Lambo™

GROUP BERHAD

Registration NO. 200001014881 (517487-A)

# ANNUAL REPORT

# 2024

# CONTENTS

# CORPORATE **INFORMATION**

## BOARD OF DIRECTORS

**HJ. ABDULLAH BIN ABDUL RAHMAN**
*Independent Non-Executive Chairman*

**KOO KIEN YOON**
*Executive Director*

**NG CHEE KIN**
*Independent Non-Executive Director*

**KHOR CHIN FEI**
*Independent Non-Executive Director*

**DATUK SALMAH HAYATI BINTI GHAZALI**
*Independent Non-Executive Director*

### AUDIT AND RISK MANAGEMENT COMMITTEE

*Chairman*
**KHOR CHIN FEI**

*Members*
**NG CHEE KIN**
**HJ. ABDULLAH BIN ABDUL RAHMAN**

### NOMINATION COMMITTEE

*Chairman*
**HJ. ABDULLAH BIN ABDUL RAHMAN**

*Members*
**NG CHEE KIN**
**KHOR CHIN FEI**

### REMUNERATION COMMITTEE

*Chairman*
**HJ. ABDULLAH BIN ABDUL RAHMAN**

*Members*
**NG CHEE KIN**
**KHOR CHIN FEI**

### EMPLOYEE SHARE OPTION SCHEME COMMITTEE

*Chairman*
**HJ. ABDULLAH BIN ABDUL RAHMAN**

*Member*
**KOO KIEN YOON**
**NG CHEE KIN**

### COMPANY SECRETARIES

**CHONG VOON WAH**
SSM Practicing Certificate No.:
202008001343
MAICSA 7055003

**THAI KIAN YAU**
SSM Practicing Certificate No.:
202008001515
MIA 36921

### CORPORATE OFFICE

Lot 11.1, 11th Floor, Menara Lien Hoe
No. 8, Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7805 7911
Facsimile : +603-7805 7922

### REGISTERED OFFICE

22-09, Menara 1MK
No. 1 Jalan Kiara, Mont Kiara
50480 Kuala Lumpur
Tel : +603-2856 7333
Email : vw.chong@silverocean.com.my

### AUDITORS

Messrs ChengCo PLT
(201806002622, LLP0017004-LCA & AF0866)
No. 10B (2nd Floor), Jalan 54,
Desa Jaya, Kepong,
52100 Selangor Darul Ehsan.
Tel : +603-6277 6826

### SPONSOR

M&A Securities Sdn. Bhd.
Level 11, 45 & 47, The Boulevard
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : +603-2284 2911
Fax : +603-2284 2718

### SHARE REGISTRAR

ShareWorks Sdn. Bhd.
No. 2-1 Jalan Sri Hartamas 8
Sri Hartamas, 50480 Kuala Lumpur
Tel : +603-6201 1120
Fax : +603-6201 3121
Email : sharereg@shareworks.com.my

### PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Bhd

### STOCK EXCHANGE LISTING

ACE Market of the Bursa Malaysia
Securities Berhad
Stock Name : LAMBO
Stock Code : 0018

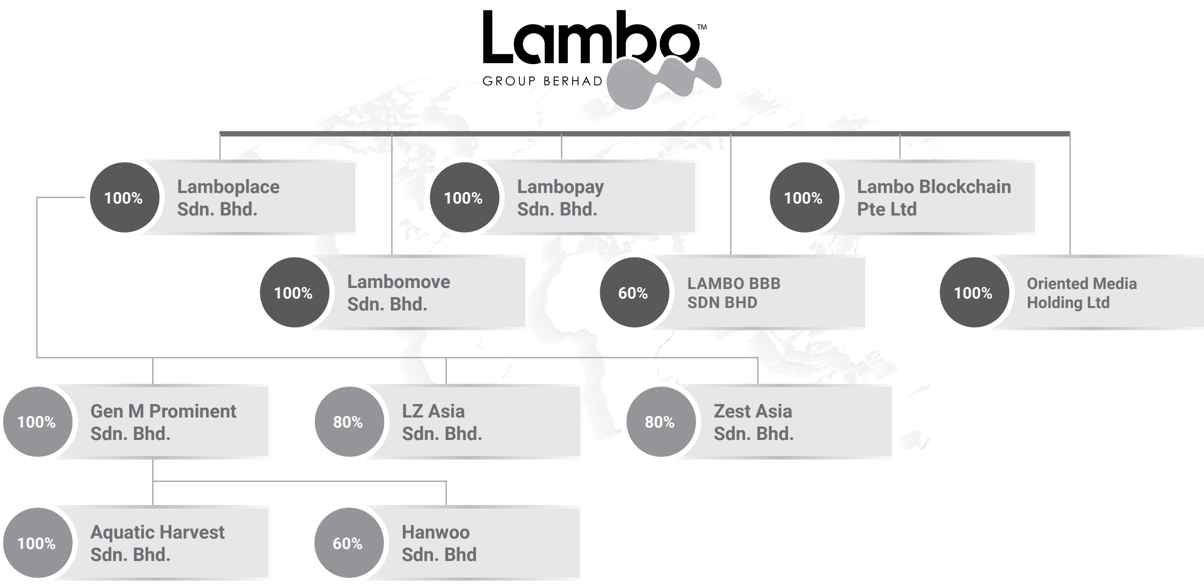
### WEBSITE

www.lambogroup.my

### INVESTORS RELATIONS

Email : corporate@lambogroup.my
Tel : +603-7805 7911

# CORPORATE **STRUCTURE**




Lambo Group Berhad ("LAMBO" or the "Company") was incorporated in Malaysia under the Companies Act, 1965 on 20 June 2000.

LAMBO is principally an investment holding company whilst the principal activities of its latest subsidiaries are as follow:-

| Name of Subsidiaries | Country of Incorporation | Equity Interest (%) | Principal Activities |
|---|---|---|---|
| **Lamboplace Sdn. Bhd.** | Malaysia | 100 | General trading and retail sales of any kind of products over the internet platform, wholesale of food, beverage, and tobacco and operator of restaurant, bar and retail sale of food and beverage. |
| **Lambomove Sdn. Bhd.** | Malaysia | 100 | Renting and operational leasing of trucks, utility trailers and recreational vehicles, provision of logistics services and sublease and administrator of right-of-use assets. |
| **Lambopay Sdn. Bhd.** | Malaysia | 100 | Development of computer games as well as in the sales and distribution of related online games. |
| **Lambo BBB Sdn. Bhd.** | Malaysia | 60 | Provision of warehousing and storage services, as well as courier activities other than national post activities. |
| **Lambo Blockchain Pte. Ltd.** | Singapore | 100 | Dormant. |
| **Oriented Media Holdings Limited** | Hong Kong | 100 | Investment holding. |
| ***Company held by Lamboplace Sdn. Bhd.*** | | | |
| **Gen M Prominent Sdn. Bhd.** | Malaysia | 100 | Provision of management consultancy activities, organisation, promotions and/or management of events. |
| **LZ Asia Sdn. Bhd.** | Malaysia | 80 | Businesses of operating restaurants, foods, and beverages |
| **Zest Asia Sdn. Bhd.** | Malaysia | 80 | Businesses of operating restaurants, foods, and beverages |
| ***Company held by Gen M Prominent Sdn. Bhd.*** | | | |
| **Aquatic Harvest Sdn. Bhd.** | Malaysia | 100 | Retail sale of fish, other seafood and products thereof, wholesale of fish and other seafood. |
| **Hanwoo Sdn. Bhd.** | Malaysia | 60 | Import and as distributor of korean Hanwoo beef. |

# BOARD OF
# DIRECTORS' PROFILE

## HJ. ABDULLAH BIN ABDUL RAHMAN
*Independent Non-Executive Chairman*

***Nationality:*** *Malaysian* ***Gender:*** *Male* ***Age:*** *67 years*

***Length of Services***
*(as at 31 December 2024): 5 years 9 months*

**Hj Abdullah Bin Abdul Rahman ("Hj. Abdullah")**, was appointed as the Chairman of LAMBO on 29 March 2019. Hj Abdullah graduated with a Bachelor Degree in Business in Business Administration from the University Kebangsaan Malaysia ("UKM").

Hj. Abdullah had a long career path in management with Malayan Banking Berhad ("Maybank"). He has served in various capacities in banking operations and strategic innovation activities at branches. Regionals and head office level of Maybank until he retired from Maybank in 2012 after 30 years. As Head of Mortgage at Maybank, he was responsible for strategic and operational activities related to mortgage and property under Consumer Banking. His last appointment at Maybank was as the Head of Business Banking (EVP) in charge of small and medium enterprises, commercial and corporate units.

Hj. Abdullah is the Chairman of the Nomination Committee, Remuneration Committee and Employee Share Option Scheme ("ESOS") Committee and a member of the Audit and Risk Management Committee of the Company.

Besides LAMBO, Hj. Abdullah also sits on the board of OCR Group Berhad as an Independent Non-Executive Director.

## KOO KIEN YOON
*Executive Director*

***Nationality:*** *Malaysian* ***Gender:*** *Male* ***Age:*** *48 years*

***Length of Services***
*(as at 31 December 2024): 6 years 8 months*

**Mr Koo Kien Yoon ("Mr Koo")** was appointed as the Executive Director of LAMBO on 4 April 2018. Mr Koo attended St Michael Institution since May 1993. He earned a Certificate in ICM (UK)-Marketing, Business Studies from 1993 to 1994 and a Diploma & Advance Diploma ICM (UK) – Business Studies and PR from 1994 to 1996.

Mr Koo served as a Public Relations Officer at the Ipoh Specialist Centre from 1996 to 1997. Mr Koo served as a Product Manager of Amer Sports Malaysia Sdn Bhd from November 2011 to November 2012; Business Development Director of VRC Sdn Bhd & VRC ENT from June 2010 to March 2012; Freelance Consultant of Soo Minn Korea from 2008 to 2010; Business Development Manager of Polyflo Sdn Bhd from 2004 to 2007; Product Manager of Radcoflex Sdn Bhd from 2000 to 2004 and Sales & Marketing Executive of Polyflo Sdn Bhd from 1997 to 2000. Mr Koo has been Director at Jeratek Sdn Bhd from December 2012 until 2013. He has been an Executive Director at Biosis Group Berhad from 5 March 2013 until 2016. He has been managing a retail chain since 2016.

Mr Koo is a member of the ESOS Committee of the Company.

Other than LAMBO, Mr Koo also sits on the board of Vsolar Group Berhad and Joe Holding Berhad as Executive Director and Sinaran Advance Group Berhad as Non-Independent and Non-Executive Director.

# BOARD OF DIRECTORS' PROFILE (CONT'D)

## NG CHEE KIN
*Independent Non-Executive Director*

***Nationality:*** *Malaysian* ***Gender:*** *Male* ***Age:*** *55 years*

***Length of Services***
*(as at 31 December 2024): 11 years 10 months*

**Mr Ng Chee Kin ("Mr Ng")** was appointed as the Independent Non-Executive Director of LAMBO on 28 February 2013. Mr Ng is a finalist of the Chartered Institute of Management Accountants (CIMA) and holds a diploma in London Chamber of Commerce & Industry (LCCI).

Mr Ng is currently a financial consultant providing services for private entities and companies. He has been Director at Screenasia Network Sdn Bhd and E-Face Sdn Bhd since 2010. He started his career as an Accounts Executive at Asagi Corporation Sdn Bhd from July 1991 to May 1994 and from July 1994 to May 1995 respectively. He also worked as an Accounts Executive at Federal Furniture (M) Sdn Bhd from June 1995 to June 1997. He worked as an Assistant Accountant/Accountant at Lovely Phoenix Sdn Bhd from July 1997 to December 1998. He then became Account Manager at Surebest Superstore (M) Sdn Bhd from January 1999 to June 2000. He worked at NAC Corporation Sdn Bhd as an Accounts Manager, he subsequently moved to Yuen Chun Industries Sdn Bhd in July 2000 where he worked as Assistant Finance & Admin Manager from July 2000 to December 2002 and was promoted to Finance & Admin Manager from January 2003 to June 2004. He also worked at Everchem Corporation (M) Sdn Bhd as an Account Manager from July 2004 to March 2007.

Mr Ng is a member of the Audit and Risk Management Committee, Nomination Committee, Remuneration Committee and ESOS Committee of the Company.

Besides LAMBO, Mr Ng also sits on the Board of Vsolar Group Berhad as an Independent Non-Executive Director.

## KHOR CHIN FEI
*Independent Non-Executive Director*

***Nationality:*** *Malaysian* ***Gender:*** *Male* ***Age:*** *47 years*

***Length of Services***
*(as at 31 December 2024): 10 years 3 months*

**Mr Khor Chin Fei ("Mr Khor")** was appointed as the Independent Non-Executive Director of LAMBO on 12 September 2014. Mr Khor graduated from the University of Technology, Sydney in 1999. He is a member of the Malaysian Institute of Accountants (MIA) and Certified Practicing Accountants of Australia (CPAA).

Mr Khor has 11 years of working experience in auditing and corporate finance. After a few years of attachment to PwC in the area of auditing, he then joined the Securities Commission, Malaysia (SC) where his primary responsibility was to evaluate various types of corporate proposals. He further developed his career in corporate finance after leaving the SC by joining the corporate finance department of AmInvesment Bank. He has been involved in the financial planning industry as well as advisory works since he left AmInvestment Bank in the year 2010.

Mr Khor is the Chairman of the Audit and Risk Management Committee and a member of the Nomination Committee and Remuneration Committee of the Company.

Mr Khor does not hold any directorships in other public companies.

## DATUK SALMAH HAYATI BINTI GHAZALI

*Independent Non-Executive Director*

***Nationality:*** *Malaysian* ***Gender:*** *Female* ***Age:*** *68 years*

***Length of Services***
*(as at 31 December 2024): 1 year 6 months*

**Datuk Salmah Hayati binti Ghazali ("Datuk Salmah")** was appointed as Independent Non-Executive Director of LAMBO on 1 June 2023. Datuk Salmah holds a Master in Business Administration from Universiti Teknologi MARA, Bachelor in Business Administration from Institiut Teknologi MARA-Ohio University and Diploma in Public Administration from Institiut Teknologi MARA.

Datuk Salmah is a retired civil servant, over 40 years working experience with Majlis Amanah Rakyat (MARA), a government agency and Universiti Kuala Lumpur (UniKL) a MARA wholly owned university. Her last position in MARA was as Deputy Director General (Entrepreneurship) and at UniKL as Deputy President for Management Services.

Previously, Datuk Salmah had served as Board Members for UniKL Resources Sdn. Bhd., Pelaburan MARA Berhad, Kolej Polytech MARA Sdn. Bhd. and Asia Aerotechnic Sdn. Bhd.

Besides LAMBO, Datuk Salmah also sits on the Board of VSolar Group Berhad, and Joe Holding Berhad as an Independent Non-Executive Director.

Notes:

(i) None of the Directors have any family relationship with any Director, Major Shareholder, or Chief Executive of LAMBO.

(ii) None of the Directors have been convicted of any offences other than traffic offences, if any, within the past 5 years.

(iii) None of the Directors have any conflict of interest with the Company.

(iv) Details of Directors' attendance at the Board meetings are set out in the Corporate Governance Overview Statement.

# KEY SENIOR
# **MANAGEMENT PROFILE**

## DATO' YAP TERNG SHENG

***Nationality:*** *Malaysian* ***Gender:*** *Male* ***Age:*** *49 years*

**Dato' Yap Terng heng ("Dato' Yap")** a graduate in Business Finance from the University of Central Oklahoma (USA) in 1996, later earning his Master's in Business Administration in 1998. With over 25 years of experience, he's excelled in developing IT businesses, specializing in E-Business & Hosting platforms. Dato' Yap initiated his career at the forefront of web technology, gaining extensive experience in the United States. Throughout his journey, he founded multiple IT companies, focusing on Hosting solutions, e-business development, online game development, publishing, and distribution.

In 2018, Dato' Yap assumed the pivotal role of Chief Executive Officer (CEO) at LamboPlace Sdn Bhd. In this leadership capacity, he directed the overall strategy and business model realization of LamboPlace - an esteemed e-commerce platform in Malaysia.

Driven by a passion for the finer things in life, Dato' Yap expanded his entrepreneurial endeavors to include LamboCellar - a unique wine distribution platform that promises an enchanting narrative of taste. Under his guidance, LamboCellar celebrates the art of wine, where each bottle tells a distinctive story of flavor and origin. This diversification adds a compelling dimension to Dato' Yap's visionary approach to business, aligning Lambo Group as a dynamic force in both the digital and lifestyle realms.

Dato' Yap does not hold any directorships in public company. He has no relationship with any other Director or Major Shareholder of the Company, no conflict of interest with the Company and has not convicted of any offences within the past five (5) years other than the traffic offence, if any

# MANAGEMENT DISCUSSION
# AND ANALYSIS

## OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

### Company Profile and Business

Lambo Group Berhad ("**LAMBO**" or the "**Company**") is an investment holding company. Through its subsidiaries, the Group is principally involved in providing E-commerce platforms, logistic services and retail business.

The IT consultancy and E-commerce services segment focuses on providing IT services and trading for e-commerce business. The logistic services segment encompasses logistics, delivery of goods from transportation hubs to the final delivery destination. The retail segment focuses on retail sale of products. The Group's operations are principally based in Malaysia, where all its revenue is generated.

### Corporate Development

In August 2019, the Group launched its own e-commerce marketplace known as "**LamboPlace**" in Malaysia. LamboPlace is an e-commerce marketplace for original lifestyle consumer products including food products, apparel and accessories, baby toys and collectibles, fitness products, home and living products, lifestyle gadgets as well as beauty and wellness products. Subsequently, the Group also launched its last-mile delivery services through its online delivery platform, "**LamboMove**".

In August 2021, the Group launched "**LamboCellar**". LamboCellar is a specialised platform intended to be a marketplace for both merchants and consumers to buy and sell wines and other liquor products. The Group also expanded its e-commerce fulfilment services, particularly in terms of warehousing and logistics.

In February 2023, the Group launched its own retail business known as "**La Fleur**", a modern French eatery located in Publika Shopping Gallery, Kuala Lumpur. It offers a unique combination of wine/liquor sales alongside a delectable menu of food and other beverages.

During the financial year, the Group venture into a new business focusing on the sale of fresh seafood. This includes wholesale supply of live seafood to restaurants and customers, with the outlet located in Cheras.

### Vision

To build an e-commerce marketplace platform by matching buyers and sellers in the context of eliminating layers of sales channels in product adoption for B2C and B2B models. We aim to provide products to customers at affordable prices.

### Strategies for Creating Value

- Develop competencies and skills to ensure the efficiency of the development and maintenance of the online platform.
- Continuous training to marketing and advertising team to provide professional marketing strategies to customers.
- Foster customer-centric innovation by leveraging data analytics to better understand customer preferences and tailor products or services accordingly.
- Strengthen strategic partnerships and collaborations to expand market reach and enhance service offerings.
- Implement sustainable practices across operations to align with environmental, social, and governance (ESG) principles, creating long-term stakeholder value.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (CONT'D)

**Financial highlights**

| | FYE 30 Sep 2024 RM'000 | FYE 30 Sep 2023 RM'000 | 16-month FPE 30 Sep 2022 RM'000 | FYE 31 May 2021 RM'000 | 17-month FPE 31 May 2020 RM'000 |
|---|---|---|---|---|---|
| **Statement of Profit or Loss** | | | | | |
| Revenue | 27,091 | 14,837 | 16,585 | 24,771 | 64,784 |
| Gross profit/ (loss) ("**GP**"/ "**GL**") | 9,540 | 2,868 | 633 | (58,170) | 18,530 |
| Operating profit/ (loss) | 3,549 | 3,786 | (74,849) | (105,279) | 10,989 |
| Profit/ (loss) before taxation ("**PBT**"/ "**LBT**") | 2,960 | 3,197 | (75,281) | (105,290) | 10,976 |
| Profit/ (loss) after taxation ("**PAT**"/ "**LAT**") | 2,896 | 3,205 | (75,281) | (105,464) | 6,143 |
| Net profit/ (loss) attributable to owners of the Company | 2,899 | 3,208 | (75,271) | (105,196) | 6,171 |
| **Statement of Financial Position** | | | | | |
| Non-current assets | 137,708 | 130,567 | 119,647 | 42,522 | 908 |
| Current assets | 37,645 | 46,571 | 55,236 | 78,017 | 130,508 |
| Non-current liabilities | 5,022 | 8,562 | 9,566 | 61 | 87 |
| Current liabilities | 5,465 | 3,894 | 2,959 | 2,006 | 2,248 |
| Total borrowings and lease liabilities | 6,271 | 9,979 | 10,952 | 87 | 135 |
| Total equity | 164,866 | 164,682 | 162,358 | 118,472 | 129,081 |
| **Financial Performance** | | | | | |
| GP/ (GL) margin (%) | 35.21 | 19.33 | 3.82 | (234.83) | 28.60 |
| PBT/ (LBT) margin (%) | 10.93 | 21.55 | (453.91) | (425.05) | 16.94 |
| PAT/ (LAT) margin (%) (1) | 10.69 | 21.62 | (453.85) | (424.67) | 9.53 |
| Gearing ratio (2) | (3) | (3) | (3) | (3) | (3) |
| Basic earnings/ (loss) per share (sen) | 0.19 | 0.21 | (6.32) | (2.75) | 0.29 |
| Net assets per share (RM) | 0.11 | 0.11 | 0.11 | 0.02 | 0.05 |

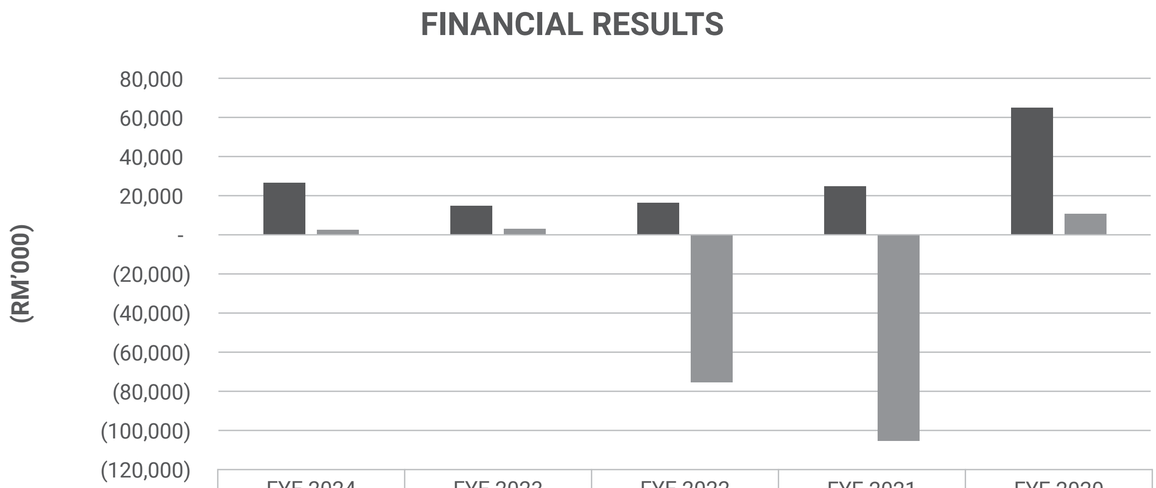
*Notes:*

(1) *Computed based on net profit/ (loss) attributable to owners of the Company divided by revenue.*

(2) *Computed based on net debts divided by shareholders' equity. Net debts include total liabilities less deferred tax liabilities, provision for taxation and cash and cash equivalents.*

(3) *Not applicable as the Group is in a net cash position.*

## REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION




| | FYE 2024 | FYE 2023 | FYE 2022 | FYE 2021 | FYE 2020 |
|---|---|---|---|---|---|
| Revenue | 27,091 | 14,837 | 16,585 | 24,771 | 64,784 |
| Profit before tax | 2,960 | 3,197 | (75,281) | (105,290) | 10,976 |

For the Financial Year Ended ("FYE") 30 September 2024, the Group recorded a revenue of RM27.10 million as compared to RM14.84 million achieved in the FYE 30 September 2023, representing an increase of RM12.26 million or 82.61%.

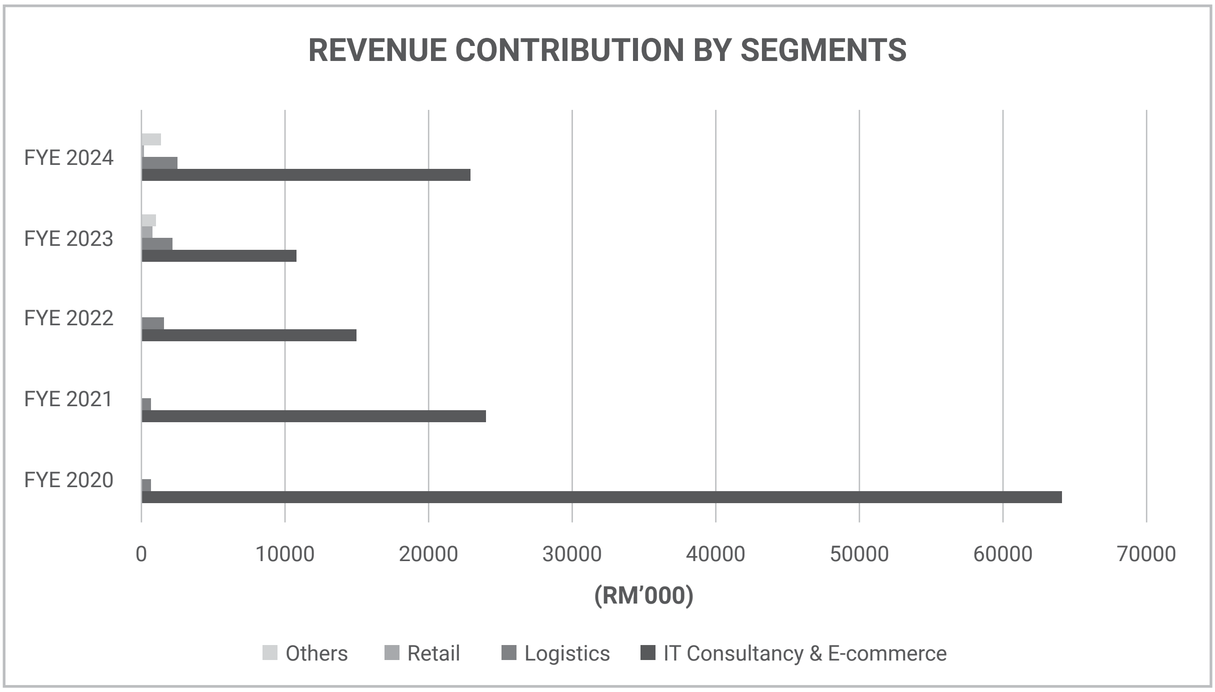
The increase in revenue was mainly attributable to the following:

(i) increase in revenue from the logistic services segment by RM0.35 million (15.91%) to RM2.55 million for the FYE 30 September 2024 (FYE 30 September 2023: RM2.20 million) as a result of introducing the rental of the truck in the financial year; and

(ii) the significant increase in the sales of wine, with a rise of RM10.75 million (511.90%), compared to FYE 30 September 2023. Revenue for FYE 30 September 2023 was RM2.1 million, while for FYE 30 September 2024, it increased to RM12.85 million due to the Group engaged in distributorship with Carbon Champagne and Veyret Latour.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)




The Group recorded a PBT of RM2.96 million for the FYE 30 September 2024 as compared to a PBT of RM3.20 million for the FYE 30 September 2023. The remarkable turnaround was mainly attributable to the following:

(i) additional costs were incurred on household marketing, with an increase of RM0.16 million, rising from RM0.02 million in FYE 30 September 2023 to RM0.18 million in FYE 30 September 2024; and

(ii) recorded a lower of fair value gain on other investments amounting to RM4.38 million for the FYE 30 September 2024 as compared to a fair value gain on other investments of RM8.16 for the FYE 30 September 2023.

The Group's non-current assets increased by RM7.14 million or 5.47% to RM137.71 million as at 30 September 2024 from RM130.57 million as at 30 September 2023. The increase in non-current assets was mainly attributable to the increase in other investments by RM10.05 million, which arose from the fair value gain on other investments and additional investment, as explained above.

The Group's current assets decrease from RM46.57 million as at 30 September 2023 to RM37.64 million as at 30 September 2024, representing a decline of RM8.93 million or 19.17%. The decrease in current assets was due to the decrease of other debtors and cash and cash equivalents by RM4.71 million and RM13.33 million respectively.

The Group's cash and cash equivalents decreased to RM10.54 million as at 30 September 2024 from RM23.86 million as at 30 September 2023, representing a decrease of RM13.32 million or 55.83%. The decrease in cash and cash equivalents was mainly due to the following:

- repayment of loan and lease liabilities amounting to RM2.43 million;
- purchase of property, plant and equipment amounting to RM2.20 million; and
- net additions in other investment amounting to RM5.63 million.

## REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

The Group's non-current liabilities decreased by RM3.42 million or 40.52% to RM5.02 million as at 30 September 2024 from RM8.44 million as at 30 September 2023. The decrease in non-current liabilities was mainly attributable to the repayment of loan and lease liabilities.

The Group's current liabilities increased by RM1.44 million or 35.82% to RM5.46 million as at 30 September 2024 from RM4.02 million as at 30 September 2023. The increase in current liabilities was mainly due to the increase in trade payables, other payables and accruals.

The Group's total borrowings and lease liabilities decreased to RM6.27 million as at 30 September 2024 from RM9.98 million as at 30 September 2024, representing a decrease of RM3.71 million or 37.17%. The decrease in total borrowings and lease liabilities was mainly attributable to the repayment of loan and lease liabilities obligations. For information purposes, the Group was in a net cash position as at 30 September 2024.

The Group is continuously embarking on an expansion of its business-to-consumer (B2C) e-commerce marketplace known as "LamboPlace" and its last-mile delivery services through "LamboMove" in Malaysia. In recent years, the Group has observed an increasing number of retailers looking for third-party fulfilment providers for their warehousing and logistics needs (in contrast with the traditional business strategy of keeping stocks in their warehouses) to achieve a leaner cost structure. Recognising this as an opportunity, the Group intends to expand its warehouse and logistics capability and capacity to support its business expansion.

Save as aforementioned, we are not aware of any other known trends and events that are reasonably likely to have a material effect on our operations, performance, financial condition, and liquidity.

## REVIEW OF OPERATING ACTIVITIES

**IT Consultancy and E-commerce Services**

The IT consultancy and E-commerce services segment remained a major revenue contributor, bringing in a revenue of RM23.00 million for the FYE 30 September 2024 as compared to RM10.83 million for the FYE 30 September 2023, representing an increase of RM12.17 million or 112.37%. The increase is mainly due to the growth in wine sales through the E-commernce platform.

**Logistics Services**

The logistic services segment contributed revenue of RM2.55 million for the FYE 30 September 2024 as compared to RM2.20 million for the FYE 30 September 2023, representing an increase of RM0.35 million or 15.91%, which was mainly attributable to the reason as explained above.

Currently, the Group has 2 vans utilized at full capacity for delivery services. The Group also purchased 5 trucks during the financial year. The Group has been sourcing more logistics partners for higher delivery orders and the need for a large delivery fleet to facilitate the delivery of larger volumes of products.

**Others**

The other segment contributed revenue of RM1.35 million for the FYE 30 September 2024 (FYE 30 September 2023 is RM1.02 million).

In February 2023, the Group launched its own retail business known as "La Fleur", a modern French eatery located in Publika Shopping Gallery, Kuala Lumpur. It offers a unique combination of wine/liquor sales alongside a delectable menu of food and other beverages.

**Retails**

During the financial year, the Group venture into a new business focusing on the sale of fresh seafood. This includes wholesale supply of live seafood to restaurants and customers, with the outlet located in Cheras. This business contributes RM1.12 million of revenue.

## ANTICIPATED OR KNOWN RISKS

**Market Competition**

The Group faces competition from other e-commerce businesses with a more prominent presence in Malaysia. Increased competition could result in revenue erosion and loss of market share, any of which could materially and adversely affect the Group's business, operating results and financial condition.

The Group would need to constantly conduct market intelligence surveys to understand consumers' needs in terms of product suitability, pricing, features, design and quality. In addition, intensive marketing efforts are necessary to promote and drive more traffic to the Group's e-commerce platforms.

**Credit risk**

The success of the Group's businesses, especially the wholesale and B2B customers, relies heavily on the creditworthiness of its customers. If the customers are unable or unwilling to pay the Group, the Group may experience payment delays or the inability to recover debts from them. Consequently, the Company may need to make an allowance for doubtful debts or write off bad debts, which may have an adverse impact on the Group's financial performance and financial position.

Notwithstanding the above, the Company's management team will continue actively monitoring outstanding trade receivables and taking appropriate actions to mitigate the risk of bad debts. The Company remain committed to maintaining a sound credit risk management framework to safeguard the financial health of its business.

**Operational Risk**

E-commerce is a more convenient and cost-effective alternative to conventional shopping. However, it is exposed to operational risks, particularly cybersecurity. The accessibility and connectivity inherent in e-commerce make it vulnerable to cybersecurity concerns such as threats and hackers. The operational risk extends to the possibility of the Group's e-commerce platform being corrupted or facing hardware/software failures, which could significantly impact the platform's functionality and the Group's overall business.

To address the above concerns, the Group focuses on enhancing the network security of the e-commerce platform. This includes ensuring robust measures to counter cybersecurity threats, such as deploying sufficient antivirus software on the servers. Further, the Group will continue to ensure the skills and competencies of its technology, security, and infrastructure team remain current by supporting them in undergoing training.

**Dependence on Key Personnel**

The Group relies on its key personnel and the loss of any key members of the Group's management and technical personnel could adversely affect the Group's business operations and consequently, its revenue and profitability.

The Group recognises the importance of attracting and retaining key personnel and will develop human resource initiatives that include, amongst others, competitive compensation packages as well as training and development programmes to retain its key personnel.

Apart from this, the Group actively grooms the younger members of its management team by providing the necessary guidance, training and exposure to prepare them to take over from the senior management team in the future.

Additionally, the Group is of the view that there is a sufficient pool of talent with suitable experience and expertise in the e-commerce market. As such, it is confident that it will be able to recruit suitable candidates to fill up any vacancies within a reasonable timeframe.

## ANTICIPATED OR KNOWN RISKS (CONT'D)

**Market Concentration Risk**

The Group faces concentration risk by operating solely within the Malaysian market, where competitor dynamics vary. In addition, the Group's e-commerce segment contributes approximately 80.04% to the Group's revenue for the FYE 30 September 2024. Dependency on a single market or segment renders the business particularly vulnerable to economic downturns, shifts in consumer behaviour, or challenges specific to the industry, which could affect the Group's financial performance. To mitigate the risk associated with market concentration, the Group has implemented strategies to venture into the retail segment in 2023 through the launch of La Fleur, to broaden the Group's earnings base and incorporate additional income streams.

**Economic, Political and Regulatory Risks**

The Group's business, prospects, financial conditions and level of profitability may be affected by the development of Malaysia's economic, political and regulatory environment. Any adverse development in the political situation, economic uncertainties or changes in the regulatory environment could materially and adversely affect the financial performance of the Group. These risks include, amongst others, the risk of war, civil commotion, global economic downturn, changes in interest rates and unfavourable changes in government policies such as introducing new regulations, import duties and tariffs. Whilst the Group practices prudent financial management and efficient operating procedures, there is no assurance that adverse regulatory, political and economic developments will not materially affect the Group's financial performance.

**Investment Risk**

Given the Group's growing investments in quoted shares, it faces uncertainties in the local and global economies and price fluctuations in its investments. These factors lie beyond the Group's control and potentially adversely affect its investments. To address these risks, The Group is committed to mitigating them through prudent portfolio management and strategic investment planning.

## DIVIDEND

The Board of Directors does not recommend the payment of any dividend for the financial year ended 30 September 2024 as there were accumulated losses in the statements of financial position as at 30 September 2024.

## FUTURE PROSPECTS

The Group is cautiously implementing an omni-channel approach (a multichannel approach to sales that seeks to provide customers with a seamless shopping experience, whether online from a desktop or mobile device or in a brick-and-mortar store). The Group will continue to focus on expanding its business-to-consumer (B2C) e-commerce marketplace known as "LamboPlace" and "LamboCellar" along with its last-mile delivery services through "LamboMove" in Malaysia. The Group is also expanding its warehousing and logistic capability and capacity to support and enhance "LamboPlace", "LamboCellar" and "LamboMove" by setting up warehouses in Petaling Jaya and Klang.

Nevertheless, the Group will continue to exercise caution and be alert to the changes in the local business environment while simultaneously seizing potential business opportunities that will contribute positively to its financial performance. Based on the above, the Group is cautiously optimistic about its prospects.

# CORPORATE GOVERNANCE ("CG") **OVERVIEW STATEMENT**

The Board of Directors ("the Board") of LAMBO GROUP BERHAD ("the Company" or "LAMBO") recognises and is committed to ensuring the importance of good CG is being practised by the Company and the subsidiaries ("Group" or "LAMBO Group") to safeguard stakeholders' interests as well as enhancing shareholders' value.

This CG Overview Statement sets out how the Group has applied and the extent of compliance with principles and recommendations as set out in the Malaysian Code on Corporate Governance ("MCCG"), the relevant chapters of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") on CG and all applicable laws and regulations throughout the financial year ended 30 September 2024 ("FYE 2024").

The CG Overview Statement shall be read together with the CG Report 2024, available on the Company's website at www.lambogroup.my.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### PART 1 – BOARD RESPONSIBILITIES

### 1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS

#### 1.1 Functions, roles and responsibilities of the Board

The Board leads LAMBO and plays a strategic role in overseeing the Group's objectives, direction, goals and overall corporate governance to ensure that the strategic plans of the Group are implemented and accountability is monitored well.

The following are the key matters of the Company reserved for the Board's approval:

- Reviewing and approving the financial results, strategies, business plan and policies;
- Overseeing and evaluating the conduct of the Group's businesses;
- Ensuring competent management;
- Ensuring the establishment of risk management framework and policies;
- Reviewing the adequacy and integrity of the internal control systems and management information systems which include a sound system of reporting and ensuring regulatory compliance with applicable laws, regulations, rules, directives and guidelines; and
- Acquisition and disposal of companies within the Group

The Board reserves certain powers for itself and has delegated certain matters, such as the day-to-day management of the Group to the Executive Director. The Non-Executive Directors including the Chairman are responsible for bringing independent judgment and scrutiny to decisions taken by the Board and providing objective challenges to Management.

The Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group. In this manner, the Non-Executive Directors fulfil a crucial corporate accountability role as they provide independent and objective views, opinions and judgments on issues being deliberated and act in the best interest of the Group, its stakeholders and shareholders, including minority shareholders. There is a schedule of key matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Group are in its hands.

# CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT (CONT'D)

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

### PART 1 – BOARD RESPONSIBILITIES (CONT'D)

### 1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS (CONT'D)

#### 1.1 Functions, roles and responsibilities of the Board (Cont'd)

To ensure the effective discharge of its function and responsibilities, the Board has established and approved the respective Terms of Reference ("ToR") for the relevant Board Committees where specific powers of the Board are delegated to the relevant Board Committees. The Board Committees include the following:

- Audit and Risk Management Committee ("ARMC");
- Nomination Committee ("NC");
- Remuneration Committee ("RC"); and
- Employee Share Option Scheme ("ESOS") Committee.

Although specific powers are delegated to the Board Committees, the Board continues to keep itself abreast of the actions and decisions taken by each Board Committee, including key issues via reports by the Chairman and/or Chairperson of each of the Board Committees, as well as the tabling of minutes of all Board Committee meetings, to the Board at Board meetings. The Board reviews the respective Board Committees' authority and the ToR from time to time to ensure their relevance and enhance its efficiency. The ultimate responsibility for the final decision on all matters, however, lies with the Board of Directors as a whole.

The ToR of each of the Board Committees as approved by the Board is available on the Company's corporate website at www.lambogroup.my.

The Board owes fiduciary duties to the Company and, while discharging its duties and responsibilities, shall individually and collectively exercise reasonable care, skill and diligence at all times. Aside from the key responsibilities as delineated in the Board Charter, each Board member is also expected to demonstrate and adhere to the following:

**(a) Time commitment**

**(i) Attendance of Meetings**

The Board ordinarily schedules 4 meetings in a year. Board and Board Committee meetings are scheduled well in advance, i.e. prior to the closing of each quarter to facilitate the Directors in planning ahead and to ensure that the Board and Board Committees meetings are booked in their respective schedules.

Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. The agenda for the meeting of the Board is set by the Company Secretary in consultation with the Chairman. Decisions of the Board are made unanimously or by consensus. Where appropriate, decisions may be taken by way of Directors' Circular Resolutions between scheduled and special meetings.

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

### PART 1 – BOARD RESPONSIBILITIES (CONT'D)

### 1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS (CONT'D)

#### 1.1 Functions, roles and responsibilities of the Board (Cont'd)

##### (a) Time commitment (Cont'd)

**(i) Attendance of Meetings (Cont'd)**

During the FYE 2024, the Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the current Board of Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors at Board and Board Committee meetings during the financial year under review as set out as follows:

| Meeting Attendance | Board | ARMC | NC | RC | ESOS | @AGM |
|---|---|---|---|---|---|---|
| Hj. Abdullah Bin Abdul Rahman | ^5/5 | 5/5 | ^1/1 | ^1/1 | – | ^1/1 |
| Koo Kien Yoon | 5/5 | – | – | – | – | 1/1 |
| Ng Chee Kin | 5/5 | 5/5 | 1/1 | 1/1 | – | 1/1 |
| Khor Chin Fei | 5/5 | ^5/5 | 1/1 | 1/1 | – | 1/1 |
| Datuk Salmah Hayati Binti Ghazali | 5/5 | – | – | – | – | – |

@ Annual General Meeting held on 11 March 2024
^ Chairman of the Board or Board Committees or AGM

Notwithstanding that no specific quantum of time has been fixed, each member of the Board is expected to devote sufficient time and attention to the affairs of the Company. Any Director is, while holding office, at liberty to accept other Board appointment(s) in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. Each Board member is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year with appropriate leave of absence and be notified to the Chairman and/or Company Secretary, where applicable.

**(ii) New Directorships**

Before the acceptance of new Board appointment(s) in other companies and/or Public Listed Companies ("PLCs"), the Directors are to notify the Chairman and/or the Company Secretary. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, 1 criterion as agreed by the Board is that they must not hold directorships at more than 5 PLCs (as prescribed in Rule 15.06 of the Listing Requirements).

The Directors are required to submit an update on their other directorships from time to time for monitoring of the number of directorships held and for notification to the Companies Commission of Malaysia ("CCM") accordingly.

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

### PART 1 – BOARD RESPONSIBILITIES (CONT'D)

### 1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS (CONT'D)

#### 1.1 Functions, roles and responsibilities of the Board (Cont'd)

**(b) Continuing Training Programmes**

The Directors are mindful that they should continue to attend training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast with the changing regulatory and corporate governance developments.

All Directors appointed to the Board have undergone the Mandatory Accreditation Program prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"). Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to attend continuous education programmes/seminars/conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

In addition to the above, Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and Company Secretaries during the Board Committees and Board meetings.

The details of training and various external programs attended by the Directors during the financial year under review are as follows:

| Board members | Courses/Training Programmes Attended |
|---|---|
| Hj. Abdullah Bin Abdul Rahman | • MIA Webinar Series: Common Offences by Directors under the Companies Act 2016 |
| Koo Kien Yoon | • MIA Webinar Series: Common Offences by Directors under the Companies Act 2016 |
| Ng Chee Kin | • MIA Webinar Series: Common Offences by Directors under the Companies Act 2016 |
| Khor Chin Fei | • MIA Webinar Series: Common Offences by Directors under the Companies Act 2016 |
| Datuk Salmah Hayati Binti Ghazali | • MIA Webinar Series: Common Offences by Directors under the Companies Act 2016 |

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

### PART 1 – BOARD RESPONSIBILITIES (CONT'D)

### 1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS (CONT'D)

#### 1.1 Functions, roles and responsibilities of the Board (Cont'd)

**(c) Conflict of Interest and Related Party Transactions**

To assure accountability and prevent conflict of interest in relation to issues that come before the Board, Directors are reminded by the Company Secretary of their statutory duties and responsibilities and are provided with updates on any changes thereon. Hence, all related party transactions or potential conflict of interest situations (if any) will be submitted to the ARMC for review on a quarterly basis.

The Directors further acknowledge that they are also required to abstain from deliberation and voting on relevant resolutions in which they have an interest at the Board or any general meeting convened. In the event a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting in respect of their shareholdings and will further undertake to ensure that persons connected to them will similarly abstain from voting on the resolutions.

As part of the governance process, the Board has formalised and adopted the Conflict of Interest Policy for Directors ("COI Policy"). The purpose of the COI Policy is to ensure that actual, potential and perceived conflicts of interest are effectively identified and managed, and to provide guidance on how to deal with conflict of interest situations as they arise. A copy of the COI Policy is available on the Company's website at www.lambogroup.my.

#### 1.2 The Chairman of the Board

During the financial year under review, the Board is chaired by an Independent Non-Executive Chairman who is not related to the Executive Director and more than half of the Board comprises Independent Non-Executive Directors. The Independent Non-Executive Chairman is responsible for the Board's effectiveness and conduct, implementing the Group's policies, business plans and executive decision-making and is assisted by the Executive Director.

The Independent Non-Executive Chairman also promotes an open environment for debate and ensures effective contributions from Non-Executive Directors. He also exercises control over the quality, quantity and timeliness of information flow between the Board and Management. Together with the other Non-Executive and Independent Directors, he leads the discussion on the strategies and policies recommended by the Management.

At a general meeting, the Independent Non-Executive Chairman plays a role in fostering constructive dialogue between shareholders, Board and Management.

Currently, Tn Hj. Abdullah Bin Abdul Rahman ("Hj. Abdullah"), the Independent Non-Executive Chairman of the Company, is also the Chairman of NC and RC and a member of the ARMC.

The Board took cognisance that having the same person assume the position of Chairman of the Board and member/Chairman of Board committees gives rise to the risk of self-review and may impair the objectivity of the Chairman of the Board and the Board when deliberating on the observations and recommendations put forth by the Board committees. Nonetheless, Hj. Abdullah is not involved in the management and operational matters of the Company, and he always provides constructive opinions to the Board and Board committees and shows impartiality in his judgement and conduct based on different perspectives as a Chairman of the Board and member/Chairman of Board committees.

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

### PART 1 – BOARD RESPONSIBILITIES (CONT'D)

### 1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS (CONT'D)

#### 1.2 The Chairman of the Board (Cont'd)

In addition, the Board has put in place the processes and procedures to ensure that by strict adherence to these authoritative promulgations, no single person can influence the Company's decision-making and policies, as there are processes, approval, compliance and governance safeguards in place. Decisions shall be agreed upon by the majority of the Board/Board committee members and in the best interests of the Company, to ensure check and balance as well as objective review by the Board.

#### 1.3 Separation of Roles of Independent Non-Executive Chairman and Executive Directors

To foster a strong governance culture in the Group and to ensure a balance of power and authority, the roles of Independent Non-Executive Chairman and Executive Director are strictly separated. The Company practices a division of responsibilities between the Independent Non-Executive Chairman and the Executive Director. This is also to maintain effective supervision and accountability of the Board and Executive Management. The Independent Non-Executive Chairman is responsible for Board effectiveness and for ensuring that the conduct and working of the Board is in an orderly and effective manner while the Executive Director takes on the primary responsibility of managing the Group's businesses and resources as well as overseeing and managing the day-to-day operations of the Group.

#### 1.4 Qualified and Competent Company Secretaries

The Company Secretaries of LAMBO, have the requisite credentials and are competent and suitably qualified to act as company secretary under Section 235(2) of the Companies Act 2016 ("the Act"). The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of their functions. The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, the Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislation.

The Company Secretaries support the Board by ensuring that all Board meetings are properly conducted and adhered to board policies and procedures, rules, relevant laws and best practices on CG and deliberations at the Board and Board Committee meetings as well as follow-up on matters arising are well captured and recorded. The Company Secretaries also keep the Board updated on changes in the Listing Requirements and directives issued by the regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities.

The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in CG through continuous training. The proposed change of the Company Secretaries (if any) is a matter for the Board, as a whole to decide.

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

### PART 1 – BOARD RESPONSIBILITIES (CONT'D)

### 1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS (CONT'D)

#### 1.5 Access to information and advice

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board. The Directors may seek advice from the Management on issues under their respective purview.

Before the Board meetings, the agenda for each meeting together with a full set of the board papers containing the information relevant to the business of the meetings are circulated to the Directors at least 7 days before the meeting. The Directors may also interact directly with the Management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them.

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, approvals will be obtained via circular resolutions which are supported with information necessary for an informed decision.

The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries. Minutes of meetings are circulated and confirmed as a correct record by the Board and Board Committees at the next meeting.

The Directors are also notified of any corporate announcement(s) released to Bursa Securities and the impending restriction on dealing with the securities of the Company prior to the announcement of the quarterly financial results.

In addition, the Board may seek independent professional advice at the Company's expense on specific issues to enable it to discharge its duties in relation to matters being deliberated. Individual Directors may also obtain independent professional or other advice in furtherance of their duties, subject to the approval of the Chairman or the Board, depending on the quantum of the fees involved.

### 2. DEMARCATION OF RESPONSIBILITIES

#### 2.1 Board Charter

The Board recognises the importance of establishing a single source of reference for Board activities through a Board Charter as recommended by the MCCG. As such, a Board Charter was formalised on 28 November 2013 to delineate the roles of the Board, Board Committees and Management to provide structured guidance for Directors and Management regarding their responsibilities of the Board, its Board Committees and Management, including the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Group as well as boardroom activities.

The Board reviews and updates its Board Charter regularly to keep itself up to date with new changes in regulations and best practices and to ensure its effectiveness and relevance to the Board's objectives. Any subsequent amendment to the Board Charter can only be approved by the Board. The Board Charter is available on the Company's corporate website at www.lambogroup.my.

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

### PART 1 – BOARD RESPONSIBILITIES (CONT'D)

### 3. PROMOTING GOOD BUSINESS CONDUCT AND MAINTAINING A HEALTHY CORPORATE CULTURE

#### 3.1 Code of Ethics

The Company's Code of Ethics requires all officers and employees to observe high standards of business and personal ethics in carrying out duties and responsibilities. As employers and representatives of LAMBO, or any of its subsidiaries, they must practice honesty and integrity in fulfilling their duties and responsibilities, and comply with all applicable laws and regulations. It is thus the responsibility of all officers and employees to comply with the Code of Ethics and to report violations or suspected violations thereto.

The salient features of the Code of Ethics are accessible on the Company's corporate website at www.lambogroup.my.

#### 3.2 Formalised Policies and Procedures on Whistle-Blowing

To maintain the highest standard of ethical conduct, the Board also has a separate formal Whistle-Blowing Policy stating the appropriate communication and feedback channels to facilitate whistleblowing. The implementation of such policy is in line with Section 587 of the Act where provisions have been made to protect LAMBO's officers or stakeholders who make disclosures on breach or non-observance of any requirement or provision of the Act or any serious offence involving fraud and dishonesty. All concerns raised will be investigated and whistle-blowers can report directly to the Independent Director.

The Whistle-Blowing Policy is accessible on the Company's corporate website at www.lambogroup.my.

#### 3.3 Anti-Bribery and Corruption Policy ("ABC Policy")

In line with the amendments to the Malaysian Anti-Corruption Commission Act 2009 to incorporate a new Section 17A on corporate liability for corruption which took effect on 1 June 2020, the Group had adopted the ABC Policy which set out the Group's responsibilities in providing principles, guidelines and recommendation to the employees on the procedures to deal with solicitation, bribery and corruption that could possibly arise on the business dealing and operation activities.

The Company had also conducted briefings and training for all employees of the Group to create awareness of the ABC Policy to foster the commitment of the employees to instil the spirit of integrity and avoid all forms of corruption practices within the organisation.

The ABC Policy is accessible on the Company's corporate website at www.lambogroup.my.

#### 3.4 Directors' Fit and Proper Policy

The Board has established the Directors' Fit and Proper Policy, to ensure that any person to be appointed or elected/re-elected as a Director of the Group shall possess the necessary quality and character as well as integrity, competency and commitment to enable the discharge of the responsibilities required of the appointed position in the most effective manner. The Directors' Fit and Proper Policy is accessible on the Company's corporate website at www.lambogroup.my.

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

### PART 1 – BOARD RESPONSIBILITIES (CONT'D)

### 3. PROMOTING GOOD BUSINESS CONDUCT AND MAINTAINING A HEALTHY CORPORATE CULTURE (CONT'D)

#### 3.5 Promote Sustainability

The Board has established a Sustainability Policy to demonstrate its commitment to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board and Senior Management of the Company recognise the importance of prioritising sustainability as part of its overall approach to value creation.

The policy outlines the general principles and structures of the foundations that govern the sustainability strategy of the Group to ensure that all its corporate activities and businesses are carried out while enhancing the sustainable creation of value for shareholders and taking into account the other stakeholders related to its business activities, natural resources, society and neighbouring communities, promoting the values of sustainability, integration and dynamism, favouring the achievement of the sustainable development goals.

The Board fulfils its responsibilities by delegating to the Management. The Management is responsible for implementing, overseeing and addressing all sustainability-related issues from stakeholders and updating the Board on the Group's sustainability management performance, key material issues identified by stakeholders and planned follow-up measures.

### PART II – BOARD COMPOSITION

### 4. BOARD'S OBJECTIVITY

#### 4.1 Composition of the Board

The Company is led by an experienced Board consisting of individuals with appropriate knowledge and skills to enhance the growth of the Group's business with good corporate governance.

During the FYE 2024, our Board comprises 5 members, comprising 1 Independent Non-Executive Chairman, 1 Executive Director and 3 Independent Non-Executive Directors. In this respect, the Board complies with Rule 15.02 of the Listing Requirements whereby at least 2 or 1/3 of the Board, whichever is higher, are Independent Directors and 1 of the Directors of the Company is a woman. The Company also complies with the recommendation of the MCCG of which at least half of the Board is Independent Director. In the event of any vacancy in the Board resulting in non-compliance with the Listing Requirements, the Board shall fill the vacancy within 3 months from the date of that event.

The Board views the present number of its Independent Directors as ideal to provide the necessary checks and balances to the Board's decision-making process. There is a good mix of skills and core competencies in the current Board membership. The Board is of the opinion that the existing 4 Independent Non-Executive Directors, with their extensive knowledge and experience, would be able to represent the investment of the public and the minority shareholders. The Board is, however, open to board changes as and when appropriate. The profile of each of the Directors is set out on pages 4 to 6 of this Annual Report.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT’D)

### PART II – BOARD COMPOSITION (CONT’D)

### 4. BOARD’S OBJECTIVITY (CONT’D)

#### 4.1 Composition of the Board (Cont’d)

The Board has not nominated a Senior Independent Non-Executive Director to whom concerns may be conveyed as the Board is of the opinion that given the strong independent element of the Board, any concern regarding the Group may be conveyed by shareholders or investors to any of the Independent Directors at the following address and such concerns will be reviewed and addressed by the Board accordingly:

**Tn Hj. Abdullah Bin Abdul Rahman / Mr Ng Chee Kin / Mr Khor Chin Fei / Datuk Salmah Hayati Binti Ghazali**
**Lambo Group Berhad**
**Lot 11.1, 11th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor**

#### 4.2 Tenure of Independent Directors

In line with the MCCG, the Board has adopted the 9 years policy for Independent Directors. Upon completion of the 9 years, an Independent Director may continue to serve on the Board subject to the said Director’s re-designation as a Non-Independent Director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of 9 years, the Board must justify the decision and seek shareholders’ approval through a two-tier voting process at a general meeting, normally the Annual General Meeting (“AGM”) of the Company.

The Board is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years. The calibre, qualification, experience and personal qualities, particularly of the Director’s integrity and objectivity in discharging his/her responsibilities in the best interest of the Company should be the predominant factors to determine the ability of a Director to serve effectively as an Independent Director.

As at 30 September 2024, the tenure of the Independent Non-Executive Directors of the Company are as follows:

| | 1-5 years | 6-9 Years | 9-12 Years |
|---|---|---|---|
| Hj. Abdullah Bin Abdul Rahman | | ✓ | |
| Ng Chee Kin | | | ✓ |
| Khor Chin Fei | | | ✓ |
| Datuk Salmah Hayati Binti Ghazali | ✓ | | |

For information, Mr Ng Chee Kin will have served as an Independent Non-Executive Director of the Company for a cumulative term of 12 years by 28 February 2025. Upon completion of the 12 years, he will be re-designated as a Non-Independent Non-Executive Director of the Company in compliance with the provisions of the Listing Requirements.

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

### PART II – BOARD COMPOSITION (CONT'D)

### 4. BOARD'S OBJECTIVITY (CONT'D)

#### 4.2 Tenure of Independent Directors (Cont'd)

As of the date of the forthcoming AGM, Mr Khor Chin Fei ("Mr Khor") has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years. The Board through the NC has assessed and determined that his vast and diverse range of experiences had brought the right mix of skills to the Board. As Director, he continues to bring independent and objective judgements to Board deliberations and the decision-making process as a whole. The Board, therefore, endorsed the NC's recommendation for Mr Khor to be retained as Independent Directors of the Company. Thus, the Board shall seek shareholders' approval at the forthcoming AGM for Mr Khor to be retained as Independent Directors through a two-tier voting process.

The key justifications for Mr Khor's continuance as Independent Non-Executive Director are as follows:

- he fulfill the criteria under the definition of Independent Director as stated in the Listing Requirements and, therefore, is able to bring independent and objective judgment to the Board as a whole;
- his experience in the relevant industries has enabled him to provide the Board and Board Committees, as the case may be, with pertinent expertise, skills, contribution and competence;
- he has been with the Company for a certain period and therefore understands the Company's business operations which enables them to contribute actively and effectively during deliberations or discussions at Board and Committee meetings;
- he continues to be scrupulously independent in his thinking and his effectiveness as a constructive challenger of the Executive Director and Management; and
- he has not entered into any related party transactions with the Group.

#### 4.3 Diverse Board and Senior Management Team

The Company does not set specific criteria for the assessment and selection of director candidates. However, all candidates for appointment and/or election are first considered by the NC, taking into account the mix of skills, competencies, experience, professionalism and other relevant qualities required to well manage the business, to meet the current and future needs of the Board composition. The NC also evaluates the candidates' character and ability to commit sufficient time to the Group. Other factors considered for the appointment of an Independent Director will include the level of independence of the subject candidate.

#### 4.4 Gender diversity policy

The Board is aware of the importance of boardroom diversity and is supportive of the recommendation of MCCG to establish of boardroom and workforce gender diversity policy. The Board had adopted the Board Diversity Policy which sets out the Company's approach to diversity on the Board of LAMBO. The Board together with the NC will assess and evaluate current diversity levels, identify and analyse gaps and criteria for new board appointments, and thereafter recommend the strategies, objectives, targets and practical goals against an indicative time frame in order to maintain an appropriate range and balance of skills, experience and background on the Board. The Group will evaluate the suitability of candidates as a new Board member or as a member of the workforce based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender. Equal opportunity is given and does not practise discrimination of any form, whether based on age, gender, race or religion, throughout the organisation.

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

### PART II – BOARD COMPOSITION (CONT'D)

### 4. BOARD'S OBJECTIVITY (CONT'D)

#### 4.4 Gender diversity policy (Cont'd)

Currently, our Board comprises 1 female Director, representing approximately 20% of the total number of the Board. In line with the MCCG of at least 30% representation of women on Boards, the Board will evaluate and match the criteria of the potential candidate as well as consider the appointment of more female directors onto the Board in future to bring about a more diverse perspective.

#### 4.5 New Candidates for Board Appointment

The screening and evaluation process for potential candidates to be nominated as Directors are delegated to the NC. The process involves the NC's consideration and submission to the Board its recommendation of suitable candidates from either the Management, the existing Board member(s) or major shareholder(s) for the proposed appointment as Directors of the Company. The NC may also obtain and rely upon independent sources such as a directors' registry, open advertisement or use of independent search firms in furtherance of their duties at the Company's expense, subject to approval by the Chairman or the Board, depending on the quantum of the fees involved. If the selection of candidates was solely based on the recommendations made by the Management, the existing Board member(s) or major shareholder(s), the NC will explain why other sources were not used.

The shortlisted candidates who were not known to the existing Board members, were interviewed by the NC and thereafter, met with the Board of Directors for endorsement of appointment.

Before recommending an appointment to the Board, the NC will undertake a comprehensive evaluation and assessment of the candidates in accordance with the criteria as set out in the Directors' Fit & Proper Policy adopted by the Group. The NC also takes into account the Group's business and matches the capabilities and contribution expected for a particular appointment.

#### 4.6 Re-Election of Directors

The procedure for the re-election of directors by rotation is set out in the Company's Constitution. Pursuant to the Company's Constitution, all Directors who are appointed by the Board during the year are subject to re-election by shareholders at the first meeting after their appointment. The Company's Constitution also provides at least 1/3 of the remaining Directors are subject to re-election by rotation at each AGM, and retiring directors can offer themselves for re-election. All Directors shall retire from office at least once every 3 years, but shall be eligible for re-election.

The NC would carry out a formal assessment evaluation of the performance as well as identify any gaps or areas of improvement of the Individual directors, Board and Board Committee annually. The NC also would identify the directors to be retired ("Retiring Directors") by rotation in accordance with the Constitution of the Company and assess the Retiring Directors' eligibility for re-election by considering their competencies, time commitment, contribution and ability to act in the best interest of the Company. Based on the satisfactory evaluation of the respective director's performance and contributions to the Board, the NC then recommend to the Board the re-election of the Retiring Directors at the forthcoming AGM.

Upon the recommendation of the NC and the Board, the Directors who are standing for re-election and re-appointment at the forthcoming AGM of the Company are as stated in the Notice of AGM.

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

### PART II – BOARD COMPOSITION (CONT'D)

### 4. BOARD'S OBJECTIVITY (CONT'D)

#### 4.7 Nomination Committee

The NC of LAMBO was established on 28 November 2013 to assist the Board in recommending the appointment of new Director(s) and assessing the effectiveness of the Board as a whole.

The activities undertaken by NC during the financial year under review are as follows:

- Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and made an appropriate recommendation to the Board;
- Reviewed and recommended the retirement and re-election of Directors for shareholders' approval at the AGM in accordance with the Company's Constitution;
- Reviewed and recommended Mr Ng Chee Kin and Mr Khor Chin Fei who have served the Board as Independent Non-Executive Directors for a cumulative term of more than 9 years be retained and continue to act as Independent Non-Executive Directors of the Company for the shareholders' approval; and
- Reviewed and recommended any modification and/or amendment to the terms of reference of the NC and other policies.

#### 4.8 ESOS Committee

The ESOS Committee was established on 6 August 2015 to assist the Board in the establishment of the ESOS by rewarding and retaining the eligible Directors and key management personnel who have contributed to the growth of the Company.

The duration of ESOS which was implemented on 6 August 2015, was 5 years and has expired on 6 August 2020. It was extended for another 5 years and will be expiring on 6 August 2025.

As at 30 September 2024, the total number of ESOS options granted, exercised and outstanding under the ESOS during the financial year are set out in the table below:

| Category of Employees | No. of ESOS Options Over Ordinary Shares | | | |
|---|---|---|---|---|
| | Granted and Vested | Exercised | Lapsed/ Forfeited/ Revoked | Outstanding |
| Eligible Employees | – | – | – | – |

Pursuant to the ESOS By-Laws, the aggregate maximum allocation of ESOS Options applicable to the eligible employee (including the allocation to the Directors and senior management) shall be determined by the ESOS Committee at its sole and absolute discretion.

The ARMC has verified and was satisfied that the allocation of ESOS Options to the eligible employees of the LAMBO Group during the FYE 2024, was in accordance with the criteria of allocation of share options set out in the ESOS By-Laws.

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

### PART II – BOARD COMPOSITION (CONT'D)

### 5. OVERALL BOARD EFFECTIVENESS

#### 5.1 Annual evaluation

The NC will be reviewing the Board's effectiveness relating to the composition, administration and process, accountability and responsibility, Board conduct, communication and relationship with Management, the performance of the Chairman and Executive Director, the time commitment in discharging their role and responsibilities through attendance at their respective meetings as well as the application of good governance principles to create sustainable shareholder's value.

The Board will undertake an annual assessment of Independent Directors to justify whether they continue to bring independent and objective judgement to Board deliberations. Self and peer assessments will be carried out by all the Directors once every year. The results, in particular the key strengths and weaknesses identified from the evaluation, will be shared with the Board to allow enhancements to be undertaken.

The criteria used by the NC in evaluating the performance of an individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. The Board did not engage any external party to undertake an independent assessment of the Directors.

From the annual assessment and review conducted for FYE 2024, the NC was satisfied that all other Directors possess sufficient qualifications to remain on the Board. Save for the NC members who are also a member of the Board and have abstained from assessing their own performance evaluation as Director of the Company, each of the NC members views that all the Directors have good personal attributes and possess sufficient experience and knowledge in various fields that are vital to the Company's industry.

As for the Board evaluation, the NC agreed that all the Directors have discharged their stewardship duties and responsibilities towards the Company as Directors effectively. The NC further concluded that the Board and Board Committees were functioning effectively as a whole with a high level of compliance and integrity.

The NC was also satisfied that the Independent Directors are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment, objectivity or the ability to act in the best interests of the Company. Additionally, each of the Independent Directors has provided an annual confirmation of their independence to the NC and the Board.

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

### PART III - REMUNERATION

### 6. LEVEL AND COMPOSITION OF REMUNERATION

#### 6.1 Remuneration policy

The Company's remuneration policy for Directors is formulated to attract and retain individuals of the necessary calibre needed to run the business of the Group successfully. The remuneration is structured to link experience, expertise and level of responsibility undertaken by the Directors. The Directors play no part in deciding their own remuneration and shall abstain from discussing or voting on their own remuneration.

The salient features of the remuneration policy of the Group are summarised as follows:

(a) The salary for the Executive Director is set at a competitive level for similar roles within comparable markets, reflecting the performance of the director, skills and experience as well as responsibility undertaken.
(b) Directors' Fees are based on a standard fixed fee and are subject to approval by the shareholders at the AGM.
(c) The RC may obtain independent professional advice in formulating the remuneration package of its Directors.

For the FYE 2024, the Board approved the RC's recommendation on Directors' fees and other benefits payable to Directors for the approval of the shareholders at the forthcoming AGM. The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board.

The remuneration policy is not made available on the Company's corporate website as the Board is of the view that the confidentiality and sensitivity of the features of the Company's remuneration structure which are supportive of the strategies and long-term vision of the Company will be able to safeguard accordingly.

#### 6.2 Remuneration Committee

The activities undertaken by the RC during the financial year under review were as follows:

- Reviewed and recommended the payment of Directors' fees and other benefits payable to the Directors for the shareholders' approval; and
- Reviewed and recommended any modification and/or amendment to the terms of reference of the RC and other policies.

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

### PART III - REMUNERATION (CONT'D)

### 7. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

#### 7.1 Details of Directors' Remuneration

Details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) for the FYE 2024 are as follows:

**GROUP**

| Name | Fees RM'000 | Salaries RM'000 | Bonus RM'000 | Allowance RM'000 | Benefits in Kind RM'000 | Other Emoluments RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| Koo Kien Yoon | 78 | 146 | 6 | 36 | – | – | 266 |
| HJ. Abdullah Bin Abdul Rahman | 60 | – | – | – | – | – | 60 |
| Khor Chin Fei | 60 | – | – | – | – | – | 60 |
| Ng Chee Kin | 70 | – | – | – | – | – | 70 |
| Datuk Salmah Hayati Binti Ghazali | 36 | – | – | – | – | – | 36 |
| **Total** | **304** | **146** | **6** | **36** | **–** | **–** | **492** |

**COMPANY**

| Name | Fees RM'000 | Salaries RM'000 | Bonus RM'000 | Allowance RM'000 | Benefits in Kind RM'000 | Other Emoluments RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| Koo Kien Yoon | – | 146 | 6 | 36 | – | – | 188 |
| HJ. Abdullah Bin Abdul Rahman | 60 | – | – | – | – | – | 60 |
| Khor Chin Fei | 60 | – | – | – | – | – | 60 |
| Ng Chee Kin | 24 | – | – | – | – | – | 24 |
| Datuk Salmah Hayati Binti Ghazali | 36 | – | – | – | – | – | 36 |
| **Total** | **180** | **146** | **6** | **36** | **–** | **–** | **368** |

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

### PART III - REMUNERATION (CONT'D)

### 7. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT (CONT'D)

#### 7.2 Details of Key Senior Management's Remuneration

The Company notes the need for corporate transparency in the remuneration of its senior management executives, however, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, such disclosure may be detrimental to the business interests and give rise to recruitment and talent retention issues. Thus, the Company is of the view that the interest of the shareholders will not be prejudiced as a result of the non-disclosure of the Group's senior management personnel who are not directors of the Company.

The remuneration of the senior management personnel, which is a combination of annual salary, bonus and benefits-in-kinds are determined in a similar manner as other management employees of the Group. The basis of determination has been consistently applied and is based on individual performance and the overall performance of the Group. The aggregate remuneration of the top 5 senior management received for the FYE 2024 was RM368,000 representing 9.8% of the total employees' remuneration of the Group.

The Board is of the opinion that disclosure of remuneration of the Directors of the Board by appropriate components and the top 5 senior management's total combined remuneration package should meet the intended objectives of the MCCG.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### PART I – AUDIT AND RISK MANAGEMENT COMMITTEE

### 8. EFFECTIVE AND INDEPENDENT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

#### 8.1 The Chairman of the Audit and Risk Management Committee is Not the Chairman of the Board

The positions of Chairman of the ARMC and the Board are held by 2 different individuals. Hence, the objectivity of the Board's review of the ARMC's findings and recommendations will be able to preserved. The Board is of the view that the Chairman of the ARMC has performed the duties as defined and his judgment was not impaired as he is sufficiently independent from Management in leading the discussion on the matters being deliberated and findings as well as recommendations made by the ARMC objectively in the Board meetings.

#### 8.2 Cooling-off Period for a Former Audit Partner to be Appointed as Audit and Risk Management Committee Member

LAMBO recognised the need to uphold the independence of its external auditors and that no possible conflict of interest whatsoever should arise. As recommended by MCCG, the Company will observe a cooling-off period of at least 3 years in the event any potential candidate to be appointed as a member of the ARMC was a key audit partner of the external auditors of the Group. Currently, none of the members of the Board nor the ARMC of the Company was former key audit partners of the external auditors appointed by the Group.

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

### PART I – AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

### 8. EFFECTIVE AND INDEPENDENT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

#### 8.3 Policies and Procedures for Assessment of Suitability, Objectivity and Independence of External Auditors

The external auditors fill an essential role by enhancing the reliability of the Company's annual audited financial statements and giving assurance to stakeholders of the reliability of the annual audited financial statements. The external auditors have an obligation to bring any significant defects in the Company's system of control and compliance to the attention of the Management, and if necessary, to the ARMC and the Board.

The external auditors are working closely with the internal auditors and tax consultants, without compromising their independence. Their liaison with the internal auditors would be in accordance with International Standards on Auditing (ISA) No. 610: "Considering the Work of Internal Auditing", with the main objective of avoiding duplication of efforts to maximise audit effectiveness and efficiency. The external auditors review internal audit reports and discuss findings with internal auditors where necessary.

In accordance with the principles set out in ISA No. 260 "Communicating of Audit Matters with Those Charged with Governance", the external auditors have brought to the Board's attention through the ARMC, all the significant accounting, auditing, taxation, internal accounting systems & process control and other related matters that arise from the audit of the financial statements of the Company. Where necessary, the ARMC will meet with the external auditors without the presence of Executive Board members and Management to exchange free and honest views on issues which the external auditors may wish to discuss relating to their audit findings.

The ARMC is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the external auditors. The terms of engagement for services provided by the external auditors are reviewed by the ARMC before submission to the Board for approval. The effectiveness and performance of the external auditors are reviewed annually by the ARMC.

To assess or determine the suitability and independence of the external auditors, the ARMC has taken into consideration, among others, the following:

(a) the adequacy of the competency, experience and quality of the external auditors;

(b) the external auditor's resource capacity and ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;

(c) the nature of the non-audit services provided by the external auditors and fees paid for such services relative to the audit fee; and

(d) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditors.

Annual appointment or re-appointment of the external auditors is via shareholders' resolution at the AGM on the recommendation of the ARMC and the Board. The external auditors are being invited to attend the AGM of the Company to respond and reply to the shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

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

### PART I – AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

### 8. EFFECTIVE AND INDEPENDENT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

**8.3 Policies and Procedures for Assessment of Suitability, Objectivity and Independence of External Auditors (Cont'd)**

The ARMC assessed the independence of Messrs. ChengCo PLT ("ChengCo") as external auditors of the Company as well as reviewed the level of non-audit services rendered by ChengCo to the Company for the FYE 2024. The ARMC had obtained necessary assurance from ChengCo and confirmed that they are, and have been independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants. The external auditors provided such declaration in their annual audit plan presented to the ARMC prior to the commencement of the audit for a particular financial year.

The ARMC was satisfied with ChengCo's technical competency and audit independence and took note that the quantum of non-audit fee charged thereto was not material as compared to the total audit fees paid to ChengCo. Having satisfied itself with their performance and technical competency as well as received the assurance from ChengCo as stated above, the Board approved the ARMC's recommendation for the shareholders' approval to be sought at the forthcoming AGM on the re-appointment of ChengCo as the external auditors of the Company for the financial year ending 30 September 2025.

**8.4 Composition of Audit and Risk Management Committee**

During the FYE 2024, the ARMC of the Company comprises of 3 Non-Executive Directors of whom all are Independent Directors. On the composition, please refer to the Corporate Information of this Annual Report.

The Board is of the view that the ARMC is able to assist the Board in reviewing and scrutinising the information in terms of accuracy, adequacy and completeness for disclosure to ensure reliability and compliance with applicable financial reporting standards.

**8.5 Continuous Professional Development**

To assist the Board in reviewing and scrutinising the information in terms of accuracy, adequacy and completeness for disclosure to ensure reliability and compliance with applicable financial reporting standards, all the ARMC members will undertake continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

The Board, through the recommendation of the NC, is generally satisfied that all the ARMC members are financially literate and have sufficient understanding of the Company's business.

Further details on the external programs attended by the ARMC members are set out in this Annual Report on page 18.

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

### PART I – AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

### 8. EFFECTIVE AND INDEPENDENT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

#### 8.6 Compliance with Applicable Financial Reporting Standards

The Board strives to provide shareholders with a balanced and meaningful evaluation of the Group's financial performance, financial position and prospects through the annual audited financial statements, interim financial reports, annual reports and announcements to Bursa Securities.

The interim financial reports, annual audited financial statements and annual report of the Group for the FYE 2024 are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements and the Act. The ARMC assists the Board in overseeing the financial reporting processes and ensuring the quality of its financial reporting.

The statement by the Board pursuant to Rule 15.26(a) of the Listing Requirements on its responsibilities in preparing the financial statements is set out on page 44 of this Annual Report.

### PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

### 9. EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

#### 9.1 Sound Framework to Manage Risk

The Board recognises the importance of managing risks and maintaining a sound system of internal controls which cover risk management, financial, organisational, operational and compliance controls.

The Board has established an Enterprise Risk Management framework and on-going reviews are performed on a quarterly basis to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. Such continuous review processes are conducted by the Company's Management Team as well as the Group's independent and sufficiently resourced internal audit function. The findings of the internal audit function are regularly reported to the ARMC.

The ARMC is tasked to review the risk management policies and internal control procedures formulated by Management and make relevant recommendations to the Board for approval from time to time to ensure, as far as possible, the protection of its assets and its shareholders' investments.

Details of the Company's risk management and internal controls framework are further elaborated in the ARMC Report and the Statement on Risk Management and Internal Control of this Annual Report, respectively.

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

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

### 9. EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

#### 9.2 Implementation of Mitigating Measures

The responsibilities of identifying and managing risks are delegated to the respective Heads of Department ("HoD"). The ARMC is responsible for reviewing the effectiveness of the processes. Any material risk identified will be discussed and appropriate actions or controls will be implemented. This is to ensure the risk is properly monitored and managed to an acceptable level.

The ARMC will assist the Board in implementing and overseeing the risk management framework of the Group and reviewing the risk management policies formulated by Management and making relevant recommendations to the Board for approval.

The main features of the Company's risk management framework and internal controls system are further elaborated in the Statement on Internal Control and Risk Management of this Annual Report.

#### 9.3 Risk Management Committee

The Company has integrated the risk management function into its ARMC, thereby broadening the scope of the ARMC's duties and responsibilities to include oversight of risk management across various elements of the Company's business operations.

Details of the main features of the Company's risk management and internal controls framework are further elaborated in the ARMC Report and the Statement on Internal Control and Risk Management of this Annual Report.

### 10. EFFECTIVE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

#### 10.1 Internal Audit Function

The Board has delegated the implementation and monitoring of the internal control system to the Management and has engaged the services of an independent assurance provider to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control. The internal auditors report directly to the ARMC on its activities based on the approved annual internal audit plans. The principal role of the internal auditors is to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes.

#### 10.2 Competency of Internal Auditors

To ensure that the responsibilities of internal auditors are fully discharged, the ARMC shall review the adequacy of the scope, functions and resources of the internal audit function as well as the competency i.e. qualification and experience of the internal auditors annually.

During the financial year under review, the Group has outsourced its internal audit function to Vaersa Advisory Sdn Bhd, a professional service firm ("Outsourced IA").

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

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

### 10. EFFECTIVE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

#### 10.2 Competency of Internal Auditors (Cont'd)

The Outsourced IA is headed by its executive director, Ms Tiffany Lim, who holds a Bachelor of Accounting Degree, fellow member of the Institute of Internal Auditors Malaysia and a member of the Malaysian Institute of Accountants ("MIA"). The Outsourced IA has assigned 3 staff to provide internal audit services during the financial year. The work of the outsourced IA is guided by, in all material respects, the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors. The internal audit function has been mandated to assess and monitor the Group's system of internal control. The internal audit function adopts a risk-based approach and prepares its audit strategy and plans based on the risk profiles of individual business units of the Group. Premised on the performance assessment by the ARMC and feedback from the Management Team, the ARMC is satisfied that the Outsources IA are free from any relationships or conflicts of interest with those involved which could impair their objectivity and independence and is capable of carrying out internal audit reviews.

During the FYE 2024, the following activities were carried out by the Outsourced IA in the discharge of its responsibilities:

i) Reviewed the adequacy and effectiveness of the systems of internal control and compliance with the Group's policies and procedures on the following companies over the business process/area set out below:

   (a) Human resources management review for LamboPlace Sdn. Bhd.;
   (b) Enterprise risk management report of LAMBO; and
   (c) Financial management review for LAMBO.

ii) Performed follow-up reviews to ensure corrective actions have been implemented in a timely manner; and

iii) Proposed and presented a risk-based internal audit plan to the ARMC for approval.

The ARMC and the Board agreed that the internal audit review was done in accordance with the audit plan and the coverage was adequate.

The ARMC and Board are satisfied with the performance of the Outsourced IA and have in the interest of greater independence and continuity in the internal audit function, decided to continue with the outsourcing of the internal audit function.

An overview of the state of internal controls function within the Group, which includes the risk and key internal control structures, are set out in the ARMC Report and the Statement on Risk Management and Internal Control of this Annual Report, respectively.

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

### PART I - ENGAGEMENT WITH STAKEHOLDERS

### 11. CONTINUOUS COMMUNICATION BETWEEN COMPANY AND STAKEHOLDERS

#### 11.1 Effective, Transparent and Regular Communication with its Stakeholders

The Board recognises the importance of prompt and timely dissemination of information to shareholders and investors, in order for these stakeholders to be able to make informed investment decisions. LAMBO's website incorporates an Investor Relations ("IR") section which provides all relevant information on the Group and is accessible to the public. This section enhances the IR function by including share price information, all announcements made by the Company, annual reports, Board Charter and the corporate and governance structure of the Company.

The Company will continuously enhance the disclosures on its website for broader and more effective dissemination of information to its stakeholders from time to time. The announcement of the quarterly financial results is also made via Bursa LINK in a timely manner as required under the Listing Requirements to ensure equal and fair access to information by the investing public.

To promote the dissemination of the financial results of the Company to investors, shareholders and media as well as to keep the investing public and other stakeholders updated on the progress and development of the Group's business, the Board may conduct open briefings from time to time in ensuring constant interactions with existing and prospective investors. Stakeholders can at any time seek clarification or raise queries through the corporate website, by email or by phone. Primary contact details are set out on the Group's corporate website.

#### 11.2 Integrated Reporting

The Company has provided concise information relating to its strategy, performance, governance and prospects through the Management Discussion and Analysis and the Sustainability Statements in this Annual Report, respectively. This is to ensure that the stakeholders are well informed of the business and performance of the Company and to promote transparency and accountability of the Company.

### PART II – CONDUCT OF GENERAL MEETINGS

### 12. STRENGTH RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

#### 12.1 Encourage Shareholder Participation at General Meetings

The AGM represents the principal forum for dialogue and interaction with shareholders. At every AGM, the Board sets out the progress and performance of the Group since the last meeting held. Shareholders are encouraged to participate in the subsequent Question & Answer ("Q&A") session wherein the Directors, Company Secretary and/or HoD as well as the Group's external auditors are available to respond to the queries raised. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder. Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution.

The Company dispatches its notice of AGM to the shareholders at least 28 days before the AGM. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. This would allow the shareholders to make necessary arrangements to attend and participate in person, by a corporate representative, by proxy or by the attorney.

At the commencement of all general meetings, the Chairman will inform the shareholders of their rights to poll voting. Separate resolutions are proposed for substantially separate issues at the meeting. The outcome of the AGM will be announced to Bursa Securities on the same meeting day.

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

### PART II – CONDUCT OF GENERAL MEETINGS (CONT'D)

### 12. STRENGTH RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS (CONT'D)

#### 12.2 Effective Communication and Proactive Engagements

All the Directors shall endeavor to present in person to engage directly with and be accountable to the shareholders for their stewardship of the Company at the AGM. The Chairman will also invite shareholders to raise questions relating to the Company's financial statements and other items for adoption at the meeting, before putting a resolution to vote and/or during the Q&A session.

Together with the Directors, Management and external auditors will be in attendance to respond to the shareholders' queries. The Board will also share with the shareholders the Company's responses to questions submitted in advance of the AGM by the Minority Shareholders Watch Group, if any.

In addition to the above, the Company will look into the allocation of time during the AGM for dialogue with the Shareholders, if necessary to address the issues concerning the Group and to make arrangements for officers of the Company to present and handle other enquiries from the shareholders.

#### 12.3 Facilitate Greater Shareholder Participation at General Meetings

Under Rule 8.31A(1) of the Listing Requirements, a public listed company must, among others, ensure that any resolution set out in the notice of any general meeting is voted by poll. For this purpose, the share registrar will be appointed as the poll administrator and an independent scrutineer will be appointed to validate the votes cast at the AGM.

The Twenty-Third (23$^{rd}$) AGM of the Company which was held on 11 March 2024 were conducted by way of a virtual meeting and online remote voting using the Remote Participation and Voting Facilities and was attended by all the Directors of the Company.

## COMPLIANCE STATEMENT

Other than as disclosed and/or explained in this Annual Report and CG Report 2024, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices set out in MCCG and all other applicable laws, where applicable and appropriate.

Moving forward, the Board will continue to enhance the corporate disclosure requirements in the best interest of the Company's shareholders and stakeholders. The areas to be prioritised by the Board will be principles that have yet to be adopted by the Company as disclosed in the CG Report 2024.

# AUDIT AND RISK MANAGEMENT COMMITTEE (“ARMC”) REPORT

## COMPOSITION AND ATTENDANCE

During the financial year ended 30 September 2024 (“FYE 2024”), the ARMC of Lambo Group Berhad (“the Company” or “LAMBO”) comprises 3 members, all of whom are Independent Non-Executive Directors. This meets the requirements of Rule 15.09(1)(b) of the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) as well as Practice Note 8.4 of the Malaysian Code on Corporate Governance (“MCCG”). The ARMC Chairman, Mr Khor Chin Fei, is a member of the Malaysia Institute of Accountants (“MIA”). Accordingly, LAMBO also complies with Rule 15.09(1)(c)(i) of the Listing Requirements. No alternate director is appointed as a member of the ARMC.

The record of attendance of the members of the ARMC for the meetings held during the FYE 2024 is disclosed in the Corporate Governance (“CG”) Overview Statement on page 17 of this Annual Report.

The terms of reference (“ToR”) of the ARMC are available for download on the Company’s corporate website at www.lambogroup.my.

## SUMMARY OF ACTIVITIES

During the financial year under review, the ARMC discharged its functions and duties in accordance with its existing ToR. The activities undertaken during the financial year under review are summarised broadly as follows:

**(a) Activities with Regard to External Audit**

- Reviewed external audit scope and audit plans based on the external auditors’ presentation of audit strategy and plan;
- Reviewed external audit results, audit reports, management letter and the response from the Management;
- Reviewed and evaluated factors relating to the independence of the external auditors and worked closely with the external auditors in establishing procedures in assessing the suitability and independence of the external auditors, in confirming that they were, and had been, independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by the International Federation of Accountants and the MIA;
- Considered and recommended to the Board for approval of the audit fees payable to the external auditors;
- Assessed the performance and suitability of Messrs ChengCo PLT (“ChengCo”) based on the quality of services and relationship with Management, ARMC and Board and that the ARMC has been satisfied with the independence, performance and suitability of ChengCo based on the assessment and is recommending to the Board and shareholders for approval on the re-appointment of ChengCo during the Company’s Annual General Meeting (“AGM”) held on 11 March 2024; and

**(b) Activities with Regard to Internal Audit (“IA”) and Risk Management:**

- Reviewed the performance of the IA and assessed the adequacy of the scope and functions of the IA plan;
- Reviewed annual IA plan and programs;
- Reviewed IA reports, recommendations and Management’s responses. Improvement actions in the areas of internal control, systems and efficiency enhancements suggested by the IA were discussed together with the Management Team in a separate forum;
- Reviewed implementation of these recommendations through follow-up audit reports;
- Suggested additional improvement opportunities in the areas of internal control, systems and efficiency improvement;
- Reviewed the risk management framework and any significant proposed changes to risk management policies and strategies for adoption by the Board;

## SUMMARY OF ACTIVITIES (CONT'D)

**(b) Activities with Regard to Internal Audit ("IA") and Risk Management: (Cont'd)**

- Reviewed and monitored principal risks which may affect the Group directly or indirectly, and if deemed necessary, and recommended additional course(s) of action to mitigate such risks;
- Monitored the risk assessment results and communication to the Board with mitigating measures for consideration; and
- Assessed the actual and potential impact of any failure or weakness of the internal controls in place.

**(c) Activities with Regard to Financial Reporting**

- Reviewed the quarterly unaudited financial results before recommending for the Board's approval, focusing particularly on:
  - o any change in accounting policies and practices;
  - o significant adjustments arising from the audit;
  - o the going concern assumption; and
  - o compliance with applicable financial reporting standards and other legal requirements.
- Reviewed annual report and the annual audited financial statements of the Company before submission to the Board for their perusal and approval to ensure compliance of the financial statements with the provisions of the Companies Act 2016 and the applicable approved accounting standards as per the Malaysian Accounting Standards Board ("MASB"); and
- Reviewed the Group's compliance with the Listing Requirements, MASB and other relevant legal and regulatory requirements and deliberation on the emerging financial reporting issues pursuant to the introduction of new accounting standards and additional statutory/regulatory disclosure requirements with regard to the quarterly financial statements and annual audited financial statements of the Company.

**(d) Other Activities:**

- Reviewed and recommended any modification and/or amendment to the ToR of the ARMC and other policies.
- Reviewed any related party transactions and potential conflict of interests situation, if any, entered into by the Company and the Group;
- Reviewed and recommended the proposed shareholders' mandate for the recurrent related party transactions of a revenue or trading nature for the shareholders' consideration and approval;
- Verified the options allocated under the Employee Share Option Scheme ("ESOS") in compliance with criteria as stipulated in the ESOS By-laws of the Company;
- Reviewed application of CG principles and the extent of the Group's compliance with the best practices set out under the MCCG;
- Reviewed the Management Discussion & Analysis, CG Overview Statement, CG Report, ARMC Report and the Statement on Risk Management and Internal Control for adoption by the Board; and
- Reviewed and recommended the appointment of Messrs. Yangge Law Firm as the Company's solicitors for the legal proceedings related to the Fujian Accsoft Technology Development.

## HOW THE AUDIT AND RISK MANAGEMENT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR

**i) Financial Reporting**

The ARMC had reviewed the unaudited quarterly financial results and the annual audited financial statements of the Company and of the Group and made recommendations to the Board for approval and for the announcement to Bursa Securities.

The ARMC also reviewed the annual audited financial statements with the External Auditors and finance team to ensure that the financial statements give a true and fair view of the financial position and performance of the Group and are in compliance with the relevant accounting standards, other legal requirements and to ensure compliance with the provisions of the Companies Act 2016 and the Listing Requirements.

**ii) External Auditors**

During the financial year under review, the ARMC met with the External Auditors to review the issues relating to financial controls and operational efficiencies of the Company and its subsidiaries arising from the audit. Significant matters that required follow-up were highlighted in the management letter by the External Auditors and enquired on the adequacy and effectiveness of remedial actions taken by management in resolving these issues.

The ARMC also reviewed and evaluated the audit planning memorandum and audit reviewed memorandum prepared and presented by the External Auditors.

The proposed audit fees for the External Auditors in respect of their audit of the financial statements of the Company and its subsidiaries were analysed and reviewed by the ARMC for recommendation to the Board for approval.

The ARMC also evaluated the performance and independence of the External Auditors covering areas such as calibre, quality processes/performance, audit team, independence and objectivity, audit scope and planning, audit fees as well as the audit communications of the External Auditors. The ARMC has been satisfied with the independence and performance of ChengCo, has recommended the re-appointment of Messrs ChengCO as External Auditors to the Board for consideration and tabled to the shareholders for approval at the forthcoming Annual General Meeting of the Company.

**iii) Internal Audit**

During the financial year under review, the ARMC reviewed and evaluated the Internal Audit Reports ("IAR") pertaining to the internal control of the Group prepared by the outsourced Internal Auditors of the Company.

The IAR on audit findings, description, implication, recommendations to improve any weaknesses or non-compliance and the management action plan and comments thereto were tabled to the ARMC for their review and deliberations. The Management was invited to attend the meetings as and when necessary to brief the ARMC on matters relating to their areas of responsibility.

Some weaknesses in internal control were identified for the year under review and measures have been or are being taken to address these weaknesses. The Internal Auditors monitored the implementation of Management's action plan on outstanding issues through follow-up reports to ensure that all key risks and control weaknesses were being properly addressed.

## HOW THE AUDIT AND RISK MANAGEMENT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR (CONT'D)

**iv) Related Party transactions**

The related party transactions including recurrent related party transactions of a revenue or trading nature entered into by the Group were reviewed by the ARMC to ensure that they were conducted on the Group's normal commercial terms and adequate internal procedures had been deployed in the Group in relation to such transactions to monitor compliance with the Listing Requirements and to ascertain that the transactions entered into were not prejudicial to the interest of the non-controlling shareholders.

The details of the related party transactions for the FYE 2024 are set out on page 51 of this Annual Report and the Company's Circular to Shareholders dated 24 January 2025 relating to the proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature. The ARMC had reviewed the related party transactions that arose within the Group to ensure that the transactions were fair, reasonable and on normal commercial terms as well as not detrimental to the minority shareholders and were in the best interest of the Company.

**v) Conflict of Interest Situation**

To assure accountability and prevent conflict of interest in relation to issues that come before the Board, Directors are reminded by the Company Secretaries of their statutory duties and responsibilities and are provided with updates on any changes thereon. Hence, all related party transactions (if any) will be submitted to the ARMC for review on a quarterly basis.

The Directors further acknowledge that they are also required to abstain from deliberation and voting on relevant resolutions in which they have an interest at the Board or any general meeting convened. In the event a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting in respect of their shareholdings and will further undertake to ensure that persons connected to them will similarly abstain from voting on the resolutions.

During the financial year under review, the ARMC and the Board have not received any report from the Directors or chief executive of the Company relating to conflicts of interest or potential conflicts of interest situations, including interests in any competing business, that they have with the Company or its subsidiaries.

## PERFORMANCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Board assessed and evaluated the performance of the ARMC and its members through the Nomination Committee for the FYE 2024. Based on the outcome of the annual assessment, the Board was satisfied with the performance of the ARMC and its members and concluded that they have effectively discharged their functions, duties and responsibilities in accordance with the ToR of the ARMC.

## INTERNAL AUDIT FUNCTION

The purpose of the internal audit function is to provide the Board, through the ARMC, with reasonable assurance of the effectiveness of the risk management, control and governance processes in the Group. To provide an independent appraisal over the system of internal control of the Group to the ARMC, the Company outsources the internal audit function to an independent assurance provider ("Outsourced IA"). In this respect, the Outsourced IA has added value by improving the control processes within the Group. The total costs incurred amounted to RM58,726.00 for the FYE 2024.

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

## INTERNAL AUDIT FUNCTION (CONT'D)

The internal audit activities were carried out based on a risk-based audit plan presented by the Outsourced IA to the ARMC for approval. The establishment of the audit plan took into consideration the corporate risk profile and input from Senior Management and the ARMC. The Outsourced IA highlighted to the ARMC the audit findings which required follow-up action by Management as well as outstanding audit issues which required corrective actions to ensure an adequate and effective internal control system within the Group.

An overview of the Group's approach to maintaining a sound system of internal control is set out in the Statement on Risk Management and Internal Control of this Annual Report.

# STATEMENT ON DIRECTORS' RESPONSIBILITIES
# **IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS**

The Directors are required under the Companies Act 2016 to prepare the financial statements for each financial year. These financial statements are to be drawn up in accordance with applicable approved accounting standards other than private entities as issued by the Malaysian Accounting Standards Board to give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their financial performance and cash flows for the year then ended.

In preparing these financial statements, the Directors have considered that:

- The Group and the Company have used appropriate accounting policies, and are consistently applied;
- Reasonable and prudent judgments and estimates were made;
- The applicable approved accounting standards in Malaysia have been applied; and
- The preparation of the financial statements is on a going concern basis.

The Directors are responsible for ensuring that the Company maintains proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act 2016.

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

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 30 September 2024, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

# STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

## INTRODUCTION

Pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" and with the Malaysian Code of Corporate Governance issued by Securities Commission Malaysia, the Board of Directors of the Company ("the Board") is pleased to present this Statement on Risk Management and Internal Control ("Statement") which outlines the governance policies, key elements, nature and scope of risk management and internal control of the Group during financial year ended 30 September 2024 ("FYE 2024").

## BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibilities in maintaining a sound system of internal controls that covers financial, operational and risk management within the Group to meet its business objectives. The Board affirms its overall responsibility for reviewing the adequacy, integrity and effectiveness of the risk management and internal control systems to safeguard shareholders' investment and the Group's assets. It covers not only financial controls but operational and compliance controls, and risk management.

However, such systems, by their nature, can only provide reasonable, but not absolute, assurance against hindering the Group from achieving its business objectives, material misstatement, loss and fraud. These systems are designed to manage, rather than eliminate, the risk of failure to achieve the business objectives of the Group.

The Board is of the view that the risk management and internal control system is in place for the financial year under review and is sound and adequate to safeguard shareholders' investment and the Group's assets.

## RISK MANAGEMENT

The Board recognises the importance of identifying, evaluating, and managing the significant risks that could potentially impact the Group. The Board is aware that risk management practices need to be embedded into the organisation's business processes. Hence, risk registers and risk profiles are used as one of the business tools to highlight the risks exposures and their risk mitigation to Management and the Board. The risk register and risk profiles for all business units of the Group are updated as and when there are changes to the business environment or regulatory guidelines. This process is regularly reviewed by the Audit and Risk Management Committee ("ARMC") and reported to the Board.

During the financial year under review, the underlying principal risks of the Company include a broad range of risks such as market concentration risk, economic environmental risk, competition risk, cost overrun risk, credit risk, operational risk, and regulatory risk.

The key elements of the Group's risk management practices are described below:

1. The Group maintains a sound system of risk management by ensuring that the risk management and control framework are embedded into the culture, processes and structure of the Group and to the achievement of its business objectives.
2. The Group has established an organisation structure with clearly defined limits of authority, lines of responsibility and accountability that aligned with the Group's business objectives.
3. The Heads of Department and Key Management staff are responsible for identifying, assessing and managing the risks faced by the respective departments. The results of risk assessment activities are shared across the business unit for appropriate actions to be taken.

## RISK MANAGEMENT (CONT'D)

The key elements of the Group's risk management practices are described below: (Cont'd)

4. Periodic operational/management meetings are held to ensure that the risks identified are monitored and appropriately addressed to the Executive Director and they shall highlight those significant risks identified to ARMC and the Board.

5. The Board is assisted by the ARMC in overseeing the effectiveness of the Group's policies and guidelines to ensure proper management of risks to which the Group is exposed and to take appropriate and timely action to manage the risks.

6. The Board through the ARMC, maintains risk oversight for the Group by carrying out the following:

   i. On-going review with the Key Management personnel within the Group on the development and maintenance of risk management practices and internal control systems.

   ii. Review the results of the internal audit plan and processes undertaken at least once a year and whether or not appropriate action is taken on the recommendations made by the internal auditors.

   iii. Review with external auditors the results of their audit, the audit report and internal control recommendations concerning internal control weaknesses noted in the course of their audit every year.

## INTERNAL CONTROL PROCESSES

The Group's internal control mechanism covers not only day-to-day operations but also the governance of the Group at the highest level through the Board and various Board Committees. While the Board and its Board Committees are governed by their respective Terms of Reference ("ToR") established and are reviewed on an annual basis, Management's conduct is monitored and reviewed through operational performance reviews on a quarterly basis, risk position reviewed periodically, and independent internal audit conducted by an independent professional firm. The internal control processes are reviewed and updated from time to time to ensure that they are relevant and effective when responding to changes in circumstances and external environment and for further improvement by adopting the best practices, where practical.

Apart from risk management and internal audit function, the Board, through the ARMC has also put in place the following key elements as part of the Group's system of internal control:

1. The Executive Director meets monthly with Senior Management to discuss and review the financial and business performance of all operating entities, management accounts, new business initiatives, and other management and corporate issues of the Group.

2. There are policy and authority limits implemented on the Executive Director and Senior Management within the Group with respect to the day-to-day operations and financing, investments, acquisitions and disposal of assets.

3. The Group has in place a Whistle Blowing Policy, which forms part of the Code of Ethics, to provide an avenue for employees to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines in a safe and confidential environment.

4. The ARMC comprising entirely of Independent Non-Executive Directors, is not restricted in any way in the conduct of its duties and has unrestricted access to the internal and external auditors of the Company and to all employees of the Group. The ARMC and the Board are also entitled to seek such other third-party independent professional advice deemed necessary to the discharge of its responsibilities.

5. An integrated Board Charter and Code of Ethics are in place and available on the Company's website to set the pace for upholding integrity and ethical values within the Group.

## INTERNAL AUDIT

During the financial year under review, the Group has outsourced its internal audit function to Vaersa Advisory Sdn. Bhd., a professional service firm ("Outsourced IA").

The Outsourced IA is headed by its executive director, Ms Tiffany Lim, who holds a Bachelor of Accounting Degree, fellow member of the Institute of Internal Auditors Malaysia and a member of the Malaysian Institute of Accountants ("MIA"). The Outsourced IA has assigned (3) staff to provide internal audit services during the financial year. The work of the Outsourced IA is guided by, in all material respects, the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors.

The internal audit function has been mandated to assess the Group's system of internal control. The internal audit function adopts a risk-based approach and prepares its audit strategy and plans based on the risk profiles of individual business units of the Group. These plans are updated periodically and approved by the ARMC.

The following activities were carried out by the Outsourced IA during the financial year under review:

i. Formulation of agreement with the ARMC on the risk-based Internal Audit Plan ("IA Plan") that was consistent with the Company's objectives and goals;

ii. Conduct various internal audit engagements in accordance with the annual IA Plan;

iii. Follow-up visits to ascertain that recommendations for improvements to the internal control systems have been satisfactorily implemented; and

iv. Reporting to the ARMC on the audit findings and recommendations to be undertaken for improvement.

During the financial year under review, the Outsourced IA has conducted various assignments and made recommendations on improving the system of internal controls to the ARMC and the Board. The areas of Outsourced IA covered are human resources management, financial management and Enterprise Risk Management of the Group.

Based on the review conducted by the Outsourced IA, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainty that would require separate disclosure in this Annual Report.

Premised on the performance assessment and feedback by the Management Team, the ARMC is of the view that internal auditors are free from any relationships or conflicts of interest with those involved and can carry out the internal audit reviews independently and with objectivity. Accordingly, the ARMC and the Board agreed to continuously outsource the internal audit function in providing an independent appraisal of the adequacy and effectiveness of the Group's internal control system.

## MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with Bursa Securities' guidelines, Management is responsible to the Board for identifying risks relevant to the business of the Group's objectives and strategies, implementing and maintaining sound systems of risk management and internal control, and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objective and performance.

The Board has received reasonable assurance from the Executive Director and Senior Management that the Group's risk management and internal control systems, in all material aspects, are operating adequately and effectively.

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

## REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Rule 15.23 of the Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the FYE 2024.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

## CONCLUSION

The Board is of the opinion that there was no significant weakness identified during the financial year under review in the system of risk management and internal control, contingencies or uncertainties that could result in material loss and adversely affect the Group save and except for the specific shortcomings in operational related issues as highlighted by the internal audit conducted. These gaps will be gradually closed through on-going corrective measures.

Nevertheless, the Board recognises that the systems must continuously improve to meet the changing business environment. The Board and the Management will continue to take necessary measures to strengthen and improve its internal control environment and processes.

# ADDITIONAL
# COMPLIANCE INFORMATION

## 1. UTILISATION OF PROCEEDS RAISED

Save as disclosed below, there were no other proceeds raised from the corporate proposal during the financial year ended 30 September 2024 ("FYE 2024").

***30% Private Placement***

On 18 September 2020, the 30% Private Placement was completed with the listing of 813,303,800 placement shares on the ACE Market of Bursa Malaysia Securities Berhad. As at 30 September 2024, the status of utilisation of the proceeds raised is as follows:

| Purpose | Proposed Utilisation RM'000 | Excess proceeds reallocated RM'000 | Actual Utilisation RM'000 | Unutilised RM'000 |
|---|---|---|---|---|
| **E-Commernce Business Expansion** | | | | |
| Marketing campaigns | 18,232 | – | (3,719) | 14,513 |
| System enhancement | 5,000 | – | (2,280) | 2,720 |
| Expansion of warehousing and delivery capability and capacity | 4,500 | – | (4,161) | 339 |
| Hiring of personnel | 4,500 | – | (4,500) | – |
| Office expansion | 1,000 | 315 | – | 1,315 |
| Estimated expenses for the Private Placement | 800 | (315) | (485) | – |
| **Total** | **34,032** | **–** | **(15,145)** | **18,887** |

***20% Private Placement***

On 2 February 2021, the 20% Private Placement was completed with the listing of 775,063,300 placement shares on the ACE Market of Bursa Malaysia Securities Berhad. As at 30 September 2024, the status of utilisation of the proceeds raised is as follows:

| Purpose | Proposed Utilisation RM'000 | Excess proceeds reallocated RM'000 | Actual Utilisation RM'000 | Unutilised RM'000 |
|---|---|---|---|---|
| **Wine Business** | | | | |
| Procurement of inventory | 6,147 | 690 | (6,837) | – |
| Setting up of a new warehouse | 4,000 | – | (3,187) | 813 |
| Marketing and promotion | 5,000 | – | (525) | 4,475 |
| Development of a new platform | 2,000 | – | (334) | 1,666 |
| Working Capital | 3,000 | – | (3,000) | – |
| Estimated expenses for the Private Placement | 940 | (690) | (250) | – |
| **Total** | **21,087** | **–** | **(14,133)** | **6,954** |

# ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

## 1. UTILISATION OF PROCEEDS RAISED (CONT'D)

***Right Issue with Warrants***

On 13 September 2021, the Rights Issue with Warrants was completed with the listing of 997,452,851 Rights Shares, 398,981,138 Warrants C and 52,552,670 additional Warrants B on the ACE Market of Bursa Malaysia Securities Berhad. As at 30 September 2024, the status utilisation of the proceeds raised is as follows:

| Purpose | Proposed Utilisation RM'000 | Excess proceeds reallocated RM'000 | Variation RM'000 | Actual Utilisation RM'000 | Unutilised RM'000 |
|---|---|---|---|---|---|
| System Enhancement | 8,000 | – | – | – | 8,000 |
| Purchase of motor vehicles | 2,000 | – | – | – | 2,000 |
| Expansion of warehousing capability and capacity | 40,000 | – | – | (23,085) | 16,942 |
| Marketing campaign | 15,000 | – | (15,000) | – | – |
| Procurement of inventory | – | – | 15,000 | (15,000) | – |
| Acquisition and/or investments in complementary businesses and/or assets | 20,000 | | | (17,218) | 2,782 |
| Working capital | 13,740 | 26 | – | (5,677) | 8,089 |
| Estimated expenses for the Corporate Exercises | 1,005 | (26) | – | (979) | – |
| **Total** | **99,745** | **–** | **–** | **(61,932)** | **37,813** |

## 2. MATERIAL CONTRACTS

There were no material contracts including contracts relating to any loans entered into by the Company and its subsidiaries ("Group") involving Directors' or substantial shareholders' interest, either still subsisting at the end of the FYE 2024 or entered into since the end of the previous financial year ended 30 September 2023.

## 3. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/payable to the External Auditors by the Company and the Group respectively for the FYE 2024 were as follows:

| | The Company RM | The Group RM |
|---|---|---|
| Audit Services Rendered | 99,000 | 202,000 |
| Non-Audit Services Rendered | | |
| (a) Review of Statement of Risk Management and Internal Control | 5,000 | 5,000 |
| (b) Review of overseas subsidiaries | 8,000 | – |
| **Total** | **112,000** | **207,000** |

# ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

## 4. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE ("RRPT")

The Company is seeking approval from shareholders for the proposed renewal of the existing shareholders' mandate for LAMBO Group to enter into RRPT(s) of a revenue or trading nature pursuant at the forthcoming Annual General Meeting to be held on 27 February 2025.

As at 30 September 2024, the details of RRPTs of a revenue or trading nature of the Group which was approved by the shareholders at the last AGM of the Company held on 11 March 2024 are as follows:

| Related Party and its Principal Activities | LAMBO Group - Transacting Party | Nature of Transaction with LAMBO Group | Value of Transaction RM('000) | Interested Director, Major Shareholders and Chief Executive and nature of their relationship with Related Party |
|---|---|---|---|---|
| Cheetah Holdings Berhad ("Cheetah") and its subsidiary companies – Product designing, product development, marketing and dealers of garments, apparel and ancillary products such as licensed products, bags, customised apparel, accesories and electronic commerce (E-Commerce) | LAMBO Group | Purchase of fashion/consumer products including food and beverages from LAMBO Group | 1,902 | Cheetah Marketing Sdn Bhd is a Major Shareholder of LAMBO with a shareholding of 18.80%.<br><br>Cheetah is also a Major Shareholder of LAMBO by virtue of its interest in Cheetah Marketing Sdn. Bhd. pursuant to Section 8(4) of the Act. |
| | | Sale of fashion/ consumer products including food and beverages to LAMBO Group | 2 | |
| | | Provision of logistics, fulfilment, warehousing and storage services by LAMBO Group | 301 | |
| XOX Bhd ("XOX") and its subsidiary companies – Mobile telecommunications products and services, e-Wallet services, electronic commerce (E-Commerce) solutions, and digital advertising | LAMBO Group | Provision of logistics, fulfilment, warehousing and storage services by LAMBO Group | 35 | Cheetah Marketing Sdn. Bhd. is a Major Shareholder of LAMBO with a shareholding of 18.80%.<br><br>Cheetah is also a Major Shareholder of LAMBO by virtue of its interest in Cheetah Marketing Sdn. Bhd. pursuant to Section 8(4) of the Act.<br><br>XOX is a Major Shareholder of Cheetah with an indirect interest of 20.85% through its shareholding in XOX (Hong Kong) Limited. XOX (Hong Kong) Limited has a direct interest of 20.85% in Cheetah. |
| | | Provision of renting and operational leasing of trucks by LAMBO Group | 86 | |
| | | Purchase of consumer products including but not limited to food and beverage, phone accessories, IT related products from LAMBO Group | Nil | |

# SUSTAINABILITY **STATEMENTS**

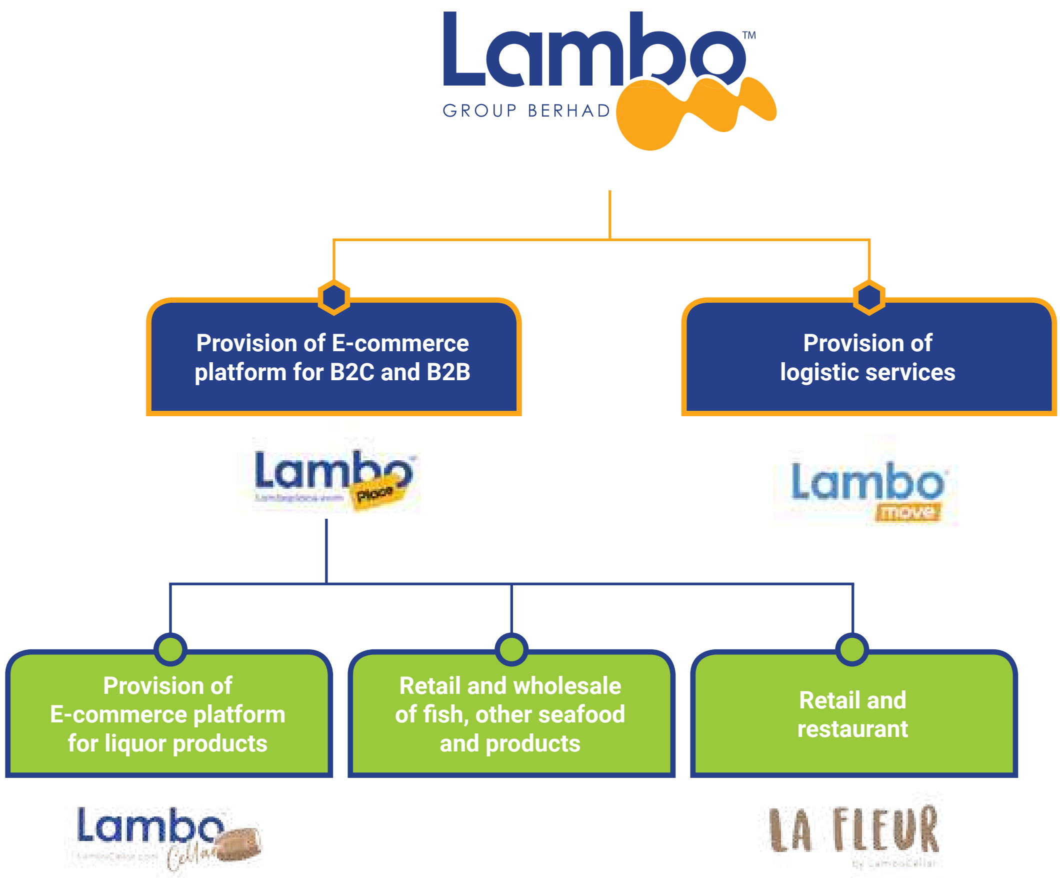
## ABOUT THE REPORT

Lambo Group Berhad and its subsidiaries ("Lambo" or the "Group") are pleased to present its Sustainability Statements for the financial year ended 30 September 2024 ("FYE 2024"). This report highlights the Group's sustainability strategies, initiatives, and performance, focusing on the key issues identified through our materiality assessment. It provides updates on our progress across business units and operations, demonstrating how we are aligning with our commitments to create sustainable value for stakeholders.

Sustainability remains a central focus for Lambo, and our practices continue to evolve as we respond to changing market conditions and stakeholder expectations. Our ongoing efforts aim to reduce our environmental footprint, enhance social well-being, and promote ethical governance. We are committed to transparency, accountability, and continuous improvement in all areas of sustainability, ensuring a positive impact on people, the planet, and business success.

As we move forward, we remain dedicated to strengthening our sustainability strategies and integrating them deeper into our operations to drive long-term, positive change.

## OUR CORE BUSINESSES



## SCOPE AND BASIS OF SCOPE

The Report covers Lambo and its subsidiaries. Information disclosed in this Report encompasses our major activities related to provision of E-commerce platform, provision of logistic services and retail business. Revenue from other business segments of the Group accounts for a very small percentage of total revenue and has a minimal impact on the overall performance of the Group, so it is not included in the scope of this Report.

## REPORTING FRAMEWORKS AND STANDARDS

The contents of this Report have been developed in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and Bursa Malaysia Sustainability Reporting Guide (3rd Edition).

## OUR APPROACH TO SUSTAINABILITY

Sustainability is a core value at Lambo, integral to our operations and culture. The Board of Directors is committed to driving growth while ensuring a safe, supportive, and sustainable environment for all stakeholders. As part of our sustainability strategy, Lambo is aligning our Material Sustainability Matters with the United Nations Sustainable Development Goals ("UNSDGs"), aiming to integrate these goals into every aspect of our operations. This initiative enhances our transparency, accountability, and contribution to global sustainability efforts.

Lambo is focused on creating long-term value by embedding sustainability in areas such as reducing environmental impact, promoting social inclusion, and ensuring ethical governance. We are already making meaningful contributions towards several UNSDGs. Our goal is to continue evolving our sustainability practices and contribute to a more sustainable future for both our business and society.

## SUSTAINABILITY FRAMEWORK

Lambo has tailored its sustainability framework to align with our business strategy, driven by the Group's vision and mission. This framework is designed to address stakeholder expectations, minimise our environmental impact, and contribute positively to the communities where we operate.

The sustainability framework is focused on four key pillars:

- Economic Sustainability
- Social Sustainability
- Environmental Sustainability
- Governance Sustainability

We are committed to achieving targeted objectives in each of these areas by tackling the most significant material issues relevant to our operations and stakeholders.

**Our Vision:**
To build an e-commerce marketplace platform by matching buyers and sellers in the contect of eliminating layers of sales channels in product adoption for B2C and B2B model. We aim to provide products at affordable prices to the customers

**Our Mission:**
- Develop competencies and skills to ensure the efficiency of the development and maintenance of the online platform
- Continuous training to marketing and advertising team to promote the online platform

**Our Focus Areas**

| ECONOMIC SUSTAINABILITY | SOCIAL SUSTAINABILITY | ENVIRONMENTAL SUSTAINABILITY | GOVERNANCE SUSTAINABILITY |
|---|---|---|---|
| • Economic Performance<br>• Customer Satisfaction<br>• Anti-Corruption<br>• Cybersecurity & Data Protection<br>• Supply Chain Management | • Human Right<br>• Health & Safety<br>• Employee Management<br>• Diversity, Equity & Inclusion<br>• Community Investment | • Climate Change<br>• Water Management<br>• Waste Management | • Policy & Regulatory Compliance |

## SUSTAINABILITY POLICY

As our organization continues to grow, sustainability has become a fundamental part of our identity. We have developed a clear company philosophy centered on sustainability, which now influences every decision related to Lambo's economic and operational activities. This guiding principle ensures that our growth is driven by responsible and sustainable practices, creating long-term value for both our business and the environment.

Sustainability is at the heart of our Group's ethos as we pursue steady growth and profitability within a safe, supportive, and environmentally responsible framework. As a dedicated corporate citizen, our mission is to uphold the highest standards of governance, promote ethical business practices, minimise our environmental footprint, and address the social needs of the communities we serve.

## SUSTAINABILITY GOVERNANCE

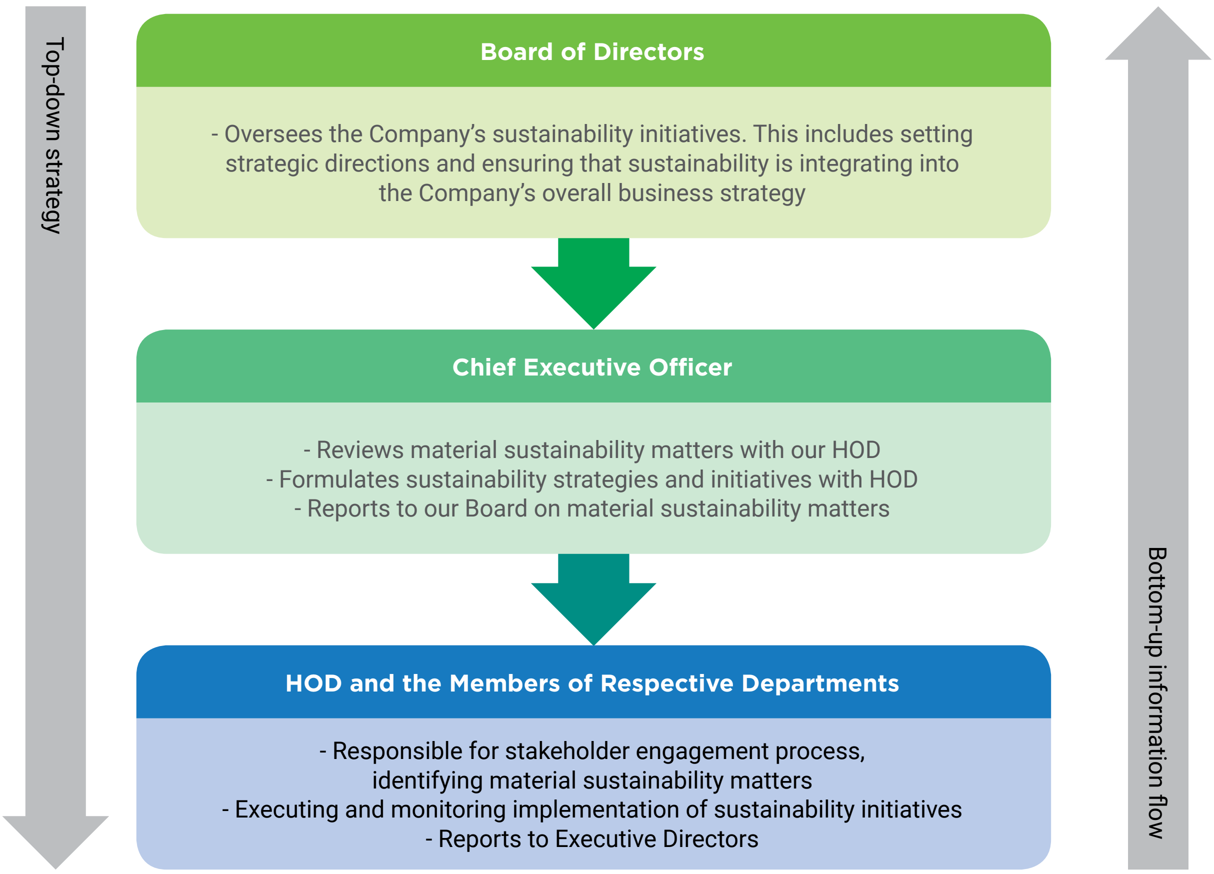
Strong governance is fundamental to achieving our goals and advancing sustainability across our value chain. Our governance framework is designed not only to support our daily operations but also to promote responsible practices throughout the organization. We are committed to operating in full compliance with applicable laws and principles, maintaining the highest standards of integrity. In adherence with the Malaysian Code of Corporate Governance ("MCCG"), we ensure that our business practices are transparent and align with industry standards.

We recognise that a comprehensive sustainability strategy is critical for our long-term success. The Board holds ultimate responsibility for setting the Group's sustainability direction, supported by the subsidiary's Chief Executive Officer and Head of Departments ("HOD"). This top-down approach ensures strong leadership and oversight.

HOD with the support of department teams, is responsible for executing sustainability policies across the organization. They report on the progress of sustainability initiatives to the Board periodically.

By involving members from various departments, we foster a unified effort to integrate sustainability into our daily business operations. Our sustainability governance framework ensures clear accountability at all levels of the Group.

Our governance structure is outlined as follows:




The Group does not have a sustainability committee or policy in place at the moment, but we plan to launch this initiative in future reporting cycles.

## STAKEHOLDER ENGAGEMENT

We have identified key stakeholders whose actions and viewpoints significantly influence, or are influenced by, our Company's operations. Engaging with these stakeholders is crucial for understanding their sustainability expectations and incorporating their feedback into our decision-making process. This interaction helps us make informed decisions that foster sustainability and strengthen our position as a responsible corporate entity.

To facilitate effective communication and collaboration, we have developed a stakeholder engagement matrix. This matrix details our engagement activities throughout the financial year, providing a comprehensive overview of our interactions with various stakeholder groups, the nature of these engagements, and the feedback received. By actively listening to stakeholder concerns, we can refine our sustainability practices and better align our operations with their expectations, as well as broader environmental and social objectives.

Stakeholder feedback is highly valued and has been integrated into our operational framework. All departments are encouraged to engage proactively with stakeholders and address any issues promptly. Through continuous dialogue, we ensure that stakeholders are kept informed on relevant matters and strengthen our relationships with them. This approach not only enhances our engagement efforts but also supports the ongoing improvement of our practices and helps us address potential challenges more effectively.

| STAKEHOLDERS | ENGAGEMENT PLATFORMS | AREA OF INTEREST OR CONCERNS | OUR RESPONSE |
|---|---|---|---|
| Shareholders, Financiers & Investors | • Financial reports and announcements<br>• General meetings<br>• Annual report<br>• Press releases<br>• Meetings | • Business strategies and future plan<br>• Return on investments<br>• Financial and operational performance<br>• Good management and corporate governance<br>• Sustainability initiatives | • Timely updates on the Group's strategy and financial performance via announcements<br>• Uphold good governance practices across the Group |
| Government Agencies & Regulators | • Compliances to laws and regulations<br>• Participation in government and regulatory events | • Regulatory compliance<br>• Corporate governance practices | • Regular review and monitor to ensure full compliance with regulatory requirements<br>• Adoption of practices outlined in the Malaysian Code on Corporate Governance |
| Employees | • Internal communications (i.e. emails, messenger and etc.)<br>• Workshops and trainings<br>• Employee engagement survey<br>• Employee engagement events<br>• Employee appraisals | • Business growth and strategic direction<br>• Inclusive workplace<br>• Remuneration and benefits<br>• Career development and upskilling opportunities<br>• Occupational safety & health | • Promote transparent communication with employees<br>• Provide equal employment opportunities without discrimination<br>• Offer industry-competitive benefits and remuneration packages<br>• Provide relevant upskilling and development opportunities |

## STAKEHOLDER ENGAGEMENT (CONT'D)

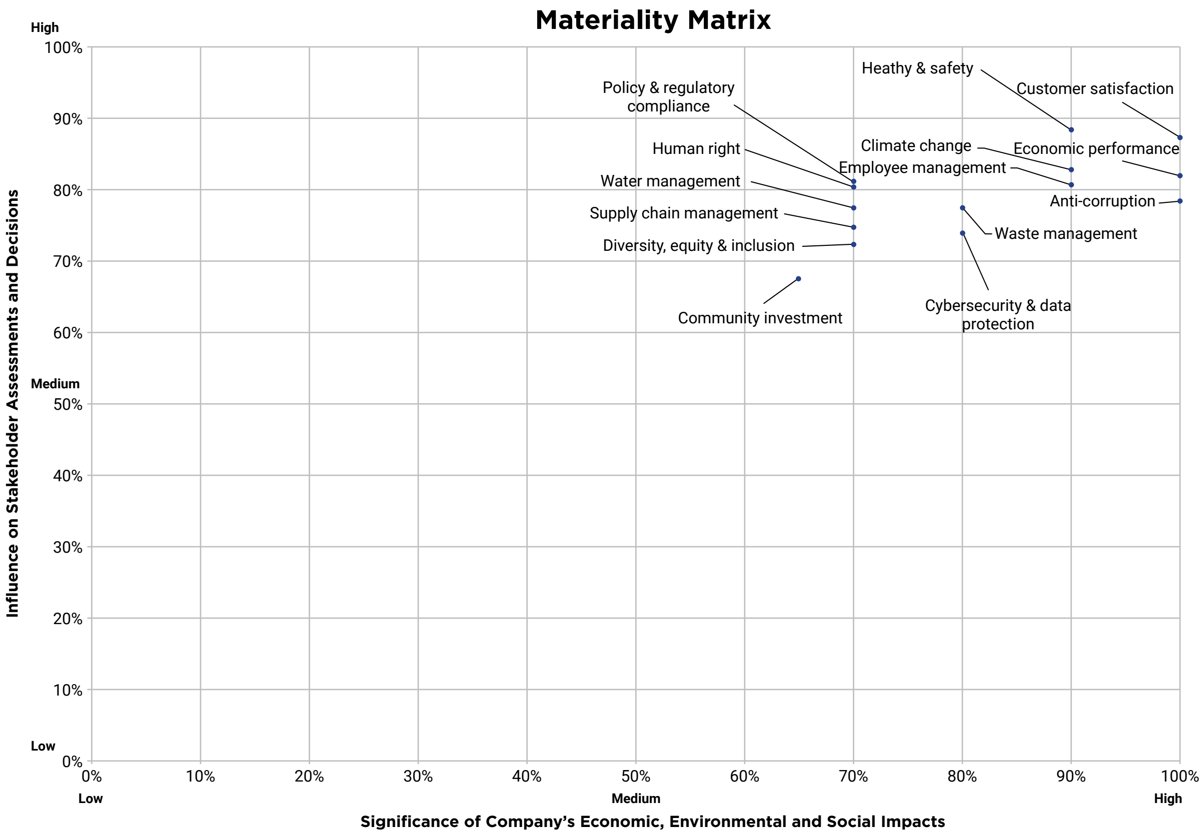
| STAKEHOLDERS | ENGAGEMENT PLATFORMS | AREA OF INTEREST OR CONCERNS | OUR RESPONSE |
|---|---|---|---|
| Customers | • Customer support channels (i.e. website, email)<br>• Regular meetings<br>• Customer satisfaction survey | • Customer satisfactions (i.e. cost optimisation, value added services)<br>• Customer experience (i.e. speed of customer service response, on time delivery)<br>• Innovative in enhancing the quality of services and deliverables<br>• Consumer data privacy | • Offer affordable products and services<br>• Adhere to quality standards<br>• Adhere to the Personal Data Protection Act 2010 |
| Suppliers | • Regular meetings<br>• Quality audit on products and services<br>• Contract negotiation<br>• Supplier assessment/ performance appraisals | • Transparency in procurement processes<br>• Business growth and timely payment | • Emphasis on provision of transparent procurement processes<br>• Timely payment based on credit term |
| Communities | • Community impacts programmes | • Community welfare and continued likelihood | • Investment in welfare to improve community well-being |
| Analyst / Media | • Media releases or media briefings<br>• Financial reports and announcements<br>• General meetings | • Transparency in communicating information and updates on business performance and initiatives | • Provide transparent communication through announcements |

## MATERIAL SUSTAINABILITY MATTERS

To strengthen our commitment to responsibility and sustainability, we focus on addressing the most pertinent sustainability issues for our organization. Our approach includes conducting a Materiality Analysis, which identifies key topics with significant economic, environmental, and social impacts, as well as those that strongly influence stakeholder decisions and evaluations. This analysis is based on a comprehensive review of the Company's internal documents and processes.

We continuously update this assessment to ensure it remains accurate and relevant to our evolving business environment. This ongoing evaluation enables us to align our strategies and operations with business needs, while creating long-term sustainable value for our stakeholders.

## MATERIAL MATRIX




## RISK MANAGEMENT

Lambo's strong commitment to risk management is a cornerstone of our long-term sustainability and plays a crucial role in building stakeholder confidence, while also ensuring a lasting positive impact.

We have established a comprehensive risk management and internal control system, which goes beyond financial controls to encompass operational and compliance controls. This integrated approach is a continuous, coordinated effort designed to minimise the risk of fraud and errors, while managing, rather than eliminating, the risks associated with achieving our business objectives.

| Material Matters | Risks | Opportunities |
|---|---|---|
| Economic Performance | Poor financial performance jeopardises business continuity and loss of investment opportunity | Sustainable financial performance attracts investors and generate long-term value for all stakeholders |
| Customer Satisfaction | Failing to meet customers' expectations undermines customer confidence and loyalty, ultimately resulting in lower revenue | Satisfied customers foster loyalty and promote repeat business |

## RISK MANAGEMENT (CONT'D)

| Material Matters | Risks | Opportunities |
|---|---|---|
| Anti-Corruption | Corruption may tarnish the reputation, result in financial losses and reduced competitiveness | Strong governance to combat corruption enhances credibility and gains competitive edge |
| Cybersecurity & Data Protection | Cyberattacks can lead to unauthorised access, theft, or exposure of sensitive data, resulting in financial losses, loss of trade secrets and proprietary information, legal liabilities, and reputational damage | Robust cybersecurity measures build trust and confidence among customers, investors, and partners, enhancing the organisation's reputation and brand value |
| Human Right | Violations of human rights, such as labour exploitation, discrimination, or unsafe working conditions, can tarnish the organisation's reputation, leading to loss of trust among stakeholders, negative public perception and legal liabilities | Demonstrating a commitment to human rights principles and ethical practices enhances the organisation's reputation, builds trust with stakeholders, and attracts socially conscious consumers, investors, and partners. |
| Health & Safety | Failure to address health and safety hazards can lead to workplace accidents, injuries, and fatalities, resulting in human suffering, legal liabilities, and financial losses | Prioritising health and safety fosters a culture of care, trust, and mutual respect, enhancing employee morale, motivation, and engagement |
| Employee Management | Difficulty in attracting and retaining skilled employees can hinder business growth and innovation, leading to competitive disadvantages. | Engaged employees are more productive, committed, and loyal, leading to higher levels of job satisfaction, retention, and organisational success |
| Diversity, Equity & Inclusion | Exclusionary practices or cultures can lead to feelings of alienation and disengagement among employees from underrepresented groups, hindering collaboration, innovation, and productivity | Embracing diversity and equity fosters a culture of inclusion where employees feel empowered to contribute diverse perspectives and ideas, driving innovation and creativity |

## RISK MANAGEMENT (CONT'D)

| Material Matters | Risks | Opportunities |
|---|---|---|
| Supply Chain Management | Dependence on a limited number of suppliers / subcontractors or single sourcing increases the risk of supply disruptions, quality issues, and price volatility, leaving the organisation vulnerable to changes in supplier / subcontractor behaviour or market conditions | Building collaborative relationships with suppliers / subcontractors based on trust, transparency, and mutual benefit fosters innovation, knowledge sharing, and joint problem-solving, leading to improved product quality, cost savings, and competitive advantage |
| Community Investment | Failure to address social issues, economic disparities, and community grievances may fuel social unrest, civil unrest, protests, and community opposition, posing operational disruptions, reputational damage, and regulatory scrutiny | Strategic community investment initiatives, philanthropic donations, and social programs enable organisations to address social challenges, support underserved communities, and create positive social impact, contributing to poverty alleviation, education, healthcare, and sustainable development goals |
| Climate Action | Increasing government regulations aimed at reducing greenhouse gas emissions and mitigating climate change may require corporations to invest in costly emission reduction measures or face fines and penalties for non-compliance<br><br>Climate change-related disruptions, such as extreme weather events or resource shortages, can disrupt supply chains, increase production costs, and lead to delays in product delivery, affecting business operations and profitability | Corporations that demonstrate environmental stewardship and sustainability leadership can differentiate themselves in the market, enhance brand reputation, and attract environmentally-conscious consumers and investors |
| Water Management | Water disruption due to droughts, climate change, and etc. poses operational risks | Implementing water conservation measures, water-saving technologies, and sustainable water management practices, enhances water efficiency, reduces water consumption, and minimises water-related costs and risks |

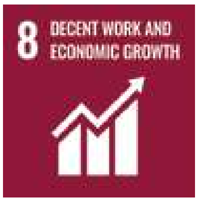
## RISK MANAGEMENT (CONT'D)

| Material Matters | Risks | Opportunities |
|---|---|---|
| Waste Management | Non-compliance with waste management regulations, environmental laws, and health and safety standards may result in fines, penalties, legal liabilities, and reputational damage for the organisation | Implementing waste reduction, recycling, and proper waste disposal initiatives enables the organisation to recover valuable materials, conserve natural resources, reduce raw material costs, and minimise environmental impact, while promoting circular economy principles. |
| Policy & Regulatory Compliance | Non-compliance with policies and regulations can result in legal penalties, fines, or even lawsuits, which can significantly impact the financial health and reputation | Compliance with policies and regulations builds trust and credibility among stakeholders, including customers, investors, employees, and regulatory bodies, which can enhance long-term relationships and support business growth |

## ECONOMIC SUSTAINABILITY

### ECONOMIC PERFORMANCE

**Related UNSDGs :**




We understand that our business success is intricately linked to creating long-term value for all our stakeholders. Our focus on achieving financial growth is pivotal, as it enables us to drive job creation, foster entrepreneurial opportunities, and enhance our contributions to government revenues through taxes. Additionally, by strengthening local supply chains, we support the broader economic ecosystem and promote regional development.

Our strategy for achieving these objectives involves maintaining a leadership position in our core markets while continually harnessing innovative technologies to stay ahead of industry trends. We leverage the expertise of our dedicated employees to adapt to evolving consumer demands and identify opportunities for market expansion.

In FYE 2024, we reported a total revenue and other income of RM27.1 million and consistently generates values for our stakeholders.

## ECONOMIC SUSTAINABILITY (CONT'D)

### CUSTOMER SATISFACTION

**Related UNSDGs :**

The Group understands that customer satisfaction and loyalty are key to achieving long-term success. As such, we are committed to continuously enhancing the customer experience by actively listening to feedback and ensuring the highest quality standards across all our products and services.

In the competitive digital marketplace, exceptional customer service is essential to staying ahead. At Lambo, we focus on a "customer-first" approach, consistently offering a wide range of products and services that cater to our customers' needs and enhance their overall shopping experience.

To effectively manage our relationships with customers and address any concerns, we plan to implement a comprehensive customer satisfaction tracking system. This new approach will allow us to gather valuable feedback and insights from our customers, ensuring that we consistently meet their needs and expectations. Additionally, we maintain regular interactions with our customers, further emphasizing our dedication to continuous improvement and enhancing the overall customer experience.

### ANTI-CORRUPTION

**Related UNSDGs :**

We maintain the highest standards of business ethics and compliance, which are integral to our core values. Our commitment to these principles safeguards the interests of both the Company and its stakeholders, while fostering trust and reinforcing confidence among all parties.

The Board is steadfast in its dedication to conducting business with integrity, guided by our Code of Conduct ("COC"). This COC outlines the fundamental principles and guidelines that govern the actions of all employees, including Directors, to address ethical challenges and fulfill their responsibilities. We uphold a strict zero-tolerance policy towards corruption, as outlined in our Anti-Bribery & Corruption ("ABC") Policy, which is regularly reviewed to ensure alignment with the Malaysian Anti-Corruption Commission (MACC) Act 2009.

In line with our commitment to transparency and accountability, Lambo has established a whistleblowing channel in accordance with our Whistle Blowing Policy. This channel allows both employees and external stakeholders to confidentially report any unethical behavior or improprieties via email or mail to the Chairman of the Audit and Risk Management Committee of the Company. To ensure transparency, we have made our COC, ABC Policy, and Whistle Blowing Policy publicly available on our corporate website, making it easily accessible to all stakeholders.

## ECONOMIC SUSTAINABILITY (CONT'D)

### ANTI-CORRUPTION (CONT'D)

***Corruption-related training***

We have made significant progress in our annual anti-corruption training, achieving an overall completion rate of 100%. This accomplishment reflects our commitment to fostering a culture of transparency, integrity, and ethical conduct throughout our organisation. Moving forward, we are dedicated to maintain 100% completion rate in the coming years. This demonstrates our unwavering commitment to ensure that all employees are equipped with the necessary knowledge and awareness to uphold the highest standards of ethical behaviour and compliance with anti-corruption measures.

| Employee Category | Completion Rate 2024 | Target |
|---|---|---|
| Management | 100% | 100% |
| Executive | 100% | 100% |
| Non-executive/Technical staff | 100% | 100% |
| Total | 100% | 100% |

***Corruption incidents***

As of 30 September 2024, we recorded zero incidents of corruption across Lambo's business operations.

| | 2024 | Target |
|---|---|---|
| Number of complaints of bribery or corruptions reported | Nil | Nil |

### CYBERSECURITY & DATA PROTECTION

**Related UNSDGs :**


In the rapidly evolving digital landscape, cybersecurity is crucial for e-commerce companies, especially as we increasingly rely on interconnected systems, online platforms, and handle sensitive customer data. The risks to our websites, payment systems, user information, and overall operations are substantial, making robust cybersecurity practices an integral part of our business strategy.

At Lambo, we fully recognize these cybersecurity challenges and have implemented a comprehensive approach to protect our digital infrastructure, websites, and customer data. Our commitment to cybersecurity begins with ensuring full compliance with personal data protection regulations, safeguarding our customers' privacy and preserving their trust in our services.

## ECONOMIC SUSTAINABILITY (CONT'D)

### CYBERSECURITY & DATA PROTECTION (CONT'D)

Our cybersecurity strategy is proactive and dynamic, regularly updating systems with security patches, conducting comprehensive risk assessments, and implementing stringent access controls across all levels of the Company. We also prioritise continuous employee training and awareness programs to ensure our staff are equipped with the latest knowledge on emerging threats and best practices in mobile network security.

We prioritise cybersecurity awareness to equip our employees with the knowledge and skills necessary to identify and respond to evolving cyber threats. All employees undergo annual IT Security Awareness training, which covers key topics such as cyberattacks, malware, phishing, impostor scams, and best practices for protecting both personal and company information. This ongoing training ensures that our staff is well-prepared to defend against potential security risks.

We are also committed to maintaining the highest standards of data security and privacy. Protecting the personal data of our customers, employees, and stakeholders is a core focus of our business operations. We adhere to the Personal Data Protection Act 2010 (PDPA) in Malaysia and other relevant data protection laws in the countries where we operate.

Our data management practices are continuously reviewed to ensure compliance and effectiveness. We take appropriate steps to guarantee that data collection is transparent, lawful, and secure, clearly outlining how data is gathered, used, and protected. We obtain explicit consent from customers before handling their personal data.

As part of our commitment to data protection, all new employees receive detailed briefings on data privacy during their induction process. Additionally, we prominently display personal data protection certifications in our offices to reaffirm our dedication to safeguarding data and ensuring compliance with applicable laws. In FYE 2024, we are proud to report that there were no incidents of customer privacy breaches or data loss.

| | 2024 | Target |
|---|---|---|
| Number of substantiated complaints concerning breaches in customer privacy or data loss | Nil | Nil |

### SUPPLY CHAIN MANAGEMENT

**Related UNSDGs :**


Lambo places a strong emphasis on trust and integrity in all our supplier relationships. As a responsible business in Malaysia, we recognize the critical role our supply chain plays, particularly in supporting small and medium-sized enterprises and contributing to the recovery of the local economy.

Our commitment to ethical business practices extends across our entire supply chain. We expect our suppliers to align with and uphold the values and principles that guide our operations.

We are dedicated to maintaining fairness and transparency in our procurement processes, ensuring that we select only the most reliable and credible suppliers. To achieve this, our suppliers are actively engaged in the following procurement processes:

## ECONOMIC SUSTAINABILITY (CONT'D)

### SUPPLY CHAIN MANAGEMENT (CONT'D)

Supplier registration form → Supplier screening i.e. risk due diligence → Award contract terms and conditions → Annual supplier performance assessment

We recognize the importance of sourcing products and services from local suppliers, whenever possible, in line with our operational needs. This strategy not only helps minimize transportation-related emissions, contributing to environmental sustainability, but also supports local businesses by fostering economic growth and creating job opportunities within the community.

In FYE 2024, we allocated 84% of our procurement budget to identifying, evaluating, and engaging local suppliers with a strong service track record, a solid reputation, and the ability to consistently deliver high-quality work within agreed timelines.

## ENVIRONMENT SUSTAINABILITY

### CLIMATE ACTION

**Related UNSDGs :**


The Group acknowledges the critical role that energy consumption and greenhouse gas emissions play in accelerating climate change. As responsible corporate entities, we are fully committed to reducing our carbon footprint and embracing the transition to a more sustainable, low-carbon economy.

To this end, we are focused on continuously improving energy efficiency across both our office and operations. Our commitment is reflected through the following initiatives:

- **Optimizing Data Center Energy Use**

  We use energy-efficient servers and cloud-based services to reduce the power consumption of IT infrastructure. By implementing server virtualization, it helps to reduce the number of physical servers, which lowers energy consumption and cooling needs. Additionally, we use energy-efficient cooling systems and monitor data center temperatures to optimize energy use. Airflow management and economizer systems can significantly reduce energy consumption.

## ENVIRONMENT SUSTAINABILITY (CONT'D)

### WATER MANAGEMENT

**Related UNSDGs :**


Water scarcity is an increasingly urgent issue, driven by factors such as climate change, inadequate water management practices, and contamination. As water cuts and shortages become more frequent, the Group is committed to addressing the risks associated with water scarcity by implementing effective water management strategies across all our operations.

While our operations generally do not involve heavy water usage compared to some industries, we are still dedicated to promoting water conservation. We focus on raising employee awareness about proper water management practices across all our facilities.

To minimise water wastage, we conduct regular inspections and scheduled maintenance of toilets and pantries, and have installed smaller flush toilets to reduce water consumption.

### WASTE MANAGEMENT

**Related UNSDGs :**


Our waste management approach focuses on several key strategies to minimise waste generation and ensure proper disposal and recycling

- **Sustainable Packaging**

  We use packaging that is minimal, recyclable, and biodegradable. This reduces both waste and the carbon footprint of the product delivery. We also optimize the use of packaging materials to ensure that only what is necessary is used, further minimizing waste.

- **Waste Reduction in Warehouses**

  We implement designated bins for recyclables, paper, and general waste in our warehouses to promote responsible disposal practices among employees. Additionally, we encourage repurposing unused or surplus materials within the warehouse or office, such as converting old packaging into storage solutions. We also set up recycling stations for materials like cardboard, plastic, and metal, which are commonly used in warehousing and packaging operations.

## ENVIRONMENT SUSTAINABILITY (CONT'D)

### WASTE MANAGEMENT (CONT'D)

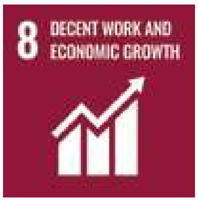
- **Waste-Free Marketing**

  We reduce paper waste by transitioning from physical brochures, catalogs, and advertisements to digital marketing campaigns.

## SOCIAL SUSTAINABILITY

### HUMAN RIGHTS

**Related UNSDGs :**




We are dedicated to safeguarding the rights and dignity of every employee, valuing their contributions, and ensuring they are treated with respect and fairness. Our Board and Management team play a vital role in establishing ethical standards throughout the organization, reinforcing our unwavering commitment to human rights and the well-being of all individuals.

Our commitment goes beyond simply adhering to legal requirements; we actively prioritize workplace health and safety, uphold the right to fair and decent work, support freedom of association, promote equal opportunities, and stand firm against discrimination in all forms.

In FYE 2024, Lambo aligned its business practices with the Employment (Amendment) Act 2022. We strictly prohibit child and forced labour, fully complying with anti-child labour laws. We also adhere to the working hours regulations as set out in the Employment (Amendment) Act 2022, ensuring fair working conditions for all.

To maintain the highest standards of professionalism and ethics, we require both our employees and external stakeholders to thoroughly read, understand, and comply with our COC. This ensures that all individuals associated with Lambo act with integrity and professionalism in all business activities.

***Equal compensation & benefits***

We diligently assess employee compensation and benefits to ensure they adequately support the welfare and needs of our workforce. Our employment practices are meticulously aligned with all local labour laws and regulations, reflecting our commitment to fair and equitable treatment for all employees.

## SOCIAL SUSTAINABILITY (CONT'D)

### HUMAN RIGHTS (CONT'D)

List of employees benefits in Lambo:

| | |
|---|---|
| **Leaves** | Annual leave, emergency leave, sick leave, hospitalization leave, marriage leave. maternity leave, paternity leave, compassionate leave |
| **Wellness** | Outpatient |
| **Insurance** | Hospitalization and surgical insurance, personal accident insurance |
| **Flexi-work arrangement** | Work-from-home arrangements are available upon approval |

***Access to grievance mechanisms***

We have implemented a robust mechanism to receive, document, and address complaints or grievances, providing a transparent and accessible platform for both internal and external stakeholders to report any concerns or suspected misconduct. This system allows individuals to express their concerns openly and securely.

Employees are well-informed about our grievance handling procedures and our Whistle Blowing Policy, ensuring they understand how to report issues and seek assistance. We are committed to resolving policy violations and inappropriate behaviour swiftly and effectively, with a particular focus on providing remediation and redress for victims of human rights violations.

Our goal is to achieve zero incidents of socioeconomic non-compliance by maintaining a vigilant and responsive approach to managing and addressing grievances.

| | 2024 | Target |
|---|---|---|
| Number of substantiated complaints concerning human rights violations | Nil | Nil |

## SOCIAL SUSTAINABILITY (CONT'D)

### HEALTH & SAFETY

**Related UNSDGs :**


***Safety-first culture***

We prioritize the health and safety of our employees as a fundamental aspect of building a sustainable organization. Our goal is to eliminate unsafe practices and foster a "safety first" culture throughout the Company. We integrate health and safety into all areas of our operations, ensuring it is an essential part of our daily business activities.

We uphold strict protocols to safeguard the physical well-being of our employees, as well as the suppliers and subcontractors working with us. In addition to physical safety, we are dedicated to promoting initiatives that support the mental health and overall well-being of our team members. Our aim is to prevent fatalities and maintain a Lost Time Incident Rate ("LTIR") of zero.

Lambo is fully committed to adhering to all relevant occupational safety and health regulations, including the Occupational Safety and Health Act 1994 and the Malaysia Employment Act 1955, ensuring the well-being of all those involved in our operations.

### DIVERSITY, EQUITY & INCLUSION

**Related UNSDGs :**

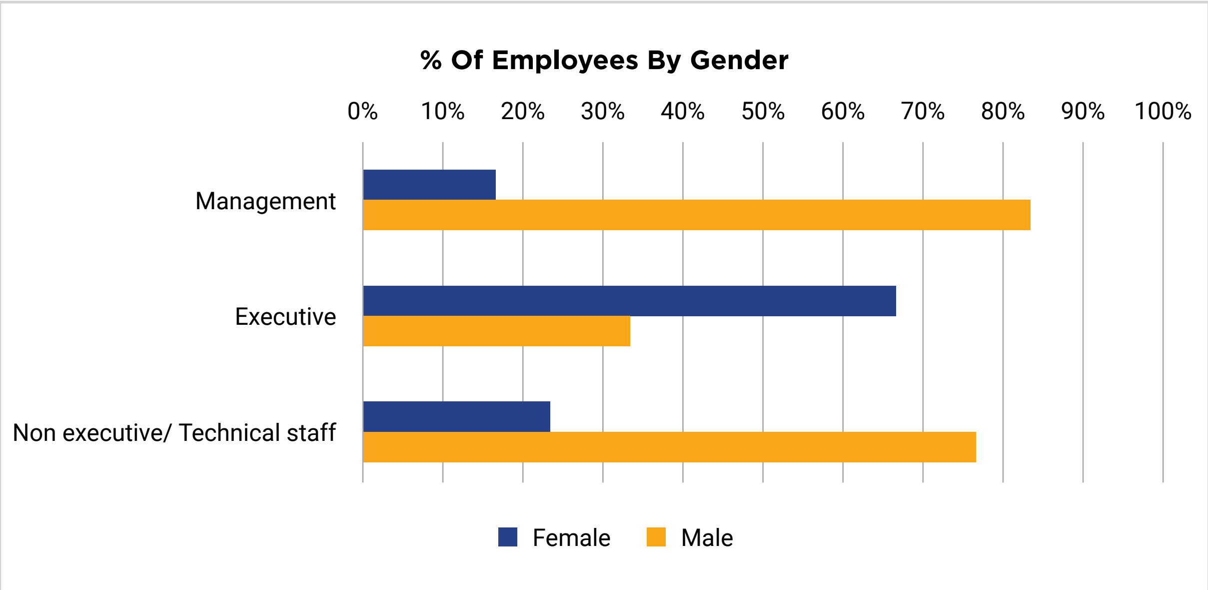

At Lambo, we view embracing diversity in all its forms—whether race, gender, ethnicity, age, religion, cultural beliefs, disabilities, or sexual orientation—as a key strategic priority. By valuing the unique talents and perspectives of each employee, we enrich our workplace culture and unlock a wide array of benefits that positively influence our operations and overall success.

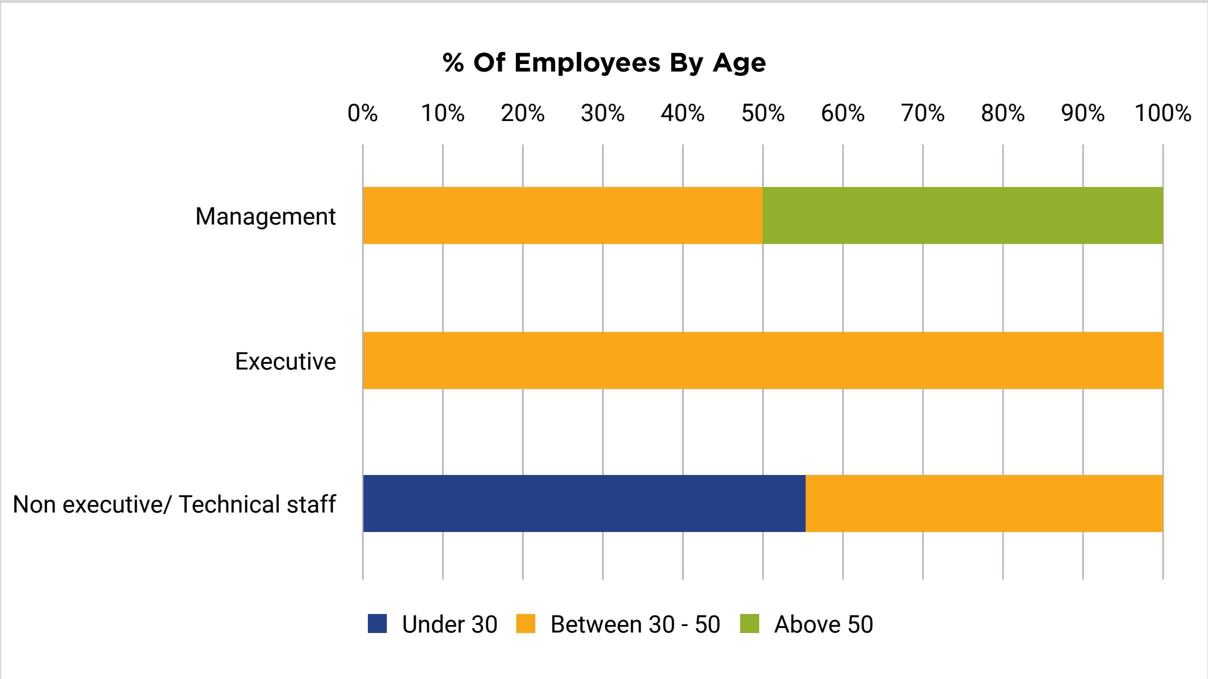
We are dedicated to creating an inclusive work environment free from discrimination, marginalization, and harassment, ensuring that all employees have an equal opportunity to thrive. We offer competitive compensation that is gender-neutral, and all decisions regarding career progression, recognition, and rewards are based solely on individual performance and merit.

## SOCIAL SUSTAINABILITY (CONT'D)

### DIVERSITY, EQUITY & INCLUSION (CONT'D)

As of 30 September 2024, our workforce consists of 50 employees, with a gender distribution of 28% female and 72% male. We acknowledge that due to the nature of the industry, our workforce composition is naturally biased toward a higher proportion of male employees. Nonetheless, we are committed to further promoting diversity and inclusivity within our organization, continually refining our strategies to foster a balanced and supportive environment for all our team members.



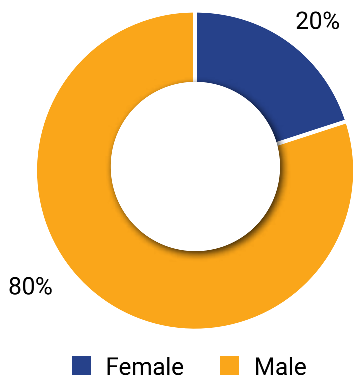
## SOCIAL SUSTAINABILITY (CONT'D)

### DIVERSITY, EQUITY & INCLUSION (CONT'D)

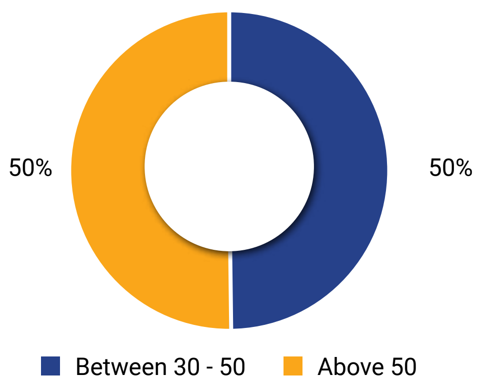
The Nomination Committee is dedicated to fostering a diverse pipeline by integrating a broad range of experiences and backgrounds, including within the Board's composition. During the fiscal period under review, Lambo had 20% women directors on its Board. The Board believes that, given the Group's current business status and lifecycle, prioritising the right mix of skills and expertise is more critical than strictly meeting the 30% gender diversity threshold outlined in Practice 5.9 of the Malaysian Code on Corporate Governance.

Despite this, the Board remains committed to achieving gender balance across all levels, including the boardroom, key management, senior management, and the broader workplace. The Board is actively seeking qualified women directors and plans to appoint additional women as suitable candidates are identified. Additionally, efforts will be made to explore and implement strategies to enhance gender balance within the organisation.

**2024 Board Diversity (Gender)**

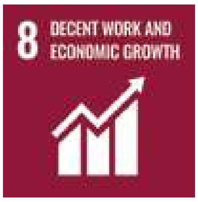



**2024 Board Diversity (Age)**




### EMPLOYEE MANAGEMENT

**Related UNSDGs :**




At Lambo, we firmly believe that our employees are our most valuable asset, and their well-being is central to our success. We understand that a thriving organization is built on a workforce that feels respected, valued, and empowered.

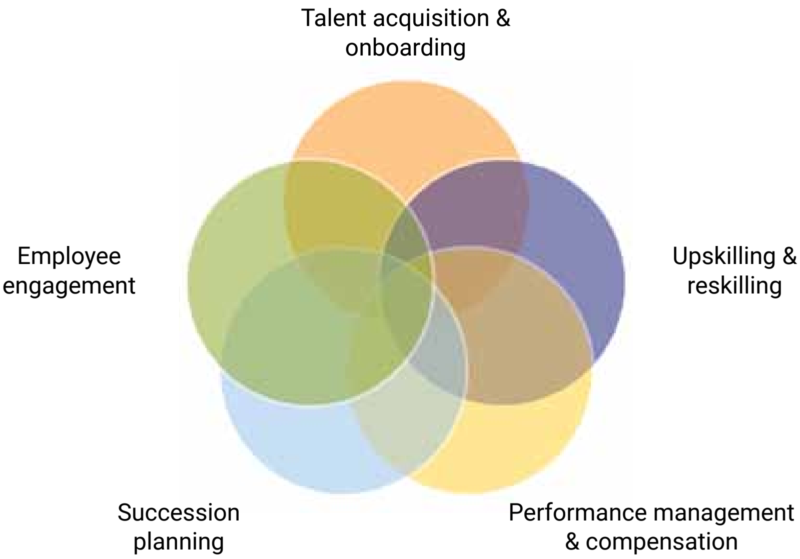
To achieve this, we are committed to fostering a secure and supportive work environment where every employee has equal access to resources, benefits, and opportunities for career advancement and skill development. This commitment not only nurtures individual growth but also drives the long-term success of the Company.

Ultimately, our goal is to create a dynamic, inclusive workplace where both our employees and the business can reach their fullest potential, ensuring mutual growth and prosperity.

## SOCIAL SUSTAINABILITY (CONT'D)

### EMPLOYEE MANAGEMENT (CONT'D)

**Talent Management Framework**




***Talent acquisition & onboarding***

At Lambo, we are dedicated to the professional growth of our existing workforce by providing ample opportunities for career advancement within the Group. Our goal is to unlock the full potential of our internal talent pool, ensuring that team members have access to the resources and support necessary to thrive and progress in their careers.

When internal promotions are not feasible, our Human Resources team employs a variety of assessment tools and methodologies to ensure a fair and thorough recruitment process. We focus on identifying candidates whose skills, experiences, and values align with the specific role requirements and our broader company objectives. This approach allows us to attract and hire individuals who are not only highly qualified but also well-positioned to contribute to our mission.

We also recognize the importance of a smooth and effective onboarding process for new hires. To ensure a seamless transition, we offer a comprehensive onboarding program that integrates new employees into the organization with ease. This program includes personalized one-on-one support, tailored training sessions, and resources to help new team members adjust to their roles and embrace our Group culture. By investing in a structured and supportive onboarding experience, we aim to set every new employee up for success and foster a productive and engaging work environment from day one.

## SOCIAL SUSTAINABILITY (CONT'D)

### EMPLOYEE MANAGEMENT (CONT'D)

***Upskilling & reskilling***

Empowering our people to achieve excellence is key to driving the growth and success of the Group. To support this, we provide ongoing learning opportunities that foster both personal and professional development for our employees.

In FYE 2024, we are dedicated to continuing our investment in training and development programs, utilizing both in-person and online platforms. In total, we dedicated 8 hours to training through a combination of internal and external learning initiatives.

***Performance management & compensation***

We are committed to fostering a result-driven and accountable culture, where collaboration and shared success are at the heart of our approach to both individual and team performance. These core principles shape our workplace, encouraging us to deliver measurable outcomes, take ownership, work together, and celebrate collective achievements.

Each year, we begin by setting clear expectations and aligning key performance indicators with both business and individual goals. We conduct annual performance reviews to provide constructive feedback, assess progress, and identify areas for development, ensuring that our employees have a clear path for growth and success.

Exceptional performance is recognized and rewarded through bonuses, promotions, and other forms of recognition. We ensure our employees are fairly compensated with competitive pay and benefits, regularly reviewing our remuneration packages to maintain alignment with market trends and industry standards. This helps us attract and retain top talent while fostering a high-performance culture.

***Succession planning***

For critical and leadership roles, succession planning is essential to ensure our Group's long-term performance and sustainability. Our Nomination Committee is responsible for reviewing and overseeing the Group's human resources strategy, including the succession management framework and associated activities.

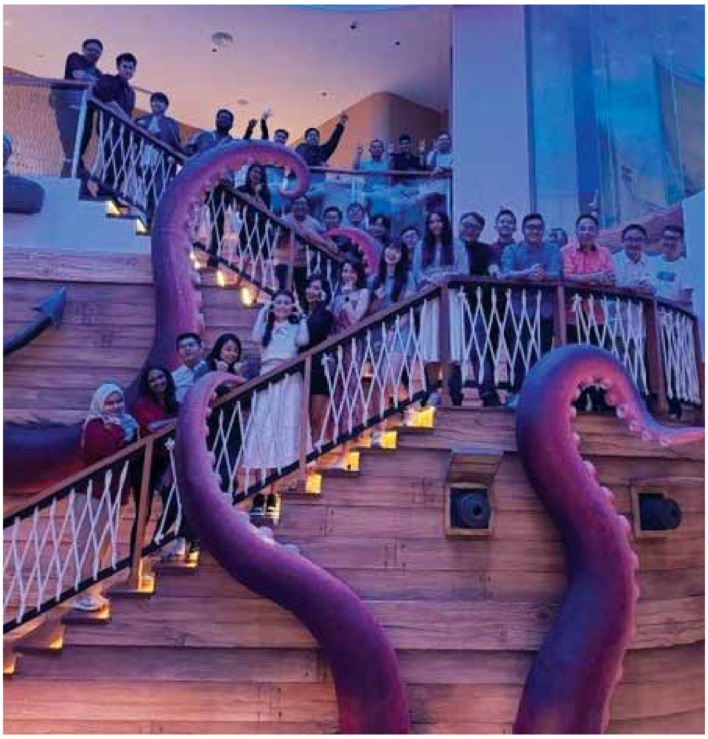
Succession planning within the Group is executed in a phased approach, incorporating targeted training programs specifically designed for managerial staff. This structured process helps to identify and prepare potential leaders, ensuring a smooth transition and continuity in key positions. By focusing on developing internal talent and preparing them for future roles, we aim to strengthen our leadership pipeline and support the Group's ongoing success and stability.

## SOCIAL SUSTAINABILITY (CONT'D)

### EMPLOYEE MANAGEMENT (CONT'D)

***Employee engagement***

Lambo promotes a culture of engagement and inclusion by organizing various activities, including birthday celebrations, festive season events, and more. We also encourage our employees to focus on their physical well-being through participation in team-building activities, fostering a sense of community and well-being within the organization.



## SOCIAL SUSTAINABILITY (CONT'D)

### EMPLOYEE MANAGEMENT (CONT'D)

***Employee retention & attribution***

Our attrition rate stood at 12% in FYE 2024. We aim to reduce our attrition rate by improving on our salary and reward scheme, creating a strong talent pipeline, and continuing to strengthen our talent development programmes.

| Employee Category | Total numbers of new hires 2024 |
|---|---|
| Management | – |
| Executive | – |
| Non-executive/Technical staff | 6 |
| Total | 6 |

| Employee Category | Total numbers of employee turnover 2024 |
|---|---|
| Management | – |
| Executive | – |
| Non-executive/Technical staff | 6 |
| Total | 6 |

| | 2024 |
|---|---|
| New hire rates (%) | 12% |
| Turnover rates (%) | 12% |

## SOCIAL SUSTAINABILITY (CONT'D)

### COMMUNITY INVESTMENT

**Related UNSDGs :**

10 REDUCED INEQUALITIES

Lambo is dedicated to being a responsible corporate citizen by actively engaging with and supporting the communities in which we operate. Our commitment goes beyond conventional business practices as we seek to make a meaningful impact by fostering strong, positive relationships with local communities. We recognize that social inclusion and community well-being are essential for long-term sustainability and success.

Through our contributions to local initiatives, support for community development, and encouragement of active participation, we aim to enhance the quality of life for residents while creating a positive ripple effect across the region. We believe that building these connections not only benefits the communities we serve but also drives long-term success for our business. By doing so, we seek to cultivate a foundation of trust, collaboration, and shared growth.

| | 2024 MYR |
|---|---|
| **Total amount invested where the target beneficiaries are external to Lambo** | 5,000 |


## GOVERNANCE SUSTAINABILITY

### POLICY & REGULATORY COMPLIANCE

**Related UNSDGs :**


Ensuring compliance with policies and regulations, particularly in the areas of environmental, social, and governance, is vital for a company's long-term success and sustainability. By proactively meeting these standards, Lambo can enhance its competitive advantage, differentiate its products and services, attract responsible investors, and grow its market share. Emphasizing sustainability and ethical practices not only positions us ahead of competitors but also contributes to sustained growth and profitability.

On the flip side, failing to comply with legal and regulatory requirements can result in fines, penalties, legal disputes, and reputational harm, all of which may lead to financial losses, increased operational costs, and reduced shareholder value. Therefore, prioritizing compliance and staying informed about regulatory changes is crucial for mitigating risks and promoting sustainable business practices.

## MOVING FORWARD

In today's fast-evolving business landscape, effective sustainability practices are crucial for not only surviving but also thriving. At Lambo, we understand that sustainability is fundamental to generating long-term value for our entire value chain and all our stakeholders. We are dedicated to advancing our sustainability efforts and continuously improving our Environmental, Economic, Social, and Governance practices across every facet of our operations.

Our objective is to establish a strong standard for sustainable business practices, fully embedding these principles into our daily operations. By doing so, we aim to drive substantial business growth while remaining steadfast in our commitment to environmental responsibility and social impact.

# FINANCIAL
# STATEMENTS



# DIRECTORS' REPORT
## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2024.

### Principal activities

The principal activities of the Company during the financial year is investment holding and the provision of information technology related products and services. The principal activities of the subsidiary companies are as set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### Results

| | Group<br>RM | Company<br>RM |
|---|---|---|
| Profit/(Loss) for the financial year | 2,895,697 | (8,426,532) |
| Attributable to: | | |
| - Owners of the Company | 2,898,598 | (8,426,532) |
| - Non-controlling interests | (2,901) | - |
| | 2,895,697 | (8,426,532) |

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

### Dividends

There were no dividends paid or declared by the Company at the end of the previous financial year. The directors do not recommend that a dividend to be paid in respect of the current financial year.

### Reserves and provisions

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

### Issues of shares and debentures

The Company did not issue any new shares and debentures during the financial year.

## Warrants

**Warrants B (2019/2024)**

The Warrants B has expired on 29 April 2024. Warrants which are not exercised during the exercise period shall thereafter lapse and cease to be valid.

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

| | ***Entitlement for ordinary shares*** | | | |
|---|---|---|---|---|
| | **As at 1.10.2023** | **Issued** | **Expired** | **As at 30.9.2024** |
| Warrant B | 94,595,020 | - | (94,595,020) | - |

**Warrants C (2021/2024)**

On 13 September 2021, the Company had issued 398,981,138 new warrants on the basis of 2 Warrants C for every 5 right shares in the Company pursuant to the Right Issue with Warrants. The Warrants C will expire on 6 September 2024. The exercise period for the Warrants C is 3 years commencing from the date of issue of the Warrants C.

The Warrants C has expired on 6 September 2024. Warrants which are not exercised during the exercise period shall thereafter lapse and cease to be valid.

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

| | ***Entitlement for ordinary shares*** | | | |
|---|---|---|---|---|
| | **As at 1.10.2023** | **Issued** | **Expired** | **As at 30.9.2024** |
| Warrant C | 398,981,138 | - | (398,981,138) | - |

## Options granted over unissued shares

No options have been granted by the Company to any party during the financial year to take up any unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any options to take up unissued shares of the Company. At the end of the financial year, there were no unissued shares of the Company under options.

## Directors

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

Khor Chin Fei
Ng Chee Kin
Koo Kien Yoon
HJ. Abdullah Bin Abdul Rahman
Datuk Salmah Hayati Binti Ghazali

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

Yeoh Eng Soon
Zulkarnin Bin Ariffin
Nicholas Wong Yew Khid
Yee Yit Yang (Resigned on 15.10.2024)

## Directors' interest

According to the register of directors' shareholdings, the interests of the directors in office at the end of the financial year in the ordinary shares of the Company during the financial year were as follows:

| **Shareholdings in Holding Company Lambo Group Berhad** | **Number of ordinary shares** | | | |
|---|---|---|---|---|
| | **As at 1.10.2023** | **Acquired** | **Disposed** | **As at 30.9.2024** |
| Direct interest | | | | |
| Koo Kien Yoon | 108,525,160 | - | (104,515,500) | 4,009,660 |
| **Warrant C holding in the Holding Company -** | | | | |
| Koo Kien Yoon | 1,603,200 | - | (1,603,200) | - |

By virtue of their interests in the shares of the Company, all the above directors are also deemed to have interests in the shares of the subsidiary companies to the extent the directors have their interests.

Other than disclosed above, none of the other directors in office at the end of the financial year have any interest in the shares of the Company during the financial year.

## Directors' benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company with the director or with a firm of which the director is a member, or with a company in which the director have substantial financial interest except for any benefits which may be deemed to have arisen from the transactions entered into in the ordinary course of business with companies in which the directors also hold directorships and have substantial financial interests as disclosed in Note 31(a) to the financial statements.

Neither during, nor at the end of the 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.

## Directors' remuneration

The directors' remuneration paid to or receivable by the directors of the Group and of the Company during the financial year are as follows:

| | **Group RM** | **Company RM** |
|---|---|---|
| *Directors' remuneration:* | | |
| Directors' fee | 407,000 | 180,000 |
| Salaries, bonus, allowances, overtime and comission | 187,647 | 187,647 |
| E.P.F contributions | 22,576 | 22,576 |
| SOCSO contributions | 1,040 | 1,040 |
| EIS contributions | 119 | 119 |
| | 618,382 | 391,382 |

## Other statutory information

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

(a) 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 had satisfied themselves that no known bad debts need to be written off and that adequate allowance has been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(a) which would require the writing off of bad debts or render the amount of the provision for doubtful debts inadequate to any substantial extent in respect of the financial statements of the Group and of the Company; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

### Other statutory information (cont'd)

At the date of this report, the directors are not aware of any circumstances: (cont'd)

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent liability 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 in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### Indemnities to directors, officers or auditors

There was no indemnity given to or insurance effected for any directors, officers or auditors of the Group and of the Company during the financial year.

### Significant subsequent events

Significant events subsequent to the financial year are disclosed in Note 36 to the financial statements.

### Auditors' remuneration

The auditors' remuneration of the Group and of the Company for the financial year ended 30 September 2024 amounted to:

| | Group<br>RM | Company<br>RM |
|---|---|---|
| Auditors' remuneration: | | |
| - Statutory audit | 206,207 | 84,000 |
| - Other services | 23,000 | 23,000 |
| | 229,207 | 107,000 |

**Auditors**
The auditors, CHENGCO PLT, have expressed their willingness to continue in office.

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

…………………………………………………

**HJ. Abdullah Bin Abdul Rahman**
Director

…………………………………………………

**Koo Kien Yoon**
Director

Kuala Lumpur,
Date: 23 January 2025

# STATEMENT BY DIRECTORS

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

We, HJ. Abdullah Bin Abdul Rahman and Koo Kien Yoon, being two of the directors of LAMBO GROUP BERHAD, do hereby state on behalf of the directors that in our opinion, the financial statements as set out on pages 92 to 186, 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 30 September 2024 and of its financial performance and cash flows of the Company for the financial year ended on that date.

Signed on behalf of the board in accordance with a resolution of the directors,

| | |
|---|---|
| ……………………………………………… | ……………………………………………… |
| **HJ. Abdullah Bin Abdul Rahman** | **Koo Kien Yoon** |
| Director | Director |

Kuala Lumpur,
Date: 23 January 2025

# STATUTORY DECLARATION

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

I, Koo Kien Yoon, being the director primarily responsible for the financial management of LAMBO GROUP BERHAD, do solemnly and sincerely declare that the financial statements of the Company as set out on pages 92 to 186, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at )
Kuala Lumpur in the Federal Territory )
on this 23 January 2025 )

| | |
|---|---|
| Before me, | ..……………………………………………….. |
| HJ. Wan Azman B. HJ. Wan Abdullah | **Koo Kien Yoon** |
| (W728) | Director |

# INDEPENDENT AUDITORS' REPORT
## TO THE MEMBERS OF LAMBO GROUP BERHAD

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of Lambo Group Berhad., which comprise the statements of financial position as at 30 September 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 92 to 186.

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 30 September 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

*Basis Opinion*

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

*Independence and Other Ethical Responsibilities*

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

**Report on the Audit of the Financial Statements (Cont'd)**

*Key Audit Matters*

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

| Key Audit Matters | How we addressed the key audit matters |
|---|---|
| **Recognition of other investments**<br><br>The Group's other investment amounting to RM106.82 million representing approximately 60.9% of the Group's total assets as at 30 September 2024.<br><br>The assessment of other investment involve of fair value. | Our audit procedures included, among others: -<br><br>We evaluated the appropriateness and completeness of the disclosures related to the recognition and valuation of other investments.<br><br>We have interviewed the person in charge to ensure the Company intended purpose of holding the investments.<br><br>We obtained and reviewed supporting documentation to verify the ownership of the investments.<br><br>We examined the methodology used by management to determine the fair value of the investments and compared the fair values to independently sourced market prices, where available.<br><br>We assessed the classification of the investments in accordance with the relevant financial reporting standards, considering factors such as the intended purpose of holding the investments and management's assertions. |

**Report on the Audit of the Financial Statements (Cont'd)**

*Key Audit Matters (cont'd)*

| Key Audit Matters | How we addressed the key audit matters |
|---|---|
| **Impairment of trade and other receivables**<br><br>The Group's trade and other receivables amounting to RM10.7 million and RM13.2 million, representing approximately 28.4% and 35.1% of the Group's total current assets as at 30 September 2024.<br><br>The assessment of recoverability of trade and other receivables and involved judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness and customer payment terms. | Our audit procedures included, among others: -<br><br>We obtained and evaluated the Group's credit risk policy, and tested the processes used by management to assess credit exposures.<br><br>We assessed the recoverability of trade receivables by checking past collection trend and assessing the receipts during the financial year and subsequent to year end collections.<br><br>We reviewed the appropriateness of the disclosures made in 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 but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' 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 Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

*Responsibilities of the Directors for the Financial Statements*

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

**Report on the Audit of the Financial Statements (Cont'd)**

*Responsibilities of Directors for the Financial Statements (cont'd)*

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.

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 the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

**Report on the Audit of the Financial Statements (Cont'd)**

*Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)*

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 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.

**CHENGCO PLT**
201806002622
(LLP0017004-LCA) & AF0886
Chartered Accountants

**LOW KOK FEI**
03588/09/2025 J
Chartered Accountant

Kuala Lumpur,
Date: 23 January 2025

# STATEMENTS OF **FINANCIAL POSITION**
AS AT 30 SEPTEMBER 2024

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2024 | 2023 | 2024 | 2023 |
| | Note | RM | RM | RM | RM |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 5 | 20,628,965 | 20,698,531 | 7,400 | 13,125 |
| Investment property | 6 | 5,750,000 | 5,750,000 | - | - |
| Right-of-use assets | 7 | 4,503,265 | 7,323,462 | - | - |
| Intangible assets | 8 | - | 17,548 | - | - |
| Investment in subsidiary companies | 9 | - | - | 31,994,553 | 39,899,135 |
| Other investments | 10 | 106,825,487 | 96,776,833 | 67,869,399 | 67,509,860 |
| | | 137,707,717 | 130,566,374 | 99,871,352 | 107,422,120 |
| **Current assets** | | | | | |
| Inventories | 11 | 2,416,558 | 1,708,593 | - | - |
| Trade receivables | 12 | 10,707,854 | 2,214,995 | - | - |
| Other receivables, deposits and prepayment | 13 | 13,222,968 | 17,935,275 | 18,946 | 87,346 |
| Amount due from subsidiary companies | 14 | - | - | 50,369,211 | 39,537,837 |
| Current tax assets | | - | 88,370 | 1,111 | 7,752 |
| Fixed deposits with licensed banks | 15 | 761,236 | 760,423 | - | - |
| Cash and bank balances | 16 | 10,536,283 | 23,863,785 | 7,083,980 | 18,674,149 |
| | | 37,644,899 | 46,571,441 | 57,473,248 | 58,307,084 |
| **Total assets** | | 175,352,616 | 177,137,815 | 157,344,600 | 165,729,204 |

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

# STATEMENTS OF FINANCIAL POSITION (CONT'D)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2024** | **2023** | **2024** | **2023** |
| | **Note** | **RM** | **RM** | **RM** | **RM** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Share capital | 17 | 258,497,381 | 258,497,381 | 258,497,381 | 258,497,381 |
| Accumulated losses | | (88,431,663) | (145,014,499) | (101,561,565) | (147,117,181) |
| Reserves | 18 | (5,189,233) | 51,503,925 | - | 53,982,148 |
| Total equity attributable to the owners of the Company | | 164,876,485 | 164,986,807 | 156,935,816 | 165,362,348 |
| Non-controlling interest | | (10,267) | (305,276) | - | - |
| **Total Equity** | | 164,866,218 | 164,681,531 | 156,935,816 | 165,362,348 |
| **Liabilities** | | | | | |
| **Non-current liabilities** | | | | | |
| Lease liabilities | 19 | 3,878,370 | 6,601,770 | - | - |
| Bank borrowing | 20 | 1,143,146 | 1,818,767 | - | - |
| Deferred tax liabilities | | - | 19,451 | - | - |
| | | 5,021,516 | 8,439,988 | - | - |
| **Current liabilities** | | | | | |
| Trade payables | 21 | 709,361 | 556,199 | 229,853 | 229,853 |
| Other payables, accruals and deposits received | 22 | 3,388,175 | 1,874,821 | 178,931 | 137,003 |
| Amount owing to a director | 23 | 54,403 | 26,678 | - | - |
| Lease liabilities | 19 | 669,037 | 1,033,341 | - | - |
| Bank borrowing | 20 | 580,017 | 525,257 | - | - |
| Current tax liabilities | | 63,889 | - | - | - |
| | | 5,464,882 | 4,016,296 | 408,784 | 366,856 |
| **Total Liabilities** | | 10,486,398 | 12,456,284 | 408,784 | 366,856 |
| **Total Equity and Liabilities** | | 175,352,616 | 177,137,815 | 157,344,600 | 165,729,204 |

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

# STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2024 | 2023 | 2024 | 2023 |
| | Note | RM | RM | RM | RM |
| Revenue | 24 | 27,091,889 | 14,836,667 | - | - |
| Cost of sales | | (17,550,727) | (11,969,352) | - | - |
| Gross profit | | 9,541,162 | 2,867,315 | - | - |
| Other operating income | 25 | 6,849,482 | 13,969,650 | 3,867,745 | 4,444,080 |
| Administration expenses | | (12,842,071) | (13,051,144) | (12,294,277) | (1,627,784) |
| Profit/(Loss) from operations | | 3,548,573 | 3,785,821 | (8,426,532) | 2,816,296 |
| Finance costs | 26 | (587,876) | (589,012) | - | - |
| Profit/(Loss) before tax | 27 | 2,960,697 | 3,196,809 | (8,426,532) | 2,816,296 |
| Tax expense | 28 | (65,000) | 8,454 | - | - |
| Profit/(Loss) after tax for the financial year | | 2,895,697 | 3,205,263 | (8,426,532) | 2,816,296 |
| **Other Comprehensive Income** | | | | | |
| Foreign currency translation | | (2,711,010) | (881,761) | - | - |
| Total comprehensive income / (loss) for the financial year | | 184,687 | 2,323,502 | (8,426,532) | 2,816,296 |
| **Profit/(Loss) after tax attributable to:** | | | | | |
| Owners of the Company | | 2,898,598 | 3,208,269 | (8,426,532) | 2,816,296 |
| Non-controlling interests | | (2,901) | (3,006) | - | - |
| | | 2,895,697 | 3,205,263 | (8,426,532) | 2,816,296 |
| **Total comprehensive income/(loss) attributable to:** | | | | | |
| Owners of the Company | | 187,588 | 2,326,508 | (8,426,532) | 2,816,296 |
| Non-controlling interests | | (2,901) | (3,006) | - | - |
| | | 184,687 | 2,323,502 | (8,426,532) | 2,816,296 |
| Earnings per share | | | | | |
| - Basic earnings per share | 29 | *0.19* | *0.21* | | |

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

# STATEMENTS OF **CHANGES IN EQUITY**
## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

| Group | Share capital RM | Accumulated lossses RM | Foreign currency translation reserve RM | Warrant reserve RM | Total RM | Non-controlling interests RM | Total equity RM |
|---|---|---|---|---|---|---|---|
| | Attributable to the owners of the Company | | | | | | |
| | Non-distributable | | | | | | |
| At 1 October 2022 | 258,497,381 | (148,222,768) | (1,596,462) | 53,982,148 | 162,660,299 | (302,270) | 162,358,029 |
| Profit for the financial year | - | 3,208,269 | - | - | 3,208,269 | (3,006) | 3,205,263 |
| Other comprehensive expenses: | | | | | | | |
| Foreign curreny translation difference | - | - | (881,761) | - | (881,761) | - | (881,761) |
| Total comprehensive income for the financial year | - | 3,208,269 | (881,761) | - | 2,326,508 | (3,006) | 2,323,502 |
| At 30 September 2023 and 1 October 2023 | 258,497,381 | (145,014,499) | (2,478,223) | 53,982,148 | 164,986,807 | (305,276) | 164,681,531 |
| Transaction with owners: | | | | | | | |
| - Expiration of warrants | - | 53,982,148 | - | (53,982,148) | - | - | - |
| Acquisition of non-controlling interest | - | (297,910) | - | - | (297,910) | 297,910 | - |
| Profit for the financial year | - | 2,898,598 | - | - | 2,898,598 | (2,901) | 2,895,697 |
| Other comprehensive expenses: | | | | | | | |
| Foreign curreny translation difference | - | - | (2,711,010) | - | (2,711,010) | - | (2,711,010) |
| Total comprehensive income for the financial year | - | 2,898,598 | (2,711,010) | - | 187,588 | (2,901) | 184,687 |
| At 30 September 2024 | 258,497,381 | (88,431,663) | (5,189,233) | - | 164,876,485 | (10,267) | 164,866,218 |

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

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

| Company | Share capital RM | Accumulated losses RM | Warrant reserve RM | Total equity RM |
|---|---|---|---|---|
| At 1 October 2022 | 258,497,381 | (149,933,477) | 53,982,148 | 162,546,052 |
| Total comprehensive income for the financial year | - | 2,816,296 | - | 2,816,296 |
| At 30 September 2023 and 1 October 2023 | 258,497,381 | (147,117,181) | 53,982,148 | 165,362,348 |
| Transaction with owners: | | | | |
| - Expiration of warrants | - | 53,982,148 | (53,982,148) | - |
| Total comprehensive loss for the financial year | - | (8,426,532) | - | (8,426,532) |
| At 30 September 2024 | 258,497,381 | (101,561,565) | - | 156,935,816 |

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

# STATEMENTS OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | RM | RM | RM | RM |
| **Cash flows from operating activities** | | | | |
| Profit/(Loss) before tax | 2,960,697 | 3,196,809 | (8,426,532) | 2,816,296 |
| Adjutments for: | | | | |
| Allowance for impairment losses: | | | | |
| - Investment in subsidiary | - | - | 7,704,582 | - |
| - Trade receivables | 3,017,675 | 1,947,106 | - | - |
| Amortisation of intangible assets | 17,548 | 180,689 | - | - |
| Depreciation of property, plant and equipment | 2,157,474 | 1,986,132 | 5,725 | 5,624 |
| Depreciation of right-of-use assets | 1,291,683 | 1,142,684 | - | - |
| Forfeiture of deposits | (125,032) | - | - | - |
| Impairment of goodwill | 76,446 | - | - | - |
| Interest expense | 587,876 | 589,012 | - | - |
| Unrealised loss/(gain) on foreign exchange | 388,004 | (785,826) | 2,447,156 | (292,798) |
| Dividend income | (1,325,716) | (1,745,773) | (1,325,716) | (1,745,773) |
| Fair value gain on other investment | (4,382,063) | (8,161,998) | (2,353,681) | (2,196,989) |
| Gain on disposal of right-of-use assets | (57,923) | - | - | - |
| Gain on remeasurement/termination of leases | (242,904) | - | - | - |
| Interest income | (118,468) | (136,321) | (104,348) | (114,430) |
| (Gain)/Loss on diposal of subsidiary | (59,198) | - | 465,784 | - |
| Reversal of impairment losses: | | | | |
| - Other receivables | (462) | - | - | - |
| - Trade receivables | (509,034) | (2,822,830) | - | - |
| Operating profit/(loss) before changes in working capital | 3,676,603 | (4,610,316) | (1,587,030) | (1,528,070) |
| Changes in: | | | | |
| Inventories | (808,796) | 1,880,449 | - | - |
| Trade receivables | (10,683,638) | 2,216,561 | - | - |
| Other receivables, deposits and prepayment | 4,676,268 | (14,785,111) | 68,400 | (74,748) |
| Amount owing from subsidiary companies | - | - | (11,267,158) | - |
| Trade payables | 92,559 | 142,479 | - | - |
| Other payables | 1,700,103 | 716,312 | 41,928 | 108 |
| Cash used in operations | (1,346,901) | (14,439,626) | (12,743,860) | (1,602,710) |
| Tax paid | (2,438) | (73,876) | (1,232) | (1,430) |
| Tax refunded | 7,873 | - | 7,873 | - |
| **Net cash used in operating activities** | (1,341,466) | (14,513,502) | (12,737,219) | (1,604,140) |

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

# STATEMENTS OF CASH FLOWS (CONT'D)

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | RM | RM | RM | RM |
| **Cash flows from investing activities** | | | | |
| Acquisition of right-of-use assets | - | 7,223 | - | - |
| Acquisition of subsidiary (Note 9) | (181,094) | (267,443) | - | (200,000) |
| Advance to subsidiary companies | - | - | - | (19,199,008) |
| Cash received from lease receivable | - | 115,225 | - | - |
| Investment in susidiary | - | - | - | (100,000) |
| Interest received | 118,468 | 136,321 | 104,348 | 114,430 |
| Net acquisition of other investment | (5,629,692) | (1,254,912) | - | - |
| Proceeds from disposal of right-of-use assets | 74,000 | - | - | - |
| Proceeds from disposal of subsidiary (Note 9) | 134,937 | - | 170,000 | - |
| Purchase of property, plant and equipment | (2,203,506) | (1,517,495) | - | (2,599) |
| Withdrawal of fixed deposit | - | - | - | 5,784 |
| Withdrawal of other investment | 900,000 | - | 872,702 | 1,800,000 |
| **Net cash (used in)/from investing activities** | (6,786,887) | (2,781,081) | 1,147,050 | (17,581,393) |
| **Cash flows from financing activities** | | | | |
| Advance from a director | (2,275) | 26,678 | - | - |
| Interest on bank borrowings | (111,808) | (134,736) | - | - |
| Interest on lease liabilities | (476,068) | (454,276) | - | - |
| Repayment of bank borrowings | (620,861) | (598,153) | - | - |
| Repayment of lease liabilities | (1,277,127) | (934,083) | - | - |
| **Net cash used in financing activities** | (2,488,139) | (2,094,570) | - | - |
| **Net decrease in cash and cash equivalents** | (10,616,492) | (19,389,153) | (11,590,169) | (19,185,533) |
| Effect of foreign exchange rate changes | (2,711,010) | (881,761) | - | - |
| Cash and cash equivalents at beginning of the financial year | 23,863,785 | 44,134,699 | 18,674,149 | 37,859,682 |
| **Cash and cash equivalents at end of financial year** | 10,536,283 | 23,863,785 | 7,083,980 | 18,674,149 |
| **Cash and cash equivalents comprise of:** | | | | |
| Cash and bank balances | 10,536,283 | 23,863,785 | 7,083,980 | 18,674,149 |

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

## 1. GENERAL INFORMATION

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

The Company's registered office is located at 22-09, Menara 1MK, No. 1, Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur, W.P. Kuala Lumpur.

The principal place of business of the Company is located at Lot 11.1, 11th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company during the financial year is investment holding and the provision of information technology related products and services. The principal activities of the subsidiary companies are as set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 January 2025.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### 2.1 Statement of compliance

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

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous financial year.

### 2.2 Material new accounting policy information

The Company adopted amendments to MFRS 101, Presentation of Financial Statements and MFRS Practice Statement 2 – Disclosures of Accounting Policies from 1 March 2023. The amendments require the disclosure of ‘material’, rather than ‘significant’ accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group and the Company’s accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

### 2.3 Standards issued but not yet effective

The Company have not adopted the standards that have been issued but not yet effective. The directors expect that the adoption of these standards will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

### 2.4 Basis of measurement

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

### 2.5 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

## 3. MATERIAL ACCOUNTING POLICIES

### 3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 September 2024.

The financial statements of the Company's subsidiaries are prepared for the same reporting date as the Company, using consistent accounting policies to like transactions and events in similar circumstances.

#### 3.1.1 Subsidiaries and business combination

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group has power over the entity, has exposure to or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.5 below. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in profit or loss.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.1 Basis of consolidation (cont'd)

#### 3.1.1 Subsidiaries and business combination (cont'd)

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases. The consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred at the date of exchange.

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 carrying amounts 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. The statement of profit or loss and OCI reflects the results 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.

All other business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at fair value on the date of acquisition and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquirer's identifiable net assets at the acquisition date. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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.

If the business combination is achieved in stages, any previously held equity interest is remeasured at fair value on the date of acquisition and any resulting gain or loss is recognised in profit or loss or OCI.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.1 Basis of consolidation (cont'd)

#### 3.1.1 Subsidiaries and business combination (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS 9. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.5.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.1 Basis of consolidation (cont'd)

#### 3.1.2 Non-controlling interests

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts;
- Derecognises the carrying amount of any non-controlling interest in the former subsidiary;
- Derecognises the cumulative foreign exchange translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained in the former subsidiary; Recognises any surplus or deficit in the profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income ("OCI") to profit or loss or retained earnings, if required in accordance with others.

All of the above will be accounted for from the date when control is lost.

Non-controlling interests ("NCI") represent the portion of profit or loss and net assets in subsidiaries not owned, directly and indirectly by the Company. NCI are presented separately in the consolidated statements of profit or loss and OCI and within equity in the consolidated statement of financial position, but separate from parent shareholders' equity. Total comprehensive income is allocated against the interest of NCI, even if this results in a deficit balance. Changes in the Company owners' 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 interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

#### 3.1.3 Transactions eliminated on consolidation

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

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

When an asset is revalued, the accumulated depreciation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset. When an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in OCI as a revaluation surplus reserve. When the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in to the extent of any credit balance existing in the revaluation surplus reserve of that asset.

Freehold land and buildings are stated at their revalued amount, being its fair value at the date of revaluation, less subsequent accumulated depreciation and subsequent impairment losses, if any. Revaluation is made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Depreciation on the property, plant and equipment is calculated so as to write off the cost or valuation of the assets to their residual values on a straight-line basis over the expected useful lives of the assets, summarised as follows:

| | |
|---|---|
| Computer system and equipment | 10% – 30% |
| Freehold building | 2% |
| Furniture and fixtures | 10% |
| Kitchen equipment | 10% |
| Motor vehicles | 20% |
| Office equipment | 10% |
| Renovation | 10% |

Depreciation of an asset begins when it is ready for its intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.2 Property, plant and equipment (cont'd)

At each reporting date, the Group and the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3.5 on impairment of non-financial assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the profit or loss.

### 3.3 Investment property

Investment property is property which is owned or held under a freehold interest to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is initially measured at cost, including transaction costs and subsequently at fair value, representing open market value determined annually by independent valuers or assessed by the Directors. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific assets. If this information is not available, the Group will use alternative valuation method such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recognised in profit or loss for the period/year in which they arise.

The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the period/year of retirement or disposal.

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 fair value 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 up to the date of change in use.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.4 Intangible assets

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets that have been capitalised are amortised on a straight-line basis over the period of their expected benefit when the intangible assets are available for use.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.4 Intangible assets (cont'd)

#### 3.4.1 Development expenditure

Development expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that expenditure incurred on development projects relating to the design and testing of new or improved products or process are recognised as intangible assets if, and only if an entity can demonstrate all of the following:

(i) its ability to measure reliably the expenditure attributable to the assets under development;
(ii) the product or process is technically and commercially feasible;
(iii) its future economic benefits are probable;
(iv) its ability to use or sell the developed asset; and
(v) the availability of adequate technical, financial and other resources to complete the assets under development.

Capitalised development expenditures are measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

Development expenditures are amortised on a straight-line basis over its useful life. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at the end of each reporting period. See accounting policy Note 3.5 on impairment of non-financial assets.

The amortisation methods used and the estimated useful lives are as follows:

| | |
|---|---|
| Development expenditure | 5 years |

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.5 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 such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

For plant and equipment that are not yet available for use, the recoverable amount is estimated at each financial period/year end or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGU").

In assessing value in use, the estimated future cash flows expected to be generated by the assets 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 assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that 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.

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. A previously recognised impairment loss is reversed only when there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of that asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had 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. Impairment loss on goodwill is not reversed in a subsequent period.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.6 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of inventories are determined on a first-in-first-out basis.

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

### 3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group and the Company in management of their short-term funding requirements.

### 3.8 Financial assets

#### 3.8.1 Classification

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

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

#### 3.8.2 Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, 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. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

The Group and the Company's business model for managing financial assets refer 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.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.8 Financial assets (cont'd)

#### 3.8.3 Subsequent measurement

For the purpose of subsequent measurement under MFRS 9, financial assets are classified as follows:

##### 3.8.3.1 Financial assets at amortised cost

Financial assets shall be measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

(b) 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.

The Group's and the Company's financial assets at amortised cost includes trade and other receivables, lease receivables, amount owing from related companies and cash and balance balances.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.8 Financial assets (cont'd)

#### 3.8.3 Subsequent measurement (cont'd)

##### 3.8.3.2 Financial assets at FVOCI

*Debt instruments*

Debt instruments are measured at FVOCI if both of the following conditions are met:

(a) the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

(b) 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.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Company did not hold any debt instruments at FVOCI at the current and previous financial period/year end.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.8 Financial assets (cont'd)

#### 3.8.3 Subsequent measurement (cont'd)

##### 3.8.3.2 Financial assets at FVOCI (cont'd)

*Equity instruments*

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocable elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

The Group and the Company did not hold any equity instruments at FVOCI in the current and previous financial period/year.

##### 3.8.3.3 Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.8 Financial assets (cont'd)

#### 3.8.3 Subsequent measurement (cont'd)

##### 3.8.3.3 Financial assets at FVTPL (cont'd)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if:

(a) the economic characteristics and risks are not closely related to the host;

(b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

(c) hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Group's and the Company's financial assets at FVTPL include investment in quoted shares and unquoted shares at the current and previous financial year end.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.8 Financial assets (cont'd)

#### 3.8.4 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 (such as removed from the statements of financial position) when:

(a) the rights to receive cash flows from the asset have expired; or

(b) 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 Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

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

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.9 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECL") for all financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets and lease receivables. ECL 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 expects to receive, discounted at an approximation of the original effective interest rate.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. For trade receivables, contract assets and lease receivables, loss allowance are measured based on lifetime expected credit losses at each reporting date. The Group and the Company estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience, adjusted for forward looking factor specific to the debtors and the economic environment.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while the 12-month expected credit losses are the portion of the expected credit losses that result from default events that are possible within the 12 months after the reporting date.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort.

An impairment loss in respect of the financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income are recognised in profit or loss. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows of the financial asset.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost and debt securities carried at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.10 Share capital

#### 3.10.1 Ordinary shares

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Proceeds from the issuance of warrants, net of issue costs, are credited to warrants reserve. This reserve is non-distributable and will be transferred to share capital upon the exercise of warrants. The warrants reserve in relation to unexercised warrants at the expiry of the warrants will be transferred to retained earnings.

### 3.11 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The categories of financial liabilities at an initial recognition are as follows:

#### 3.11.1 Financial liabilities at FVTPL

On initial recognition, the Group and the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Company's key management personnel; or

(c) if a contract contains one or more embedded derivative and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.11 Financial liabilities (cont'd)

#### 3.11.1 Financial liabilities at FVTPL (cont'd)

Financial liabilities categorised as FVTPL are subsequently measured at fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as FVTPL upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

The Group and the Company do not have financial liabilities at FVTPL in the current and previous financial period/year.

#### 3.11.2 Amortised cost

Other financial liabilities not categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Derecognition

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.12 Leases

#### 3.12.1 Leases in which the Group is a lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys to the user the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and servicing elements, the consideration is allocated to each of the lease and non-lease components and on each subsequent re-measurement of the contract on the basis of their relative stand-alone selling prices. For a contract that is, or contains, a lease, an entity shall account for each lease component within the contract as a lease separately from non-lease components of the contract.

**(a) Right-Of-Use**

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability. The cost of the right-of-use asset comprises of the amount of lease liabilities adjusted for the lease payments that are paid at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred for dismantling and removing the underlying asset or restoring the underlying asset or the site on which it is located, less any lease incentives received. If the Group is reasonably certain that the ownership of the underlying asset will be transferred to them by the end of the lease term, the right-of-use asset are depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset are depreciated on a straight-line basis from the commencement date to the earlier of the end of its useful life or the end of the lease term.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.12 Leases (cont'd)

#### 3.12.1 Leases in which the Group is a lessee (cont'd)

**(a) Right-Of-Use Assets (cont'd)**

Depreciation on the right-of-use assets are calculated using straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

| | |
|---|---|
| Building | 3 – 10 years |
| Motor vehicles | 5 years |

**(b) Lease Liabilities**

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 in-substance 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 Company 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.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.12 Leases (cont'd)

#### 3.12.1 Leases in which the Group is a lessee (cont'd)

**(b) Lease Liabilities (cont'd)**

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.

**(c) Short-term leases and lease of low-value assets**

The Group elected to apply exemption to those short-term leases in which the lease term is 12 months or less from the commencement date and without purchase option. Besides, exemption is also applied for the lease of low value assets. The lease payments incurred on the exempted leases are recognised as expenses on a straight-line basis over the lease term.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.12 Leases (cont'd)

#### 3.12.1 Leases in which the Group is a lessee (cont'd)

**(d) Leases term**

The lease term includes non-cancellable period of a lease together with periods covered by an option to extend or terminate the lease if the Group is reasonably certain to exercise that option.

Under some of the leases, the Group is offered with the option to extend the lease term for additional one to two years. The Group apply judgement in considering all relevant facts and circumstances that create an economic incentive to exercise the extension option or not to exercise the termination option, to evaluate whether it is reasonably certain that the option will be exercised. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew or not to terminate.

#### 3.12.2 Leases in which the Group is a lessor

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described in Note 3.12.l(c), then it classifies the sublease as an operating lease.

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

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.12 Leases (cont'd)

#### 3.12.2 Leases in which the Group is a lessor (cont'd)

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

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

### 3.13 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred with any difference between the initial fair value and proceeds (net of transaction costs) being charged to profit or loss at initial recognition. In subsequent periods, borrowings are stated at amortised cost using the effective interest method with the difference between the initial fair value and the redemption value is recognized in the profit or loss over the period of the borrowings.

Profit, interest, dividends, losses and gains relating to the financial instrument, or a component part, classified as a liability is reported within finance cost in the profit or loss.

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalized as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.14 Income tax

#### 3.14.1 Current tax

Current income tax assets and liabilities 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 reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. 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.

#### 3.14.2 Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

(a) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.14 Income tax (cont'd)

#### 3.14.2 Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

(a) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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 reporting date.

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 OCI or directly in equity.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.14 Income tax (cont'd)

#### 3.14.2 Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except: (cont'd)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group and the Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### 3.15 Provision

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

Provisions are reviewed at each financial year end 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.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.16 Revenue recognition

The Group recognises revenue from contracts with customers for goods or services based on the five-step model as set out in this standard:-

(i) Identify contracts with a customer.

(ii) Identify performance obligations in the contract.

(iii) Determine the transaction price.

(iv) Allocate the transaction price to the performance obligation in the contract.

(v) Recognise revenue when the Group satisfy a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time if the Company's performance:-

(i) Do not create an asset with an alternative use to the Group and have an enforceable right to payment for performance completed to-date; or

(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or

(iii) Provided benefits that the customer simultaneously receives and consumes as the Company perform.

For performance obligations where any one of the above conditions not met, revenue is recognised at a point in time at which the performance obligation is satisfied.

Revenue is measured at fair value of consideration received or receivable. The following describe the performance obligation in contracts with customers:-

#### 3.16.1 Sale of goods

Revenue from sales of goods is recognised at the point in time when the customer obtains control of goods, which is generally at the time of delivery. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract based on asset for the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.16 Revenue recognition (cont'd)

Revenue is measured at fair value of consideration received or receivable. The following describe the performance obligation in contracts with customers:- (cont'd)

#### 3.16.2 Sales of services

Revenue is recognized upon the rendering services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognized to the extent of the expenses incurred that are recoverable.

#### 3.16.3 Rental income

Rental income from letting/hiring of assets is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as "revenue".

#### 3.16.4 Interest income

Interest income is recognised as it accrues, taking into account the principal outstanding and the effective rate over period of maturity.

### 3.17 Employee benefits

#### 3.17.1 Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.17 Employee benefits (cont'd)

#### 3.17.2 Defined contributions plan

Defined contribution plans are post-employment benefits plans under which the Group and the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The contributions are charged as an expense in the financial year in which the employees render their services. As required by law, the Group and the Company make such contributions to the Employees Provident Fund ("EPF").

### 3.18 Foreign currency transactions and operations

#### 3.18.1 Functional and presentation currency

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

#### 3.18.2 Translation of foreign currency transactions

Transactions in currencies other than the Group's and the Company's functional currency ("foreign currencies") are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss 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.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.18 Foreign currency transactions and operations (cont'd)

#### 3.18.2 Translation of foreign currency transactions (cont'd)

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in OCI. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interest.

When a foreign operation is disposed of such that control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests.

### 3.19 Contingencies

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the Statements of Financial Position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company in the current financial year and previous financial period.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.20 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the grants relate to an asset, it is recognised as deferred income in the statements of financial position and transferred to profit or loss over the expected useful life of the related asset. Where the grant relates to an expense item, it is recognised in profit or loss, under the heading of "other income", on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

### 3.21 Related parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, joint controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with entity.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.22 Fair value measurement

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability

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

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 based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determines 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 financial period/year end.

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

### 3.23 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are disclosed in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 3.24 Earnings per ordinary shares

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares from exercise of Warrants and Employee Share Options into ordinary shares.

## 4. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

### 4.1 Revaluation of properties

The Group carry their properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged external valuer to determine the fair values. The valuation methods adopted by the valuer include sales comparison method, being comparison of current prices ain an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences; income approach, being the projected net income and other benefits that are the subject property can generate over the life of the property capitalised at market derived yields to arrive at the present value of property. Judgement is made in determining the appropriate valuation methods and the key assumptions used in the valuations. Any changes in these assumptions will have an impact on the carrying amounts of the properties.

The carrying amounts of the Group's properties at the reporting date are disclosed in Note 5 and Note 6.

### 4.2 Depreciation of property, plant and equipment and amortisation of right-of-use assets

The cost of property, plant and equipment is depreciated on a straight-line basis over the asset's estimated economic useful lives. Management estimated the useful lives of right-of-use assets are within a range of 3 to 10 years. These are common life expectancies applied in this industry.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised. The carrying amount of the Group's and of the Company's property, plant and equipment at the reporting date is disclosed in Note 5 and Note 7.

## 4. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

### 4.3 Classification between investment property and owner-occupied property

The Group determines whether a property qualified as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties might comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portion could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portion could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

### 4.4 Determine the lease term of contracts with renewal options – the Group as lessee

The Group determines the lease term as non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension option. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group included the renewal period as part of the lease term for leases of building with shorter non-cancellable period. The Group typically exercises its option to renew for these leases because there will be a significant negative effect on profit if a replacement building for rent is not readily available.

## 4. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

### 4.5 Leases – Estimating the incrementing borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

### 4.6 Amortisation of intangible assets

The cost of intangible assets are amortised on a straight-line basis over the asset's estimated economic useful lives. The estimated useful lives of other intangible assets are reviewed periodically, taking into consideration factors such as changes in technology. The amount and timing of recorded expenses for any period would be affected by the changes in the carrying amount.

The carrying amount of the Group's intangible assets at the reporting date is disclosed in the Note 8.

### 4.7 Write-down of obsolete or slow-moving inventories

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

The carrying amounts of the Group's inventories are disclosed in Note 11.

## 4. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

### 4.8 Provision for expected credit losses ("ECL") of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geographical region, products type, customer type and rating).

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and 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 and on the Company's trade receivables is disclosed in the Note 12.

### 4.9 Impairment of non-financial assets

When recoverable amount of an asset is determined based on the estimate of the value-in- use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

### 4.10 Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and, other deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the tax losses, capital allowances and other deductible temporary differences could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies. Total carrying value of unrecognised tax losses, unabsorbed capital allowances and other taxable temporary differences of the Company are disclosed in Note 28.

## 4. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

### 4.11 Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognised tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

### 4.12 Share-based payments

The Group and the Company grants share options to directors and staffs who have met the specified conditions. The share options granted are measured at fair value at grant date using a trinomial option pricing model. The key assumptions or inputs used in the trinomial option pricing model include: (a) the current price, (b) the time period to maturity, and with an adjustment for an early exercise of option based on the Group's and the Company's past experience with earlier exercises. As the volatility of the share price is estimated based on past price movements, the actual volatility may not coincide with the estimates made. Similarly, the actual early exercise of options granted may not coincide with the estimates made. These differences may affect the fair value measurement of the options granted but they are not adjusted retrospectively because the equity component of the options granted is not remeasured to fair value subsequent to their initial recognition.

## 5. PROPERTY, PLANT AND EQUIPMENT

**Group**

| 2024 | At valuation<br>Freehold building<br>RM | Renovation<br>RM | Kitchen equipment<br>RM | Office equipment<br>RM | Computer system and equipment<br>RM | Furniture and fixtures<br>RM | Motor vehicles<br>RM | Total<br>RM |
|---|---|---|---|---|---|---|---|---|
| **At cost, unless otherwise stated** | | | | | | | | |
| At 1 October 2023 | 4,700,000 | 16,944,661 | 237,172 | 53,312 | 1,351,767 | 165,258 | 108,943 | 23,561,113 |
| Additions | - | 1,209,291 | 750 | 3,953 | 14,734 | 437,815 | 536,963 | 2,203,506 |
| Acquisition of subsidiaries | - | 4,505 | - | 770 | - | - | - | 5,275 |
| Disposal of a subsisiary | - | (2,450) | - | (29,010) | (21,747) | (59,836) | (108,943) | (221,986) |
| At 30 September 2024 | 4,700,000 | 18,156,007 | 237,922 | 29,025 | 1,344,754 | 543,237 | 536,963 | 25,547,908 |
| **Less: Accumulated depreciation** | | | | | | | | |
| At 1 October 2023 | 94,000 | 2,330,523 | 20,009 | 24,753 | 304,331 | 47,205 | 41,763 | 2,862,584 |
| Acqusition of subsidiaries | - | 64 | - | 32 | - | - | - | 96 |
| Charges for the financial year | 94,000 | 1,726,109 | 30,872 | 5,610 | 138,202 | 50,007 | 112,674 | 2,157,474 |
| Disposal of a subsisiary | - | (816) | - | (11,726) | (4,862) | (34,781) | (49,026) | (101,211) |
| At 30 September 2024 | 188,000 | 4,055,880 | 50,881 | 18,669 | 437,671 | 62,431 | 105,411 | 4,918,943 |
| **Net carrying amount** | | | | | | | | |
| At 30 September 2024 | 4,512,000 | 14,100,127 | 187,041 | 10,356 | 907,083 | 480,806 | 431,552 | 20,628,965 |

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

**Group**

| 2023 | At valuation<br>Freehold building<br>RM | Renovation<br>RM | Kitchen equipment<br>RM | Office equipment<br>RM | Computer system and equipment<br>RM | Furniture and fixtures<br>RM | Motor vehicles<br>RM | Total<br>RM |
|---|---|---|---|---|---|---|---|---|
| **At cost, unless otherwise stated** | | | | | | | | |
| At 1 October 2022 | 4,700,000 | 15,648,080 | 67,780 | 20,522 | 1,313,494 | 95,212 | - | 21,845,088 |
| Acquisition of a subsidiary | - | 2,450 | - | 24,288 | 29,623 | 59,836 | 108,943 | 225,140 |
| Additions | - | 1,294,131 | 169,393 | 12,500 | 31,261 | 10,210 | - | 1,517,495 |
| Written off | - | - | - | (3,998) | (22,610) | - | - | (26,608) |
| At 30 September 2023 | 4,700,000 | 16,944,661 | 237,173 | 53,312 | 1,351,768 | 165,258 | 108,943 | 23,561,115 |
| **Less: Accumulated depreciation** | | | | | | | | |
| At 1 October 2022 | - | 668,586 | - | 10,047 | 158,539 | 6,639 | - | 843,811 |
| Acquisition of a subsidiary | - | 41 | - | 5,189 | 8,737 | 15,835 | 14,527 | 44,329 |
| Charges for the financial year | 94,000 | 1,661,896 | 20,009 | 11,116 | 147,144 | 24,731 | 27,236 | 1,986,132 |
| Written off | - | - | - | (1,599) | (10,089) | - | - | (11,688) |
| At 30 September 2023 | 94,000 | 2,330,523 | 20,009 | 24,753 | 304,331 | 47,205 | 41,763 | 2,862,584 |
| **Net carrying amount** | | | | | | | | |
| At 30 September 2023 | 4,606,000 | 14,614,138 | 217,164 | 28,559 | 1,047,437 | 118,053 | 67,180 | 20,698,531 |

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

**Company**

| | Computer system and equipment RM | Furniture and fixtures RM | Total RM |
|---|---|---|---|
| **2024** | | | |
| **At cost, unless otherwise stated** | | | |
| At 1 October 2023 | 25,194 | 11,600 | 36,794 |
| Additions | - | - | - |
| At 30 September 2024 | 25,194 | 11,600 | 36,794 |
| **Less: Accumulated depreciation** | | | |
| At 1 October 2023 | 17,676 | 5,993 | 23,669 |
| Charges for the financial year | 4,565 | 1,160 | 5,725 |
| At 30 September 2024 | 22,241 | 7,153 | 29,394 |
| **Net carrying amount** | | | |
| At 30 September 2024 | 2,953 | 4,447 | 7,400 |

| | Computer system and equipment RM | Furniture and fixtures RM | Total RM |
|---|---|---|---|
| **2023** | | | |
| **At cost, unless otherwise stated** | | | |
| At 1 October 2022 | 22,595 | 11,600 | 34,195 |
| Additions | 2,599 | - | 2,599 |
| At 30 September 2023 | 25,194 | 11,600 | 36,794 |
| **Less: Accumulated depreciation** | | | |
| At 1 October 2022 | 13,212 | 4,833 | 18,045 |
| Charges for the financial year | 4,464 | 1,160 | 5,624 |
| At 30 September 2023 | 17,676 | 5,993 | 23,669 |
| **Net carrying amount** | | | |
| At 30 September 2023 | 7,518 | 5,607 | 13,125 |

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

(i) The entire land and buildings of the Group were revalued by an independent qualified valuer, registered with Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia. The valuation was arrived at based on the Comparison Method of Valuation. There was no revaluation surplus been recognised as Other Comprehensive Income as the valuation was at no gain no loss.

**Fair value information**

Fair value of property, plant and equipment is categorised as follows:

| | Level 1<br>RM | Level 2<br>RM | Level 3<br>RM | Total<br>RM |
|---|---|---|---|---|
| **2024** | | | | |
| Freehold building | - | 4,700,000 | - | 4,700,000 |
| **2023** | | | | |
| Freehold building | - | 4,700,000 | - | 4,700,000 |

Policy on transfer between levels

The fair value of an asset or liability to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for the differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

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

Policy on transfer between levels (cont'd)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the property, plant and equipment.

The Group and the Company do not have Level 1 fair value property, plant and equipment. There is also no transfer between level 1 and level 2 during the financial year.

## 6. INVESTMENT PROPERTY

**Group**

| | Group | |
|---|---|---|
| | **Freehold land and building RM** | **Total RM** |
| **Fair value:** | | |
| At 1 October 2022, 30 September 2023, 1 October 2023 and 30 September 2024 | 5,750,000 | 5,750,000 |

The Group's investment property comprise a commercial property that is leased to third parties. Each lease contains an initial non-cancellable period of 2 years with option to renew for subsequent 1 years. Subsequent renewals are negotiated with the lessee.

An investment property of a subsidiary with a carrying fair value of RM5,750,000 has been pledged as security to secure fixed loan to the Group as disclosed in Note 20. Approval of the lender is required for any disposal of the investment property. The proceeds from disposal can only be remitted to the Group and the Company after full repayment of the term loan.

During the financial year, the following income/(expenses) were recognised in profit or loss for investment property:

| | Group | |
|---|---|---|
| | **2024 RM** | **2023 RM** |
| Rental income | 263,380 | 85,000 |
| Direct expenses that generated rental income | (11,229) | (9,105) |
| | 252,151 | 75,895 |

## 6. INVESTMENT PROPERTY (CONT'D)

**Valuation processes applied by the Group and the Company**

The fair value of investment properties is determined by external independent property valuers, registered with Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia with recent experience in the location and category of property being valued. The valuation company provides the fair value of the Group's investment property portfolio annually.

**Fair value information**

Fair value of investment property is categorised as follows:

| | Level 1<br>RM | Level 2<br>RM | Level 3<br>RM | Total<br>RM |
|---|---|---|---|---|
| **2024** | | | | |
| Freehold land and building | - | 5,750,000 | - | 5,750,000 |
| **2023** | | | | |
| Freehold land and building | - | 5,750,000 | - | 5,750,000 |

Policy on transfer between levels

The fair value of an asset or liability to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for the differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

The Group do not have Level 1 fair value investment property. There is also no transfer between level 1 and level 2 during the financial year.

## 7. RIGHT-OF-USE ASSETS

| | Group Building RM | Motor Vehicles RM | Total RM |
|---|---|---|---|
| **Cost** | | | |
| At 1 October 2022 | 8,264,098 | 347,494 | 8,611,592 |
| Additions | 328,143 | 223,244 | 551,387 |
| Acquisition of a subsidiary | 121,003 | - | 121,003 |
| At 30 September 2023 and 1 October 2023 | 8,713,244 | 570,738 | 9,283,982 |
| Additions | 431,055 | - | 431,055 |
| Acquisition of a subsidiary | 76,230 | - | 76,230 |
| Disposal of a subsidiary | (324,366) | - | (324,366) |
| Remeasurement | (4,165,625) | - | (4,165,625) |
| Termination of lease | (78,808) | (142,908) | (221,716) |
| At 30 September 2024 | 4,651,730 | 427,830 | 5,079,560 |
| **Less: Accumulated depreciation** | | | |
| At 1 October 2022 | 689,143 | 128,693 | 817,836 |
| Charge for the financial year | 970,866 | 171,818 | 1,142,684 |
| At 30 September 2023 and 1 October 2023 | 1,660,009 | 300,511 | 1,960,520 |
| Charge for the financial year | 1,134,380 | 157,303 | 1,291,683 |
| Acquisition of a subsidiary | 14,005 | - | 14,005 |
| Disposal of a subsidiary | (88,275) | - | (88,275) |
| Remeasurement | (2,422,864) | - | (2,422,864) |
| Termination of lease | (52,539) | (126,235) | (178,774) |
| At 30 September 2024 | 244,716 | 331,579 | 576,295 |
| **Net carrying amount** | | | |
| At 30 September 2023 | 7,053,235 | 270,227 | 7,323,462 |
| At 30 September 2024 | 4,407,014 | 96,251 | 4,503,265 |

The Group lease buildings for a subsidiary's operation site and sub-lease activity. The leases for subsidiary's operation site and sub-lease activity generally contains an initial non-cancellable period of 2 years (2023: 2 years) with option to renew for subsequent ranging from 1 to 8 years (2023: 1 to 8 years). Subsequent renewals are negotiated with the lessor.

The Group also have lease motor vehicle with lease term of 5 years with no renewal or purchase option included in the agreement.

## 8. INTANGIBLE ASSETS

**Group**

| | Group | |
|---|---|---|
| | **Development Expenditure** | **Total** |
| | **RM** | **RM** |
| **Cost** | | |
| At 1 October 2022, 30 September 2023, 1 October 2023 and 30 September 2024 | 903,447 | 903,447 |
| **Less: Accumulated amortisation** | | |
| At 1 October 2022 | 705,210 | 705,210 |
| Charge for the financial year | 180,689 | 180,689 |
| At 30 September 2023 and 1 October 2023 | 885,899 | 885,899 |
| Charge for the financial year | 17,548 | 17,548 |
| At 30 september 2024 | 903,447 | 903,447 |
| **Net carrying amount** | | |
| At 30 September 2023 | 17,548 | 17,548 |
| At 30 September 2024 | - | - |

## 9. INVESTMENT IN SUBSIDIARY COMPANIES

| | Company 2024 RM | Company 2023 RM |
|---|---|---|
| **Unquoted shares, at cost** | | |
| At beginning of the financial year | | |
| - in Malaysia | 1,464,601 | 1,164,601 |
| - outside Malaysia | 14,966 | 14,966 |
| | 1,479,567 | 1,179,567 |
| Addition | - | 300,000 |
| Disposals | (200,000) | - |
| At end of the financial year | 1,279,567 | 1,479,567 |
| **Capital contribution** | | |
| At beginning and end of the financial year | 77,679,014 | 77,679,014 |
| **Less: Accumulated impairment loss** | | |
| At beginning of the financial year | 39,259,446 | 39,259,446 |
| Impairment losses during the financial year | 7,704,582 | - |
| At end of the financial year | 46,964,028 | 39,259,446 |
| **Net carrying amount** | 31,994,553 | 39,899,135 |

The details of the subsidiary companies are as follows:-

| Name of subsidiary | Effective interest 2024 | Effective interest 2023 | Country of incorporation | Principal activities |
|---|---|---|---|---|
| Lamboplace Sdn. Bhd. | 100% | 100% | Malaysia | Provision of general trading and retail sales of any kind of products over the internet platform and wholesale of food, beverage and tobacco |
| Lambomove Sdn. Bhd. | 100% | 100% | Malaysia | Provision of logistics services and sublease and administrator of right-of-use assets |

## 9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

| Name of subsidiary | Effective interest 2024 | Effective interest 2023 | Country of incorporation | Principal activities |
|---|---|---|---|---|
| Lambo BBB Sdn. Bhd. | 60% | 60% | Malaysia | Dormant |
| Lambopay Sdn. Bhd. | 100% | 100% | Malaysia | Dormant |
| Lambo Blockchain Pte. Ltd. * | 100% | 100% | Singapore | Dormant |
| Oriented Media Holding Ltd. * | 100% | 100% | Hong Kong | Investment holding |
| Seaceramart Sdn. Bhd. * | - | 100% | Malaysia | Operation of retail mart |
| **Held by Lamboplace Sdn. Bhd.** | | | | |
| Gen M Prominent Sdn. Bhd. | 100% | 80% | Malaysia | Provision of management consultancy activities, organisation, promotion and/or mangement of events |
| **Held by Gen M Prominent Sdn. Bhd.** | | | | |
| Hanwoo Sdn. Bhd. | 60% | - | Malaysia | Import and distribution of Korean Hanwoo beef |
| Aquatic Harvest Sdn. Bhd. | 100% | - | Malaysia | Wholesale and trading of seafood and related products |

* Subsidiary companies not audited by Chengco PLT.

## 9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Non-controlling interest

The non-controlling interests at the end of the reporting period comprise of the followings:

| | Effective equity interest | | Group | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Lambo BBB Sdn. Bhd. | 40% | 40% | (8,703) | (5,802) |
| Gen M Prominent Sdn. Bhd. | - | 20% | - | (299,474) |
| Hanwoo Sdn. Bhd. | 40% | - | (1,564) | - |
| | | | (10,267) | (305,276) |

The summarized financial information of non-controlling interest is not presented as the non-controlling interest of the subsidiaries are not individually material to the Group.

(b) Increased in ownership of a subsidiary

On 18 June 2024, Lambo Group Berhad had acquired the remaining 20% ownership of Gen M Prominent Sdn. Bhd. via its ownership of Lamboplace Sdn. Bhd. In effect, all the non-controlling interest had been recognised into the retained earnings of the Company.

(c) Incorporation of Hanwoo Sdn. Bhd.

Lambo Group Berhad had incorporated a 60% owned subsidiary, Hanwoo Sdn. Bhd. on 10 July 2024 via Gen M Prominent Sdn. Bhd.

## 9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(d) Disposal of a subsidiary company

On 8 January 2024, the Company had entered into an agreement to dispose a subsidiary, Seaceramart Sdn. Bhd. for a total consideration of RM170,000.

The effects of the exercise to the Group for the financial statements is as follows:

| | **Group 2024 RM** |
|---|---|
| Property, plant and equipment | 120,777 |
| Right-of-use assets | 236,091 |
| Trade receivables | (98,963) |
| Inventories | 113,293 |
| Other receivables, deposits and prepayment | 50,846 |
| Cash and cash equivalent | 35,063 |
| Current tax assets | 81,824 |
| Trade payables | (31,618) |
| Other payables, accruals and deposit received | (131,483) |
| Lease liabilities | (245,577) |
| Deferred tax | (19,451) |
| Total net liabilities derecognised | 110,802 |
| Add: Gain on deconsolidation | 59,198 |
| Net proceeds from deconsolidation | 170,000 |
| Less: Cash and cash equivalent | (35,063) |
| Net cash inflow from deconsolidation | 134,937 |

## 9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(e) Acquisition of a subsidiary company

On 1 July 2024, Lambo Group Berhad had fully acquired a subsidiary company, Aquatic Harvest Sdn. Bhd. by way of subscribing 1,000 ordinary shares, representing 100% equity interest in Aquatic Harvest Sdn. Bhd. for a total consideration of RM200,000.

The effects of the exercise to the Group for the financial statements is as follows:

| | Group 2024 RM |
|---|---|
| Property, plant and equipment | 5,179 |
| Right-of-use assets | 62,225 |
| Trade receivables | 218,899 |
| Other receivables | 14,345 |
| Inventories | 12,462 |
| Cash and cash equivalent | 18,907 |
| Trade payables | (92,221) |
| Other payables and accruals | (32,289) |
| Lease liabilities | (53,952) |
| Amount due to director | (30,000) |
| Net assets acquired | 123,555 |
| Goodwill | 76,446 |
| Less: Cash and cash equivalents | (18,907) |
| Net cash outflow from business combination | 181,094 |

## 10. OTHER INVESTMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 RM | 2023 RM | 2024 RM | 2023 RM |
| **At fair value:** | | | | |
| Quoted shares in Malaysia | 85,880,520 | 73,412,008 | 46,924,432 | 44,145,035 |
| Unquoted investments outside Malaysia | 20,944,967 | 23,364,825 | 20,944,967 | 23,364,825 |
| | 106,825,487 | 96,776,833 | 67,869,399 | 67,509,860 |

The fair value of the quoted equity instruments in Malaysia is measured based on quoted market value.

## 10. OTHER INVESTMENT (CONT'D)

The other investments are denominated in the following currencies:

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | RM | RM | RM | RM |
| Ringgit Malaysia (RM) | 85,880,520 | 73,412,008 | 46,924,432 | 44,145,035 |
| United States Dollar (USD) | 20,944,967 | 23,364,825 | 20,944,967 | 23,364,825 |
| | 106,825,487 | 96,776,833 | 67,869,399 | 67,509,860 |

## 11. INVENTORIES

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| | RM | RM |
| **At cost** | | |
| Trading goods | 2,416,558 | 1,708,593 |
| **Recognised in profit or loss** | | |
| Inventories recognised as cost of sales | 17,550,727 | 11,685,505 |

## 12. TRADE RECEIVABLES

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| | RM | RM |
| Trade receivables, gross | | |
| - Third parties | 13,096,009 | 4,028,856 |
| - Related parties | 1,884,678 | 1,115,408 |
| | 14,980,687 | 5,144,264 |
| Less: Allowance for impairment losses | (4,272,833) | (2,929,269) |
| Trade receivables, net | 10,707,854 | 2,214,995 |

## 12. TRADE RECEIVABLES (CONT'D)

Movement in the allowance for impairment losses

The allowance account in respect of the trade receivables are used to record impairment losses. The creation and release of allowance for impaired receivables have been included in 'administrative expenses' in the profit or loss. Unless the Group is satisfied that recovery of the amount is possible, then the amount considered irrecoverable is written off against the receivable directly.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The movement in the allowance for impairment losses of trade receivables during the financial year are as follows:

**Group**

| | Lifetime ECL | Credit impaired | Total |
|---|---|---|---|
| **2024** | **RM** | **RM** | **RM** |
| At the beginning of the financial year | 599,873 | 2,329,396 | 2,929,269 |
| Allowance for impairment losses | 251,700 | 2,765,975 | 3,017,675 |
| Disposal of subsidiary | - | (1,165,077) | (1,165,077) |
| Reversal of impairment losses | (509,034) | - | (509,034) |
| At the end of the financial year | 342,539 | 3,930,294 | 4,272,833 |
| **2023** | | | |
| At the beginning of the financial year | 53,966 | 2,812,900 | 2,866,866 |
| Acqusition of subsidiary | - | 492,801 | 492,801 |
| Allowance for impairment losses | 562,576 | 1,829,941 | 2,392,517 |
| Reversal of impairment losses | (16,669) | (2,806,246) | (2,822,915) |
| At the end of the financial year | 599,873 | 2,329,396 | 2,929,269 |

Based on the Group's historical collection experience, the amounts of trade receivables presented on the statements of financial position represent the amount exposed to credit risk. The management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the net trade receivables.

## 12. TRADE RECEIVABLES (CONT'D)

The ageing of the receivables and provision for impairment losses provided for above are as follows:

**Group**

| | Gross carrying amount RM | ECL (Collectively assessed) RM | ECL (Individually assessed) RM | Net balance RM |
|---|---|---|---|---|
| **2024** | | | | |
| Current | 6,180,875 | (69,142) | - | 6,111,733 |
| Past due 1 - 30 days | 2,758,984 | (630,884) | - | 2,128,100 |
| Past due 31 - 60 days | 1,063,882 | (173,884) | - | 889,998 |
| Past due 61 - 90 days | 556,664 | (139,552) | - | 417,112 |
| Past due more than 90 days | 4,420,282 | (364,275) | (2,895,096) | 1,160,911 |
| | 14,980,687 | (1,377,737) | (2,895,096) | 10,707,854 |

| | Gross carrying amount RM | ECL (Collectively assessed) RM | ECL (Individually assessed) RM | Net balance RM |
|---|---|---|---|---|
| **2023** | | | | |
| Current | 945,298 | - | (95,958) | 849,340 |
| Past due 1 - 30 days | 444,839 | - | (149,521) | 295,318 |
| Past due 31 - 60 days | 707,785 | - | (219,177) | 488,608 |
| Past due 61 - 90 days | 73,019 | - | (31,913) | 41,106 |
| Past due more than 90 days | 2,973,323 | (8,530) | (2,424,170) | 540,623 |
| | 5,144,264 | (8,530) | (2,920,739) | 2,214,995 |

The maximum exposure of credit risk at the reporting date is the carrying value of receivables mentioned above. The Group does not hold any collateral as security.

The Group's normal trade credit term range from 7 to 90 days (2023: 7 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

## 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | RM | RM | RM | RM |
| Other receivables | 22,845 | 2,347,478 | 3,521 | 3,521 |
| Less: Accumulated impairment losses | (3,521) | (3,983) | (3,521) | (3,521) |
| | 19,324 | 2,343,495 | - | - |
| Deposits | | | | |
| - Third parties | 12,565,454 | 14,830,263 | - | - |
| - Related parties | 338,217 | 304,058 | - | 62,354 |
| Prepayments | | - | | |
| - Third parties | 299,973 | 82,459 | 18,946 | 24,992 |
| - Related parties | - | 375,000 | - | - |
| | 13,222,968 | 17,935,275 | 18,946 | 87,346 |

The movement in the accumulated impairment losses of other receivables during the financial year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | RM | RM | RM | RM |
| Balance as at beginning of the financial year | 3,983 | 3,983 | 3,521 | 3,521 |
| Reversal for impairment losses | (462) | - | - | - |
| Balance as at end of the financial year | 3,521 | 3,983 | 3,521 | 3,521 |

## 14. AMOUNT DUE FROM SUBSIDIARY COMPANIES

| | Company 2024 RM | Company 2023 RM |
|---|---|---|
| Amount due from a subsidiary | 110,081,658 | 99,250,284 |
| Less: Accumulated impairment | (59,712,447) | (59,712,447) |
| | 50,369,211 | 39,537,837 |

The amount due from subsidiaries are denominated in the following currencies:

| | Company 2024 RM | Company 2023 RM |
|---|---|---|
| Ringgit Malaysia (RM) | 21,884,471 | 16,137,701 |
| Singapore Dollar (SGD) | 173,542 | 149,321 |
| Chinese Yuan (CNY) | 88,023,645 | 82,963,262 |
| | 110,081,658 | 99,250,284 |

The directors of the Company had reviewed the expected repayments from subsidiaries and hence had classified certain amount due from a subsidiary companies as current asset.

The amount owing from subsidiary companies represented non-trade transactions which are unsecured, interest free and repayable on demand.

The movement in the accumulated impairment losses of amount due from subsidiary companies during the financial year are as follows:

| | Company 2024 RM | Company 2023 RM |
|---|---|---|
| At the beginning and end of the financial year | 59,712,447 | 59,712,447 |

## 15. FIXED DEPOSITS WITH LICENSED BANKS

| | Group 2024 RM | Group 2023 RM |
|---|---|---|
| With maturity of less than 3 months | 29,236 | 28,423 |
| Pledged for banking facility (Note 20) | 732,000 | 732,000 |
| | 761,236 | 760,423 |

Included in the fixed deposits placed with licensed banks of the Group and the Company, RM732,000 is pledged for fixed loan granted to a subsidiary as disclosed in Note 20.

## 15. FIXED DEPOSITS WITH LICENSED BANKS (CONT'D)

The effective interest rates and maturity period of the fixed deposits with licensed banks at the reporting date are as follows:

| Group | 2024 | 2023 |
|---|---|---|
| Effective interest rates | 1.85% - 2.85% | 1.50% - 1.85% |
| Maturity period | 1 to 12 moonths | 1 to 12 moonths |

## 16. CASH AND BANK BALANCES

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | RM | RM | RM | RM |
| Cash in hand | 309,192 | 29,134 | 174 | 174 |
| Cash at bank | 10,227,091 | 23,834,651 | 7,083,806 | 18,673,975 |
| | 10,536,283 | 23,863,785 | 7,083,980 | 18,674,149 |

The cash and bank balances are denominated in the following currencies:

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | RM | RM | RM | RM |
| Ringgit Malaysia (RM) | 10,527,120 | 23,857,322 | 7,083,980 | 18,674,149 |
| Singapore Dollar (SGD) | 3,327 | 83 | - | - |
| Chinese Yuan (CNY) | 5,836 | 6,380 | - | - |
| | 10,536,283 | 23,863,785 | 7,083,980 | 18,674,149 |

## 17. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | Number of shares | | Number of shares | |
| Issued and fully paid: | Units | RM | Units | RM |
| Balance at the beginning and end of the financial year | 1,540,499,046 | 258,497,381 | 1,540,499,046 | 258,497,381 |

## 17. SHARE CAPITAL (CONT'D)

### (a) Warrants B (2019/2024)

The Warrants B had expired on 29 April 2024. The exercise period for the Warrants B is for 5 years commencing from the date of issuance of the Warrants B.

Warrants which are not exercised during exercise period shall thereafter lapse and cease to be valid.

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

| | *Entitlement for ordinary shares* | | | |
|---|---|---|---|---|
| | **As at 1.10.2023** | **Issued** | **Expired** | **As at 30.9.2024** |
| Warrant B | 94,595,020 | - | (94,595,020) | - |

### (b) Warrants C (2021/2024)

On 13 September 2021 the Company had issued 398,981,138 new warrants on the basis of 2 Warrants C for every 5 rights shares in the Company pursuant to the Rights Issue with Warrants. The Warrants C had expired on 6 September 2024. The exercise period for the Warrants C is three years commencing from the date of issuance of the Warrants C.

Warrants which are not exercised during the exercise period shall thereafter lapse and cease to be valid.

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

| | *Entitlement for ordinary shares* | | | |
|---|---|---|---|---|
| | **As at 1.10.2023** | **Issued** | **Exercised** | **As at 30.9.2024** |
| Warrant C | 398,981,138 | - | (398,981,138) | - |

## 17. SHARE CAPITAL (CONT'D)

### (c) Employees Share Option Scheme ("ESOS")

The salient features of the employees under ESOS are as follows:

(i) the ESOS Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares in the Company;

(ii) the eligibility of a Director or employee of the Group to participate in the ESOS shall be at the discretion of the ESOS Committee, who shall take into consideration factors such as performance and seniority;

(iii) not more than 10% of the ESOS options shall be allocated to any individual eligible employee who, either single or collectively through persons connected with eligible employees, hold 20% or more of the issued and paid up share capital of the Company (excluding treasury shares, if any);

(iv) the option price for each share shall be based on the higher of the five day volume weighted average price of the shares immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Malaysia Securities Berhad or any other relevant authorities from time to time during the duration of the ESOS;

(v) the exercise price of ESOS or the number of shares granted to each grantee or the number of new shares and/or exercise price may be adjusted following any issue of additional shares by way of right issues, bonus issues or other capitalisation issue carried out by the Company while an option remain unexercised; and

(vi) the new shares allotted upon any exercise of the option shall rank pari passu in all respects with the existing ordinary shares of the Company except that the new shares shall not be entitled to any rights, dividends, allotment and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares.

The Board of Directors of the Group has on 28 August 2020 announced that the Company has resolved to extend its existing ESOS on 22 July 2020, which was due for expiry on 6 August 2020, for another 5 years until 6 August 2025 in accordance with the terms of the ESOS By-Laws.

## 18. RESERVES

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | RM | RM | RM | RM |
| **Non-distributable:** | | | | |
| Foreign currency translation reserve | (5,189,233) | (2,478,223) | - | - |
| Warrant reserve | - | 53,982,148 | - | 53,982,148 |
| **Distributable:** | | | | |
| Accumulated losses | (88,431,663) | (145,014,499) | (101,561,565) | (147,117,181) |
| | (93,620,896) | (93,510,574) | (101,561,565) | (93,135,033) |

(a) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as foreign currency difference arising from monetary items which form part of the Group's net investment in foreign operation, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

(b) Warrant reserve

The warrant reserve represents the reserve arising from the renounceable rights issue with free detachable free warrants which is determined based on the estimated fair value of the warrants immediately upon the listing and quotation thereof.

(c) Accumulated losses

The Group and the Company reported accumulated losses position as at reporting date.

## 19. LEASE LIABILITIES

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| | RM | RM |
| At the beginning of financial year | 7,635,111 | 8,010,584 |
| Additions | 463,607 | 558,611 |
| Accretion of interest | 476,068 | 454,276 |
| Disposal of a subsidiary | (245,577) | - |
| Payment | (1,753,195) | (1,388,360) |
| Remeasurement of leases | (1,983,083) | - |
| Termination of lease | (45,524) | - |
| At the end of financial year | 4,547,407 | 7,635,111 |
| *Furture minimum lease payments* | | |
| Not later than one year | 896,439 | 1,438,412 |
| Later than one year but not later than five years | 2,914,287 | 4,596,737 |
| Later than five years | 1,650,000 | 3,388,579 |
| | 5,460,726 | 9,423,728 |
| Less: Future finance charges | (913,319) | (1,788,617) |
| | 4,547,407 | 7,635,111 |
| *Present value of liabilities* | | |
| Current | | |
| Not later than one year | 669,037 | 1,033,341 |
| Non-current | | |
| Later than one year but not later than five years | 2,346,120 | 3,508,102 |
| Later than five years | 1,532,250 | 3,093,668 |
| | 3,878,370 | 6,601,770 |
| | 4,547,407 | 7,635,111 |

## 20. BANK BORROWING

| | Group | |
|---|---|---|
| | **2024** | **2023** |
| | **RM** | **RM** |
| **Secured:** | | |
| **Non-current liability** | | |
| Term loan | 1,143,146 | 1,818,767 |
| **Current liability** | | |
| Term loan | 580,017 | 525,257 |
| **Total** | 1,723,163 | 2,344,024 |

Rates of interest charged per annum:

| | Group | |
|---|---|---|
| | **2024** | **2023** |
| | **%** | **%** |
| Term loan | BLR+2% | BLR+2% |

The term loan from a licensed bank is repayable by monthly instalments of RM61,000 over five (5) years commencing from the day of first drawdown and is secured and supported as follows:

a) Legal charge the freehold land and building as disclosed in Note 6;

b) Fixed deposits of the Group as disclosed in Note 15; and

c) Corporate guarantee by Lambo Group Berhad.

## 21. TRADE PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **RM** | **RM** | **RM** | **RM** |
| Trade payables | | | | |
| - Third parties | 708,969 | 555,846 | 229,853 | 229,853 |
| - Related parties | 392 | 353 | - | - |
| | 709,361 | 556,199 | 229,853 | 229,853 |

The trade payables are non-interest bearing and the normal trade credit terms received by the Group and the Company range from 7 to 60 days (2023: 7 to 60 days).

## 22. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | RM | RM | RM | RM |
| Other payables | | | | |
| - Third party | 2,511,142 | 932,217 | 35,561 | 492 |
| - Related parties | - | 12,087 | - | - |
| Accruals | 403,483 | 345,148 | 143,370 | 136,511 |
| Deposits received | | | | |
| - Third party | 316,510 | 408,544 | - | - |
| - Related parties | 135,640 | 176,825 | - | - |
| Provision for restoration | 21,400 | - | - | - |
| | 3,388,175 | 1,874,821 | 178,931 | 137,003 |

The other payables, accruals and deposits received are denominated in the following currencies:

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | RM | RM | RM | RM |
| Ringgit Malaysia (RM) | 1,065,331 | 1,824,774 | 178,931 | 137,003 |
| Singapore Dollar (SGD) | 19,760 | 21,077 | - | - |
| Chinese Yuan (CNY) | 2,303,084 | 28,970 | - | - |
| | 3,388,175 | 1,874,821 | 178,931 | 137,003 |

## 23. AMOUNT OWING TO DIRECTORS

The amount owing to directors is non-trade in nature, unsecured, interest-free and repayable on demand.

The amount owing to directors are denominated in the following currencies:

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| | RM | RM |
| Ringgit Malaysia (RM) | 30,000 | - |
| Chinese Yuan (CNY) | 24,403 | 26,678 |
| | 54,403 | 26,678 |

## 24. REVENUE

| | Group 2024 RM | Group 2023 RM |
|---|---|---|
| Sales of goods | 23,123,557 | 11,122,809 |
| Sales of services | 3,968,332 | 3,713,858 |
| | 27,091,889 | 14,836,667 |
| **Timing and recognition** | | |
| - At a point in time | 23,415,330 | 11,574,194 |
| - Overtime | 3,676,559 | 3,262,473 |
| | 27,091,889 | 14,836,667 |
| **Geographical market** | | |
| Malaysia | 27,091,889 | 14,836,667 |

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

## 25. OTHER OPERATING INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | RM | RM | RM | RM |
| Dividend income | 1,325,716 | 1,745,773 | 1,325,716 | 1,745,773 |
| Fair value gain on investment | 4,382,063 | 8,161,998 | 2,353,681 | 2,196,989 |
| Forfeiture of deposits | 125,032 | - | - | - |
| Gain on disposal of a subsidiary | 59,198 | - | - | - |
| Gain on disposal of right-of-use assets | 57,923 | - | - | - |
| Gain on foreign exchange: | | | | |
| - unrealised | - | 785,826 | - | 292,798 |
| - realised | 8,206 | 185,236 | - | - |
| Interest income | 118,468 | 136,321 | 104,348 | 114,430 |
| Management fee | - | - | 84,000 | 84,000 |
| Other income | - | 46,666 | - | 10,090 |
| Rental income | 263,380 | 85,000 | - | - |
| Reversal of impairment loss | | | | |
| - Other receivables | 462 | - | - | - |
| - Trade receivables | 509,034 | 2,822,830 | - | - |
| | 6,849,482 | 13,969,650 | 3,867,745 | 4,444,080 |

## 26. FINANCE COSTS

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| | RM | RM |
| Lease liabilities interest | 476,068 | 454,276 |
| Term loan interest | 111,808 | 134,736 |
| | 587,876 | 589,012 |

## 27. PROFIT/(LOSS) BEFORE TAX

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | RM | RM | RM | RM |
| Profit/(Loss) before tax is arrived at after charging: | | | | |
| Allowance of impairment losses: | | | | |
| - Investment in subsidiaries | - | - | 7,704,582 | - |
| - Trade receivables | 3,017,675 | 2,392,517 | - | - |
| Amortisation of intangible asset | 17,548 | 180,689 | - | - |
| Auditors' remuneration: | | | | |
| - Statutory audit | 206,207 | 211,000 | 84,000 | 99,000 |
| - Other services | 23,000 | 8,000 | 23,000 | 8,000 |
| Depreciation of property, plant and equipment | 2,157,474 | 1,986,132 | 5,725 | 5,624 |
| Depreciation of right-of-use assets | 1,291,683 | 1,142,684 | - | - |
| Impairment of goodwill | 76,446 | - | - | - |
| Incorporation fee | 3,123 | - | - | - |
| Loss on disposal of a subsidiary | - | - | 465,784 | - |
| Loss on foreign exchange: | | | | |
| - Realised | 49,451 | - | - | - |
| - Unrealised | 388,004 | - | 2,447,156 | - |
| Rental expenses | | | | |
| - Equipment | 5,540 | - | - | - |
| - Premise | 174,855 | 142,500 | - | - |

## 28. TAX EXPENSE

(a) Major component of tax expense/(credit):

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **RM** | **RM** | **RM** | **RM** |
| Current taxation: | | | | |
| - current financial year | 65,000 | - | - | - |
| - over provision in previous financial year | - | (8,454) | - | - |
| | 65,000 | (8,454) | - | - |

Domestic current income tax is calculated at the statutory tax rate of 24% of the estimated assessable profit for the year.

(b) The reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **RM** | **RM** | **RM** | **RM** |
| Profit/(Loss) before tax | 2,960,697 | 3,196,809 | (8,426,532) | 2,816,296 |
| Tax at the statutory rate of 24% | 710,567 | 767,234 | (2,022,367) | 675,911 |
| | | | - | - |
| Non-deductible expenses | 1,121,875 | 881,333 | 2,581,353 | 32,621 |
| Non-taxable income | (959,749) | (2,628,628) | (883,055) | (1,016,534) |
| Utilisation of deferred tax not recognised in prior years | (307,762) | - | - | - |
| Deferred tax assets not recognised during the financial year | (499,931) | 980,061 | 324,069 | 308,002 |
| Over provision in prior financial year | - | (8,454) | - | - |
| | 65,000 | (8,454) | - | - |

## 28. TAX EXPENSE (CONT'D)

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **RM** | **RM** | **RM** | **RM** |
| Taxable temporary difference | (1,566,741) | (492,971) | (7,400) | (13,125) |
| Unutilised tax losses | 41,085,660 | 45,615,218 | 7,021,971 | 6,293,566 |
| Unabsorbed capital allowance | 6,267,749 | 7,777,992 | 5,327,558 | 5,323,791 |
| | 45,786,668 | 52,900,239 | 12,342,129 | 11,604,232 |

Deferred tax assets have not been recognized in respect of these items as it is not probable that the future taxable profits of the Group and of the Company will be available against which the deductible temporary differences can be utilized. Unutilised tax losses arising from year of assessment 2023 can be carried forward for a period of 10 years for set off against future taxable profits.

## 29. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per ordinary share as at 30 September 2024 is arrived at by dividing the Group's earnings attributable to the owners of the Company by the weighted average number of ordinary shares issued and calculated as follows:

| | Group | |
|---|---|---|
| | **2024** | **2023** |
| | **RM** | **RM** |
| Profit attributable to owners of the Company | 2,898,598 | 3,208,269 |
| Weighted average number of ordinary shares on issued (unit) | 1,540,499,046 | 1,540,499,046 |
| Basic earning per share (sen) | 0.19 | 0.21 |

## 30. EMPLOYEE BENEFITS EXPENSES

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | RM | RM | RM | RM |
| **Directors' remuneration** | | | | |
| Directors' fee | 407,000 | 402,000 | 180,000 | 156,000 |
| Salaries, bonus, allowances, overtime and comission | 187,647 | 186,028 | 187,647 | 178,450 |
| E.P.F contributions | 22,576 | 21,462 | 22,576 | 21,462 |
| SOCSO contributions | 1,040 | 1,040 | 1,040 | 1,040 |
| EIS contributions | 119 | 119 | 119 | 119 |
| | 618,382 | 610,649 | 391,382 | 357,071 |
| **Staff costs (excluding directors):** | | | | |
| Salaries, bonus, allowances, overtime and comission | 2,710,373 | 2,866,552 | 248,896 | 244,296 |
| E.P.F contributions | 297,906 | 323,352 | 30,931 | 49,570 |
| SOCSO contributions | 36,965 | 34,447 | 3,585 | 4,679 |
| EIS contributions | 4,087 | 3,584 | 410 | 534 |
| | 3,049,331 | 3,227,935 | 283,822 | 299,079 |

Employees benefit expenses excluding the aggregate amounts of emoluments received and receivable by the key management personnel of the Group and the Company during the financial year.

## 31. RELATED PARTY DISCLOSURES

### (a) Significant related party transactions

Identity of related parties:

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group and of the Company includes:

(i) Direct and indirect subsidiaries as disclosed in Note 9 to the financial statements;
(ii) Entities in which directors have substantial financial interest; and
(iii) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, director and controlling the activities directly or indirectly,

In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with its related parties during the financial year/period:

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **RM** | **RM** | **RM** | **RM** |
| **Transaction with subsidiary company** | | | | |
| Management fee charged to | - | - | 84,000 | 84,000 |
| **Transaction with related parties** | | | | |
| Logistics services provided to | 712,481 | 14,882 | - | - |
| Rental charged to | 1,563,793 | 1,773,525 | - | - |
| Rental expenses charged by | (120,000) | - | - | - |
| General expenses charged by | - | (3,000) | - | - |
| Sale of goods | 9,255,622 | - | - | - |

The directors of the Group and the Company are of the opinion that the related party transactions have been entered into the normal course of business on an arm's length basis and have established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

## 32. SEGMENT INFORMATION

**General information**

The information reported to the Group's chief operating decision maker to make decision about resources to be allocated and for assessing their performance is based on the nature of the industry (business segments) and operational location (geographical segments) of the Group.

**Measurement of Reportable Segments**

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transaction between reportable segments are measured on the basis that is similar to those external customers.

Segments statements of profit or loss and other comprehensive income are profit earned or loss incurred by each segment without allocation of central administrative costs, non-operating investment revenue, finance costs and income tax expense. There are no significant changes from prior financial period in the measurement methods used to determine reported segment statements of comprehensive income.

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group, current and deferred tax assets. Jointly used assets are allocated on the basis of the revenue earned by individual segments.

All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, current and deferred tax liabilities. Jointly incurred liabilities are allocated in proportion to the segment assets.

## 32. SEGMENT INFORMATION (CONT'D)

(a) Geographical Segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets

| | Revenue from external customers | | Non-current assets | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **RM** | **RM** | **RM** | **RM** |
| Malaysia | 27,091,889 | 14,836,667 | 116,762,750 | 130,566,374 |

(b) Business Segments

The reportable business segment of the Group comprise the following:

| | |
|---|---|
| IT consultancy and E-commerce services | Provision of IT services and trading for e-commerce business |
| Logistic services | Provision for logistic, delivery of goods from transportation hubs to the final delivery destination. |
| Retail | Retail sale of products |

Other non-reportable segments comprise operations of subsidiary companies which are inactive and dormant.

## 32. SEGMENT INFORMATION (CONT'D)

| | IT Consultancy and E-commerce services | | Logistics services | | Retail | | Other | | Eliminations | | Consoliated | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM |
| External revenue | 21,885,544 | 10,834,091 | 2,547,184 | 2,199,454 | 1,305,792 | 783,578 | 1,353,369 | 1,019,544 | - | - | 27,091,889 | 14,836,667 |
| Inter-segment revenue | - | - | 44,684 | 25,455 | - | - | - | - | (44,684) | (25,455) | - | - |
| Total revenue | 21,885,544 | 10,834,091 | 2,591,868 | 2,224,909 | 1,305,792 | 783,578 | 1,353,369 | 1,019,544 | (44,684) | (25,455) | 27,091,889 | 14,836,667 |
| Results: | | | | | | | | | | | | |
| Finance income | 105,769 | 1,851 | 12,700 | 20,040 | - | - | - | - | - | - | 118,469 | 21,891 |
| Amortisaion of intangible assets | (17,548) | (180,689) | - | - | - | - | - | - | - | - | (17,548) | (180,689) |
| Allowance for impairment loss: | | | | | | | | | | | | |
| - Other receivables | (27,353) | - | - | - | - | - | - | - | 27,353 | - | - | - |
| - Trade receivables | (2,777,531) | (1,157,665) | (234,154) | (562,576) | (5,990) | (672,276) | - | - | - | - | (3,017,675) | (2,392,517) |
| Depreciation of property, plant and equipment | (293,385) | (264,570) | (1,724,590) | (1,573,401) | (14,628) | (54,161) | (124,871) | (94,000) | - | - | (2,157,474) | (1,986,132) |
| Amortisation of right-of-use assets | (153,126) | (102,320) | (1,092,375) | (977,312) | (34,778) | (63,052) | (11,404) | - | - | - | (1,291,683) | (1,142,684) |
| Finance costs | (125,318) | (145,890) | (456,009) | (432,483) | (6,549) | (10,639) | - | - | - | - | (587,876) | (589,012) |
| Taxation | (65,000) | - | - | - | - | - | - | - | - | - | (65,000) | - |
| Segment results | (752,898) | (3,121,831) | (731,534) | (2,643,136) | (167,816) | (328,408) | (7,576,797) | 9,324,880 | 9,413,732 | - | 184,687 | 3,231,505 |
| Segment assets | 15,812,885 | 21,294,461 | 18,794,389 | 22,720,291 | 262,171 | 381,992 | 201,092,457 | 113,995,402 | (60,609,286) | - | 175,352,616 | 158,392,146 |
| Segment liabilities | 2,802,130 | 3,644,963 | 4,617,349 | 7,811,716 | 291,159 | 545,096 | 2,775,760 | 459,121 | - | - | 10,486,398 | 12,460,896 |

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its risks.

The Group and the Company are exposed to financial risk arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk, equity price risk and market price risk.

The board of directors and management reviews and agrees with policies and procedures for the management of these risks, which are executed by the Chief Executive Officer, Head of Finance and other heads of business units. The audit committee provides an independent oversight to the effectiveness of the risk management process.

The main areas of the financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:

### 33.1 Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk mainly arises from its receivables. Credit risk is minimised by monitoring the financial standing of the debtors on an ongoing concern basis. For bank balances, the Company minimise credit risk by dealing exclusively with reputable financial institution.

The Group assessed ECL for trade receivables based on two different approaches, namely collective assessment and individual debtor assessment.

#### 33.1.1 Collective approach

Other receivables and contract assets have been grouped based on shared credit risk characteristics and number of days past due. The expected loss rates are developed based on the historical credit loss rates. The historical loss rates are further adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Company has identified (i) internal credit rating and (ii) actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation to be the most relevant factors, and accordingly adjust the historical loss rates based on expected changes in these factors.

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 33.1 Credit Risk (cont'd)

#### 33.1.2 Individual debtor assessment

The Company applies individual debtor assessment for debtors with different risk characteristics, where the credit risk information of these debtors is obtained and monitored individually. The Company assesses the lifetime ECL when takes into consideration as follows:

- PD - Probability of default
  The likelihood that the borrower cannot pay during the contractual period
- LGD - Loss given default
  Percentage of contractual cash flows that will not be collected if default
- EAD - Exposure at default
  Outstanding amount that is exposed to default risk

The Group and the Company has taken into account the probability-weighted recoverable amount determined via the evaluation of a range of possible outcomes. In deriving the PD and LGD, the Group and the Company considers historical data of each debtor by category and adjusts for forward-looking macroeconomic data. The Group and the Company has identified the industry and geographical area which the debtor operates in, to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

**(a) Trade receivables**

Credit risk is minimised by monitoring the financial standing of the debtors on an ongoing concern basis through the review of receivables ageing.

The maximum exposure to credit risk is disclosed in Note 12, representing the carrying amount of the trade receivables recognised in the statements of financial position.

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 33.1 Credit Risk (cont'd)

#### 33.1.2 Individual debtor assessment (cont'd)

**(b) Advances to related companies**

The Company provides unsecured advances to its related companies and monitors the results of the related companies regularly. The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. As at 30 September 2024, the Company had made sufficient allowance for impairment loss on advances to its related companies. The Company does not specifically monitor the ageing of the advances to its related companies.

(c) **Other receivables and other financial assets**

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

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

The maximum exposure to credit risk is disclosed in Note 13 to the financial statements, representing the carrying amount of the other receivables recognised in the statement of financial position.

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 33.1 Credit Risk (cont'd)

#### 33.1.2 Individual debtor assessment (cont'd)

**(d) Cash and cash equivalents**

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

### 33.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments and derivative financial instruments.

#### 33.2.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of the changes in market interest rates. The Group's and the Company's exposure to interest rate risk relates to interest-bearing financial assets and liabilities. Interest-bearing financial asset includes fixed deposits with licensed banks. Interest-bearing liability includes fixed loan.

The fixed loan is at floating rates expose the Group and the Company to cash flow interest rate risk.

The interest rates per annum on fixed loan are disclosed is Note 20.

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 33.2 Market risk (cont'd)

#### 33.2.1 Interest rate risk (cont'd)

The Group and the Company adopts a strategy of mixing fixed and floating rates borrowing to minimise exposure to interest rate risk. The Group and the Company also review their debt portfolio to ensure favourable rates are obtained.

The Group and the Company does not account sensitivity analysis for any fixed rate financial liabilities as a change in interest rates at the end of the reporting period would not affect the profit or loss.

<u>Sensitivity analysis for interest rate risk</u>

If the interest rate had been 100 basis point higher /lower and all other variables held constant, the Group's and the Company's loss before taxation would increase/decrease by approximately RM17,232 (2023: RM23,440) as a result of exposure to floating rate borrowing.

#### 33.2.2 Foreign currency risk

The Group and the Company are not significantly exposed to foreign currency risk as the majority of the Group's and the Company's transactions, assets and liabilities are denominated in Ringgit Malaysia. The currencies giving rise to this risk is primarily United States Dollar ("USD") and Chinese Yuan ("CNY").

Foreign currency exposures in transactional currencies other than functional currencies are kept to an acceptable level. The Group and the Company have not entered into any derivative financial instruments such as forward foreign exchange contracts.

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 33.2 Market risk (cont'd)

#### 33.2.2 Foreign currency risk (cont'd)

The net unhedged financial assets/(liabilities) of the Group and of the Company at the financial year end that are not denominated in Ringgit Malaysia are as follows:

**Group**

| | RMB<br>RM | SGD<br>RM | USD<br>RM | Total<br>RM |
|---|---|---|---|---|
| **2024** | | | | |
| Other investments | - | - | 20,944,967 | 20,944,967 |
| Cash and bank balances | 5,836 | 3,327 | - | 9,163 |
| Amount due from a director | (24,403) | - | - | (24,403) |
| Other payables | (2,303,084) | (19,760) | - | (2,322,844) |
| | (2,321,651) | (16,433) | 20,944,967 | 18,606,883 |
| **2023** | | | | |
| Other investments | - | - | 23,364,825 | 23,364,825 |
| Cash and bank balances | 6,380 | 83 | - | 6,463 |
| Amount due from a director | (26,678) | - | - | (26,678) |
| Other payables | (28,970) | (21,077) | - | (50,047) |
| | (49,268) | (20,994) | 23,364,825 | 23,294,563 |

**Company**

| | RMB<br>RM | SGD<br>RM | USD<br>RM | Total<br>RM |
|---|---|---|---|---|
| **2024** | | | | |
| Other investments | - | - | 20,944,967 | 20,944,967 |
| Amount due from subsidiary companies | 88,023,645 | 175,788 | - | 88,199,433 |
| | 88,023,645 | 175,788 | 20,944,967 | 109,144,400 |
| **2023** | | | | |
| Other investments | - | - | 23,364,825 | 23,364,825 |
| Amount due from subsidiary companies | 84,083,179 | 138,394 | - | 84,221,573 |
| | 84,083,179 | 138,394 | 23,364,825 | 107,586,398 |

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 33.2 Market risk (cont'd)

#### 33.2.2 Foreign currency risk (cont'd)

**Sensitivity analysis for foreign currency risk**

The following table demonstrates the sensitivity analysis of the Group's and the Company's pre-tax loss to a reasonably possible change in the RMB, SGD and other exchange rates against the respective functional currencies of the Group and of the Company, with all other variables held constant.

| | Group | | Company | |
|---|---|---|---|---|
| | 2024<br>RM | 2023<br>RM | 2024<br>RM | 2023<br>RM |
| Strengthened by 10% | | | | |
| - RMB | (232,165) | (4,927) | 8,802,365 | 8,408,318 |
| - SGD | (1,643) | (2,099) | 17,579 | 13,839 |
| - USD | 2,094,497 | 2,336,483 | 2,094,497 | 2,336,483 |
| Weakened by 10% | | | | |
| - RMB | 232,165 | 4,927 | (8,802,365) | (8,408,318) |
| - SGD | 1,643 | 2,099 | (17,579) | (13,839) |
| - USD | (2,094,497) | (2,336,483) | (2,094,497) | (2,336,483) |

#### 33.2.3 Equity price risk

Equity price risk is the risk that the fair value or the future cash flows of the Group and the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to market price risk arising from its investment in management fund. These instruments are classified as held for trading financial assets.

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 33.2 Market risk (cont'd)

#### 33.2.3 Equity price risk

As at reporting date, if the quoted prices of the investment securities had been 5% higher/lower, with all other variables held constant, the Group's profit for the year would have been RM4,294,026 (2023: RM3,670,600) higher/lower and the Company's profit for the year would have been RM2,346,222 (2023: RM2,207,252) higher/lower.

### 33.3 Liquidity and cash flow risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manage liquidity risk by maintaining sufficient cash. In addition, the Group and the Company maintain bank facilities such as working capital lines deemed adequate by the management to ensure they will have sufficient liquidity to meet their liabilities when they fall due.

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 33.3 Liquidity and cash flow risk (cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting year based on contractual undiscounted cash flows (including interest payments computed using contractual rates). The effective interest rates of these financial liabilities are disclosed in the respective notes to the financial statements.

| Group | Carrying amount | Contractual interest rate/coupon rate | Contractual cash flows | Less than 1 year | Less than 1 year but not later than 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| | RM | % | RM | RM | RM | RM |
| **2024** | | | | | | |
| Trade payables | 709,361 | - | 709,361 | 709,361 | - | - |
| Other payables | 3,388,175 | - | 3,388,175 | 3,388,175 | - | - |
| Amount owing to a director | 54,403 | - | 54,403 | 54,403 | - | - |
| Bank borrowings | 1,723,163 | BLR + 2% | 2,020,368 | 732,000 | 1,288,368 | - |
| Lease liabilities | 4,547,407 | 5.32% - 6.80% | 5,460,726 | 896,439 | 2,914,287 | 1,650,000 |
| | 10,422,509 | | 11,633,033 | 5,780,378 | 4,202,655 | 1,650,000 |
| **2023** | | | | | | |
| Trade payables | 556,199 | - | 556,199 | 556,199 | - | - |
| Other payables | 1,874,821 | - | 1,874,821 | 1,874,821 | - | - |
| Amount owing to a director | 26,678 | - | 26,678 | 26,678 | - | - |
| Bank borrowings | 2,344,024 | BLR + 2% | 2,550,767 | 732,000 | 1,818,767 | - |
| Lease liabilities | 7,635,111 | 4.05% - 6.07% | 9,423,728 | 1,438,412 | 4,596,737 | 3,388,579 |
| | 12,436,833 | | 14,432,193 | 4,628,110 | 6,415,504 | 3,388,579 |

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 33.3 Liquidity and cash flow risk (cont'd)

| Company | Carrying amount RM | Contractual interest rate/coupon rate % | Contractual cash flows RM | Less than 1 year RM | Less than 1 year but not later than 5 years RM | More than 5 years RM |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| Trade payables | 229,853 | - | 229,853 | 229,853 | - | - |
| Other payables and accruals | 178,931 | - | 178,931 | 178,931 | - | - |
| | 408,784 | | 408,784 | 408,784 | - | - |
| **2023** | | | | | | |
| Trade payables | 229,853 | - | 229,853 | 229,853 | - | - |
| Other payables and accruals | 137,003 | - | 137,003 | 137,003 | - | - |
| | 366,856 | | 366,856 | 366,856 | - | - |

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 33.4 Classification of financial instruments

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | RM | RM | RM | RM |
| **Financial assets** | | | | |
| Amortised cost | | | | |
| Trade receivables | 10,707,854 | 2,214,995 | - | - |
| Other receivables and deposits | 12,922,995 | 17,477,816 | - | 62,354 |
| Amount owing from subsidiaries | - | - | 50,369,211 | 39,537,837 |
| Fixed deposits with licensed bank | 761,236 | 760,423 | - | - |
| Cash and cash equivalents | 10,536,283 | 23,863,785 | 7,083,980 | 18,674,149 |
| | 34,928,368 | 44,317,019 | 57,453,191 | 58,274,340 |
| At fair value through profit or loss | | | | |
| Other investment | 106,825,487 | 96,776,833 | 67,869,399 | 67,509,860 |
| **Financial liabilities** | | | | |
| Amortised cost | | | | |
| Trade payables | 709,361 | 556,199 | 229,853 | 229,853 |
| Other payables and accruals | 3,388,175 | 1,874,821 | 178,931 | 137,003 |
| Amount owing to a director | 54,403 | 26,678 | - | - |
| Lease liabilities | 4,547,407 | 7,635,111 | - | - |
| Bank borrowing | 1,723,163 | 2,344,024 | - | - |
| | 10,422,509 | 12,436,833 | 408,784 | 366,856 |

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 33.5 Fair value of financial instruments

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

Other long-term financial assets and liabilities are reasonable approximation of fair values because these instruments which are re-priced to market interest rates or estimated by discounting future cash flows using current leading rates for similar types of arrangements.

It is no practical to determine the fair value of lease liabilities which are at fixed rate due to lack of market information of comparable instruments with similar characteristics and risk profile.

Policy on transfer between levels

The fair value of an asset or liability to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets or liabilities.
Amount due to a subsidiary company and lease liabilities.

The fair value of these financial instruments which is determine for disclosure purposes, are estimated by discounting expected future cash flows at market increment lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

The responsibility for managing the above risks is vested in the directors.

## 34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| Group | At 1 October RM | Financing cash flows RM | New lease RM | Remeasurement RM | Disposal / termination of lease RM | At 30 September RM |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| Bank borrowing | 2,344,024 | (620,861) | - | - | - | 1,723,163 |
| Lease liabilities | 7,635,111 | (1,277,127) | 463,607 | (1,983,083) | (291,101) | 4,547,407 |
| | 9,979,135 | (1,897,988) | 463,607 | (1,983,083) | (291,101) | 6,270,570 |
| **2023** | | | | | | |
| Bank borrowing | 2,942,177 | (598,153) | - | - | - | 2,344,024 |
| Lease liabilities | 8,010,583 | (934,083) | 558,611 | - | - | 7,635,111 |
| | 10,952,760 | (1,532,236) | 558,611 | - | - | 9,979,135 |

(i) The remeasurement are due to changes in the lease terms.

## 35. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company'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 and the Company manage the capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial year ended 30 September 2024.

The Group and the Company monitor capital using a gearing ratio, which is net debts divided by total capital. The Group's and the Company's net debts include total liabilities less deferred tax liabilities, provision for taxation and cash and cash equivalents. The Group and the Company are not subject to externally imposed capital requirements.

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **RM** | **RM** | **RM** | **RM** |
| Total liabilities | 10,486,398 | 12,456,284 | 408,784 | 366,856 |
| Less: Cash and cash equivalents | (10,536,283) | (23,863,785) | (7,083,980) | (18,674,149) |
| Net debt | (49,885) | (11,407,501) | (6,675,196) | (18,307,293) |
| Equity attributable to the Company | 164,876,485 | 164,986,807 | 156,935,816 | 165,362,348 |
| Gearing ratio | - | - | - | - |

The Group and the Company are in net cash position. Therefore, gearing ratio does not applied.

## 36. SUBSEQUENT EVENTS

(a) On 3 December 2024, the Company had incorporated an 80% owned subsidiary, LZ Asia Sdn. Bhd.

(b) On 5 December 2024, the Company had incorporated an 80% owned subsidiary, Zest Asia Sdn. Bhd.

## 37. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current financial year's presentation.

# LIST OF **PROPERTIES**

| Title/Location | Description/ Existing Use | Area | Tenure | Approximate Age of Property (years) | Fair Value as at 30.09.2024 (RM) | Year of Acquisition (A) and date of Valuation (V) |
|---|---|---|---|---|---|---|
| **Registered Owner: Lamboplace Sdn Bhd**<br><br>No. 14, Jalan 24/70A, Desa Sri Hartamas, 50480 Kuala Lumpur. | Commercial (Shoplot) | Approximately 164 sq meter | Freehold | Not applicable | 5,750,000.00 | 2021 (A) 29.11.2023 (V) |
| **Registered Owner: Lamboplace Sdn Bhd**<br><br>A2-G2-06, Solaris Dutamas, No.1, Jalan Dutamas 1, 50480 Kuala Lumpur. | Commercial | Approximately 152 sq meter | Freehold | 2009 (15 years) | 4,700,000.00 | 2021 (A) 29.11.2023 (V) |

# ANALYSIS OF
# SHAREHOLDINGS
## AS AT 31 DECEMBER 2024

### SHARE CAPITAL

| | | |
|---|---|---|
| Total Number of Issued Shares | : | 1,540,499,046 |
| Class of Shares | : | Ordinary Shares |
| Voting Rights | : | One vote for each ordinary share held |

### DISTRIBUTION OF SHAREHOLDINGS
***(Based on the Record of Depositors)***

| Size of holding | No. of Holders | % of Holders | No. of Holdings | % of Holdings |
|---|---|---|---|---|
| Less than 100 | 1,510 | 14.18 | 42,587 | 0.00 |
| 100 - 1,000 | 1,840 | 17.28 | 963,642 | 0.06 |
| 1,001 - 10,000 | 4,362 | 40.97 | 18,371,969 | 1.19 |
| 10,001 - 100,000 | 2,400 | 22.55 | 78,129,504 | 5.07 |
| 100,001 to less than 5% of issued shares | 529 | 4.97 | 607,375,744 | 39.44 |
| 5% and above of issued shares | 5 | 0.05 | 835,615,600 | 54.24 |
| **Total** | **10,646** | **100.00** | **1,540,499,046** | **100.00** |

### SUBSTANTIAL SHAREHOLDINGS
***(Based on the Register of Substantial Shareholders)***

| Name | No. of Shares | | | |
|---|---|---|---|---|
| | Direct Interest | % | Indirect Interest | % |
| Cheetah Marketing Sdn. Bhd. | 289,664,500 | 18.80 | – | – |
| Cheetah Holdings Berhad | – | – | 289,664,500 | 18.80[(1)] |

Note:

(1) *Deemed interested by virtue of its interest in Cheetah Marketing Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016*

### DIRECTORS' SHAREHOLDINGS
***(Based on the Register of Directors' Shareholdings)***

| Name | No. of Shares | | | |
|---|---|---|---|---|
| | Direct Interest | % | Indirect Interest | % |
| Hj. Abdullah Bin Abdul Rahman | – | – | – | – |
| Koo Kien Yoon | 4,009,660 | 0.26 | – | – |
| Khor Chin Fei | – | – | – | – |
| Ng Chee Kin | – | – | – | – |
| Datuk Salmah Hayati Binti Ghazali | – | – | – | – |

# ANALYSIS OF SHAREHOLDINGS (CONT'D)

## LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS
***(Based on the Record of Depositors)***

| No. | Name | Holdings | % |
|---|---|---|---|
| 1. | Cheetah Marketing Sdn. Bhd. | 289,664,500 | 18.80 |
| 2. | HSBC Nominees (Asing) Sdn. Bhd.<br>*Exempt An for Morgan Stanley & Co. International PLC (IPB Client Acct)* | 243,212,300 | 15.79 |
| 3. | Cartaban Nominees (Asing) Sdn. Bhd.<br>*Exempt An for Standard Chartered Bank Singapore (EFGBHK-ASING)* | 130,619,800 | 8.48 |
| 4. | Citigroup Nominees (Asing) Sdn. Bhd.<br>*CBLDN for Union Bancaire Privee* | 92,567,900 | 6.01 |
| 5. | CGS International Nominees Malaysia (Asing) Sdn. Bhd.<br>*Exempt An for CGS International Securities Singapore Pte. Ltd. (Retail Clients)* | 79,551,100 | 5.16 |
| 6. | Attractive Venture Sdn. Bhd. | 76,000,000 | 4.93 |
| 7. | M & A Nominee (Tempatan) Sdn. Bhd.<br>*Exempt An for SFGHK Limited (Account Client)* | 70,276,000 | 4.56 |
| 8. | Citigroup Nominees (Asing) Sdn. Bhd.<br>*Exempt An for CLSA Limited (CUST-NON RES)* | 58,407,900 | 3.79 |
| 9. | Amsec Nominees (Tempatan) Sdn. Bhd.<br>*Exempt An for KGI Securities (Singapore) Pte. Ltd. (66581 T CL)* | 42,182,700 | 2.74 |
| 10. | Parlo Tours Sdn. Bhd. | 38,528,200 | 2.50 |
| 11. | Unik Makmur Sdn. Bhd. | 34,037,100 | 2.21 |
| 12. | Affin Hwang Nominees (Asing) Sdn. Bhd.<br>*DBS Vickers Secs (S) Pte Ltd for KGI Securities (Singapore) Pte. Ltd.* | 25,500,000 | 1.66 |
| 13. | Loo Leong Fatt | 16,278,100 | 1.06 |
| 14. | Lew Yok Kee | 13,000,000 | 0.84 |
| 15. | Kenanga Nominees (Tempatan) Sdn. Bhd.<br>*Rakuten Trade Sdn. Bhd. for William Ng Wei Len* | 7,611,800 | 0.49 |
| 16. | Affin Hwang Nominees (Asing) Sdn. Bhd.<br>*Exempt An for SFGHK Limited (Account Client)* | 6,832,200 | 0.44 |
| 17. | UOB Kay Hian Nominees (Asing) Sdn. Bhd.<br>*Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)* | 5,269,000 | 0.34 |
| 18. | Ong Ngoh Ing @ Ong Chong Oon | 5,000,000 | 0.33 |
| 19. | Tang Mee Cheng | 4,850,038 | 0.32 |
| 20. | Quek Yong Wah | 4,192,400 | 0.27 |
| 21. | Kenanga Nominees (Tempatan) Sdn. Bhd.<br>*Pledged Securities Account for Koo Kien Yoon* | 4,009,600 | 0.26 |
| 22. | Md Nor Bin Mansor | 3,461,000 | 0.23 |
| 23. | Mersec Nominees (Tempatan) Sdn. Bhd.<br>*Pledged Securities Account for Andrew Tan Jun Suan (AAF277)* | 3,000,000 | 0.20 |
| 24. | TA Nominees (Tempatan) Sdn. Bhd.<br>*Pledged Securities Account for Tong Chu Kiong* | 2,838,100 | 0.18 |
| 25. | Maybank Nominees (Tempatan) Sdn. Bhd.<br>*Pledged Securities Account for Sireh Emas Marketing Sdn. Bhd.* | 2,798,700 | 0.18 |
| 26. | Joshua Goh Wen-Hann | 2,300,000 | 0.15 |
| 27. | Lee Ming Ha | 2,300,000 | 0.15 |
| 28. | Maybank Nominees (Tempatan) Sdn. Bhd.<br>*Pledged Securities Account for Azrui Nizam Bin Itam* | 2,264,000 | 0.15 |
| 29. | Pyrocell Sdn. Bhd. | 2,100,000 | 0.14 |
| 30. | Affin Hwang Investment Bank Berhad<br>*IVT (Emy) Tan Lay Har* | 2,000,000 | 0.13 |
| | **Total** | **1,270,652,438** | **82.49** |

# NOTICE OF
# ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Fourth (24th) Annual General Meeting of Lambo Group Berhad ("LAMBO" or "the Company") will be held on a virtual basis and entirely via remote participation and voting from the broadcast venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor via online meeting platform at https://rebrand.ly/LamboAGM on Thursday, 27 February 2025 at 10.00 a.m. or any adjournment thereof, for the purpose of transacting the following businesses:

**AGENDA**

| | | |
|---|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 September 2024 together with the Directors' and Auditors' Reports thereon. | **Please refer to Explanatory Note 1** |
| 2. | To approve the payment of directors' fees and other benefits payable of up to RM500,000 to the directors for the period commencing from 27 February 2025 until the conclusion of the next Annual General Meeting of the Company. | **Ordinary Resolution 1** |
| 3. | To re-elect Tuan Hj. Abdullah Bin Abdul Rahman who retires pursuant to Clause 90 of the Company's Constitution. | **Ordinary Resolution 2** |
| 4. | To re-elect Mr Ng Chee Kin who retires pursuant to Clause 90 of the Company's Constitution. | **Ordinary Resolution 3** |
| 5. | To re-appoint Messrs ChengCo PLT as External Auditors of the Company and to authorise the Directors to fix their remuneration. | **Ordinary Resolution 4** |

**SPECIAL BUSINESSES:**
To consider and, if thought fit, to pass the following Resolution:

6. **Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** — **Ordinary Resolution 5**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

AND THAT pursuant to Section 85 of the Act to be read together with Clause 9 of the Constitution of the Company, approval be and is hereby given for the Company to waive the statutory pre-emptive rights of the shareholders and empower the Directors of the Company to issue and allot new ordinary shares pursuant to Sections 75 and 76 of the Act without offering them to the existing members to maintain their relative voting and distribution right and such new shares shall rank pari passu in all respects with the existing class of ordinary shares."

7. **Proposed Retention of Mr Khor Chin Fei as Independent Non-Executive Director** **Ordinary Resolution 6**

"THAT Mr Khor Chin Fei who has served the Board as an Independent Non-Executive Director for a cumulative term of more than nine (9) years be retained as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company."

8. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** **Ordinary Resolution 7**

"THAT, subject to compliance with all applicable laws, regulations and guidelines, approval be and is hereby given to the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature with related parties as set out in Section 2.4 of the Circular to Shareholders dated 24 January 2025 for the purposes of Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), subject to the following:

(i) the transactions are necessary for the day-to-day operations of the Company's subsidiary in the ordinary course of business, at arm's length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders of the Company;

(ii) the mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340 (2) of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(iii) disclosure is made in the annual report of the Company of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholder's mandate is in force, where:

(a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1.0 million; or

(b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

whichever is the higher;

and amongst others, based on the following information:

(a) the type of Recurrent Related Party Transactions made; and

(b) the names of the related parties involved in each type of Recurrent Related Party Transactions made and their relationships with LAMBO Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

9. To transact any other business of the Company for which due notice shall have been given.

By order of the Board,

**CHONG VOON WAH (SSM PC No. 202008001343) (MAICSA 7055003)**
**THAI KIAN YAU (SSM PC No. 202008001515) (MIA 36921)**
Company Secretaries

Kuala Lumpur
24 January 2025

***Notes:***

1. *Only depositors whose names appear in the Record of Depositors as at 20 February 2025 shall be regarded as members and be entitled to attend, participate, speak and vote at the 24th AGM.*

2. *A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.*

3. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

***Notes (cont'd):***

4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.*

5. *Any alterations in the Proxy Form must be initialed by the member.*

6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.*

7. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Share Registrar Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur or via e-mail at ir@shareworks.com.my not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.*

8. *The 24th AGM will be conducted as a virtual meeting from the broadcast venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.*

## EXPLANATORY NOTES

**1. Audited Financial Statements for the Financial Year Ended 30 September 2024**

The Agenda No. 1 is meant for discussion only as Section 340(1) (a) of the Companies Act 2016 provides that the audited financial statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

**2. Ordinary Resolution 1: To approve the payment of Directors' fees and other benefits payable**

Pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the Twenty-Fourth (24th) Annual General Meeting.

The Directors' fees and other benefits payable are calculated based on the number of scheduled Board and Committee Meetings to be held for the period commencing from 27 February 2025 until the conclusion of the next Annual General Meeting of the Company and assuming that all Directors will hold office until the end of the subject financial year.

This resolution is to facilitate payment of Directors' fees and allowances on a monthly basis and/or as and when required. In the event the Directors' fees and allowances proposed are insufficient (e.g. due to more meetings), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

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

The following Directors are standing for re-election as Directors of the Company pursuant to the following clauses of the Company's Constitution at the 24th Annual General Meeting of the Company and are being eligible have offered themselves for re-election in accordance with the Company's Constitution:

(a) Tuan Hj. Abdullah Bin Abdul Rahman (Clause 90); and
(b) Mr Ng Chee Kin (Clause 90).

*(collectively referred to as "Retiring Directors")*

## EXPLANATORY NOTES (CONT'D)

**3. Ordinary Resolutions 2 and 3: Re-election of Directors (cont'd)**

For the purpose of determining the eligibility of the Retiring Directors to stand for re-election at the 24th Annual General Meeting, the Board through its Nomination Committee ("NC") assessed the Retiring Directors, and considered the following:

(a) The Directors' performance and contribution;
(b) The Directors' skills, experience and strength in qualities; and
(c) The Directors' ability to act in the best interest of the Company in decision-making.

Upon deliberation, the Board (except for the Retiring Directors who had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board and NC meetings) collectively agreed that the Retiring Directors meet the criteria of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as Directors of the Company and recommended the Retiring Directors be re-elected as the Directors of the Company.

Further, the NC has considered and affirmed, and the Board has endorsed that Tuan Hj. Abdullah Bin Abdul Rahman, who is seeking re-election at the forthcoming 24th Annual General Meeting of the Company complied with the independence criteria as prescribed in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and remained independent in exercising his judgment and in carrying out his duties as Independent Non-Executive Directors.

**4. Ordinary Resolution 4: Re-appointment of External Auditors**

The Board, through the Audit and Risk Management Committee, conducted an assessment of the suitability, objectivity and independence of Messrs ChengCo PLT in respect of the financial year ended 30 September 2024. The Board was satisfied with the performance of Messrs ChengCo PLT and recommended the re-appointment of Messrs ChengCo PLT as External Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company in accordance with Section 271 of the Companies Act 2016.

**5. Ordinary Resolution 5: Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

The proposed Ordinary Resolution 5, if passed, is a renewal of the general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company ("General Mandate"). This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions.

Pursuant to Section 85(1) of the Companies Act 2016 read together with Clause 9 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company:

## EXPLANATORY NOTES (CONT'D)

5. **Ordinary Resolution 5: Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 (cont'd)**

**Section 85(1) of the Companies Act 2016 states:**

*Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.*

**Clause 9 of the Company's Constitution provides as follows:**

*Subject to any direction to the contrary that may be given by the Company in a general meeting, all new Shares or other Convertible Securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing Shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of any intimation from the person to whom the offer is made that he declines to accept the Shares or Securities offered, the Directors may dispose of those Shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new Shares or Securities which (by reason of the ratio which the new Shares or Securities bear to Shares or Securities held by persons entitled to an offer of new Shares or Securities) cannot, in the opinion of the Directors, be conveniently offered in the manner provided under this Constitution.*

In order for the Board to issue any new shares free of pre-emptive rights, such pre-emptive rights must be waived. The proposed Ordinary Resolution 5, if passed, will exclude your pre-emptive rights over all new shares in the Company to be issued under the General Mandate.

As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the Twenty-Third (23rd) Annual General Meeting held on 11 March 2024 and which the said General Mandate will lapse at the conclusion of the Twenty-Fourth (24th) Annual General Meeting.

6. **Ordinary Resolution 6: Proposed Retention of Independent Non-Executive Director**

The proposed Ordinary Resolution 6, if passed, will allow Mr Khor Chin Fei ("Mr Khor") to be retained and continue to act as Independent Non-Executive Directors of the Company.

The Board through the NC has determined that Mr Khor's vast and diverse range of experiences has brought the right mix of skills to the Board. As Director, he continues to bring independent and objective judgements to Board deliberations and the decision-making process as a whole. The Board, therefore, endorsed the NC's recommendation for him to be retained as Independent Director.

The NC and the Board also have undertaken relevant assessments and recommended Mr Khor to continue as Independent Non-Executive Director based on the following justifications:

(a) he fulfill the criteria under the definition of Independent Director as stated in the Listing Requirements and, therefore, is able to bring independent and objective judgment to the Board as a whole;
(b) his experience in the relevant industries has enabled him to provide the Board and Board Committees, as the case may be, with pertinent expertise, skills, contribution and competence;
(c) he has been with the Company for a certain period and therefore understands the Company's business operations which enables him to contribute actively and effectively during deliberations or discussions at Board and Committee meetings;
(d) he continues to be scrupulously independent in his thinking and his effectiveness as a constructive challenger of the Executive Director and Management; and
(e) he has not entered into any related party transactions with the Group.

## EXPLANATORY NOTES (CONT'D)

**6. Ordinary Resolution 6: Proposed Retention of Independent Non-Executive Director (cont'd)**

As recommended by the Malaysian Code of Corporate Governance, the Board also has recommended Mr Khor, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as Independent Non-Executive Director of the Company, subject to the shareholders' approval through a two-tier voting process at the 24$^{th}$ Annual General Meeting of the Company.

**7. Ordinary Resolution 7: Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 7, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company. For more information, please refer to the Company's Circular to Shareholders dated 24 January 2025.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
**(Pursuant to Rule 8.29 (2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)**

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at the Twenty-Fourth (24$^{th}$) Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for the issue of securities in accordance with Rule 6.04 (3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 5 as stated in the Notice of Twenty-Fourth (24$^{th}$) Annual General Meeting of the Company for the details.

# ADMINISTRATIVE **GUIDE**

## TWENTY-FOURTH ($24^{TH}$) ANNUAL GENERAL MEETING

| | | |
|---|---|---|
| **Date & Time** | **:** | **Thursday, 27 February 2025 at 10.00 a.m.** |
| **Broadcast Venue** | **:** | **Level 4.1, 4th Floor, Menara Lien Hoe<br>No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort<br>47410 Petaling Jaya, Selangor** |
| **Online Meeting Platform** | **:** | **https://rebrand.ly/LamboAGM** |

**Virtual Meeting**

1. The Twenty-Fourth (24th) Annual General Meeting ("**AGM**") will be conducted on a virtual basis and entirely via remote participation and voting facilities ("**RPV Facilities**") from the broadcast venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor via online meeting platform at https://rebrand.ly/LamboAGM.

2. Shareholders are **strongly encouraged** to take advantage of the RPV facilities to participate and vote remotely at the AGM. With the RPV facilities, you may exercise your right as a member of the Company to participate (including to pose questions to the Board of Directors ("**Board**") and/or management of the Company) and vote at the AGM. Alternatively, you may also appoint the Chairman of the meeting as your proxy to attend and vote on your behalf at the AGM. Details of the RPV Facilities are set out below.

**Registration**

3. The AGM will be held virtually. The registration is mandatory for the event. Please click the following link to register: https://rebrand.ly/LamboAGM.

4. All the Shareholders are required to register in order to participate in the AGM. The registration will be open from 10.00 a.m. on 24 January 2025 and close at 10.00 a.m. on 26 February 2025.

   Upon submission of your registration, you will receive an email to notify you that your registration has been received and is pending verification.

5. After verification of your registration against the General Meeting Record of Depositors of the Company, the system will send you an email to notify you if your registration is approved or rejected after 21 February 2025.

6. Should your registration be rejected, you can contact the Company's Share Registrar or the Company for clarification.

7. The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android and iOS). Please follow the tutorial guide posted on https://rebrand.ly/LamboAGM.

**General Meeting Records of Depositors**

8. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors of the Company as at 20 February 2025 shall be entitled to attend this meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

**Individual Members**

9. Individual members are strongly encouraged to take advantage of RPV facilities to participate and vote remotely at the AGM. Please refer to the details as set out under RPV facilities for information.

10. If an individual member is unable to attend the AGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

**Corporate Members**

11. Corporate members (through Corporate Representatives or appointed proxies) are also strongly advised to participate and vote remotely at the AGM using the RPV facilities. Corporate members who wish to participate and vote remotely at the AGM must contact the Company's Share Registrar with the details set out below for assistance and will be required to provide the following documents to the Company no later than 26 February 2025 at 10.00 a.m.:

    i) Certificate of appointment of its Corporate Representative or Form of Proxy under the seal of the corporation;
    ii) Copy of the Corporate Representative's or proxy's MyKad (front and back)/Passport; and
    iii) Corporate Representative's or proxy's email address and mobile phone number.

12. If a Corporate member (through Corporate Representative(s) or appointed proxy(ies)) is unable to attend the AGM, it is encouraged to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

**Nominee Company Members**

13. The beneficiaries of the shares under a Nominee Company's CDS account ("**Nominee Company member(s)**") are also strongly advised to participate and vote remotely at the AGM using RPV Facilities. Nominee Company members who wish to participate and vote remotely at the AGM can request its Nominee Company to appoint him/her as a proxy to participate and vote remotely at the AGM. Nominee Company must contact the Company's Share Registrar with the details set out below for assistance and will be required to provide the following documents to the Company no later than 26 February 2025 at 10.00 a.m.:

    i) Form of Proxy under the seal of the Nominee Company;
    ii) Copy of the proxy's MyKad (front and back)/Passport; and
    iii) Proxy's email address and mobile phone number.

14. If a Nominee Company member is unable to attend the AGM, it is encouraged to request its Nominee Company to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

**Proxy**

15. If a member is unable to attend the AGM, he/she may appoint a proxy or the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

16. If an individual member has submitted his/her Form of Proxy prior to the AGM and subsequently decides to personally participate in the AGM either physically at the Main Venue or via RPV facilities, the individual member must contact the Company's Share Registrar or the Company, whose contact details are set out in No. 20 below, to revoke the appointment of his/her proxy no later than 26 February 2025 at 10.00 a.m.

# ADMINISTRATIVE GUIDE (CONT'D)

**Poll Voting**

17. The voting at the AGM will be conducted by way of poll in accordance with Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed ShareWorks Sdn. Bhd. as the Poll Administrator to conduct the poll by way of electronic voting and SharePolls Sdn. Bhd. as the Scrutineers to verify the poll results. Upon completion of the voting session for the AGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration of whether the resolutions are duly passed.

**RPV Facilities**

18. Please refer to the following information on RPV facilities for live streaming and remote voting at the AGM:

| Procedures | | Action |
|---|---|---|
| **Before AGM** | | |
| 1. | Register as participant in Virtual AGM | • Using your computer, access the website at https://rebrand.ly/LamboAGM. Click on the **Register** button to register for the AGM session.<br>• If you are using mobile devices, you can also scan the QR provided on the left to access the registration page. Click **Register** and enter your email followed by **Next** to fill in your details to register for the AGM session.<br>• Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification.<br>• The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android and iOS). Refer to the tutorial guide posted on the same page for assistance. |
| 2. | Submit your online registration | • Shareholders who wish to participate and vote remotely at the AGM via RPV facilities are required to register prior to the meeting. The registration will open from **10.00 a.m.** on **24 January 2025** and close at **10.00 a.m.** on **26 February 2025**.<br>• Clicking on the link mentioned in item 1 will redirect you to the AGM event page. Click on the **Register** link for the online registration form.<br>• Complete your particulars on the registration page. Your name **MUST** match your CDS account name (not applicable for Proxy).<br>• Insert your CDS account number(s) and indicate the number of shares you hold.<br>• Read and agree to the Terms & Conditions and confirm the Declarations.<br>• Please ensure all information given is accurate before you click **Submit** to register your remote participation. Failure to do so will result in your registration being rejected.<br><br>Email Notification to Shareholders<br><br>• The system will send an email to notify you that your registration for remote participation is received and will be verified.<br>• After verification of your registration against the General Meeting Record of Depositors of the Company as at **20 February 2025**, the system will send you an email to notify you if your registration is approved or rejected after **21 February 2025**.<br>• If your registration is rejected, you can contact the Company's Poll Administrator for clarifications or to appeal. |

# ADMINISTRATIVE GUIDE (CONT'D)

**RPV Facilities (cont'd)**

18. Please refer to the following information on RPV facilities for live streaming and remote voting at the AGM (cont'd):

| Procedures | | Action |
|---|---|---|
| **On the day of the AGM** | | |
| 3. | Attending Virtual AGM | • Two reminder emails will be sent to your inbox. The first is one day before the AGM, while the second will be sent 1 hour before the AGM session.<br>• Click **Join Event** in the reminder email to participate in the RPV. |
| 4. | Participate in live video | • You will be given a short brief about the system.<br>• Your microphone is muted throughout the whole session.<br>• If you have any questions for the Chairman/Board, you may use the **Q&A panel** to send your questions. The Chairman/Board will try to respond to relevant questions if time permits. All relevant questions received throughout the session which are not answered during the AGM will be replied later to your registered email.<br>• Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location. |
| 5. | Online Remote Voting | • The Chairman will announce the commencement of the voting session and the duration allowed at the AGM.<br>• The list of resolutions for voting will appear on the right-hand side of your computer screen under the **Slido** panel. You are required to indicate your votes for the resolutions that are tabled for voting within the given time frame.<br>• Click on the **Submit** button when you have completed.<br>• Votes cannot be changed once it is submitted. |
| 6. | End of remote participation | • Upon the announcement by the Chairman on the closure of the AGM, the live session will end. |

**No Recording or Photography**

19. Strictly **NO recording or photography** of the proceedings of the AGM is allowed.

**Enquiry**

20. If you have any enquiry prior to the meeting, please contact the following officers during office hours from 9.00 a.m. to 5.30 p.m. (Monday to Friday):

**For Registration, logging in and system related:**
**InsHub Sdn. Bhd.**

Name : Ms Eris/Mr Calvin
Telephone No.: +603-7688 1013
Email: vgm@mlabs.com

**For Form of Proxy:**
**Shareworks Sdn. Bhd.**

Name : Mr. Kou Si Qiang/Mr. Chan Wai Kien
Telephone No.: +603-6201 1120
Email: ir@shareworks.com.my

**LAMBO GROUP BERHAD**
Company Registration No.: 200001014881 (517487-A)
(Incorporated in Malaysia)

# FORM OF PROXY

| CDS ACCOUNT NO. |
|---|
| |
| **NO. OF SHARES HELD** |
| |

I/We,............................................................................ NRIC. No./Registration No.:...............................................
(Full name in block)

of.......................................................................................................................................................................
(Address)

Contact No ................................................................. Email Address .............................................................

being a member/members of **Lambo Group Berhad**, hereby appoint:-

| Full Name (in Block) | NRIC/Passport No. | Proportion of Shareholdings | |
|---|---|---|---|
| | | No. of Shares | % |
| Address:<br>Contact No:<br>Email Address: | | | |

and/or* (*delete as appropriate)

| Full Name (in Block) | NRIC/Passport No. | Proportion of Shareholdings | |
|---|---|---|---|
| | | No. of Shares | % |
| Address:<br>Contact No:<br>Email Address: | | | |

or failing him, the Chairman of the meeting as my/our proxy to attend and to vote for me/us on my/our behalf at the Twenty-Fourth (24th) Annual General Meeting of Lambo Group Berhad ("LAMBO" or "the Company") will be held on a virtual basis and entirely via remote participation and voting from the broadcast venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor via online meeting platform at https://rebrand.ly/LamboAGM on Thursday, 27 February 2025 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:-

| No. | Agenda | Resolutions | For | Against |
|---|---|---|---|---|
| 1. | To approve the payment of Directors' fees and other benefits payable to the Directors. | **Ordinary Resolution 1** | | |
| 2. | To re-elect Tuan Hj. Abdullah Bin Abdul Rahman as Director. | **Ordinary Resolution 2** | | |
| 3. | To re-elect Mr Ng Chee Kin as Director. | **Ordinary Resolution 3** | | |
| 4. | To re-appoint Messrs ChengCo PLT as External Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | **Ordinary Resolution 4** | | |
| 5. | To approve the authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016. | **Ordinary Resolution 5** | | |
| 6. | To retain Mr Khor Chin Fei as Independent Non-Executive Director. | **Ordinary Resolution 6** | | |
| 7. | To approve the proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature. | **Ordinary Resolution 7** | | |

***(Please indicate with a "X" in the space provided on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion)***

Signed this .....................................................

Signature*
**Member**
(* if shareholder is a corporation, this form should be executed under seal)

***Notes:***

1. *Only depositors whose names appear in the Record of Depositors as at 20 February 2025 shall be regarded as members and be entitled to attend, participate, speak and vote at the 24th AGM.*
2. *A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.*
3. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.*
5. *Any alterations in the Proxy Form must be initialed by the member.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.*
7. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Share Registrar Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur or via e-mail at ir@shareworks.com.my not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.*
8. *The 24th AGM will be conducted as a virtual meeting from the broadcast venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.*

1st Fold Here

AFFIX
STAMP

**THE SHARE REGISTRAR OF**
**LAMBO GROUP BERHAD**
**COMPANY REGISTRATION NO. 200001014881 (517487-A)**

SHAREWORKS SDN. BHD.
No. 2-1, Jalan Sri Hartamas 8,
Sri Hartamas,
50480 Kuala Lumpur,
Malaysia.

2nd Fold Here

Fold This Flap For Sealing

**LAMBO GROUP BERHAD**
Registration No. 200001014881 (517487-A)

Lot 11.1, 11th Floor, Menara Lien Hoe,
No 8, Persiaran Tropicana, 47410,
Petaling Jaya, Selangor