM
<b>Group</b>			
<b>At 31 August 2023</b>			
Term loans	(80,105)	+ 50 - 50	304 (304)
<b>At 31 August 2022</b>			
Term loans	(234,074)	+ 50 - 50	889 (889)

**(c) Fair value measurement**

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

There have been no transfers between the fair value measurement hierarchy during the financial year ended 31 August 2023 and 31 August 2022.

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

	Carrying amount RM	Fair value of financial instruments not carried at fair value			Total RM
		Level 1 RM	Level 2 RM	Level 3 RM	
<b>Group</b>					
<b>At 31 August 2022</b>					
<b>Financial liabilities</b>					
<b>Non-current:</b>					
Term loans	79,667	-	-	73,697	73,697

**Level 3 fair value**Fair value of financial instruments not carried at fair value

The fair value of liability component of term loans is calculated based on the present value of future principal and interest cash flows, discounted at the market interest rate of similar liabilities.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**26. COMMITMENTS**

	<b>2023</b>	<b>Group</b>	<b>2022</b>
	<b>RM</b>		<b>RM</b>
Approved capital expenditures not provided for in the financial statements:			
Property, plant and equipment			
- Contracted	828,302		854,732

**27. RELATED PARTIES****(a) Identification of related parties**

Parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group and of the Company include:

- (i) Subsidiaries; and
- (ii) Key management personnel of the Group and of the Company, comprise persons (including Directors) having the authority and responsibility for planning, directing and controlling the activities directly and indirectly.

**(b) Significant related party transactions**

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	<b>2023</b>	<b>Company</b>	<b>2022</b>
	<b>RM</b>		<b>RM</b>
<b>Dividends income</b>			
- Subsidiary	1,000,000		2,000,000

**(c) Compensation of key management personnel**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Salaries, allowances, bonuses and commission	2,281,165	2,042,421	337,000	241,000
Defined contribution plans	181,054	166,416	-	-
Other staff related benefits	11,098	9,878	-	-
	2,473,317	2,218,715	337,000	241,000

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**28. CAPITAL MANAGEMENT**

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividends payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial year.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total debts divided by total equity. The gearing ratio as at 31 August 2023 and 31 August 2022 are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Total debts	359,036	517,293	–	–
Total equity	85,432,526	63,510,904	49,835,249	42,494,127
Gearing ratio	0.4%	0.8%	N/A	N/A

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company are not subject to externally imposed capital requirements.

**29. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

Other than as disclosed elsewhere in the financial statements, the significant events during and subsequent to the end of the financial year are as follows:

- (a) On 22 July 2022, the Company announced the bonus issue of warrants ("Warrants") of up to 162,500,000 warrants on the basis of 1 Warrant for every 2 existing ordinary shares ("Bonus Issue of Warrants"), for a tenure of 5 years commencing from and inclusive of the issue date of the Warrants. The exercise price of the Warrants was fixed at RM0.42 per Warrant. The Bonus Issue of Warrants was approved by the shareholders of the Company at the Extraordinary General Meeting held on 30 November 2022 and was completed on 27 December 2022 following the listing of and quotation for 162,499,998 Warrants on the ACE Market of Bursa Malaysia Securities Berhad. The new ordinary shares to be issued upon the exercise of the Warrants shall rank pari passu in all respects with the ordinary shares of the Company.
- (b) On 21 October 2022, the Company announced that its wholly-owned subsidiary, Econframe Marketing Sdn. Bhd., had entered into a conditional sale and purchase agreement with JC Senco Realty Sdn. Bhd. (formerly known as JC Jaya Realty Sdn. Bhd.), to acquire a parcel of industrial property comprising a single-storey warehouse with mezzanine floor and annexed double-storey office building, refuse chamber and guard house for a cash consideration of RM8.13 million. The acquisition was completed on 17 January 2023.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**29. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONT'D)**

- (c) On 17 January 2023, the Company had entered into the following agreements with Yong Kuen Hwan ("the Vendor"):
- (i) conditional share sale agreement for the acquisition of 162,500 ordinary shares in the share capital of Lee & Yong Aluminium Sdn. Bhd. ("LYASB"), representing 65% equity interest in LYASB for a purchase consideration of RM17,200,000 of which RM8,100,000 is to be satisfied by cash and the remaining RM9,100,000 via the issuance and allotment of 10,459,770 new ordinary shares in the Company at an issue price of RM0.87 per share ("Acquisition 1"); and
  - (ii) conditional share sale agreement for the acquisition of 29,184 ordinary shares in the share capital of Trans United Sdn. Bhd. ("TUSB"), representing 100% equity interest in TUSB for a cash purchase consideration of RM1,000,000 ("Acquisition 2").

On 12 May 2023, the Company entered into a supplemental share sale agreement with the Vendor to vary the number of ordinary shares of LYASB to be acquired pursuant to Share Sale Agreement from 162,500 LYASB Sale Shares to 487,500 LYASB Sale Shares. There was no change to the equity interest in LYASB acquired (i.e. 65% equity interest in LYASB).

The Acquisition 1 and Acquisition 2 were completed on 8 September 2023.

**30. SEGMENT INFORMATION**

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Managing Director ("MD") for the purpose of making decisions about resource allocation and performance assessment.

The reportable operating segments are as follows:

<b>Segments</b>	<b>Products and services</b>
Manufacturing	Manufacture of doors, door and window frames
Trading	Trading of doors and ironmongery, trading and provision of installation services for solar energy products and systems
Investment holding	Investment holding and providing full corporate and financial support to the Group

Segment profit

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

Segment assets

The total of segment assets is measured based on all assets of a segment, as included in the internal reports that are reviewed by the Group's MD.

Segment liabilities

Segment liabilities are not included in the internal reports that are reviewed by the Group's MD, hence no disclosures are made on segment liabilities.

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**30. SEGMENT INFORMATION (CONT'D)**

	Manufacturing RM	Trading RM	Investment RM	Eliminations RM	Total RM
<b>31 August 2023</b>					
<b>Revenue</b>					
Revenue from external customers	65,323,579	10,585,281	–	–	75,908,860
Inter-segment revenue	1,937,297	–	1,000,000	(2,937,297)	–
	67,260,876	10,585,281	1,000,000	(2,937,297)	75,908,860
<b>Results</b>					
Depreciation of property, plant and equipment	(659,475)	(27,073)	–	27,073	(659,475)
Impairment loss on trade receivables	(66,204)	–	–	–	(66,204)
Bad debts written off	(265,870)	–	–	–	(265,870)
Employee benefits expense	(6,805,662)	(42,668)	(337,000)	–	(7,185,330)
Finance costs	(17,438)	(2,001)	–	2,001	(17,438)
Interest income	116,276	5,466	423,719	–	545,461
Other operating income	145,700	3,300	–	(30,000)	119,000
Net unrealised foreign exchange loss	(1,319)	–	–	–	(1,319)
<b>Segment profit</b>	16,194,619	2,464,215	118,174	(1,000,927)	17,776,081
Income tax expense	(4,379,317)	(261,971)	(70,919)	–	(4,712,207)
<b>Profit for the financial year</b>	11,815,302	2,202,244	47,255	(1,000,927)	13,063,874
<b>Assets</b>					
Additions to capital expenditure	10,318,823	–	–	–	10,318,823
<b>Segmental assets</b>	67,228,137	4,778,696	50,167,056	(26,698,133)	95,475,756

## NOTES TO THE FINANCIAL STATEMENT (CONT'D)

**30. SEGMENT INFORMATION (CONT'D)**

	Manufacturing RM	Trading RM	Investment RM	Eliminations RM	Total RM
<b>31 August 2022</b>					
<b>Revenue</b>					
Revenue from external customers	50,044,465	9,350,047	–	–	59,394,512
Inter-segment revenue	722,206	–	2,000,000	(2,722,206)	–
	50,766,671	9,350,047	2,000,000	(2,722,206)	59,394,512
<b>Results</b>					
Depreciation of property, plant and equipment	(440,979)	(43,158)	–	27,073	(457,064)
Bad debts written off	(61,650)	–	–	–	(61,650)
Employee benefits expense	(4,194,687)	(50,783)	(241,000)	–	(4,486,470)
Finance costs	(21,261)	(3,167)	–	3,167	(21,261)
Interest income	63,475	3,679	243,724	–	310,878
Other operating income	183,199	2,597	–	(30,000)	155,796
Unrealised foreign exchange gain	15,914	–	–	–	15,914
<b>Segment profit</b>	12,922,126	2,494,593	1,598,709	(1,999,760)	15,015,668
Income tax expense	(3,577,682)	(150,559)	(50,079)	–	(3,778,320)
<b>Profit for the financial year</b>	9,344,444	2,344,034	1,548,630	(1,999,760)	11,237,348
<b>Assets</b>					
Additions to capital expenditure	710,497	–	–	–	710,497
<b>Segmental assets</b>	57,419,763	4,059,599	42,605,982	(29,542,188)	74,543,156

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

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

Geographical information

The Group operates predominantly in Malaysia and hence, no geographical segment is presented.



# STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, **LIM CHIN HORNG** and **KHOO SOON BENG**, being two of the Directors of **ECONFRAME BERHAD**, do hereby state that in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 14 December 2023.

.....  
**LIM CHIN HORNG**  
Director

.....  
**KHOO SOON BENG**  
Director

Kuala Lumpur

# STATUTORY DECLARATION

(Pursuant to Section 251(1) of the Companies Act 2016)

I, **KOH SEE YING**, being the officer primarily responsible for the financial management of **ECONFRAME BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

.....  
**KOH SEE YING**  
(MIA membership number: 48473)

Subscribed and solemnly declared by the above named at Kuala Lumpur in the Federal Territory on 14 December 2023.

Before me,

.....  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ECONFRAME BERHAD

(Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Econframe Berhad, which comprise the statements of financial position as at 31 August 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 58 to 111.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2023 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### *Independence and Other Ethical Responsibilities*

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

### Key Audit Matters

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

### Group

#### Trade receivables (Note 9 to the financial statements)

The Group has several trade receivables with overdue balances as at 31 August 2023. We focused on this area because the Group made significant judgements over assumptions about risk of default and expected loss rate.

#### Our audit response:

Our audit procedures included, among others:

- understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports;
- understanding the design and implementation of controls associated with monitoring of outstanding receivables and impairment calculation;
- obtaining confirmation of balances from selected receivables; and
- reviewing subsequent receipts, customer correspondence and considering level of activity with the customer and directors' explanation on recoverability with significantly past due balances.

## INDEPENDENT AUDITORS' REPORT (CONT'D)

**Group (Cont'd)****Property, plant and equipment (Note 5 to the financial statements)**

The Group's lands and buildings are measured at fair value subsequent to their initial recognition. The Group estimated the fair value of the land and buildings based on the market valuation performed by an external independent valuer. We focused on this area because the valuation requires significant judgement in determining the appropriate valuation methods and the key assumptions used in the valuations.

**Our audit response:**

Our audit procedures included, among others:

- evaluating the competence, capabilities and objectivity of the external valuers which included consideration of their qualifications and experience;
- reviewing the valuation report and discussed with external valuers on their valuation approach and the significant judgements made;
- assessing the valuation approach used and appropriateness of the key assumptions based on our knowledge of the property industry; and
- testing the mathematical accuracy and key input data used in the assessment.

**Company**

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

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

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

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

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

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

**Responsibilities of the Directors for the Financial Statements**

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

## INDEPENDENT AUDITORS' REPORT (CONT'D)

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

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law and regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT (CONT'D)

**Other Matters**

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

Baker Tilly Monteiro Heng PLT  
201906000600 (LLP0019411-LCA) & AF 0117  
Chartered Accountants

Ong Teng Yan  
No. 03076/07/2025 J  
Chartered Accountant

Kuala Lumpur

Date: 14 December 2023

**LIST OF PROPERTIES**

AS AT 31 AUGUST 2023

No.	Registered owner/ Title details/ Postal address	Category of land use/ Tenure	Description of property/ Existing use/ Age of building	Land area/ Built-up area  square feet	Date of Acquisition/ Revaluation	Audited Net Book Value as at 31 August 2023  RM'000
(i)	<b>Econframe Marketing Sdn Bhd</b>  No. 1, Jalan 27A, Kawasan 16, Sungai Rasau Industrial Area, 41300 Klang, Selangor  Held under HS(M) 2255, HS(M) 2256 and HS(M) 2258, PT 12126, PT 12127 and PT 12129, Mukim Kapar, Daerah Klang, Negeri Selangor	Industrial/  Freehold land	2 storey semi- detached factory  Currently used as the centralised main office and manufacturing space of the Group  41 years	Land Area: 6,157  Built-up Area: Approximately 7,807	3 February 2012/  16 July 2019	1,832
(ii)	<b>Econframe Marketing Sdn Bhd</b>  No. 3, Jalan 27A, Kawasan 16, Sungai Rasau Industrial Area, 41300 Klang, Selangor  Held under HS(M) 2257 and HS(M) 2259, PT 12128 and PT 12130, Mukim Kapar, Daerah Klang, Negeri Selangor	Industrial/  Freehold land	2 storey semi- detached factory  Currently used as manufacturing space of the Group  41 years	Land Area: 5,480  Built-up area: Approximately 7,130	3 February 2012/  16 July 2019	1,690
(iii)	<b>Econframe Marketing Sdn Bhd</b>  No. 4, Jalan 27A, Kawasan 16, Sungai Rasau Industrial Area, 41300 Klang, Selangor  Held under HS(M) 2277, PT 12148, Mukim Kapar, Daerah Klang, Negeri Selangor	Industrial/  Freehold land	2 storey semi- detached factory  Currently used as manufacturing space of the Group  41 years	Land Area: 7,207  Built-up Area: Approximately 9,271	8 August 2014/  16 July 2019	2,035
(iv)	<b>Econframe Marketing Sdn Bhd</b>  No. 102, Jalan 27, Kawasan 16, Sungai Rasau Industrial Area, 41300 Klang, Selangor  Held under HS(M) 2280 and HS(M) 2281, PT 12151 and PT 12152, Mukim Kapar, Daerah Klang, Negeri Selangor	Industrial/  Freehold land	2 storey semi- detached factory  Currently used as warehouse and manufacturing space of the Group  41 years	Land Area: 9,026  Built-up Area: Approximately 15,386	29 September 2009/  16 July 2019	2,556

LIST OF PROPERTIES (CONT'D)

No.	Registered owner/ Title details/ Postal address	Category of land use/ Tenure	Description of property/ Existing use/ Age of building	Land area/ Built-up area  square feet	Date of Acquisition/ Revaluation	Audited Net Book Value as at 31 August 2023  RM'000
(v)	<b>Econframe Marketing Sdn Bhd</b>  No. B2-23-09, Aras 23, Blok B2 Kenwingston Residence Kenwingston Square Garden Persiaran Bestari, Cyber 9 63000 Cyberjaya, Selangor  Erected on part of the land held under HSD 34452, PT48517, Mukim Dengkil, Daerah Sepang, Negeri Selangor (master title)	Residential/  Freehold land	Condominium unit  Vacant  6 years	Land Area: N/A  Built-up Area: 450	27 April 2017/  30 August 2020	300
(vi)	<b>Econframe Marketing Sdn Bhd</b>  PT 1720, PT 1721, PT 1722 and PT 1723, Lorong Sungai Rasau 27A, 41300 Klang, Selangor  Held under HS(D) 130538, PT 63272, Mukim Kapar Daerah Klang Negeri Selangor	Industrial/  Leasehold land expiring on 19 February 2069	Designed industrial complex  Currently used as warehouse of the Group  13 years	Land Area: Approximately 54,637  Built-up Area: Approximately 35,813	17 January 2023/  5 October 2022	10,187

# ANALYSIS OF SHAREHOLDINGS

AS AT 27 NOVEMBER 2023

No. of issued shares	:	355,209,520
Class of Shares	:	Ordinary Shares
Voting Right	:	One (1) vote per ordinary share

## A. SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
Lim Saw Nee	66,649,388	18.76	–	–
Dato' Hooi Jia Hao	34,468,800	9.70	2,090,000	0.59
Perintis Amanah Berhad (formerly known as Infinity Trustee Berhad)	27,000,000	7.60	–	–
Lim Chin Horng	26,785,647	7.54	–	–
Dato' Ng Wei Yee	21,674,300	6.10	2,090,000	0.59

## B. ANALYSIS OF SHAREHOLDINGS

Holdings	No. of Holders	%	No. of Holdings	%
Less than 100	4	0.26	200	0.00
100 to 1,000	263	17.37	135,400	0.04
1,001 to 10,000	589	38.90	3,227,700	0.91
10,001 to 100,000	402	26.55	15,585,250	4.39
100,001 to 17,760,475 (*)	254	16.78	242,611,882	68.30
17,760,476 and above (**)	2	0.13	93,649,088	26.36
<b>Total</b>	<b>1,514</b>	<b>100.00</b>	<b>355,209,520</b>	<b>100.00</b>

REMARK: \* - LESS THAN 5% OF ISSUED HOLDINGS  
 \*\* - 5% AND ABOVE OF ISSUED HOLDINGS

## C. DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTOR'S SHAREHOLDINGS

Name	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
Lim Saw Nee	66,649,388	18.76	–	–
Lim Chin Horng	26,785,647	7.54	–	–
Khoo Soon Beng	6,694,965	1.88	–	–
Robert Koong Yin Leong	50,000	0.01	–	–
Tan Hock Soon	50,000	0.01	–	–
Ilham Fadilah Binti Sunhaji	50,000	0.01	–	–
Chan Soon Tat	–	–	–	–
Lim Foo Seng	–	–	–	–



## ANALYSIS OF SHAREHOLDINGS (CONT'D)

**D. TOP THIRTY (30) SHAREHOLDERS**

No	Name	No. of shares held	%
1	LIM SAW NEE	66,649,088	18.76
2	PERINTIS AMANAH BERHAD	27,000,000	7.60
3	TASEC NOMINEES (TEMPATAN) SDN BHD (JULIUS LEONIE CHAI)	10,459,770	2.94
4	TENG CHUAN HENG	9,600,000	2.70
5	AMSEC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NG WEI YEE)	8,147,000	2.29
6	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LIM CHIN HORNG)	8,000,000	2.25
7	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR HOOI JIA HAO)	7,239,000	2.04
8	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD (DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG BALANCED FUND)	6,700,000	1.89
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR HOOI JIA HAO)	6,350,000	1.79
10	AMSEC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR HOOI JIA HAO)	6,215,000	1.75
11	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LIM CHIN HORNG)	6,000,000	1.69
12	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LIM CHIN HORNG)	6,000,000	1.69
13	TA NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR TAN HOCK ANN)	5,740,200	1.62
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR KEH CHUAN SENG)	5,500,000	1.55
15	RHB NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR HOOI JIA HAO)	5,170,000	1.46
16	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR NG WEI YEE)	5,164,300	1.45
17	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD (DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DIVIDEND FUND)	5,000,000	1.41
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LIM CHIN HORNG)	4,500,000	1.27
19	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR HOOI JIA HAO)	4,494,800	1.27
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD (MAYBANK TRUSTEES BERHAD FOR ARECA EQUITYTRUST FUND)	3,554,700	1.00
21	TAN HOCK ANN	3,325,000	0.94

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

**D. TOP THIRTY (30) SHAREHOLDERS (CONT'D)**

No	Name	No. of shares held	%
22	RHB NOMINEES (TEMPATAN) SDN BHD (PLEGGED SECURITIES ACCOUNT FOR KHOO SOON BENG)	3,100,000	0.87
23	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (PLEGGED SECURITIES ACCOUNT FOR KHOO SOON BENG)	3,000,000	0.84
24	TA NOMINEES (TEMPATAN) SDN BHD (PLEGGED SECURITIES ACCOUNT FOR HOOI JIA HAO)	3,000,000	0.84
25	RHB NOMINEES (TEMPATAN) SDN BHD (PLEGGED SECURITIES ACCOUNT FOR NG WEI YEE)	2,950,000	0.83
26	UOBM NOMINEES (TEMPATAN) SDN BHD (UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR FWD STRATEGIC FUND)	2,600,000	0.73
27	MEP ENVIRO TECHNOLOGY SDN BHD	2,559,600	0.72
28	AMANAHRAYA TRUSTEES BERHAD (BSN DANA DIVIDEN AL-IFRAH)	2,250,000	0.63
29	UOBM NOMINEES (TEMPATAN) SDN BHD (UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR FWD AGGRESSIVE FUND)	2,200,000	0.62
30	SK GRAND GROUP SDN BHD	2,090,000	0.59
		<b>234,558,458</b>	<b>66.03</b>

## ANALYSIS OF WARRANTHOLDINGS

AS AT 27 NOVEMBER 2023

No. of warrants unexercised : 142,750,248  
 Exercise price : RM0.42  
 Expiry date : 19 December 2027

### A. ANALYSIS OF WARRANTHOLDINGS

Holdings	No. of Holders	%	No. of Holdings	%
Less than 100	127	13.94	6,310	0.00
100 to 1,000	195	21.41	112,939	0.08
1,001 to 10,000	271	29.75	1,295,300	0.91
10,001 to 100,000	202	22.17	8,661,450	6.07
100,001 to 7,137,511 (*)	111	12.18	69,183,249	48.46
7,137,512 and above (**)	5	0.55	63,491,000	44.48
<b>Total</b>	<b>911</b>	<b>100.00</b>	<b>142,750,248</b>	<b>100.00</b>

REMARK: \* - LESS THAN 5% OF ISSUED HOLDINGS  
 \*\* - 5% AND ABOVE OF ISSUED HOLDINGS

### B. DIRECTORS' WARRANTHOLDINGS ACCORDING TO THE REGISTER OF DIRECTOR'S WARRANTHOLDINGS

Name	Direct Interest		Indirect Interest	
	No. of warrants	%	No. of warrants	%
Lim Saw Nee	20,009,694	14.02	–	–
Lim Chin Horng	13,392,823	9.38	–	–
Khoo Soon Beng	347,482	0.24	–	–
Robert Koong Yin Leong	25,000	0.02	–	–
Tan Hock Soon	25,000	0.02	–	–
Ilham Fadilah Binti Sunhaji	25,000	0.02	–	–
Chan Soon Tat	–	–	–	–
Lim Foo Seng	–	–	–	–

### C. TOP THIRTY (30) WARRANTHOLDERS

No	Name	No. of warrants held	%
1	LIM SAW NEE	20,009,544	14.02
2	PERINTIS AMANAH BERHAD	13,500,000	9.46
3	LIM CHIN HORNG	12,436,456	8.71
4	AMSEC NOMINEES (TEMPATAN) SDN BHD (PLEGDED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR HOOI JIA HAO)	10,300,300	7.22
5	AMSEC NOMINEES (TEMPATAN) SDN BHD (PLEGDED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NG WEI YEE)	7,244,700	5.08
6	TENG CHUAN HENG	4,800,000	3.36
7	KENANGA NOMINEES (TEMPATAN) SDN BHD (PLEGDED SECURITIES ACCOUNT FOR KEH CHUAN SENG)	4,162,550	2.92
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD (PLEGDED SECURITIES ACCOUNT FOR HOOI JIA HAO)	4,100,000	2.87

## ANALYSIS OF WARRANTHOLDINGS (CONT'D)

**C. TOP THIRTY (30) WARRANTHOLDERS (CONT'D)**

No	Name	No. of warrants held	%
9	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LEOW CHOON CHANG)	3,400,000	2.38
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LEOW CHOON CHANG)	2,900,000	2.03
11	AMSEC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR KEH CHUAN SENG)	2,750,000	1.93
12	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LEE PENG CHEONG)	2,145,300	1.50
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR NG WEI YEE)	2,000,000	1.40
14	TIEW SIAU YEE	1,777,900	1.25
15	TAN HOCK ANN	1,662,500	1.16
16	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR HOOI JIA HAO)	1,560,400	1.09
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD (MAYBANK TRUSTEES BERHAD FOR ARECA EQUITYTRUST FUND)	1,500,000	1.05
18	ONG JOO VOON	1,340,800	0.94
19	UOBM NOMINEES (TEMPATAN) SDN BHD (UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR FWD STRATEGIC FUND)	1,300,000	0.91
20	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR KHOR WEI HAN)	1,225,000	0.86
21	PUBLIC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR TAN CHONG SWEE)	1,120,000	0.78
22	UOBM NOMINEES (TEMPATAN) SDN BHD (UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR FWD AGGRESSIVE FUND)	1,100,000	0.77
23	SK GRAND GROUP SDN BHD	1,068,900	0.75
24	PUBLIC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR NG SHIH CHANG)	940,000	0.66
25	HOOI JIA HAO	904,000	0.63
26	LIM TZER CHIUAN	884,500	0.62
27	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD (DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR UNITED MALAYSIA FUND)	850,000	0.60
28	TENG CHUAN HENG	830,000	0.58
29	LEE SWEE GUAN	760,000	0.53
30	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR ANG ENG CHUAN)	753,800	0.53
		109,326,650	76.59

# NOTICE OF FOURTH (4<sup>TH</sup>) ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 4<sup>th</sup> Annual General Meeting (“**AGM**”) of the Company will be held at Toh Yuen VIP Room, Klang Executive Club, 42, Persiaran Bukit Raja 2, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan on Monday, 29 January 2024 at 10:30 a.m. for the following purposes:-

## A G E N D A

### Ordinary Business

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 August 2023 together with the Reports of the Directors and Auditors thereon. **(Refer to Note 2)**
2. To approve the payment of Directors’ fees of up to RM306,000/- for the financial year ending 31 August 2024 and Directors’ benefits of up to RM65,000/- for the period from 29 January 2024 to the next AGM to be held in year 2025. **Resolution 1**
3. To re-elect the following Directors, who retire pursuant Clause 21.7 of the Company’s Constitution, and being eligible, have offered themselves for re-election:-
  - (a) Mr. Tan Hock Soon; **Resolution 2**
  - (b) Puan Ilham Fadilah binti Sunhaji; and **Resolution 3**
  - (c) Madam Lim Saw Nee **Resolution 4**
4. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Board of Directors of the Company to determine their remuneration. **Resolution 5**

### Special Business

To consider and, if thought fit, with or without any modification, to pass the following Ordinary Resolution:-

5. **ORDINARY RESOLUTION** **Resolution 6**  
**- AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016**  

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (“**the Act**”), ACE Market Listing Requirements (“**ACE LR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the Constitution of the Company, and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding Treasury Shares, if any) for the time being and the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares to be issued on Bursa Securities;

AND THAT pursuant to Section 85 of the Act to read together with Clause 16.6 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to the Act.

AND FURTHER THAT such authority shall be commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next AGM of the Company.”
6. To transact any other business that may be transacted at an AGM, due notice of which shall have been given in accordance with the Act and the Constitution of the Company.

NOTICE OF FOURTH (4<sup>TH</sup>) AGM (CONT'D)**BY ORDER OF THE BOARD**

*(duly signed)*

**CHUA SIEW CHUAN (SSM PC No. 201908002648) (MAICSA 0777689)**

**CHEW KIT YEE (SSM PC No. 202208000376) (MAICSA 7067474)**

Company Secretaries

Kuala Lumpur

29 December 2023

Notes:

**(1) Information for Shareholders/Proxies**

- a. For the purpose of determining a member who shall be entitled to attend the 4<sup>th</sup> AGM, the Company shall be requesting from Bursa Malaysia Depository Sdn. Bhd. ("**Bursa Depository**") in accordance with Clause 18.7(b) of the Constitution of the Company and Section 34(1) of Securities Industry (Central Depositories) Act, 1991 ("**SICDA**") to issue a General Meeting Record of Depositors as at 22 January 2024. Only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting or appoint proxies to attend and/or speak and/or vote on his/her behalf.
- b. A member entitled to attend and vote at the 4<sup>th</sup> AGM is entitled to appoint a proxy/proxies to attend, speak and vote instead of him. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak and vote at the meeting.
- c. A member may, subject to Notes (d) and (e) below, appoint more than 1 proxy to attend and vote at the 4<sup>th</sup> AGM, to the extent permitted by the Act, SICDA, ACE LR of Bursa Securities and the Rules of Bursa Depository. Where a member appoints 2 proxies to attend and vote at the 4<sup>th</sup> AGM, such appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.
- d. Where a member of the Company is an authorised nominee as defined under SICDA, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds to which shares in the Company standing to the credit of the said account.
- e. Where a member of the Company is an exempt authorised nominee which hold shares in the Company for multiple beneficial owners in 1 securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- f. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, in the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer's Common Seal or under the hand of an officer or attorney duly authorised.

NOTICE OF FOURTH (4<sup>TH</sup>) AGM (CONT'D)

Notes (Cont'd):

**(1) Information for Shareholders/Proxies (Cont'd)**g. Appointment of Proxy(ies)

A member may obtain the proxy form for the 4<sup>th</sup> AGM vide the Abridged Annual Report (hard copy) or Annual Report (electronic copy) released to Bursa Securities. The appointment of proxy(ies) may now be made in hard copy or in electronic form:-

(i) Hard copy

In the case of appointment made in hard copy, the instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the office of the Company's Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time for holding the 4<sup>th</sup> AGM or any adjournment thereof.

(ii) Electronic form

In the case of appointment made in electronic form, the transmission/ lodgement of proxy form should be made no less than 48 hours before the time for holding the 4<sup>th</sup> AGM or any adjournment thereof:-

(a) Vide Facsimile (**Fax Number: +603-2094 9940 / +603-2095 0292**); or

(b) Vide designated electronic mail (Email) Address of Share Registrar: [info@sshshb.com.my](mailto:info@sshshb.com.my)

A member may call the support line of Securities Services (Holdings) Sdn. Bhd. at +603-2084 9000 for assistance/clarification on item (g)(ii) above.

Explanatory Note to Ordinary and Special Businesses:-

**(2) Audited Financial Statements for the financial year ended 31 August 2023 ("FYE 2023")**

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval for the Audited Financial Statements from the shareholders. Therefore, this Agenda item is not put forward for voting.

**(3) Resolutions 2, 3 and 4 – Retirement of Directors**

In determining the eligibility of the Directors to stand for re-election at the 4<sup>th</sup> AGM of the Company, the Nomination Committee ("**NC**") had reviewed and assessed the following Directors from the annual assessment and evaluation of the Board of Directors ("**Board**") for the FYE 2023: -

- (a) Mr. Tan Hock Soon;
- (b) Puan Ilham Fadilah binti Sunhaji; and
- (c) Madam Lim Saw Nee.

(hereinafter referred to as the "**Retiring Directors**").

The Board via NC's annual assessment was satisfied with the performance of the Retiring Directors, who are standing for re-election and have recommended to the shareholders the proposed re-election at the 4<sup>th</sup> AGM under Resolutions 2, 3 and 4.

The Retiring Directors have consented to their re-election and abstained from deliberations and voting in relation to their re-election at the NC Meeting and/or Board Meeting.

The profiles of the Retiring Directors are set out in the Annual Report in respect of the FYE 2023.

NOTICE OF FOURTH (4<sup>TH</sup>) AGM (CONT'D)

Explanatory Note to Ordinary and Special Businesses (Cont'd):-

**(4) Resolution 6 – Authority to Issue Shares pursuant to the Act**

The Company wishes to renew the mandate on the authority to issue shares of not more than ten per centum (10%) of the total issued shares capital for the time being pursuant to the Act at the 4<sup>th</sup> AGM of the Company (hereinafter referred to as the “**General Mandate**”).

The Company had been granted a general mandate on the authority to issue shares pursuant to the Act by its shareholders at the Third AGM of the Company held on 17 January 2023 (hereinafter referred to as the “**Previous Mandate**”).

As at the date of this notice, the Previous Mandate granted by the shareholders had not been utilised and hence no proceeds were raised therefrom.

The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting. This authority unless revoked or varied by the Company in general meeting, will expire at the next AGM. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

Pursuant to Section 85 of the Act read together with Clause 16.6 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other securities.

That Resolution 6, if passed, would allow the Directors to issue new shares to any person under authority to issue shares pursuant to the Act without having to offer new shares to be issued equally to all existing shareholders of the Company prior to issuance.

**Personal data privacy:-**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 4<sup>th</sup> AGM and/or any adjournment thereof, a member of the Company –

- (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the 4<sup>th</sup> AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 4<sup>th</sup> AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing requirements, regulations and/or guidelines (collectively, the “**Purposes**”);
- (ii) warrants that where the member disclose the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained prior consent of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.



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**ECONFRAME BERHAD**  
 Registration No. 201901042935 (1352265-T)  
 (Incorporated in Malaysia)

# PROXY FORM

<b>Number of shares held</b>	
<b>CDS account number</b>	
<b>Email address</b>	
<b>Contact number</b>	

\*I/We, ..... \*Registration No./NRIC No./  
*(full name as per NRIC/Passport/Certificate of Incorporation in capital letters)*

Passport No. .... of .....  
*(full address)*

being a member of **ECONFRAME BERHAD** hereby appoint .....  
*(full name as per NRIC/Passport in capital letters)*

\*NRIC No./Passport No. .... \*and/or failing \*him/her .....  
*(full name as per NRIC/Passport in capital letters)*

\*NRIC No./Passport No. .... or failing him/her the Chairman of the Meeting as \*my/our proxy, to vote for \*me/us on \*my/our behalf at the Fourth Annual General Meeting (“**4<sup>th</sup> AGM**”) of the Company to be held at Toh Yuen VIP Room, Klang Executive Club, 42, Persiaran Bukit Raja 2, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan on Monday, 29 January 2024 at 10:30 a.m. or at any adjournment thereof, on the following resolutions referred to in the Notice of 4<sup>th</sup> AGM.

\*My/Our proxy(ies) \*is/are to vote as indicated below:-

<b>Ordinary Business</b>		<b>For</b>	<b>Against</b>
<b>Resolution 1</b>	To approve the Directors’ fees and Benefits payable to the Directors of the Company		
<b>Resolution 2</b>	To re-elect Mr. Tan Hock Soon as Director		
<b>Resolution 3</b>	To re-elect Puan Ilham Fadilah binti Sunhaji as Director		
<b>Resolution 4</b>	To re-elect Madam Lim Saw Nee as Director		
<b>Resolution 5</b>	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Board of Directors to determine their remuneration		
<b>Special Business</b>			
<b>Resolution 6</b>	Authority to issue shares pursuant to the Companies Act 2016		

**(Please indicate with an “X” in the appropriate box against each Resolution how you wish your vote to be cast. If no specific direction as to how the proxy shall vote, the proxy shall vote as he/she thinks fit or, at his/her discretion, abstain from voting.)**

Signed this ..... day of ....., \*2023/2024

.....  
 \* Signature(s)/Common Seal of Member(s)

\* Delete if not applicable

For appointment of 2 proxies, percentage of shareholdings to be represented by the proxies		
	<b>No. of shares</b>	<b>Percentage</b>
Proxy 1		
Proxy 2		
<b>Total</b>		100%



## Notes:

- a. For the purpose of determining a member who shall be entitled to attend the 4<sup>th</sup> AGM, the Company shall be requesting from Bursa Malaysia Depository Sdn. Bhd. ("**Bursa Depository**") in accordance with Clause 18.7(b) of the Constitution of the Company and Section 34(1) of Securities Industry (Central Depositories) Act, 1991 ("**SICDA**") to issue a General Meeting Record of Depositors as at 22 January 2024. Only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting or appoint proxies to attend and/or speak and/or vote on his/her behalf.
- b. A member entitled to attend and vote at the 4<sup>th</sup> AGM is entitled to appoint a proxy/proxies to attend, speak and vote instead of him. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak and vote at the meeting.
- c. A member may, subject to Notes (d) and (e) below, appoint more than 1 proxy to attend and vote at the 4<sup>th</sup> AGM, to the extent permitted by the Companies Act 2016, SICDA, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the Rules of Bursa Depository. Where a member appoints 2 proxies to attend and vote at the 4<sup>th</sup> AGM, such appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.
- d. Where a member of the Company is an authorised nominee as defined under SICDA, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds to which shares in the Company standing to the credit of the said account.
- e. Where a member of the Company is an exempt authorised nominee which hold shares in the Company for multiple beneficial owners in 1 securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- f. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, in the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer's Common Seal or under the hand of an officer or attorney duly authorised.
- g. Appointment of Proxy(ies)

A member may obtain the proxy form for the 4<sup>th</sup> AGM vide the Abridged Annual Report (hard copy) or Annual Report (electronic copy) released to Bursa Securities. The appointment of proxy(ies) may now be made in hard copy or in electronic form:-

(i) Hard copy

In the case of appointment made in hard copy, the instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the office of the Company's Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time for holding the 4<sup>th</sup> AGM or any adjournment thereof.

(ii) Electronic form

In the case of appointment made in electronic form, the transmission/ lodgement of proxy form should be made no less than 48 hours before the time for holding the 4<sup>th</sup> AGM or any adjournment thereof:-

- (a) Vide Facsimile (**Fax Number: +603-2094 9940 / +603-2095 0292**); or
- (b) Vide designated electronic mail (Email) Address of Share Registrar: [info@sshb.com.my](mailto:info@sshb.com.my)

A member may call the support line of Securities Services (Holdings) Sdn. Bhd. at +603-2084 9000 for assistance/ clarification on item (g)(ii) above.

## **Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of 4<sup>th</sup> AGM dated 29 December 2023.

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Stamp

**ECONFRAME BERHAD**  
201901042935 (1352265-T)  
c/o **SECURITIES SERVICES (HOLDINGS) SDN BHD**  
197701005827 (36869-T)  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
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