



(Registration No. 200901020166 (863263-D))



**Unite Strengths,
Co-create **Brilliance.****

Annual Report 2023

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth (“15th”) Annual General Meeting (“AGM”) of TURBO-MECH BERHAD (the “Company”) will be held at Agate Room, Avante Hotel, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 28 May 2024 at 3:00 p.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. **(Explanatory Note 1)**
2. To approve a final single-tier dividend of 1.0 sen per ordinary share for the financial year ended 31 December 2023. **(Ordinary Resolution 1)**
3. To re-elect Mr Gan Kok Ten who retires by rotation in accordance with Clause 101 of the Constitution of the Company. **(Ordinary Resolution 2)**
4. To re-elect Ms Chan Bee Eie who retires by rotation in accordance with Clause 101 of the Constitution of the Company. **(Ordinary Resolution 3)**
5. To approve the Directors’ fees up to an aggregate amount of RM119,000 and benefits payable of up to RM41,000 for the period from 29 May 2024 until the next AGM of the Company and the payment thereof. **(Ordinary Resolution 4)**
6. To re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

As Special Business

To consider and, if thought fit, with or without any modification, to pass the following resolutions:-

7. **Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016 (“Act”); And Waiver of Pre-Emptive Rights Over New Ordinary Shares (“Shares”) in the Company under Section 85(1) of the Act read together with Clause 56 of the Constitution of the Company**

“**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby empowered to allot and issue shares in the share capital of the Company at any time until the conclusion of the next Annual General Meeting 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 to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issuance.

THAT in connection with the above, pursuant to Section 85(1) of the Act read together with Clause 56 of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings at such price and at such terms to be offered arising from any issuance of new shares above by the Company.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.”

(Ordinary Resolution 6)

Notice of Annual General Meeting

8. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate")**

"THAT, pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries, to enter and give effect to the recurrent related party transactions of a revenue or trading nature (hereinafter referred to as **"Recurrent Transactions"**) with the related parties as stated in Section 2.3 of the Circular to Shareholders dated 29 April 2024 which are necessary for the day-to-day operations of the Company and its subsidiaries subject further to the following:-

- i. the Recurrent Transactions contemplated are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public, and are not to the detriment of the minority shareholders of the Company; and
- ii. disclosure will be made in the Annual Report of the breakdown of the aggregate value of the Recurrent Transactions conducted pursuant to the Proposed Renewal of Shareholders' Mandate during the financial year on the type of Recurrent Transactions made, the names of the related parties involved in each type of Recurrent Transactions and their relationships with the Company.

AND THAT the approval is subject to annual renewal and shall only continue to be in force until:-

- a. the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the Fifteenth AGM of the Company at which the Proposed Renewal of Shareholders' Mandate will be tabled;
- b. the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- c. revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earliest.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts and things to give full effect to the Recurrent Transactions contemplated and/or authorised by this Proposed Renewal of Shareholders' Mandate, as the Directors of the Company, in their absolute discretion, shall deem fit."

(Ordinary Resolution 7)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final single-tier dividend of 1.0 sen per ordinary share for the financial year ended 31 December 2023, if approved, will be paid on 24 June 2024. The entitlement date for the payment is 14 June 2024.

A depositor shall qualify for entitlement only in respect of:-

- a. Shares transferred into the Depositor's Securities Accounts before 4.30 p.m. on 14 June 2024 in respect of transfer; and
- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

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

Chan Yoke Peng (SSM PC No. 202008001791 & MAICSA 7053966)

Company Secretaries

Selangor Darul Ehsan

Date: 29 April 2024

Notice of Annual General Meeting

NOTES:-

1. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
2. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
4. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar's office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. Any termination of a person's authority to act as a proxy shall be notified in writing and received by the Company at the registered office before the commencement of this Meeting.
5. In respect of deposited securities, only members whose names appear on the Record of Depositors on **20 May 2024** (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and vote at the meeting or appoint proxy(ies) to attend, participate, speak and vote on his behalf.
6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), all the resolutions set out in the Notice of the 15th AGM will be put to vote by way of poll.

EXPLANATORY NOTES ON ORDINARY BUSINESS AND SPECIAL BUSINESS

1. Agenda Item 1 - Audited Financial Statements

The Audited Financial Statements is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. Ordinary Resolutions 2 and 3 - Re-election of Directors

For the purpose of determining the eligibility of the Directors to stand for re-election at the 15th AGM of the Company, the Board of Directors ("**Board**") through its Nomination Committee ("**NC**") undertakes a formal evaluation to determine the eligibility of each retiring Director in line with the MCGG and MMLR of Bursa Securities, which includes the following:-

- i. Performance and effectiveness of the Board as a whole, Board Committees and individual Directors; and
- ii. Fit and proper assessment.

The NC and the Board are satisfied that the Directors, namely Mr Gan Kok Ten and Ms Chan Bee Eie (collectively, "**the retiring Directors**") standing for re-election have performed their duties as per the Board Charter and they will continue to bring to bear their knowledge, experience and skills and contribute effectively to the Board's discussions, deliberations and decisions. In view thereof, the Board recommends that they be re-elected as Directors of the Company.

The retiring Directors being eligible, have offered themselves for re-election at the 15th AGM.

The two (2) retiring Directors have abstained from deliberations and decision on their own eligibility and suitability to stand for re-election at the relevant NC and Board meetings.

The profiles of the Directors who are standing for re-election under Ordinary Resolutions 2 and 3 are set out in the Profiles of the Board of Directors on pages 8 and 10 of the Annual Report 2023.

Notice of Annual General Meeting

EXPLANATORY NOTES ON ORDINARY BUSINESS AND SPECIAL BUSINESS (CONTD.)

3. Ordinary Resolution 4 – Directors' Fees and Benefits Payable

Section 230(1) of the Companies Act 2016 provides amongst others, that the Directors' fees and benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the members' approval shall be sought at this 15th AGM on the Directors' fees and benefits payable. The amount of Directors' fees only consists of the fees payable to Directors as members of the Board.

The amount of Directors' benefits payable comprises meeting allowances from this AGM until the conclusion of the next AGM of the Company to be held in 2025.

The current annual fee for Directors, which was last approved by the Board in 2023 had remained unchanged since financial year 2018. During a review in 2024, the Remuneration Committee recommended and the Board has approved that the fees payable to Directors as members of the Board shall remain unchanged, subject to shareholders' approval at this 15th AGM.

4. Ordinary Resolution 6 - Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016; and Waiver of pre-emptive rights

The Company had, during its Fourteenth AGM held on 22 May 2023, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Companies Act 2016 ("**the Act**").

Ordinary Resolution 6 proposed under item 7 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the total number of issued shares (excluding treasury shares, if any) of the Company for such purposes as the Directors consider would be in the best interest of the Company ("**General Mandate**"). This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

The waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016 and Clause 56 of the Constitution of the Company will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate.

As at the date of this Notice, there were no new shares issued pursuant to the mandate granted to the Directors of the Company at the Fourteenth AGM held on 22 May 2023 and which will lapse at the conclusion of the Fourteenth AGM. If there should be a decision to issue new shares after the General Mandate is obtained, the Company will make an announcement in respect thereof.

(5) Ordinary Resolution 7 - Proposed Renewal of Shareholders' Mandate

For further information on Ordinary Resolution 8, please refer to the Circular to Shareholders dated 29 April 2024.

Personal Data Privacy:

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

CORPORATE INFORMATION

Board of Directors

GAN KOK TEN

Executive Chairman and Chief Financial Officer

NASARUDDIN BIN MOHAMED ALI

Executive Director and Chief Executive Officer

NURUL AIN BINTI KHIRUL ASHAR

Independent Non-Executive Director

GORDON YONG LIN FOOI

Senior Independent Non-Executive Director

CHAN BEE EIE

Non-Independent Non-Executive Director

OMAR BIN MOHAMED SAID

Non-Independent Non-Executive Director

**Audit Committee***Chairperson***Nurul Ain binti Khirul Ashar***Members***Chan Bee Eie****Gordon Yong Lin Fook****Remuneration Committee***Chairperson***Chan Bee Eie***Members***Omar bin Mohamed Said****Gordon Yong Lin Fook****Nomination Committee***Chairman***Gordon Yong Lin Fook***Members***Nurul Ain binti Khirul Ashar****Chan Bee Eie****Risk Management Committee***Chairman***Gan Kok Ten***Members***Nasaruddin bin Mohamed Ali****Nurul Ain binti Khirul Ashar****Omar bin Mohamed Said****Company Secretaries****Tai Yit Chan**

SSM Practicing Certificate No.: 202008001023

MAICSA 7009143

Chan Yoke Peng

SSM Practicing Certificate No.: 202008001791

MAICSA 7053966

Registered Office

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

☎ (03) 7890 4800

☎ (03) 7890 4650

Head Office

39-5, Jalan PJU 1/41, Block D1
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

☎ (03) 7805 5592

☎ (03) 7804 7801

✉ info@turbo-mech.com

🌐 <http://www.turbomech.com.my>**Share Registrar****Boardroom Share Registrars Sdn. Bhd.**

Registration No. 199601006647 (378993-D)

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

☎ (03) 7890 4700

☎ (03) 7890 4670

✉ bsr.helpdesk@boardroomlimited.com

Auditors**Ernst & Young PLT**

Registration No. 202006000003
(LLP0022760-LCA) & AF 0039
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Malaysia

Solicitor**CH So & Associates**

Lot 5.57, 5th Floor
Wisma Central
Jalan Ampang
50450 Kuala Lumpur
Malaysia

☎ (03) 2164 9909

☎ (03) 2162 8596

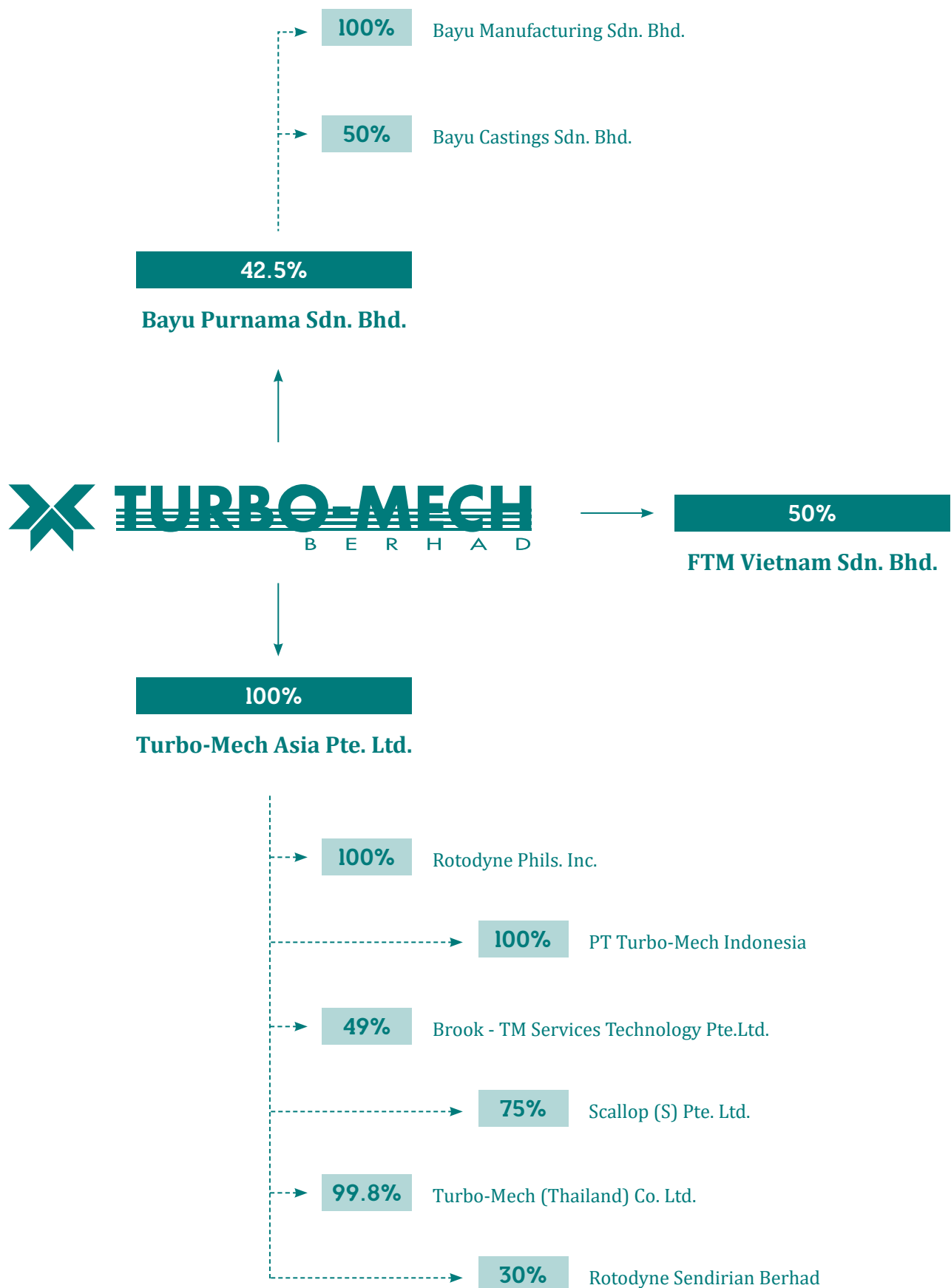
Principal Banker

United Overseas Bank (Malaysia) Bhd.

Stock Exchange Listing

Main Market of
Bursa Malaysia Securities Berhad
Sector : **Trading/Service Sector**
Stock Name : **TURBO**
Stock Code : **5167**

CORPORATE STRUCTURE



DIRECTORS' PROFILE

GAN KOK TEN

*Executive Chairman
Chief Financial Officer
Chairman of Risk Management Committee*

Aged 48 | Male | Malaysian

Gan Kok Ten was appointed to the Board on 15 October 2009. He was subsequently redesignated as the Executive Chairman on 24 November 2015.

He obtained a Bachelor in Commerce from Griffith University, Australia in 1999 and started his career with Apex Healthcare Berhad in 2000 as a Sales Executive in the pharmaceutical division.

In 2002, he joined Turbo-Mech Asia Pte. Ltd. as a Manager, where he was responsible for the sales division in the Singapore region. In 2003, he was appointed as Director in charge of the Singapore and Brunei markets. Subsequently, his responsibility was expanded to the Indonesia and Vietnam regions in 2007.

He is also responsible for the planning and execution of the overall business strategies of the Group. He plays a key role in the growth, development and the strategic direction of the Group, including implementing management policies and overseeing marketing and sales activities.

He is the brother-in-law of Chan Bee Eie, a Non-Independent Non-Executive Director of the Company and also the brother of Gan Kok Tin, who is deemed to be a major shareholder of the Company. He is a major shareholder of the Company. Save as disclosed, he does not have any other family relationships with any other director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He attended all the four (4) Board meetings held in the financial year ended 31 December 2023. He has had no convictions (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

NASARUDDIN BIN MOHAMED ALI

*Executive Director
Chief Executive Officer
Member of Risk Management Committee*

Aged 60 | Male | Malaysian

Nasaruddin bin Mohamed Ali was appointed to the Board on 15 October 2009 as a Non-Independent Non-Executive Director. On 1 March 2012, he was redesignated as an Executive Director and was later appointed as Chief Executive Officer of the Company and the Group on 13 August 2012.

He obtained a Bachelor of Science in Mechanical Engineering from the University of Texas, United States in 1987. He was a registered member with the Board of Engineers, Malaysia.

He started his career in 1988 as process engineer in Intel Technology Sdn. Bhd.. Later, he was promoted as Senior Engineer, Process and Equipment. Subsequently in 1993, he joined Johnson Controls (M) Sdn. Bhd. as Manager, Technical Sales until 1996. From 1996 until 1998, he worked with SAAG Oil and Gas Sdn. Bhd. as Manager, Sales and Marketing.

From 1998 until present, he serves as Executive Director of Bayu Purnama Sdn. Bhd. and Bayu Manufacturing Sdn. Bhd., the associate companies of Turbo-Mech Berhad.

He does not have any family relationships with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He attended all the four (4) Board meetings held in the financial year ended 31 December 2023. He has had no convictions (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

Directors' Profile

GORDON YONG LIN FOOI

*Senior Independent Non-Executive Director
Chairman of Nomination Committee
Member of Audit Committee
Member of Remuneration Committee*

Aged 56 | Male | Malaysian

Gordon Yong Lin Fook was appointed to the Board on 16 August 2021.

He obtained a Bachelor of Science in Business Administration from University of Arkansas, United States of America in 1988. He also graduated from Monash University, Melbourne, Australia in 1992 with a Bachelor of Laws and subsequently obtained a Diploma in Islamic Law (Islamic Banking) from International Islamic University, Malaysia in 2009. He is a member of Malaysian Bar Council since 1993 and qualified as Certified Mediator with Panel of Mediators of the Malaysian Mediation Centre in 2007. Besides that, he is a Registered Trade Mark Agent with Malaysia Intellectual Property Organisation since 2009.

He started his career with Messrs Zailan & Co. Advocates & Solicitors and was appointed as Managing Partner of the Kuala Lumpur and Nilai branches since 2000. He has wide exposure to bank documentation, conveyancing, corporate mergers & acquisitions, litigation and various commercial contracts. He also acted as legal advisor for many banks, corporations, SMEs and individuals throughout his legal career.

Beside his role as a Managing Partner in Messrs Zailan & Co., Kuala Lumpur and Nilai, he served on the Bar Council's Practice Management Support Committee in the past. He also served as President and General Committee of the Royal Sungei Ujong Club, Seremban for 8 years. The duties encompassed liaison with the Royal Patron DYMM Yang Di Pertuan Besar Tuanku Muhriz and the Royal Family of Negeri Sembilan and also the Negeri Sembilan State Government on numerous occasions and the overall management of the esteemed Royal Club.

He does not have any family relationships with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He attended all the four (4) Board meetings held in the financial year ended 31 December 2023. He has had no convictions (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

NURUL AIN BINTI KHIRUL ASHAR

*Independent Non-Executive Director
Chairperson of Audit Committee
Member of Nomination Committee
Member of Risk Management Committee*

Aged 33 | Female | Malaysian

Nurul Ain binti Khirul Ashar was appointed to the Board on 14 November 2022.

She graduated from Universiti Teknologi MARA, Malaysia in 2013 with a Bachelor's degree in Accounting (Honours). She is a member of the Association of Chartered Certified Accountants. She also holds a Capital Markets Services Representative's Licence for advising on corporate finance issued by the Securities Commission Malaysia.

She started her career with Khairuddin Hasyudeen & Razi in 2014 and left in 2018, with her last position there as Senior Auditor. During her tenure with the audit firm, Nurul has developed skills in financial audit, strategic advisory and compliance. In 2018, she joined MainStreet Advisers Sdn. Bhd. ("MainStreet"), a licensed corporate finance advisory firm in Malaysia, and has since been involved in various types of corporate transactions including IPOs and independent advisory. She is currently a Director of MainStreet.

She does not have any family relationships with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. She attended all the four (4) Board Meeting held in the financial year ended 31 December 2023. She has had no convictions (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

Directors' Profile

CHAN BEE EIE

*Non-Independent Non-Executive Director
Chairperson of Remuneration Committee
Member of Audit Committee
Member of Nomination Committee*

Aged 44 | Female | Malaysian

Chan Bee Eie was appointed to the Board on 16 April 2012.

She graduated from the University of Manchester, United Kingdom in 2001 with a Bachelor degree in Accounting and Finance and obtained a Master degree in Finance from the London School of Economics in 2002. She is a member of the Association of Chartered Certified Accountants (ACCA).

She joined PricewaterhouseCoopers and was with the Audit and Assurance Services team from 2003 to 2006 before joining the Audit team in Deloitte Touche Tohmatsu Hong Kong in 2006. Her main roles with the accounting firms were to provide audit and assurance services, with diverse range of clients involved in trading, manufacturing, construction, property, plantation and automobile.

She then joined JP Morgan Hong Kong as a Manager in 2007 with the Client Services team, a division within the Asset Management, offering clients with portfolio valuations and accounting reports.

She is the sister-in-law of Gan Kok Ten, the Executive Chairman cum Chief Financial Officer and also a major shareholder of the Company. She is the spouse of Gan Kok Tin, who is deemed to be a major shareholder of the Company by virtue of the shareholding of his brother, Gan Kok Ten and Mosgan Holdings Sdn. Bhd. which hold 54.90% equity in the Company. Save as disclosed, she does not have any other family relationships with any other director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. She attended all the four (4) Board meetings held in the financial year ended 31 December 2023. She has had no convictions (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

OMAR BIN MOHAMED SAID

*Non-Independent Non-Executive Director
Member of Remuneration Committee
Member of Risk Management Committee*

Aged 41 | Male | Malaysian

Omar bin Mohamed Said was appointed to the Board on 25 February 2011.

He holds a Bachelor of Science (Honours) degree in Management (Accounting and Finance) from the University of Manchester Institute of Science & Technology, United Kingdom.

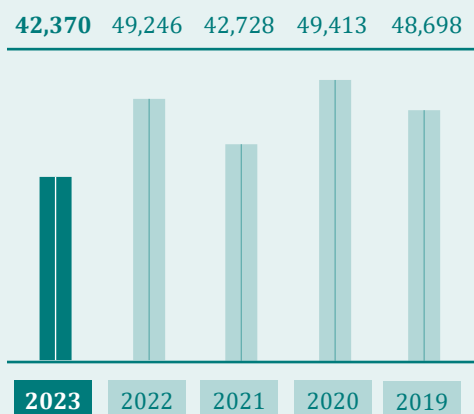
He started his career in Ernst & Young as an associate under Assurance and Business Services Group. He has experience in providing assurance and advisory services in the area of statutory audit. He is an Independent Non-Executive Director in Poly Glass Fibre (M) Berhad since 7 October 2003 until 9 September 2022. From 2006 until present, he is the Managing Director of Flowco Malaysia Sdn. Bhd., which specialises in downstream retail oil and gas equipment and services.

He does not have any family relationships with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He attended three (3) out of the four (4) Board meetings held in the financial year ended 31 December 2023. He has had no convictions (other than traffic offence, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

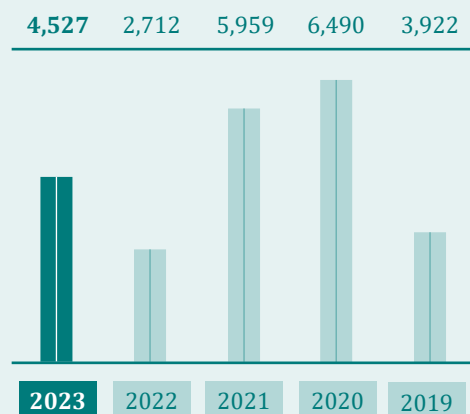
FINANCIAL HIGHLIGHTS

	FY 2023 RM	FY 2022 RM	FY 2021 RM	FY 2020 RM	FY 2019 RM
Revenue	42,370,239	49,245,861	42,727,890	49,413,049	48,697,881
Profit before tax	4,526,865	2,711,786	5,958,940	6,490,116	3,921,811
Profit for the year attributable to owners of the parent	3,062,461	1,751,270	5,043,544	5,383,306	2,997,623
Earnings per shares attributable to owners of the parent (sen per share)	2.84	1.62	4.67	4.98	2.78

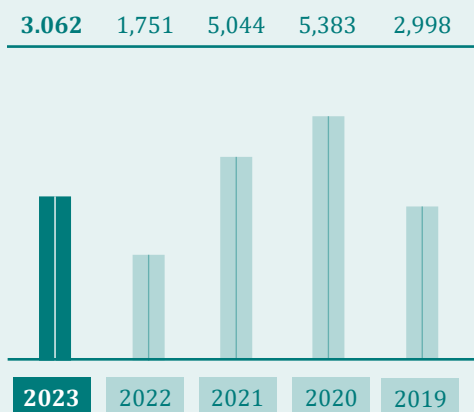
REVENUE
(RM Thousand)



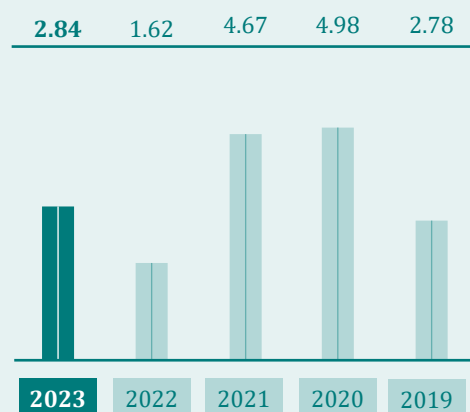
PROFIT BEFORE TAX
(RM Thousand)



PROFIT FOR THE YEAR
(RM Thousand)



EARNINGS PER SHARES
(Sen Per Share)



MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Business & Operations

Turbo-Mech Berhad functions as the parent company overseeing a cluster of companies involved in the distribution of rotating machinery and spare parts, along with delivering maintenance and overhaul services for such equipment. Our consortium specializes in marketing pumps, compressors, and turbines. Our operational scope spans across the South East Asia region, categorized into distinct segments including Malaysia, Singapore, Indonesia, Philippines, Thailand, and other regions. Notably, the Singapore segment, which encompasses the outcomes of our Vietnam branch office, stands as the primary revenue generator for the entire Group. Concurrently, our Group maintains a presence in Malaysia and Brunei through associated companies.



OVERVIEW OF GROUP OBJECTIVES AND STRATEGIES

As an integral link between equipment manufacturers and end-users, our Group strategically positions itself within the intricate value chain, primarily catering to the specialized needs of the oil and gas, petrochemical, and chemical industries. We take pride in our association with manufacturers who uphold stringent API Standards, offering a comprehensive array of products tailored to meet industry specifications and demands.

The backbone of our operational prowess lies in our extensive network spanning various countries across South East Asia. This expansive reach strategically situates us in close proximity to our valued customers, affording us the advantage of promptly responding to their diverse and evolving requirements. Through our local presence in these regions, we have cultivated the abilities and resources necessary to fulfil the unique needs of our clientele effectively.

Key to our success is the deliberate choice to maintain a lean organisational structure, fostering a culture of flexibility and adaptability within our workforce. This agile setup empowers us to swiftly adapt to dynamic market landscapes, ensuring that we remain highly responsive to the evolving demands of our customers.

A testament to our commitment and stability is our consistently low staff turnover rate, reflecting the dedication and loyalty of our team. Moreover, our strong and enduring relationships with both customers and principals are a testament to our unwavering focus on quality service and reliability. We recognise the significance of these partnerships and continuously strive to nurture and enhance them for mutual growth and success.

Emphasizing our geographic advantages, we are well-positioned to leverage our proximity to customers, enabling us to offer efficient and prompt solutions that address their needs comprehensively. This geographical advantage not only bolsters our ability to deliver but also reinforces our commitment to providing unparalleled service and support to our valued clientele across the region.



Management Discussion and Analysis

REVIEW OF FINANCIAL RESULTS

Revenue

In FY2023, Turbo-Mech Berhad confronted a challenging operating landscape shaped by persistent high oil and gas prices, which averaged USD82 per barrel throughout the year. Despite the Group's concerted efforts, the revenue for the year amounted to RM42.4 million, indicating a decline from the previous year's revenue of RM49.2 million recorded in FY2022.

Intense competition within the industry, coupled with evolving market dynamics, played a role in the decline. The highly competitive environment required strategic adaptation and despite our efforts, external factors influenced our revenue realization.

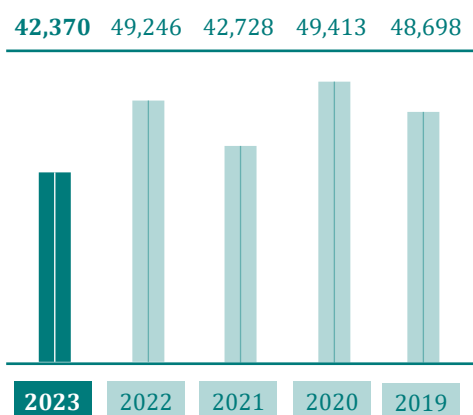
Beside, the global economic landscape, further complicated by uncertainties associated with geopolitical tensions and fluctuations in energy prices, created an environment where clients were cautious in their spending. This caution, in turn, affected the demand for our products and services, contributing to the decline in revenue.

Despite the challenges in revenue growth, Turbo-Mech Berhad achieved a noteworthy accomplishment in the gross profit margin. The Company successfully navigated constrained margins sustained throughout FY2023, showcasing resilience amidst market fluctuations. Our focused efforts on cost management and operational efficiency contributed to a higher gross profit margin compared to the preceding year.

Notwithstanding these challenges, Turbo-Mech Berhad maintained its steadfast commitment to overcoming obstacles and sustaining commercial momentum. Our proactive approach enabled us to secure additional projects and maintain a positive trajectory in scheduled maintenance and after-sales activities, showcasing resilience in turbulent times.

While our revenue performance in FY2023 didn't surpass the achievements of the preceding year, Turbo-Mech Berhad remains dedicated to navigating challenges, adapting to dynamic market conditions, and pursuing sustainable growth strategies for the benefit of all stakeholders.

GROUP SALES REVENUE 2019-2023



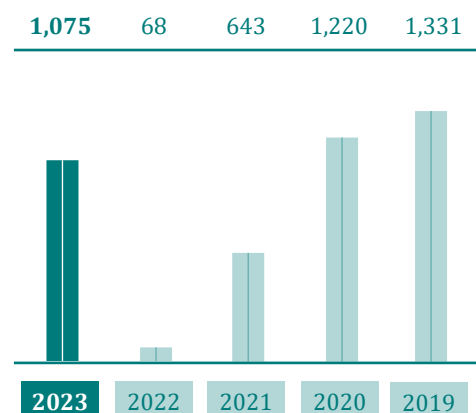
Share of result of associates

In FY2023, Turbo-Mech Berhad witnessed a notable resurgence in the performance of its associated companies, marked by a substantial improvement in net profit shares. After a challenging period in FY2022, the tide has turned positively, where share of net profit from associated companies increased sharply to RM1.08 million from RM0.07 million in the preceding year. Notably, Bayu Purnama Sdn Bhd, the primary contributor to the associates' results, navigated a challenging business environment in FY2023 to emerge resilient and profitable.

The pivotal role played by Bayu Purnama Sdn Bhd, chiefly servicing Petronas, Malaysia's largest Oil and Gas company, underwent a transformative phase in response to Petronas' focus on cost compression and stringent fiscal discipline. While these strategies initially impacted the associate's financial performance in the previous fiscal year, Bayu Purnama Sdn Bhd maintained its profitability. Notably, the continued dedication to commercial and operational excellence, coupled with a steadfast commitment to maintaining robust liquidity levels, ensured the sustainability of the associate's businesses.

Turbo-Mech Berhad remains optimistic about the positive momentum exhibited by its associated companies in FY2023. The strengthened financial performance of these associates signals a promising outlook, reflecting the efficacy of strategic initiatives implemented to fortify their operations. As we progress, Turbo-Mech Berhad will continue to support and collaborate with its associated companies, leveraging this momentum to achieve sustained growth and foster mutually beneficial outcomes for all stakeholders.

GROUP SHARE OF RESULTS OF ASSOCIATES 2019-2023



Management Discussion and Analysis

REVIEW OF FINANCIAL RESULTS (CONT'D)

Profit after Tax

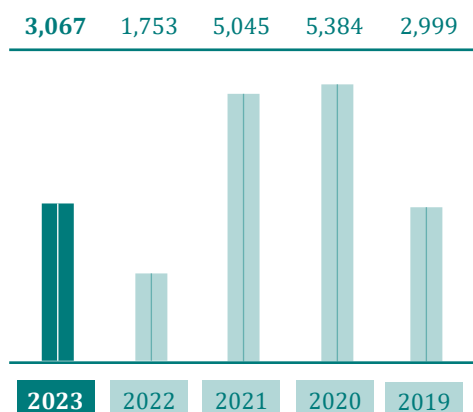
In FY2023, Turbo-Mech Berhad has achieved a notable improvement in net profit after tax, marking RM3.1 million compared to RM1.8 million in the preceding fiscal year. This significant enhancement in profitability comes amidst persistent challenges and complexities encountered in the operating environment.

Despite continued disruptions in the supply chain, including component shortages and logistical constraints, Turbo-Mech Berhad implemented proactive measures to mitigate risks and enhance supply chain resilience. Strategic partnerships, alternative sourcing strategies, and enhanced inventory management practices enabled the company to navigate supply chain challenges effectively, minimizing disruptions and optimizing operational efficiency.

Turbo-Mech Berhad continued to differentiate itself in the market by delivering innovative solutions, superior quality products, and exceptional customer service. By understanding and addressing customer needs, expanding market reach, and fostering strong client relationships, the company capitalized on growth opportunities and generated incremental revenue, positively impacting profitability.

In conclusion, Turbo-Mech Berhad's achievement of an improved net profit after tax of RM3.1 million for FY2023 underscores the company's resilience, adaptability, and commitment to excellence. Despite the challenges posed by the operating environment, the company's strategic initiatives, focused execution, and unwavering determination have propelled it towards sustained profitability and long-term success. As we look ahead, Turbo-Mech Berhad remains poised to capitalize on emerging opportunities, address evolving market dynamics, and deliver sustainable value for stakeholders in the years to come.

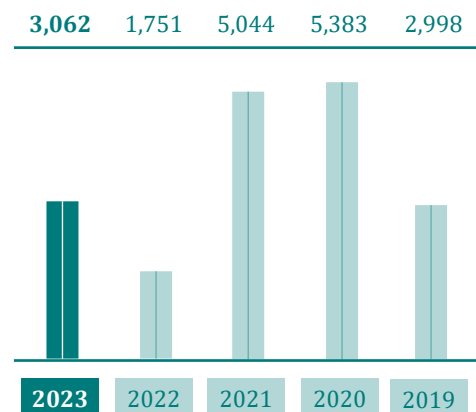
GROUP PROFIT AFTER TAX 2019-2023



Attributable Net Profit

In the FY2023, Turbo-Mech Berhad experienced an improved in net profit attributable to shareholders, recording a figure of RM3.1 million compared to RM1.8 million in the preceding financial year. Consequently, the Group's earnings per share for FY2023 stood at 2.84 sen, exhibiting an increase from the 1.62 sen earned in the previous financial year. Despite facing ongoing market complexities and operational constraints, Turbo-Mech Berhad demonstrated remarkable adaptability and resilience. By swiftly responding to changing market dynamics, proactively addressing challenges, and seizing opportunities for growth, the company effectively navigated turbulent waters and delivered a commendable financial performance.

GROUP PROFIT AFTER TAX ATTRIBUTABLE TO SHAREHOLDERS 2019-2023



Financial Position

As of 31 December 2023, Turbo-Mech Berhad sustained its strong financial position, showcasing continued growth in shareholders' funds. The Group's shareholders' fund increased from RM119 million recorded at the end of 2022 to RM128 million, indicating steady growth and resilience in challenging market conditions. Notably, the net assets per share also exhibited an upward trajectory, rising from RM1.10 to RM1.18, signaling an enhancement in the underlying value per share.

Additionally, Turbo-Mech Berhad maintained a robust cash position, boasting a cash reserve of RM64.9 million, equating to a net cash per share of 60 sen. This liquidity strength underscores the Group's stability and ability to navigate uncertainties while capitalizing on growth opportunities. Furthermore, the Group sustained a current ratio of more than 11 times as of 31 December 2023, highlighting a healthy balance between current assets and liabilities.

Turbo-Mech Berhad remains committed to fortifying its financial resilience, leveraging its solid financial footing to explore strategic investments and propel sustainable growth in the coming periods.

Management Discussion and Analysis

REVIEW OF OPERATING ACTIVITIES

Turbo-Mech Berhad faced a challenging landscape in FY2023 amidst structural changes in the industry and strained conditions experienced by oil and gas players. The industry-wide margin compressions from reduced capital investments by oil companies continued, exerting significant pricing pressure due to customers' focus on cost-saving measures. Despite these challenges, our group demonstrated resilience, sustaining profitability in a demanding environment.

In response to evolving customer needs, we strategically enhanced our focus on service and maintenance sectors. Recognizing the shift in customer preferences towards prolonging equipment life cycles, we fortified our capabilities to serve customers' requirements. Our emphasis on providing reliable and efficient services for rotating equipment aligns with customers' goals of optimizing costs. This strategic pivot allowed us to position ourselves as a preferred service provider equipped with the necessary tools, expertise, and equipment.

To further strengthen our value proposition as a comprehensive solutions provider, we continued exploring technology-based diversifications through collaborations and partnerships. Initiatives involving principals and partnerships enabled us to augment our capabilities, offering customers innovative solutions and reinforcing our market presence. Our commitment to staying at the forefront of technological advancements remains unwavering.

We remain steadfast in fostering enduring relationships with customers and business partners. Emphasizing the cultivation of an effective working culture and nurturing employee skills in multitasking and creativity, we ensure our workforce remains adaptable and relevant in a dynamically changing market landscape. This commitment enhances our ability to meet evolving customer needs while fostering an environment conducive to sustained growth.

In a proactive move to expand our capabilities and offerings, Turbo-Mech Berhad initiated joint ventures with Brook Crompton Service Technology Pte Ltd ("BC"). These collaborative efforts culminated in the establishment of a joint venture company ("JVC") aimed at undertaking projects and providing or selling full-service electric motor and rotating equipment, IoT smart full life cycle solutions, and engineering and retrofit solutions for energy-saving initiatives within ASEAN.

The collaboration with BC is geared toward propelling the 'JV Business' throughout ASEAN, leveraging the strengths and expertise of the parties involved. This strategic alliance further reinforces our commitment to innovation and diversification, aligning with our goal to explore new business opportunities within the oil and gas industry.

In response to transforming markets, Turbo-Mech Berhad is dedicated to enhancing internal processes to maximize value generation and achieve operational excellence. We define operational excellence as a holistic approach, encompassing improvements across all facets of our business. Our recent adoption of a cloud-based ERP system has significantly enhanced operational efficiency. This system not only serves as a foundation for future growth but also exemplifies our resource management and corporate culture. It empowers our business leaders to make informed decisions, contributing to our overall quality, strengthening customer relationships, and fostering an environment that fuels innovation.

Turbo-Mech Berhad remains resolute in prioritising key objectives, including securing sales, optimizing cash flow, rationalizing capital spending, bolstering customer service and maintenance operations, and capitalizing on new business prospects within the evolving oil and gas landscape.

PROSPECTS

In 2024, Turbo-Mech Berhad anticipates continued challenges within the oil and gas market. Rapid and dynamic shifts in market demand will persist, presenting both obstacles and opportunities. However, amidst these challenges, we are poised to leverage our strengths and innovative capabilities to navigate the evolving landscape.

The ongoing evolution of the oil and gas market prompts us to intensify our focus on technological innovation. These changes represent substantial growth prospects for Turbo-Mech Berhad. Our joint venture with BC remains pivotal in driving technical advancements, enabling us to maintain our market leadership and meet evolving industry demands.

Our commitment to harnessing technology as a catalyst for industry transformation is unwavering. We recognise that fundamental challenges offer avenues for innovation and growth. The development of innovative technologies and improved processes for critical applications will be integral to our strategy. This commitment underscores our determination to contribute to sustainable development while adapting to changing market dynamics.

As we navigate the ever-evolving market landscape, Turbo-Mech Berhad remains committed to its strategic roadmap. Our resilience lies in our ability to adapt swiftly to market changes while aligning our goals with sustainable development initiatives. By continually innovating, embracing technological advancements, and fostering a culture of operational excellence, we are well-positioned to seize growth opportunities and reinforce our position as an industry leader.

SUSTAINABILITY STATEMENT



Detailed Insights into Turbo-Mech's Sustainability Statement

Turbo-Mech Berhad's ("Turbo-Mech's" or "the Group's") commitment to sustainable development extends across every facet of our operations which primarily involve the supply, maintenance and overhaul of rotating equipment for the oil & gas sector in Southeast Asia. We are therefore pleased to present our 2023 Sustainability Statement which is a transparent account of our ESG performance, targets and progress. Highlighted in the statement are also our contributions to the United Nation's 2030 Agenda for Sustainable Development.

This year, we formulated our stand-alone Sustainability Policy, incorporating the principles of sustainability into the Group's overall business strategy while aligning the tenets of the Policy with our three pillars of Ethical Marketplace, Social Enrichment and Environmental Preservation.

Our dedication to sustainability practices has remained constant over the years and this year we persevered towards furthering our sustainability agenda. As such, the Group continued to reduce our carbon footprint by tracking our Scope 1, Scope 2 and limited Scope 3 GHG emissions. This was in alignment with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations, a journey which we commenced this year. We are pleased to report a reduction in Scope 2 GHG emissions for FY2023 as well as reinforce our target of installing on-site solar panels at our subsidiary, Turbo-Mech Asia Ltd. ("TMA") by 2030.

For Turbo-Mech, people are our top priority. In prioritising equal opportunity for all employees, we take pride in sharing that there have been no incidents of human rights violations reported since FY2021. As a responsible corporate citizen, we also continue contributing to the betterment of communities beyond the workplace.



Sustainability Statement

Reporting Scope and Boundary

Our FY2023 Sustainability Statement covers the Group's sustainability performance from January 1st, 2023 to December 31st, 2023 ("FY2023"). The statement includes data for three financial years to track year-on-year progress, where relevant. The scope of our Sustainability Statement covers operations in Singapore under our wholly owned subsidiary, Turbo-Mech Asia Ltd. ("TMA"), which primarily provides overhaul and rotating equipment repair services. Business operations in Malaysia include our headquarters, Turbo-Mech Malaysia Berhad ("TMB"), in Petaling Jaya and Bayu Purnama Sdn Bhd. With the exception of customer satisfaction scores, Bayu Purnama's data has been omitted from this report as it is only an associate of the Group holding partial ownership by TMB. It is important to note that TMB does not have a controlling interest in Bayu Purnama Sdn Bhd.

Reporting Framework

This Sustainability Statement is prepared with reference to Bursa Malaysia Securities Main Market Listing Requirements, the Bursa Malaysia's Sustainability Reporting Guide (3rd edition) and the recent Illustrative Reporting Guidelines. The sustainability disclosures are also guided by the Global Reporting Initiatives ("GRI") Standards, the TCFD and the United Nations Sustainable Development Goals ("UN SDGs") as a measure of our compliance.

Assurance Statement

Turbo-Mech implemented a thorough internal data collection and analysis process involving the validation of data by key business divisions and information holders. Through this, we ensure accuracy and quality of our disclosures and provide more comprehensive and transparent information.

Feedback

We welcome any comment, feedback or questions that will be useful in enhancing the quality of our reporting. Please feel free to reach out to the contact details as outlined below.

Mr Tay Wee Bon

Finance Manager

wbtay@bayupurnama.com.my

03-78055592

SUSTAINABILITY ACCOMPLISHMENTS

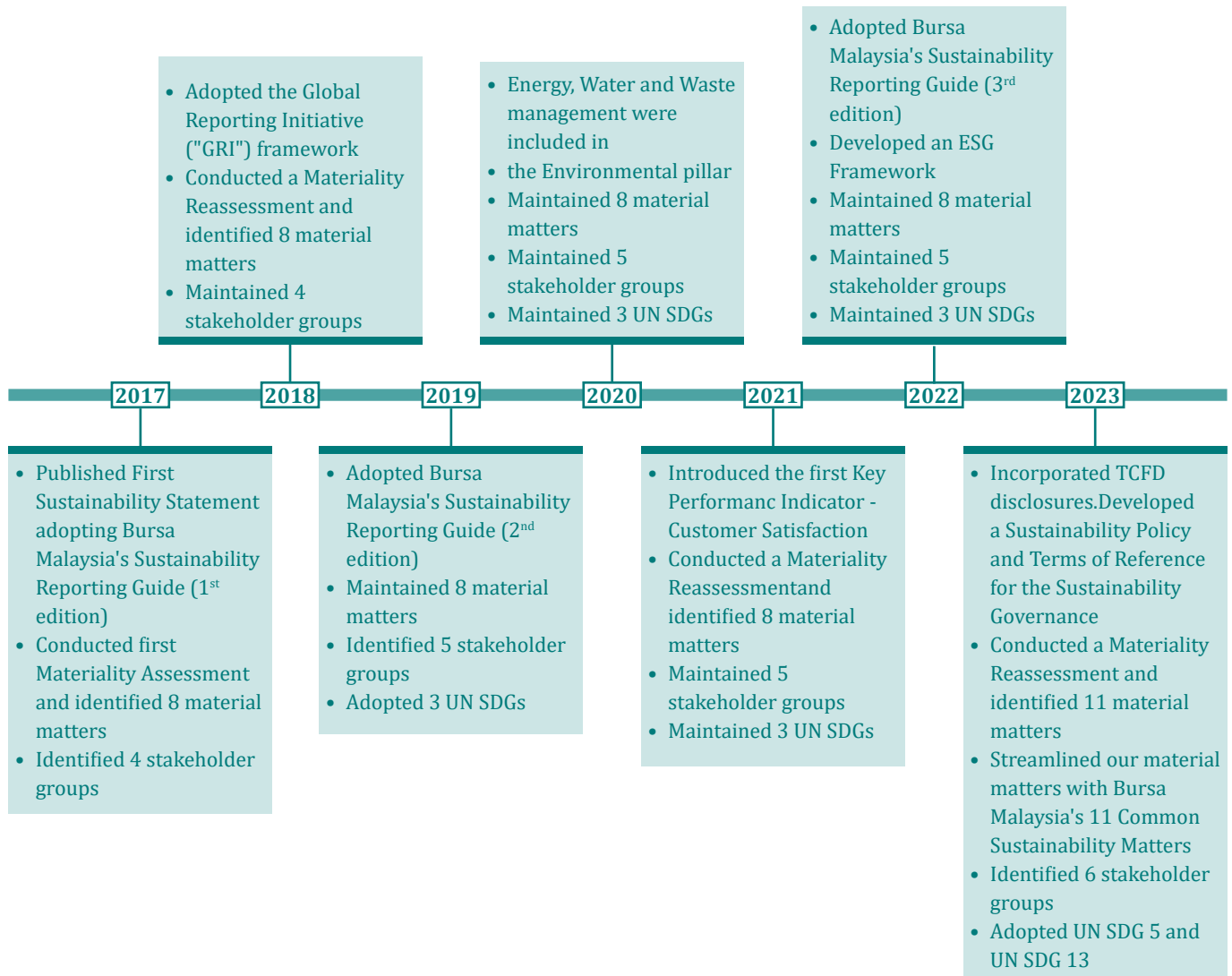
FY2023 saw a plethora of accomplishments for the Group in terms of our ESG integration. In this journey towards an equitable future, we strive to bring long-term value to stakeholders while prioritising operational excellence and offering quality services, all of which enable us to make our mark in the industry.

Ethical Marketplace			
100% of our operations were assessed for corruption risks	Zero corruption incidents recorded	Zero breaches in customer privacy or data loss	33% women representation in the Board of Directors
Social Enrichment			
Zero fatalities and injuries	Provided 28 hours of health and safety training to our employees	Donated RM 10,000 to the community	
Environmental Preservation			
Commenced our journey toward TCFD alignment	Started reporting on Scope 1 and Scope 3 GHG emissions	Recorded a 13% decrease in Scope 2 GHG emissions	

Sustainability Statement

MILESTONES IN OUR JOURNEY

In terms of sustainability performance, we have achieved many milestones since our inaugural Sustainability Statement was published in FY2017. Over the years we have progressed significantly from conducting our first materiality assessment in FY2017 to adopting 3 UN SDGs in 2019, moving on to develop our ESG Framework in FY2022. We continue to chart our sustainability journey ahead, resolute in achieving our long-term strategic objectives and advancing towards a greener future

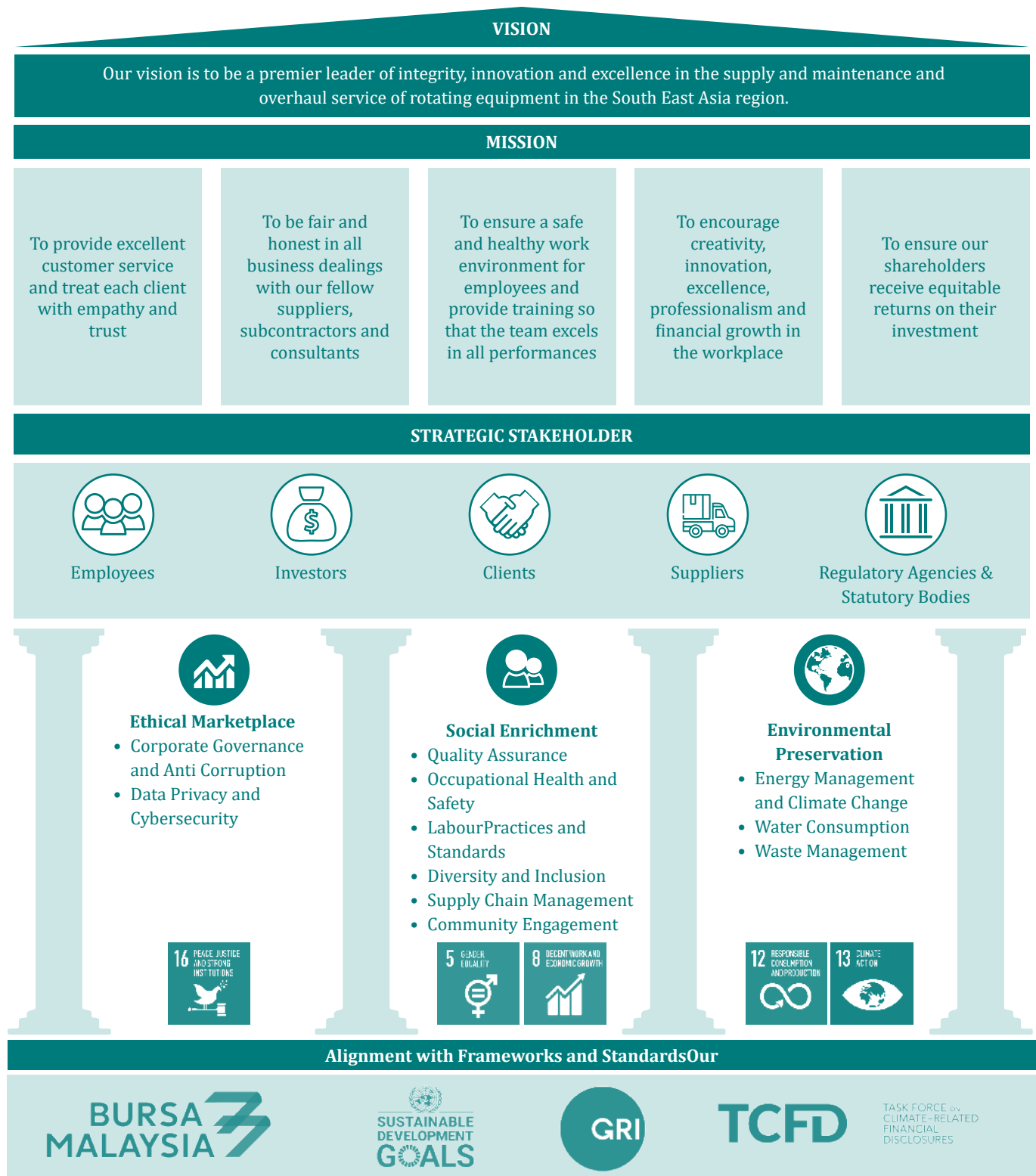


Sustainability Statement

TURBO-MECH'S COMMITMENT TO SUSTAINABILITY

ESG at the Heart of our Operations

Turbo-Mech's ESG framework is the core of our corporate sustainability strategy. The framework encompasses our vision and mission as well as underlines our values which are incorporated throughout our operations. Our three sustainability pillars emphasise our drive to make a positive impact on society. As part of responding to the global call for sustainable development, we have also aligned our material matters with the relevant UN SDGs.



Sustainability Statement

TURBO-MECH'S SUSTAINABILITY POLICY

In FY2023, we formulated a Sustainability Policy ("the Policy") articulating our fundamental sustainability principles. The Policy ensures the effective integration of these principles into our daily operations and reaffirms our commitments according to each of our three sustainability pillars.



Ethical Marketplace

The Group believes that a strong foundation of business ethics is vital for generating positive effects within an organisation and ensuring its longevity. Hence, we are committed to managing our business and operations with integrity, transparency and accountability as outlined below.

- Conducting business without any form of corruption or bribery
- Adhering to policies and procedures that promote ethical conduct
- Complying with applicable laws and regulations



Social Enrichment

At Turbo-Mech, we are dedicated to operating in a socially responsible manner as we believe in generating positive social outcomes for our stakeholders. We strive to continuously improve our social performance by the following as outlined below.

- Complying with all relevant occupational health and safety laws and regulations and implementing safety management systems
- Promoting fundamental human rights, inclusivity and equal employment opportunities, creating an engaged workforce
- Ensuring that our services meet the highest standards of quality and that customer feedback is taken into consideration in our improvement processes



Environmental Presevation

The Group is committed to contributing to the preservation of natural resources and minimising and mitigating greenhouse gas emissions in the course of conducting our business operations through the following as outlined below.

- Assessing and managing climate-related risks and opportunities associated with our operations
- Reducing energy consumption and minimising greenhouse gas emissions by adopting renewable energy sources
- Ensuring that waste generated from our operations meets regulatory requirements
- Responsibly managing our water use

Strong Governance

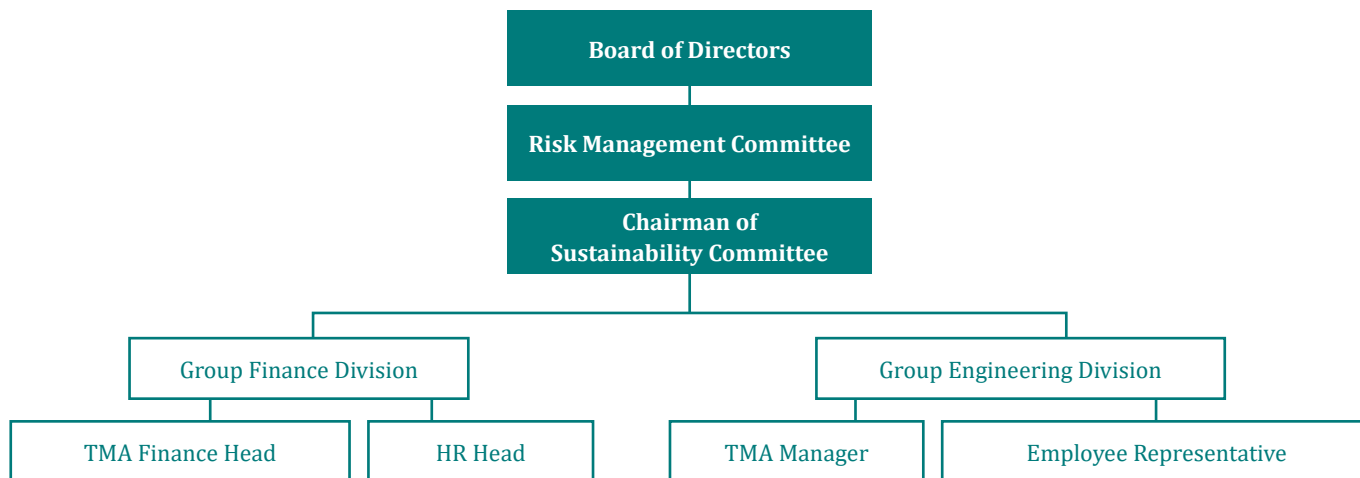
Turbo-Mech acknowledges that a sound governance structure is necessary to ensure the proper functioning of our organisation including the effective discharge of roles and responsibilities. We also realise that a crucial component of good governance is a corporate culture that reinforces appropriate norms for responsible and ethical behaviour.

At the helm, the Board of Directors ("the Board") has strategic oversight over the Group's sustainability strategy and performance including climate-related risks and opportunities. The Board approves proposed initiatives and strategies while being supported by the Risk Management Committee ("RMC") and the Sustainability Committee ("SC").

The RMC reports to the Board on the Group's ESG performance and the implementation of our approved sustainability initiatives. The SC recommends to the RMC relevant initiatives and identifies issues that are material to the Group. Additionally, the Group Finance and Engineering Divisions monitor and propose action plans for integrating sustainability initiatives into each division.

Sustainability Statement

Strong Governance (Cont'd)



RESPONDING TO THE GLOBAL CALL OF THE UN SDGS


The UN SDGs are a universal call for partnerships, peace and prosperity for both the planet and people. We adopted SDG 5 (Gender Equality) and SDG 13 (Climate Action) this year, in addition to the three UN SDGs already in place. Our efforts centre around these goals and are further aligned with specific targets that emphasise our commitment in making a difference locally and on an international scale. We will continue to broaden our scope towards achieving the end goal of a sustainable future.


	Targets 5.5 Ensure women's full and effective participation and equal opportunities for leadership Our Initiatives <ul style="list-style-type: none"> Achieved 33% of women representation on the Board in FY2023 Developed a Diversity Policy for the Group Promoted equal employment opportunities for individuals of all ages, races, genders and nationalities
	Targets 8.7 Eliminate forced labour, slavery, human trafficking, and child labour 8.8 Protection of labour rights and promotion of safe and secure working environments for all Our Initiatives <ul style="list-style-type: none"> Remained accredited with ISO 45001:2018 Achieved zero workplace fatalities and lost-time injury rate in FY2023 Provided 28 hours of health and safety training for our employees
	Targets 12.2 Achieve the sustainable management and efficient use of natural resources 12.4 Achieve environmentally sound management of chemicals and all wastes by significantly reducing their release into the air, water and soil in order to minimise their adverse impacts on human health and the environment Our Initiatives <ul style="list-style-type: none"> Monitored our water consumption and waste generation to mitigate potential wastage Adopted the Odoo ERP system enabling a substantial reduction in paper usage
	Targets 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries Our Initiatives <ul style="list-style-type: none"> Tracked and monitored our Scope 1, 2 and 3 emissions to identify trends and manage or emissions. Set targets in place to install solar panels at Turbo-Mech Asia Ltd. ("TMA") by 2030.
	Targets 16.5: Substantially reduce corruption and bribery in all their forms Our Initiatives <ul style="list-style-type: none"> Established a Code of Conduct, Whistleblowing Policy and Anti-Bribery Management System Policy


Sustainability Statement

Stakeholders and Us


Our commitment to create long-term value for our stakeholders is realised as we place priority on their feedback through multiple channels. By engaging with them on a continuous basis, we build meaningful relationships, gain trust and drive long-term growth for the Group. Additionally, identifying stakeholders who have a direct impact on our business leads to sustainable business operations, facilitating effective problem-solving and informed decision-making.


 Investors	Investors provide us with capital and are entitled to updates on the Group's development and a return on their investment.		
Engagement Channels	Frequency	Key Concerns	Our Responses
<ul style="list-style-type: none"> Annual General Meetings (AGMs) 	<ul style="list-style-type: none"> Annually 	<ul style="list-style-type: none"> Shareholders' returns Succession planning 	<ul style="list-style-type: none"> Conduct AGMs to consult with shareholders and safeguard investors' interests
<ul style="list-style-type: none"> Annual Report (AR) 	<ul style="list-style-type: none"> Annually 	<ul style="list-style-type: none"> Corporate governance 	<ul style="list-style-type: none"> Ensure compliance with all relevant policies and regulations
<ul style="list-style-type: none"> Financial statements 	<ul style="list-style-type: none"> Quarterly 	<ul style="list-style-type: none"> Transparent financial performance 	<ul style="list-style-type: none"> Provide financial statements to stakeholders in a timely manner


 Regulatory Agencies & Statutory Bodies	Regulators play a crucial role in overseeing and regulating the Group to ensure we operate in an ethical and safe manner, in compliance with relevant laws and standards.		
Engagement Channels	Frequency	Key Concerns	Our Responses
<ul style="list-style-type: none"> Equipment inspections 	<ul style="list-style-type: none"> Annually 	<ul style="list-style-type: none"> Labour practices and compliance 	<ul style="list-style-type: none"> Comply with relevant laws and regulations Engage with stakeholders with transparency and integrity
		<ul style="list-style-type: none"> Workplace safety 	<ul style="list-style-type: none"> Investigations into workplace safety incidents Annual inspection of equipment to ensure the health and safety of employees
<ul style="list-style-type: none"> Waste management inspection 	<ul style="list-style-type: none"> As required 	<ul style="list-style-type: none"> Environmental compliance 	<ul style="list-style-type: none"> Unannounced inspections and visits to ensure the best waste management practices

 Clients	We build successful relationships with clients through collaboration, clear communication, and a shared understanding of service goals.		
Engagement Channels	Frequency	Key Concerns	Our Responses
<ul style="list-style-type: none"> External quality control audits 	<ul style="list-style-type: none"> Every nine months 	<ul style="list-style-type: none"> Competency Innovation and technology 	<ul style="list-style-type: none"> Maintain a robust quality management system
<ul style="list-style-type: none"> Internal quality control audits 	<ul style="list-style-type: none"> Annually 		
<ul style="list-style-type: none"> Troubleshooting sessions 	<ul style="list-style-type: none"> Weekly 	<ul style="list-style-type: none"> Worker's health and safety 	<ul style="list-style-type: none"> Maintain a safe working environment for workers
<ul style="list-style-type: none"> Virtual or physical witness testing 	<ul style="list-style-type: none"> Weekly 	<ul style="list-style-type: none"> Response time and delivery 	<ul style="list-style-type: none"> Product and service quality are assessed to meet the clients' needs
<ul style="list-style-type: none"> Virtual or physical product training 	<ul style="list-style-type: none"> Biannually 		
<ul style="list-style-type: none"> Face-to-face or virtual meetings 	<ul style="list-style-type: none"> Weekly 	<ul style="list-style-type: none"> Reaction time to complaints and enquiries (after sales service) 	<ul style="list-style-type: none"> Conduct surveys to understand customers' satisfaction levels
<ul style="list-style-type: none"> Workshop visits 	<ul style="list-style-type: none"> Weekly 		
<ul style="list-style-type: none"> Website 	<ul style="list-style-type: none"> Daily 	<ul style="list-style-type: none"> Cost of products and services 	<ul style="list-style-type: none"> Provide a platform for the customers to submit queries and concerns

Sustainability Statement

 Employees		We foster a committed workforce, leading to enhanced team productivity.		
Engagement Channels	Frequency	Key Concerns	Our Responses	
• Company Website	• Annually	• Transparent business conduct	• Conduct an annual refresher training session for our corporate governance and anti-corruption policies, encompassing the Code of Conduct, the Anti-Bribery Management System Policy and the Whistleblowing Policy.	
• Training programmes and project assignments	• As required	• Career development	• Plan and conduct training programmes and project assignments that are in line with the Group's business goals throughout the year	
• Employee performance appraisal	• Annually	• Remuneration • Succession Planning	• Conduct performance appraisals for all employees to evaluate work performance and review opportunities for career advancement	
• Employee engagement sessions	• Monthly	• Conducive workforce environment	• Conduct employee engagement sessions such as festive events and exercise sessions	
• OHS training	• As required	• Safe and healthy workplace	• Regular training on Occupational Health and Safety (OHS) practices to strengthen workplace safety culture	

 Suppliers		Suppliers support the Group in providing the necessary materials, components and services.		
Engagement Channels	Frequency	Key Concerns	Our Responses	
• Regular communication with suppliers	• As required	• Competency	• Regular communication via electronic methods to update on product features and end-user demand	
• Face-to-face meetings	• As required	• Timely delivery	• Training with suppliers to implement effective supply chain management	

 Communities		We address the needs and concerns of local communities which contributes to a more ethical, responsible and resilient business model.		
Engagement Channels	Frequency	Key Concerns	Our Responses	
• Meetings, engagements and emails	• As required	• Community development	• Donated to a community fundraising event	
• Community events	• As required			
• Internship programme	• As required	• Nurturing a competent workforce	• Conducted a Student Internship Programme in collaboration with a local university	

Sustainability Statement

What is Material to Us

The materiality assessment is a critical component in identifying and prioritising key sustainability issues that matter to our stakeholders while having the potential to impact the organisation itself. During the 2023 fiscal year, we conducted a materiality reassessment and identified 11 material matters.

Phase 1: Identification

We identified 11 material sustainability matters relevant to Turbo-Mech and our stakeholders, streamlining them according to Bursa Malaysia's requirements and benchmarking against industry standards.

Phase 4: Validation & Approval

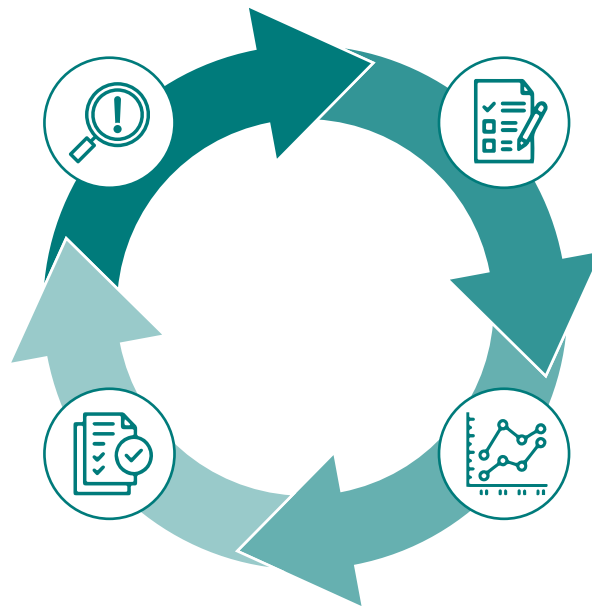
The materiality matrix was presented to the Senior Management for validation and the Board of Directors for approval.

Phase 2: Ranking

Stakeholders completed an online survey form to rank the material matters in order of importance to the business and to stakeholders.

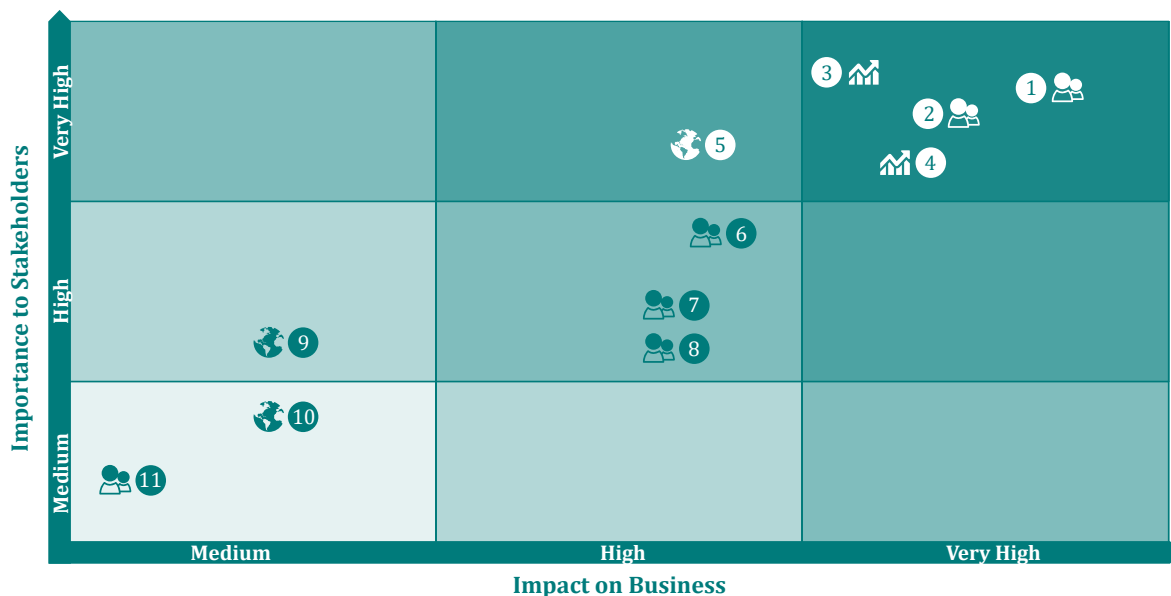
Phase 3: Prioritisation & Generation of Matrix

The responses were collated and analysed to generate a materiality matrix.



Turbo-Mech's Materiality Matrix

The materiality matrix is a visualisation of prioritised material matters and is an essential part of our sustainability reporting. For FY2023, Quality Assurance, Occupational Health & Safety, Corporate Governance and Anti-Corruption and Data Privacy and Cybersecurity were the highest ranked material matters.



Ethical Marketplace

- 3 Corporate Governance and Anti-Corruption
- 4 Data Privacy and Cybersecurity

Social Enrichment

- 1 Quality Assurance
- 2 Occupational Health and Safety
- 6 Labour Practices and Standards
- 7 Diversity and Inclusion
- 8 Supply Chain Management
- 11 Community Engagement






Environmental Preservation

- 5 Energy Management and Climate Change
- 9 Water Consumption
- 10 Waste Management

Sustainability Statement

Mapping the Material Matters

The Group categorised our material sustainability matters according to each sustainability pillar, further demonstrating the interconnectivity of these materiality matters with pertinent stakeholder groups, GRI Standards and relevant UN SDGs.

Sustainability Pillar	Material Sustainability Matters	Stakeholders	GRI Standards	UN SDGs
Ethical Marketplace	Corporate Governance & Anti-Corruption	<ul style="list-style-type: none"> Investors Regulatory Agencies & Statutory Bodies Clients Employees 	205: Anti-Corruption 2016	
	Data Privacy and Cybersecurity	<ul style="list-style-type: none"> Regulatory Agencies & Statutory Bodies Clients Employees 	418: Customer Privacy 2016	
Social Enrichment	Quality Assurance	<ul style="list-style-type: none"> Investors Clients Suppliers 	3: Material Topics 2021	 
	Occupational Health and Safety	<ul style="list-style-type: none"> Regulatory Agencies & Statutory Bodies Employees 	403: Occupational Health and Safety 2018	
	Labour Practices and Standards	<ul style="list-style-type: none"> Regulatory Agencies & Statutory Bodies Clients Employees 	401: Employment 2016	
	Diversity and Inclusion	<ul style="list-style-type: none"> Employees 	405: Diversity and Equal Opportunity 2016	
	Supply Chain Management	<ul style="list-style-type: none"> Investors Clients Suppliers 	204: Procurement Practices 2016	
	Labour Practices and Standards	<ul style="list-style-type: none"> Communities 	413: Local Communities 2016	
Environmental Protection	Energy Management and Climate Change	<ul style="list-style-type: none"> Investors Regulatory Agencies & Statutory Bodies 	302: Energy 2016 305: Emissions 2016	 
	Water Consumption	<ul style="list-style-type: none"> Regulatory Agencies & Statutory Bodies Communities 	303: Water and Effluents 2018	
	Waste Management		306: Waste 2020	

Sustainability Statement

TCFD Aligned Disclosures – Our Path to Decarbonisation





Established by the Financial Stability Board (“FSB”), the Task Force on Climate-related Financial Disclosures (“TCFD”) is a framework developed to help organisations disclose climate-related financial risks and opportunities in a clear and consistent manner. The TCFD framework provides guidelines for organisations to disclose information in four pillars.



TCFD Pillars

- **Governance:**
Describing the organisation's governance concerning climate-related risks and opportunities.
- **Strategy:**
Disclosing the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.
- **Risk Management:**
Describing how the organisation identifies, assesses, and manages climate-related risks.
- **Metrics and Targets:**
Disclosing the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

In FY2023, Turbo-Mech commenced our TCFD journey and incorporated disclosures related to the four key areas of the framework.

 <p>Governance</p>	<p>The Board and Management establish the course for the Group's climate governance in recognising the impact of climate change on our business. As of this year, we delineated the climate-related responsibilities of the Board and Management to ensure a unified commitment to climate action in the upcoming year.</p> <ul style="list-style-type: none"> • The Board provides strategic oversight over the Group's climate-related strategies and their integration into the Group's risk management process. • The Management identifies and assesses climate-related risks and opportunities to the Group's business goals and leads the implementation of climate-related initiatives.
 <p>Strategy</p>	<p>In FY2023, we identified climate risk as a new component in our Enterprise Risk Management (“ERM”) framework. Extreme weather conditions resulting from climate change such as droughts or flash floods, can impact insurance costs. These events may lead to increased claims and adjustments in insurance pricing.</p>
 <p>Risk Management</p>	<p>By maintaining an effective risk management system, the Board and the RMC have effective oversight over the Group's potential climate-related risks. We plan to strengthen the identification and integration of climate-related risks into our ERM framework in the coming years.</p>
 <p>Metrics and Targets</p>	<p>As for this year, we reported our Scope 1, Scope 2 and Scope 3 GHG emissions. Monitoring these emissions allows us to establish a baseline and track our progress toward reducing emissions.</p>

ETHICAL MARKETPLACE



Material Sustainability Matters

- ✓ Corporate Governance and Anti-Corruption
- ✓ Data Privacy and Cybersecurity



At Turbo-Mech, we promote a high-performing, resilient business grounded in a robust ethical culture which is instrumental in bolstering stakeholder confidence. Through a proactive approach, we not only showcase our commitment to excellence but also our adherence to the highest standards of corporate governance.

STAKEHOLDERS CONCERNED



Investors



Regulatory Agencies &
Statutory Bodies



Clients



Employees

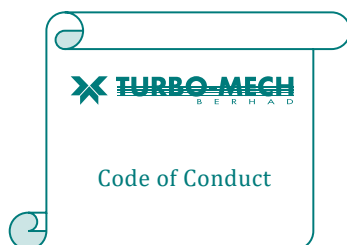
CORPORATE GOVERNANCE AND ANTI-CORRUPTION

Why is this Important?

Good governance and the prevention of corruption are essential for trust-building among our stakeholders, maintaining credibility through transparent business practices, gaining a competitive advantage as well as ensuring compliance with legal and regulatory standards.

Turbo-Mech's Approach

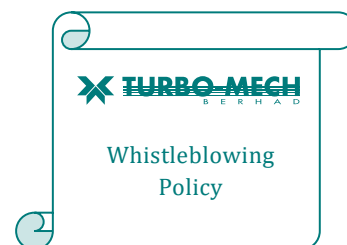
We preserve our professional integrity through accountability and transparency to secure sustainable long-term results. Additionally, our adherence to shared values is exemplified through the implementation of specific codes and policies.



The Code underscores the responsibilities of our directors as well as employees, particularly concerning the management of conflicts of interest and stakeholder engagement. The Code is discussed in onboarding sessions and frequent internal business meetings.



The Anti-Bribery Management System Policy is endorsed by the Board setting the Group's zero-tolerance position on bribery of all forms. All third parties collaborating with Turbo-Mech must sign a declaration form confirming their alignment with the Policy.



The Whistleblowing Policy was implemented to encourage employees and external parties to anonymously report any instance of misconduct without fearing repercussions. Reports can be sent via e-mail, written documents or whistleblowing e-forms on our corporate website at <https://www.turbomech.com.my/whistleblower.php>.

Sustainability Statement

A Compliant Culture

Turbo-Mech's primary focus is to establish a workforce that is knowledgeable on the regulatory environment, guiding them through clear policies, regular communication and relevant training. In this way, the Group ensures strict adherence to applicable laws and regulations, preventing penalties and legal action from regulatory authorities.

We maintain an extensive legal register keeping up-to-date with any amendments and applicable compliance obligations that may impact our business. In FY2023, there were zero non-compliance incidents with any laws and regulations.

Malaysian Laws	Singaporean Laws
• Employment Act 1955	• Employment Act 2019
• Companies Act 2016	• Companies Act 2014
• Factories and Machinery Act 1967	• Environmental Public Health Act 1987
• Environmental Quality Act	• Workplace Safety and Health Regulation
• Fire Services Act 1988	
• Minimum Wage Order 2022	
• Malaysian Code on Corporate Governance 2021	

How We Manage Risks

The Risk Management Committee ("RMC") strives to identify, assess, manage and track the risks that are significant to Turbo-Mech. The RMC communicates closely with the Board, ensuring that the necessary steps are taken to manage risk exposure throughout the Group.

Additionally, we have implemented an Enterprise Risk Management (ERM) framework to adeptly navigate uncertainty, address associated risks and fortify our organisational resilience. In FY2023, we identified several ESG-related risks such as corruption risks, climate risks and safety risks. Subsequently, we implement the mitigation strategies to manage these identified risks.

Corruption Risk: Potential risk of unethical behaviour, where individuals may abuse their positions for personal gain or engage in fraudulent activities.	Climate Risk: Potential adverse impacts that climate change and related environmental factors can have on the Group's operations, supply chain, financial performance and overall sustainability.	Safety Risk: Accidents may happen as a result of unforeseen events, leading to injuries at the workshops or project sites.
<ul style="list-style-type: none"> Annually review and update the Anti-Bribery Management System Policy. Perform background checks during recruitment. Circulate the Anti-Corruption Policy to all employees. Provide training sessions to raise awareness among staff on anti-corruption measures. 	<ul style="list-style-type: none"> Track the amount/ percentage of assets or business activities that are vulnerable to climate risks (e.g. drought/ flash floods, etc.) Review the current property insurance policy and explore the inclusion of coverage for flood damage, particularly for properties situated near the coastal line. Explore the potential for investment in the Green Energy sector. Include Key Performance Indicators on reducing energy/ fuel consumption targets. 	<ul style="list-style-type: none"> Ensure a safety officer is situated at project sites at all times. Report possible safety lapses to supplier for immediate attention. Ensure Risk Assessments (RAs) and Method Statements are thoroughly reviewed and understood prior to commencing work. Conduct regular safety audits. Develop a Safety Policy. Maintain compliance with ISO 45000 certification. Introduce incentives for safety measures implemented within the Group.

Sustainability Statement

TURBO-MECH'S PERFORMANCE

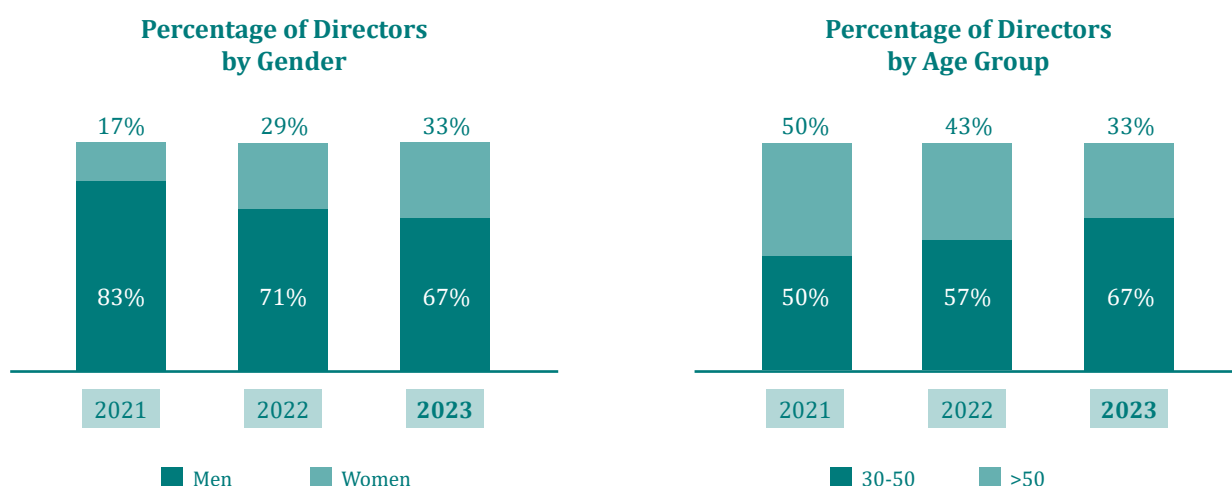
i. Corruption risk assessment, corruption incidents & anti-corruption training

In FY2023, we successfully conducted corruption risk assessments throughout our operations and are pleased to report zero incidents of corruption across the Group. There were no anti-corruption training programmes conducted in FY2022 and FY2023 due to the limited or negligible changes observed in key management personnel and staff turnover within Turbo-Mech. However, we strive to resume this practice in the upcoming years.

	2021	2022	2023
Percentage of operations assessed for anti-corruption risk	100%	100%	100%
Number of corruption incidents	0	0	0

ii. Board Composition

We advocate equitable representation of employees from the aspect of gender and age on our Board. In FY2023, women comprised 33% of our Board in alignment with the Malaysian Code on Corporate Governance's recommendation of having at least 30% women directors.



DATA PRIVACY AND CYBERSECURITY

Why is this Important?

The Group takes a proactive approach to safeguard our digital assets by adopting best practices, staying informed of emerging threats and continuously improving security measures to address cybersecurity challenges while complying with data privacy regulations.

Turbo-Mech's Approach

In FY2023, we adopted "Odoo" which is an open-source Enterprise Resource Planning (ERP) software suite that was designed to streamline and integrate various business processes, allowing organisations to manage different aspects of their operations within a single platform. Odoo, being a cloud-based ERP software, represents a shift from the previous practice of storing all financial information on our conventional internal server towards a completely cloud-based operational model. This transition also signifies a move away from paper-based working procedures.

Turbo-Mech's Performance

From 2021 to 2023, there were zero substantiated complaints concerning breaches of customer privacy and losses of customer data exemplifying the efficiency of our stringent measures and procedures in ensuring data protection and cybersecurity across the Group.

Sustainability Statement

SOCIAL ENRICHMENT



Material Sustainability Matters

- ✓ Quality Assurance
- ✓ Occupational Health and Safety
- ✓ Labour Practices and Standards
- ✓ Diversity and Inclusion
- ✓ Supply Chain Management
- ✓ Community Engagement



Turbo-Mech's Social Enrichment pillar represents our forward-thinking approach in addressing social matters that pertains to the workplace and beyond. Guided by the principles of health, safety and equity, we aim to elevate our organisational performance while contributing to the betterment of society.

STAKEHOLDERS CONCERNED



Investors

Regulatory Agencies &
Statutory Bodies

Clients



Employees



Suppliers



Communities

QUALITY ASSURANCE

Why is this Important?

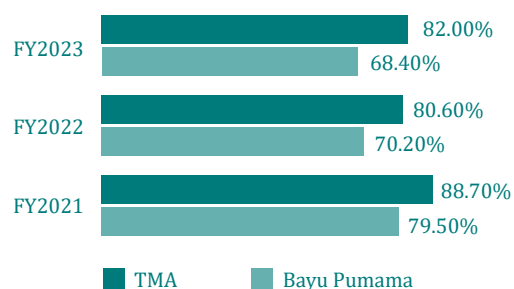
Turbo-Mech recognises that an efficient quality assurance system is important in ensuring customer satisfaction which entails consistently meeting and exceeding customer demands and expectations. Through this, we foster long-term mutually beneficial relationships with customers while establishing the reliability, brand reputation and overall efficiency of the business.

Turbo-Mech's Approach

Our operations are guided by the ISO9001:2005 Standard (Quality Management System) where an internal audit is conducted annually while external audits are conducted every nine months. We utilise a variety of performance-testing equipment and thoroughly examine the test results before delivery to clients. In our commitment to elevate the excellence of our services, we generate reports for complex overhauls and actively encourage the client's presence during the equipment testing phase before the delivery is complete.

Turbo-Mech's Performance

The Group conducts yearly Customer Satisfaction Surveys to assess product reliability, delivery management and customer communications, where the results are reviewed annually at Management Review Meetings. Our average score at TMA increased by 1.40% and decreased by 1.80% at Bayu Purnama from FY2022 to FY2023. We remain committed to analyse factors that will contribute to higher scores as well as implement strategic adjustments.

Customer Satisfaction Survey Results (%) of
TMA and Bayu Purnama

Sustainability Statement

OCCUPATIONAL HEALTH AND SAFETY

Why is this Important?

The Group's day-to-day operations involve the use of heavy machinery and maintenance tools. As such, we prioritise the safety of our workforce to ensure employee well-being, operational efficiency and the sustained success of the Group.

Turbo-Mech's Approach

Our OHS management is pursuant to regulatory requirements such as the Factories and Machinery Act 1967 which is enforced by the Department of Occupational Safety and Health ("DOSH"). Additionally, the Group complies with the Workplace Safety and Health ("WSH") Regulation by the Ministry of Manpower (MOM), Singapore. Turbo-Mech requires our directors to attend the Top Executives WSH Programme by March 2024, in line with the mandate from MOM.

We are pleased to report that by consistently improving our OHS performance and adhering to the highest OHS standards, we have maintained our ISO 45001:2018 accreditation. With a dedicated WHS Committee in place, we conduct monthly safety inspections to identify and address potential OHS risks.

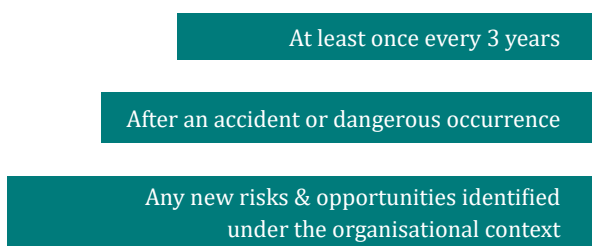
WHS Committee Organisation Chart



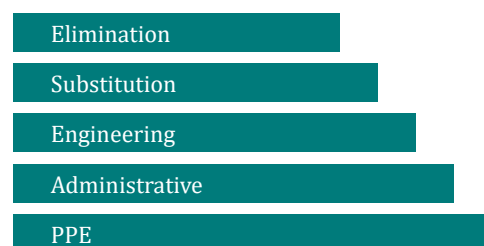
In FY2023, we fortified our safety measures to ensure a secure and protected working environment in our workshops. This included covering exposed wires and displaying Safe Working Load ("SWL") signage on storage racks, in alignment with the WSH Circular: Safe Use of Storage Racks issued by the Singapore government. Through this proactive approach we aim to prevent accidents and injuries related to storage rack collapses.

The WSH committee rigorously implements Hazard Identification, Risk Assessment and Risk Control (HIRARC) protocols to identify and manage work-related risks. Additionally, the Risk Assessment ("RA") team is in place to determine the severity and likelihood of these hazards and risks.

Conditions to initiate Risk Assessment Review



Control measures follow this hierarchy



The Group ensures compliance with Singapore's health and safety legislation requiring companies with higher noise levels in their operations to monitor and provide annual audiometric examinations for workers at risk. With safety measures in place, we strive to create a more conducive workplace for our employees.

Sustainability Statement

TURBO-MECH'S PERFORMANCE

Our employees are trained on health and safety standards, equipped with knowledge and skills to identify and report potential hazards.

	2021	2022	2023
Number of employees trained on health and safety standards	4	3	4

We also provide health and safety trainings that are specific to our industry. In FY2023, 32 hours of training were provided in total for four courses.

Sector-Specific Health and Safety Training

Apply WSH in
Shipyard General Trade

Apply WSH in Process Plant

Work Injury Compensation Act

In 2023, we recorded zero lost time injuries and fatalities for a total of 55,826 hours worked.

	2021	2022	2023
Total number of hours worked	60,666	57,261	55,826
Number of fatalities	0	0	0
Number of lost time injuries	1	0	0
Lost-time Incident Frequency Rate	3	0	0

LABOUR PRACTICES AND STANDARDS

Why is this Important?

At Turbo-Mech, establishing ethical principles that govern the treatment of our employees extends to providing an inclusive and equitable workplace environment, aligning with principles that prioritise fair treatment, non-discrimination and equal opportunity for all employees.

Turbo-Mech's Approach

Turbo-Mech treats all employees, suppliers and contractors with respect, complying with local labour and employment laws as well as international labour laws. We have several principles in place.

Respect Basic Rights

We uphold fundamental human rights in the workplace such as the right to fair wages, freedom of association and protection against discrimination and harassment.

Ensure Safe and Healthy Work Environments

We promote a work environment that prioritises the health and safety of employees, including adherence to safety standards and regulations.

Set Reasonable Working Hours and Conditions

We provide reasonable working hours, addressing overtime regulations and ensuring appropriate working conditions.

Prohibit Child and Forced Labour

We do not engage in any child or forced labour and ensure that our employment practices do not exploit children or staff.

At TMA, bonuses are awarded to employees who make significant contributions to the safety processes within the organisation. We also provide competitive compensation packages and a comprehensive benefits programme including health insurance, disability coverage, parental leave and contributions to the Employees Provident Fund (EPF) to attract and retain top talent.

Sustainability Statement

TURBO-MECH'S PERFORMANCE

From 2021 to 2023, all of our staff held permanent employment status. In FY2023, there were a total of five new hires equivalent to that of the previous year and six turnovers, a decrease of two from FY2022.

	2021	2022	2023
Number of New Hires by Gender			
Men	3	3	2
Women	2	2	3
Number of New Hires by Age			
<30	0	0	2
30-50	5	5	3
>50	0	0	0
Number of Turnovers by Employee Category			
Senior Management	0	1	0
Management	0	1	0
Executive	1	2	4
Non-Executive	3	4	2
Number of Turnovers by Gender			
Men	3	5	2
Women	1	3	4
Number of Turnovers by Age			
<30	0	1	2
30-50	3	6	4
>50	1	1	0

The Group empowers employees with learning opportunities as well as knowledge and skills which are instrumental in attaining our short- and long-term objectives. In FY2023, the Group provided employees with a total of 28 hours of training with an average of 7 hours of training per employee.

	2021	2022	2023
Total Training Hours Provided for each Employee Category			
Senior Management	42	0	8
Management	44	42	0
Executive	30	40	4
Non-Executive	64	11	16
Total	180	93	28
Average Training Hours Provided per Employee Category			
Senior Management	42.0	-	8.0
Management	44.0	21.0	-
Executive	5.0	40.0	4.0
Non-Executive	12.8	3.7	8.0
Average Training Hours per Gender			
Men	15.0	10.6	8.0
Women	30.0	40.0	4.0
Average Training Hours per Employee			
Average Training Hours per Employee	13.9	15.5	7

Additionally, we are pleased to report that from 2021 to 2023, the Group recorded zero incidents of human rights violations.

Sustainability Statement

DIVERSITY AND INCLUSION

Why is this Important?

Diversity within our workforce brings substantial value to the organisation by introducing a myriad of perspectives and enhanced capabilities. The Group ardently fosters a positive and inclusive environment, standing firm against any form of discrimination.

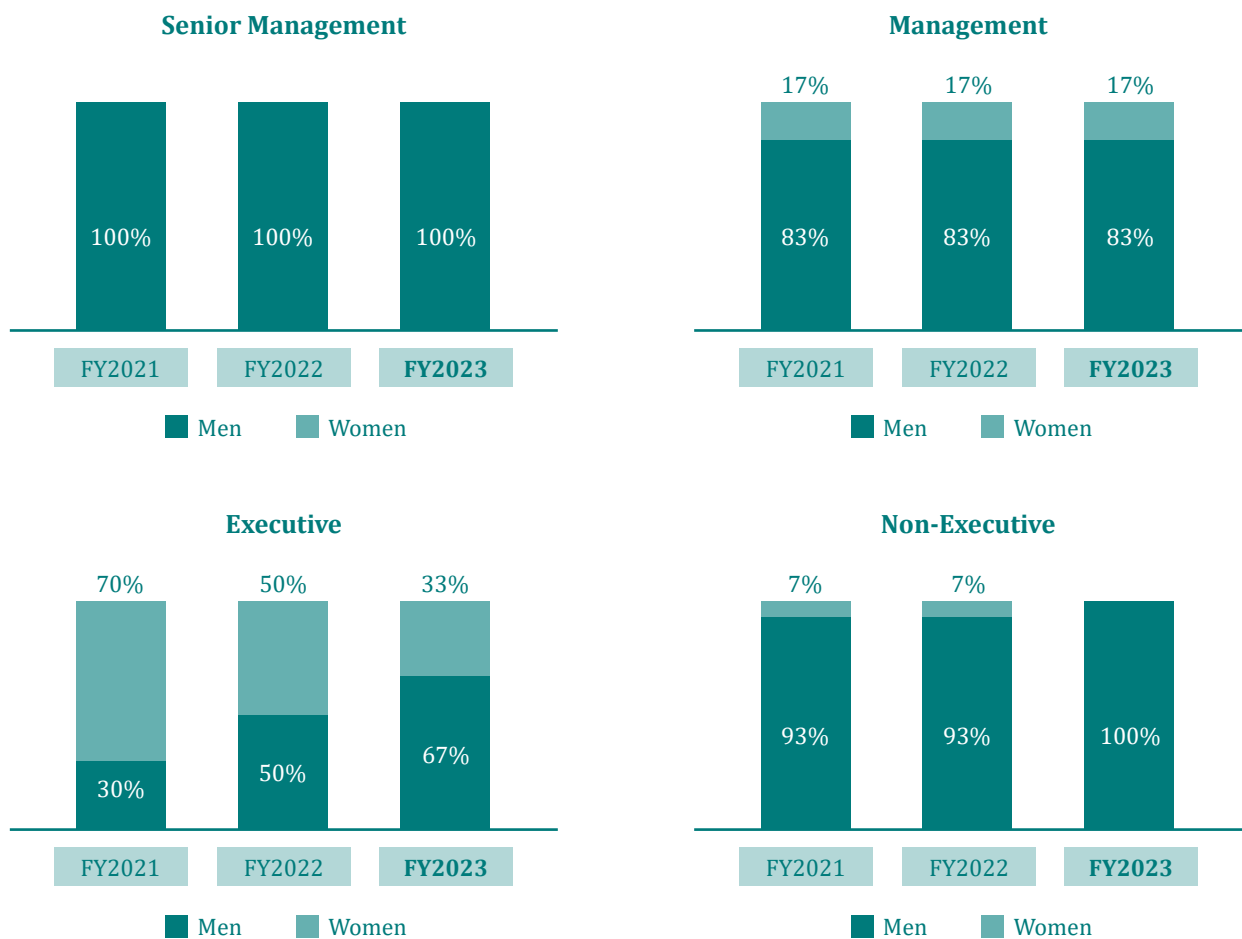
Turbo-Mech's Approach

Guided by our Diversity Policy, we are steadfast in cultivating a dynamic and mutually respectful workplace. In ensuring fairness in employment practices, our selection processes are grounded in merit and qualifications. Furthermore, we advocate diversity in recruitment and employ inclusive language options in job postings across a spectrum of channels.

Our workforce comprises a majority of men due to the labour-intensive nature of our operations which involves maintenance and repair activities. Nevertheless, the Group continues to extend equal employment opportunities to individuals irrespective of age, ethnicity, religion or gender.

Turbo-Mech's Performance

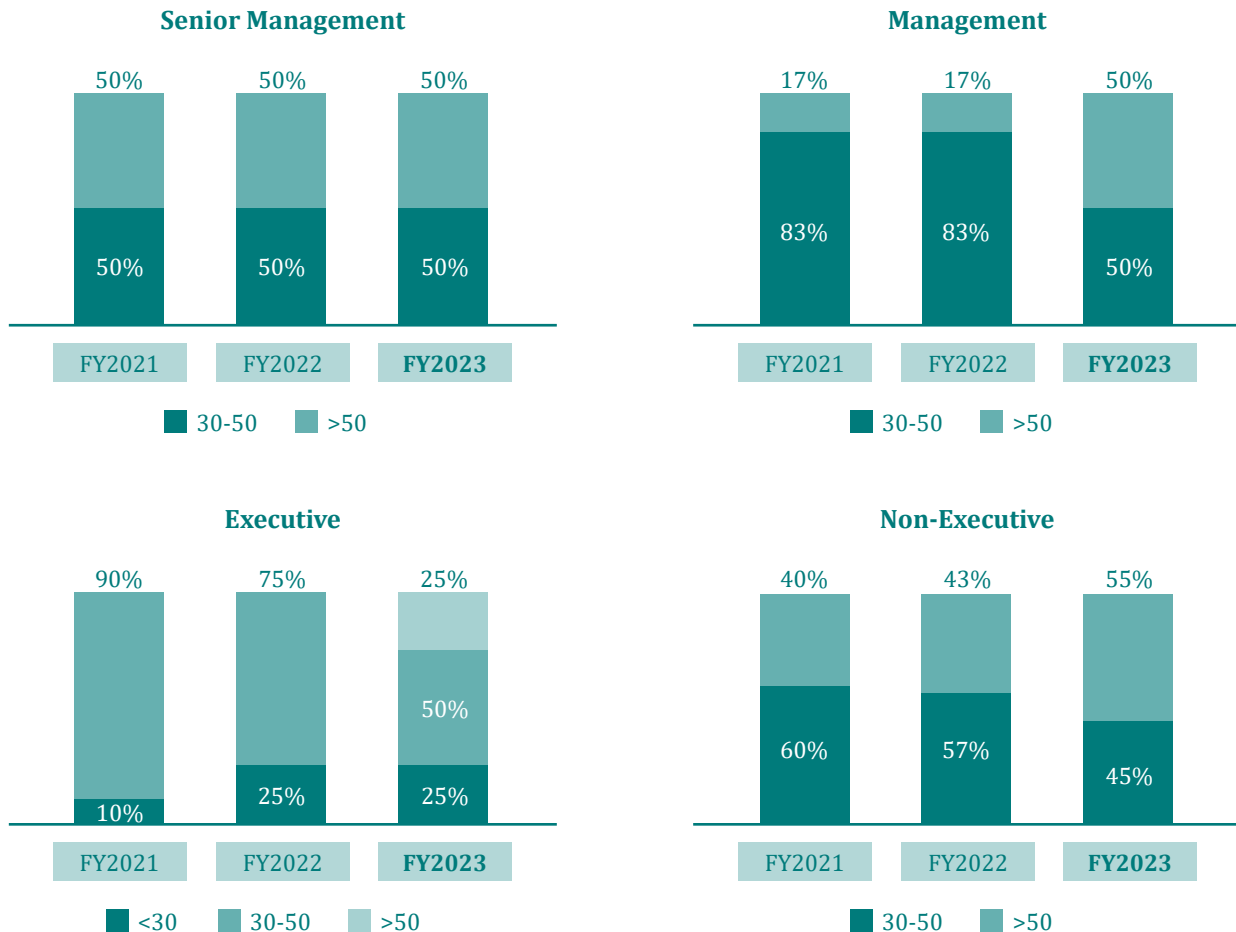
In FY2023, we had a total of 27 employees out of which 85% were men. The percentage of employees by gender are further broken down by employee category.



Sustainability Statement

DIVERSITY AND INCLUSION (CONT'D)

The majority of our workforce consisted of individuals between 30 to 50 years old in FY2023. This implies that the organisation benefits from a substantial contribution of extensive experience and expertise.



We support local employment as it not only requires shorter periods of acclimatisation but also facilitates broader access to local networks. In FY2023, 100% of our management and 50% of our senior management were local.

SUPPLY CHAIN MANAGEMENT

Why is this Important?

Our capacity to uphold seamless operational efficiency and cater to client needs and demands depend largely on our suppliers. Thus, we uphold the highest ethical standards in our procurement by cascading the implementation of our sustainability agenda across our value chain.

Turbo-Mech's Approach

Turbo-Mech conducts a thorough supplier assessment annually utilising a Supplier Evaluation Form, also requiring the ISO 9000 Quality Management System certification from our suppliers. We are cognisant of the shift towards sustainable business practices and target to incorporate ESG evaluation criteria enhancing our commitments to environmental and social stewardship throughout our supply chain.

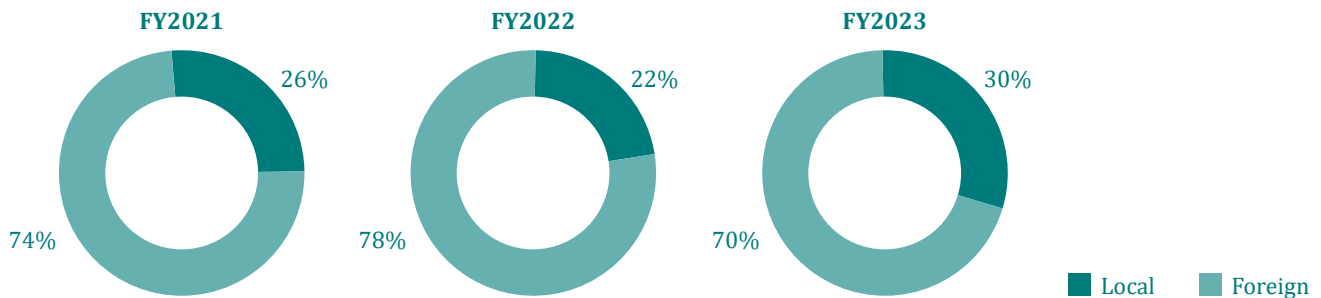
Sustainability Statement

SUPPLY CHAIN MANAGEMENT (CONT'D)

Turbo-Mech's Performance

Our expenditure on local suppliers remained relatively constant over the years. In FY2023, we procured 30% of our materials and services from local suppliers which reduces transportation-based emissions, ultimately contributing to the reduction of the Group's carbon footprint and boosting the local economy.

Expenditure on Local and Foreign Suppliers in the past three years



COMMUNITY ENGAGEMENT

Why is this Important?

By actively connecting with local communities, we aim to improve the overall quality of life for residents, especially those who are in need. In doing so, we uphold the principles of corporate social responsibility which enable our communities to thrive.

Turbo-Mech's Approach

In FY2023, we conducted community engagement programmes with United Overseas Bank ("UOB") and the Institute of Technical Education ("ITE").

UOB Global Heartbeat Run/Walk

This event was held to raise RM1,000,000 for charity organisations including HOPE Worldwide Malaysia, SOLS 24/7, World Vision Malaysia, Special Olympics Malaysia and Food Aid Foundation.

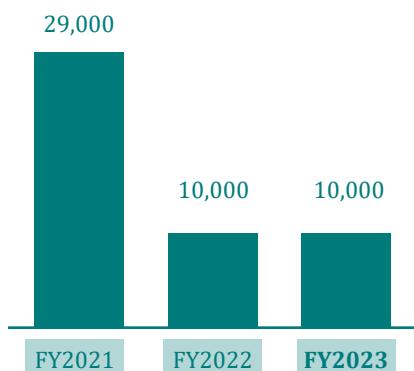
TMB donated RM10,000 to the programme in FY2023.

Workplace Learning System

In collaboration with ITE, we conducted a Student Internship Programme and the "Certified On-the-Job Training Centre" ("COJTC") Programme to develop a competent workforce. This attachment enhances institutional training, reinforces course learnings and provides students with hands-on experience, preparing them for post-graduation employment.

Turbo-Mech's Performance

Contributing to charity organisations enables us to make a positive impact on the people around us while demonstrating our dedication to societal well-being.

Contributions to Charity Programmes/
Organisations (RM)Number of
Beneficiaries
in FY2023

2 Organisations

Number of
Beneficiaries
in FY2022

1 Organisation



Close to 50 elderly people benefitted

Number of
Beneficiaries
in FY2021

1 Organisation



100 Ministry of Health personnel were provided with PPE

Sustainability Statement

ENVIRONMENTAL PROTECTION



Material Sustainability Matters

- ✓ Energy Management and Climate Change
- ✓ Water Consumption
- ✓ Waste Management



In the pursuit of a more sustainable future amidst rising environmental awareness, we wholeheartedly recognise our responsibility to preserve and protect the environment. Turbo-Mech continues our efforts to decarbonise our operations supporting the Paris Climate Agreement and Net Zero by 2050 targets.

STAKEHOLDERS CONCERNED



Investors

Regulatory Agencies &
Statutory Bodies

Communities

ENERGY MANAGEMENT AND CLIMATE CHANGE

Why is this Important?

Effective energy and climate risk management play pivotal roles in the global call to tackle climate change. We continuously engage in the exploration and integration of sustainable energy solutions, recognising the impact that our actions have on the environment, ecosystems and societies. In contribution to a cleaner and more resilient world, we do our part in protecting the planet.

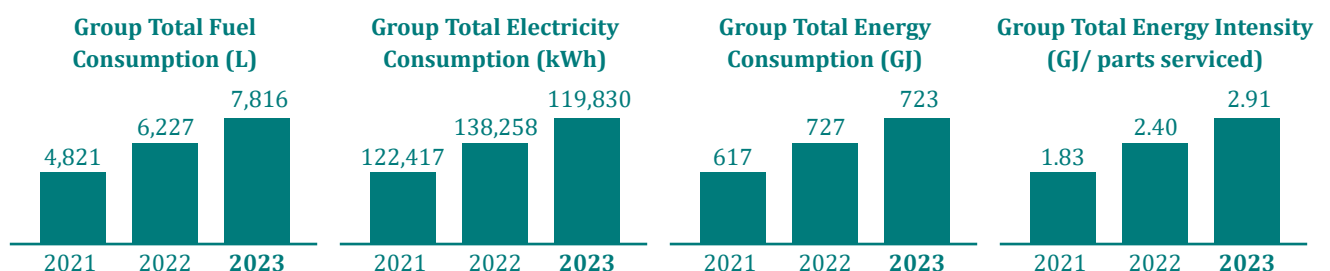
Turbo-Mech's Approach

At Turbo-Mech, conserving energy in the workplace involves encouraging employees to switch off lights and shut down equipment when not in use. We also substituted conventional lights with LED lights in our operations to promote energy efficiency. By 2030, we intend to install solar panels at TMA, aligning with Singapore's ambitious target of achieving at least 2 gigawatt-peak (GWp) of installed solar capacity by the same year.

Turbo-Mech's Performance

i. Energy Management

The main energy source for Turbo-Mech is electricity, primarily used during pump performance evaluations and mechanical running tests. In FY2023, our electricity consumption was recorded at 119,830 kWh, a 13% decrease from the previous year. The Group also utilises fuel for our delivery vehicles and this year, we recorded a 26% increase in fuel consumption from 2022. Our total energy consumption was recorded at 723 GJ in FY2023, while energy intensity increased by 21% from 2022. The heightened energy intensity can be attributed to the workshop's focus on conducting major overhauls and servicing larger components like turbines and gearboxes. These processes required significantly more energy compared to prior years where the emphasis was on servicing smaller parts.

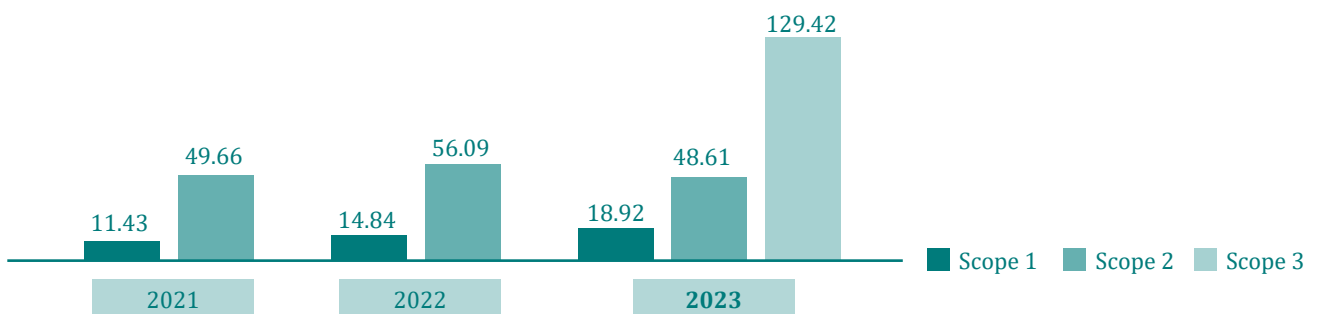


Sustainability Statement

ENERGY MANAGEMENT AND CLIMATE CHANGE (CONT'D)

ii. GHG Emissions

We monitor and track our GHG emissions to manage and reduce our operational emissions, in alignment with Bursa Malaysia's requirements and the TCFD recommendations. The Group's total GHG emissions comprise Scope 1¹, 2² and 3³ and was recorded at 197 tCO₂e in FY2023. The emissions increase from FY2022 was due to the inclusion of Scope 3 emissions recorded for the first time in FY2023.

Group Total GHG Emissions (tCO₂e)

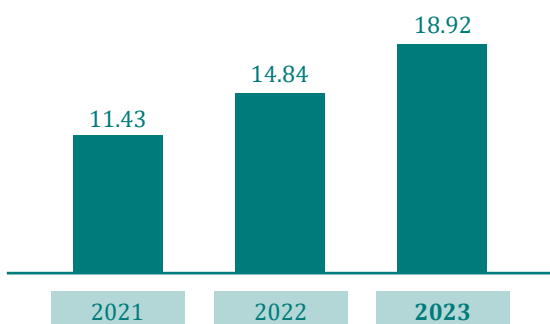
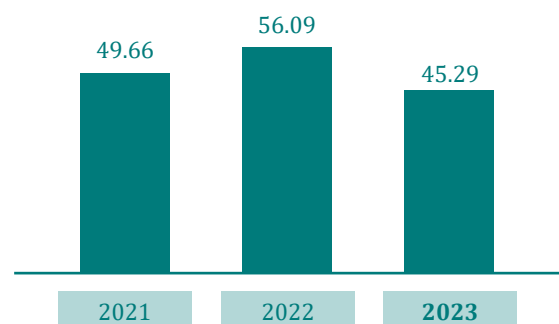
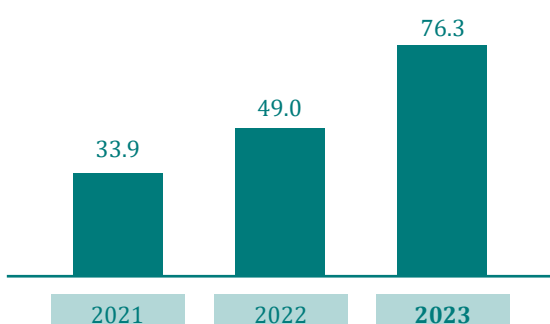
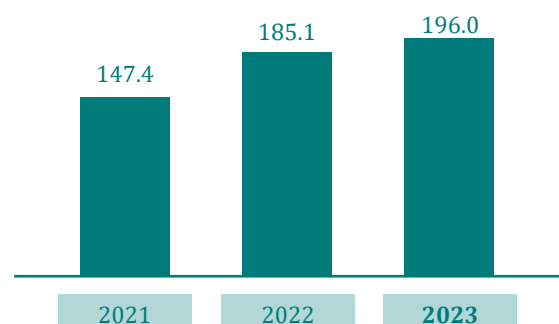
The Group's Scope 1⁴ emissions amounted to 19 tCO₂e this year, an increase of 28% from FY2022 while our Scope 2 emissions came up to 49 tCO₂e decreasing by 13% from FY2022. Our Scope 2 emissions, originating solely from TMA, was calculated based on the 2021 Energy Market Authority's emission factor for electricity generation in Singapore. The GHG emissions intensity recorded was 76 kgCO₂e per parts serviced for Scope 1 and 196 kgCO₂e per parts serviced for Scope 2.

¹ GHG emissions arising from the direct burning of carbon-based fuels such as diesel and petrol.

² GHG emissions resulting from the purchase of grid electricity.

³ GHG emissions associated with a company's activities but occur in the value chain outside of the company's direct control.

⁴ The calculation of Scope 1 emissions utilised factors from the UK Government GHG Conversion Factors for Company Reporting 2023.

Group Scope 1 Emissions (tCO₂e)Group Scope 2 Emissions (tCO₂e)Scope 1 GHG Emissions Intensity (kgCO₂e/ parts serviced)Scope 2 GHG Emissions Intensity (kgCO₂e/ parts serviced)

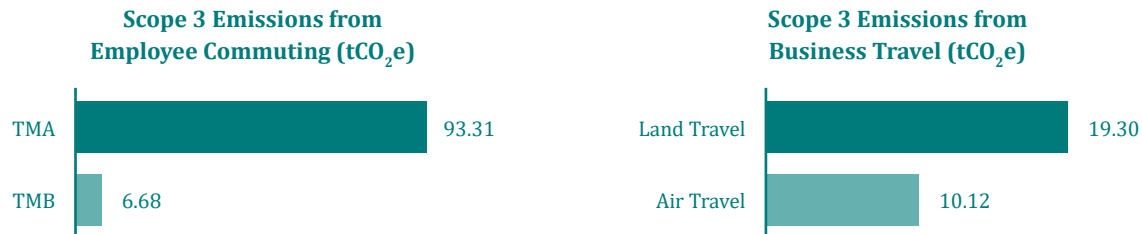
Note: The GHG Emissions intensity only accounts for Scope 1 and Scope 2 emissions.

Sustainability Statement

ENERGY MANAGEMENT AND CLIMATE CHANGE (CONT'D)

ii. GHG Emissions (Cont'd)

In FY2023, most of the Group's GHG emissions comprised of Scope 3 emissions, where our total Scope 3 emissions arising from employee commuting⁵ amounted to 100 tCO₂e and our total Scope 3 emissions from business travels⁶ was 29 tCO₂e.



⁵ The calculation of the Group's Scope 3 GHG emissions from employee commuting is based on the Greenhouse Gas Protocol: Technical Guidance for Calculating Scope 3 Emissions (version 1.0) under category 7 (Employee Commuting) using the fuel-based method for employees at TMB and the average-data method for employees at TMA.

⁶ The calculation of the Group's Scope 3 GHG emissions from business travels is based on the Greenhouse Gas Protocol: Technical Guidance for Calculating Scope 3 Emissions (version 1.0) under category 6 (Business Travel) using fuel-based method (for land travel) and distance-based method (for air travel).

WATER CONSUMPTION

Why is this Important?

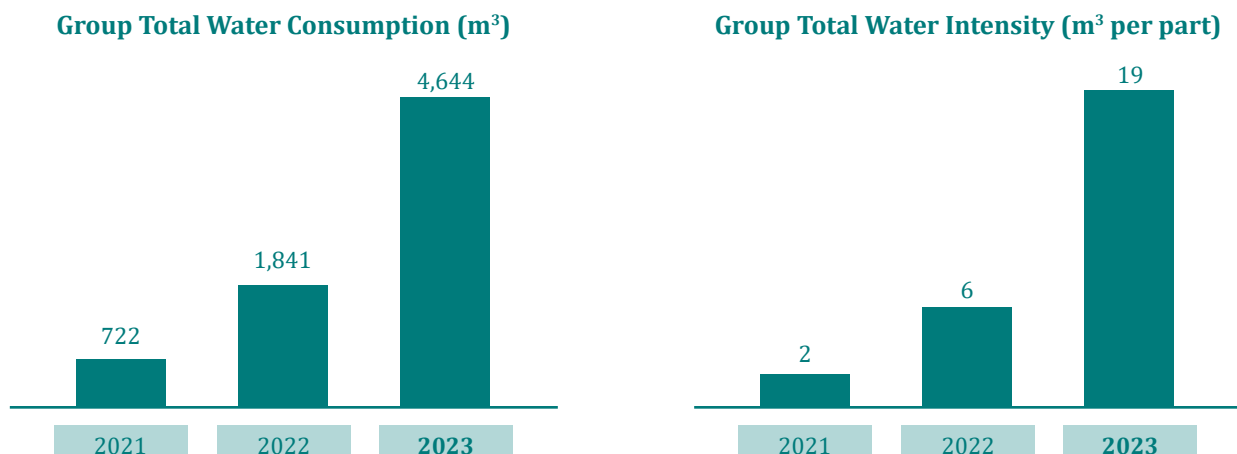
In response to challenges arising from water scarcity, the Singaporean government has implemented strict regulations and guidelines to manage water usage. As such, Turbo-Mech diligently monitors and manages our water consumption to ensure a sustainable and reliable water supply. We are exploring additional water conservation methods such as investing in water-efficient equipment in the upcoming years.

Turbo-Mech's Approach

Our operations rely on water usage, particularly for tasks such as high-pressure water cleaning, maintenance and cooling. We regularly inspect and maintain our workshops to detect and address any water leaks. This allows the Group to practise efficient water management and reduce our environmental impact.

Turbo-Mech's Performance

In FY2023, our water consumption was recorded at 4,644 m³ which is an increase of 2,803 m³ from FY2022. The water intensity recorded in FY2023 is 19 m³ per part, increasing by 13 m³ per part from the previous year. Similar to our energy management performance, the surge in water consumption and intensity can be attributed to the workshop's substantial overhaul and servicing of larger components such as turbines and gearboxes which necessitated a higher volume of water usage.



Sustainability Statement

WASTE MANAGEMENT

Why is this Important?

Turbo-Mech adheres to rigorous waste management practices, ensuring strict compliance with environmental regulations. Effective waste management prevents disruptions from accidents due to improper waste handling.

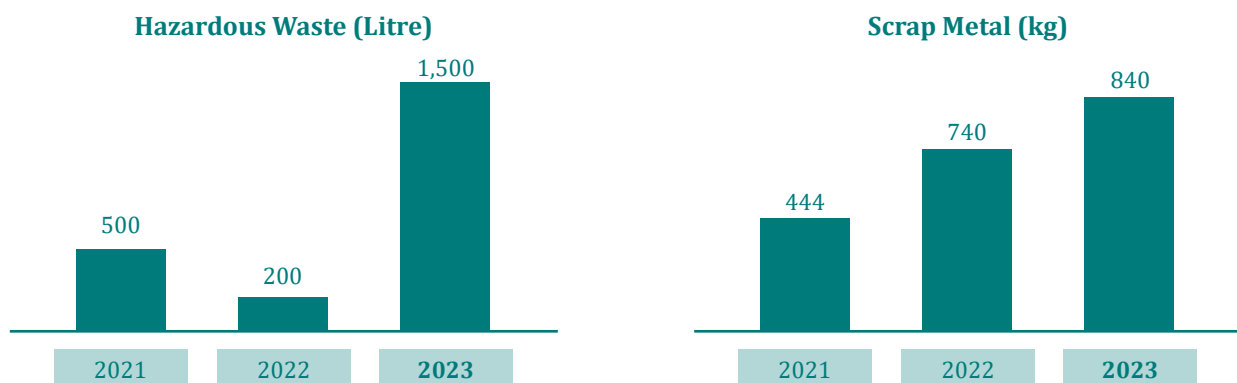
Turbo-Mech's Approach

The adoption of the Odoo ERP system enables a substantial reduction in paper usage by seamlessly integrating tasks like document creation, storage and communication into a digital framework.

Hazardous waste is produced during the overhaul and maintenance of rotating pump equipment. This hazardous waste generation is attributed to contaminated oil, a byproduct of the process involving the cleaning and replacement of lubrication oil. We ensure the secure storage and disposal of waste to prevent accidental releases of hazardous substances into the environment.

Turbo-Mech's Performance

Turbo-Mech generated 1,500 litres of oil waste in FY2023 an increase of 1,300 litres from the previous year, while our scrap metal waste increased by 14% this year. The workshop's extensive overhaul and servicing of larger components such as turbines and gearboxes resulted in the escalation of waste generation this year. The rise in scrap metal generation can be attributed to our workshop's increased assistance to clients in disposing of obsolete parts.



Note: Waste data encompasses TMA only.

EMBRACING A SUSTAINABLE FUTURE

Turbo-Mech holds on to our belief that sustainability is not just a corporate responsibility but a fundamental aspect of our identity. Looking forward, we embrace the prospect of contributing to a future characterised by economic well-being, social prosperity and environmental stewardship. In doing so, we lay the foundation for a sustainable legacy through our responsible operations, one that transcends business and has a positive impact on the world around us.

Sustainability Statement

PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2021	2022	2023
Corporate Governance and Anti-Corruption				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	100	0	0
Management	Percentage	100	0	0
Executive	Percentage	90	0	0
Non-Executive	Percentage	0	0	0
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100	100.00*	100
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	83	71.00*	67
Female	Percentage	17	29.00*	33
Under 30	Percentage	0	0	0
Between 30-50	Percentage	50	57.00*	67
Above 50	Percentage	50	43.00*	33
Data Privacy and Cybersecurity				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Occupational Health and Safety				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	3	0	0
Bursa C5(c) Number of employees trained on health and safety standards	Number	4	3*	4
Labour Practices and Standards				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	42	0	8
Management	Hours	44	42	0
Executive	Hours	30	40	4
Non-Executive	Hours	64	11*	16
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	100	100.00*	100
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	0	1*	0
Management	Number	0	1*	0
Executive	Number	1	2*	4
Non-Executive	Number	3	4*	2
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Diversity and Inclusion				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Management Under 30	Percentage	0	0	0
Senior Management Between 30-50	Percentage	50	50.00*	50
Senior Management Above 50	Percentage	50	50.00*	50

Sustainability Statement

PERFORMANCE DATA TABLE (CONT'D)

Indicator	Measurement Unit	2021	2022	2023
Management Under 30	Percentage	0	0	0
Management Between 30-50	Percentage	83	83.00*	50
Management Above 50	Percentage	17	17.00*	50
Executive Under 30	Percentage	10	25.00*	25
Executive Between 30-50	Percentage	90	75.00*	50
Executive Above 50	Percentage	0	0	25
Non-Executive Under 30	Percentage	0	0	0
Non-Executive Between 30-50	Percentage	60	57.00*	45
Non-Executive Above 50	Percentage	40	43.00*	55
Gender Group by Employee Category				
Senior Management Male	Percentage	100	100.00*	100
Senior Management Female	Percentage	0	0	0
Management Male	Percentage	83	83.00*	83
Management Female	Percentage	17	17.00*	17
Executive Male	Percentage	30	50.00*	67
Executive Female	Percentage	70	50.00*	33
Non-Executive Male	Percentage	93	93.00*	100
Non-Executive Female	Percentage	7	7.00*	0
Supply Chain Management				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	26	22.00*	30
Community Engagement				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	29000	10000	10000
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	100	49	2
Energy Management and Climate Change				
Bursa C4(a) Total energy consumption	Megawatt	171.53	201.92*	200.71
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	11.43	14.84*	18.92
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	49.66	56.09	49.29
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	-	129.41
Water Consumption				
Bursa C9(a) Total volume of water used	Megalitres	0.722	1.841000*	4.644
Waste Management				
Bursa C10(a) Total waste generated	Metric tonnes	0.88	0.92*	2.16
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	0.88	0.92*	2.16

Sustainability Statement

GRI CONTENT INDEX

GRI Standards	Disclosures	Location (Page)
GRI 2: General Disclosures 2021	2-1 Organisational details	16
	2-2 Entities included in the organisation's sustainability reporting	17
	2-3 Reporting period, frequency and contact point	17
	2-6 Activities, value chain and other business relationships	17
	2-7 Employees	33-35
	2-9 Governance structure and composition	20-21
	2-12 Role of the highest governance body in overseeing the management of impacts	20-21
	2-14 Role of the highest governance body in sustainability reporting	20-21
	2-16 Communication of critical concerns	27
	2-23 Policy commitments	20, 27
	2-24 Embedding policy commitments	20, 27
	2-25 Processes to remediate negative impacts	28
	2-26 Mechanisms for seeking advice and raising concerns	28
	2-27 Compliance with laws and regulations	28
	2-29 Approach to stakeholder engagement	22-23
GRI 3: Material Topics 2021	3-1 Process to determine material topics	24
	3-2 List of material topics	24
GRI 204: Procurement Practices 2016	3-3 Management of material topic	36
	204-1 Proportion of spending on local suppliers	36
GRI 205: Anti-corruption 2016	3-3 Management of material topic	27
	205-1 Operations assessed for risks related to corruption	28-29
	205-2 Communication and training about anti-corruption policies and procedures	28-29
	205-3 Confirmed incidents of corruption and actions taken	29
GRI 302: Energy 2016	3-3 Management of material topic	37
	302-1 Energy consumption within the organisation	37
GRI 303: Water and Effluents 2018	3-3 Management of material topic	39
	303-5 Water consumption	39
GRI 305: Emissions 2016	3-3 Management of material topic	38
	305-1 Direct (Scope 1) GHG emissions	38
	305-2 Energy indirect (Scope 2) GHG emissions	38
	305-4 GHG emissions intensity	39
GRI 306: Waste 2020	3-3 Management of material topic	40
	306-2 Management of significant waste-related impacts	40
	306-3 Waste generated	40
	306-4 Waste diverted from disposal	40
GRI 401: Employment 2016	3-3 Management of material topic	32
	401-1 New employee hires and employee turnover	33
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	32

Sustainability Statement

GRI CONTENT INDEX (CONT'D)

GRI Standards	Disclosures	Location (Page)
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topic	31
	403-1 Occupational health and safety management system	31
	403-5 Worker training on occupational health and safety	32
	403-8 Workers covered by an occupational health and safety management system	31-32
	403-9 Work-related injuries	32
	403-10 Work-related ill health	32
GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topic	34
	405-1 Diversity of governance bodies and employees	34-35
GRI 406: Non-discrimination 2016	3-3 Management of material topic	34
	406-1 Incidents of discrimination and corrective actions taken	34
GRI 409: Forced or Compulsory Labor 2016	3-3 Management of material topic	32
GRI 413: Local Communities 2016	3-3 Management of material topic	36
	413-1 Operations with local community engagement, impact assessments, and development programmes	36

TCFD CONTENT INDEX

TCFD Recommendation	References / Location
Governance	Sustainability Statement FY2023, page 26
Strategy	Sustainability Statement FY2023, page 26
Risk Management	Sustainability Statement FY2023, page 26
Metrics and Targets	Sustainability Statement FY2023, page 26

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors ("Board") of Turbo-Mech Berhad ("Turbo" or the "Company") and its subsidiaries (hereinafter referred to as the "Group") recognises the importance of the application of the Malaysian Code on Corporate Governance ("MCCG"), effective stewardship and strong corporate values that contribute to the success of the Group. The Company is headed by an effective Board that is collectively responsible for its long-term success and ensure that it operates effectively and efficiently and remains committed to maintaining strong momentum in pursuit of excellence in the way the Company is governed.

This Corporate Governance Overview Statement ("Statement") provides a summary of the Company's corporate governance practices during the financial year under review, guided by the following three (3) principles and practices to the extent of compliance with the recommendations of good corporate governance as set out in the MCCG and Corporate Governance Guide (4th Edition):-

Board Leadership & Effectiveness	Effective Audit & Risk Management	Integrity in Corporate Reporting & Meaningful Relationship with Stakeholders
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This Statement is to be read together with the Corporate Governance Report ("CG Report"), which is prepared based on a prescribed format as outlined in Paragraph 15.25(2) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The CG Report, which provides details on how the Company has applied each Practice as set out in the MCCG during the financial year under review, is made available on the Company's website at <https://turbomech.com.my/investor-corporate-governance.php> as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1. Clear roles and responsibilities

The Board is accountable and responsible for the overall performance and affairs of the Group by overseeing and appraising the Group's strategies, policies and performance.

The Board assumes, amongst others, the following duties and responsibilities:-

- Review and adopt a strategic plan for the Group, addressing the sustainability of the Group's business;
- Oversee the conduct of the Group's business;
- Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures;
- Succession planning for senior management;
- Oversee the development and implementation of a shareholder communication policy for the Group; and
- Review the adequacy and the integrity of the management information and risk management and internal controls system of the Group.

The Board is collectively responsible for creating and delivering long-term sustainable value for the business while being guided by the Board Charter and the Standard Operating Procedures on Authority Limit. The Board Charter serves as a reference point for Board's activities and promotes good corporate governance. The Board reviews its Board Charter once in every two (2) years and updates the Board Charter to ensure it complies with legislations and best practices and remains relevant and effective in light of the Board's objectives. The Board Charter is made available on the Company's website at www.turbomech.com.my.

The Directors are to devote sufficient time and effort to carry out their responsibilities. It is also the Board's policy for Directors to notify the Chairman before accepting any new directorships notwithstanding that the MMLR allow a Director to sit on the board of five (5) listed issuers.

The Board is mindful of its role to establish a corporate culture which inculcates ethical conduct that permeates throughout the Group. Accordingly, the Board had formalised a Code of Conduct for Directors and Employees. The Board has also established Whistleblowing Policy to foster an ethical culture throughout the Company and allow legitimate ethical concerns to be raised in confidential without the risk of reprisal. The Code of Conduct and Whistleblowing Policy are reviewed periodically by the Board. These policies are also available on the Company's website at www.turbomech.com.my.

Corporate Governance Overview Statement

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

I. Board Responsibilities (contd.)

1. Clear roles and responsibilities (contd.)

In compliance with the amendment of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and guided by the principles of the Ministerial Guidelines and Paragraph 15.29 of the MMLR of Bursa Securities in relation to anti-bribery, the Board had adopted an Anti-Bribery Management System Policy ("ABMS Policy") as a guidance to all employees of the Group relating to specific acts of bribery and corruption and also the related matters such as proper reporting and accountabilities to achieve and maintain the highest standard of integrity and work ethics in the conduct of its business and operations. The ABMS Policy is available on the Company's website at www.turbomech.com.my.

2. Separation of positions of the Chairman and Chief Executive Officer

There is a clear division of responsibilities between the Chairman and Chief Executive Officer cum Executive Director for ensuring there is a balance of power and authority in the Company. The Chairman is responsible for the effective functioning of the Board and implementation of the Board's policies and decisions. Whilst, the Chief Executive Officer cum Executive Director is responsible for managing the day-to-day business operations of the Group with powers, discretions and delegations authorised from time to time by the Board.

The separation of the roles of the Chairman and Chief Executive Officer ensures a balance of power and authority such that considerable concentration of power does not lie with any one (1) individual. The details of the responsibilities of the Chairman and Chief Executive Officer are clearly set out in the Board Charter.

3. Supply of and Access to Information

All Directors have full and unrestricted access to all information pertaining to the Group's businesses and affairs in a timely manner to enable them to discharge their duties effectively.

The Board meets on a scheduled basis, at least four (4) times a year to oversee and monitor the development of the Group. Additional meetings will be held on ad-hoc basis to deliberate on matters requiring its immediate attention. All information with regards to the agenda and Board papers are circulated seven (7) days prior to the meetings to give Directors sufficient time to deliberate on issues to be raised at the Board meetings.

4. Sustainability Management

The Board together with the Management acknowledge their responsibility for promoting sustainability in areas covering health, safety and environment as well as social and governance. Further information on the Company's approach towards sustainability is provided in the Sustainability Statement on page 16 to page 44 of this Annual Report.

5. Supported by Competent Company Secretaries

The Board is supported by qualified, competent and capable Company Secretaries. The Directors have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively.

The Board is also regularly updated and kept informed of the latest developments in the legislation and regulatory framework affecting the Group and are advised on the proposed contents and timing of material announcements to be made to regulatory authorities.

The Company Secretaries attended all Board and Board Committee meetings and are responsible for ensuring the meeting procedures are followed including disseminating complete and accurate meeting materials in a timely manner to allow Board members to have sufficient time to review the relevant documents prior to meetings. The Company Secretaries also facilitate the communication of key decisions and policies between the Board, Board Committees and Management.

The information of the Company Secretaries' qualification can be found in Corporate Information of this Annual Report.

Corporate Governance Overview Statement

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

II. Board Composition

1. Board Composition and Balance

The strength of the Board lies in the composition of its members. The current members of the Board have a wide range of expertise, extensive experience and come from diverse backgrounds. The Board currently comprises two (2) Executive Directors (including the Executive Chairman and Chief Executive Officer cum Executive Director), two (2) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors.

The composition of the Board complies with Paragraph 15.02(1) of the MMLR. The Board is therefore of the opinion that the interests of shareholders of the Company are fairly represented through the current composition of the Board and its size constitutes an effective Board to the Company. The wide spectrum of knowledge, skills and experience of the Board members strengthen the leadership which is necessary for the stewardship of the Group. The profiles of each Director are presented on page 8 to page 10 of this Annual Report.

Although the Board does not comprise at least 50% of Independent Directors as recommended in the MCGG, the Independent Directors together with the Chairperson of Audit Committee and Chairman of Nomination Committee who are both Independent Non-Executive Directors are able to exercise strong independent judgement and provide independent views and advice to all Board deliberations.

The presence of Independent Non-Executive Directors also safeguards the interest of the stakeholders in ensuring that the highest standard of conduct and integrity are maintained. Their role is to ensure that any decision of the Board is deliberated fully and objectively with regards to the long term interest of all stakeholders.

During the financial year under review, the Board via the Nomination Committee assessed the independence of its Independent Non-Executive Directors and reaffirmed their independence in accordance with the criteria of Independent Non-Executive Directors as provided in the MMLR of Bursa Securities.

The Board is aware that the tenure of an independent director should not exceed a cumulative term of nine (9) years as recommended in the MCGG and twelve (12) years as mandated under MMLR. An independent director may continue to serve the Board if the independent director is re-designated as a non-independent non-executive director upon completion of nine (9) years tenure. If the Board intends to retain the Director as independent director after the Director has served a cumulative term of nine (9) years, the Board must justify the decision and seeks shareholders' approval at general meeting through a two-tier voting process as prescribed under the MCGG. An independent director who has served for a cumulative term of more than twelve (12) years must resign or be re-designated as a non-independent director pursuant to the MMLR.

The Board recognises the importance of having a Senior Independent Non-Executive Director to serve as a sounding board for the Chair and as an effective conduit for other Independent Directors to voice their concern. Hence, the Board has identified Mr Gordon Yong Lin Fook as Senior Independent Non-Executive Director of the Company.

The appointment of any additional Director is made as and when it is deemed necessary by the existing Board upon recommendation from the Nomination Committee with due consideration given to the mix of expertise, experience, character, integrity and knowledge required for an effective Board.

Following the amendments made to the MMLR of Bursa Malaysia, the Board has adopted a Directors' Fit and Proper Policy which sets out the approach, guidelines and procedures to ensure that a formal, rigorous and transparent process is adhered to for the appointment, re-appointment and/or re-election of the Directors of the Group. The said policy is available on the Company's corporate website.

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to re-election by the shareholders at the next AGM subsequent to their appointment. At least one third (1/3) of the Directors are required to retire from office by rotation annually and subject to re-election at each AGM. All Directors shall retire from office at least once every three (3) years, but shall be eligible for re-election.

At the forthcoming 15th AGM, Mr Gan Kok Ten and Ms Chan Bee Eie shall retire from office and eligible for re-election pursuant to the Constitution of the Company. Their profiles are set out in the section on Directors' Profile of this Annual Report.

Corporate Governance Overview Statement

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

II. Board Composition (contd.)

2. Directors' Commitment

The Board endeavours to meet at least four (4) times a year, at quarterly intervals which are scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company as all the Directors had attended all the Board meetings held during the financial year under review. Additional meetings are convened where necessary to deal with urgent and important matters that require immediate attention and approval of the Board.

All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries.

The Board met four (4) times during the financial year under review. Details of the Board members' attendance at the Board meetings for the financial year under review are as follows:-

Director	Designation	Attendance				Attendance	Percentage (%)
		27 th Feb	22 nd May	21 st Aug	20 th Nov		
Gan Kok Ten	Executive Chairman/ Chief Financial Officer	√	√	√	√	4/4	100
Nasruddin bin Mohamed Ali	Executive Director and Chief Executive Officer	√	√	√	√	4/4	100
Nurul Ain binti Khirul Ashar	Independent Non-Executive Director	√	√	√	√	4/4	100
Gordon Yong Lin Fook	Senior Independent Non-Executive Director	√	√	√	√	4/4	100
Chan Bee Eie	Non-Independent Non-Executive Director	√	√	√	√	4/4	100
Omar bin Mohamed Said	Non-Independent Non-Executive Director	√	√	-	√	3/4	75

* Mr Tam Juat Hong retired at the conclusion of the Fourteenth AGM held on 22 May 2023. He attended all two (2) Board meetings held during his tenure of office.

Aside from Board Meetings, any businesses or urgent matters may also be decided via a directors' resolution in writing to ease the decision-making process.

3. Board Committees

In order to ensure that the Board responsibilities are effectively discharged, the Board delegates certain functions to the following Board Committees to support and assist in discharging fiduciary duties and responsibilities:-



The respective Board Committees with responsibilities guided by the respective terms of references which are periodically reviewed by the Board and the Board appoints the Chairman and members of each Committee.

Corporate Governance Overview Statement

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

II. Board Composition (contd.)

3. Board Committees (contd.)

In line with Practice 1.4 of the MCCG, the Chairman of the Board, namely Mr Gan Kok Ten is not a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Each of the Chairmen of the Board Committees reports to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

a. Audit Committee

The details of the Audit Committee are set out in Audit Committee Report on page 61 to page 64 of this Annual Report.

b. Nomination Committee

The Nomination Committee currently consists of three (3) members, the majority of whom are Independent Non-Executive Directors as follows:-

Name of Members	Designation
Gordon Yong Lin Fooi	Chairman, Senior Independent Non-Executive Director
Chan Bee Eie	Non-Independent Non-Executive Director
Nurul Ain binti Khirul Ashar	Independent Non-Executive Director

Notes:-

- Puan Nurul Ain binti Khirul Ashar did not attend any Nomination Committee meeting held in the financial year ended 31 December 2023 as there was no meeting held subsequent to her appointment as a member of Nomination Committee on 23 May 2023.*
- Mr Tam Juat Hong retired on 22 May 2023. He attended one (1) meeting held during his tenure of office.*

The committee met once during the financial year under review.

The authorities, functions and responsibilities of the Nomination Committee are set out in its terms of reference, which is available on the Company's website at www.turbomech.com.my.

The main objective of the Nomination Committee is to assist the Board on the nomination of Directors based on skills and experience, assessing the effectiveness and continually seek ways to upgrade the effectiveness of the Board as a whole and the Committees of the Board. It also assesses the contribution of each Director, Executive or Independent Non-Executive Director. In evaluating candidates for directorship, the Nomination Committee will consider based on the following criteria:-

- Mix of skills, experience and diversity;
- Character, integrity, knowledge and expertise; and
- In the case of independent directors, their abilities to discharge their responsibilities and functions. The independent directors who have served the Company for an aggregate of more than nine (9) years will submit themselves for retention with justifications at every annual general meeting.

The Board does not specify any gender policy in its evaluation of candidacy as the focus is on skills, experience, character, knowledge, time commitment and integrity. However, the evaluation will be reviewed and revised from time to time to meet the needs of the Company.

Corporate Governance Overview Statement

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

II. Board Composition (contd.)

3. Board Committees (contd.)

c. Remuneration Committee

The Remuneration Committee currently consists of three (3) members, the majority of whom are Non-Executive Directors as follows:-

Name of Members	Designation
Chan Bee Eie	Chairperson, Non-Independent Non-Executive Director
Omar bin Mohamed Said	Non-Independent Non-Executive Director
Gordon Yong Lin Fooi	Senior Independent Non-Executive Director

The Remuneration Committee met once during the financial year under review.

The Remuneration Committee is responsible for reviewing, considering and recommending the following matters to the Board for its approval:-

- (i) The framework of Executive Directors' remuneration and the remuneration package for each Executive Director drawing from outside advice as necessary;
- (ii) Any performance related pay schemes for Executive Directors;
- (iii) Executive Directors' scope of service contracts; and
- (iv) Appointment of the service of such advisers or consultants as it deems necessary to fulfill its functions.

The Remuneration Committee met once during the financial year under review to discuss and review the reward scheme, remuneration package for Executive Directors and directors' fees for Non-Executive Directors.

d. Risk Management Committee

The Risk Management Committee consists of four (4) members as follows:-

Name of Members	Designation
Gan Kok Ten (Chairman)	Executive Chairman/Chief Financial Officer
Nasaruddin bin Mohamed Ali	Executive Director/Chief Executive Officer
Omar bin Mohamed Said	Non-Independent Non-Executive Director
Nurul Ain binti Khirul Ashar	Independent Non-Executive Director

Note:-

- i. Mr Tam Juat Hong retired on 22 May 2023. There was no meeting held during his tenure of office.

The Committee met once during the year under review.

Corporate Governance Overview Statement

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

II. Board Composition (contd.)

3. Board Committees (contd.)

d. Risk Management Committee (contd.)

The responsibilities of the Risk Management Committee are as follows:-

- (i) Review the effectiveness of the Group's risk management activities;
- (ii) Ensure the implementation of the objectives outlined in the Risk Management Policy and compliance with them;
- (iii) Evaluate the process of the Group has in place for assessing and continuously improving internal controls and systems, particularly those related to areas of significant business risk;
- (iv) Review the effectiveness of the Group's risk management activities;
- (v) Ensure the implementation of the objectives outlined in the Risk Management Policy and compliance with them;
- (vi) Evaluate the process of the Group has in place for assessing and continuously improving internal controls and systems, particularly those related to areas of significant business risk;
- (vii) Review risk management reports particularly the significant risk observations and risk response and ensure that appropriate action plan is in place to mitigate the risk;
- (viii) Report to the Board any significant risk observations that warrants the Board's attention;
- (ix) Report and update the Board on key risk management issues as well as ad hoc reporting and evaluation on investment proposals;
- (x) Review the adequacy and effectiveness of risk management, internal control and governance systems put in place in the Group, including information technology security and control and to evaluate the systems with the internal and external auditors;
- (xi) Work with Management and Internal Auditors in the preparation of the Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report and to recommend the same for the approvals of the Board;
- (xii) Consider the appointment of the service of such advisers or consultants as it deems necessary to fulfil its functions; and
- (xiii) All other matters delegated by the Board.

The Risk Management Committee reviewed, evaluated and monitored the Group's risk management activities via the risk assessment report prepared by the Internal Auditors.

Corporate Governance Overview Statement

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

II. Board Composition (contd.)

4. Continuing Education and Development

In addition to the Mandatory Accreditation Programme as required by Bursa Securities, the Nomination Committee and Directors will continue to identify and attend appropriate seminars, conferences and courses to keep abreast of changes in market, legislations and regulations affecting the Group. The Directors are also committed to continue to undergo other relevant training programmes and seminars whether in-house or external to keep abreast with the developments of the business environment and further enhance their skills and knowledge in discharging their responsibilities.

The Board through the Nomination Committee had conducted an assessment of each Director's training needs via its board evaluation assessment.

During the financial year ended 31 December 2023, the Directors have attended various training programmes and seminars to keep abreast of changes in law, regulations, the business environment, risk management practices, general economic and industry developments. The training programmes and seminars attended by the Directors are set out in the following:-

No.	Title
1	Bursa Malaysia's enhanced sustainability reporting requirements
2	Finance Analytics in Decision Making
2	MAP II: Leading for Impact
4	Malaysia's Corporate Taxes and Incentives Updates
5	Bursa Malaysia's enhanced sustainability reporting requirements
6	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers
7	Bursa Malaysia Mandatory Accreditation Programme (MAP)
8	15th ACCA Asia Pacific Thought Leadership Forum: Global Talent Trends in Finance
9	Bursa Sustainability Reporting Requirements for Listed Companies
10	Management of Cyber Risk
11	Confidence in sustainability reporting

The Company Secretaries circulated the relevant guidelines on statutory and regulatory requirements from time to time and update the Board on the same at Board meetings. The External Auditors also briefed the Board members on any current and future changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

5. Board Assessment and Annual Evaluation

The Nomination Committee reviews annually the required mix of skills and experience of Directors; effectiveness of the Board as a whole; succession plans and boardroom diversity, including gender, age, ethnicity, diversity; training courses for Directors and other qualities of the Board, including core-competencies which Non-Executive Directors should bring to the Board.

The evaluation of the suitability of candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. The assessment and comments by Directors are summarised in a questionnaire regarding the effectiveness of the Board and its Board Committees and discussed at the Nomination Committee meeting and reported at the Board Meeting by the Nomination Committee Chairman.

Corporate Governance Overview Statement

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

II. Board Composition (contd.)

5. Board Assessment and Annual Evaluation (contd.)

During the financial year, the Nomination Committee has undertaken the following key activities:-

- Reviewed and assessed the mix of skills and experience and size of the Board, contribution of each Director and effectiveness of the Board and Board Committees;
- Reviewed and assessed the character, experience, integrity and competence of the Board and the Chief Executive Officer and Chief Financial Officer to ensure they have the time to discharge their respective roles;
- Assessed the overall Board and the Board Committees' performance and effectiveness as a whole in addressing the Company's material sustainability risks and opportunities;
- Reviewed and assessed the independence of Independent Directors and their tenure of service;
- Assessed Directors' training needs to ensure all Directors receive appropriate continuous training programmes; and
- Reviewed and assessed the term of office and performance of the Audit Committee and each of its members.
- Determined and Recommended the re-election of Directors under retirement by rotation at Annual General Meeting through application of the criteria established in the Directors' Fit and Proper Policy of the Company.
- Reviewed, assessed and recommended the appointment of an additional Director of the Company.

To facilitate the Board annual evaluation, a set of questionnaires was carried out on self assessment basis which assessed the effectiveness of the Board as a whole, Board Committees, Chairman and individual Directors. The results of the assessment were tabled to the Nomination Committee for review and comments which were subsequently briefed the Board. All assessments and evaluations carried out were properly documented. For the year under review, the questionnaires were revised to reflect the latest corporate governance requirements. The Nomination Committee had on 27 February 2024 evaluated the performance of the Board as a whole and its Board Committees for the period from 1 January 2023 to 31 December 2023.

In its assessment, it was concluded that the Board's size is conducive for effective discussion and decision-making and the Board is satisfied that it has an appropriate balance of expertise, skills, and attributes among the Directors including relevant core competencies.

The Board has established a formal policy on diversity of the Group by taking consideration on a range of different skills, age, gender, ethnicity, backgrounds and experience represented amongst its Directors, officers and staff as the Board is aware that it is important in ensuring robust decision-making processes with a diversity of viewpoints and the effective governance of the Company.

The Board acknowledges the benefits of having participation of women on the Board in terms of providing different perspectives and insights for effective decision making and targets to ensure that there is women representation on the Board. Currently, the Board has two (2) female Directors, namely Chan Bee Eie and Nurul Ain binti Khirul Ashar.

III. Remuneration

Board Remuneration

The Directors' remuneration is reviewed from time to time and is determined at levels which enable the Group to attract and retain caliber Directors with the relevant experience and expertise needed to manage the Group effectively. The Executive Directors are to be appropriately rewarded giving due regard to the corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned.

The remuneration and benefits payable to Directors are subject to shareholders' approval at the AGM.

Corporate Governance Overview Statement

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

iii. Remuneration (contd.)

Details of Directors' remuneration (both the Company and the Group) who served during the financial year ended 31 December 2023 are as follows:-

The Group

Category	Remuneration					
	Fees (RM)	Salary (RM)	Bonus (RM)	Benefits-in-kind (RM)	Emoluments (RM)	Total (RM)
Executive Directors						
Gan Kok Ten	-	300,597	22,838	46,220	-	369,655
Nasaruddin bin Mohamed Ali	22,000	-	-	-	-	22,000
Non-Executive Directors						
Tam Juat Hong (Retired on 22 May 2023)	11,000	-	-	-	5,000	16,000
Gordon Yong Lin Fooi	20,000	-	-	-	10,000	30,000
Omar bin Mohamed Said	20,000	-	-	-	5,000	25,000
Chan Bee Eie	20,000	-	-	-	10,000	30,000
Nurul Ain binti Khirul Ashar	22,000	-	-	-	9,000	31,000
Total	115,000	300,597	22,838	46,220	39,000	523,655

The Company

Category	Remuneration					
	Fees (RM)	Salary (RM)	Bonus (RM)	Benefits-in-kind (RM)	Emoluments (RM)	Total (RM)
Executive Directors						
Gan Kok Ten	-	-	-	-	-	-
Nasaruddin bin Mohamed Ali	22,000	-	-	-	-	22,000
Non-Executive Directors						
Tam Juat Hong (Retired on 22 May 2023)	11,000	-	-	-	5,000	16,000
Gordon Yong Lin Fooi	20,000	-	-	-	10,000	30,000
Omar bin Mohamed Said	20,000	-	-	-	5,000	25,000
Chan Bee Eie	20,000	-	-	-	10,000	30,000
Nurul Ain binti Khirul Ashar	22,000	-	-	-	9,000	31,000
Total	115,000	-	-	-	39,000	154,000

Corporate Governance Overview Statement

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee comprises all non-executive directors and majority of its members are independent directors, and all of them are financial literate and have sufficient understanding of the Group's business. The Audit Committee is led by Puan Nurul Ain binti Khirul Ashar who is a member of the Association of Chartered Certified Accountants to assist the Board in its oversight of the Company's financial reporting and in fulfilling its fiduciary responsibilities. The Audit Committee therefore meets the requirements of Paragraph 15.09(1)(b) and (c) of the MMLR.

The composition of Audit Committee, including its roles and responsibilities, number of meetings and attendance of Audit Committee, summary of Audit Committee activities and Internal Auditors' activities during the financial year under review were set out in the Audit Committee Report on page 61 to page 64 of this Annual Report.

The Chairperson of the Audit Committee is not the Chairman of the Board, ensuring that the impairment of objectivity on the Board's review of the Audit Committee's findings and recommendation remains intact.

The Audit Committee's terms of reference set out its goals, objectives, duties, responsibilities and criteria on the composition of the Audit Committee which includes a former key audit partner of the Group to observe a cooling-off period of at least three (3) years as prescribed under the MMLR before being able to be appointed as a member of the Audit Committee.

The Board maintains a transparent and professional relationship with the external and internal auditors through the Audit Committee's discussion with them pertaining to their audit plans, audit findings and financial statements. The Audit Committee invites the external auditors at least twice a year to discuss their findings and audited financial statements of the Group. The Audit Committee also met with the External Auditors, Ernst & Young PLT twice during the financial year ended 31 December 2023 without the presence of the Executive Directors and Management.

The Board upholds the integrity of financial reporting by the Company and has established procedures, via the Audit Committee, in assessing the suitability and independence of the External Auditors. Such procedures entail the provision of written assurance by the External Auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants. The Board has determined that the provision of non-audit services contracts which cannot be entered into with the external auditors include management consulting, policy and standard operating procedures documentation, strategic decision and internal audit.

The Audit Committee carried out an assessment of the performance and suitability of the External Auditors based on the quality of services, sufficiency of resources, adequacy of resources and trained professional staff assigned to the audit. The Audit Committee generally satisfied with the independence, performance and suitability of the External Auditors based on the assessment and recommended to the Board and subsequently proposed to shareholders for approval for the re-appointment of Ernst & Young PLT as External Auditors of the Company for the financial year ending 31 December 2024.

II. Risk Management and Internal Control Framework

The Board has established a Risk Management Committee to oversee and outlines the Company's risk management framework and policies.

The Board acknowledges the importance of maintaining a sound system of risk management and internal control to safeguard and enhance the value of the Company's shareholders and affirms its overall responsibility for the Group's risk management, and for reviewing the adequacy and integrity of the Group's risk management framework which encompasses all subsidiaries of the Group. The Board has established an internal audit function that reports directly to the Audit Committee. This internal audit function is outsourced to an independent professional firm, GovernanceAdvisory.com Sdn. Bhd.. The functions of the internal auditors are to ensure that adequate system of internal controls exist to assist the management to address operational, regulatory and financial risks.

Further information can be found in the Statement on Risk Management and Internal Control on page 57 to page 60 of this Annual Report.

Corporate Governance Overview Statement

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

I. Communication with Stakeholders

The Board as a whole takes responsibility for ensuring dialogue with all key stakeholder groups.

With respect to shareholders, the Board takes responsibility for ensuring that satisfactory dialogue takes place. As such, the Board is committed to disseminate all important information on the Group's performance and operations timely and adequately through the following channels:-

- (a) The Annual Report; and
- (b) The various disclosures and announcements made to Bursa Securities including the quarterly results and annual results, which will also be posted on the Company's website at www.turbomech.com.my.

The Board supports the use of information technology for effective dissemination of information. The Company has established a website at www.turbomech.com.my, which serves as a useful reference source of information to shareholders, business partners and other stakeholders. In addition to publishing financial results, annual reports and business information, the website has dedicated Corporate Governance sections which included the Board Charter, Terms of Reference of Board Committees, Code of Conduct, Whistleblowing Policy, ABMS Policy and Directors' Fit and Proper Policy.

II. Conduct of General Meeting

The AGM serves as principal forums for shareholders to engage directly with the directors and senior management. It also provides the opportunity for shareholders to pose questions to the Board for clarification after reviewing the Group's performance via the Company's Annual Report. The Board members and External Auditors will attend the upcoming AGM, which shall provide shareholders the opportunities to enquire them in person on the Company's performance and operations.

In line with the MMLR, the Company has implemented and will continue to implement poll voting for all proposed resolutions set out in the notice of any general meeting. An independent scrutineer will also be appointed to validate the votes cast at any general meeting of the Company.

To ensure shareholders have sufficient time to go through the Annual Report, it is circulated at least twenty-eight (28) clear days before the date of the AGM. Shareholders are encouraged to vote on the proposed motions by appointing a proxy in the event they are unable to attend the meeting.

Notice of the Fourteenth AGM was circulated more than twenty-eight (28) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed, which is in line with Section 316(2) of Companies Act 2016, Paragraph 7.15 of the MMLR and the MCGG. Notice of AGM is also published in a nationally circulated newspaper alongside an announcement on the website of Bursa Securities. This allows shareholders to have immediate access of the notice of AGM and make the necessary preparations for the AGM. The Company will continue to circulate Notice of 15th AGM at least twenty-eight (28) days prior to the meeting.

All the resolutions set out in the Notice of the previous AGM were put to vote by poll and duly passed. The outcome of the previous AGM was announced to Bursa Securities on the same meeting day while the Minutes of the previous AGM (including all the questions raised at the meeting and the answers thereto) were circulated to shareholders by publishing it on the Company's website within thirty (30) business day upon approval by the Board members.

The Board is mindful of the need to continually strengthen its governance practices and processes in identified key focus areas and future priorities as part of its forward-looking strategies. Key focus area and future priority that have been identified include reviewing and updating the existing policies as and when necessary to ensure they are updated in accordance with the prevailing legal and regulatory promulgations as well as best practices.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.26 (b) of the Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the MAIN Market and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”), the Board of Directors of Turbo-Mech Berhad (“the Company”) is pleased to include a statement on the state of the Group’s risk management and internal controls in this annual report. This Statement has outlined the nature and scope of risk management and internal control of the Group. For the purposes of this statement, associates and joint venture are not dealt with as part of the Group, and therefore not covered by this statement.

BOARD’S RESPONSIBILITIES

The Board acknowledges the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board recognises its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and integrity. In addition, the Board has also received assurance from the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects.

Due to inherent limitations in any risk management and internal control system, such system put into effect by Management is designed to manage rather than eliminate risks that may impede the achievement of the Group’s business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement of financial information, financial losses or irregularities.

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

Key elements of the Group’s risk management and internal control system that have been established to facilitate the proper conduct of the Group’s businesses are described below:

1. RISK MANAGEMENT SYSTEM

The Board maintains an ongoing commitment to strengthen the Group’s risk management framework. The Board delegates oversight of risk management to Risk Management Committee. The overall risk management practice of the Group involves an ongoing process designed to identify the principal risks to the achievement of the Group’s policies, goals and objectives; to evaluate the nature and extent of those risks; and proactively manage these risks efficiently, effectively and economically. To this end, the Board has engaged external consultants to assist in the development of a formal risk management framework and to facilitate the identification and assessment of the Group’s principal risks.

The Board had embedded in the Group a monitoring and reporting process to continuously identify, assess and manage the principal risks in a formal manner, which would entail establishing procedures for reporting and monitoring of risk and controls. These initiatives would ensure that the Group has in place an ongoing process for identifying, evaluating, monitoring and managing the principal risks that affect the achievement of its business objectives.

Risk identification, evaluation and managing process:-

The risks are identified through day-to-day operations by the key personnel and management of the Group, which is then incorporated into Risk Management Report that includes details on the nature of the risk as well as the severity and probability of an occurrence.

The risk identification process includes consideration of both internal and external environmental factors. External environmental factors include political, economic, social technological, legal and environment changes. Internal factors include changes in key personnel, introduction of new or revision of existing policies and procedures.

Next, the risks identified are evaluated by examining the potential impact on the Group if a risk was to crystallise, as well as the likelihood of occurrence. The impact is rated on a scale of 1 to 3, 1 to indicate the lowest impact and 3 to indicate the highest impact. The likelihood of a risk crystallising is rated on a scale of 1 to 3, 1 to indicate lowest probability and 3 to indicate the highest probability. The risk level shall be rated low, moderate, significant or high and be determined according to the Risk Analysis Matrix.

Statement on Risk Management and Internal Control

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONTD.)

1. RISK MANAGEMENT SYSTEM (CONTD.)

The identified risks can be categorized into below, according to their potential impact on the Group:

- **Financial Risks**
These risks relate to the financial structure of the business, including transactions with third parties as well as other finance-related arrangements or issues.
- **Operational Risks**
These risks concern the execution of day-to-day activities or functions of the company, which may include the risk of loss arising from the failures of the internal systems or the people who operate these functions.
- **Reputational Risks**
This is a risk of loss resulting from damages to the company's reputation, loss of revenue; increased operating, capital or regulatory costs; or destruction of shareholders' value and the company's assets, consequent to an adverse or potentially criminal event even if the company is not found guilty.
- **Strategic Risks**
These risks may arise from the formulation of strategy, the implementation of business decisions or potential uncertainties concerning the objectives of the Group.

All risks identified are documented in the Risk Management Report, and submitted for notation by the Board and Risk Management Committee. The Risk Management Report serves as a tool for heads of departments or business units to manage key risks applicable to their areas of business activities on a continual basis.

All key risks are reviewed and monitored by the Management team. Through these mechanisms, key risks identified in the Risk Management Report are assessed in a timely manner and control procedures or mitigating factors are re-evaluated accordingly in order to ensure that the key risks are mitigated to an acceptable level.

During the financial year, assessment process on risk management was conducted and attended by Executive Directors and key management personnel. Key business risks were categorised to highlight the source of the risk, its scoring to reflect the impact of the risk and the likelihood of its occurrence. The assessment process took into account all aspects of the businesses and its internal control framework, including risk assessment, the control environment and control activities, information and communication and monitoring procedures. Yearly reviews were conducted to determine existence of new risk and whether the risks previously identified remained relevant. Necessary action will be taken to remedy any significant failings or weaknesses identified from the assessment.

2. INTERNAL CONTROL SYSTEM

- Board of Director and Audit Committee

The Board and Audit Committee meet at least four times during the financial year to ensure that the Directors maintain effective control on all significant and operational issues.

- Organisation Structure & Authorisation Procedures

The Group maintains a formal organizational structure that includes clear delegation of responsibilities and accountability. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures to enhance the internal control system of the Group's various business units. The procedures include the establishment of authority limit for all aspects of the business, which is subject to periodic review throughout the year as to their implementation and for their continuing suitability.

- Periodical and/or Annual Budget

An annual budget is prepared by Management and tabled to the Board for approval. Periodic monitoring is carried out to measure the actual performance against budget to identify significant variances and devise remedial action plans.

Statement on Risk Management and Internal Control

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONTD.)

2. INTERNAL CONTROL SYSTEM (CONTD.)

- Group Policies and Procedures

Documented policies and procedures are in place and are regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Group's business activities at all times as the Group continues to grow.

- Human Resource Policy

Comprehensive guidelines on employment and retention of employees are in place to ensure that the Group has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibilities effectively.

- Information and Communication

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

- Monitoring and Review

Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly management accounts containing key financial results, operational performance and comparison of actual performance against budgets are presented to the management team for monitoring and review. The quarterly financial statements are presented to the Board for their review, consideration and approval. The Board also plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

The Group has also exercised its significant influence over its associated company by obtaining, monitoring and reviewing the management accounts of its associated company, which contains key financial results, operational performances and comparison of actual performances against budgets on a monthly basis.

3. INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a professional services firm, to assist the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

During the financial year ended 31 December 2023, an internal audit review was carried out in accordance with the risk-based internal audit plan approved by the Audit Committee. Risk-based Internal Audit methodology was adopted, which entails focusing on the inherent risk involved in the activities or system and providing assurance that the risk is being managed by the Management within the defined risk appetite level.

The results of the internal audit reviews, recommendations for improvements, and corrective measures implemented or planned were deliberated during the Audit Committee meetings. Minutes of the Audit Committee meetings that recorded the deliberations were then presented to the Board.

The total cost incurred for the internal audit function of the Group in respect of the financial year ended 31 December 2023 amounted to RM16,000.

In addition, follow up review was conducted to ensure that corrective actions have been implemented on a timely manner. Based on the internal audit review conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report.

Statement on Risk Management and Internal Control

REVIEW OF STATEMENT BY EXTERNAL AUDITOR

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Group for the financial year ended 31 December 2023. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide 3 (AAPG3) issued by the Malaysian Institute of Accountants.

Based on the review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe this Statement is inconsistent with their understanding of the processes the Board has adopted in reviewing adequacy and effectiveness of the Risk Management and Internal Control system of the Group. The external auditors' report was made solely for, and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purpose or parties. As stated in their report, the external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

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

CONCLUSION

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control and risk management framework.

The Board is satisfied on the adequacy and effectiveness of the Group's on-going process for identifying, evaluating, controlling and managing the risks of business, including the scope and frequency of reports on both risk management and internal control that are received and reviewed during the year by the Audit Committee and Risk Management Committee and the Board, important risk and control matters discussed and associated actions taken by the Management.

The statement does not extend to its associate companies and joint venture.

This statement was approved by the Board of Directors on 29 March 2024.

AUDIT COMMITTEE REPORT

The Board of Directors (“Board”) of Turbo-Mech Berhad (“Turbo” or the “Company”) is pleased to present the report on the Audit Committee for the financial year ended 31 December 2023.

The Audit Committee Report provides insights on how Audit Committee discharged its function and duties for the financial year ended 31 December 2023, details as follows:-

1. COMPOSITION AND ATTENDANCE

The Audit Committee currently consists of three (3) members, all of whom are non-executive directors with a majority of them are independent directors. Puan Nurul Ain binti Khirul Ashar is a member of the Association of Chartered Certified Accountants. The Audit Committee therefore meets the requirements of Paragraph 15.09(1)(b) and (c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”).

The Audit Committee met 4 times during the financial year on 27 February 2023, 22 May 2023, 21 August 2023 and 20 November 2023 and the attendance record is tabulated as follows:-

Members	Designation	Attendance
Nurul Ain binti Khirul Ashar*	Chairperson, Independent Non-Executive Director	4/4
Chan Bee Eie	Non-Independent Non-Executive Director	4/4
Gordon Yong Lin Fooi	Independent Non-Executive Director	4/4

Notes:-

* Puan Nurul Ain binti Khirul Ashar has been re-designated as Chairperson of Audit Committee on 23 May 2023.

** Mr Tam Juat Hong retired at the conclusion of the Fourteenth Annual General Meeting held on 22 May 2023. He attended all two (2) Audit Committee meetings held during his tenure of office.

2. ROLES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee assists the Board in its oversight of the Company’s financial reporting, and in fulfilling its fiduciary responsibilities of monitoring the Group’s management of its financial risk processes, accounting and financial reporting practices, ensuring the efficacy of the Group’s system of internal control and in maintaining oversight of both the internal and external audit functions. The Audit Committee also reviews related party transactions and conflict of interest situations that arise within the Group.

A detailed terms of reference of the Audit Committee has been drawn up and approved by the Board and it is available on the Company’s website at www.turbomech.com.my pursuant to Paragraph 15.11 of the MMLR. The terms of reference of the Audit Committee is reviewed regularly. Any revisions or amendments shall form part of terms of reference and shall be considered duly revised or amended.

3. REVIEW OF THE PERFORMANCE OF THE AUDIT COMMITTEE

The Board through its Nomination Committee had performed an annual review and assessment of the term of office and performance of Audit Committee to assess the Audit Committee’s effectiveness in carrying out its duties as set out in the terms of reference. The Board was satisfied that the Audit Committee has effectively discharged its duties in accordance with the terms of reference for the financial year under review.

4. RETIREMENT AND RESIGNATION

In the event of any vacancy in the Audit Committee resulting in non-compliance with the requirements on composition of the Audit Committee and the election of an independent chairman of the Audit Committee, the vacancy must be filled within three (3) months of that event.

Audit Committee Report

5. SUMMARY OF WORK DURING THE FINANCIAL YEAR

During the financial year ended 31 December 2023, the Audit Committee has met its responsibilities in discharging its duties and functions. The major works undertaken by the Audit Committee are summarised broadly as follows:-

(i) Internal Audit

The Group has outsourced its internal audit function to a professional internal audit services company, namely GovernanceAdvisory.com Sdn. Bhd. since 2018. The primary responsibility of this internal audit function is to assist the Board and the Audit Committee in reviewing and assessing whether the management systems of internal control procedures are effective and provide recommendations to strengthen these internal control procedures so as to foster a satisfactory management control environment within the context and resources of the Group.

The Internal Auditors had organised their work in accordance with the principles of the internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns.

Before the commencement of the internal audit reviews, an internal audit plan was prepared and presented to the Audit Committee for approval. Upon approval by the Audit Committee, internal audit reviews were carried in accordance with the approved internal audit plan. Thereafter, during the quarterly meetings following the presentation of the Internal Audit Report, the Audit Committee reviewed with the Internal Auditors, the progress and coverage of the Internal Audit Plan to ensure that the audit direction remains relevant and was in line with the Audit Committee's expectations. After considering the changes in the operating environment in the Group, the Internal Audit Plan was developed in consideration of the Group's risk profile and the Board and Management concerns.

Prior to the presentation of reports and findings to the Audit Committee, comments from the Management were obtained and incorporated into the internal audit findings and reports. The Internal Audit Reports also covered the follow-up review on the status of Management's implementation of recommendations in their earlier reports.

The Internal Auditors had attended one (1) Audit Committee meeting during the financial year. The functional areas and operating processes reviewed by the Internal Auditors were as follows:-

- Follow-up Review; and
- Review on Human Resource.

The Internal Auditors also presented the Internal Audit Review Plan for year 2024 to the Audit Committee for approval at the Audit Committee meeting held on 20 November 2023.

The total cost incurred for the internal audit function of the Group during the financial year was RM16,000 (2022: RM16,000).

(ii) Financial Reporting

During the financial year ended 31 December 2023, the Audit Committee in the discharge of its duties and responsibilities in respect of the financial reporting by the Group carried out the following activities:-

- a. Reviewed the financial positions, quarterly interim financial reports and announcements for the respective financial quarters prior to submission to the Board for its consideration and approval. The First, Second, Third and Fourth Quarter Interim Financial Reports were tabled at the Audit Committee meetings held on 22 May 2023, 21 August 2023, 20 November 2023 and 27 February 2024 respectively. The quarterly interim financial reports were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 and Paragraph 9.22 of the MMLR;
- b. Reviewed the Audit Planning Memorandum for the financial year ended 31 December 2023 which was prepared by External Auditors of the Company including but not limited to the audit analytics used, the assessment of professional independence, the manpower of the audit engagement team, the concept of materiality, the potential areas of audit emphasis, the audit reliance placed with the internal auditors and the audit timeline for the full audit engagement. Included in this Audit Plan is an annual statement from the External Auditors that the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants are complied with;

Audit Committee Report

5. SUMMARY OF WORK DURING THE FINANCIAL YEAR (CONTD.)

(ii) Financial Reporting (contd.)

- c. Reviewed the Audit Results of the External Auditors which included the audit scope changes, the significant accounting and auditing issues, the qualitative aspect of accounting policies and the summary of audit difference, if any;
- d. Reviewed the draft Audited Financial Statements (“AFS”) of the Company and the External Auditors’ findings and recommendations for the financial year ended 31 December 2022 at the Audit Committee meeting held on 27 February 2023. The AFS of the Company were prepared in compliance with the MFRS, International Financial Reporting Standards and the requirements of the Companies Act 2016;
- e. Conducted private meeting sessions with the External Auditors without the presence of the Executive Board Members and Management of the Company on 27 February 2023 and 20 November 2023;
- f. Assessed the performance of External Auditors and recommended to the Board for re-appointment;
- g. To ensure the integrity of the financial information, received assurance from the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of the Company, that:-
 - Appropriate accounting policies had been adopted and applied consistently;
 - Going concern basis applied in the Annual Consolidated Financial Statements was appropriate;
 - Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRS;
 - Adequate controls and processes were in place for effective and efficient financial reporting and relevant disclosures under MFRS and MMLR; and
 - Annual Consolidated Financial Statements and the Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position.
- h. Reviewed the Statement on Risk Management and Internal Control together with the Internal Auditors and External Auditors and received assurance from both CEO and CFO of the Company that the Group’s risk management and internal control systems were operating adequately and effectively in all material aspects before recommending the said Statement to the Board for its approval;
- i. Reviewed the related party transactions and recurrent related party transactions, entered into by the Group. This encompassed examining transactions and procedures to ensure these transactions are fair, reasonable, adhere to normal commercial terms, and do not adversely affect the interests of the Group’s minority shareholders.
- j. Reviewed and monitored all conflict of interest (COI) situations within Turbo Group. The COI review was extended to encompass Directors and Key Senior Management within the Group. COI were reported during the financial year 2023 due to the common directorships and involvement in the related companies. Enhanced disclosure in connection with any COI or potential COI will be included in the Annual Report of the Company for the financial year ending 31 December 2024;
- k. Reviewed the Circular to Shareholders in respect of the proposed renewal of existing shareholders’ mandate for recurrent related party transactions of a revenue or trading nature;
- l. Reviewed and recommended to the Board the Audit Committee Report, Corporate Governance Overview Statement and Corporate Governance Report for approval and inclusion in the Company’s Annual Report; and
- m. Reviewed the assistance provided by Management to the External Auditors and Internal Auditors.

Audit Committee Report**5. SUMMARY OF WORK DURING THE FINANCIAL YEAR (CONTD.)****(iii) External Audit**

Upon the re-appointment of Ernst & Young PLT as External Auditors of the Company for the financial year, the External Auditors attended the Audit Committee meeting held on 20 November 2023 and during their presentation on Audit Planning Memorandum for the financial year ended 31 December 2023, had declared and confirmed that they were independent and would be independent throughout their audit engagement.

Subsequent to the financial year ended 31 December 2023, the Audit Committee met with the External Auditors in the absence of Management on 27 February 2024. The Audit Committee had the opportunity to assess the co-operation extended by Management to the External Auditors, their attitude and readiness to provide documentation and explanations, as well as the adequacy of resources in the Group's finance department.

There were no areas of major concerns raised by the External Auditors that warranted escalation to the Board. The External Auditors were also informed by the Audit Committee that should there be any significant incidents or matters detected in the course of their audits or reviews which warrant their knowledge or intervention, it shall be reported to the Audit Committee accordingly.

At the same time, the External Auditors had the opportunity to obtain feedback from the Audit Committee on their perspectives on the areas of major concerns, which they would like the External Auditors to look into.

The Audit Committee carried out a formal evaluation to review and assess the performance and suitability of the External Auditors based on the quality of services, sufficiency of resources, adequacy of resources and trained professional staff assigned to the audit. The Audit Committee was generally satisfied with the independence, performance and suitability of the External Auditors based on the evaluation result and recommended to the Board and subsequently proposed to shareholders for approval of the re-appointment of Ernst & Young PLT as External Auditors of the Company for the financial year ending 31 December 2024.

DIRECTORS' RESPONSIBILITY STATEMENT/ ADDITIONAL COMPLIANCE INFORMATION

DIRECTORS' RESPONSIBILITY STATEMENT

As required under the Companies Act 2016 ("Act"), the Directors on page 72 of this Annual Report have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Act so as to give a true and fair view of the financial position of the Company and the Group for the financial year ended 31 December 2023.

In the process of preparing these financial statements, and other than as disclosed in the notes to the financial statements, the Directors have reviewed the accounting policies and practices to ensure that they were consistently applied throughout the year. In cases where judgment and estimates were made, they were based on reasonableness and prudence.

The Board has also taken all such necessary steps to ensure that proper internal controls are in place to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

The Company did not raise any funds through any corporate proposals during the financial year.

2. Audit and Non-Audit Fees

The amount of audit and non-audit fees incurred for the services rendered to the Company and the Group by the External Auditors during the financial year under review were as follows:-

	Company (RM'000)	Group (RM'000)
Audit services	90	542
Non-audit services	10	10
Total	100	552

3. Material Contracts

There were no material contracts entered by the Company and its subsidiaries involving the interests of the Directors, Chief Executive who is not a Director or major shareholders during the financial year ended 31 December 2023.

4. Key Senior Management

Save for the Chief Executive Officer and Chief Financial Officer, who are also the Directors of the Company, there is no other key senior management.

Directors' Responsibility Statement/ Additional Compliance Information

5. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT").

The breakdown of the aggregate value of the RRPT conducted pursuant to the shareholders' mandate obtained at the Fourteenth Annual General Meeting held on 22 May 2023 was as follows:-

No	Related Party	Company within the Group	Type of Recurrent Transactions	Interested Related Parties (*)	Amount transacted during the financial year (RM)
1	Bayu Purnama Sdn. Bhd.	Turbo-Mech Asia Pte Ltd	Sales of pump parts to Bayu Purnama Sdn. Bhd.	<u>Interested Director</u> - Omar bin Mohamed Said <u>Interested Persons Connected to Director</u> - Hamimah binti Mohamed Said	44,229

Note (*) The nature of the relationships and extent of the interest of the Related Parties are as follows:-

- a. Bayu Purnama Sdn. Bhd. is a 42.5% associate company of Turbo-Mech Berhad.
- b. The family relationships of the Related Parties are as follows:-
 - Brother - Omar bin Mohamed Said
 - Sister - Hamimah binti Mohamed Said
- c. Hamimah binti Mohamed Said is a director and shareholder of Bayu Purnama Sdn. Bhd..
- d. The Related Parties' shareholding in Bayu Purnama Sdn. Bhd. is as follows:-

Related Parties	Direct	Indirect	Total %
Omar bin Mohamed Said	-	-	-
Hamimah binti Mohamed Said	2,550,000	-	51.0

- e. Omar bin Mohamed Said and Hamimah binti Mohamed Said are deemed interested by virtue of their family relationships with each other.
- f. The direct and indirect interest of the interest Director and persons connected to him are as follows:-

Related Parties	Direct		Indirect	
	No. of Shares in the Company	%	No. of Shares in the Company	%
Interested Director				
Omar bin Mohamed Said	-	-	-	-
Persons Connected				
Hamimah binti Mohamed Said	50,000	0.05	-	-

This Statement is made in accordance with a resolution of the Board dated 27 February 2024.



Financial Statement

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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Corporate information is disclosed in Note 1 to the financial statements.

The principal activities and other information relating to the subsidiaries, associates and joint ventures are disclosed in Note 6, Note 7 and Note 8 respectively to the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
Profit attributable to:		
Owners of the Company	3,062,461	1,010,966
Non-controlling interests	4,041	-
	<u>3,066,502</u>	<u>1,010,966</u>

There was no material transfer to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2022 were as follows:

	RM
In respect of the financial year ended 31 December 2022 as reported in the Directors' report of that year:	
Final single-tier dividend of 0.5 sen on 108,000,000 ordinary shares, approved on 22 May 2023 and paid on 22 June 2023	<u>540,000</u>

At the forthcoming Annual General Meeting, a final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2023, on 108,000,000 ordinary shares, amounting to a dividend payable of RM1,080,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

DIRECTORS

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

Gan Kok Ten *
 Nasaruddin bin Mohamed Ali
 Omar bin Mohamed Said
 Chan Bee Eie
 Gordon Yong Lin Fooi
 Nurul Ain binti Khirul Ashar
 Tam Juat Hong

(Retired on 22 May 2023)

* The Director is also Director of the Company's subsidiaries.

Directors' Report

DIRECTORS (CONTD.)

The names of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those Directors listed above) are:

Tay Hwee Leck
 Arnel Lattore Pulla
 Gilbert M. Untalan
 Roberto J. Consunji
 Agus Kusnadi
 Lai Yew Fong
 Pranee Yimchalam

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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

The Directors' benefits are as follows:

	Group 2023 RM	Company 2023 RM
Directors of the Company		
Executive:		
Salaries and other emoluments	300,597	-
Fees	22,000	22,000
Bonus	22,838	-
Defined contribution plan	46,220	-
Total Executive Directors' remuneration	391,655	22,000
Non-Executive:		
Fees	93,000	93,000
Other emoluments	39,000	39,000
Total Non-Executive Directors' remuneration	132,000	132,000
	523,655	154,000
Directors of subsidiaries		
Executive:		
Salaries and other emoluments	734,493	-
Bonus	66,477	-
Defined contribution plan	42,036	-
	843,006	-
Non-Executive:		
Fees	-	-
Total Directors' remuneration	1,366,661	154,000
Executive Directors' remuneration	1,234,661	22,000
Non-Executive Directors' remuneration	132,000	132,000
	1,366,661	154,000

Directors' Report

DIRECTORS' INTERESTS

According to the register of Directors' shareholding, the interest of Directors in office at the end of the financial year in shares of the Company and its related corporations during the financial year were as follows:

The Company	1 January 2023	Number of ordinary shares		31 December 2023
		Bought	Sold	
Direct interest				
Gan Kok Ten	20,637,419	-	-	20,637,419
Nasaruddin bin Mohamed Ali	940,876	-	-	940,876
Indirect interest				
Gan Kok Ten ⁽¹⁾	39,890,911	-	-	39,890,911
Chan Bee Eie ⁽²⁾	1,239,787	-	-	1,239,787
Subsidiary				
Turbo-Mech (Thailand) Co. Ltd				
Direct interest				
Gan Kok Ten	1,000	-	-	1,000

⁽¹⁾ Deemed interested by virtue of the shareholdings of his brother and Mosgan Holdings Sdn. Bhd. pursuant to Section 8(4)(c) of the Companies Act 2016.

⁽²⁾ Deemed interested in the direct shareholdings of her spouse, Gan Kok Tin, a substantial shareholder of the Company, pursuant to Section 8(4)(c) of the Companies Act 2016.

By virtue of their interests in the shares of the Company, Gan Kok Ten is also deemed to have an interest in the shares of all the subsidiaries of the Company to the extent the Company has an interest.

ISSUE OF SHARES AND DEBENTURES

There was no issue of share or debenture during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Directors' Report

OTHER STATUTORY INFORMATION (CONTD.)

- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; 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 or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group 2023 RM	Company 2023 RM
Ernst & Young PLT, Malaysia	90,000	90,000
Member firms of Ernst & Young Global	399,874	-
Other auditors	52,597	-
	<u>542,471</u>	<u>90,000</u>

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 March 2024.

Gan Kok Ten
Director

Nasaruddin bin Mohamed Ali
Director

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Gan Kok Ten and Nasaruddin bin Mohamed Ali, being two of the Directors of Turbo-Mech Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 76 to 135 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 March 2024.

Gan Kok Ten
Director

Nasaruddin bin Mohamed Ali
Director

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Gan Kok Ten, being the Director primarily responsible for the financial management of Turbo-Mech Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 76 to 135 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed Gan Kok Ten
at Kuala Lumpur in the Federal Territory
on 29 March 2024

Gan Kok Ten

Before me,

Mohamad Zuliswandi bin Mohamed (W 1006)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TURBO-MECH BERHAD [200901020166 [863263-D] [INCORPORATED IN MALAYSIA]

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Turbo-Mech Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 76 to 135.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Revenue recognition

Revenue for the year ended 31 December 2023 amounted to RM42,370,239.

a) Sale of goods

The Group's revenue recognition policy is to recognise the revenue upon the transfer of control of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods. The timing of the transfer of the risks and rewards of the goods to the buyers is defined by the specific delivery terms agreed upon with the customers.

As the Group arranged shipment under various shipping terms across its operating markets, any lapse or delay in the monitoring of the shipment status will affect the timing of revenue recognition, resulting in misstatement of revenue recorded in the financial statements. Accordingly, as there is a risk that revenue could be misstated resulting from cut off issue, we have identified this matter as a key audit matter.

b) Rendering of services

Revenue from services rendered are recognised upon services performed. The Group recognises its revenue in accordance with MFRS 15 Revenue from Contract with Customers, where it is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

As the Group recognised revenue based on work done, any delay in the monitoring of service report status will affect the timing of revenue recognition, resulting in misstatement of revenue recorded in the financial statements. Accordingly, as there is a risk that revenue could be misstated resulting from cut off issue, we have identified this matter as a key audit matter.

Independent Auditors' Report
To the Members of Turbo-Mech Berhad [200901020166 [863263-D]
[Incorporated in Malaysia]

Report on the audit of the financial statements (contd.)

Key audit matters (contd.)

Revenue recognition (contd.)

As part of our audit procedures for the revenue recognition above, we evaluated the appropriateness of the Group's revenue recognition accounting policies. We obtained an understanding of management's internal controls over the revenue recognition process and placed specific attention on the timing of the revenue recognition. We tested on a sample basis, sales transactions taking place near to or after the reporting date by evaluating the agreed delivery terms or service report provided by the customers and the timing of revenue recognition, to assess whether the sales transactions were recognised in the appropriate financial year. We have also obtained external confirmations from trade receivables with significant balances outstanding as at year end. For material credit notes issued after the reporting date, if any, we performed procedures to assess whether sales transactions were recognised in the correct financial year. In addition, we have also performed trend analysis over products by comparing against prior year, and assessed if the variances are reasonable.

Information regarding the Group's revenue is disclosed in Notes 23 and 38 to the financial statements.

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 Directors' Report and 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. We obtained the Directors' Report prior to the date of this auditors' report, and the other information included in the Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information included in the Annual Report 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 identified above 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 on the other information included in the Annual Report that we obtained prior to the date of this auditors' report, 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.

When we read the remaining other information included in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate action.

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and 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.

Independent Auditors' Report
To the Members of Turbo-Mech Berhad [200901020166 [863263-D]
[Incorporated in Malaysia]

Report on the audit of the financial statements (contd.)

Auditors' responsibilities for the audit of the financial statements (contd.)

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 Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

Other matters

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

Ernst & Young PLT
 202006000003 (LLP0022760-LCA) & AF 0039
 Chartered Accountants

Kuala Lumpur, Malaysia
 29 March 2024

Sundralingam A/L Navaratnam
 No. 02984/05/2024 J
 Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023	2022	2023	2022
		RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3	1,643,432	868,425	4,406	-
Investment properties	4	6,394,071	6,053,155	-	-
Right-of-use assets	5	21,219,788	21,370,935	-	-
Investment in subsidiaries	6	-	-	44,628,995	44,628,995
Investment in associates	7	16,893,011	16,242,783	8,639,755	8,639,755
Investment in joint ventures	8	200,004	-	200,000	-
Other non-current assets	9	-	12	-	-
Deferred tax assets	10	148,034	289,513	-	-
		46,498,340	44,824,823	53,473,156	53,268,750
CURRENT ASSETS					
Inventories	11	6,740,216	6,906,952	-	-
Trade and other receivables	12	17,918,742	16,231,811	13,445	16,297
Contract assets	13	1,227,215	1,904,871	-	-
Dividend receivables		425,000	-	1,817,880	656,380
Prepayments		647,906	1,217,389	-	-
Tax recoverable		127,499	17,901	3,091	13,786
Cash and bank balances	14	64,939,152	58,992,738	515,061	1,331,722
		92,025,730	85,271,662	2,349,477	2,018,185
Asset held for distribution to owners	40	-	543,492	-	-
		92,025,730	85,815,154	2,349,477	2,018,185
TOTAL ASSETS		138,524,070	130,639,977	55,822,633	55,286,935
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS					
Share capital	15	54,000,000	54,000,000	54,000,000	54,000,000
Retained earnings	16(a)	42,298,671	39,776,210	1,487,959	1,016,993
Capital reserve	16(b)	4,763,400	4,763,400	-	-
Retirement benefit obligation reserve	16(c)	(70,584)	(67,123)	-	-
Statutory reserve	16(d)	108,500	108,500	-	-
Foreign currency translation reserve	17	26,689,942	20,433,165	-	-
		127,789,929	119,014,152	55,487,959	55,016,993
Non-controlling interests		42,454	36,569	-	-
TOTAL EQUITY		127,832,383	119,050,721	55,487,959	55,016,993
NON-CURRENT LIABILITIES					
Hire purchase payables	20	21,137	-	-	-
Lease liabilities	21	2,424,453	2,394,440	-	-
Retirement benefit obligation	22	404,060	336,465	-	-
TOTAL NON-CURRENT LIABILITIES		2,849,650	2,730,905	-	-
CURRENT LIABILITIES					
Trade and other payables	18	6,197,373	5,788,745	334,674	269,942
Contract liabilities	19	165,857	1,876,527	-	-
Hire purchase payables	20	34,655	-	-	-
Lease liabilities	21	186,788	167,810	-	-
Income tax payable		1,257,364	1,025,269	-	-
TOTAL CURRENT LIABILITIES		7,842,037	8,858,351	334,674	269,942
TOTAL LIABILITIES		10,691,687	11,589,256	334,674	269,942
TOTAL EQUITY AND LIABILITIES		138,524,070	130,639,977	55,822,633	55,286,935

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	23	42,370,239	49,245,861	1,817,880	656,380
Cost of sales	24	(26,504,968)	(35,545,378)	-	-
Gross profit		15,865,271	13,700,483	1,817,880	656,380
Interest income	25	476,510	115,670	11,146	26,543
Other income	26	1,596,422	2,349,318	11,568	-
Depreciation expenses		(2,236,837)	(2,328,720)	(126)	-
Employee benefits expense	27	(6,641,303)	(6,587,306)	(351,663)	(336,785)
Other expenses		(5,518,864)	(4,623,673)	(476,576)	(431,607)
Operating profit		3,541,199	2,625,772	1,012,229	(85,469)
Finance cost	29	(89,461)	(85,623)	-	-
Share of results of associates	7	1,075,127	67,686	-	-
Share of results of a joint venture	8	-	103,951	-	-
Profit/(loss) before taxation	30	4,526,865	2,711,786	1,012,229	(85,469)
Income tax expense	31	(1,460,363)	(958,378)	(1,263)	(4,446)
Profit/(loss) for the financial year		3,066,502	1,753,408	1,010,966	(89,915)
Profit/(loss) attributable to:					
Owners of the Company		3,062,461	1,751,270	1,010,966	(89,915)
Non-controlling interests		4,041	2,138	-	-
		3,066,502	1,753,408	1,010,966	(89,915)
Earnings per share attributable to owners of the Company (sen per share)					
- Basic	32	3	2		
- Diluted	32	*3	*2		

* Diluted earnings per share of the Company for the financial year ended 31 December 2023 and 31 December 2022 is equivalent to the basic earnings per share as the Company has no dilutive potential ordinary share in issue at the end of the reporting date.

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(loss) for the financial year		3,066,502	1,753,408	1,010,966	(89,915)
Other comprehensive income to be reclassified to profit or loss in subsequent period:					
Foreign currency translation gain	17	6,258,621	4,621,696	-	-
Other comprehensive income will not be reclassified to profit or loss in subsequent period:					
Remeasurement loss on defined benefit obligation	16(c)	(3,461)	(22,188)	-	-
		6,255,160	4,599,508	-	-
Total comprehensive income/(loss) for the financial year		9,321,662	6,352,916	1,010,966	(89,915)
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the Company		9,315,777	6,350,148	1,010,966	(89,915)
Non-controlling interests		5,885	2,768	-	-
		9,321,662	6,352,916	1,010,966	(89,915)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Distributable		Non-distributable				Equity		Total equity
	Share capital (Note 15)	Retained earnings (Note 16)	Capital reserve (Note 16)	Retirement benefit obligation reserve (Note 16)	Statutory reserve (Note 16)	Foreign currency translation reserve to owners of the Company (Note 17)	Equity attributable to owners of the Company	Non-controlling interests	
	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2023	54,000,000	39,776,210	4,763,400	(67,123)	108,500	20,433,165	119,014,152	36,569	119,050,721
Profit for the financial year	-	3,062,461	-	-	-	-	3,062,461	4,041	3,066,502
Other comprehensive income during the year	-	-	-	(3,461)	-	6,256,777	6,253,316	1,844	6,255,160
Total comprehensive income for the financial year	-	3,062,461	-	(3,461)	-	6,256,777	9,315,777	5,885	9,321,662
Dividends (Note 39)	-	(540,000)	-	-	-	-	(540,000)	-	(540,000)
At 31 December 2023	54,000,000	42,298,671	4,763,400	(70,584)	108,500	26,689,942	127,789,929	42,454	127,832,383
At 1 January 2022	54,000,000	40,184,940	4,763,400	(44,935)	108,500	15,812,099	114,824,004	33,801	114,857,805
Profit for the financial year	-	1,751,270	-	-	-	-	1,751,270	2,138	1,753,408
Other comprehensive income during the year	-	-	-	(22,188)	-	4,621,066	4,598,878	630	4,599,508
Total comprehensive income for the financial year	-	1,751,270	-	(22,188)	-	4,621,066	6,350,148	2,768	6,352,916
Dividends (Note 39)	-	(2,160,000)	-	-	-	-	(2,160,000)	-	(2,160,000)
At 31 December 2022	54,000,000	39,776,210	4,763,400	(67,123)	108,500	20,433,165	119,014,152	36,569	119,050,721

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the Financial Year Ended 31 December 2023

Company	Share capital (Note 15) RM	Distributable Retained earnings (Note 16) RM	Total equity RM
At 1 January 2022	54,000,000	3,266,908	57,266,908
Loss for the financial year, representing total comprehensive loss for the financial year	-	(89,915)	(89,915)
Dividends (Note 39)	-	(2,160,000)	(2,160,000)
At 31 December 2022	54,000,000	1,016,993	55,016,993
Profit for the financial year, representing total comprehensive profit for the financial year	-	1,010,966	1,010,966
Dividends (Note 39)	-	(540,000)	(540,000)
At 31 December 2023	54,000,000	1,487,959	55,487,959

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	4,526,865	2,711,786	1,012,229	(85,469)
Adjustments for:				
Depreciation of property, plant and equipment	475,155	656,178	126	-
Depreciation of investment properties	264,345	264,061	-	-
Depreciation of right-of-use assets	1,497,337	1,408,481	-	-
Dividend income				
- Subsidiary	-	-	(1,392,880)	(656,380)
- Associate	-	-	(425,000)	-
Gain on disposal of property, plant and equipment	(45,193)	(12,397)	-	-
Investment properties written off	-	110,194	-	-
Interest income	(476,510)	(115,670)	(11,146)	(26,543)
Allowance for impairment loss on trade receivables	781,619	-	-	-
Interest expense	89,461	85,623	-	-
Inventories written down	560,306	287,864	-	-
Share of results of associates	(1,075,127)	(67,686)	-	-
Share of results of a joint venture	-	(103,951)	-	-
Provision for retirement benefit obligation	53,603	(2,121)	-	-
Unrealised loss on foreign currency translations	474,371	667,332	-	-
Operating profit/(loss) before changes in working capital	7,126,232	5,889,694	(816,671)	(768,392)
Changes in working capital:				
(Increase)/decrease in inventories	(393,570)	6,395,648	-	-
(Increase)/decrease in trade and other receivables	(2,228,771)	(2,071,268)	2,852	(8,692)
Decrease/(increase) in contract assets	677,656	(1,134,709)	-	-
Decrease in prepayments	569,483	737,758	-	-
Increase/(decrease) in trade and other payables	470,292	(1,457,779)	64,732	101,565
Decrease in contract liabilities	(1,710,670)	(834,831)	-	-
Cash generated from/(used in) operation	4,510,652	7,524,513	(749,087)	(675,519)
Interest paid	(89,461)	(85,623)	-	-
Income taxes (paid)/refunded	(1,183,230)	(1,221,044)	9,432	(3,740)
Net cash generated from/(used in) operating activities	3,237,961	6,217,846	(739,655)	(679,259)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	45,193	27,287	-	-
Purchase of property, plant and equipment	(1,122,892)	(383,221)	(4,532)	-
Purchase of investment properties	(250,468)	-	-	-
Withdrawal/(placement) of fixed deposit with licensed bank	2,642,599	(4,113,463)	-	-
Contributories return of joint venture winding up	543,504	-	-	-
Investment in joint ventures	(200,004)	-	(200,000)	-
Interest income received	148,950	115,670	11,146	26,543
Dividend received from a subsidiary	-	-	656,380	-
Dividend received from an associate	-	2,125,000	-	2,125,000
Net cash flows generated from/ (used in) investing activities	1,806,882	(2,228,727)	462,994	2,151,543

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

For the Financial Year Ended 31 December 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(540,000)	(2,160,000)	(540,000)	(2,160,000)
Payment of principal portion of lease liabilities	(194,725)	(160,166)	-	-
Repayment of hire purchase obligations	(13,533)	-	-	-
Net cash flows used in financing activities	(748,258)	(2,320,166)	(540,000)	(2,160,000)
NET CHANGES IN CASH AND CASH EQUIVALENTS	4,296,585	1,668,953	(816,661)	(687,716)
Effect of exchange rate changes on cash and cash equivalents	4,292,428	2,368,525	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	42,680,690	38,643,212	1,331,722	2,019,438
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (NOTE 14)	51,269,703	42,680,690	515,061	1,331,722

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad.

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

The principal place of business is located at 39-5, Jalan PJU 1/41, Block D1, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding.

The principal activities and other information relating to the subsidiaries, associates and joint ventures are disclosed in Note 6, Note 7 and Note 8 respectively.

There has been no significant change in the nature of the 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 Board of Directors on 29 March 2024.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. At the beginning of the current financial year, the Company adopted amended MFRS which are mandatory for financial periods beginning on or after 1 January 2023 as fully described in Note 2.3.

The financial statements of the Group and of the Company have been prepared on a historical cost basis.

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

2.2 Summary of material accounting policies

(a) Basis of consolidation and business combinations

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. 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 for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

Notes to the Financial Statements

- 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTD.)

2.2 Summary of material accounting policies (contd.)

(a) Basis of consolidation and business combinations (contd.)

(i) Basis of consolidation (contd.)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Contractual arrangement with the other vote holders of the investee;
- (iv) Rights arising from other contractual arrangements; and
- (v) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

(ii) Business combinations

- (a) Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss in accordance with MFRS 9. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured at fair value at each reporting date with changes in fair value recognised in profit and loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Notes to the Financial Statements

- 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTD.)

2.2 Summary of material accounting policies (contd.)

(a) Basis of consolidation and business combinations (contd.)

(ii) Business combinations (contd.)

- (a) If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

- (b) Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their respective carrying amounts and reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve or merger deficit. Merger deficit is adjusted against suitable reserves of the Group to the extent that the laws and statutes do not prohibit the use of such reserves. The statements of comprehensive income reflects the result of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

At the reporting date, the merger deficit is Nil (2022: Nil) as the carrying amount of merger deficit had been adjusted against the Group's retained earnings in previous financial years.

(b) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(c) Foreign currency

(i) Foreign currency translation

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Notes to the Financial Statements

- 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTD.)

2.2 Summary of material accounting policies (contd.)

(c) Foreign currency (contd.)

(i) Foreign currency translation (contd.)

Exchange differences arising on the translation of non-monetary items carried at fair value are included in statements of comprehensive income for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(ii) Foreign operations

For consolidation purpose, the assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(d) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Air conditioner	5 years
Computers	3 - 5 years
Furniture and fittings	2 - 10 years
Motor vehicles	7 - 10 years
Office equipment	2 - 10 years
Plant, machinery and instruments	5 years
Renovation	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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 on de-recognition of the asset is included in profit or loss in the financial year the asset is derecognised.

Notes to the Financial Statements

- 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTD.)

2.2 Summary of material accounting policies (contd.)

(e) Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation of investment property is provided for on a straight-line basis to write off the cost of investment properties to its residual value over the lower of the estimated useful life or lease period:

Leasehold land and building	Over the lease period of 17 - 50 years
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Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Right-of-use assets that meet the definition of investment property in accordance to MFRS 16, are presented in the statements of financial position as investment property.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying cost at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.2(d) up to the date of change in use.

(f) Right-of-use assets

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

Leasehold land and building	18 years
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If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, amortisation is calculated using the estimated useful life of the asset.

Right-of-use assets that meet the definition of investment property in accordance to MFRS 16, are presented in the statements of financial position as investment property.

The Group assesses at each reporting date whether there is an indication that the right-of-use assets may be impaired in accordance with the accounting policy set out in Note 2.2(i).

(g) Club membership

Club membership which was acquired separately is carried at cost less accumulated impairment loss. The Group assesses at each reporting date whether there is an indication that the club membership may be impaired in accordance with the accounting policy set out in Note 2.2(i).

Notes to the Financial Statements

- 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTD.)

2.2 Summary of material accounting policies (contd.)

(h) Other investment

Other investment which was acquired separately is carried at cost less accumulated impairment loss. The Group assesses at each reporting date whether there is an indication that the other investment may be impaired in accordance with the accounting policy set out in Note 2.2(i).

(i) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group and the Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, 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. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. 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.

(j) Investment in subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and the carrying amounts is recognised in profit or loss.

Notes to the Financial Statements

- 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTD.)

2.2 Summary of material accounting policies (contd.)

(k) Investment in associates and joint ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead recognised as income in the determination of the Group's share of the associate or joint venture's profit or loss for the period in which the investment is acquired.

An associate and joint venture are equity accounted for from the date on which the investee becomes an associate and joint venture.

Under the equity method, on initial recognition the investment in an associate or joint venture are recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates or joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

In the Company's separate financial statements, investments in associates or joint venture are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(l) Financial assets

Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Notes to the Financial Statements

- 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTD.)

2.2 Summary of material accounting policies (contd.)

(I) Financial assets (contd.)

Initial recognition and measurement (contd.)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

The Group and the Company have no financial assets carried at fair value through OCI, for both debt and equity instruments and financial assets at fair value through profit or loss.

The measurement of financial assets depends on their classification, as described below:

Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; 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 has transferred control of the asset.

Notes to the Financial Statements

- 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTD.)

2.2 Summary of material accounting policies (contd.)

(l) Financial assets (contd.)

Initial recognition and measurement (contd.)

Derecognition (contd.)

When the Group and the Company have transferred its rights to receive cash flows from an asset or have entered into a pass-through arrangement, they 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 its 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 that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(m) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience. The Group and the Company consider forward-looking factors do not have significant impact to their credit risk given the nature of their industry and the amount of ECLs is insensitive to changes to forecast economic conditions.

The Group and the Company consider a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(n) Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents consist of cash in hand, bank balances, demand deposits and short term highly liquid investments with a maturity of three months or less from the date of placement that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements

- 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTD.)

2.2 Summary of material accounting policies (contd.)

(o) Inventories

Inventories are stated 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:

- Trading goods: purchase costs on a first-in-first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in-first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(q) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss; and
- Other financial liabilities.

The measurement of financial liabilities depends on their classification, as described below:

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Notes to the Financial Statements

- 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTD.)

2.2 Summary of material accounting policies (contd.)

(q) Financial liabilities (contd.)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement 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.

(r) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Government grants are recognised in profit and loss on a systematic basis over the period in which the entity recognises as expenses the related cost for which the grant are intended to compensate. Where the grant relates to an asset, the fair value is recognised as deferred capital grant in the statements of financial position and is amortised to profit or loss over a systematic basis over the expected useful life of the relevant asset.

(s) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(iii) Defined benefit plan

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Notes to the Financial Statements

- 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTD.)

2.2 Summary of material accounting policies (contd.)

(s) Employee benefits (contd.)

(iii) Defined benefit plan (contd.)

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

(iv) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

(t) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Finance lease

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Right-of-use assets that meet the definition of investment property in accordance to MFRS 16, are presented in the statements of financial position as investment property.

Operating lease

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Notes to the Financial Statements

- 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTD.)

2.2 Summary of material accounting policies (contd.)

(t) Leases (contd.)

Operating lease (contd.)

Group as a lessee (contd.)

(i) Lease liabilities (contd.)

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(ii) Short-term leases and leases of low-value assets

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(u) Revenue

Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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

Notes to the Financial Statements

- 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTD.)

2.2 Summary of material accounting policies (contd.)

(u) Revenue (contd.)

(i) Sale of goods

The Group is in the business of sales of rotating equipment and spare parts.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the estimated transaction price which comprise the contractual price.

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Rendering of services

The Group is in the business of maintenance and overhaul service of rotating equipment and spare parts.

Revenue is recognised based when the services are rendered to the customer and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the estimated transaction price which comprise the contractual price.

Other revenue

(i) Interest income

Interest income is recognised using the effective interest method.

(ii) Dividend income

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

(iii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iv) Commission income

The Group acts as an agent to provide a service of arranging for another party to transfer goods to a customer. The Group recognises a commission fee, being the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

Contract balances

(i) Contract assets

Contract assets primarily relate to the Group's right to consideration for work complete but not yet billed at reporting date for sale of goods and services. Contract assets are transferred to receivables when the rights become unconditional.

(ii) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due) in accordance with the accounting policy set out in Note 2.2(l).

(iii) Contract liabilities

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances received from customers for sale of goods and services.

Notes to the Financial Statements

- 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTD.)

2.2 Summary of material accounting policies (contd.)

(v) Taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year 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 end of each reporting period.

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 and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Goods and services tax ("GST")

Revenues, expenses and assets in Singapore, Thailand, Philippines and Indonesia are recognised net of the amount of GST except:

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(iv) Sales and service tax ("SST")

When SST is incurred in Malaysia, SST is recognised as part of the expense or cost of acquisition of the asset as SST is not recoverable.

Whereas, revenue is recognised net of the amount of SST billed as it is payable to the taxation authority. SST payable to the taxation authority is included as part of payables in the statements of financial position.

(w) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

Notes to the Financial Statements

- 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTD.)

2.2 Summary of material accounting policies (contd.)

(x) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

(y) Asset held for distribution to owners

The Group classifies investments as held for distribution to owner if their carrying amounts will be recovered principally through liquidation rather than through continuing use. Investments classified as held for distribution to owners are measured at the lower of its carrying amount and fair value less costs to liquidate.

Assets held for distribution are no longer depreciated or amortised once classified as current assets. The investment held for distribution to owners has been presented separately from other assets in the statements of financial position in accordance with MFRS 5. The carrying value of the investment held for distribution to owners will be reclassified to current assets upon completion of the distribution.

(z) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability; or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to the Financial Statements

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2. MATERIAL ACCOUNTING POLICIES (CONTD.)

2.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of amended standards as follows:

On 1 January 2023, the Group and the Company adopted the following new and amended MFRS mandatory for annual financial periods beginning on or after 1 January 2023.

Effective for financial periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts

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

Amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement 2: Disclosure of Accounting Policies

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

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

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

The adoption and application of the above new and amended standards did not have any significant impact on the financial statements of the Group and of the Company except as discussed below:

Amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement 2: Disclosure of Accounting Policies

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Group's and the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's and in the Company's financial statements.

2.4 Standard issued but not yet effective

The standards that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable when they become effective.

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 7 Financial Instruments: Disclosures of Supplier Finance Arrangements

Amendments to MFRS 16 Leases: Lease Liability in a Sale and Leaseback

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

Amendments to MFRS 107 Statement of Cash Flows: Supplier Finance Arrangements

Effective for annual periods beginning on or after 1 January 2025

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

Effective for financial periods to be announced

Amendments to MFRS 10 Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to MFRS 128 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Directors expect that the adoption of the above amended standards will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

Notes to the Financial Statements

- 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTD.)

2.5 Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Critical judgements made in applying accounting policies

There are critical judgements made by management in the process of applying the Group's and the Company's accounting policies which may have significant effect on the amounts recognised in the financial statements as disclosed below:

(i) Property lease classification - Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

(b) Key sources of estimation uncertainty

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

(i) Provision for expected credit losses of trade receivables and contract asset

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

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 12 and Note 13 respectively.

The carrying amount of trade receivables and contract assets as at 31 December 2023 are RM17,149,477 and RM1,227,215 respectively (31 December 2022: RM15,410,383 and RM1,904,871 respectively).

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3. PROPERTY, PLANT AND EQUIPMENT

Group	Air Conditioner RM	Computers RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Plant, machinery and instruments RM	Renovation RM	Total RM
At 31 December 2023								
Cost								
At 1 January 2023	143,869	657,326	832,912	1,154,339	471,005	6,458,102	3,254,138	12,971,691
Additions	11,397	262,632	4,318	664,668	1,453	220,838	25,628	1,190,934
Disposals	-	-	-	(481,872)	-	-	-	(481,872)
Exchange differences	9,039	43,828	48,485	65,812	28,121	364,625	197,363	757,273
At 31 December 2023	164,305	963,786	885,715	1,402,947	500,579	7,043,565	3,477,129	14,438,026
Accumulated depreciation								
At 1 January 2023	132,971	588,355	809,424	978,198	423,865	5,966,064	3,204,389	12,103,266
Depreciation charge for the year	3,275	75,805	10,280	121,751	18,648	216,608	28,788	475,155
Disposals	-	-	-	(481,872)	-	-	-	(481,872)
Exchange differences	8,193	35,483	47,247	49,469	24,175	338,298	195,180	698,045
At 31 December 2023	144,439	699,643	866,951	667,546	466,688	6,520,970	3,428,357	12,794,594
Net carrying amount	19,866	264,143	18,764	735,401	33,891	522,595	48,772	1,643,432
At 31 December 2022								
Cost								
At 1 January 2022	128,838	594,182	792,253	1,094,857	435,522	6,143,768	3,068,661	12,258,081
Additions	6,714	39,239	-	78,354	17,072	241,842	-	383,221
Disposals	-	(12,478)	-	(60,377)	(1,667)	(125,279)	-	(199,801)
Exchange differences	8,317	36,383	40,659	41,505	20,078	197,771	185,477	530,190
At 31 December 2022	143,869	657,326	832,912	1,154,339	471,005	6,458,102	3,254,138	12,971,691
Accumulated depreciation								
At 1 January 2022	122,739	512,023	752,863	920,778	383,790	5,621,150	2,843,251	11,156,594
Depreciation charge for the year	2,415	52,272	17,708	84,408	24,072	290,301	185,002	656,178
Disposals	-	(2,206)	-	(60,180)	(1,667)	(120,858)	-	(184,911)
Exchange differences	7,817	26,266	38,853	33,192	17,670	175,471	176,136	475,405
At 31 December 2022	132,971	588,355	809,424	978,198	423,865	5,966,064	3,204,389	12,103,266
Net carrying amount	10,898	68,971	23,488	176,141	47,140	492,038	49,749	868,425

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- 31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company

	Computer RM	Office equipment RM	Total RM
At 31 December 2023			
Cost			
At 1 January 2023	6,146	2,700	8,846
Additions	4,532	-	4,532
At 31 December 2023	10,678	2,700	13,378
Accumulated depreciation			
At 1 January 2023	6,146	2,700	8,846
Depreciation charge for the year	126	-	126
At 31 December 2023	6,272	2,700	8,972
Net carrying amount	4,406	-	4,406
At 31 December 2022			
Cost			
At 1 January 2022/31 December 2022	6,146	2,700	8,846
Accumulated depreciation			
At 1 January 2022/31 December 2022	6,146	2,700	8,846
Net carrying amount	-	-	-

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM1,190,934 (2022: RM383,221) and RM4,532 (2022: RM Nil) by way of cash and of which RM68,042 (2022: RM Nil) and RM Nil (2022: RM Nil) was financed by means of hire purchase arrangements.

Net book values of plant and equipment held under hire purchase arrangements are as follows:

	Group
	2023
	2022
	RM
	RM
Motor vehicles	424,808
	-

Notes to the Financial Statements

- 31 December 2023

4. INVESTMENT PROPERTIES

	Group	
	2023	2022
	RM	RM
Leasehold land and building		
Cost		
At 1 January	10,456,585	10,252,453
Additions	250,468	-
Write off	-	(247,501)
Exchange differences	613,034	451,633
At 31 December	11,320,087	10,456,585
Accumulated depreciation		
At 1 January	4,403,430	4,118,862
Depreciation charge for the year	264,345	264,061
Write off	-	(137,307)
Exchange differences	258,241	157,814
At 31 December	4,926,016	4,403,430
Net carrying amount	6,394,071	6,053,155
Fair value as at 31 December	20,598,888	17,904,365

Right-of-use assets that meet the definition of investment property in accordance to MFRS 16, are presented in the statements of financial position as investment properties.

The investment properties as at 31 December 2023 were valued by independent professional valuers firm based on market comparison approach and comparison/depreciable replacement cost method as disclosed in Note 36(b).

- a) The Group has land use rights and buildings with carrying amount of RM1,031,510 (2022: RM850,399) comprising land lease over two plots of state-owned land in the Republic of Indonesia. The land use rights are transferable and have a remaining tenure of 8 years (2022: 9 years) and 4 years (2022: 5 years) respectively.

Direct operating expenses incurred by the Group on the land use rights and buildings in the Republic of Indonesia during the financial year amounted to RM19,234 (2022: RM10,450).

- b) The Group also has land use rights and buildings with carrying amount of RM5,362,561 (2022: RM5,202,756) comprising land lease over one plot of state-owned land in the Republic of Singapore. The land use rights are transferable and have a remaining tenure of 35 years (2022: 36 years).

Direct operating expenses incurred by the Group on the land use rights and buildings in the Republic of Singapore during the financial year amounted to RM80,245 (2022: RM108,519).

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5. RIGHT-OF-USE ASSETS

The Group has lease contracts for land and building used in its operations. Leases of land and building have remaining lease terms of 15 years (2022: 16 years). The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of offices with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

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

	Lease of land RM	Leasehold building RM	Total RM
Group			
At 31 December 2023			
Cost			
At 1 January 2023	3,101,621	27,418,962	30,520,583
Exchange difference	261,070	1,676,293	1,937,363
At 31 December 2023	3,362,691	29,095,255	32,457,946
Accumulated depreciation			
At 1 January 2023	685,095	8,464,553	9,149,648
Depreciation of right-of-use assets	205,390	1,291,947	1,497,337
Exchange difference	44,131	547,042	591,173
At 31 December 2023	934,616	10,303,542	11,238,158
Net carrying amount	2,428,075	18,791,713	21,219,788
At 31 December 2022			
Cost			
At 1 January 2022	2,936,492	25,789,815	28,726,307
Exchange difference	165,129	1,629,147	1,794,276
At 31 December 2022	3,101,621	27,418,962	30,520,583
Accumulated depreciation			
At 1 January 2022	462,155	6,789,351	7,251,506
Depreciation of right-of-use assets	194,330	1,214,151	1,408,481
Exchange difference	28,610	461,051	489,661
At 31 December 2022	685,095	8,464,553	9,149,648
Net carrying amount	2,416,526	18,954,409	21,370,935

Notes to the Financial Statements

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6. INVESTMENT IN SUBSIDIARIES

	Company	
	2023	2022
	RM	RM
Unquoted shares outside Malaysia, at cost	44,628,995	44,628,995

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Place of business / country of incorporation	Principal activities	Proportion of ownership interest held by Group		Proportion of ownership interest held by non-controlling interests	
			2023 (%)	2022 (%)	2023 (%)	2022 (%)
Held by the Company						
Turbo-Mech Asia Pte. Ltd. ⁽¹⁾	Singapore	Sales of rotating equipment and spare parts and provision of maintenance and overhaul services	100	100	-	-
Held through Turbo-Mech Asia Pte. Ltd.:						
Scallop (S) Pte. Ltd. ⁽²⁾	Singapore	Dormant	75	75	25	25
Rotodyne Phils. Inc. ⁽¹⁾	Philippines	Sales of rotating equipment and spare parts and provision of maintenance and overhaul services	100	100	-	-
PT Turbo-Mech Indonesia ⁽³⁾⁽⁴⁾	Indonesia	Sales of rotating equipment and spare parts	100	100	-	-
Turbo-Mech (Thailand) Co. Ltd. ⁽³⁾	Thailand	Sales of rotating equipment and spare parts	99.8	99.8	0.2 ⁽⁵⁾	0.2

⁽¹⁾ Audited by member firms of Ernst & Young Global in the respective countries

⁽²⁾ Not required to be audited under the law in country of incorporation

⁽³⁾ Audited by firms of auditors other than Ernst & Young

⁽⁴⁾ 0.58% (2022: 0.58%) of the Group's investment in PT Turbo-Mech Indonesia is registered in the name of a Director, held in trust for the Group

⁽⁵⁾ 0.1% (2022: 0.1%) is owned by a Director, Gan Kok Ten

7. INVESTMENT IN ASSOCIATES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Unquoted equity shares, at cost	8,765,513	8,765,513	8,639,755	8,639,755
Share of post-acquisition profits				
As at 1 January	7,477,270	7,406,101	-	-
Share of results of associates	1,075,127	67,686	-	-
Less: Dividend declared	(425,000)	-	-	-
Exchange currency translation differences	101	3,483	-	-
As at 31 December	8,127,498	7,477,270	-	-
	16,893,011	16,242,783	8,639,755	8,639,755

The associates are located in Malaysia and Brunei which are strategic to further enhance the Group's existence in the South East Asia region as their place of business.

Notes to the Financial Statements

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7. INVESTMENT IN ASSOCIATES (CONTD.)

(a) Details of the associates are as follows:

Name of associates	Place of business/ country of incorporation	Principal activities	Proportion of ownership interest		Accounting model
			2023 (%)	2022 (%)	
Bayu Purnama Sdn. Bhd. ⁽¹⁾	Malaysia	Provision of general trading and services for mechanical static, rotating, electrical equipment including turbines, pumps, compressors, generator, transformers, cooling towers, air cooled heat exchangers, heating ventilation air conditioning (HVAC) in oil and gas, petrochemical, refineries, chemical, power generation, general industries and importation of timber	42.5	42.5	Equity method
Held through Bayu Purnama Sdn. Bhd.					
Bayu Manufacturing Sdn. Bhd. ⁽¹⁾	Malaysia	Providing pump performance test and packaging skids mounted equipment for oil and gas and other related industry	100	100	Equity method
Bayu Castings Sdn. Bhd. ⁽¹⁾	Malaysia	Casting metal parts	50	-	Equity method
Held through Turbo-Mech Asia Pte. Ltd.:					
Rotodyne Sendirian Berhad ⁽²⁾	Negara Brunei Darussalam	Sales of rotating equipmen and spare parts	30	30	Equity method

⁽¹⁾ Audited by Ernst & Young PLT, Malaysia

⁽²⁾ Audited by member firms of Ernst & Young Global in the respective countries

(b) Summarised financial information in respect of each of the Group's material associates is set out below.

(i) Summarised statements of financial position

Bayu Purnama Sdn. Bhd.

	2023 RM	2022 RM
Non-current assets	2,697,360	2,449,366
Current assets	47,976,817	41,336,411
Total assets	50,674,177	43,785,777
Non-current liabilities	649,176	1,021,772
Current liabilities	9,230,721	3,583,998
Net assets	40,794,280	39,180,007

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7. INVESTMENT IN ASSOCIATES (CONTD.)

(b) Summarised financial information in respect of each of the Group's material associates is set out below. (contd.)

(ii) Summarised statements of comprehensive income

	2023 RM	2022 RM
Revenue	34,688,381	22,217,222
Profit before tax from continuing operations	3,538,718	753,347
Profit for the year from continuing operations	2,614,273	416,205
Other comprehensive income	-	-
Total comprehensive income	2,614,273	416,205
Dividend receivable from the associate during the year	425,000	-

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in its material associates

	2023 RM	2022 RM
Net assets at 1 January	39,180,007	38,763,802
Profit for the year	2,614,273	416,205
Less: Dividend paid	(1,000,000)	-
Net assets at 31 December	40,794,280	39,180,007
Interest in associates	42.5%	42.5%
Carrying value of Group's interest in associates	17,337,569	16,651,503

(c) Aggregate information of associate that is not individually material

	2023 RM	2022 RM
The Group's share of loss before tax from continuing operations	(238,823)	(191,138)
The Group's share of loss after tax from continuing operations	(238,823)	(191,138)
The Group's share of other comprehensive income	-	-
The Group's share of total comprehensive loss	(238,823)	(191,138)

(d) The associates had no contingent liabilities or capital commitments as at 31 December 2023 and 31 December 2022.

8. INVESTMENT IN JOINT VENTURES

	Group 2023 RM	2022 RM
Unquoted shares, at cost	200,004	155,080
Share of post-acquisition profit		
As at 1 January	-	255,759
Share of results of a joint venture	-	103,951
Exchange currency translation differences	-	28,702
As at 31 December	-	388,412
	200,004	543,492
Reclassified to asset held for distribution to owner (Note 40)	-	(543,492)
	200,004	-

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- 31 December 2023

8. INVESTMENT IN JOINT VENTURES (CONTD.)

	Company
	2023 2022
	RM RM
Unquoted shares, at cost	200,000 -

- (a) On 20 July 2016, the Group entered into a Joint Venture Agreement with Elflow Asia BV to establish a joint venture company, TM-Elflow Pte Ltd ("TM-Elflow"). This joint venture is in the business of sales of air-cooled heat exchangers and the provision of related products and services.

On 9 November 2022, TM-Elflow had commenced voluntary liquidation proceedings. The Group has no further obligations or commitments with respect to the joint venture. The Group will continue to monitor the liquidation process. In financial year 2022, the Group had designated its investment in TM-Elflow as asset held for distribution to owner (Note 40).

On 8 August 2023, TM-Elflow had lodged a return of liquidation. The company is dissolved after the expiration of three months from the date of lodging the return.

- (b) On 18 May 2023, the Group entered into a Joint Venture Agreement with Flowco (M) Sdn Bhd to establish a joint venture company, FTM Vietnam Sdn Bhd ("FTM"). This joint venture is in the business of sale and servicing of petrol dispensers and the related equipment in Vietnam.

- (c) On 1 December 2023, the Group entered into a Joint Venture Agreement with Brook Crompton Service Technology Pte Ltd to establish a joint venture company, Brook-TM Services Technology Pte Ltd ("BTM"). This joint venture is in the business of sale of electric motors, IOT solutions and engineering services.

- (d) Details of the joint venture are as follows:

Name of joint venture	Place of business/ country of incorporation	Intended principal activities	Proportion of ownership interest held by Group		Proportion of ownership interest held by joint venture party	
			2023 (%)	2022 (%)	2023 (%)	2022 (%)
Held by the Company:						
FTM Vietnam Sdn. Bhd. ⁽³⁾	Malaysia	Sales and servicing of petrol dispensers and related equipments in Vietnam	50	-	50	-
Held through Turbo-Mech Asia Pte. Ltd.:						
TM-Elflow Pte. Ltd. ^{(1) (2)}	Singapore	Sales of air-cooled heat exchangers and products and services	-	50	-	50
Brook- TM Services Technology Pte. Ltd. ⁽¹⁾	Singapore	Sales of electrical motors, IOT solutions and engineering services	49	-	49	-

The financial year end of the joint venture is at 31 December.

(1) Audited by member firms of Ernst & Young Global in the respective countries

(2) During the financial year, TM-Elflow Pte Ltd, a joint venture established between Turbo-Mech Asia Pte. Ltd. and Elflow Asia BV was dissolved.

(3) Audited by Ernst & Young PLT, Malaysia

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8. INVESTMENT IN JOINT VENTURES (CONTD.)

(e) Summarised financial information in respect of the Group's joint ventures are set out below.

(i) Summarised statements of financial position

	2023 RM	2022 RM
Non-current assets	-	-
Current assets	400,008	1,129,551
Total assets	400,008	1,129,551
Current liabilities	-	(33,676)
Irredeemable, non-convertible preference shares	-	(37)
Net assets	400,008	1,095,838

(ii) Summarised statements of comprehensive income

	2023 RM	2022 RM
Revenue	-	334,584
Income before tax from continuing operations	-	240,804
Income after tax from continuing operations	-	207,902
Other comprehensive gain	-	57,404
Total comprehensive income	-	265,306

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in its joint ventures

	2023 RM	2022 RM
Net assets at beginning of the year	1,086,984	821,678
Capital injection by way of cash	400,008	-
Income for the year	-	207,902
Exchange currency translation differences	-	57,404
Less: Distribution of share equity and interest	(1,086,984)	-
Net assets at 31 December	400,008	1,086,984
Interest in joint ventures	50.0%	50.0%
Carrying value of Group's interest in joint ventures	200,004	543,492

The joint ventures had no contingent liabilities or capital commitments as at 31 December 2023 and 31 December 2022.

9. OTHER NON-CURRENT ASSETS

	Group 2023 RM	2022 RM
Club memberships, at cost	61,441	61,441
Less: Impairment of club memberships	(23,042)	(23,042)
Less: Amortisation of club memberships	(38,399)	(38,399)
Net book value of club memberships	-	-
Others	12	12
Less: Distribution of preference shares	(12)	-
	-	12

The non-current assets are stated at costs, less impairment and amortisation.

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10. DEFERRED TAX ASSETS

	Group	
	2023 RM	2022 RM
At 1 January	(289,513)	(125,577)
Recognised in the statements of comprehensive income	154,636	(152,738)
Exchange currency translation differences	(13,157)	(11,198)
At 31 December	(148,034)	(289,513)

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

Deferred tax liabilities of the Group:

	Right-of-use assets RM	Property, plant and equipment RM	Total RM
At 1 January 2022	445,104	136,904	582,008
Recognised in the statements of comprehensive income	(39,453)	(48,023)	(87,476)
Exchange currency translation differences	(367)	5,119	4,752
At 31 December 2022	405,284	94,000	499,284
Recognised in the statements of comprehensive income	(27,746)	10,442	(17,304)
Exchange currency translation differences	19,839	18,344	38,183
At 31 December 2023	397,377	122,786	520,163

Deferred tax assets of the Group:

	Lease liabilities RM	Other deductible temporary differences RM	Total RM
At 1 January 2022	(462,484)	(245,101)	(707,585)
Recognised in the statements of comprehensive income	(42,359)	(22,903)	(65,262)
Exchange currency translation differences	60,860	(76,810)	(15,950)
At 31 December 2022	(443,983)	(344,814)	(788,797)
Recognised in the statements of comprehensive income	(10,551)	182,491	171,940
Exchange currency translation differences	22,611	(73,951)	(51,340)
At 31 December 2023	(431,923)	(236,274)	(668,197)

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

	Group	
	2023 RM	2022 RM
Foreign		
Unrecognised temporary differences	461,065	109,074
Unutilised business losses	96,326	96,326
	557,391	205,400
Potential foreign deferred tax benefits at 17% and 30% (2022: 17% and 30%)	154,695	49,098

Deferred tax assets have not been recognised in respect of the above items as it is uncertain that taxable profit will be available against which the deductible temporary differences can be utilised. The use of these tax losses are subject to agreement of tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

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10. DEFERRED TAX ASSETS (CONTD.)

Unrecognised taxable temporary differences relating to investment in subsidiaries

At the end of the reporting period, no deferred tax liability (2022: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregate to RM2,076,000 (2022: RM1,718,000).

11. INVENTORIES

	Group	
	2023 RM	2022 RM
Trading goods	6,505,841	6,906,952
Goods in transit	234,375	-
Trading goods, at the lower of cost and net realisable value	6,740,216	6,906,952

(a) During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM22,788,569 (2022: RM32,131,440).

(b) Inventories amounting to RM560,306 (2022: RM287,864) were written down and recognised as other operating expenses in profit or loss.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables				
Third parties	17,983,267	15,461,298	-	-
Amount due from an associate	1,967	109	-	-
	17,985,234	15,461,407	-	-
Less: Allowance for expected credit loss	(835,757)	(51,024)	-	-
	17,149,477	15,410,383	-	-
Other receivables				
Rental receivables	170,824	162,798	-	-
Refundable deposits	160,093	147,853	7,605	7,605
Interest receivables	327,560	48,618	5,840	8,692
Net GST receivables	-	88,243	-	-
Other receivables	110,788	373,916	-	-
	769,265	821,428	13,445	16,297
Total trade and other receivables	17,918,742	16,231,811	13,445	16,297
Less: Net GST receivables	-	(88,243)	-	-
Total trade and other receivables carried at amortised cost	17,918,742	16,143,568	13,445	16,297
Add: Dividend receivables	425,000	-	1,817,880	656,380
Add: Cash and bank balances	64,939,152	58,992,738	515,061	1,331,722
Total financial assets carried at amortised cost	83,282,894	75,136,306	2,346,386	2,004,399

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- 31 December 2023

12. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2022: 30 to 120 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	13,445	16,297	13,445	16,297
Singapore Dollars	6,245,728	4,014,133	-	-
United States Dollars	3,460,072	2,014,792	-	-
Philippines Peso	109,194	578,304	-	-
Indonesian Rupiah	4,314,500	4,203,790	-	-
Thailand Baht	3,542,400	5,202,846	-	-
Euro	233,403	201,649	-	-
	17,918,742	16,231,811	13,445	16,297

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Gross carrying amount RM	Expected credit loss RM	Total RM
At 31 December 2023			
Not past due	10,896,129	(35,460)	10,860,669
1 to 30 days past due	1,266,884	(6,669)	1,260,215
31 to 60 days past due	247,995	(1,199)	246,796
60 to 90 days past due	252,528	(1,621)	250,907
91 to 120 days past due	345,552	(1,099)	344,453
More than 120 days past due	4,976,146	(789,709)	4,186,437
	17,985,234	(835,757)	17,149,477
At 31 December 2022			
Not past due	8,463,504	(15,090)	8,448,414
1 to 30 days past due	1,586,842	(9,629)	1,577,213
31 to 60 days past due	678,426	(4,591)	673,835
60 to 90 days past due	163,823	(955)	162,868
91 to 120 days past due	1,388,133	-	1,388,133
More than 120 days past due	3,180,679	(20,759)	3,159,920
	15,461,407	(51,024)	15,410,383

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group	
	2023 RM	2022 RM
Movement in expected credit loss allowance accounts		
As at 1 January	51,024	47,993
Charge for the financial year (Note 30)	781,619	-
Exchange currency translation differences	3,114	3,031
As at 31 December	835,757	51,024

Notes to the Financial Statements

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12. TRADE AND OTHER RECEIVABLES (CONTD.)

(b) Amounts due from an associate

The amounts due from an associate are unsecured, non-interest bearing and receivable on demand.

(c) Other receivables

Other receivables that are neither past due nor impaired are creditworthy debtors with the Group and the Company.

13. CONTRACT ASSETS

	Group	
	2023	2022
	RM	RM
Contract assets	1,227,215	1,904,871

Contract assets primarily relate to the Group's right to consideration for goods and services transferred for which receipt of its consideration is conditional on the completion and final acceptance by the customers. Contract assets are transferred to receivables when the rights become unconditional.

Movement in contract assets are explained as follows:

	Group	
	2023	2022
	RM	RM
As at 1 January	1,904,871	770,162
Unbilled portion for revenue earned	7,892,707	11,444,088
Contract asset reclassified to trade receivables	(8,570,363)	(10,309,379)
As at 31 December	1,227,215	1,904,871

Contract assets are denominated in the following currencies:

	Group	
	2023	2022
	RM	RM
Singapore Dollars	1,227,215	1,904,871

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are, as follows:

	Group	
	2023	2022
	RM	RM
Within one year	448,131	419,599

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14. CASH AND BANK BALANCES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash at banks and in hand	43,427,548	37,680,715	515,061	219,449
Fixed deposits with licensed banks	21,511,604	21,312,023	-	1,112,273
Cash and bank balances	64,939,152	58,992,738	515,061	1,331,722
Less: Fixed deposits with licensed bank with maturity periods more than 3 months	(13,669,449)	(16,312,048)	-	-
Cash and cash equivalents	51,269,703	42,680,690	515,061	1,331,722

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits with licensed bank are made for varying periods of between one day and one year (2022: one day and one year) depending on the immediate cash requirements of the Group and of the Company. The Group deposits with licensed banks earns interest ranging from 0.8% to 3.2% (2022: 0.1% to 1.55%) during the year.

The weighted average effective rates of deposits with licensed banks of the Group were 0.4% (2022: 0.6%) per annum. The weighted average maturities of deposits with licensed banks of the Group were 154 (2022: 163) days. Fixed deposits with licensed banks of the Group amounting to RM18,391,634 (2022: RM17,242,890) are pledged to secure the Group's banking facilities for letter of credit and bank guarantee.

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia	515,061	1,331,722	515,061	1,331,722
Singapore Dollars	30,769,565	24,653,792	-	-
United States Dollars	13,472,965	15,003,274	-	-
Japanese Yen	1,833,212	1,818,994	-	-
Philippines Peso	70,456	137,073	-	-
Indonesian Rupiah	3,679,573	3,392,336	-	-
Euro	3,554,645	3,821,375	-	-
Thailand Baht	11,027,420	8,810,474	-	-
Others	16,255	23,698	-	-
	64,939,152	58,992,738	515,061	1,331,722

15. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2023	2022	2023	2022
			RM	RM
Issued and fully paid:				
At 1 January/31 December	108,000,000	108,000,000	54,000,000	54,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Notes to the Financial Statements

- 31 December 2023

16. RETAINED EARNINGS AND RESERVES

(a) Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2023 and 31 December 2022 under the single tier system.

(b) Capital reserve

The capital reserve represents the amount capitalised for bonus issue by a subsidiary company.

(c) Retirement benefit obligation reserve

The reserve arose from remeasurement of the net defined benefit liability arising from actuarial gains and losses from increases or decreases in the present value of the defined benefit obligation.

(d) Statutory reserve

The statutory reserve relates to the appropriation of reserves from the net profits of a subsidiary company established in Thailand. In accordance with the Thailand local laws, before dividends for a particular year are declared, companies are required to appropriate 5% of their profit before taxation reported in the statutory accounts for that year to a statutory reserve. The maximum balance of the reserve is capped at 10% of the registered capital. This reserve can only be distributed to the shareholders upon liquidation of the company or utilised in the event of a reduction in share capital.

17. FOREIGN CURRENCY TRANSLATION RESERVE

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

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables				
Third parties	3,012,288	3,450,151	-	-
Other payables				
Amount due to an associate	56,481	3,599	-	-
Accruals	1,813,427	1,590,256	334,674	269,942
Net GST payables	308,843	99,361	-	-
Other payables	1,006,334	645,378	-	-
	3,185,085	2,338,594	334,674	269,942
Total trade and other payables	6,197,373	5,788,745	334,674	269,942
Less: Net GST payables	(308,843)	(99,361)	-	-
Total trade and other payables carried at amortised cost	5,888,530	5,689,384	334,674	269,942
Add: Hire purchase payables (Note 20)	55,792	-	-	-
Lease liabilities (Note 21)	2,611,241	2,562,250	-	-
Retirement benefit obligation (Note 22)	404,060	336,465	-	-
Total financial liabilities carried at amortised cost	8,959,623	8,588,099	334,674	269,942

Notes to the Financial Statements

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18. TRADE AND OTHER PAYABLES (CONTD.)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 days (2022: 30 to 60 days) terms.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	391,155	312,711	334,674	269,942
Singapore Dollars	2,505,953	1,311,446	-	-
United States Dollars	1,304,709	2,829,867	-	-
Philippines Peso	63,361	41,464	-	-
Indonesian Rupiah	278,003	607,980	-	-
Thailand Baht	364,317	416,956	-	-
Euro	1,289,875	268,321	-	-
	<u>6,197,373</u>	<u>5,788,745</u>	<u>334,674</u>	<u>269,942</u>

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 90 days (2022: 90 days).

(c) Amount due to an associate

The amount due to an associate is unsecured, non-interest bearing and are repayable on demand.

19. CONTRACT LIABILITIES

	Group	
	2023 RM	2022 RM
Contract liabilities	<u>165,857</u>	<u>1,876,527</u>

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of goods and services.

Contract liabilities are recognised as revenue as the Group performs under the contract.

Movement in contract liabilities are explained as follows:

	Group	
	2023 RM	2022 RM
As at 1 January	1,876,527	2,711,358
Advances received from customers	280,382	1,558,283
Recognised as revenue during the year	(1,991,052)	(2,393,114)
As at 31 December	<u>165,857</u>	<u>1,876,527</u>

Contract liabilities are denominated in the following currencies:

	Group	
	2023 RM	2022 RM
Singapore Dollars	165,857	-
Thai Baht	-	1,876,527
	<u>165,857</u>	<u>1,876,527</u>

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20. HIRE PURCHASE PAYABLES

		Group 2023 RM	2022 RM
Current	Maturity		
Secured:			
Obligations under hire purchase	2024	34,655	-
Non-current			
Secured:			
Obligations under hire purchase	2025	21,137	-
Total		55,792	-

Obligations under hire purchase

The Company has hire purchase for certain of its motor vehicles (Note 3).

Future minimum payments under hire purchase together with the present value of the net minimum payments are as follows:

	2023 RM	2022 RM
Future minimum payments:		
On demand or within one (1) year	36,897	-
More than one (1) year and less than two (2) years	21,523	-
Total minimum future payments	58,420	-
Less: Future finance charges	(2,628)	-
Present value of hire purchase liabilities	55,792	-
Analysis of present value of hire purchase liabilities:		
On demand or within one (1) year	34,655	-
More than one (1) year and less than two (2) years	21,137	-
	55,792	-
Less: Amount due within 12 months	(34,655)	-
Amount due after 12 months	21,137	-

The hire purchase bears interest at 2.98% (2022: Nil) per annum at the reporting date.

21. LEASE LIABILITIES

Information about the Group's leases are disclosed in Note 5.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group 2023 RM	2022 RM
As at 1 January	2,562,250	2,578,462
Accretion of interest on lease liabilities	87,974	85,623
Payment	(282,699)	(245,789)
Exchange difference	243,716	143,954
As at 31 December	2,611,241	2,562,250
Current	186,788	167,810
Non-current	2,424,453	2,394,440
	2,611,241	2,562,250

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21. LEASE LIABILITIES (CONTD.)

The maturity analysis of lease liabilities are disclosed below:

	Group	
	2023	2022
	RM	RM
Not later than one year	186,788	167,810
Later than one year but not later than five years	818,238	773,960
Later than five years	1,606,215	1,620,480
	2,611,241	2,562,250

The following are the amounts recognised in profit or loss:

	Group	
	2023	2022
	RM	RM
Depreciation of right-of-use assets	(1,497,337)	(1,408,481)
Accretion of interest on lease liabilities	(87,974)	(85,623)
Total amount recognised in profit or loss	(1,585,311)	(1,494,104)

The Group had total cash outflows for lease payments amounting to RM194,725 (2022: RM160,166). The future cash outflows relating to short-term leases are disclosed in Note 34.

22. RETIREMENT BENEFIT OBLIGATION

	Group	
	2023	2022
	RM	RM
Defined benefit obligations	404,060	336,465

Defined benefit plans

The Group operates a defined benefit plans covering all regular full-time employees in a subsidiary, Rotodyne Phil. Inc. It is unfunded but accrues the estimated cost of post-employment benefits, actuarially determined.

The amount included in the Group's statements of financial position arising from the Group's obligations in respect of its defined benefit plans is as follows:

	Group	
	2023	2022
	RM	RM
Present value of defined benefit obligations, representing net defined benefit liabilities	404,060	336,465

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22. RETIREMENT BENEFIT OBLIGATION (CONTD.)

Changes in present value of the defined benefit obligations are as follows:

	Group	
	2023 RM	2022 RM
At 1 January	269,342	274,878
Current service costs	36,715	29,293
Past service costs	(2,225)	(44,376)
Interest costs	19,113	12,962
Amount recognised in statements of comprehensive income	53,603	(2,121)
Exchange differences	10,531	(3,415)
	64,134	(5,536)
At 31 December	333,476	269,342
Remeasurement loss on defined benefit plans		
At 1 January	67,123	44,935
Actuarial (gain)/loss arising from:		
- changes in financial assumptions	(5,837)	38,695
- experience adjustments	9,298	(16,507)
Amount recognised in statements of comprehensive income	3,461	22,188
At 31 December	70,584	67,123
Net carrying amount	404,060	336,465

Analysed as:

	Group	
	2023 RM	2022 RM
Current	-	-
Non-current		
Later than five (5) years	404,060	336,465
	404,060	336,465

The cost of defined benefit plans as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining the obligations for the defined benefit plans are shown below:

	Group	
	2023	2022
Discount rates	3.04%-6.51%	3.15%-6.78%
Expected rate of future salary increases	2%-10%	2%-10%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

		Group	
		2023 RM	2022 RM
Discount rates	- Increase 1% (2022: 1%)	(24,183)	(21,669)
	- Decrease 1% (2022: 1%)	26,955	23,967
Expected rate of future salary increases	- Increase 1% (2022: 1%)	26,489	24,341
	- Decrease 1% (2022: 1%)	(24,179)	(22,373)

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23. REVENUE

(a) Disaggregation of revenue

Segments	Group					
	Sales of goods		Service income		Total revenue	
	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM
Primary geographical market						
Malaysia	1,010,441	211,418	2,085	1,034,172	1,012,526	1,245,590
Singapore	16,425,783	12,701,518	7,552,984	8,717,242	23,978,767	21,418,760
Indonesia	2,920,515	2,974,379	-	-	2,920,515	2,974,379
Philippines	823,227	1,822,934	-	-	823,227	1,822,934
Thailand	9,110,546	11,869,503	-	-	9,110,546	11,869,503
Others	4,187,020	8,222,021	337,638	1,692,674	4,524,658	9,914,695
	34,477,532	37,801,773	7,892,707	11,444,088	42,370,239	49,245,861
Major product or service lines						
Rotating equipment and spare parts	34,477,532	37,801,773	-	-	34,477,532	37,801,773
Maintenance and overhaul services	-	-	7,892,707	11,444,088	7,892,707	11,444,088
	34,477,532	37,801,773	7,892,707	11,444,088	42,370,239	49,245,861
Timing of transfer of goods or services						
At a point in time	34,477,532	37,801,773	-	-	34,477,532	37,801,773
Over time	-	-	7,892,707	11,444,088	7,892,707	11,444,088
	34,477,532	37,801,773	7,892,707	11,444,088	42,370,239	49,245,861

	Company	
	2022 RM	2021 RM
Dividend income from:		
- Subsidiary	1,392,880	656,380
- Associate	425,000	-
	1,817,880	656,380

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	Group			
	Sales of goods		Service income	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	34,477,532	37,801,773	7,892,707	11,444,088
Inter-segment	2,437,986	3,105,859	-	-
	36,915,518	40,907,632	7,892,707	11,444,088
Inter-segment adjustments and elimination	(2,437,986)	(3,105,859)	-	-
Total revenue from contracts with customers	34,477,532	37,801,773	7,892,707	11,444,088

(b) Contract balances

Information about trade receivables, contract assets and contract liabilities from contracts with customers are disclosed in Note 12, Note 13 and Note 19 respectively.

The Group has recognised expected credit losses on trade receivables and contract asset arising from contracts with customers as disclosed in Note 12 and Note 13 respectively.

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23. REVENUE (CONTD.)

(c) Performance obligation

Information about the Group's performance obligations are summarised below:

(i) Sale of goods

The performance obligation is satisfied upon delivery of the rotating equipment and spare parts and payment is generally due within 30 to 120 days from delivery.

(ii) Service income

The performance obligation is satisfied over-time and payment is generally due upon completion of maintenance and overhaul services and acceptance of the customer.

24. COST OF SALES

Cost of sales comprises cost of goods sold and its associated expenses.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cost of inventories sold	22,788,569	32,131,440	-	-
Cost of services	3,716,399	3,413,938	-	-
	26,504,968	35,545,378	-	-

25. INTEREST INCOME

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest income from fixed deposits with licensed banks	476,510	115,670	11,146	26,543

26. OTHER INCOME

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Net realised gain on foreign currency translations	113,076	97,340	11,000	-
Rental income	1,409,293	1,346,549	-	-
Gain on disposal of property, plant and equipment	45,193	12,397	-	-
Government assistance on job support scheme	8,791	27,368	-	-
Insurance compensation claim	-	262,752	-	-
Commission income	-	520,808	-	-
Others	20,069	82,104	568	-
	1,596,422	2,349,318	11,568	-

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27. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Salaries, bonuses and other emoluments	7,451,470	7,339,420	202,763	189,784
Director fees	115,000	109,000	115,000	109,000
Contributions to defined contribution plan	660,249	630,082	25,167	23,370
Increase in liability for defined benefit plan	57,035	2,649	-	-
Other benefits	387,677	639,627	8,733	14,631
	8,671,431	8,720,778	351,663	336,785
Less: Amount included in cost of sales	(2,030,128)	(2,133,472)	-	-
	6,641,303	6,587,306	351,663	336,785

Included in employee benefits expense of the Group and of the Company are Directors' remuneration amounting to RM1,366,661 (2022: RM1,271,704) and RM154,000 (2022: RM156,730) respectively.

28. DIRECTORS' REMUNERATION

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Directors of the Company				
Executive:				
Salaries and other emoluments	300,597	282,495	-	-
Fees	22,000	22,000	22,000	22,000
Bonus	22,838	21,463	-	-
Defined contribution plan	46,220	44,771	-	-
Insurance effected to indemnify directors	-	4,243	-	4,243
Total Executive Directors' remuneration	391,655	374,972	22,000	26,243
Non-Executive:				
Fees	93,000	87,000	93,000	87,000
Other emoluments	39,000	35,000	39,000	35,000
Insurance effected to indemnify directors	-	8,487	-	8,487
Total Non-Executive Directors' remuneration	132,000	130,487	132,000	130,487
	523,655	505,459	154,000	156,730
Directors of the subsidiaries				
Executive:				
Salaries and other emoluments	734,493	660,120	-	-
Fees	-	-	-	-
Bonus	66,477	65,472	-	-
Defined contribution plan	42,036	40,653	-	-
	843,006	766,245	-	-
Non-Executive:				
Fees	-	-	-	-
Total Directors' remuneration	1,366,661	1,271,704	154,000	156,730
Executive Directors' remuneration	1,234,661	1,141,217	22,000	26,243
Non-Executive Directors' remuneration	132,000	130,487	132,000	130,487
	1,366,661	1,271,704	154,000	156,730

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28. DIRECTORS' REMUNERATION (CONTD.)

The number of Directors of the Company whose total remuneration during the financial year fell within the followings bands is analysed below:

	Number of Directors			
	Group	Non-Executive Directors	Company	Non-Executive Directors
	Executive Directors	Executive Directors	Executive Directors	Executive Directors
At 31 December 2023				
RM0 - RM50,000	1	6	2	6
RM300,001 – RM350,000	1	-	-	-
At 31 December 2022				
RM0 - RM50,000	1	6	2	6
RM300,001 – RM350,000	1	-	-	-

29. FINANCE COST

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest on:				
- accretion of interest on lease liabilities	87,974	85,623	-	-
- hire purchases	1,487	-	-	-
	89,461	85,623	-	-

30. PROFIT/(LOSS) BEFORE TAXATION

The following amounts have been included in arriving at profit/(loss) before taxation:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration:				
- statutory audits				
- current year	542,471	405,201	90,000	95,000
- non-statutory audits	10,000	10,000	10,000	10,000
Depreciation of property, plant and equipment	475,155	656,178	126	-
Depreciation of investment properties	264,345	264,061	-	-
Depreciation of right-of-use assets	1,497,337	1,408,481	-	-
Investment properties written off	-	110,194	-	-
Non-Executive Directors' remuneration	132,000	130,487	132,000	130,487
Allowance for impairment loss on trade receivables	781,619	-	-	-
Inventories written-down	560,306	287,864	-	-
Commission expense paid to a joint venture	-	334,584	-	-
Unrealised loss on foreign currency translations	474,371	667,332	-	-
Realised loss on foreign currency translations	294,053	-	-	41,930
Provision for retirement benefit obligations	53,603	(2,121)	-	-
Rental on properties on short-term lease	151,588	132,580	4,500	4,250

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31. INCOME TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current income tax:				
- Malaysian income tax	990	4,446	990	4,446
- Foreign income tax	1,275,328	1,020,537	-	-
- Underprovision in respect of previous financial years	29,409	86,133	273	-
	1,305,727	1,111,116	1,263	4,446
Deferred tax (Note 10):				
Relating to origination and reversal of temporary differences	(910)	(152,738)	-	-
Underprovision of deferred tax expense in prior financial year	155,546	-	-	-
	154,636	(152,738)	-	-
	1,460,363	958,378	1,263	4,446

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year. The corporate tax rate applicable to the Singapore subsidiaries of the Group was 17% (2022: 17%). Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(loss) before taxation	4,526,865	2,711,786	1,012,229	(85,469)
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	1,086,448	650,829	242,935	(20,513)
Different tax rates in other countries	(425,973)	(309,194)	-	-
Adjustments:				
Non-deductible expenses	1,014,744	729,260	194,346	182,490
Income not subject to taxation	(115,935)	(24,928)	(436,291)	(157,531)
Effect of partial exemption and tax relief	(59,281)	(55,711)	-	-
Utilisation of capital allowances	(72,103)	-	-	-
Share of results of associates	(258,089)	(24,120)	-	-
Share of results of a joint venture	-	(17,672)	-	-
Underprovision of income tax expense in respect of previous financial years	29,409	86,133	273	-
Underprovision of deferred tax expense in prior financial year	155,546	-	-	-
Deferred tax asset not recognised	105,597	-	-	-
Utilisation of previously unrecognised tax losses	-	(76,219)	-	-
Income tax expense recognised in the statements of comprehensive income	1,460,363	958,378	1,263	4,446

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32. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2023	2022
	RM	RM
Profit net of tax attributable to owners of the Company used in the computation of basic and diluted earnings per share	3,062,461	1,751,270
	<hr/>	
	Number of shares	
	2023	2022
Weighted average number of ordinary shares for basic and diluted earnings per share computation	108,000,000	108,000,000
	<hr/>	
	Sen per share	
	2023	2022
Basic and diluted earnings per share for profit for the financial year (sen per share)	3	2
	<hr/>	

The Group has no dilutive potential ordinary share in issue as at 31 December 2023 and 31 December 2022 and therefore the diluted earnings per share are the same.

33. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions and balances

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

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
(Income)/expense:				
Dividend income from:				
- subsidiary	-	-	(1,392,880)	(656,380)
- associate	-	-	(425,000)	-
Commission expense paid to a joint venture	-	334,584	-	-
Expenses reimbursed to an associate	52,464	32,583	-	-
	<hr/>		<hr/>	

Information regarding outstanding balances arising from related party transactions as at 31 December 2023 and 31 December 2022 are disclosed in Notes 12 and 18.

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33. RELATED PARTY TRANSACTIONS (CONTD.)

(b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

The remuneration of Directors and other members of key management during the financial year was as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors of the Company:				
Salaries and other emoluments	339,597	317,495	39,000	35,000
Fees	115,000	109,000	115,000	109,000
Bonus	22,838	21,463	-	-
Defined contribution plan	46,220	44,771	-	-
Insurance effected to indemnify directors	-	12,730	-	12,730
	523,655	505,459	154,000	156,730
Directors of the subsidiaries:				
Salaries and other emoluments	734,493	660,120	-	-
Fees	-	-	-	-
Bonus	66,477	65,472	-	-
Defined contribution plan	42,036	40,653	-	-
	843,006	766,245	-	-
Other key management personnel:				
Salaries and other emoluments	995,233	1,208,654	-	-
Bonus	81,021	76,141	-	-
Defined contribution plan	130,831	161,452	-	-
	1,207,085	1,446,247	-	-
Total Directors and key management personnel Remuneration	2,573,746	2,717,951	154,000	156,730
Directors	1,366,661	1,271,704	154,000	156,730
Key management personnel	1,207,085	1,446,247	-	-
	2,573,746	2,717,951	154,000	156,730

34. COMMITMENTS

(a) Operating lease commitments for short-term lease - lessee

The Group has entered into commercial lease on certain leases on office equipment and certain properties. These leases have an average tenure of one (1) year (2022: one (1) year) with no renewal option or contingent rent provision included in the contracts. There are no restrictions place upon the Group by entering into the leases.

Future minimum lease payable under short-term operating leases at the reporting date but not recognised as liabilities are as follows:

	Group	
	2023 RM	2022 RM
Not later than one (1) year	96,436	89,704

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34. COMMITMENTS (CONTD.)

(b) Operating lease commitments - lessor

The Group has entered into commercial property leases on one of its properties. This non-cancellable lease has remaining lease term of two years with no renewal option included in the contract.

Future minimum rentals receivables under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2023 RM	2022 RM
Not later than one (1) year	1,422,555	1,350,901
Later than one (1) year but not later than five (5) years	317,611	1,067,306
	<u>1,740,166</u>	<u>2,418,207</u>

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group does not hold or issue derivative financial instruments for trading purposes.

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The carrying amounts of fixed deposits and cash and bank balances and trade and other receivables, represent the Group's maximum exposure to credit risk.

Deposits with licensed banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Trade receivables

An impairment analysis is performed at each reporting date using the simplified approach to measure expected credit losses. The provision is based on reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions. As at reporting date, the Group has a significant concentration of credit risk in the form of outstanding balances due from 15 (2022: 14) debtors representing 87% (2022: 93%) of total trade receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12 and Note 13 respectively.

Information about the credit risk exposure and expected credit loss movement on the Group's trade receivables and contract assets are disclosed in Note 12 and Note 13 respectively.

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(a) Credit risk (contd.)

Credit risk concentration profile

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

Trade receivables

	Group			
	2023		2022	
	RM	% of total	RM	% of total
By country:				
Malaysia	-	0%	100,206	1%
Singapore	7,493,483	44%	4,872,111	32%
Philippines	352,378	2%	463,358	3%
Indonesia	4,333,138	25%	4,058,404	26%
Brunei	1,065,372	6%	165,818	1%
Thailand	3,520,908	21%	5,176,885	34%
Vietnam	2,183	1%	-	0%
Others	382,015	1%	573,601	3%
Total trade receivables	17,149,477	100%	15,410,383	100%

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to mitigate the effects of fluctuations in cash flows.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one (1) year RM	One (1) to five (5) years RM	More than (5) years RM	Total RM
At 31 December 2023				
Group				
Financial assets:				
Trade and other receivables	17,918,742	-	-	17,918,742
Dividend receivables	425,000	-	-	425,000
Cash and bank balances	64,939,152	-	-	64,939,152
Total undiscounted financial assets	83,282,894	-	-	83,282,894
Financial liabilities:				
Trade and other payables	5,888,530	-	-	5,888,530
Lease liabilities	262,733	909,268	2,005,491	3,177,492
Hire purchase payables	36,897	21,523	-	58,420
Retirement benefit obligation	-	-	404,060	404,060
Total undiscounted financial liabilities	6,188,160	930,791	2,409,551	9,528,502
Total net undiscounted financial assets/(liabilities)	77,094,734	(930,791)	(2,409,551)	73,754,392

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

	On demand or within one (1) year RM	One (1) to five (5) years RM	More than (5) years RM	Total RM
At 31 December 2023				
Company				
Financial assets:				
Trade and other receivables	13,445	-	-	13,445
Dividend receivables	1,817,880	-	-	1,817,880
Cash and bank balances	515,061	-	-	515,061
Total undiscounted financial assets	2,346,386	-	-	2,346,386
Financial liabilities:				
Trade and other payables, representing total undiscounted financial liabilities	334,674	-	-	334,674
Total net undiscounted financial assets	2,011,712	-	-	2,011,712
At 31 December 2022				
Group				
Financial assets:				
Trade and other receivables	16,143,568	-	-	16,143,568
Cash and bank balances	58,992,738	-	-	58,992,738
Total undiscounted financial assets	75,136,306	-	-	75,136,306
Financial liabilities:				
Trade and other payables	5,689,384	-	-	5,689,384
Lease liabilities	250,373	905,775	2,092,647	3,248,795
Retirement benefit obligation	-	-	336,465	336,465
Total undiscounted financial liabilities	5,939,757	905,775	2,429,112	9,274,644
Total net undiscounted financial assets	69,196,549	(905,775)	(2,429,112)	65,861,662
Company				
Financial assets:				
Trade and other receivables	16,297	-	-	16,297
Dividend receivables	656,380	-	-	656,380
Cash and bank balances	1,331,722	-	-	1,331,722
Total undiscounted financial assets	2,004,399	-	-	2,004,399
Financial liabilities:				
Trade and other payables, representing total undiscounted financial liabilities	269,942	-	-	269,942
Total net undiscounted financial assets	1,734,457	-	-	1,734,457

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(b) Liquidity risk (contd.)

Group							
Changes in liabilities arising from financing activities	1 January 2023	Additions	Accretion of interest on lease liabilities	Exchange difference	Cashflow	Other	31 December 2023
Current obligations under hire purchase	-	68,042	-	1,283	(13,533)	(21,137)	34,655
Non-current obligations under hire purchase	-	-	-	-	-	21,137	21,137
Current lease liabilities	167,810	-	87,974	243,716	(282,699)	(30,013)	186,788
Non-current lease liabilities	2,394,440	-	-	-	-	30,013	2,424,453
Total liabilities from financing activities	2,562,250	68,042	87,974	244,999	(296,232)	-	2,667,033

Changes in liabilities arising from financing activities	1 January 2022	Additions	Accretion of interest on lease liabilities	Exchange difference	Cashflow	Other	31 December 2022
Current lease liabilities	156,679	-	85,623	143,954	(245,789)	27,343	167,810
Non-current lease liabilities	2,421,783	-	-	-	-	(27,343)	2,394,440
Total liabilities from financing activities	2,578,462	-	85,623	143,954	(245,789)	-	2,562,250

The 'Other' column includes the effect of reclassification of non-current portion of lease liabilities. The Group classifies interest paid as cash flows from operating activities.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily United States Dollar ("USD"), Japanese Yen ("JPY") and Euro ("EURO").

During the financial year, the Group's entire sales (2022: entire sales) are denominated in foreign currencies whilst the entire costs (2022: entire costs) are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(d) Foreign currency risk (contd.)

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes as disclosed in Note 14.

In addition to transactional exposure, the Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investments in foreign subsidiaries are not hedged as currency positions are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit for the year to a reasonably possible change in the USD, JPY and EURO exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		2023	2022
		RM	RM
		Profit for the year	Profit for the year
USD/SGD	- strengthened 5% (2022: 5%)	781,416	709,410
	- weakened 5% (2022: 5%)	(781,416)	(709,410)
JPY/SGD	- strengthened 5% (2022: 5%)	91,661	90,950
	- weakened 5% (2022: 5%)	(91,661)	(90,950)
EURO/SGD	- strengthened 5% (2022: 5%)	124,909	187,735
	- weakened 5% (2022: 5%)	(124,909)	(187,735)

The Group did not manage its foreign currency risk by hedging transactions and thus did not have exposure to equity on foreign currency risk.

The net unhedged financial assets and liabilities of the Group as at 31 December 2023 that are transacted in their functional currencies other than RM, SGD, PHP, THB and IDR are as follows:

	Cash and bank balances RM	Receivables RM	Payables RM	Total RM
Group				
At 31 December 2023				
United States Dollar	13,472,965	3,460,072	(1,304,709)	15,628,328
Japanese Yen	1,833,212	-	-	1,833,212
EURO	3,554,645	233,403	(1,289,875)	2,498,173
	18,860,822	3,693,475	(2,594,584)	19,959,713
At 31 December 2022				
United States Dollar	15,003,274	2,014,792	(2,829,867)	14,188,199
Japanese Yen	1,818,994	-	-	1,818,994
EURO	3,821,375	201,649	(268,321)	3,754,703
	20,643,643	2,216,441	(3,098,188)	19,761,896

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36. FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The Group do not have financial assets and liabilities that are measured at fair value on a non-recurring basis in the statements of financial position after initial recognition.

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group 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 - Inputs for the asset and liability that are not based on observable market

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement.

Financial instruments whose carrying amounts approximate fair value

Management has determined that the carrying amounts of cash and short term deposits, receivables and payables, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

(b) Assets not measured at fair value, for which fair value is disclosed

	Group Carrying amount RM	Fair value Level 3 RM
At 31 December 2023		
Asset		
Investment properties	6,394,071	20,598,888
At 31 December 2022		
Asset		
Investment properties	6,053,155	17,904,365

The fair value of the investment properties was substantially arrived at via valuations performed by certified external valuers based on the following valuation techniques depending on the location and types of properties:

(a) Market comparison approach

The market comparison approach is a method whereby the property's fair value is estimated based on comparable transactions using input of transacted market price per square foot. This approach is reference to transactions of similar property using input of transacted market price per square foot in the surrounding areas with appropriate adjustments made for differences in the relevant characteristics.

The investment properties valued using this method is categorised as Level 3 in the fair value hierarchy.

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36. FINANCIAL INSTRUMENTS (CONTD.)

(b) Assets not measured at fair value, for which fair value is disclosed (contd.)

(b) Comparison/depreciable replacement cost method

The comparison/cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property. The land is valued by reference to transactions of similar lands using input of transacted market price per square foot in the surrounding areas with appropriate adjustments made for differences in the relevant characteristics of the land. Completed buildings are valued by reference to the current estimates on construction costs to erect equivalent buildings, taking into consideration of similar buildings in terms of size, construction, finishes, contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of obsolescence and existing physical condition of the building.

The investment properties valued using this method is categorised as Level 3 in the fair value hierarchy.

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

The Group's capital management is dependent on capital requirements of the business or investments. Management would evaluate various options taking into consideration market conditions, nature of investment and the Group's structure.

The Group is not subjected to any externally imposed capital requirement except as disclosed in Note 16(d).

The Group monitors its capital by minimising external borrowing and funds its operation mainly through internally generated funds.

38. SEGMENT INFORMATION

For management purposes, the Group is organised into geographical segments. The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its geographical segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

(a) Primary reporting segmental - geographical segments

The Group operates its business in five principal geographical areas of the world and is principally involved in sales of rotating equipment and spare parts and provision of maintenance and overhaul services.

(b) Secondary reporting segmental - business segments

As the Group is principally involved in sales of rotating equipment and spare parts and provision of maintenance and overhaul services, segment reporting by business segment is not prepared.

Adjustments and eliminations

- (a) Inter-segment revenues are eliminated upon consolidation and reflected in the 'Consolidation adjustments' column.
- (b) Tax payables, tax recoverable and deferred taxes assets and liabilities are not allocated to those segments as they are managed on a group basis.
- (c) Capital expenditure consists of additions of property, plant and equipment and investment properties.

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38. SEGMENT INFORMATION (CONTD.)

(b) Secondary reporting segmental - business segments (contd.)

	Malaysia RM	Singapore RM	Indonesia RM	Philippines RM	Thailand RM	Consolidation adjustments RM	Group RM
At 31 December 2023							
Revenue							
External sales	-	30,449,266	2,670,415	140,120	9,110,438	-	42,370,239
Inter-segment sales	-	2,437,986	-	-	-	(2,437,986)	-
Total revenue	-	32,887,252	2,670,415	140,120	9,110,438	(2,437,986)	42,370,239
Results							
(Loss)/profit from operations	(805,651)	2,799,515	377,298	(1,119,310)	2,538,437	(249,090)	3,541,199
Finance costs	-	(86,331)	-	(3,130)	-	-	(89,461)
Share of profit of associates						1,075,127	1,075,127
Profit before taxation							4,526,865
Taxation							(1,460,363)
Profit for the financial year							3,066,502
Profit attributable to:							
Owners of the Company							3,062,461
Non-controlling interests							4,041
							3,066,502
Assets							
Segment assets	55,819,542	113,512,664	9,785,171	332,166	23,574,145	(64,775,151)	138,248,537
Unallocated assets	3,091	138,548	9,486	-	124,408	-	275,533
Total assets							138,524,070
Liabilities							
Segment liabilities	334,673	13,558,943	980,368	2,802,785	1,992,972	(10,235,418)	9,434,323
Unallocated liabilities	-	760,049	17,799	1,301	478,215	-	1,257,364
Total liabilities							10,691,687
Other information							
Capital expenditure	4,532	840,367	331,128	2,200	12,707	-	1,190,934
Depreciation of property, plant and equipment	126	369,283	16,248	43,641	45,857	-	475,155
Depreciation of investment properties	-	153,862	110,483	-	-	-	264,345
Depreciation of right-of-use assets	-	1,451,080	-	46,257	-	-	1,497,337
Other non-cash expenses	-	1,242,119	(42,076)	690,466	23,658	-	1,914,167

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38. SEGMENT INFORMATION (CONTD.)

	Malaysia RM	Singapore RM	Indonesia RM	Philippines RM	Thailand RM	Consolidation adjustments RM	Group RM
At 31 December 2022							
Revenue							
External sales	-	33,943,449	2,971,401	461,353	11,869,658	-	49,245,861
Inter-segment sales	-	3,105,859	-	-	-	(3,105,859)	-
Total revenue	-	37,049,308	2,971,401	461,353	11,869,658	(3,105,859)	49,245,861
Results							
(Loss)/profit from operations	(741,849)	226,035	779,865	(4,716)	1,352,556	1,013,881	2,625,772
Finance costs	-	(81,380)	-	(4,243)	-	-	(85,623)
Share of profit of associates						67,686	67,686
Share of profit of joint ventures						103,951	103,951
Profit before taxation							2,711,786
Taxation							(958,378)
Profit for the financial year							1,753,408
Profit attributable to:							
Owners of the Company							1,751,270
Non-controlling interests							2,138
							1,753,408
Assets							
Segment assets	55,273,148	104,912,343	8,912,985	953,810	22,401,958	(62,121,819)	130,332,425
Unallocated assets	13,786	280,627	11,267	1,872	-	-	307,552
Total assets							130,639,977
Liabilities							
Segment liabilities	269,942	12,636,652	728,345	2,258,069	3,906,159	(9,235,180)	10,563,987
Unallocated liabilities	-	672,614	141,535	-	211,120	-	1,025,269
Total liabilities							11,589,256
Other information							
Capital expenditure	-	217,093	58,757	-	107,371	-	383,221
Depreciation of property, plant and equipment	-	578,378	9,334	16,651	51,815	-	656,178
Depreciation of investment properties	-	144,813	119,248	-	-	-	264,061
Depreciation of right-of-use assets	-	1,359,119	-	49,362	-	-	1,408,481
Other non-cash expenses	-	1,174,348	114,713	(142,421)	4,745	-	1,151,385

Notes to the Financial Statements

- 31 December 2023

39. DIVIDENDS

	Dividend in respect of year		Dividend recognised in year	
	2023 RM	2022 RM	2023 RM	2022 RM
Group and Company				
Recognised during the financial year				
In respect of financial year ended 31 December 2021				
- Final single-tier dividend (2 sen) on 108,000,000 ordinary shares approved on 23 May 2022 and paid on 22 June 2022	-	-	-	2,160,000
In respect of financial year ended 31 December 2022				
- Final single-tier dividend (0.5 sen) on 108,000,000 ordinary shares approved on 22 May 2023 and paid on 22 June 2023	-	540,000	540,000	-
	-	540,000	540,000	2,160,000

Group and Company
2023
RM

2022
RM

Proposed but not recognised as a liability as at 31 December:

Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:

- Final single-tier dividend for 2022: 0.5 sen per ordinary share	-	540,000
- Final single-tier dividend for 2023: 1.0 sen per ordinary share	1,080,000	-

At the forthcoming Annual General Meeting, a final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2023, on 108,000,000 ordinary shares, amounting to a dividend payable of RM1,080,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

40. ASSET HELD FOR DISTRIBUTION TO OWNER

In the prior financial year, the investment in a joint venture which was expected to complete its voluntary liquidation proceedings within twelve months has been classified as asset held for distribution and presented separately in the statements of financial position.

On 8 August 2023, TM-Elflow had lodge a return of liquidation. The Company is dissolved after the expiration of three months from the date of lodging the return.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 January	543,492	-	-	-
Reclassified from investment in joint ventures (Note 8)	-	543,492	-	-
Distribution of share of interest	(543,492)	-	-	-
At 31 December	-	543,492	-	-

PARTICULARS OF PROPERTIES

No	Location	Description and Existing Use	Tenure	Land Area/ Built-up	Approximate Age of Buildings (years)	Net Book Value as at 31 December 2023 (RM)
1	Turbo-Mech Asia Pte. Ltd 61, Ubi Crecent Ubi Techpark Singapore 408598	4 Storey Landed Terrace Head Office and Warehouse	Leasehold for 60 years expiring on 4 July 2057	4,524 sq. ft/ 11,312 sq. ft	26	5,362,590
2	Turbo-Mech Asia Pte. Ltd 22, Joo Koon Circle Singapore 629054	2 Storey Landed Office, and Factory/ Warehouse	Leasehold for 30 years expiring on 30 April 2038	39,505 sq. ft/ 24,973 sq. ft	44	18,791,713
3	PT Turbo Mech Indonesia Komplex CBD BSD Ruko Bidex, Blok 1-05 Jl. Pahlawan Seribu BSD City, Serpong-Tangerang 15322 Indonesia	2 Storey Landed Shop House	Leasehold for 25 years expiring on 1 August 2031	807 sq. ft/ 2,421 sq. ft.	17	221,487
4	PT Turbo Mech Indonesia Jabeka Techno Park SFB Blok A8F Jl. Techno 5, Desa Pasir Gombong Kecamatan Cikarang utara Jababeka Bekasi 17834 Indonesia	2 Storey Landed Workshop	Leasehold for 25 years expiring on 29 September 2027	10,167 sq ft/ 22,270 sq. ft	21	809,993

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2024

Total Number of Issued Shares : 108,000,000
 Class of Shares : Ordinary shares
 Voting Rights : One vote per ordinary share
 Number of Shareholders : 604

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100	10	1.66	152	0.00
100 - 1,000	103	17.05	69,824	0.07
1,001 - 10,000	293	48.51	1,590,000	1.47
10,001 - 100,000	152	25.16	5,310,300	4.92
100,001 - 5,399,999 (*)	43	7.12	39,854,980	36.90
5,400,000 and above (**)	3	0.50	61,174,744	56.64
Total	604	100.00	108,000,000	100.00

Notes:

- * Less than 5% of issued shares
 ** 5% and above of issued shares

LIST OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 29 MARCH 2024

Names	Direct shareholdings		Indirect shareholdings	
	No. of Shares	%	No. of Shares	%
Mosgan Holdings Sdn. Bhd.	38,651,124	35.79	21,877,206 ⁽¹⁾	20.26
Gan Kok Ten	20,637,419	19.11	39,890,911 ⁽²⁾	36.94
Gan Kok Tin	1,239,787	1.15	59,288,543 ⁽²⁾	54.90
Leong Khai Cheong	2,802,100	2.59	5,631,770 ⁽³⁾	5.21
Lai Siew Yoong	5,631,770	5.21	2,802,100 ⁽⁴⁾	2.59

Notes:

- ⁽¹⁾ Deemed interested by virtue of Gan Kok Ten's and Gan Kok Tin's shareholdings in the Company pursuant to Section 8(4)(c) of the Companies Act 2016.
⁽²⁾ Deemed interested by virtue of the shareholdings of his brother and Mosgan Holdings Sdn. Bhd. pursuant to Section 8(4)(c) of the Companies Act 2016.
⁽³⁾ Deemed interested by virtue of the shareholding of his spouse pursuant to Section 8(4) of the Companies Act 2016.
⁽⁴⁾ Deemed interested by virtue of the shareholding of her spouse pursuant to Section 8(4) of the Companies Act 2016.

LIST OF DIRECTORS' SHAREHOLDINGS

AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 29 MARCH 2024

Names	Direct shareholdings		Indirect shareholdings	
	No. of Shares	%	No. of Shares	%
Gan Kok Ten	20,637,419	19.11	39,890,911 ⁽¹⁾	36.94
Nasaruddin bin Mohamed Ali	940,876	0.87	-	-
Nurul Ain binti Khirul Ashar	-	-	-	-
Gordon Yong Lin Fooi	-	-	-	-
Chan Bee Eie	-	-	1,239,787 ⁽²⁾	1.15
Omar bin Mohamed Said	-	-	-	-

Notes:

- ⁽¹⁾ Deemed interested by virtue of the shareholdings of his brother and Mosgan Holdings Sdn. Bhd. pursuant to Section 8(4)(c) of the Companies Act 2016.
⁽²⁾ Deemed interested in the direct shareholding of her spouse, Gan Kok Tin, a substantial shareholder of the Company pursuant to Section 8(4)(c) of the Companies Act 2016.

Analysis of Shareholdings

AS AT 29 MARCH 2024

LIST OF 30 LARGEST SHAREHOLDERS

AS AT 29 MARCH 2024

No.	Names	Shareholdings	%
1	Mosgan Holdings Sdn. Bhd.	38,651,124	35.79
2	Gan Kok Ten	16,891,850	15.64
3	Lai Siew Yoong	5,631,770	5.22
4	Boo Lee Kiang	4,425,454	4.10
5	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Ching Ching	4,096,000	3.79
6	Lai Yew Fong	4,011,355	3.71
7	Salmiah Binti Jantan	2,827,564	2.62
8	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Leong Khai Cheong	2,782,100	2.58
9	Gan Kok Ten	2,605,782	2.41
10	Lim Yoke Sim	2,307,200	2.14
11	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Kok Ten	2,279,574	2.11
12	Loh Chai Kim	1,726,300	1.60
13	Loo Kien Seng	1,237,020	1.15
14	Tay Hwee Leck	1,126,524	1.04
15	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Hai Toh	943,600	0.87
16	Leong Choong Wah	911,329	0.84
17	Nasaruddin Bin Mohamed Ali	840,876	0.78
18	Chee Sai Mun	802,400	0.74
19	Loke Kah Kheon	603,200	0.56
20	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chee Sai Mun	521,100	0.48
21	Kok Choi Wah	500,000	0.46
22	Ong Chiow Hock	489,800	0.45
23	Mohd Radzuan Bin Ab Halim	411,100	0.38
24	Yap Kim Loong	401,600	0.37
25	Khor Shen Chieh	363,300	0.34
26	Wong Siew Ting	268,002	0.25
27	Chau Mooi Fei	248,800	0.23
28	Toh Ying Choo	237,000	0.22
29	Lim Eng Hock	220,000	0.20
30	Kenanga Nominees (Tempatan) Sdn. Bhd. Cheng Swee Peng	213,000	0.20

PROXY FORM



(Registration No. 200901020166 (863263-D))
(Incorporated in Malaysia)

No. of Shares Held	CDS Account No.

*I/We, (NRIC No. /Passport No./Registration No.)
of
..... (full address) being a member of TURBO-MECH BERHAD, hereby appoint
..... (NRIC No./Passport No.)
of
(full address) or failing him/her, (NRIC No./Passport No.) of
..... (full address)
or # the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Fifteenth Annual General Meeting of Turbo-Mech Berhad (the “Company”) to be held at Agate Room, Avante Hotel, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 28 May 2024 at 3:00 p.m. or at any adjournment thereof, on the following resolutions referred to in the notice of the Fifteenth Annual General Meeting.

My/Our proxy is to vote as indicated below:-

	RESOLUTION	FOR	AGAINST
Ordinary Resolution 1	To approve a final single-tier dividend of 1.0 sen per ordinary share for the financial year ended 31 December 2023.		
Ordinary Resolution 2	To re-elect Mr Gan Kok Ten who retires by rotation in accordance with Clause 101 of the Constitution of the Company.		
Ordinary Resolution 3	To re-elect Ms Chan Bee Eie who retires by rotation in accordance with Clause 101 of the Constitution of the Company.		
Ordinary Resolution 4	To approve the Directors’ fees up to an aggregate amount of RM119,000 and benefits payable of up to RM41,000 for the period from 29 May 2024 until the next Annual General Meeting.		
Ordinary Resolution 5	To re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 6	Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016 and Waiver of Pre-Emptive Rights.		
Ordinary Resolution 7	Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions.		

(Mark either box if you wish to direct the proxy how to vote. If you do not do so, the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies and wish them to vote differently, this should be specified.)

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words “the Chairman of the Meeting” and insert the name(s) of the person(s) desired.
* Delete if not applicable

Dated this _____ day of _____, 2024.

Signature of Shareholder or Common Seal
Contact No.: _____

^ Manner of execution:-

- If you are an individual member, please sign where indicated.
- If you are a corporate member which has a common seal, this Form of Proxy should be executed under seal in accordance with the Constitution of your corporation.
- If you are a corporate member which does not have a common seal, this Form of Proxy should be affixed with the rubber stamp of your corporation (if any) and executed by:-
 - at least two (2) authorised officers, of whom one shall be a director; or
 - any Director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

NOTES:-

- (1)

A member entitled to attend and vote is entitled to appoint not more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
- (2)

Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (3)

The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- (4)

The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar's office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. Any termination of a person's authority to act as a proxy shall be notified in writing and received by the Company at the registered office before the commencement of this Meeting.
- (5)

In respect of deposited securities, only members whose names appear on the Record of Depositors on **20 May 2024** (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and vote at the meeting or appoint proxy(ies) to attend, participate, speak and vote on his behalf.
- (6)

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the Fifteenth Annual General Meeting will be put to vote by way of poll.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms pursuant to Personal Data Protection Act, 2010.

Please fold here

STAMP

Turbo-Mech Berhad
c/o Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Please fold here



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47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

Tel : 603-7805 5592 Fax : 603-7804 7801