



**PAOS HOLDINGS BERHAD**  
Registration No: 199701037036 (452536-W)  
Incorporated in Malaysia



ANNUAL REPORT

20  
24

LAPORAN TAHUNAN





# 27<sup>th</sup>

## ANNUAL GENERAL MEETING



### Online Meeting Platform :

<https://meeting.boardroomlimited.my>

(Domain Registration No. with MYNIC - D6A357657), provided by Boardroom Share Registrars Sdn. Bhd. in Malaysia



Friday, 22 November 2024  
10.30 a.m.



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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twenty Seventh Annual General Meeting of the Company will be conducted on a fully virtual basis through live streaming and online Remote Participation and Electronic Voting (“RPEV”) facilities via online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657), provided by Boardroom Share Registrars Sdn. Bhd. in Malaysia on Friday, 22 November 2024 at 10.30 a.m. or at any adjournment thereof for the following purposes:

### AGENDA

#### ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 May 2024 together with the Directors’ and Auditors’ Reports thereon. **(Please refer to Explanatory Note (a))**
2. To approve the payment of Directors’ Fees of RM180,353 in respect of the financial year ended 31 May 2024. **(Ordinary Resolution 1)**
3. To approve the payment of Directors’ benefits to the Directors up to an amount of RM60,000 for the period commencing from 23 November 2024 up to the next Annual General Meeting of the Company. **(Ordinary Resolution 2)**
4. To re-elect the following Directors who retire by rotation in accordance with Article 109 of the Company’s Constitution:-
  - a. Ms. Lim Chang Ching **(Ordinary Resolution 3)**
  - b. Ms. Cheah Yee Leng **(Ordinary Resolution 4)**
5. To re-appoint Messrs. KPMG PLT (LLP0010081-LCA & AF 0758) as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

#### SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following resolutions:-
  - a. Ordinary Resolution - Authority to Directors to Allot and Issue Shares

“THAT subject to Sections 75 and 76 of the Companies Act 2016, the Company’s Constitution and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered to allot and issue shares in the Company, at any time, to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall commence immediately upon the passing of this resolution and 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 Companies Act 2016 to be read together with Article 61 of the Company’s Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares arising from the allotment and issuance of the new shares pursuant to Sections 75 and 76 of the Companies Act 2016 AND THAT the Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company.” **(Ordinary Resolution 6)**

## Notice of Annual General Meeting

- b. Ordinary Resolution - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

**“THAT** subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries (“Paos Group”) to enter into the recurrent related party transactions of a revenue or trading nature as specified in Section 2.4 of the Circular to Shareholders dated 30 September 2024, which are necessary for the Paos Group’s day-to-day operations and are in the ordinary course of business and are carried out at arm’s length basis on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company;

**THAT** the authority conferred by such mandate shall commence immediately upon the passing of this Ordinary Resolution and continue to be in force until:-

- i. the conclusion of the next Annual General Meeting of the Company at which time the mandate will lapse, unless by a resolution passed at the next Annual General Meeting, the authority is renewed; or
- ii. the expiration of the period within which the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- iii. revoked or varied by a resolution passed by the shareholders in general meeting,

whichever is the earlier;

**AND THAT** the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

**(Ordinary Resolution 7)**

7. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

**HO MENG CHAN** (MACS 00574)

SSM PC No. 202008003175

**WU SIEW HONG** (MAICSA 7039647)

SSM PC No. 202008002457

Company Secretaries

Petaling Jaya

Selangor Darul Ehsan

30 September 2024

### Notes :-

1. The Twenty Seventh Annual General Meeting will be conducted on a fully virtual basis through live streaming and online RPEV facilities provided by Boardroom Share Registrars Sdn. Bhd. in Malaysia via <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657). Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the Twenty Seventh Annual General Meeting via RPEV. Please read these Notes carefully and follow the procedures in the Administrative Guide for the fully virtual Twenty Seventh Annual General Meeting in order to participate remotely via RPEV.
2. A member of the Company entitled to attend and vote at the meeting shall be entitled to appoint more than one (1) proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.

## Notice of Annual General Meeting

3. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his/her attorney duly authorised in writing, and in the case of a corporation, shall either be given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
4. Where a member of a Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy and the power of attorney or other authority duly authorised in writing or if such appointor is a Corporation, under its common seal or under the hand of an officer or attorney of the Corporation duly authorised, shall either be deposited at the office of the Company’s Share Registrar at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or be electronically deposited through the Share Registrar’s website, Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting.
7. Depositors who appear in the Record of Depositors as at 15 November 2024 shall be regarded as Member of the Company entitled to attend the Twenty Seventh Annual General Meeting or appoint a proxy or proxies to attend and vote on his/her behalf.

### EXPLANATORY NOTES

#### a. Audited Financial Statements

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

#### b. Ordinary Resolution 1 and Ordinary Resolution 2 - Directors’ fees and Directors’ benefit payable

Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company shall be approved at a general meeting. The proposed Ordinary Resolution 1 and Ordinary Resolution 2 are to facilitate the payment of Directors’ fees and Directors’ benefits to the Directors.

The proposed Directors’ benefits payable comprises allowances and other benefits. The total estimated amount of Directors’ benefits payable is calculated based on the estimated number of Board’s and Board Committees’ meetings for the period from 23 November 2024 until the next Annual General Meeting and the provision for other benefits (if any).

In the event that the proposed Directors’ Benefits payable is insufficient, approval will be sought at the next Annual General Meeting for additional Directors’ Benefits to meet the shortfall.

#### c. Ordinary Resolution 3 and Ordinary Resolution 4 - Retirement of Directors by rotation

Article 109 of the Company’s Constitution states that one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each Annual General Meeting. All Directors shall retire from office at least once in three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he/she retires.

Ms. Lim Chang Ching and Ms. Cheah Yee Leng being eligible, have offered themselves for re-election at this Annual General Meeting. The Board is satisfied with the performance of the retiring Directors upon the assessment conducted by the Nomination Committee and hence, recommended their proposed re-election to be tabled for shareholders’ approval at the Twenty Seventh Annual General Meeting. The information of their personal profiles is provided in the Company’s Annual Report for the financial year ended 31 May 2024.



## Notice of Annual General Meeting

### d. Ordinary Resolution 6 - Authority to Directors to Allot and Issue Shares

The proposed Ordinary Resolution 6 is to seek a renewal of the general mandate for the authority to allot and issue of new ordinary shares which was approved by the shareholders at the Twenty Sixth Annual General Meeting held on 29 November 2023. This general mandate will expire at the conclusion of the Twenty Seventh Annual General Meeting. As at the date of this Notice, no new shares in the Company were allotted and issued pursuant to this general mandate

The proposed Ordinary Resolution 6, if passed,

- a. will empower the Directors pursuant to Sections 75 and 76 of the Companies Act 2016, from the conclusion of this Annual General Meeting, to allot and issue shares in the Company provided that the aggregate number of shares issued does not exceed ten per centum (10%) of the total number of issued share capital of the Company for the time being for such purposes as they consider would be in the best interest of the Company (“General Mandate”); and
- b. shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Companies Act 2016 and Article 61 of the Company’s Constitution and would allow the Directors of the Company to allot and issue new shares to any person under the General Mandate without having to offer the new shares to be issued to all existing shareholders of the Company prior to issuance which will result in a dilution to their shareholding percentage in the Company.

The General Mandate would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. The General Mandate will provide flexibility to the Company for any possible fund raising activities for the purpose of funding future investment, working capital and/or acquisitions.

### e. Ordinary Resolution 7

- Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Proposed Ordinary Resolution 7 is to seek a Renewal of Shareholders’ Mandate granted by the shareholders of the Company at the Twenty Sixth Annual General Meeting held on 29 November 2023.

The proposed Ordinary Resolution 7, if passed, will empower the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Paos Group’s day-to-day operations and are in the ordinary course of business and are carried out at arm’s length basis on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company.

Further information on the Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is set out in the Circular to Shareholders dated 30 September 2024.

## PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the Twenty Seventh Annual General Meeting and/or any adjournment thereof, a member of the Company:

- i. consents to the collection, use and disclose of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Twenty Seventh Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Twenty Seventh Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”);
- ii. warrants that the member has obtained the prior consent of such proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies), and/or representative(s) for the Purposes; and
- iii. agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses, and damages as a result of the member’s breach of warranty.

# ADMINISTRATIVE GUIDE FOR THE FULLY VIRTUAL TWENTY SEVENTH ANNUAL GENERAL MEETING

## 1. FULLY VIRTUAL TWENTY SEVENTH ANNUAL GENERAL MEETING (“27<sup>TH</sup> AGM”)

<b>Day, Date and Time of Meeting</b>	<b>Friday, 22 November 2024 at 10.30 a.m.</b>
<b>Meeting Venue and Online Meeting Platform</b>	<a href="https://meeting.boardroomlimited.my">https://meeting.boardroomlimited.my</a> (Domain Registration No. with MYNIC - D6A357657) provided by Boardroom Share Registrars Sdn. Bhd. in Malaysia

The Company’s forthcoming 27<sup>th</sup> AGM will be conducted on a fully virtual basis through live streaming and online Remote Participation and Electronic Voting (“**RPEV**”) facilities via Online Meeting Platform as stated above.

With the RPEV facilities, you may exercise your right as a member of the Company to participate (including to pose questions to the Board of Directors and/or Management of the Company) and vote at the virtual 27<sup>th</sup> AGM. Alternatively, you may also appoint the Chairman of the Meeting as your proxy to attend and vote on your behalf at the virtual 27<sup>th</sup> AGM.

Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection of shareholders and proxies. Hence, you are to ensure that internet connectivity throughout the duration of the meeting is maintained.

## 2. ENTITLEMENT TO PARTICIPATE AND VOTE REMOTELY

Only shareholders whose names appear on the Record of Depositors as at **15 November 2024** shall be eligible to participate and vote remotely in the virtual 27<sup>th</sup> AGM or appoint proxy(ies)/ the Chairman of the meeting to participate and/or vote on his/her behalf.

## 3. VOTING PROCEDURE

The voting procedure will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Boardroom Share Registrars Sdn. Bhd. (“**Boardroom**”) as Poll Administrator to conduct the poll by way of electronic voting (“**e-voting**”) and SKY Corporate Services Sdn Bhd (“**Scrutineers**”) as the scrutineers to verify and validate the poll results.

For the purposes of this virtual 27<sup>th</sup> AGM, e-voting will be carried out via personal smart mobile phones, tablets or Laptops.

The polling will only commence after the announcement of poll being opened by the Chairman and until such time when the Chairman announces the closure of poll.

The Scrutineers will verify the poll result reports upon closing of the poll session by the Chairman and the Chairman will declare whether the resolutions put to vote were successfully carried or not.

You must ensure that you are connected to the internet at all times in order to participate and vote remotely when the virtual 27<sup>th</sup> AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the virtual 27<sup>th</sup> AGM is maintained. Kindly note that the quality of the connectivity to Virtual Meeting Portal for live webcast as well as for remote online voting is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.



## Administrative Guide for the Fully Virtual Twenty Seventh Annual General Meeting

### 4. PROCEDURE FOR RPEV

Please note that the RPEV facilities are available to (i) Individual Members; (ii) Corporate Shareholders; (iii) Authorised Nominee; and (iv) Exempt Authorised Nominee shall use the RPEV facilities to participate and vote remotely at the virtual 27<sup>th</sup> AGM.

If you choose to participate in the Meeting online, you will be able to view a live webcast of the Meeting, ask questions and submit your votes in real time whilst the Meeting is in progress. Kindly follow the steps below on how to request for login ID and password.

Procedure	Action
<b>BEFORE THE DAY OF VIRTUAL 27<sup>TH</sup> AGM</b>	
<p><b>Step 1</b>  <b>Register Online with Boardroom Smart Investor Portal (“BSIP”) (for first time registration only)</b></p> <p><i>Note:</i></p> <p><i>If you have already signed up with BSIP, you are not required to register again. You may proceed to Step 2 to submit your request for Remote Participation user ID and password.</i></p>	<ol style="list-style-type: none"> <li>Access BSIP website at <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a></li> <li>Click &lt;&lt;<b>Register</b>&gt;&gt; to sign up as a user.</li> <li>Please select the correct account type i.e. sign up as “Shareholder” or “Corporate Holder”.</li> <li>Complete the registration with all required information. Upload a softcopy of your or representative’s MyKAD/Identification Card (front and back) or Passport.</li> <li>For Corporate Holder, kindly upload the authorisation letter as well. Click “<b>Sign Up</b>”.</li> <li>You will receive an email from Boardroom for email address verification. Click “<b>Verify Email Address</b>” from the email received to continue with the registration.</li> <li>Once your email address is verified, you will be re-directed to Boardroom Smart Investor Portal for verification of mobile number. Click “<b>Request OTP Code</b>” and an OTP Code will be sent to the registered mobile number. You will need to enter the OTP Code and click “<b>Enter</b>” to complete the process.</li> <li>Your registration will be verified and approved within one (1) business day and email notification will be provided to you.</li> </ol>
<p><b>Step 2</b>  <b>Submit Request for Remote Participation User ID and Password</b></p>	<p><i>(Note: Registration for remote access will be opened on <b>30 September 2024</b>. The RPEV facilities will open for registration from <b>Monday, 30 September 2024</b> until <b>10.30 a.m. on Wednesday, 20 November 2024</b>)</i></p> <p><b>For Shareholders</b></p> <ol style="list-style-type: none"> <li>Login to <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> using your user ID and password from Step 1 above.</li> <li>Select “<b>PAOS HOLDINGS BERHAD TWENTY SEVENTH (27<sup>TH</sup>) VIRTUAL ANNUAL GENERAL MEETING</b>” from the list of Meeting Event(s) and click “<b>Enter</b>”.</li> </ol> <p><b>To attend the virtual 27<sup>TH</sup> AGM remotely</b></p> <ol style="list-style-type: none"> <li>Click on “<b>Register for RPEV</b>”.</li> <li>Read and agree to the Terms &amp; Conditions and click “<b>Next</b>”.</li> <li>Enter your CDS Account and thereafter submit your request.</li> </ol>

# Administrative Guide for the Fully Virtual Twenty Seventh Annual General Meeting

## 4. PROCEDURE FOR RPEV (Continued)

Procedure	Action
<b>BEFORE THE DAY OF VIRTUAL 27<sup>TH</sup> AGM</b>	
<p><b>Step 2</b> <b>Submit Request for Remote Participation User ID and Password</b></p>	<p><b>To appoint proxy</b></p> <ol style="list-style-type: none"> <li>Click on “<b>Submit eProxy Form</b>”.</li> <li>Select the company you would like to represent (applicable to Corporate Shareholder that represent more than one company only).</li> <li>Enter your CDS Account Number and number of securities held.</li> <li>Select your proxy - either the Chairman of the meeting or individual named proxy(ies).</li> <li>Read and accept the General Terms and Conditions by clicking “<b>Next</b>”.</li> <li>Enter the required particulars of your proxy(ies).</li> <li>Indicate your voting instructions - “<b>FOR</b>” or “<b>AGAINST</b>”, otherwise your proxy will decide your vote.</li> <li>Click “<b>Apply</b>”.</li> <li>Download or print the eProxy form as acknowledgment.</li> </ol> <p><b>Authorised Nominee and Exempt Authorised Nominee</b></p> <ol style="list-style-type: none"> <li>Login to <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> using your user ID and password from Step 1 above.</li> <li>Select “<b>PAOS HOLDINGS BERHAD TWENTY SEVENTH (27<sup>TH</sup>) VIRTUAL ANNUAL GENERAL MEETING</b>” from the list of Meeting Event(s) and click “<b>Enter</b>”.</li> <li>Click on “<b>Submit eProxy Form</b>”.</li> <li>Select the company you would like to represent (if more than one).</li> <li>Proceed to download the file format for “<b>Submission of Proxy Form</b>” from BSIP.</li> <li>Prepare the file for the appointment of proxies by inserting the required data.</li> <li>Proceed to upload the duly completed proxy appointment file.</li> <li>Review and confirm your proxy appointment and click “<b>Submit</b>”.</li> <li>Download or print the eProxy form as acknowledgement.</li> </ol> <p><i>Note: if you wish to appoint more than one (1) company, kindly click the home button and select “<b>Edit Profile</b>” in order to add Company name</i></p> <p>For Corporate Shareholders, Authorised Nominees/Exempt Authorised Nominees and Attorneys, you may also write to <a href="mailto:bsr.helpdesk@boardroomlimited.com">bsr.helpdesk@boardroomlimited.com</a> and provide the name of the shareholder, CDS account no. and the Certificate of Appointment of Corporate Representative or Proxy Form (as the case may be). A copy of MyKad or passport and a valid email address are required.</p> <p><b>Email Notification</b></p> <ol style="list-style-type: none"> <li>You will receive notification from Boardroom that your request(s) has been received and is being verified.</li> <li>Upon system verification against the General Meeting Record of Depositors of the virtual 27<sup>th</sup> AGM as at <b>15 November 2024</b>, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.</li> <li><i>If your registration is approved, you will also receive your remote access user ID and password in the same email from Boardroom after the closing date.</i></li> </ol>

## Administrative Guide for the Fully Virtual Twenty Seventh Annual General Meeting

### 4. PROCEDURE FOR RPEV (Continued)

Procedure	Action
<b>ON THE DAY OF THE VIRTUAL 27<sup>TH</sup> AGM</b>	
<p><b>Step 3</b> <b>Login to Online Meeting Platform</b></p> <p><i>Please note that the quality of the connectivity to Virtual Meeting Portal for the live web cast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.</i></p>	<p><b>Virtual Meeting</b></p> <ol style="list-style-type: none"> <li>The Online Meeting Platform will be opened for login starting an hour (1 hour) before the commencement of virtual 27<sup>TH</sup> AGM at <b>9.30 a.m. on Friday, 22 November 2024.</b></li> <li>Follow the steps given to you in the email, along with your remote access user ID and password to login to the Online Meeting Platform (Refer to Step 2 above).</li> <li>The steps will also guide you on how to view the live web cast, ask questions and vote.</li> <li>The live web cast will end, and the Messaging window will be disabled once the Chairman announces the closure of the virtual 27<sup>TH</sup> AGM.</li> <li>You can then logout from the Online Meeting Platform.</li> </ol>

### 5. PARTICIPATION THROUGH LIVE WEBCAST, QUESTIONS AND VOTING AT THE VIRTUAL 27<sup>TH</sup> AGM

The Chairman and the Board will endeavour their best to respond to the questions submitted by shareholders, which are related to the resolution to be tabled at the virtual 27<sup>th</sup> AGM.

#### (a) Prior to the virtual 27<sup>th</sup> AGM

Shareholders may submit questions in relation to the agenda items by logging in to the Boardroom Portal at <https://investor.boardroomlimited.com>, select “**PAOS HOLDINGS BERHAD TWENTY SEVENTH (27<sup>TH</sup>) VIRTUAL ANNUAL GENERAL MEETING**” from the list of Corporate Meeting and select “Submit Questions” and pose your questions (Pre-27<sup>th</sup> AGM Meeting Questions) latest by **10:30 a.m. on Wednesday, 20 November 2024.**

#### (b) During the virtual 27<sup>th</sup> AGM

Shareholders may type their questions in the chat box at any time during the virtual 27<sup>th</sup> AGM. Our Board and Management will endeavor to provide the responses to the questions at the virtual 27<sup>th</sup> AGM. However, being mindful of time constraints, some responses may be emailed after the conclusion of the virtual 27<sup>th</sup> AGM.

Shareholders may proceed to cast votes on the proposed resolution, to be tabled at the virtual 27<sup>th</sup> AGM, after the Chairman has opened the poll on the resolution. Shareholders are reminded to cast their votes before the poll is closed.

Shareholders who participate in the virtual 27<sup>th</sup> AGM are able to view the Company’s presentation or slides via the live webcast.

### 6. ENTITLEMENT TO PARTICIPATE AND VOTE

In respect of deposited securities, only members whose names appear in the Record of Depositors on **15 November 2024** (General Meeting Record of Depositors) shall be eligible to participate in the virtual 27<sup>th</sup> AGM or appoint proxy(ies) to participate and/or vote on his/her behalf.

## Administrative Guide for the Fully Virtual Twenty Seventh Annual General Meeting

### 7. PROXY FORM(S)

If you are unable to attend the virtual 27<sup>th</sup> AGM and wish to appoint any proxy(ies) or the Chairman of the virtual 27<sup>th</sup> AGM as your proxy to vote on your behalf, please deposit your Proxy Form at the office of the Company's share registrar, Boardroom Share Registrars Sdn. Bhd. at **11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan** no later than **10.30 a.m. on Wednesday, 20 November 2024** (forty eight (48) hours before the virtual 27<sup>th</sup> AGM). Any alteration to the Proxy Form must be initialed.

Alternatively, the proxy appointment may also be lodged electronically at <https://investor.boardroomlimited.com>, which is free and available to all individual shareholders no later than **10.30 a.m. on Wednesday, 20 November 2024** (forty eight (48) hours before the virtual 27<sup>th</sup> AGM). For further information, kindly refer to the "Procedure for RPEV" above.

**If you wish to participate in the virtual 27<sup>th</sup> AGM yourself, please do not submit any Proxy Form for the virtual 27<sup>th</sup> AGM. You will not be allowed to participate in the virtual 27<sup>th</sup> AGM together with a proxy appointed by you.**

### 8. REVOCATION OF PROXY

If you have submitted your Proxy Form and subsequently decide to appoint another person or wish to participate in our electronic virtual 27<sup>th</sup> AGM by yourself, please write in to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) to revoke the earlier appointed proxy at least forty eight (48) hours before the meeting. On revocation, your proxy(ies) will not be allowed to participate in the AGM. In such event, you should advise your proxy(ies) accordingly.

### 9. NO RECORDING OR PHOTOGRAPHY

No recording or photography of the virtual 27<sup>th</sup> AGM proceeding is allowed without the prior written permission of the Company.

## PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the virtual 27<sup>th</sup> AGM and/or any adjournment thereof, a member of the Company:

- i. consents to the collection, use and disclose of the member's personal data by our Company (or our agents) for the purpose of the processing and administration by our Company (or our agents) of proxies and representatives appointed for the virtual 27<sup>th</sup> AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the virtual 27<sup>th</sup> AGM (including any adjournment thereof), and in order for our Company (or our agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- ii. warrants that the member has obtained the prior consent of such proxy(ies) and/or representative(s) to our Company (or our agents), the member has obtained the prior consent of such proxy(ies), and/or representative(s) for the Purposes; and
- iii. agrees that the member will indemnify our Company in respect of any penalties, liabilities, claims, demands, losses, and damages as a result of the member's breach of warranty.

## CORPORATE INFORMATION

## BOARD OF DIRECTORS

**LIM CHANG CHING**

Executive Chairman,  
Non-Independent Executive Director

**LIM ZHEN QI**

Non-Independent Executive Director

**ALICE BOO MIAU LI**

Non-Independent Executive Director

**CHEAH YEE LENG**

Non-Independent  
Non-Executive Director

**GOH YING LI**

Independent Non-Executive Director

**LEE KOK WEI**

Independent Non-Executive Director

**OSCAR KIN YIN TUET**

Independent Non-Executive Director

## ■ COMPANY SECRETARIES

**Ho Meng Chan** (MACS 00574)  
SSM PC No. 202008003175

**Wu Siew Hong** (MAICSA 7039647)  
SSM PC No. 202008002457

## ■ AUDIT COMMITTEE

**Lee Kok Wei** (Chairman)  
Independent Non-Executive Director

**Goh Ying Li**  
Independent Non-Executive Director

**Oscar Kin Yin Tuet**  
Independent Non-Executive Director

## ■ NOMINATION COMMITTEE

**Goh Ying Li** (Chairperson)  
Independent Non-Executive Director

**Lee Kok Wei**  
Independent Non-Executive Director

## ■ REMUNERATION COMMITTEE

**Oscar Kin Yin Tuet** (Chairman)  
Independent Non-Executive Director

**Lim Chang Ching**  
Non-Independent Executive Director

**Cheah Yee Leng**  
Non-Independent  
Non-Executive Director

## ■ REGISTERED OFFICE

No. 308, Block A (3<sup>rd</sup> Floor),  
Kelana Business Centre,  
97, Jalan SS7/2, Kelana Jaya,  
47301 Petaling Jaya,  
Selangor Darul Ehsan.

☎ : 03-7492 1818

✉ : secretarial@projectventures.com.my

## ■ HEAD OFFICE

No. 65, Persiaran Selangor,  
Section 15,  
40200 Shah Alam,  
Selangor Darul Ehsan.

☎ : 03-5510 4219

☎ : 03-5510 4230

✉ : info@paos.com.my

🌐 : www.paos.com.my

## ■ REGISTRARS

**Boardroom Share Registrars Sdn. Bhd.**  
11<sup>th</sup> Floor, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim,  
Seksyen 13, 46200 Petaling Jaya,  
Selangor Darul Ehsan.

☎ : 03-7890 4700

☎ : 03-7890 4670

✉ : bsr.helpdesk@boardroomlimited.com

## ■ AUDITORS

**KPMG PLT**

(LLP0010081-LCA & AF 0758)  
Chartered Accountants  
Level 10, KPMG Tower,  
8, First Avenue, Bandar Utama,  
47800 Petaling Jaya,  
Selangor Darul Ehsan.

☎ : 03-7721 3388

☎ : 03-7721 3399

## ■ PRINCIPAL BANKERS

United Overseas Bank (Malaysia)  
Berhad

Public Bank Berhad

CIMB Bank Berhad

Hong Leong Bank Berhad

## ■ STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Name: **PAOS**  
Stock Code: **5022**

## PROFILE OF DIRECTORS



### LIM CHANG CHING

*Executive Chairman,  
Non-Independent Executive Director*

 Malaysian  Female  AGE 50

**Ms. Lim Chang Ching**, was appointed to the Board of Paos Holdings Berhad (“PHB”) on 31 January 2007 and redesignated as Executive Chairman of PHB on 25 January 2011. She holds a Bachelor Degree in Business Studies (Honors) from University of Sheffield (United Kingdom) in 1996.

Ms. Lim Chang Ching served as Commercial Manager of Asia Poly Industrial Sdn. Bhd. in May 1998 to March 2000. She then held position as a Business Development Manager in Paos Industries Sdn. Bhd. in April 2000 to May 2001. Subsequently, she was appointed as Business Development Director of Asia Poly Industrial Sdn. Bhd. in June 2001 to August 2005. She was the Chief Operating Officer of Hospital Pantai Indah Sdn. Bhd. from September 2005 to August 2006. She was Non-Executive Director of Esthetics International Group Berhad from July 2007 to December 2012. Currently, she is holding directorship in various private limited companies and subsidiaries of PHB.



### LIM ZHEN QI

*Non-Independent Executive Director*

 Malaysian  Male  AGE 39

**Mr. Lim Zhen Qi**, was appointed to the Board of PHB on 27 January 2011. He holds a Bachelor of Business (Marketing) in Victoria University, Melbourne, Australia in year 2008. Before his appointment as the Executive Director of PHB, he was the Regional Manager at Loyal Oil Services Pte Ltd in Singapore. Currently, he is holding directorship in subsidiaries of PHB.



### ALICE BOO MIAU LI

*Non-Independent Executive Director*

 Malaysian  Female  AGE 55

**Ms. Alice Boo**, was appointed to the Board of PHB on 17 April 2007. She is a Fellow of The Association of Chartered Certified Accountants (FCCA). She has over 10 years of experience in the fields of auditing, accounting and corporate finance. Her previous appointments include an auditor with a major public accounting firm in Kuala Lumpur, Finance Manager and Senior Corporate Finance Manager of several Malaysian public listed companies.



## Profile of Directors

**CHEAH YEE LENG**

*Non-Independent  
Non-Executive Director*

 Malaysian  Female  AGE 56

**Ms. Cheah Yee Leng**, was appointed to the Board of PHB on 14 June 2012. She holds a Bachelor of Economics Degree and Bachelor of Laws Degree from Monash University, Australia.

She joined Hap Seng Consolidated Berhad (“HSCB”) group of companies in 1997 and was appointed as Executive Director of HSCB on 1 June 2014 and Hap Seng Plantations Holdings Berhad (“HSP”), a listed subsidiary of HSCB on 1 March 2016. In addition, she is a Non-Independent Non-Executive Director of Hafary Holdings Limited, a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited. She is presently the Director of Corporate Affairs and the Legal Counsel of HSCB Group and also the Group Company Secretary of HSP.

**GOH YING LI**

*Independent Non-Executive Director*

 Malaysian  Female  AGE 56

**Ms. Goh Ying Li**, was appointed to the Board of PHB on 25 April 2018. She holds a Bs(c) Economics, specialising in International Trade and Development from London School of Economics, London.

She is the managing director of LP Jewellery Sdn. Bhd. (La Putri) from 1992 to current. La Putri is a high end luxury jewellery retailer. As managing director and lead designer, she directs the creation of in-house collections and bespoke pieces as well as strategising on business development.

**LEE KOK WEI**

*Independent Non-Executive Director*

 Malaysian  Male  AGE 64

**Mr. Lee Kok Wei**, was appointed to the Board of PHB on 29 May 2023. He is a member of the Malaysian Institute of Accountants (MIA), member of Asean Chartered Professional Accountant as well as a fellow member of the Chartered Tax Institute of Malaysia (CTIM).

He is the founder and Chairperson of LKW & Co., a chartered accounting firm established since 1990 and had retired from the firm on 31 October 2021. Currently, he is a director of 2 private limited companies providing taxation and consulting services.

Mr. Lee was an Independent Non-Executive Director of UMS Holdings Berhad since 3 May 2001 and tendered his resignation after having served as an Independent Non-Executive Director of the UMS Holdings Berhad for more than 12 years.

## Profile of Directors



### OSCAR KIN YIN TUET

*Independent Non-Executive Director*

 Canadian  Male  AGE 48

**Mr. Oscar Kin Yin Tuet**, was appointed to the Board of PHB on 28 August 2023. He holds Bachelor of Science in Business and Information Systems from Indiana University, Bloomington, USA.

Mr. Tuet started his career in the consulting and information technology sector. Between year 1998 to 2008, he held positions from developer to business technology manager for various companies in San Francisco, Hong Kong & China.

From 2009 to 2014, Mr. Tuet was a director and board member for ESG Holdings Limited (Hong Kong), one of the largest facility management service provider in greater China with over 20,000 professional working in more than 30 China major cities, focusing primarily in operations and business development for the group in the regions of Hong Kong, Macau and Southern China.

Since 2015, Mr. Tuet relocated to Malaysia and joined SMD Development Sdn. Bhd. as a group company director.

#### Notes :

##### 1. Family Relationship with Director and/or Major Shareholder

Ms. Lim Chang Ching and Mr. Lim Zhen Qi are sister and brother. Their father, the late Tan Sri Dato' Lim Tong Yong @ Lim Tong Yaim, is a major shareholder of PHB. Save as disclosed herein, none of the Directors has any family relationship with any other Director and/or major shareholder of PHB.

##### 2. Conflict of Interest

None of the Directors has any conflict of interest or potential conflict of interest with PHB and its subsidiaries.

##### 3. Conviction of Offences

None of the Directors has any conviction for offences, public sanction or penalty imposed by the relevant regulatory bodies within the past five (5) years, other than traffic offences.

##### 4. Attendance of Directors

The details of each Director's attendance at Board meetings are disclosed in the Corporate Governance Overview Statement in the Annual Report.

## PROFILE OF KEY SENIOR MANAGEMENT

### LIM MAY KUIN

Personnel and  
Administration Director

 Malaysian  Female  AGE 55

**Lim May Kuin**, was appointed as Personnel and Administration Director of the Group on 31 December 1995. She is responsible for overseeing the Human Resource and Administrative functions of the Group.

She obtained her Diploma in Private Secretarial; following her graduation in 1991, she joined Lion Property Sdn. Bhd. as Credit Control Assistant. She

was recruited into the management of Paos Industries Sdn. Bhd. ("PISB") in 1992 as an Executive Secretary to oversee the Sales, Purchase and the Human Resource Management. She was appointed to the Board of PISB in 1995. She is also a Director of Alpine Legacy (M) Sdn. Bhd. ("ALSB") and Premier Oil Industries Sdn. Bhd. ("POISB") (Subsidiaries of PHB).

### WONG MEI YOONG

Finance Manager

 Malaysian  Female  AGE 60

**Wong Mei Yoong**, was appointed as Finance Manager of the Group on 1 June 2001. She is responsible for overseeing the banking and finance aspects of the Group.

She obtained her Diploma in Accounting in 1983. She possesses more than twenty (20) years of accounting and financing experiences in manufacturing company. She joined PISB in 1995 as an account executive and subsequently was promoted to Finance Manager in 2001.

### HO SWEE KWAN

Factory Manager

 Malaysian  Male  AGE 67

**Ho Swee Kwan**, was appointed as Factory Manager of POISB on 1 August 2011. He is entrusted with the responsibility of ensuring the smooth running of the factory operation and the production process at POISB's plant in Banting.

He obtained his Senior Middle Three from La Salle, Brickfields, Kuala Lumpur in 1972. Prior to joining POISB in 1999, he has a total of twenty four (24) years of experience in technical aspect of the production process of various palm oil (Non Lauric), palm kernel oil (Lauric), exotic fat and blended vegetable oil and fats, after having served at Lam Soon (Malaysia) Berhad as Supervisor and Production Executive, since the start of his career in 1975.

#### 1. Directorship in public companies and listed issuers

None of the Key Senior Management has any directorship in public companies and listed issuers.

#### 2. Family Relationship with Director and/or Major Shareholder

None of the Key Senior Management has any family relationship with any other Director and/or major shareholder of PHB.

#### 3. Conflict of Interest

None of the Key Senior Management has any conflict of interest or potential conflict of interest with PHB and its subsidiaries.

#### 4. Conviction of Offences

None of the Key Senior Management has any conviction for offences, public sanction or penalty imposed by the relevant regulatory bodies within the past five (5) years, other than traffic offences.

## 5 - YEAR FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 MAY	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
<b>Financial Results</b>					
Revenue	282,844	404,863	378,670	683,951	705,743
Profit/(Loss) Before Tax	(1,060)	(444)	(2,825)	618	556
Profit/(Loss) After Tax	(1,344)	(1,151)	(3,195)	(46)	94
Return on Shareholders' Equity (%)	(1.45)	(1.26)	(3.62)	(0.05)	0.11
<b>Financial Position</b>					
Shareholders' Equity	92,553	91,402	88,207	88,161	88,255
Total Assets	99,810	104,504	103,110	132,860	147,065
Total Borrowings	690	371	260	707	471
<b>Share Statistics</b>					
Earnings/(Loss) Per Share (sen)	(0.74)	(0.64)	(1.76)	(0.03)	0.05
Dividend Per Share (sen)	1.60	0.00	0.00	0.00	0.00
Net Assets Per Share (RM)	0.51	0.50	0.49	0.49	0.49





## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Paos Holdings Berhad and its subsidiaries ("the Group") operate in three business segments namely manufacturing, trading and integrated hotel operations and property investment.

The Group's main manufacturing activities are that of contract manufacturing of bar soap and toll manufacturing of products from palm oil and specialty fats. The Group is also involved in trading of specialty fats produced from palm oil and trading of marine gas oil. The Group has two manufacturing operations that are located in Shah Alam and Banting, Selangor.

Additionally, the Group owns Kompleks Selangor which consists of a retail podium and office space located at Jalan Sultan, Kuala Lumpur as well as The 5 Elements Hotel which is located at the adjoining property.

Revenue of the Group for the financial year ended 31 May 2024 consists of 96.7% domestic sales and 3.3% export sales. Our export revenue mainly comes from our contract manufacturing of bar soap and animal feed to the Philippines, Indonesia, Thailand, Japan and Taiwan.

As at the financial year ended 31 May 2024, the Group has a total of 146 employees.



### REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

Revenue of the Group stood at RM705.74 million for the financial year ended 31 May 2024, representing an increase of 3.2% from RM683.95 million registered in the preceding financial year. The increase in revenue for the year was mainly attributed to higher trading fuel oil volume as well as increase in occupancy rate of our hotel operations. With the higher revenue, the Group reported profit for the year of RM0.09 million during the financial year under review against preceding year's loss for the year of RM0.05 million.

The trade receivables of the Group had increased from RM63.59 million as at the last financial year to RM70.90 million as at the current financial year. The increase in trade receivables amount was mainly due to timing of collection from the higher sales of marine gas oil during the financial year. The trade receivables amount was subsequently collected after the financial year end.

The Group maintains a level of cash and cash equivalents deemed adequate to ensure that it has sufficient liquidity to meet its liabilities as and when they fall due. Cash and cash equivalents balance for the Group as at the financial year end amounted to RM14.69 million against preceding year's balances of RM4.45 million.

The Group's borrowings amounted to RM0.47 million as at end of the current financial year as compared to RM0.71 million as at last financial year.

Earnings per share for the financial year stood at 0.05 sen (2023 : loss per share of 0.03 sen) and net assets per share were RM0.49 as at 31 May 2024 (31 May 2023 : RM0.49).

Kindly refer to the "5 - Year Financial Highlights" contained in this annual report for the Group's previous five years financial performance from financial years ended 31 May 2020 to 2024.

### REVIEW OF OPERATING ACTIVITIES

During the financial year under review, our manufacturing segment recorded lower revenue of RM28.85 million, a decrease of 36.9%, during the financial year ended 31 May 2024 against revenue of RM45.73 million recorded in the previous financial year. The decrease in revenue was mainly due to lower volume and resizing of our customers' bar soap requirements into smaller bars thus decrease in the overall volume of our bar soap as well as lower manufacturing of specialty fats volume which was impacted by the volatility and timeliness of competitively priced supply of palm stearin. The lower revenue resulted in the higher segment loss of RM1.93 million during the year as compared to RM0.19 million recorded in the last financial year.

As our bar soap is mainly for the export market, we are exposed to foreign currency risk. As a means of mitigating this risk, we manage our foreign currency risk to an acceptable level by entering into forward contracts where necessary. The Group also enters into contracts with customers which allow us to adjust the exchange rates on our sales when there is a significant variation.

Increasing production costs continue to be one of the main challenges for the manufacturing industry. We constantly monitor our overall production planning and take all necessary measures to improve efficiency and minimise any wastages. The manufacturing segment purchases raw materials like soap chips and palm stearin which are subject to fluctuations in commodity prices i.e. crude palm oil prices. However, the Group mitigates the risks of fluctuations in commodity prices by entering into contracts with customers based on the contracted raw material prices.

## Management Discussion and Analysis

### REVIEW OF OPERATING ACTIVITIES (CONT'D)

The improvement in the Group's revenue during the financial year was mainly contributed by the trading segment, with an increase in revenue of 6.0% to RM671.04 million from RM632.87 million reported last year. Our main trading product is trading of marine gas oil. Revenue increased mainly due to increase in fuel oil volume. Correspondingly, segment profit had increased to RM3.00 million in the current year from RM2.42 million in the previous year. Our trading segment operates on a back to back arrangement with our suppliers and customers. This has effectively minimised our risk exposure.

Our integrated hotel operations and property investment segment continued to progress in their performance. This segment's revenue had increased by 9.7% to RM5.86 million as compared to last financial year's revenue of RM5.34 million. The higher revenue registered in the current financial year had contributed to the lower segment loss of RM0.10 million against last financial year's segment loss of RM0.60 million. The average occupancy rate of the hotel operations was higher at 59.3% against the previous year's average occupancy rate of 53.7%. The average occupancy rate of the retail and office space was slightly lower at 50.2% against last year's average occupancy rate of 51.7% mainly due to the excess supply of retail and office spaces in the Klang Valley.

### CAPITAL

#### Capital Equity and Structure

Paos Holdings Berhad's paid up and issued capital consists of 181,164,000 ordinary shares, and a market price of RM0.365 per share bringing with it a market capitalisation value of RM66.12 million as at 31 May 2024.

The Group has been financing its operations through internally generated funds during the financial year.

#### Capital Commitments

The Group's total capital commitment contracted but not provided for, as at 31 May 2024, amounted to RM0.09 million.

Capital expenditure incurred for financial year 2024 amounted to RM1.20 million. These were principally investments made in the upkeep of the factory premises, purchase of plant and machinery as well as the upkeep of the investment property and hotel.



### PROSPECTS

Prevailing economic conditions and financial outlook continue to present challenging business conditions for the Group. Soft consumer market sentiment and higher operational costs brought about by rising inflation rates in terms of rising costs of wages, utilities, logistics, other operating expenses and also fluctuations in foreign currency exchange rates remain as main challenges for the Group.

The Group has taken cost containment measures and will remain cautious and vigilant in addressing these challenges in its business activities. In order to cushion the impact of rising costs, measures will continuously be taken to improve productivity and efficiency of our operations as well as cost management exercises to keep our production costs competitive and to reduce redundancy and wastages. We will strive to improve returns on existing assets by optimising and consolidating our business operations and resources and to further enhance our production process and product quality. We are committed to explore and diversify our customer base and constantly monitor our marketing strategies to increase product variation and ensuring product innovation and technology is up-to-date and pricing offered to customers remain competitive.

At present, we have commenced commissioning of our fractionation plant in Banting, Selangor. This fractionation plant will provide consistent raw material supply for our toll manufacturing of animal feed and also our own homebrand Nutripid, previously impacted by the shortage and timeliness of competitively priced supply of palm stearin. We are currently intensifying our market research efforts into diversifying our customer base as well as increasing our product variation to ensure that we continue to remain viable and competitive.

With the resurgence in the number of domestic as well as international travellers, the integrated hotel operations and property investment segment is expected to see continued positive momentum in their operational performances for the new financial year. The Group will continue to strengthen our efforts to improve the overall occupancy rates of our hotel rooms and retail and office space despite operating under a very challenging business environment and intense competition from the surrounding hotels and retail and office space within the vicinity area. We will also adopt a vigorous strategy to drive higher occupancy rates by creating awareness and organising promotional activities as well as collaborating with the online travel portals to increase market reach.

The Group is cautiously optimistic that its businesses will remain vigilant in the face of global economic uncertainties. The Group will continue to prioritise operational efficiency and seek more business opportunities to boost profitability in its core operations to ensure that we continue to be sustainable and viable.

### DIVIDENDS

Paos Holdings Berhad did not declare any dividends for the financial year ended 31 May 2024 (2023 : Nil).

The Board of Directors continues to maintain a reasonable balance between dividend payments, funding requirements and the future business growth of the Group as well as the objective of maximising stakeholders' returns.



## SUSTAINABILITY STATEMENT

### INTRODUCTION

PAOS Holdings Berhad (“PAOS” or “the Company”) and its subsidiaries (collectively known as “the Group”) are committed to not only strengthening economic perspective, but also from the societal and environmental perspectives.

### SCOPE AND BOUNDARY

Paos Holdings Berhad and its subsidiaries (“The Group”) operate in three business segments namely manufacturing, trading and integrated hotel operations as well as property investment. The scope of this statement covers the efforts and initiatives undertaken in managing the Group’s material matters, covering both financial and non-financial aspects for the period from 1 June 2023 to 31 May 2024 (“FYE2024”) including comparative historical data where available.

### GUIDELINES AND STANDARDS

Bursa Malaysia’s Sustainability Reporting Guide (3<sup>rd</sup> Edition) was referenced in the preparation of our Sustainability Statement 2024.

### REPORT QUALITY AND ASSURANCE

In strengthening the credibility of this sustainability statement, selected sustainability indicators have been subjected to independent internal assurance by our internal auditors. The Group will keep improving its data collection and analysis processes to ensure higher quality and accuracy of the data, which will be reviewed internally by our auditors in the future.

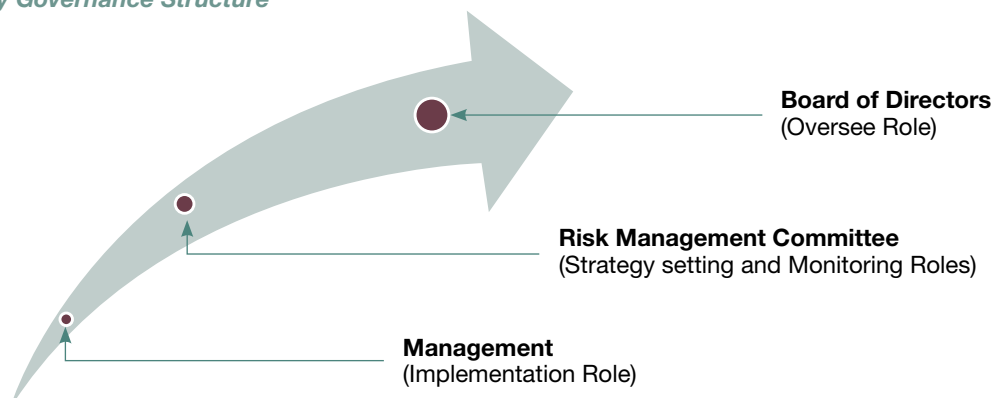
### SUSTAINABILITY GOVERNANCE

Our sustainability efforts are governed through our corporate structure with ultimate responsibility from our Board which is responsible for overseeing sustainability roles across the Company.

The Risk Management Committee, chaired by the Executive Chairman is tasked with driving and managing the sustainability across the business and ensures that key sustainability results are met with the support of the Management. The Risk Management Committee reports key sustainability matters to the Board of Directors (“BOD”).

The Management implements sustainability strategies and monitors the progress of the company’s sustainability performance.

#### *Sustainability Governance Structure*



# Sustainability Statement

## KEY HIGHLIGHTS



- Zero whistleblowing cases and corruption reported
- Zero substantiated complaints concerning breaches of customer privacy
- Zero identified leaks, thefts, or losses of customer data
- Over 90% on local spending



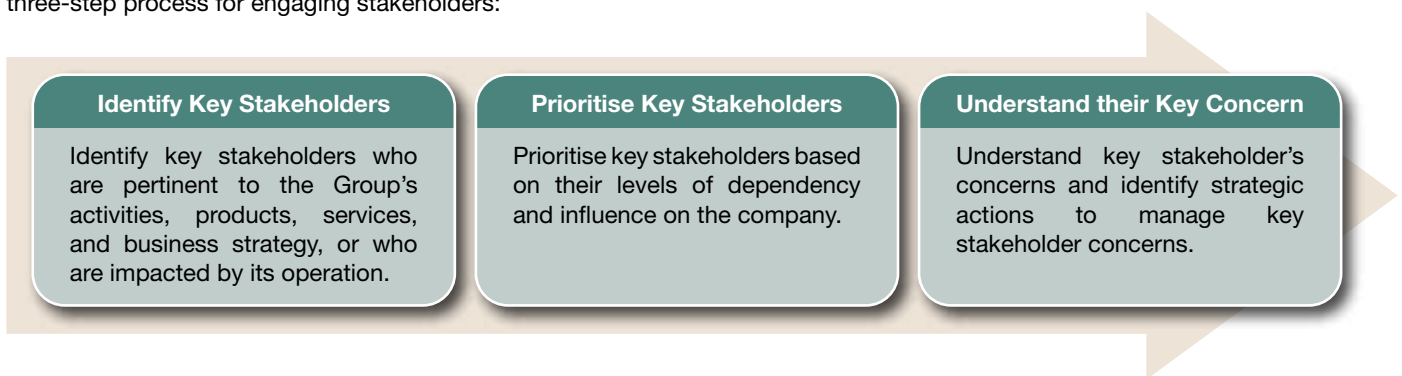
- Introduced Scope 2 carbon emission tracking



- Zero lost-time Injury rate (“LTIR”) and incidents
- Contribution to the local communities

## STAKEHOLDERS ENGAGEMENT PROCESS

Engaging with stakeholders allows the Group to gain a clearer understanding of how its operations affect the economic, environmental, and social. This interaction uncovers our key stakeholders’ key concerns. To facilitate this, the Group follows a three-step process for engaging stakeholders:



## STAKEHOLDERS ENGAGEMENT

We define our stakeholders as any individuals, community and entities that may be impacted by the Group’s business operations. We value our stakeholders’ views and undertake various communication channels to understand their interests and concerns towards our business operations and sustainability performance.

The approaches we engaged with stakeholders include conventional documents, electronic documents, web-based media platforms and face-to-face communications detailed as follows:

Key Stakeholders		Communication Channels	Frequency
Customers	Maintain strong relationship with our customers and manage their expectations by consistently delivering high-quality products and services to meet their evolving needs.	<ul style="list-style-type: none"> <li>• Customers’ audit review</li> <li>• Meeting, discussion, business communication on a day-to-day basis</li> <li>• Customer satisfaction review</li> </ul>	<ul style="list-style-type: none"> <li>• As needed</li> </ul>
Employees	Career development and training opportunities while providing a safe working environment within the organisation. We also value our employee’s work-life balance.	<ul style="list-style-type: none"> <li>• Circulation of policy and procedures</li> <li>• Management and employee meetings</li> <li>• Training and development</li> <li>• Events and activities</li> </ul>	<ul style="list-style-type: none"> <li>• Annually</li> <li>• Monthly</li> <li>• As needed</li> </ul>
Business Partners or Suppliers	Promoting ethical and fair procurement system.	<ul style="list-style-type: none"> <li>• Suppliers’ audit and review</li> <li>• Meeting, discussion, business communication on a day-to-day basis</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly</li> <li>• Annually</li> </ul>

# Sustainability Statement

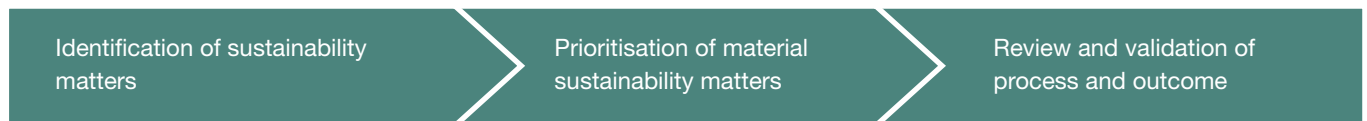
## STAKEHOLDERS ENGAGEMENT

Key Stakeholders		Communication Channels	Frequency
Local authorities / Regulators / Government ministries	Embrace transparency within the daily operation and compliance with the industry’s regulatory standard to attain corporate sustainability.	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Submission of reports required under regulations</li> <li>Briefing and trainings</li> <li>Periodic visits and inspection</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> </ul>
Shareholders or Investors	Integrity in corporate reporting and meaningful relationship with stakeholders.	<ul style="list-style-type: none"> <li>Annual General Meetings and Extraordinary General Meetings</li> <li>Announcements and Circulars</li> <li>Annual Report</li> <li>Website</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>As needed</li> <li>Annually</li> </ul>
Community	Continuous support and fund Corporate Social Responsibility (“CSR”) activities.	<ul style="list-style-type: none"> <li>Fund contribution / donation</li> <li>Participation in CSR activities</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> </ul>

## IDENTIFYING OUR MATERIAL MATTERS

The Group recognises the importance of material matters which hold significance for our business, as they have direct and indirect impacts on our stakeholders. The assessment of material topics was conducted to identify the key sustainability matters involving the Risk Management Committee.

The process of determining the material topics was outlined as follows:



## MANAGING MATERIAL SUSTAINABILITY MATTERS

Through stakeholder engagement assessment, we have identified our material topics in tandem with PAOS’s economic, environmental, and social impacts and their significance, both from the perspective of our business and stakeholders. In FYE2024, the Group identified eleven (11) sustainability material topics:

### ECONOMIC

- Sustainable Business Performance
- Product and Service Quality
- Supply Chain Management
- Ethical Business Conduct
- Cybersecurity and Data Privacy

### ENVIRONMENTAL

- Energy and Water Management
- Waste Management
- Emission Management

### SOCIAL

- Human Capital Development
- Occupational Health & Safety
- Community Engagement

# Sustainability Statement

## ECONOMIC

### SUSTAINABLE BUSINESS PERFORMANCE



PAOS is committed to upholding a sustainable business model and is devoted to ensuring the company's long-term economic growth and a viable strategy for continued success. The Group's operations are divided into various business segments namely manufacturing, trading, integrated hotel operations and property investment. The Group's main manufacturing activities are that of contract manufacturing of bar soap and toll manufacturing of products from palm oil and specialty fats. We are also involved in trading specialty fats produced from palm oil and trading marine gas oil. The Group also owns the retail podium and office space located at Kompleks Selangor, Jalan Sultan, Kuala Lumpur along with The 5 Elements Hotel which is located at the adjoining property.

The Group's revenue for the FYE2024 amounted to RM706 million, indicating an increase of RM22 million compared RM684 million in the preceding year ended 31 May 2023. With the higher revenue, the Group turned from a net loss of RM46 thousand to a profit for the period of RM94 thousand.

The increase in revenue was mainly due to higher trading fuel oil volume and increase in the occupancy rate of our hotel operations.

### PRODUCT QUALITY AND SERVICE

As one of the leading end contract manufacturers of bar soap in the South East Asia region as well as trading in specialty fats produced and marine gas oil, the Group is committed to maintaining quality products and services. The Group engages with various certification bodies relevant to its business operations to ensure its products manufactured meet customers' and regulatory requirements.

Existing measures to deliver quality products and services are as below:

- Appoint reliable suppliers through stringent pre-qualification and due diligence processes by requiring suppliers to provide relevant certificates and past financial performance.
- Annual supplier performance evaluation to ensure consistency in the quality of product which includes assessment of product quality, timeliness of delivery, and order fulfilment.
- Formalisation of Quality Procedure to set out requirements and expectations of our suppliers relating to legal compliances, safety, process and performance.
- Establishment of quality management system to ensure consistency in meeting customer needs and applicable regulatory compliances.
- Proper quality control is in place by the Quality Assurance and Quality Control team in performing various tests and analyses on incoming raw materials, packaging materials and finished goods.

The Group has set quality objectives and targets on productivity level, raw material and packaging material wastage and on-time delivery for customer orders.

## Sustainability Statement

### ECONOMIC (Continued)

#### PRODUCT QUALITY AND SERVICE (Continued)

Moreover, the Group is audited by various parties ensuring that we meet specific standards on product quality. These certification bodies include:

- ISO 9001:2025 Quality Management System Certification (SGS)
- ISO 22716 Cosmetic GMP Certification (SGS)
- Certificate of Authentication Halal (Jabatan Agama Islam Selangor)
- MPOB License (Ketua Pengarah MPOB)
- MSPO Supply Chain Certificate (SIRIM QAS International)
- RSPO Supply Chain Certificate (SIRIM QAS International)
- Certificate of GMP Compliance of a Manufacturer (Ministry of Health Malaysia)

We communicate with our customer closely to understand their needs whilst ensuring the quality and reliability of our products and services are delivered. To fulfil this goal in our manufacturing sites, we issue customer assessments on an annual basis to understand the customer's expectations and improve our operational processes. The survey includes assessments such as the quality of products and services, timeline and reliability of delivery, responsiveness to customer needs and communication with our customers.

Whilst for our hotel, we believe in building strong relationships with our guests. Customer feedback form is collected daily and any complaints received are addressed within 24 hours.

#### SUPPLY CHAIN MANAGEMENT

Our dedication to crafting high-quality products starts with sourcing the finest raw materials. We leverage a network of trusted local and international suppliers, ensuring a consistent flow of raw materials. Through ongoing collaboration, we build strong and long-term relationships with our suppliers, guaranteeing reliable deliveries, competitive pricing, and unwavering quality for every product we create.

Indicator	Unit	FYE2022	FYE2023	FYE2024
Proportion of spending on local suppliers	Percentage	99.2%	99.5%	99.7%

During FYE2024, more than 90% of the materials were sourced locally in Malaysia. Our preference to source locally provides greater delivery flexibility and for ease of communication and coordination with local suppliers. We believe this promotes better control over the supply chain in terms of timely delivery and cost.

Localising our supply chain directly helps reduce the carbon footprint, as well as supporting the local economy.

#### ETHICAL BUSINESS CONDUCT

Upholding the highest standards of business conduct is paramount at the Group. This means acting with integrity in all our dealings and adhering to the best practices in corporate governance. The Group's policies and communications clearly outline our positions, commitments, and expectations for stakeholders.

##### Anti Bribery and Anti-Corruption

PAOS has established Anti-Corruption Policies and Procedures and Code of Conduct and Ethics (the "Code") to guide all Directors, management and employees of the Group.

The Code requires all employees to observe high ethical business standards, and apply these values in all aspects of the Group's business and its shareholders. The Code serves as a guidance which is expected to be complied as a part of the Group's commitment to the stakeholders in preserving good business practices.

The Anti-Corruption Policies and Procedures is not only applicable to Directors and employees but also the Group's suppliers and business associates to ensure all our operations, including those carried out by our service providers are conducted fairly.

## Sustainability Statement

### ECONOMIC (Continued)

#### Whistleblowing Policies and Procedures

The Anti-Corruption Policies and Procedures and the Code are supported by the Whistleblowing Policies and Procedures to empower all employees of the Group to report or disclose through an established whistleblowing channel, which reports in good faith any illegal, unethical, questionable practices, wrongdoings, or improper conduct committed or about to be committed within the Group without fear of being subject to detrimental conduct including reprisal and retaliation.

The Group has developed and implemented an Anti-Corruption Framework that coordinates and regularises anti-corruption activities of the Group that is aligned with the Guidelines on Adequate Procedures pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009. We have updated the Code and Whistleblowing Policies and Procedures in order to be in line with the Anti-Corruption Framework adopted by the Group.

The Code of Conduct and Ethics and Whistleblowing Policies and Procedures are made available on our corporate website (<http://www.paos.com.my>).

In FYE2024, there were zero bribery and corruption cases being reported.

Indicator	Unit	Target	FYE2024
Confirmed incidents of corruption	Number of cases	Zero Cases	Zero

#### Corruption Risk Assessment and Training

The Anti-Corruption Policies and Procedures is communicated to Directors and employees as part of our induction programmes.

The Group conducted a refreshment training on anti-bribery and anti-corruption on 1 November 2023. Subsequently, new employees are required to undertake the training as part of their new employee induction program.

As of FYE2024, employees who have received training on anti-corruption are summarised in the table below.

Indicator	Unit	FYE2024
<b>Employees trained for anti-bribery &amp; corruption</b>		
Management	Percentage	100%
Executive		100%
Non-Executive		100%
General Worker		100%

Corruption risk assessment was conducted across the Group's operations annually by the Anti-Corruption Oversight Committee, which comprises of key management team and the results are reported to the Audit Committee. The percentage of operations assessed for corruption-related risks for the past 3 financial years is outlined below:

Indicator	Unit	FYE2022	FYE2023	FYE2024
Percentage of operations assessed for corruption-related risks	Percentage	100%	100%	100%

### CYBERSECURITY AND DATA PRIVACY

In today's digital landscape, robust IT controls are essential for any organisation. These controls act as a safeguard, protecting sensitive data and critical systems from cyberattacks, unauthorised access, and accidental loss of critical data.

The Group is committed to protecting your personal information. We follow the guidelines set forth in the Personal Data Protection Act of Malaysia (2010) ("PDPA"), which has been in effect since 15 November 2013. We have established a PDPA Policy that serves as a guide for us in collecting, processing, using, storing, and disclosing personal data.



# Sustainability Statement

## ECONOMIC (Continued)

### CYBERSECURITY AND DATA PRIVACY (Continued)

PAOS implements comprehensive measures to keep our customer data secure. We have a zero-tolerance policy concerning breaches of customer data and privacy. In ensuring the protection of customer’s privacy, we implement cybersecurity measures such as firewalls, daily backup systems, anti-virus and anti-malware systems.

The Group has established the necessary risk management action plans to secure its data from any cyber threats in order to maintain the integrity of our IT systems. We also sign non-disclosure agreements with our customers to protect confidential material, knowledge or information shared between both parties.

In FYE2024, PAOS has not received any complaints concerning data privacy breaches.

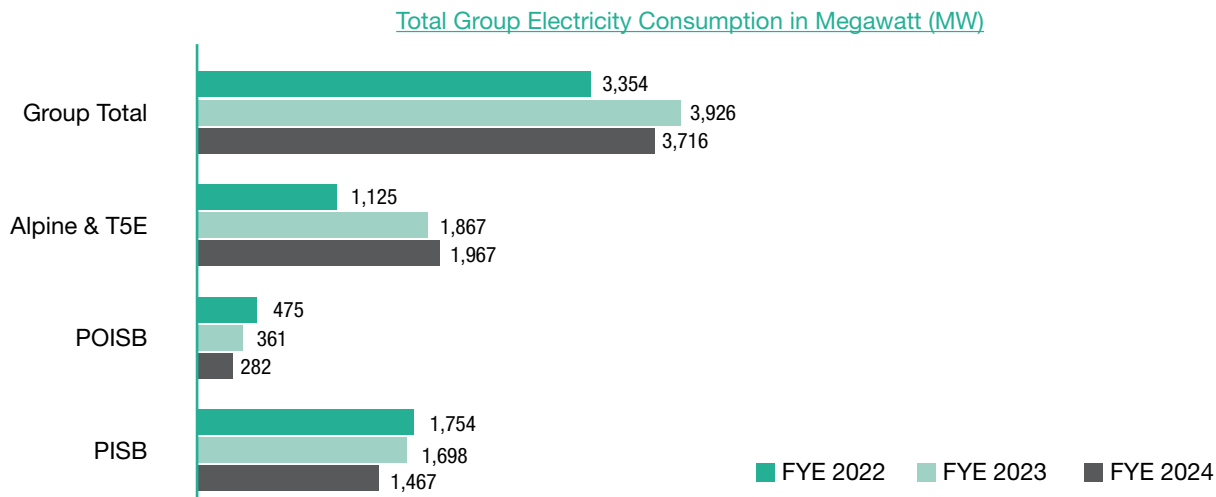
Indicator	Unit	FYE2024
Complaints concerning breaches of customer data and privacy	Number of cases	Zero

## ENVIRONMENTAL

### ENERGY AND WATER MANAGEMENT

To further contribute to our sustainability efforts, the Group has taken steps to reduce our total electricity and water consumption. The consumption of electricity is our largest contributor towards carbon emissions and we are adamant about taking the necessary steps to lower our annual carbon footprint. Although our businesses are not intensive on water usage, we continuously review our operations and when possible introduce solutions to reduce consumption wherever possible.

#### Energy Consumption



During FYE2024, the total energy consumption for the Group was 3,716 MW, compared to the previous year’s total consumption of 3,926 MW. This decrease can be attributed to preventive measures as below:

#### Usage of Thermal Insulation Paint on Existing Factory Roof

One of the initiatives taken to reduce electricity consumption was to use high-quality thermal insulation paint on the existing factory roof at Paos Industries Sdn Bhd (“PISB”). The application of the coating reduced the average roof surface temperature by up to 30%, resulting in lower temperature beneath the roof and the internal environment of the factory compared to previous levels. This improvement has enabled the Group to significantly reduce energy consumption that would have otherwise been required for air conditioning to control the factory’s internal environment temperature.

## Sustainability Statement

### ENVIRONMENTAL (Continued)

#### ENERGY AND WATER MANAGEMENT (Continued)

##### Energy Saving Initiatives in the Corporate Offices & Hotel

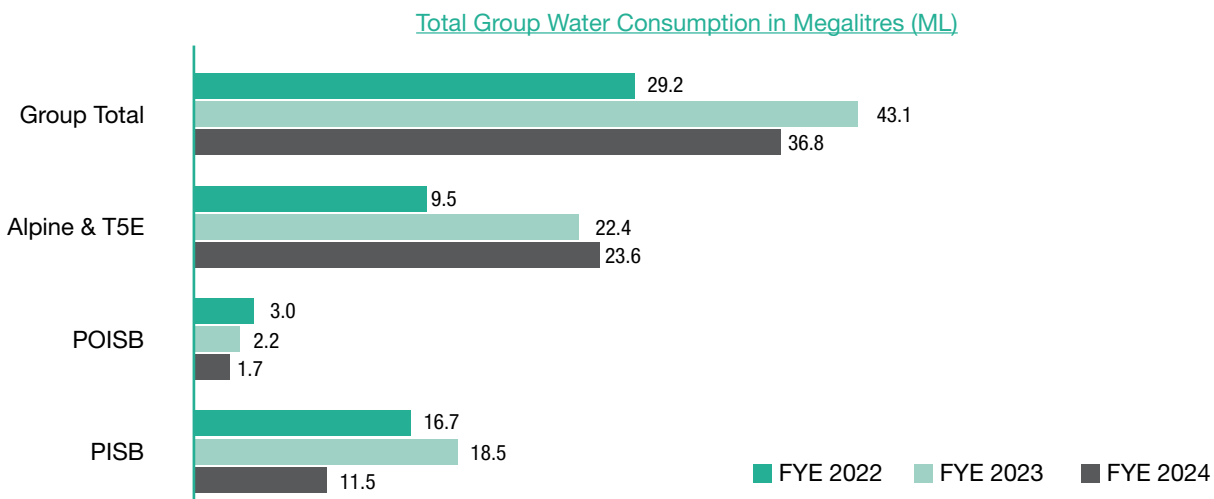
The Group strive to prevent energy wastage inside our corporate offices. We make sure to keep the lights, air conditioning, fans, and other appliances switched off unless in use. All employees shall make sure to switch off all the electrical appliances whenever they vacate a room.

In addition, the Group is transitioning to usage of more energy-efficient lighting as the Group is in the midst of replacing the fluorescent ceiling lights at all our locations with LED lights, which consume up to 65% less energy to produce the same amount of light.

##### Water Management

Our operating activities are not dependent on the usage of water, therefore most of our water consumption is attributable to the office and manufacturing plants' lavatories, pantries, and cleaning activities.

During FYE2024, the total water consumption for the Group was 37 Megalitres ("ML") compared to the previous year's total consumption of 43 ML.



In preventing water wastage, a leakage detection system is installed at Premier Oil Industries Sdn Bhd ("POISB"), our toll manufacturing of products from palm oil and manufacturing of specialty fats plant in Banting. This system also functions as a fire detection and alarm system, detects any leakages in the water pipes and promptly notifies the management, which allows us to quickly take action to repair the leakage, preventing further water wastage.

#### WASTE MANAGEMENT

Just like any other business, our operations will inevitably generate some amount of waste which will need to be disposed of. As such, we are making sure to take the necessary steps not only to reduce the waste that is produced, but also to ensure that the collection, disposal, and possible recycling of waste is carried out appropriately in all our businesses.

Most of the waste generated from our manufacturing business is from packaging materials, such as plastic and carton boxes. All waste is segregated into different bins which are for general waste, plastic, and paper, before they are sent for recycling or disposal. In FYE2024, the total waste diverted from disposal and directed to disposal by the Group is shown in the table below.

Indicator	Unit	FYE2024
Total waste diverted from disposal (i.e recyclable waste)	Metric tonnes	108.32
Total waste directed to disposal (i.e non-recyclable waste)		44.02
<b>Total waste generated</b>		<b>152.34</b>

## Sustainability Statement

### ENVIRONMENTAL (Continued)

#### Environmental Responsibility

The Group continuously conducts a variety of environmental activities to raise employee awareness of environmental conservation and to educate and engage the employees in doing their part to protect the environment. Training on environmental protection and awareness of the Group's environmental statement, policy and procedures, detailed action plan to minimise pollution including monitoring air quality and noise level at our manufacturing sites have been developed as a component towards sustainability.

We monitor and control the ongoing impact of our operations on the environment. For one, we used an external environmental consultant to monitor and report on our isokinetic stack and air emissions. This monitoring is done annually to ensure that the air pollutant level emitted from the boiler is below the limits of Environmental Quality ("Clean Air") Regulation 2014 and that smoke capacity is also below the limit of dark smoke observation.

Our manufacturing sites have previously engaged environmental consultants to conduct monitoring of noise exposure levels to assess the baseline of noise exposure levels at work areas exposed to workers. The findings were interpreted for the compliance of the Factories and Machinery (Noise Exposure) Regulations 1989 and recommendations from the consultant were considered for betterment and improvement.

#### Sustainable Manufacturing

The Group fully supports Roundtable on Sustainable Palm Oil ("RSPO") certified products in the production of our soaps. The RSPO traces palm oil products all the way from the plantation to ensure that it is produced in a sustainable manner, guaranteeing the protection of wildlife, the environmental, as well as human rights.

We are actively pursuing the usage of Forest Stewardship Council ("FSC") certified paper products with our clients' packaging. Similarly to the RSPO, the FSC promotes responsible and sustainable sourcing for wood products such as paper. FSC-certified products come from appropriately managed forests, avoiding heavy deforestation and destruction of ecosystems.

### EMISSION MANAGEMENT

PAOS acknowledges that energy consumption and GHG emissions contribute to climate change impacts. The Group recognises that as a corporate citizen, PAOS is responsible for reducing its carbon footprint while also embracing opportunities that unfold while making the transition to a low-carbon economy.

The measurement of the Group's carbon emissions currently focuses on Scope 2 (Indirect) emissions. The emission of each utility is calculated based on the emission factors as per the table below:

Scope	Details	Emission Factor
Scope 2 CO <sub>2</sub> e	Purchased electricity	- 0.39 kgCO <sub>2</sub> e/kWh Source: EPA eGRID2021, February 2023 (Table 1. Subregion Output Emission Rates)

The total Scope 2 emissions of Carbon ("CO<sub>2</sub>e") for the past 3 financial year are summarised in the table below:

Indicator	Unit	FYE2022	FYE2023	FYE2024
Scope 2 CO <sub>2</sub> e	Metric tonnes	1,297	1,518	1,437

# Sustainability Statement

## SOCIAL

### HUMAN CAPITAL DEVELOPMENT

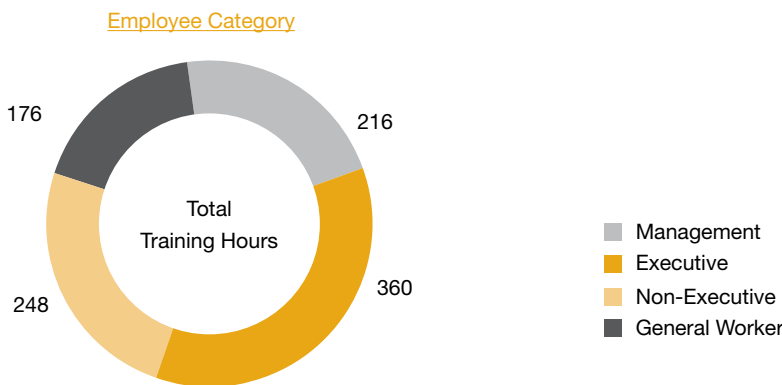
#### Employee Retention And Attraction

In PAOS, we prioritise our employee’s career development and foster a harmonious culture to help the Group in retaining talents. Our remuneration packages and benefits comply with the Employment Act 1955, Minimum Wages Order 2020, Employees’ Provident Fund (“EPF”), Employees’ Social Security Protection (“SOCSSO”), Employment Insurance System (“EIS”), leave provision and many more. The benefits and reward programmes we offer are reviewed periodically to ensure that our employees know that they are appreciated and are compensated commensurably for their work. Our employees are entitled to other medical benefits such as Outpatient Treatment, Group Personal Accident Insurance and Hospitalisation and Surgical Insurance Coverage.

#### Training and Development

In today’s dynamic business landscape, a skilled and adaptable workforce is no longer a luxury, but a necessity. This is where employee training emerges as a strategic investment which provides a multitude of benefits for both the company and its employees.

In PAOS, we provide training to our employees that will equip them with the necessary knowledge and skills required to excel in their roles. This translates to increased efficiency, as employees can tackle tasks with greater accuracy and speed.

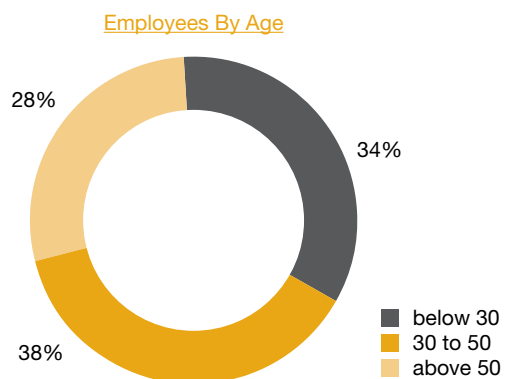
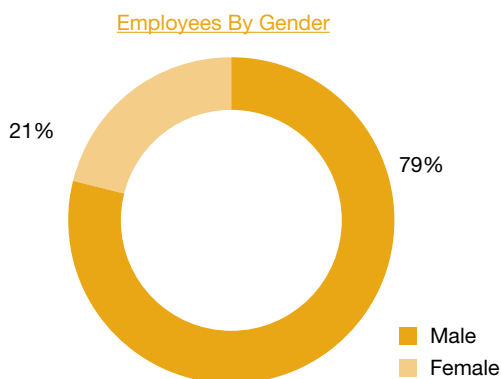


For FYE2024, a total of 15 trainings were conducted which is equivalent to a total of 1,000 training hours or 6.85 training hours per employee.

#### Diversity and Equal Opportunity

We are committed to fostering a diverse and inclusive workplace with equal opportunity and fair treatment for all. The Group leverages a structured performance evaluation system to assess employee skills and capabilities.

The team is a vibrant mix of gender and age. As of 31 May 2024, the Group has a total of 146 employees, comprising 79% of male employees and 21% of female employees, which represents 34.2% below 30 years old, 38.4% between 30 to 50 years old and 27.4% above 50 years old.



## Sustainability Statement

### SOCIAL (Continued)

#### Human Rights

We build trust by operating with integrity. PAOS is committed to upholding human rights and complying with labour regulations in every aspect of our business. The Group empowers its workforce through strong human rights practices and fair treatment, leading to increased productivity and a thriving work environment. In FYE2024, there were no complaints concerning human rights violations.

#### OCCUPATIONAL HEALTH & SAFETY

PAOS prioritises employee well-being by fostering a safe and healthy work environment. We actively manage occupational health and safety risks to create a thriving workplace.

The Group comply with the applicable safety and health laws and regulations. To ensure a safe workplace, we implemented management systems that streamline the identification and assessment of occupational health and safety risks. These systems also pinpoint personnel and activities at potential risk.

Our appointed safety officers are responsible for Health, Safety and Environmental (“HSE”) related matters at the manufacturing sites. Our team ensures adherence to the Occupational Safety and Health Act 1994 and other relevant regulations by implementing the following:

- Established the Environmental, Health, and Safety Committee (“OSHA Committee”) in our manufacturing sites is chaired by the Executive Chairman and Factory Manager.
- Established Fire-Fighting & First Aid Committee which comprised representatives from operation division and OSHA committee members.
- Conduct quarterly HSE meetings to discuss employee safety performance, issues, challenges and accident avoidance measures.
- Formalisation of Group HSE Policy to protect human rights.
- Prepare Hazard Identification, Risk Assessment and Risk Control (“HIRARC”) for our manufacturing sites.

The Group’s safety and health performance during the period under review is summarised in the table below.

Indicator	Unit	FYE2024
Number of work-related fatalities	Number	Zero
Lost time incident rate (“LTIR”)	Rate	Zero
Number of employees trained on health and safety standards	Number	34

The Group has achieved zero LTIR and work-related fatalities in FYE2024. PAOS remains committed towards preventing the occurrence of accidents/incidents and aims to keep the number of incidents at zero.

#### COMMUNITY ENGAGEMENT

PAOS goes beyond as a business. We are a committed community partner, actively supporting the progress and development of local communities.

The Group believes that adopting continuous CSR activities with the community will create value and enhance the development of local societies and communities. During FYE2024, employees of PAOS participated in various community programmes such as participating in a pink-ribbon campaign to promote breast cancer awareness, continuously supporting and purchasing Kindness Cookies handcrafted by the learning disabled, and distributing cooked meals to senior citizens and underprivileged communities in Jalan Chow Kit in central Kuala Lumpur, Malaysia.

## Sustainability Statement

### SOCIAL (Continued)

#### Pink Ribbon Campaign

Our employees participated in a Pink Ribbon charity gala dinner which was organised by the Pink Ribbon Wellness (L) Foundation on 18 May 2024. The objective of this programme was to raise awareness and show support for those affected by breast cancer, as well as to highlight the importance of regular screenings and health checkups.



#### Kindness cookies made by GOLD kids

FYE2024 marks our 8<sup>th</sup> year in supporting Generating Opportunities for Learning Disabilities (“GOLD”), a Non-Governmental Organisation (“NGO”) generating opportunities for the learning disabled.

We continued with our annual subscription to their Kindness Cookies jar where freshly baked cookies are delivered on a monthly basis to our Shah Alam office.

This initiative helps support the learning disabled in their vocational training and living skill education as they work towards an independent and productive life.

### STATEMENT OF INDEPENDENT INTERNAL AUDIT ASSURANCE

The objective of this independent internal audit assurance is to assist the Board of Directors in verifying the data presented in this Sustainability Statement. The approach of the independent internal audit assurance was guided by Bursa Malaysia Listing Requirements and Bursa Sustainability Reporting Guide 3<sup>rd</sup> Edition.

Based on the sustainability assurance procedures, nothing has come to our attention that cause us to believe there is any material misstatement of the data presented in this Statement.



## Sustainability Statement

## PERFORMANCE DATA TABLE

Common Indicator		Measurement Unit	FYE2022	FYE2023	FYE2024
<b>C1</b>	<b>Anti-Corruption</b>				
(a)	Percentage of employees who have received training on anti-corruption by employee category				
	Management	Percentage	-	-	100
	Executive	Percentage	-	-	100
	Non-executive/ Technical Staff	Percentage	-	-	100
	General Workers	Percentage	-	-	100
(b)	Percentage of operations assessed for corruption-related risks	Percentage	100	100	100
(c)	Confirmed incidents of corruption and action taken	Number	0	0	0
<b>C2</b>	<b>Community/ Society</b>				
(a)	Total amount invested in the community where the target beneficiaries are external to the listed issuer	Unit of currency	-	-	6,800
(b)	Total number of beneficiaries of the investment in communities	Number	-	-	2
<b>C3</b>	<b>Diversity</b>				
(a)	Percentage of employees by gender and age group, for each employee category				
	Gender Group by Employee Category				
	Management Male	Percentage	-	-	58
	Management Female	Percentage	-	-	42
	Executive Male	Percentage	-	-	46
	Executive Female	Percentage	-	-	54
	Non-executive/ Technical Staff Male	Percentage	-	-	86
	Non-executive/ Technical Staff Female	Percentage	-	-	14
	General Workers Male	Percentage	-	-	93
	General Workers Female	Percentage	-	-	7
	Age Group by Employee Category				
	Management Under 30	Percentage	-	-	8
	Management Between 30-50	Percentage	-	-	25
	Management Above 50	Percentage	-	-	67
	Executive Under 30	Percentage	-	-	21
	Executive Between 30-50	Percentage	-	-	46
	Executive Above 50	Percentage	-	-	33
	Non-executive/ Technical Staff Under 30	Percentage	-	-	12
	Non-executive/ Technical Staff Between 30-50	Percentage	-	-	55
	Non-executive/ Technical Staff Above 50	Percentage	-	-	33
	General Workers Under 30	Percentage	-	-	67
	General Workers Between 30-50	Percentage	-	-	27
	General Workers Above 50	Percentage	-	-	6

Internal Assurance	External Assurance	No Assurance	(*) Restated
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## Sustainability Statement

## PERFORMANCE DATA TABLE (Continued)

Common Indicator		Measurement Unit	FYE2022	FYE2023	FYE2024
<b>C3</b>	<b>Diversity</b>				
(b)	Percentage of directors by gender and age group				
	Male	Percentage	-	-	43
	Female	Percentage	-	-	57
	Under 30	Percentage	-	-	0
	Between 30-50	Percentage	-	-	43
	Above 50	Percentage	-	-	57
<b>C4</b>	<b>Energy Management</b>				
(a)	Total energy consumption	Megawatt	3,354	3,926	3,716
<b>C5</b>	<b>Health and Safety</b>				
(a)	Number of work-related fatalities	Number	0	0	0
(b)	Lost time incident rate ("LTIR")	Rate	0	0	0
(c)	Number of employees trained on health and safety standards	Number	-	-	34
<b>C6</b>	<b>Labour practices and standards</b>				
(a)	Total hours of training by employee category				
	Management	Hours	-	-	216
	Executive	Hours	-	-	360
	Non-Executive/ Technical Staff	Hours	-	-	248
	General Workers	Hours	-	-	176
(b)	Percentage of employees that are contractors or temporary staff	Percentage	-	-	0
(c)	Total number of employee turnover by employee category				
	Management	Number	-	-	0
	Executive	Number	-	-	0
	Non-Executive/ Technical Staff	Number	-	-	0
	General Workers	Number	-	-	5
(d)	Number of substantiated complaints concerning human rights violations	Number	0	0	0
<b>C7</b>	<b>Supply chain management</b>				
(a)	Proportion of spending on local suppliers	Percentage	99.2%	99.5%	99.7%
<b>C8</b>	<b>Data privacy and security</b>				
(a)	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
<b>C9</b>	<b>Water</b>				
(a)	Total volume of water used	Megalitres	29.213	43.096	36.791
<b>C10</b>	<b>Waste Management</b>				
(a)	Total Waste generated	Metric tonnes	-	-	152.34
(i)	Total waste diverted from disposal	Metric tonnes	-	-	108.32
(ii)	Total waste directed to disposal	Metric tonnes	-	-	44.02
<b>C11</b>	<b>Emission Management</b>				
(a)	Scope 1 emissions in tonnes of CO2e	Metric tonnes	-	-	-
(b)	Scope 2 emissions in tonnes of CO2e	Metric tonnes	1,297	1,518	1,437
(c)	Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	-	-
<b>Internal Assurance</b>		<b>External Assurance</b>	<b>No Assurance</b>		<b>(*) Restated</b>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is pleased to provide an overview of the corporate governance practices throughout the Group during the financial year ended 31 May 2024. This overview takes guidance from the following three (3) key principles of good corporate governance as set out in the Malaysian Code on Corporate Governance (“Code”) :-

Principle A	Board Leadership And Effectiveness
Principle B	Effective Audit And Risk Management
Principle C	Integrity In Corporate Reporting And Meaningful Relationship With Stakeholders

This Statement serves as a means of complying with Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”). In addition to this, the application of each of the practices set out in the Code is disclosed in the Corporate Governance Report 2024 (“CG Report”), which is made available on the Group’s website : [www.paos.com.my](http://www.paos.com.my).

### PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

#### I Board Responsibilities

The Board assumes full responsibilities of the overall performance of the Group by setting strategic direction of the Group while exercising oversight on day-to-day management and operation delegated to Executive Directors and the Senior Management to ensure that the conduct of the business of the Group is in compliance with relevant laws, practices, standards and guidelines applicable to the Group.

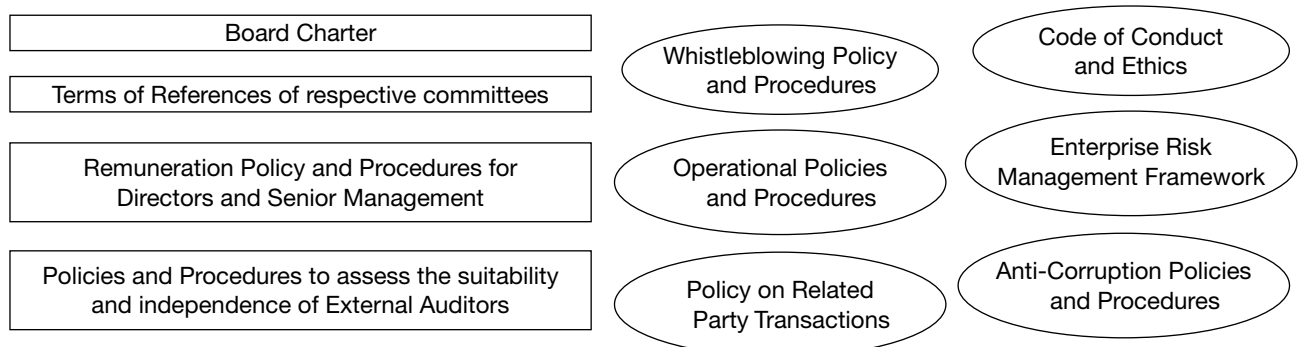
The Board sets the appropriate tone at the top, providing leadership and managing good governance and practices throughout the Group. To ensure the Group continues to adopt the best corporate governance practices, the Board and Senior Management review the internal practices with reference to the Code and the relevant guidelines regularly.

In order to ensure the orderly and effective discharge of the Board’s function and responsibilities, the Board established an internal governance model for the delegation of specific powers of the Board to the Senior Management and the following four (4) properly constituted Board Committees:-

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Investment Committee

The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities.

The Board, Board Committees and/or management are supported by the respective terms of references, various policies and procedures in execution of their duties with the following which constitute the key components of the Group’s governance framework :-



The abovementioned Board charter, terms of references, policies and procedures are reviewed and updated periodically in accordance with the needs of the Group and of any new regulations that may have an impact on the Group in order to ensure that they continue to remain relevant and appropriate.

## Corporate Governance Overview Statement

### PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### I Board Responsibilities (continued)

In performing its duties, the Board is guided by a Board Charter which sets out the composition, roles, responsibilities, operations and processes of the Board and also outlines the matters and decisions reserved for the Board. It serves as a reference and primary induction literature providing insights to prospective Board members and Senior Management. It is made available on the Group's website at [www.paos.com.my](http://www.paos.com.my) which is in line with the recommendation made by the Code. On 26 January 2024, the Board reviewed the Board Charter to ensure that it continues to remain relevant and appropriate.

The Board is chaired by Ms. Lim Chang Ching, who is responsible for the leadership, effectiveness, conduct and governance of the Board. Although the position of Chairman and Chief Executive Officer ("CEO") are held by Ms. Lim Chang Ching, this is perceived as appropriate and of benefit to the Group, due to her extensive knowledge in the Group's business, products, policies and administration matters. Her outstanding personality and experience have enabled her to perform both roles in accordance with the defined responsibilities stipulated in the Board Charter effectively.

The Board is mindful of the dual roles but is comfortable that there is no undue risk involved as the functions of the CEO are executed by delegation of the authority approved by the Board to the key management staff to ensure that division and accountability in essence are separated. All major matters and issues which are defined in the Board Charter as "Matters Reserved for the Board" were referred to the Board for consideration and approval. Furthermore, the roles and contributions of Independent Directors also provide an element of objectivity, independent judgement and check and balance to the Board.

Based on the recommendation of the Code, the Chairman should not be a member of Board Committees to ensure there is check and balance as well as objective review by the Board. The Board is of the view that Ms. Lim Chang Ching as a member of the Remuneration Committee is appropriate as she will be able to contribute to more effective discussion on the performance of the Senior Management as she is directly overseeing the Group's operations. Moreover, she will abstain from all deliberations of her remuneration package.

Every Director has unhindered access to all information within the Group and the advice and dedicated support services of the two (2) Company Secretaries, who are members of the professional bodies prescribed by the Minister and are qualified to act as company secretaries under the Companies Act 2016. The Company Secretaries ensure that Board procedures are followed and the applicable rules and regulations for the conduct of the affairs of the Board are complied with. The Company Secretaries have an oversight on overall corporate secretarial functions.

A Director of the Company must not hold directorships of more than five (5) Public Listed Companies in order to ensure that the Directors devote sufficient time to carry out their roles and responsibilities and in line with the MMLR. The Directors are required to submit an update on their other directorships from time to time for monitoring of the number of directorships held by the Directors of the Company and for notification to Companies Commission Malaysia accordingly.

In financial year 2024, the Board discharged their roles and responsibilities in accordance with the terms of references of the respective committees. The attendance of Directors during the financial year ended 31 May 2024 is set out below:

Directors	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting
Lim Chang Ching	4/4	-	-	1/1
Lim Zhen Qi	4/4	-	-	-
Alice Boo Miao Li	4/4	-	-	-
Cheah Yee Leng	4/4	-	-	1/1
Goh Ying Li	4/4	4/4	2/2	-
Lee Kok Wei	4/4	4/4	2/2	-
Oscar Kin Yin Tuet - Appointed on 28 August 2023	3/3	3/3	-	1/1

## Corporate Governance Overview Statement

## PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

## I Board Responsibilities (continued)

The Board is satisfied with the level of commitment given by the Directors in fulfilling their roles and responsibilities as Directors of the Company as all Directors have full attendance of the Board and Board Committees meetings held during the financial year 31 May 2024.

In the intervals between Board Meetings, any matters requiring urgent Board decisions and/or approvals can be sought via circular resolutions which are supported with all the relevant information and explanations required for informed decisions to be made.

The Board views continuous learning and training as an integral part of the Directors' development. The Board is satisfied that the Internal Auditors, External Auditors and the Company Secretaries have provided the relevant updates on statutory and regulatory requirements from time to time during the Audit Committee and Board meetings. Seminars, training, briefing or courses attended by the Directors during the financial year 31 May 2024 including the following:

Name of Directors	Date	Seminars, training, briefing or courses	Duration
Lim Chang Ching	24.01.2024	Smart Manufacturing Transformation by Apulsar Technologies Sdn. Bhd.	1 hour
	02.02.2024	Cyber Security Awareness by Versatile Learning Sdn. Bhd.	1 day
	10.05.2024	RSPO Training by Kao Malaysia	1 hour
Lim Zhen Qi	02.02.2024	Cyber Security Awareness by Versatile Learning Sdn. Bhd.	1 day
Alice Boo Miao Li	06.11.2023	ACCA Virtual Seminar - Post Budget 2024 by ACCA	1 day
	21.11.2023	Another challenging year for global economic growth by ACCA	1 hour
	30.11.2023	Preparation and implementation of "e-invoice" in Malaysia by ACCA	2 ½ hours
	07.12.2023	KPMG Webinar - MFRS Updates 2023 by KPMG	2 hours
Cheah Yee Leng	15.06.2023	Using e-Signatures & Digital Signatures - On my Corporate Documents by Tricor	1 hour
	20.07.2023	Provision of Financial Assistance & RPT by CKM Advisory Sdn. Bhd.	1 day
	17.08.2023	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers by Bursa Malaysia	1 ½ hours
	23.08.2023	Briefing on e-Invoice Overview by representative of Messrs Ernst & Young	1 hour
	24.10.2023	Employee Share Scheme by Companies Commission of Malaysia	1 day
	02.11.2023	Directors' Conflict of Interests - How Company Secretary is to Advise by Companies Commission of Malaysia	1 day
	20.11.2023	Briefing on Bursa Enhanced Sustainability Reporting Requirements together with IFRS S1 and IFRS S2 by representative of Messrs Ernst & Young	1 hour
Goh Ying Li	01.03.2024	Sustainability – why ESG Is Not Enough by Asia School of Business	1 ¾ hours
Lee Kok Wei	01-02.08.2023	National Tax Conference 2023 by LHDNM / CTIM	2 days
	18.10.2023	Seminar Percukaian Kebangsaan 2023 by LHDNM	1 day
	21.11.2023	2024 Budget Seminar by CTIM	1 day
	15.12.2023	E-Invoicing: Is Your Business Ready for New Regulations? by CTIM	1 day
	31.01.2024	Tax Deductible Expenses - Principles and Latest Development by CTIM	1 day
	29.02.2024	Review and Update on Selected Public Rulings Issued in the Recent Years by CTIM	1 day
	06.03.2024	Essential Tax Updates in 2023/2024 by CTIM	1 day
08.05.2024	Hasil - CTIM Tax Forum 2024 by LHDNM / CTIM	1 day	
Oscar Kin Yin Tue	22-23.11.2023	Mandatory Accreditation Programme by Bursa Malaysia	1 day & 3 ½ hours

## Corporate Governance Overview Statement

### PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### I Board Responsibilities (continued)

The Board together with the Senior Management pledge to conduct business ethically and adhere to all applicable laws and regulations whilst embracing zero-tolerance on any form of bribery and corruption. In strengthening its full commitment to govern its business practices with upmost integrity and to deter the occurrence of bribery or corruption within the Group, a set of “Anti- Corruption Policies and Procedures” and “Anti-Corruption Oversight Structure” have been adopted. The Board has also put in place a Code of Conduct and Ethics for Directors and employees and Whistleblowing Policies and Procedures.

The Code of Conduct and Ethics for Directors and employees is made available on the Group’s website. It sets forth the standard of conduct required for all Directors and employees of the Group and reflects the Group’s underlying core ethical values and commitment towards a high standard of integrity, transparency, fairness, accountability, contribution towards the social and environmental growth of the surroundings in which it operates and the pursuit of excellence. The employees are made aware that relevant disciplinary actions will be taken for unethical behaviour and misconduct.

The Whistleblowing Policies and Procedures which facilitate the exposure of any unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements within the Group is also made available on the Group’s website. No whistleblowing report was received during financial year 2024. On 27 October 2023, the Board revised Whistleblowing Policies and Procedures to update the particulars of Chairman of Audit Committee.

On 26 January 2024, the Board reviewed the Anti-Corruption Policies and Procedures. Whistleblowing Policies and Procedures and Code of Conduct and Ethics to ensure that they continue to remain relevant and appropriate.

The Board acknowledges the importance of sustainability relating to environmental, social and governance (“ESG”) including their risks and opportunities to/for the Group. The Risk Management Committee consisting of Executive Directors and key management staff has been assisting the Board in fulfilling its oversight responsibilities in relation to the Group’s sustainability strategies and initiatives as well as embedding sustainability practices into the businesses of the Group.

The Group periodically reviews and updates the Group’s sustainability material matters and captured the input from the stakeholders whom the Group collaborates in engaging and assessing the magnitude of risks and opportunities, shape the strategy and the allocation of resources. The Group has engaged with stakeholders in various communication channels to understand stakeholders’ interests and concerns towards the business operations and sustainability performance.

In order to ensure the Board is kept abreast on sustainability issues which are relevant to the Group’s businesses and operations, the management updates the Board from time to time on the stakeholders’ needs and expectations and identify the areas that matter most to the Group gauged upon frequent and robust engagement with stakeholders. In May, 2024, the Group engaged a professional consultant to provide sustainability advisory to the Group. A briefing with regards to the sustainability of the Group had been conducted on 14 May 2024 and all members of the Board were invited to participate. The consultant will guide and highlight the necessary course of actions, documentation and recommendation with regards to ESG and it is foreseeable that the deliberation and reporting with regards to ESG will be enhanced. The management will organise seminars or talks in relation to ESG for the Board when the need arises. In addition, the article, journal, updates or reports in relation to the Group’s businesses will be distributed to the Board to ensure the Board is kept abreast on the latest developments and trends of the Group’s businesses.

#### II Board Composition

Directors	Directorate
Lim Chang Ching	Executive Chairman Non-Independent Executive Director
Lim Zhen Qi	Non-Independent Executive Director
Alice Boo Miao Li	Non-Independent Executive Director
Cheah Yee Leng	Non-Independent Non-Executive Director
Goh Ying Li	Independent Non-Executive Director
Lee Kok Wei	Independent Non-Executive Director
Oscar Kin Yin Tuet - appointed on 28 August 2023	Independent Non-Executive Director



## Corporate Governance Overview Statement

## PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

## II Board Composition (continued)

## DEMOGRAPHIC

	As at 1 June 2023	As at 31 May 2024	As at date of this Statement
Independent Non-Executive Directors	2	3	3
Non-Independent Non-Executive Director	1	1	1
Executive Chairman	1	1	1
Non-Independent Executive Directors	2	2	2
Number of Directors	6	7	7
<i>Female</i>	4 (67%)	4 (57%)	4 (57%)
<i>Male</i>	2 (33%)	3 (43%)	3 (43%)

One-Third (1/3) of the Board consists of Independent Non-Executive Directors in compliance with Paragraph 15.02(1)(a) of MMLR  
At least one (1) Director is a woman in compliance with Paragraph 15.02(1)(b) of MMLR

Although less than half of the Board comprises Independent Directors, the Board is of the view that having a majority of Non-Executive Directors of the Board provides reasonably effective check and balance within the Board. The Board recognises and appreciates the valuable advice, guidance and insight of Non-Independent Non-Executive Director, Ms. Cheah Yee Leng, who was nominated by the Company's substantial shareholder, Hap Seng Consolidated Berhad.

The Company currently does not have a policy to limit the tenure of its independent directors to nine (9) years. At this juncture, none of the Independent Directors of the Company has exceeded a cumulative term of nine (9) years. However, if the Board intends to retain an independent director beyond nine (9) years, it will justify and seek annual shareholders' approval appropriately.

The Board acknowledges the importance of fostering diversity to enhance effectiveness of the Board and Senior Management. Having a range of diverse dimensions brings different perspectives to the boardroom and to various levels of Management within the Group. The present Directors, with their different backgrounds and specialisation, collectively bring with them experience and expertise in areas such as finance, accounting, business administration, corporate affairs, legal, marketing and operations. With this mix of expertise, the Company is essentially led and guided by an experienced and competent Board. The brief profile of each Director is presented in this Annual Report under Profile of Directors.

The Group is committed to maintaining an environment of respect for people in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion or age. As such, all appointments and employment are based on objective criteria including (but not limited to) diversity in skills, experience, age, cultural background and gender.

The Company has in place its procedures and criteria for appointment of new directors and Senior Management. The Company has sourced for the most suitable candidates from various sources such as recommendations from the Directors, Secretary and referrals from external sources. Mr. Oscar Kin Yin Tuet was recommendation by a director and was appointed as Independent Non-Executive Director after assessing and evaluating his declaration made on the Directors' Declaration of Fit and Proper and Directors' Declaration of Independence Pursuant to MMLR as stipulated in the Company's Board Charter and the following criteria:

- Fulfillment of Para 2.20A of the MMLR in terms of character, experience, integrity, competence and time to effectively discharge their roles as directors;
- qualifications;
- skills and functional knowledge; and
- background.

The Board is judicious of the gender diversity recommendation promoted by the Code in order to offer greater depth and breadth for discussions and constructive debates in Board and Senior Management level. Currently, there is 57% female in the Board and 67% female in the Senior Management team. Therefore, the Board is of the view that there is no necessity to set any specific target for female directors to sit in the Board and in the Senior Management team.

## Corporate Governance Overview Statement

### PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### II Board Composition (continued)

In accordance to the Article 109 of the Company's Constitution, all Directors shall retire from office at the Company's AGM at least once in three (3) years but shall be eligible for re-election in accordance with the Company's Constitution.

Based on the recommendation by the Nomination Committee, the Board is proposing the re-election of the following Directors who have offered themselves for re-election at the forthcoming Twenty Seventh ("27<sup>th</sup>") Annual General Meeting ("AGM"):-

- a. Ms. Lim Chang Ching (pursuant to Article 109 of the Company's Constitution)
- b. Ms. Cheah Yee Leng (pursuant to Article 109 of the Company's Constitution)

To assist shareholders in their decision, sufficient information such as personal profiles of the Directors standing for re-election are disclosed in the Profile of Directors whereas the details of their interest in securities of the Company are set out in the Analysis of Shareholdings in this Annual Report.

The Nomination Committee provides advice and assistance to the Board on matters relating to appointment of new Directors, board composition and performance evaluation on effectiveness of the Board, Board Committees and individual directors. The Nomination Committee oversees and reviews on an on-going basis, the overall composition of the Board in terms of size, the required mix of skills, experience and other qualities and core competencies for the Directors of the Company.

The Board has adopted a formal and objective annual evaluation of the Board, Board Committees and Directors' performance. During financial year ended 31 May 2024, the Company Secretaries assisted in the preparation of documents and facilitation of the annual evaluation. The evaluation process was led by Chairman of the Nomination Committee with the assistance of the Company Secretaries. All Directors participated in the evaluation by answering a set of questionnaires.

The evaluation process was based on self and peer assessments whereby the Directors assessed each other and themselves, the Board as a whole and the performance of each Board Committee. The results of all assessments and comments were collated and summarised by the Company Secretaries and were deliberated at the Nomination Committee meeting and thereafter the Nomination Committee's Chairman reported the results and deliberation to the Board.

The results of the assessments indicated that the performance of the Board, the Board Committees, the individual Directors and Members of the Board Committees during the review period had been satisfactory and therefore, they had been effective in their overall discharge of functions, roles and duties. Also, there were no apparent weaknesses or shortcomings identified as to warrant any specific action plan to address the same.

During the financial year ended 31 May 2024, the Nomination Committee met twice and had carried out the following activities:-

- a. assessed the performance of the Board, Board Committees and individual Directors, including the term of office and performance of the Audit Committee and each of its members;
- b. assessed the independence of each Independent Director by taking into account their self-assessments/declarations and based on the guidelines as set out in the MMLR and other criteria such as, tenure, relationship between the Independent Directors and the Company and their involvement in any significant transaction with the Company;
- c. deliberated on the re-election of the affected Directors retiring pursuant to the Company's Constitution before making recommendations to the Board for its consideration;
- d. assessed the training needs for Directors;
- e. reviewed the succession planning programme; and
- f. evaluated the proposed appointment of Mr. Oscar Kin Yin Tuet as Independent Non-Executive Director and made recommendation to the Board.

## Corporate Governance Overview Statement

## PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

## III Remuneration

The Board has in place a set of policies and procedures for remuneration of Directors and Senior Management (“Remuneration Policy”). The objective of Remuneration Policy of the Company is to attract, retain and motivate Directors and Senior Management of the quality required to manage the business of the Group. The remuneration of Executive Directors and Senior Management comprises basic salary, allowances, bonuses and other customary benefits as appropriate. In the case of the Non-Executive Directors, a basic fee as ordinary remuneration and meeting allowances will be paid. The Executive Directors play no part in deciding their own remuneration. It is the ultimate responsibility of the Board to approve the remuneration package of Executive Directors. The Directors’ Fee payable and other benefits payable to Directors are subject to the members’ approval at the AGM in accordance with Section 230(1) of the Companies Act 2016.

The Board, through the Remuneration Committee is responsible for establishing, reviewing and recommending to the Board the remuneration packages of each individual Executive Director. The Remuneration Committee is also responsible for reviewing and recommending the remuneration for Senior Management and to ensure that their remuneration commensurate with their responsibilities and commitment.

On 26 January 2024, the Remuneration Committee reviewed the Directors’ fee and remuneration packages of the Executive Directors and Senior Management. The Board approved the recommendation by the Remuneration Committee to put forth the Directors’ Fee to the shareholders for approval at the 27<sup>th</sup> AGM.

Details of Directors’ remuneration of the Company and of the Group for the financial year ended 31 May 2024 are as follow:-

## Company

	Salaries (RM)	Bonuses (RM)	Fees (RM)	Other Remuneration (RM)	Total (RM)
<b>Executive Directors</b>					
Lim Chang Ching	-	-	3,500	2,500	6,000
Lim Zhen Qi	-	-	-	2,500	2,500
Alice Boo Miao Li	-	-	-	2,500	2,500
<b>Non-Executive Directors</b>					
Cheah Yee Leng	-	-	41,500	2,500	44,000
Goh Ying Li	-	-	47,000	4,500	51,500
Lee Kok Wei	-	-	52,500	4,500	57,000
Oscar Kin Yin Tuet*	-	-	35,853	3,500	39,353
<b>Total</b>	-	-	<b>180,353</b>	<b>22,500</b>	<b>202,853</b>

## Group

	Salaries (RM)	Bonuses (RM)	Fees (RM)	Other Remuneration (RM)	Total (RM)
<b>Executive Directors</b>					
Lim Chang Ching	901,968	123,200	3,500	2,500	1,031,168
Lim Zhen Qi	491,679	66,000	-	2,500	560,179
Alice Boo Miao Li	298,620	20,500	-	2,500	321,620
<b>Non-Executive Directors</b>					
Cheah Yee Leng	-	-	41,500	2,500	44,000
Goh Ying Li	-	-	47,000	4,500	51,500
Lee Kok Wei	-	-	52,500	4,500	57,000
Oscar Kin Yin Tuet*	-	-	35,853	3,500	39,353
<b>Total</b>	<b>1,692,267</b>	<b>209,700</b>	<b>180,353</b>	<b>22,500</b>	<b>2,104,820</b>

\* appointed as Independent Non-Executive Director on 28 August 2023

## Corporate Governance Overview Statement

### PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### III Remuneration (continued)

##### Remuneration of Top Five Senior Management

The top five (5) Senior Management's remuneration for the financial year ended 31 May 2024 is as follows :-

Range of Remuneration (RM)	Top Five Senior Management
350,000-400,000	1
200,000-250,000	1
150,000-200,000	3
<b>Total</b>	<b>5</b>

The Board is of the view that the disclosure of the Senior Management Personnel names and the various remuneration component (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality and sensitivity of each remuneration package.

### PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I Audit Committee

The Audit Committee consist of three (3) Independent Directors which is in compliance with the MMLR. None of the members of Audit Committee was a former key audit partner who is required to observe a cooling off period of at least three (3) years before being appointed as a member of Audit Committee in accordance with the Terms of Reference of Audit Committee.

The Chairman of Audit Committee is distinct from the Chairman of the Board. This has ensured the objectivity of the Board's review of the Audit Committee's findings and recommendations. The Chairman of the Audit Committee is responsible to ensure the overall effectiveness and independence of the Audit Committee.

All members of the Audit Committee are financially literate. The Chairman, Mr. Lee Kok Wei is a member of the Malaysian Institute of Accountants (MIA) and a member of Asean Chartered Professional Accountant. All members of the Audit Committee have full access to both the Internal and External Auditors who, in turn, have access at all times to the Chairman of Audit Committee.

The Board, through its Audit Committee maintains a formal and transparent relationship with its External Auditors. The Board delegated the responsibility to the Audit Committee for making recommendations on the appointment, re-appointment or removal of the External Auditors as well as their remuneration. The Company has in place policies and procedures to assess the suitability, objectivity and independence of the External Auditors. In the annual assessment on the suitability, objectivity and independence of the auditors, the Audit Committee is guided by the factors as prescribed under MMLR as well as the policies and procedures which were adopted by the Board.

Details of activities carried out by the Audit Committee during the financial year ended 31 May 2024 are set out in the Audit Committee Report.

## Corporate Governance Overview Statement

### PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

#### II Risk Management and Internal Control Framework

The Board recognises the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and effectiveness.

The Board adopted the Enterprise Risk Management framework which is guided by the principles set out in ISO31000:2018 Risk Management, which is an internationally recognised risk management framework. The Risk Management Committee is entrusted by the Board to oversee the Group's risk management framework and policies. The composition of Risk Management Committee consists of Executive Directors and key management staff. The Risk Management Committee has clear written Terms of Reference and the Board receives reports of its proceedings and deliberations. The Risk Management Committee will report to the board the outcome of its meetings and such reports are incorporated in the minutes of the Board meetings.

The Risk Management Committee assessed and monitored the efficacy and effectiveness of the risk management controls and measures taken whilst the adequacy and effectiveness of the internal controls were reviewed by the Audit Committee in conjunction with the activities and reports of the outsourced Internal Auditors.

For financial year 31 May 2024, the Group's internal audit function is outsourced to a professional service firm, Augment GC Sdn. Bhd. to provide the Audit Committee with an independent assessment on the adequacy and effectiveness of the Group's system of internal controls.

During the financial year under review, the outsourced internal audit function carried out audits in accordance with the risk-based internal audit plan reviewed and approved by the Audit Committee. The results of their review presented in the Internal Audit Report, which include a summary of internal audit findings and management's responses, were discussed with Senior Management and subsequently presented to the Audit Committee. Follow up visits were also conducted by Internal Auditors to ensure that management's action plans in respect of the matters highlighted in the internal audit reports have been adequately addressed. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

To ensure effectiveness of the Group Internal Audit function, the Audit Committee assessed the following in respect of internal audit amongst others, the terms of engagements, scope of work, timeliness and quality of deliverables :-

- a. the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work; and
- b. the internal audit plan, processes, the results of the internal audit assessment, processes or undertakings and whether or not appropriate action is taken on the recommendations of the internal audit function.

The engagement Director of Augment GC Sdn. Bhd., Mr. Lim Jiun Horng who has diverse professional experience in internal audits, risk management and corporate governance advisory. He is a Certified Internal Auditor (CIA) and a Chartered Member of the Institute of Internal Auditors Malaysia.

The internal audit staff on the engagement, are free from any family relationship with any Directors and/or major shareholders and do not have any conflict of interest with the Group.

The internal audit was conducted using a risk-based approach and was guided by the International Professional Practice Framework (IPPF).

## Corporate Governance Overview Statement

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

#### I Engagement with Stakeholders

The Board leverages on a number of formal channels for effective dissemination of information to shareholders and other stakeholders, particularly through Annual Reports, Circular to Shareholders, announcements to Bursa Malaysia Securities Berhad, media releases, AGM, Extraordinary General Meeting (“EGM”) and the Group’s website, [www.paos.com.my](http://www.paos.com.my).

The Company is not a Large Company as defined by the Code. The Company will consider adopting integrated reporting if the Board is of the view that the benefits of the adoption outweigh the costs.

#### II Conduct of General Meetings

The Board regards that AGMs and EGMs are the primary forum for communication by the Company with its shareholders and for shareholders participation.

During financial year ended 31 May 2024, the Company’s Twenty Sixth (“26<sup>th</sup>”) AGM was conducted on a fully virtual basis through live streaming and online Remote Participation and Electronic Voting (“RPEV”) facilities via online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657), provided by Boardroom Share Registrars Sdn. Bhd. in Malaysia on 29 November 2023. The virtual meeting allowed greater shareholder participation in line with the recommendations of the Code. All Directors, Company Secretaries and the Company’s External Auditors participated in the 26<sup>th</sup> AGM.

The Company ensured that shareholders were given ample time to review and consider the matters to be discussed and decided at the Company’s 26<sup>th</sup> AGM. In line with the recommendations of the Code, the Notice of 26<sup>th</sup> AGM of the Company was issued twenty eight (28) days before the AGM date. Concurrently, the Notice of 26<sup>th</sup> AGM was advertised in a nationally circulated English daily newspaper. In order to facilitate informed decision making by the shareholders, Notice of 26<sup>th</sup> AGM is also accompanied by explanatory notes along with any background information and reports or recommendation that are relevant, where required and necessary.

Detailed registration and voting procedures were provided to shareholders through an Administrative Guide, both to assist in their participation using the online platform and to encourage their involvement. The shareholders were encouraged to take advantage of the RPEV facilities to participate and vote at the 26<sup>th</sup> AGM. The shareholders were also encouraged to appoint proxy/proxies or chairman of the meeting to vote on their behalf if they are unable to attend the meeting. To further encourage engagement between the Directors and shareholders, the shareholders or proxies were invited to submit questions via real time submission of typed texts through a text box within Boardroom Smart Investor Portal’s platform during the live streaming of the meeting or to send questions before 26<sup>th</sup> AGM via Boardroom Portal at <https://investor.boardroomlimited.com>.

At the Company’s 26<sup>th</sup> AGM, the Company had continued to leverage on technology to facilitate remote shareholders’ participation and electronic voting for the conduct of poll on the resolutions. The Board had ensured that the required infrastructure and tools were in place to enable the smooth broadcast of the 26<sup>th</sup> AGM and meaningful engagement with the shareholders.

A Questions and Answers session (“Q&A session”) had been allocated to deal with the questions in relation to the Company’s financial statements and proposed resolutions before putting the resolutions for voting. The Chairman ensured that shareholders and proxies were given ample opportunities to raise questions related to the Company’s affairs, and sufficient responses were provided. The questions from Minority Shareholders Watch Group (MSWG) vide its letter dated 1 November 2023 relating to the Company’s affairs were made visible to the participants and the answers thereto were read out and addressed during Q&A session. The questions posed by the shareholders/proxies during the meeting were also responded by the Chairman and Executive Director during the Q&A session.

The Company had engaged Boardroom Share Registrars Sdn. Bhd. as the Poll Administrator to provide the electronic polling services for 26<sup>th</sup> AGM. The poll results were verified by the independent scrutineer, Sky Corporate Services Sdn. Bhd., before the Chairman declared the resolutions tabled were carried. The poll results as well as the name of the independent scrutineer were announced by the Company via Bursa LINK on the same day for the benefit of all shareholders. The Minutes of the 26<sup>th</sup> AGM together with the Questions raised by MSWG and the poll results were made available on the Group’s website within thirty (30) business days after the 26<sup>th</sup> AGM.



## Corporate Governance Overview Statement

### STATEMENT ON COMPLIANCE

The Company has adopted all the Practices of the Code except for the following:

Practice 1.3	The positions of Chairman and CEO are held by different individuals;
Practice 1.4	The Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee;
Practice 5.2	At least half the Board comprises independent directors;
Practice 5.6	The Board does not solely rely on recommendations from existing board members, management or major shareholders. The Board utilises independent sources to identify suitably qualified candidates; and
Practice 8.2	Disclosure on a named basis of top five senior management's remuneration in bands of RM50,000.

The explanations for departure from the above practices are available in the CG Report.

The Board is committed to strengthen the application of the corporate governance practices and procedures as set out in the Code throughout the Group, in pursuit of safeguarding the interest of all shareholders and stakeholders.

This Corporate Governance Overview Statement was approved by the Board of Directors on 26 September 2024.

## OTHER COMPLIANCE INFORMATION

### 1. Utilisation of Proceeds

During the financial year ended 31 May 2024, the Company did not raise any proceed from any corporate proposal.

### 2. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid or payable to the External Auditors or a firm or corporation affiliated to the Auditors' firm for the financial year ended 31 May 2024 are as follows:-

Particular	Company RM	Group RM
Audit Fee paid or payable to External Auditors	60,000	201,000
Non-Audit Fees paid or payable to External Auditors <i>- review of the Statement on Risk Management and Internal Control</i>	15,000	15,000
Non-Audit Fees paid or payable to a firm or corporation affiliated to the Auditors' firm <i>- taxation services</i>	5,500	40,100

### 3. Material Contracts

There were no material contracts (not being contracts entered into the ordinary course of business) entered into by the Company and its subsidiaries involving the interests of Directors and major shareholders of the Company either subsisting at the end of the financial year or entered into since the end of the previous financial year.

### 4. Recurrent Related Party Transactions of a Revenue or Trading Nature

The Company intends to seek its shareholders' approval to renew the existing shareholders mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate") with the related party which are necessary for the day-to-day operation and are in the ordinary course of business of the Group at the Twenty Seventy Annual General Meeting of the Company. The Proposed Shareholders' Mandate, details as disclosed in the Circular to Shareholders dated 30 September 2024 is sent together with this Annual Report. Details of the Proposed Shareholders' Mandate occurred during the financial year ended 31 May 2024 are disclosed in Note 26 to the Financial Statements set out on page 86 of this Annual Report.

## AUDIT COMMITTEE REPORT

## COMPOSITION

<b>Chairman</b>	<b>Lee Kok Wei</b> ( <i>Independent Non-Executive Director</i> )
<b>Members</b>	<b>Goh Ying Li</b> ( <i>Independent Non-Executive Director</i> )
	<b>Oscar Kin Yin Tuet</b> ( <i>Independent Non-Executive Director</i> )

The composition of the Audit Committee meets the requirement of paragraph 15.09(1)(a) and (b) and 15.10 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”).

Mr. Lee Kok Wei is a member of the Malaysian Institute of Accountants (“MIA”) and a member of Asean Chartered Professional Accountant and fulfills the requirement of paragraph 15.09 (1)(c)(i) of the MMLR.

The Audit Committee was established to act as a Committee for the Board of Directors to fulfil its fiduciary responsibilities in accordance with the Terms of Reference of the Audit Committee of the Company and to assist the Board in reviewing the adequacy and integrity of the Group’s financial administration, reporting and internal control. The ‘Terms of Reference of the Audit Committee’ is reviewed as and when the need arises. The last review on the ‘Terms of Reference of the Audit Committee’ was conducted on 26 April 2024. The ‘Terms of Reference of the Audit Committee’ is available for reference on the Group’s website at [www.paos.com.my](http://www.paos.com.my).

The Board has entrusted the Nomination Committee to review the terms of office of the Audit Committee members and the performance of the Audit Committee and its members through an annual evaluation. The Board is satisfied that the Audit Committee and its members discharged their functions, duties and responsibilities in accordance with the ‘Terms of Reference of the Audit Committee’, supporting the Board in ensuring the Group upholds appropriate Corporate Governance standards.

During the financial year ended 31 May 2024, the Chairman of the Audit Committee had engaged on a continuous basis with the management, Internal Auditors and the External Auditors, in order to keep abreast of matters and issues affecting the Company.

## ATTENDANCE

During the financial year ended 31 May 2024, the Committee met four (4) times and the attendance of the members were as follows:-

<b>Name of Members</b>	<b>26.7.2023</b>	<b>27.10.2023</b>	<b>26.1.2024</b>	<b>26.4.2024</b>	<b>Attendance</b>
Lee Kok Wei	√	√	√	√	4/4 (100%)
Goh Ying Li	√	√	√	√	4/4 (100%)
Oscar Kin Yin Tuet ( <i>appointed as Member of Audit Committee on 28 August 2023</i> )	NA	√	√	√	3/3 (100%)

The Audit Committee meetings were convened with proper notices and agenda. The management was invited to all Audit Committee meetings to facilitate direct communication and to provide clarification on audit issues and the Group’s operations. The Chairman of the Audit Committee reported on key issues discussed at each meeting to the Board at the Board meeting held subsequently.

All deliberations during the Audit Committee meetings were duly minuted. Minutes of the Audit Committee meetings were tabled for confirmation at every succeeding Audit Committee meeting and the Minutes were distributed to each Board member for their notation.

## Audit Committee Report

### SUMMARY OF WORKS

The works carried out by the Audit Committee during the financial year ended 31 May 2024 include the following :-

#### (a) Financial Reporting

The Committee reviewed the unaudited quarterly reports and financial statements of the Company and the Group and recommended the same to the Board for approval prior to the announcement to Bursa Malaysia Securities Berhad. The review is to ensure that the unaudited quarterly reports and audited financial statements of the Company and the Group present a true and fair view of the Group's financial position and performance and compliance with regulatory requirements.

The Committee reviewed the financial reports by focusing on :-

- Changes in or implementation of major accounting policies
- Significant adjustment arising from the audit
- Significant and unusual events
- Compliance with accounting standards and other legal requirements

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with the management and External Auditors on the salient accounting and audit issues, significant risk areas, reasonableness of significant judgements, amendments to the reporting standards and other legal requirements.

The Company's External Auditors, Messrs. KPMG PLT ("KPMG") have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors such as impairment on investments, trade receivables, contract assets and inventories.

#### (b) External Audit

On 26 July 2023, the Audit Committee reviewed KPMG's presentation for financial year ended 31 May 2023. A summary of KPMG's key findings was presented to the Audit Committee. The Audit Committee was satisfied that the Financial Statements for the year 2023 did not contain material misstatements and have given a true and fair view of the financial position of the Group. In the same meeting, the Audit Committee carried out an annual assessment/evaluation of the performance of External Auditors including the assessment of their independence in accordance to the Group's 'Policies and Procedures to Assess the Suitability and Independence of External Auditors'. The Audit Committee took into account the assessment of the engagement partner's and engagement team's performance during their presentation at the Audit Committee meetings and the private sessions held between the Audit Committee and the Auditors as well as information presented in KPMG's Annual Transparency Report. Based on the work done, the presentation of the Auditors and the feedback from the management, the Audit Committee was satisfied with KPMG's performance for financial year 2023 and recommended to the Board the re-appointment of KPMG as External Auditors of the Group for financial year 2024.

With the shareholders' approval of the appointment of KPMG as External Auditors for the financial year 2024, the Audit Committee reviewed with KPMG, their Audit Plan for the financial year ended 31 May 2024 on 26 April 2024. The engagement team, audit highlights, audit materiality, audit scope, audit methodology and timing of audit, significant risks ie potential key audit matters and other significant audit matters, key milestones, audit fees, newly effective and forthcoming accounting standards, revision to the *By-Laws (on Professional Ethics, Conduct and Practice)* of the MIA ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") in relation to non-assurance services, Directors' responsibilities, KPMG's responsibilities, KPMG's independence and amongst others were discussed and brought to the attention of the Audit Committee. The Audit Committee upon due deliberation, approved KPMG's Audit Plan for the financial year ended 31 May 2024 for implementation in accordance with the audit timelines.

An annual assessment of the quality of the audit has been undertaken by the Audit Committee on 26 July 2024. The Audit Committee was satisfied with KPMG's performance, quality of communication, sufficiency and allocation of resources, competency as well as timelines in completing the audit. The Audit Committee was of the view that KPMG had demonstrated their independence, objectivity and professionalism. In addition, KPMG in its presentations to the Audit Committee confirmed that KPMG are independent of the Group in accordance with the By-Laws and IESBA Code, and they have fulfilled their other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Further to that, the Audit Committee recommended the re-appointment of KPMG for the financial year ending 31 May 2025 to the Board for approval by its shareholders at the forthcoming Twenty Seventh Annual General Meeting.

## Audit Committee Report

### SUMMARY OF WORKS (CONTINUED)

#### (c) Internal Control and Risk Management

During financial year 2024, the Audit Committee met four (4) times with the Internal Auditors at the Audit Committee meetings to carry out its responsibility in reviewing the internal audit function and to assure itself on the soundness of internal control system.

On 26 July 2023, the Audit Committee reviewed and concurred with the comments on the Statement on Risk Management and Internal Control given by the outsourced Internal Auditors, Augment GC Sdn. Bhd.. In the same meeting, the Audit Committee reviewed and approved the three (3) Internal Audit Plan for financial years 31 May 2024 to 31 May 2026 which was prepared by Internal Auditors after assessing the key risks of the Group and having discussion with the management. Although the Internal Audit Plan is for three (3) years, realignment of the Internal Audit Plan will be carried out on an annual basis.

On 27 October 2023, 26 January 2024 and 26 April 2024, the Audit Committee reviewed and deliberated the Internal Audit Reports containing internal audit findings, management's response and recommendations presented by the Internal Auditors. Follow up reviews from previous audits were also updated to the Committee to track on whether the findings have been resolved.

#### (d) Other activities

The Audit Committee reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group on quarterly basis. The Audit Committee also reported to the Board on significant issues and concerns discussed during the Audit Committee meetings together with applicable recommendations.

On 26 July 2023, the Audit Committee reviewed the 'Policy On Related Party Transaction' and the Audit Committee was of the view that the guidelines and procedures set out in the said Policy are sufficient to ensure that the recurrent related party transactions are carried out and will be carried out at arm's length and on normal commercial terms which are not more favourable to the related parties involved than those generally available to the public and not detrimental to the interest of the Company and its minority shareholders and the Group has in place adequate procedures and processes to monitor, track and identify recurrent related party transactions in a timely and orderly manner. In the same meeting, the Audit Committee also reviewed and approved the enhancements made to the 'Policies and Procedures to Assess the Suitability and Independence of External Auditors' whereby a list of 'Pre-approved Non-Assurance Services ("NAS")' and the procedures and conditions of permissible NAS to be provided by the independent auditors and its affiliates were incorporated into the said policy for a practical reason further to the changes in IESBA Code.

On 26 January 2024, the Audit Committee reviewed the summary of Identified Corruption Risks for financial year 2024 of the Company and each subsidiary presented by the Anti-Corruption Oversight Committee. In the same meeting, the Audit Committee also reviewed the 'Terms of Reference of Anti-Corruption Oversight Committee', 'Anti-Corruption Policies and Procedures', 'Terms of Reference of Audit Committee' and 'Policies and Procedures to Assess the Suitability and Independence of External Auditors' to ensure that they remain relevant and applicable.

On 26 April 2024, the Audit Committee reviewed and deliberated the 'Declaration of Conflict of Interest' duly completed and signed by all Directors of the Group and thereafter report the same to the Board of Directors. In the same meeting, the Audit Committee reviewed and approved the enhancements made to the 'Terms of Reference of Audit Committee' and 'Policies and Procedures to Assess the Suitability and Independence of External Auditors'.

## Audit Committee Report

### INTERNAL AUDIT FUNCTION AND SUMMARY OF WORKS

During financial year ended 31 May 2024, the Group outsourced its internal audit function to Augment GC Sdn. Bhd. as internal auditors of the Group to assist the Audit Committee in discharging its duties and responsibility more effectively. Augment GC Sdn. Bhd. acted independently and with due professional care and presented the Internal Audit Reports on the findings and recommendations to the Audit Committee.

The internal audit reviews were conducted using a risk-based approach and were guided by the International Professional Practice Framework. The internal audit reviews involved walkthroughs or high-level reviews of the major operations, discussions held with top management and key management as limited tests of transactions on a sample basis covering the various related records and documents supplemented with an observation of its current practices.

The Audit Committee has full and direct access to the outsourced Internal Auditors, reviews its internal audit plan and reports on audits performed, and monitors its performance. The Audit Committee also reviews the adequacy of the scope, functions, competency and resources of outsourced internal audit functions from time to time.

In respect of the financial year ended 31 May 2024, the Internal Auditors had carried out the following internal audit reviews:

Entity	Scope of audit
Paos Holdings Berhad	Review of Recurrent Related Party Transactions Procedures
Paos Industries Sdn. Bhd.	Sales and Marketing, Production
Alpine Legacy Sdn. Bhd. and The 5 Elements Hotel Sdn. Bhd.	Sales and Marketing

The reviews were conducted to assist the Audit Committee by independently assessing the adequacy and effectiveness of the Group's system of internal control and make recommendations for improvement.

They also had carried out follow-up audit visits to review the implementation status of management's action plans that were reported in the previous Internal Audit Reports.

The audit findings and recommendations for improvement and the status of the implementation status of management's action plans were presented at the Audit Committee meetings.

The fees incurred in maintaining the outsourced internal audit function for the financial year ended 31 May 2024 amounted to RM52,000.

This report is made in accordance with a resolution of the Board of Directors on 26 September 2024.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### INTRODUCTION

The Board of Directors (“the Board”) of Paos Holdings Berhad (“PHB” or “the Company”) and its subsidiaries (collectively known as “the Group”) are pleased to present the Statement on Risk Management and Internal Control (“the Statement”) for the financial year ended 31 May 2024, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”), in this annual report. This Statement outlines the nature and state of the internal controls of the Group.

### BOARD’S RESPONSIBILITIES

The Board recognises the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control systems to safeguard shareholders’ investments and the Group’s assets as well as to discharge its stewardship responsibility in identifying key risks and ensuring the implementation of appropriate risk management and internal control system to manage these risks.

In addition, on 26 July 2024, the Board has also received assurance from the Executive Directors, who are also primarily responsible for the management of the Group’s financial and operational affairs, that the Group’s risk management and internal control systems, in all material aspects, are operating adequately and effectively.

Due to inherent limitations in the risk management and internal control system, such a system put into effect by the Management is designed to manage rather than eliminate risks that may impede the achievement of the Group’s business strategies and objectives. Therefore, such a system can only provide reasonable but not absolute assurance against any material misstatement or loss. During the current financial year, there were no major internal control weaknesses which led to material losses, contingencies or uncertainties that would require disclosure in this Annual Report.

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

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

#### 1. Risk Management System

As the Group operates in a dynamic business environment, sound risk management and internal control systems are in place to help the Group achieves its business objectives. The Board is dedicated to strengthen the Group’s risk management system and to implement appropriate controls to manage its key business risks within the Group.

Whilst the Board maintains ultimate control over risk management issues, the implementation of the risk management practices and internal controls within an established framework has been delegated to the Risk Management Committee. The responsibility for managing risks at each business division lies with the Risk Management Team, which comprises all the Heads of Department. There are processes for identifying, evaluating, monitoring and managing significant risks that may impede the achievement of the Group’s business and corporate objectives. The Board through the Audit Committee reviews the internal control processes to ascertain that measures are taken to mitigate risks.

Enterprise Risk Management (“ERM”) framework is in place to outline the risk governance and structure, risk policies, risk assessment process and integration of risk management into significant activities and functions. The ERM framework is guided by the principles set out in ISO31000:2018 Risk Management, which is an internationally recognised risk management framework.

During the year under review, the Risk Management Committee, which consists of the Executive Directors and key management staff met on 4 December 2023 and 20 May 2024 to review the risk rating and controls and updates of the Group’s risk profiles of the manufacturing and trading divisions as well as integrated hotel operations and property investment divisions. On 26 July 2023 and 26 January 2024, the Board was updated on the key risks, risk rating, existing controls and the risk action plans identified to manage risks of the Group accordingly.

The abovementioned risk management practices of the Group serve as the on-going process used to identify, evaluate and manage significant risks for the financial year under review and up to the date of approval of this Statement.

## Statement on Risk Management and Internal Control

### KEY ELEMENTS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONTINUED)

#### 2. INTERNAL CONTROL SYSTEM

##### Organisational Structure and Authorisation Procedures

The Board has established a formal organisational structure with well-defined lines of reporting as well as clear delegation of responsibility and accountability within the Group. The Group also sets out roles and responsibilities, appropriate authority limits as well as structured review and approval procedures in order to enhance the decision-making process and the internal control system of the Group.

##### Operational Policies and Procedures

Documented operational policies and procedures are in place and are updated when necessary to ensure that they maintain their effectiveness and continue to support the Group's business activities as the Group continues to grow.

##### ISO Procedures

One of the Group's subsidiaries, i.e. Paos Industries Sdn. Bhd ("PISB"), is ISO 9001:2015 certified. With this certification, annual surveillance audits are conducted by independent external ISO auditors particularly to ensure compliance with ISO procedures or manual.

##### Human Resource Policy

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

##### Code of Conduct and Ethics

To uphold the highest levels of business ethical standards and practices, the Code of Conduct and Ethics was established to serve as a guidance which is to be complied by all the Directors, Management and employees of the Group.

##### Anti-Corruption Policies and Procedures

Anti-Corruption Policies and Procedures are developed to assist the Group in preventing the occurrence of corrupt practices in business activities, especially in the deterrence of corruption, bribery and malpractices or illegal activities that may arise in the day to day course of business.

##### Whistleblowing Policies and Procedures

The policies and procedures are set up to facilitate all employees of the Group to report or disclose through established channels, concerns about improper conduct or misconduct, or failure to comply with regulatory requirements that is taking place/ has taken place/ may take place in the future.

##### Information and Communication

Information requiring the Board and key management staff's attention are highlighted for review, deliberation and decision on a timely basis.

The Group also sets out Shareholders Communication Policy as part of the Group's commitment to promote effective communication with shareholders by providing them with access to the latest information.

## Statement on Risk Management and Internal Control

### KEY ELEMENTS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONTINUED)

#### 2. INTERNAL CONTROL SYSTEM (CONTINUED)

##### Monitoring and Review

The Executive Directors are involved in the daily operations and are responsible for the business performance of the respective businesses. The daily operations are monitored through management meetings and informal discussions held. Significant issues are brought to the attention of the Board.

The year-end financial statements and the announcements of the quarterly results are presented to the Board for their review, consideration and approval. The Board plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

#### 3. INTERNAL AUDIT FUNCTION

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

### CONCLUSION

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

This Statement is made in accordance with the Board's resolution dated 26 September 2024.

## STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF AUDITED FINANCIAL STATEMENTS

The Directors are responsible to ensure that the financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia and so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2024 and of their financial performance and cash flows for the financial year then ended.

In preparing these financial statements for the year ended 31 May 2024, the Directors have:

- adopted suitable accounting policies and then applied them consistently;
- made estimates and judgements that are reasonable and prudent;
- ensure that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

This Statement is made in accordance with a resolution of the Board of Directors on 26 September 2024.

# FINANCIAL STATEMENTS



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## DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2024.

### Principal activities

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

### Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

### Results

	<b>Group RM</b>	<b>Company RM</b>
Profit for the year	94,007	43,900

### Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

### Dividend

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

### Directors of the Company

Directors who served during the financial year and until the date of this report are:

Lim Chang Ching  
 Lim Zhen Qi  
 Alice Boo Miao Li  
 Cheah Yee Leng  
 Goh Ying Li  
 Lee Kok Wei  
 Oscar Kin Yin Tuet (appointed on 28 August 2023)

### Director of Subsidiaries

Pursuant to Section 253 of the Companies Act 2016, the Director of the subsidiaries (excluding Directors who are also Directors of the Company) in office during the financial year and up to the date of this report is as follows:

Lim May Kuin

### Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations of a Director at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	<b>Number of ordinary shares</b>			<b>At 1.5.2024</b>
	<b>At 1.6.2023</b>	<b>Bought</b>	<b>Sold</b>	
<b>Direct interests in the Company</b>				
Lim Chang Ching	30,000	-	-	30,000

None of the other Directors holding office at 31 May 2024 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.



## Directors' report

### Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefits paid to or receivable by Directors' in respect of the financial year ended 31 May 2024 are as follows:

	From the Company RM	From subsidiaries RM
Directors of the Company:		
Fees	180,353	-
Remuneration	22,500	1,901,967
	202,853	1,901,967

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

### Options granted over unissued shares

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

### Indemnity and insurance costs

During the financial year, there was no indemnity given to or insurance effected for the Directors, officers and auditors of the Company.

### Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) there are no bad debts to be written off and no provision need to be made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

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

## Directors' report

### Other statutory information (Continued)

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

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

No contingent liability or other liability of any company in the Group 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 their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 May 2024 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

### Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration paid or payable to auditors of the Group and of the Company for the financial year are as follows:

	Group RM	Company RM
<b>Auditors' remuneration</b>		
Audit fees		
- KPMG PLT	201,000	60,000
Non-audit fees		
- KPMG PLT	15,000	15,000
	216,000	75,000

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

-----  
**Lim Chang Ching**  
Director

Shah Alam, Malaysia

Date: 26 September 2024

-----  
**Alice Boo Miau Li**  
Director

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 MAY 2024

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
<b>Assets</b>					
Property, plant and equipment	3	29,317,716	30,128,609	-	-
Right-of-use assets	4	8,816,531	8,992,917	-	-
Investment properties	5	18,904,165	19,493,361	-	-
Investments in subsidiaries	6	-	-	84,138,173	84,138,173
Deferred tax assets	7	101,848	101,848	-	-
<b>Total non-current assets</b>		<b>57,140,260</b>	<b>58,716,735</b>	<b>84,138,173</b>	<b>84,138,173</b>
<hr/>					
Inventories	8	117,169	152,972	-	-
Contract assets	9	3,479,300	4,670,717	-	-
Other investments	10	1,800	151,400	-	-
Current tax assets		384,462	788,964	19,363	49,100
Trade and other receivables	11	70,943,897	63,610,473	7,556,974	7,453,658
Deposits and prepayments	12	313,194	320,335	2,000	2,000
Cash and cash equivalents	13	14,684,796	4,448,846	6,511	34,165
<b>Total current assets</b>		<b>89,924,618</b>	<b>74,143,707</b>	<b>7,584,848</b>	<b>7,538,923</b>
<b>Total assets</b>		<b>147,064,878</b>	<b>132,860,442</b>	<b>91,723,021</b>	<b>91,677,096</b>
<hr/>					
<b>Equity</b>					
Share capital	14	90,582,000	90,582,000	90,582,000	90,582,000
(Accumulated losses)/ Retained earnings		(2,327,310)	(2,421,317)	888,040	844,140
<b>Equity attributable to owners of the Company</b>		<b>88,254,690</b>	<b>88,160,683</b>	<b>91,470,040</b>	<b>91,426,140</b>
<hr/>					
<b>Liabilities</b>					
Loans and borrowings	15	309,995	471,153	-	-
Deferred tax liabilities	7	117,264	349,269	-	-
<b>Total non-current liabilities</b>		<b>427,259</b>	<b>820,422</b>	<b>-</b>	<b>-</b>
<hr/>					
Current tax liabilities		207,105	-	-	-
Loans and borrowings	15	161,154	235,394	-	-
Trade and other payables	16	58,014,670	43,643,943	252,981	250,956
<b>Total current liabilities</b>		<b>58,382,929</b>	<b>43,879,337</b>	<b>252,981</b>	<b>250,956</b>
<b>Total liabilities</b>		<b>58,810,188</b>	<b>44,699,759</b>	<b>252,981</b>	<b>250,956</b>
<b>Total equity and liabilities</b>		<b>147,064,878</b>	<b>132,860,442</b>	<b>91,723,021</b>	<b>91,677,096</b>

The notes set out on pages 62 to 86 are an integral part of these financial statements.

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2024

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
<b>Revenue</b>	17	705,743,090	683,950,615	500,000	500,000
Cost of sales		(700,080,846)	(678,845,645)	-	-
<b>Gross profit</b>		5,662,244	5,104,970	500,000	500,000
Administrative expenses		(6,949,167)	(6,597,616)	(457,164)	(407,021)
Distribution expenses		(486,820)	(324,685)	-	-
Other expenses		(200,809)	(746,864)	-	-
Other income		2,439,655	3,201,845	1,064	-
<b>Results from operating activities</b>		465,103	637,650	43,900	92,979
Finance costs		(28,134)	(28,027)	-	-
Finance income		119,398	8,577	-	-
<b>Profit before tax</b>		556,367	618,200	43,900	92,979
Tax expense	18	(462,360)	(664,245)	-	-
<b>Profit/(Loss) and total comprehensive income/(expense) for the year</b>	19	94,007	(46,045)	43,900	92,979
Basic earnings/(loss) per ordinary share (sen)	21	0.05	(0.03)	-	-

The notes set out on pages 62 to 86 are an integral part of these financial statements.

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2024

Group	<i>← Non-distributable →</i>		Total equity RM
	Share capital RM	Accumulated losses RM	
<b>At 1 June 2022</b>	90,582,000	(2,375,272)	88,206,728
Loss and total comprehensive expense for the year	-	(46,045)	(46,045)
<b>At 31 May 2023/1 June 2023</b>	90,582,000	(2,421,317)	88,160,683
Profit and total comprehensive income for the year	-	94,007	94,007
<b>At 31 May 2024</b>	90,582,000	(2,327,310)	88,254,690

Note 14

Company	<i>Non-distributable</i>	<i>Distributable</i>	Total equity RM
	Share capital RM	Retained earnings RM	
<b>At 1 June 2022</b>	90,582,000	751,161	91,333,161
Profit and total comprehensive income for the year	-	92,979	92,979
<b>At 31 May 2023/1 June 2023</b>	90,582,000	844,140	91,426,140
Profit and total comprehensive income for the year	-	43,900	43,900
<b>At 31 May 2024</b>	90,582,000	888,040	91,470,040

Note 14

## STATEMENTS OF CASH FLOWS

### FOR THE YEAR ENDED 31 MAY 2024

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
<b>Cash flows from operating activities</b>					
Profit before tax		556,367	618,200	43,900	92,979
<i>Adjustments for:</i>					
Depreciation of investment properties	5	589,196	589,197	-	-
Depreciation of property, plant and equipment	3	2,011,233	1,808,651	-	-
Depreciation of right-of-use asset	4	176,386	176,388	-	-
Dividend income		-	-	(500,000)	(500,000)
Fair value loss on other investments		149,600	692,000	-	-
Finance costs		28,134	28,027	-	-
Finance income		(119,398)	(8,577)	-	-
Net gain on disposal of property, plant and equipment		-	(5,000)	-	-
Net unrealised foreign exchange gain		(8,836)	(605,938)	-	-
<b>Operating profit/(loss) before changes in working capital</b>		<b>3,382,682</b>	<b>3,292,948</b>	<b>(456,100)</b>	<b>(407,021)</b>
Changes in working capital:					
Deposits and prepayments		7,141	(90,915)	-	-
Inventories		35,803	19,545	-	-
Trade and other receivables		(7,390,581)	(27,899,804)	396,684	429,849
Trade and other payables		14,385,975	29,332,625	2,025	12,489
Contract assets		1,191,417	255,426	-	-
<b>Cash generated from/(used in) operations</b>		<b>11,612,437</b>	<b>4,909,825</b>	<b>(57,391)</b>	<b>35,317</b>
Tax paid		(1,020,056)	(711,350)	(10,013)	(10,350)
Tax refunded		937,298	-	39,750	-
<b>Net cash from/(used in) operating activities</b>		<b>11,529,679</b>	<b>4,198,475</b>	<b>(27,654)</b>	<b>24,967</b>
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	3,(i)	(1,200,340)	(865,446)	-	-
Interest received		119,398	8,577	-	-
Proceeds from disposal of property, plant and equipment		-	5,000	-	-
<b>Net cash used in investing activities</b>		<b>(1,080,942)</b>	<b>(851,869)</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>					
Interest paid		(28,134)	(28,027)	-	-
Repayment of loans and borrowings	(ii)	(235,398)	(173,397)	-	-
<b>Net cash used in financing activities</b>		<b>(263,532)</b>	<b>(201,424)</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>					
		10,185,205	3,145,182	(27,654)	24,967
Effect of exchange rate fluctuations		50,745	74,472	-	-
Cash and cash equivalents at 1 June 2023/2022		4,448,846	1,229,192	34,165	9,198
<b>Cash and cash equivalents at 31 May</b>		<b>14,684,796</b>	<b>4,448,846</b>	<b>6,511</b>	<b>34,165</b>

The notes set out on pages 62 to 86 are an integral part of these financial statements.



## Statements of Cash Flows

for the year ended 31 May 2024

**(i) Acquisition of property, plant and equipment**

In the previous financial year, the Group acquired property, plant and equipment with the aggregate cost of RM1,485,446, of which RM620,000 were acquired by means of finance leases.

**(ii) Reconciliation of movements of liabilities to cash flows arising from financing activities**

	At 1 June RM	Net changes from financing cash flows RM	Addition RM	At 31 May RM
<b>Group</b>				
<b>2024</b>				
Finance lease liabilities	706,547	(235,398)	-	471,149
<b>2023</b>				
Finance lease liabilities	259,944	(173,397)	620,000	706,547

**(iii) Cash outflows for leases as a lessee**

	Note	2024 RM	2023 RM
<b>Group</b>			
<b>Included in net cash from/(used in) operating activities</b>			
Payment relating to short-term leases	19	76,850	17,850
<b>Included in net cash used in financing activities</b>			
Repayment of loans and borrowings		235,398	173,397
Interest paid in relation to finance lease liabilities	19	28,134	20,968

## NOTES TO THE FINANCIAL STATEMENTS

Paos Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business of the Company are as follows:

### Registered office

No. 308, Block A (3<sup>rd</sup> Floor)  
Kelana Business Centre  
97, Jalan SS7/2, Kelana Jaya  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

### Principal place of business

No. 65, Persiaran Selangor  
Section 15  
40200 Shah Alam  
Selangor Darul Ehsan  
Malaysia

The consolidated financial statements as at and for the financial year ended 31 May 2024 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 31 May 2024 do not include other entities.

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 26 September 2024.

## 1. Basis of preparation

### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board (“MFRS Accounting Standards”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

#### ***MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2024***

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

#### ***MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2025***

- Amendments to MFRS 121, *The Effect of Changes in Foreign Exchange Rates – Lack of Exchangeability*

#### ***MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026***

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements - Volume 11:
  - > Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
  - > Amendments to MFRS 7, *Financial Instruments: Disclosures*
  - > Amendments to MFRS 9, *Financial Instruments*
  - > Amendments to MFRS 10, *Consolidated Financial Statements*
  - > Amendments to MFRS 107, *Statement of Cash Flows*

## Notes to the Financial Statements

**1. Basis of preparation (Continued)****(a) Statement of compliance (Continued)**

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company: (continued)

***MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027***

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

***MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

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

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 June 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.
- from the annual period beginning on 1 June 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.
- from the annual period beginning on 1 June 2026 for the amendments that are effective for annual periods beginning on or after 1 January 2026.
- from the annual period beginning on 1 June 2027 for the accounting standards that are effective for annual periods beginning on or after 1 January 2027.

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items, which are measured based on the measurement bases stated below:

<b>Item</b>	<b>Measurement base</b>
Non-derivative financial instruments at FVTPL	Fair value

**(c) Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM, unless otherwise stated.

**(d) Use of estimates and judgements**

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than measurement of expected credit loss (“ECL”) as disclosed in Note 23.4.

## Notes to the Financial Statements

### 2. Changes in material accounting policies

#### 2.1 Material accounting policy information

The Group and the Company adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 January 2024. 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’s 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.

### 3. Property, plant and equipment

Group	Freehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Renovation, office equipment, furniture and fittings RM	Hotel operating equipment RM	Asset under construction RM	Total RM
<b>Cost</b>								
At 1 June 2022	6,661,284	34,021,441	35,075,522	805,930	12,195,968	862,791	7,141,394	96,764,330
Additions	-	-	155,104	738,405	226,021	108,904	257,012	1,485,446
Disposals	-	-	(12,800)	-	-	-	-	(12,800)
Transfers	-	-	-	-	1,231,810	-	(1,231,810)	-
At 31 May 2023/ 1 June 2023	6,661,284	34,021,441	35,217,826	1,544,335	13,653,799	971,695	6,166,596	98,236,976
Additions	-	-	233,576	-	958,093	8,671	-	1,200,340
Transfers	-	-	6,077,350	-	89,246	-	(6,166,596)	-
At 31 May 2024	6,661,284	34,021,441	41,528,752	1,544,335	14,701,138	980,366	-	99,437,316
<b>Accumulated depreciation</b>								
At 1 June 2022	-	19,613,685	34,529,478	502,185	10,819,870	847,298	-	66,312,516
Charge for the year	-	1,020,643	167,135	202,412	393,751	24,710	-	1,808,651
Disposals	-	-	(12,800)	-	-	-	-	(12,800)
At 31 May 2023/ 1 June 2023	-	20,634,328	34,683,813	704,597	11,213,621	872,008	-	68,108,367
Charge for the year	-	1,020,645	204,517	276,660	473,279	36,132	-	2,011,233
At 31 May 2024	-	21,654,973	34,888,330	981,257	11,686,900	908,140	-	70,119,600
<b>Carrying amounts</b>								
At 1 June 2022	6,661,284	14,407,756	546,044	303,745	1,376,098	15,493	7,141,394	30,451,814
At 31 May 2023/ 1 June 2023	6,661,284	13,387,113	534,013	839,738	2,440,178	99,687	6,166,596	30,128,609
At 31 May 2024	6,661,284	12,366,468	6,640,422	563,078	3,014,238	72,226	-	29,317,716

## Notes to the Financial Statements

**3. Property, plant and equipment (Continued)****3.1 Asset under construction**

The asset under construction was related to the construction of dry fractionation plant.

**3.2 Material accounting policy information****(a) Recognition and measurement**

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

**(b) Depreciation**

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	33 years
• Plant and machinery	10 - 20 years
• Motor vehicles	5 years
• Renovation, office equipment, furniture and fittings	5 - 10 years
• Hotel operating equipment	5 years

**4. Right-of-use asset**

<b>Group</b>	<b>Leasehold land RM</b>
At 1 June 2022	9,169,305
Depreciation	(176,388)
At 31 May 2023/1 June 2023	8,992,917
Depreciation	(176,386)
At 31 May 2024	8,816,531

The Group has a leasehold land which has an unexpired lease period of more than 50 years.

**4.1 Material accounting policy information****(a) Recognition and measurement**

All right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

**(b) Recognition exemption**

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## Notes to the Financial Statements

## 5. Investment properties

Group	Freehold land RM	Buildings RM	Total RM
<b>Cost</b>			
At 1 June 2022/31 May 2023/1 June 2023/31 May 2024	8,838,716	19,639,897	28,478,613
<b>Accumulated depreciation</b>			
At 1 June 2022	-	8,396,055	8,396,055
Charge for the year	-	589,197	589,197
At 31 May 2023/1 June 2023	-	8,985,252	8,985,252
Charge for the year	-	589,196	589,196
At 31 May 2024	-	9,574,448	9,574,448
<b>Carrying amounts</b>			
At 1 June 2022	8,838,716	11,243,842	20,082,558
At 31 May 2023/1 June 2023	8,838,716	10,654,645	19,493,361
At 31 May 2024	8,838,716	10,065,449	18,904,165
			<b>Freehold land and buildings RM</b>
<b>Fair value</b>			
At 1 June 2022/31 May 2023/1 June 2023/31 May 2024			70,000,000

Investment properties comprise commercial properties that are leased to third parties. The leases to third parties are renewed every one to three years and the rental rates are based on prevailing market rates.

## 5.1 Fair value information

The fair value of investment properties is categorised as Level 3 fair value. The Group engaged an independent professional valuation firm to perform the valuation of the investment properties. The last valuation was performed on 22 July 2022 for all investment properties using the sales comparison and investment approaches. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

## 5.2 Other income/expenses recognised in profit or loss in relation to investment properties

Group	2024 RM	2023 RM
Parking income	631,026	604,173
Rental income	2,063,588	1,961,553
Direct operating expenses: - income generating investment properties	2,585,982	2,385,470



## Notes to the Financial Statements

## 5. Investment properties (Continued)

## 5.3 Maturity analysis of operating lease payments

	2024 RM	2023 RM
<b>Group</b>		
Less than one year	1,451,212	1,540,520
One to two years	413,001	852,395
Two to three years	48,791	132,672
Three to four years	12,000	2,000
Four to five years	12,000	-
More than five years	19,000	-
Total undiscounted lease payments	1,956,004	2,527,587

## 5.4 Material accounting policy information

## (a) Recognition and measurement

Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses.

## (b) Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful life of 33 years for buildings. Freehold land is not depreciated.

## 6. Investments in subsidiaries

	Note	2024 RM	2023 RM
<b>Company</b>			
Cost of investments		40,795,136	40,795,136
Capital contributions	6.1	43,343,037	43,343,037
		84,138,173	84,138,173

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of Incorporation	Principal activities	Effective ownership interest and voting interest	
			2024 %	2023 %
Paos Industries Sdn. Bhd.	Malaysia	Contract manufacturing and dealing of soap and its related products, trading in specialty fats produced from palm oil and marine gasoil	100	100
Premier Oil Industries Sdn. Bhd.	Malaysia	Toll manufacturing of products from palm oil and manufacturing of specialty fats	100	100
Alpine Legacy (M) Sdn. Bhd. <i>Subsidiary of Alpine Legacy (M) Sdn. Bhd.</i>	Malaysia	Investment properties holding	100	100
The 5 Elements Hotel Sdn. Bhd.	Malaysia	Operation and management of hotel and restaurant	100	100

## Notes to the Financial Statements

### 6. Investments in subsidiaries (Continued)

#### 6.1 Capital contributions

Capital contributions relate to advances to a subsidiary of which the repayment of these advances is neither fixed nor expected in the next 12 months.

#### 6.2 Material accounting policy information

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

### 7. Deferred tax assets/(liabilities)

#### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following items:

	Assets		Liabilities		Net	
	2024 RM	2023 RM	2024 RM	2023 RM	2024 RM	2023 RM
<b>Group</b>						
Property, plant and equipment	-	-	(424,479)	(555,900)	(424,479)	(555,900)
Provisions	56,331	54,239	-	-	56,331	54,239
Other items	-	-	(46,933)	(145,425)	(46,933)	(145,425)
Unabsorbed capital allowances	219,762	219,762	-	-	219,762	219,762
Unutilised tax losses	179,903	179,903	-	-	179,903	179,903
Tax assets/(liabilities)	455,996	453,904	(471,412)	(701,325)	(15,416)	(247,421)
Set off of tax	(354,148)	(352,056)	354,148	352,056	-	-
Net tax assets/(liabilities)	101,848	101,848	(117,264)	(349,269)	(15,416)	(247,421)

#### Movement in temporary differences during the year

	Recognised in profit or loss		Recognised in profit or loss		At 31.5.2024 RM
	At 1.6.2022 RM	(Note 18) RM	At 31.5.2023/ 1.6.2023 RM	(Note 18) RM	
<b>Group</b>					
Property, plant and equipment	(568,417)	12,517	(555,900)	131,421	(424,479)
Provisions	43,100	11,139	54,239	2,092	56,331
Other items	(121,065)	(24,360)	(145,425)	98,492	(46,933)
Unabsorbed capital allowances	142,409	77,353	219,762	-	219,762
Unutilised tax losses	155,856	24,047	179,903	-	179,903
	(348,117)	100,696	(247,421)	232,005	(15,416)

## Notes to the Financial Statements

**7. Deferred tax assets/(liabilities) (Continued)****Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
<b>Group</b>		
Deductible temporary differences	235,580	230,760
Unutilised tax losses	2,290,461	2,290,461
Unabsorbed capital allowances	61,850	362,519
	<u>2,587,891</u>	<u>2,883,740</u>

Deferred tax assets have not been recognised in respect of the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances arising from a subsidiary because it is not probable that future taxable profit will be available against which the subsidiary can utilise the benefits therefrom.

With effect from year of assessment (“YA”) 2019, unutilised tax losses could only be carried forward for up to seven consecutive YAs, and any balance thereof would be disregarded. In 2022, the carry-forward period was extended to ten years. Unutilised tax losses prior to YA 2018 may be allowed to be carried forward until YA 2028.

The deductible temporary differences and unabsorbed capital allowances do not expire under the current tax legislation.

The unutilised tax losses of the Group are available for offsetting against future taxable profits of the subsidiary under the Income Tax Act, 1967 and guidelines issued by the tax authority as follows:

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
<b>Expiry period</b>		
Expire in YA 2030	51,717	51,717
Expire in YA 2031	1,188,905	1,188,905
Expire in YA 2032	1,029,483	1,029,483
Expire in YA 2033	20,356	20,356
	<u>2,290,461</u>	<u>2,290,461</u>

**8. Inventories**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
At cost:		
Raw materials	91,609	124,232
Manufactured inventories	598	2,750
Food and beverages	24,962	25,990
	<u>117,169</u>	<u>152,972</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	700,080,846	678,845,645

**8.1 Material accounting policy information**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured based on the first-in, first-out principle.

## Notes to the Financial Statements

### 9. Contract assets

	Group	
	2024 RM	2023 RM
Contract assets	3,479,300	4,670,717

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. Typically, the amount will be billed within 30 to 60 days and payment is expected within 60 days after billing.

### 10. Other investments

	Group	
	2024 RM	2023 RM
Quoted shares and warrants		
Financial assets at fair value through profit or loss	1,800	151,400

### 11. Trade and other receivables

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
<b>Trade</b>					
Trade receivables		70,895,708	63,134,850	-	-
Amount due from a related party	11.1	22,599	450,815	-	-
		70,918,307	63,585,665	-	-
<b>Non-trade</b>					
Amounts due from subsidiaries	11.2	-	-	7,556,974	7,453,658
Other receivables		25,590	24,808	-	-
		25,590	24,808	7,556,974	7,453,658
		70,943,897	63,610,473	7,556,974	7,453,658

#### 11.1 Amount due from a related party

The trade amount due from a related party is subject to normal trade terms.

#### 11.2 Amounts due from subsidiaries

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

### 12. Deposits and prepayments

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Deposits	123,189	134,899	2,000	2,000
Prepayments	190,005	185,436	-	-
	313,194	320,335	2,000	2,000

## Notes to the Financial Statements

## 13. Cash and cash equivalents

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash and bank balances	9,684,796	4,448,846	6,511	34,165
Short-term deposit with licensed bank	5,000,000	-	-	-
	14,684,796	4,448,846	6,511	34,165

## 14. Share capital

	Group and Company			
	Number of shares 2024	Amount 2024 RM	Number of shares 2023	Amount 2024 RM
<b>Issued and fully paid shares with no par value classified as equity instruments:</b>				
Ordinary shares	181,164,000	90,582,000	181,164,000	90,582,000

**Ordinary shares**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

## 15. Loans and borrowings

	Note	Group	
		2024 RM	2023 RM
<b>Non-current</b>			
Finance lease liabilities	15.1	309,995	471,153
<b>Current</b>			
Finance lease liabilities	15.1	161,154	235,394
		471,149	706,547

## 15.1 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Future minimum lease payments 2024	Interest 2024	Present value of minimum lease payments 2024	Future minimum lease payments 2023	Interest 2023	Present value of minimum lease payments 2023
	RM	RM	RM	RM	RM	RM
Less than one year	180,088	(18,934)	161,154	263,532	(28,138)	235,394
Between one and five years	345,800	(35,805)	309,995	525,888	(54,735)	471,153
	525,888	(54,739)	471,149	789,420	(82,873)	706,547

## Notes to the Financial Statements

## 16. Trade and other payables

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
<b>Trade</b>					
Trade payables		55,043,075	39,532,428	-	-
<b>Non-trade</b>					
Other payables	16.1	1,795,808	1,969,973	-	-
Accruals		1,175,787	2,141,542	252,981	250,956
		2,971,595	4,111,515	252,981	250,956
		58,014,670	43,643,943	252,981	250,956

## 16.1 Other payables

Included in other payables of the Group are security deposits received from third party tenants and SST payables which amounting to RM707,643 (2023: RM547,629) and RM58,294 (2023: RM48,311), respectively.

## 17. Revenue

## 17.1 Disaggregation of revenue

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Major products and service lines</b>				
<b>Revenue from contracts with customers</b>				
Sales of goods	674,706,168	639,135,217	-	-
Contract manufacturing	24,438,751	38,363,581	-	-
Tolling services	211,763	387,581	-	-
Room revenue	2,964,337	2,606,590	-	-
Food, beverages and other ancillary services	197,759	171,920	-	-
Parking Income	631,026	604,173	-	-
	703,149,804	681,269,062	-	-
<b>Other revenue</b>				
Dividend income	-	-	500,000	500,000
Rental income	2,593,286	2,681,553	-	-
	2,593,286	2,681,553	500,000	500,000
	705,743,090	683,950,615	500,000	500,000
<b>Timing of recognition</b>				
At a point in time	674,903,927	639,307,137	-	-
Over time	28,245,877	41,961,925	-	-
	703,149,804	681,269,062	-	-



## Notes to the Financial Statements

## 17. Revenue (Continued)

## 17.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Sales of goods	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Credit period of 60 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Contract manufacturing	Revenue is recognised over time as costs are incurred. These contracts would meet the no alternative use and the Group have rights to payment for work performed.	Credit period of 60 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Tolling services	Revenue is recognised over time when the services are rendered.	Credit period of 15 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Room revenue	Revenue is recognised over time during the period of stay of the hotel guests.	Cash term or credit period of 15-30 days from invoice date for corporate customer.	Not applicable.	Not applicable.	Not applicable.
Food, beverages and other ancillary services	Revenue is recognised at point in time when the food and beverages are delivered and services are rendered.	Cash term or credit period of 15-30 days from invoice date for corporate customer.	Not applicable.	Not applicable.	Not applicable.
Parking income	Revenue is recognised over time during the period of parking.	Cash term.	Not applicable.	Not applicable.	Not applicable.

## 17.3 Significant judgements and assumptions arising from revenue recognition

There are no significant judgements and assumptions applied by the Group that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers.

## 18. Tax expense

## 18.1 Recognised in profit or loss

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Current tax expense</b>				
- Current year	809,895	870,173	-	-
- Over provision in prior year	(115,530)	(105,232)	-	-
Total current tax expense	694,365	764,941	-	-
<b>Deferred tax expense</b>				
- Reversal of temporary differences	(44,019)	(82,239)	-	-
- Over provision in prior year	(187,986)	(18,457)	-	-
Total deferred tax expense	(232,005)	(100,696)	-	-
Total tax expense	462,360	664,245	-	-

## Notes to the Financial Statements

## 18. Tax expense (Continued)

## 18.2 Reconciliation of tax expense

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit/(Loss) for the year	94,007	(46,045)	43,900	92,979
Total tax expense	462,360	664,245	-	-
Profit excluding tax	556,367	618,200	43,900	92,979
Income tax calculated using Malaysian tax rate of 24% (2023: 24%)	133,529	148,368	10,536	22,315
Non-taxable income	-	-	(120,000)	(120,000)
Non-deductible expenses	703,351	622,813	109,464	97,685
Effect of deferred tax assets not recognised	(71,004)	16,753	-	-
	765,876	787,934	-	-
Over provision in prior year				
- Current tax expense	(115,530)	(105,232)	-	-
- Deferred tax expense	(187,986)	(18,457)	-	-
Total tax expense	462,360	664,245	-	-

## 19. Profit/(Loss) for the year

Note	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Profit/(Loss) for the year is arrived at after charging/(crediting):</b>				
<b>Auditors' remuneration</b>				
Audit fees:				
- KPMG PLT	201,000	201,000	60,000	60,000
Non-audit fees:				
- KPMG PLT	15,000	15,000	15,000	15,000
- Local affiliate of KPMG PLT	40,100	40,100	5,500	5,500
<b>Material expenses/(income)</b>				
Depreciation of:				
- Investment property	5	589,196	589,197	-
- Property, plant and equipment	3	2,011,233	1,808,651	-
- Right-of-use assets	4	176,386	176,388	-
Fair value loss on other investments		149,600	692,000	-
Finance costs on:				
- Bank overdraft		-	7,059	-
- Term loan		-	-	-
- Finance lease		28,134	20,968	-
Foreign exchange:				
- Net realised gain		(2,120,079)	(2,351,584)	-
- Net unrealised gain		(8,836)	(605,938)	-
Personnel expenses (including key management personnel):				
- Contributions to state plans		681,857	664,523	-
- Wages, salaries and others		8,123,626	8,107,134	201,500
Dividend income from subsidiaries:				
- Unquoted shares		-	-	(500,000)
Finance income		(119,398)	(8,577)	-
Net gain on disposal of property, plant and equipment		-	(5,000)	-
<b>(Income)/Expenses arising from leases</b>				
Lease income		(108,000)	(108,000)	-
Expenses relating to short-term leases		76,850	17,850	-

## Notes to the Financial Statements

**20. Key management personnel compensation**

The key management personnel compensations are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Directors:				
- Fees	180,353	179,471	180,353	179,471
- Remuneration	1,924,467	1,690,168	22,500	22,500
	2,104,820	1,869,639	202,853	201,971
Other key management personnel:				
- Short-term employee benefits	1,854,691	1,864,266	-	-
	3,959,511	3,733,905	202,853	201,971

Other key management personnel comprise persons other than the Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

**21. Earnings/(Loss) per ordinary share****21.1 Basic earnings/(loss) per ordinary share**

	2024 RM	2023 RM
Profit/(Loss) for the year attributable to the owners of the Company	94,007	(46,045)
Weighted average number of ordinary shares	181,164,000	181,164,000
Basic earnings/(loss) per ordinary share (sen)	0.05	(0.03)

The calculation of basic earnings/(loss) per ordinary share at 31 May 2024 was based on the profit/(loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding.

**21.2 Diluted earnings/(loss) per ordinary share**

The Group has no dilution in its earnings/ (loss) per ordinary share as there are no dilutive instruments as at end of the current and last financial years.

**22. Operating segments**

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different business strategies. For each of the strategic business units, the Group's Executive Chairman (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Manufacturing : Contract manufacturing and dealing of soap and its related products and toll manufacturing of products from palm oil and manufacturing of specialty fats.
- Trading : Trading of specialty fats from palm oil and marine gas oil.
- Integrated hotel operations and property investment : Operations and management of hotel and restaurant; and investment properties holding.

Performance is measured based on segment profit before tax, interest and depreciation, included in the internal management reports that are reviewed by the Group's Executive Chairman. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

## Notes to the Financial Statements

### 22. Operating segments (Continued)

#### Segment assets

The total segment assets are measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Executive Chairman. Segment total assets is used to measure the return of assets of each segment.

#### Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Executive Chairman. Hence, no disclosure is made on segment liabilities.

#### Segment capital expenditure

Segment capital expenditure is the total costs incurred during the financial year to acquire property, plant and equipment.

Group	Manufacturing		Trading		Integrated hotel operations and property investment		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	RM	RM	RM	RM	RM	RM	RM	RM
<b>Segment (loss)/profit</b>	(1,933,709)	(191,812)	3,001,142	2,415,823	(104,630)	(597,290)	962,803	1,626,721
<i>Included in the measure of segment (loss)/profit are:</i>								
Revenue from external customers	28,849,270	45,733,008	671,037,110	632,873,371	5,856,710	5,344,236	705,743,090	683,950,615
Depreciation	986,283	871,625	276,660	202,412	1,513,872	1,500,200	2,776,815	2,574,236
<b>Segment assets</b>	<b>34,151,991</b>	<b>37,741,214</b>	<b>76,014,049</b>	<b>57,526,966</b>	<b>132,112,740</b>	<b>132,834,978</b>	<b>242,278,780</b>	<b>228,103,158</b>
<i>Included in the measure of segment assets are:</i>								
Additions to non-current assets other than financial instruments and deferred tax assets	818,338	1,175,021	-	-	382,002	310,425	1,200,340	1,485,446

## Notes to the Financial Statements

## 22. Operating segments (Continued)

## Reconciliation of reportable segment profit or loss and assets

	Group	
	2024 RM	2023 RM
<b>Profit or loss</b>		
Total profit for reportable segments	962,803	1,626,721
Finance costs	(28,134)	(28,027)
Finance income	119,398	8,577
Unallocated expenses	(605,700)	(1,099,021)
Unallocated income	108,000	109,950
Consolidated profit before tax	556,367	618,200
<b>Segment assets</b>		
Total assets for reportable segments	242,278,780	228,103,158
Other non-reportable segments	488,110	1,042,212
Elimination of inter-segment balance	(95,702,012)	(96,284,928)
Consolidated total	147,064,878	132,860,442

## Geographical segments

The manufacturing and trading segments are managed in Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	Group	
	External revenue RM	Non-current assets RM
<b>Geographical information</b>		
<b>2024</b>		
Domestic	682,789,947	57,038,412
South East Asia	18,484,326	-
Others	4,468,817	-
	705,743,090	57,038,412
<b>2023</b>		
Domestic	647,915,509	58,614,887
South East Asia	29,198,836	-
Others	6,836,270	-
	683,950,615	58,614,887

## Major customers

Approximately 98% (2023: 97%) of the Group's revenue are from 2 (2023: 2) major customers.

	Revenue		
	2024 RM	2023 RM	Segment
All common control companies of:			
Customer A	20,640,872	34,220,166	Manufacturing
Customer B	670,495,244	632,370,493	Trading
	691,136,116	666,590,659	

## Notes to the Financial Statements

### 23. Financial instruments

#### 23.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Fair value through profit or loss (“FVTPL”);  
 - Designated upon initial recognition (“DUIR”)  
 (b) Amortised cost (“AC”)

	Carrying amount RM	AC RM	FVTPL - DUIR RM
<b>2024</b>			
<b>Financial assets</b>			
<b>Group</b>			
Other investments	1,800	-	1,800
Trade and other receivables	70,943,897	70,943,897	-
Deposits	123,189	123,189	-
Cash and cash equivalents	14,684,796	14,684,796	-
	<u>85,753,682</u>	<u>85,751,882</u>	<u>1,800</u>
<b>Company</b>			
Trade and other receivables	7,556,974	7,556,974	-
Deposits	2,000	2,000	-
Cash and cash equivalents	6,511	6,511	-
	<u>7,565,485</u>	<u>7,565,485</u>	<u>-</u>
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables, excluding SST payable	(57,956,376)	(57,956,376)	-
Loans and borrowings	(471,149)	(471,149)	-
	<u>(58,427,525)</u>	<u>(58,427,525)</u>	<u>-</u>
<b>Company</b>			
Trade and other payables	(252,981)	(252,981)	-
<b>2023</b>			
<b>Financial assets</b>			
<b>Group</b>			
Other investments	151,400	-	151,400
Trade and other receivables	63,610,473	63,610,473	-
Deposits	134,899	134,899	-
Cash and cash equivalents	4,448,846	4,448,846	-
	<u>68,345,618</u>	<u>68,194,218</u>	<u>151,400</u>
<b>Company</b>			
Trade and other receivables	7,453,658	7,453,658	-
Deposits	2,000	2,000	-
Cash and cash equivalents	34,165	34,165	-
	<u>7,489,823</u>	<u>7,489,823</u>	<u>-</u>



## Notes to the Financial Statements

## 23. Financial instruments (Continued)

## 23.1 Categories of financial instruments (Continued)

	Carrying amount RM	AC RM	FVTPL - DUIR RM
<b>2023</b>			
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables, excluding SST payable	(43,595,632)	(43,595,632)	-
Loans and borrowings	(706,547)	(706,547)	-
	(44,302,179)	(44,302,179)	-
<b>Company</b>			
Trade and other payables	(250,956)	(250,956)	-

## 23.2 Net gains and losses arising from financial instruments

	Group	
	2024 RM	2023 RM
Net (losses)/gains on:		
Financial assets at FVTPL		
- Designated upon initial recognition ("DUIR")	(149,600)	(692,000)
Financial assets at amortised cost	2,228,713	2,982,389
Financial liabilities at amortised cost	(8,534)	(44,316)
	2,070,579	2,246,073

## 23.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

## 23.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade receivables, contract assets, cash and cash equivalents, financial guarantee and amount due from a related party. The Company's exposure to credit risk arises principally from amount due from subsidiaries and financial guarantee given to bank for bank facilities granted to certain subsidiaries. There are no significant changes as compared to prior periods.

## 23.4.1 Trade receivables and contract assets

***Risk management objectives, policies and processes for managing the risk***

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group or the Company assesses whether any of the trade receivables and contract assets are credit impaired.

## Notes to the Financial Statements

### 23. Financial instruments (Continued)

#### 23.4 Credit risk (Continued)

##### 23.4.1 Trade receivables and contract assets (Continued)

###### ***Risk management objectives, policies and processes for managing the risk (Continued)***

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

###### ***Exposure to credit risk, credit quality and collateral***

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statement of financial position.

The Group has taken reasonable steps to ensure that trade receivables and contract assets that are neither past due nor impaired are stated at their realisable values. A significant portion of these trade receivables and contract assets are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables and contract assets. Any trade receivables and contract assets having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually.

###### ***Concentration of credit risk***

The exposure of credit risk for trade receivables and contract assets as at the end of the reporting period by geographic region was:

	Group	
	2024 RM	2023 RM
Trade receivables:		
Domestic	70,225,342	57,388,928
South East Asia	692,965	6,009,442
Others	-	187,295
	70,918,307	63,585,665
Contract assets:		
Domestic	1,009,065	3,818,923
South East Asia	2,405,514	616,677
Others	64,721	235,117
	3,479,300	4,670,717

###### ***Recognition and measurement of impairment loss***

In measuring the credit risk of trade receivables and contract assets, the Group applies the simplified approach prescribed by MFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the trade receivables and contract assets which are financial assets. Invoices which are past due 90 days will be considered as credit impaired. Generally, trade receivables will pay within 60 days. The Group's debt recovery process is as follows:

- a) Above 30 days past due after credit term, the Group and the Company will review the payment trend of the customer and the rationale of late payment; and
- b) Above 90 days past due, the Group and the Company will initiate conversation with its customer.

## Notes to the Financial Statements

## 23. Financial instruments (Continued)

## 23.4 Credit risk (Continued)

## 23.4.1 Trade receivables and contract assets (Continued)

**Recognition and measurement of impairment loss (Continued)**

The Group uses an allowance matrix to measure expected credit losses (“ECLs”) of trade receivables and contract assets. Loss rates are calculated using a ‘roll rate’ method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past two years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group’s view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 May 2024:

	<b>Gross carrying amount RM</b>	<b>Loss allowance RM</b>	<b>Net balance RM</b>
<b>2024</b>			
<b>Group</b>			
Not past due	40,167,669	-	40,167,669
Past due 1 - 30 days	32,844,760	-	32,844,760
Past due 31 - 60 days	477,242	-	477,242
Past due 61 - 90 days	1,489	-	1,489
	73,491,160	-	73,491,160
<b>Credit impaired</b>			
Past due more than 90 days	906,447	-	906,447
	74,397,607	-	74,397,607
Trade receivables	70,918,307	-	70,918,307
Contract assets	3,479,300	-	3,479,300
	74,397,607	-	74,397,607
<b>2023</b>			
<b>Group</b>			
Not past due	63,068,317	-	63,068,317
Past due 1 - 30 days	4,220,437	-	4,220,437
Past due 31 - 60 days	608,991	-	608,991
Past due 61 - 90 days	282,614	-	282,614
	68,180,359	-	68,180,359
<b>Credit impaired</b>			
Past due more than 90 days	76,023	-	76,023
	68,256,382	-	68,256,382
Trade receivables	63,585,665	-	63,585,665
Contract assets	4,670,717	-	4,670,717
	68,256,382	-	68,256,382

There were no allowance for impairment losses of trade receivables and contract assets during and at the end of the current and previous reporting periods.

## Notes to the Financial Statements

### 23. Financial instruments (Continued)

#### 23.4 Credit risk (Continued)

##### 23.4.2 Cash and cash equivalents

The cash and cash equivalents are held with licensed banks. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These licensed banks 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.

##### 23.4.3 Financial guarantee

###### ***Risk management objectives, policies and processes for managing the risk***

The Group provides corporate guarantee to a bank in respect of banking facility granted to certain subsidiaries for purchase of utilities. The Group monitors on an ongoing basis the performance of the subsidiaries and repayments made by the subsidiaries.

As at the end of the reporting period, there was no indication that these subsidiaries would default on repayment.

###### ***Exposure to credit risk, credit quality and collateral***

The maximum exposure to credit risk amounts to RM410,000 (2022: RM380,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

##### 23.4.4 Amounts due from subsidiaries

###### ***Risk management objectives, policies and processes for managing the risk***

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

###### ***Exposure to credit risk, credit quality and collateral***

As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amounts in the statement of financial position.

Advances are only provided to subsidiaries which are wholly owned by the Company.

###### ***Recognition and measurement of Impairment losses***

Generally, the Company considers advance to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's advance to be credit impaired when:

- the subsidiary is unlikely to repay the advance to the Company in full; or
- the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

As at the end of the reporting period, there was no indication that the advances to subsidiaries are not recoverable. The Company does not specifically monitor the ageing of advances to subsidiaries.

## Notes to the Financial Statements

## 23. Financial instruments (Continued)

## 23.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**Maturity analysis**

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM
<b>2024</b>						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	57,956,376	-	57,956,376	57,956,376	-	-
Finance lease liabilities	471,149	2.31 - 2.48	525,888	180,088	276,648	69,152
Financial guarantee	-	-	410,000	410,000	-	-
	<u>58,427,525</u>		<u>58,892,264</u>	<u>58,546,464</u>	<u>276,648</u>	<u>69,152</u>
<b>2023</b>						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	43,595,632	-	43,595,632	43,595,632	-	-
Finance lease liabilities	706,547	2.31 - 2.48	789,420	263,532	318,412	207,476
Financial guarantee	-	-	380,000	380,000	-	-
	<u>44,302,179</u>		<u>44,765,052</u>	<u>44,239,164</u>	<u>318,412</u>	<u>207,476</u>
<b>Company</b>						
<b>2024</b>						
<i>Non-derivative financial liabilities</i>						
Trade and other payables			<u>252,981</u>	-	<u>252,981</u>	<u>252,981</u>
<b>2023</b>						
<i>Non-derivative financial liabilities</i>						
Trade and other payables			<u>250,956</u>	-	<u>250,956</u>	<u>250,956</u>

## 23.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other price that will affect the Group's financial position or cash flows.

## Notes to the Financial Statements

### 23. Financial instruments (Continued)

#### 23.6 Market risk (Continued)

##### 23.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and cash and cash equivalents that are denominated in a currency other than Ringgit Malaysia (“RM”). The currencies giving rise to this risk are primarily United States Dollar (“USD”) and Singapore Dollar (“SGD”).

##### ***Risk management objectives, policies and processes for managing the risk***

The Group manages its foreign currency risk to an acceptable level by entering into forward contracts where necessary.

The Group also enters into contracts with customers which allow the Group to renegotiate the selling price when there is a significant fluctuation in exchange rates.

##### ***Exposure to foreign currency risk***

The Group’s exposure to foreign currency (a currency which is other than the respective functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

	<b>Denominated in USD RM</b>	<b>SGD RM</b>
<b>Group</b>		
<b>2024</b>		
<b>Balances recognised in the statement of financial position</b>		
Trade and other receivables	36,301	656,664
Trade and other payables	(659,836)	-
Cash and cash equivalents	776,116	5,678,112
	152,581	6,334,776
<b>2023</b>		
<b>Balances recognised in the statement of financial position</b>		
Trade and other receivables	188,343	6,009,442
Trade and other payables	(591,044)	-
Cash and cash equivalents	84,874	217,926
	(317,827)	6,227,368

##### ***Currency risk sensitivity analysis***

A 10% (2023: 10%) strengthening of RM against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign exchange rate variance that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	<b>Equity/Profit or loss</b>	
	<b>2024 RM</b>	<b>2023 RM</b>
<b>Group</b>		
USD	(11,596)	24,155
SGD	(481,443)	(473,280)

A 10% (2023: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

## Notes to the Financial Statements

## 23. Financial instruments (Continued)

## 23.6 Market risk (Continued)

## 23.6.2 Interest rate risk

The Group's fixed rate financial instruments are exposed to a risk of change in their fair values due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

**Risk management objectives, policies and processes for managing the risk**

Interest rate exposure arises from the Group's loans and borrowings and is managed through effective negotiation with licensed banks for best available rates.

**Exposure to interest rate risk**

The interest rate profile of the Group's significant interest-bearing financial instruments based on carrying amounts as at the end of the reporting period are as follows:

	2024 RM	2023 RM
<b>Group</b>		
<b>Fixed rate instruments</b>		
Financial liability	(471,149)	(706,547)

**Interest rate risk sensitivity analysis****Fair value sensitivity analysis for fixed rate instruments**

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

## 23.7 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses financial instruments carried at fair value, together with their fair values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Financial assets</b>										
Quoted shares	1,800	-	-	1,800	-	-	-	-	1,800	1,800
<b>Financial liabilities</b>										
Finance lease liabilities	-	-	-	-	-	-	471,149	471,149	471,149	471,149
<b>Financial assets</b>										
Quoted shares	1,400	-	-	1,400	-	-	-	-	1,400	1,400
Quoted warrants	150,000	-	-	150,000	-	-	-	-	150,000	150,000
	151,400	-	-	151,400	-	-	-	-	151,400	151,400
<b>Financial liabilities</b>										
Finance lease liabilities	-	-	-	-	-	-	706,547	706,547	706,547	706,547



## Notes to the Financial Statements

### 23. Financial instruments (Continued)

#### 23.7 Fair value information (Continued)

##### Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Type	Description of valuation technique and inputs used
Finance lease liabilities	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

### 24. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Group's approach to capital management during the year.

### 25. Capital commitments

	Group	
	2024 RM	2023 RM
<b>Property, plant and equipment</b>		
Contracted but not provided for	91,855	45,855

### 26. Related parties

#### Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 11.

	Transaction amounts for the year ended 31 May			
	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Subsidiary</b>				
<b>Paos Industries Sdn. Bhd.</b>				
Dividend income	-	-	500,000	500,000
<b>Related party</b>				
<b>Basic Science (Master) Sdn. Bhd.</b>				
Tolling services income	91,658	258,838	-	-
Other services income	20,824	27,145	-	-
Rental income				
- Storage tank rental	527,500	720,000	-	-
- Office rental	96,000	96,000	-	-
Sales of goods	405,405	163,866	-	-
Raw material purchases	(970,299)	-	-	-
Storage tanks and equipment	(100,000)	-	-	-

#### Key management personnel compensation

Key management personnel compensations are as disclosed in Note 20.

**STATEMENT BY DIRECTORS**  
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 57 to 86 are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 May 2024 and of their financial performance and cash flows for the financial year then ended.

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

-----  
**Lim Chang Ching**  
Director

Shah Alam, Malaysia

Date: 26 September 2024

-----  
**Alice Boo Miau Li**  
Director

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

I, **Alice Boo Miau Li**, the Director primarily responsible for the financial management of Paos Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 57 to 86 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Alice Boo Miau Li, I/C No. 690507-04-5082, at Shah Alam in the State of Selangor on 26 September 2024

-----  
**Alice Boo Miau Li**  
Director

Before me:

**SYED MAHADI SYED MOHAMAD** (No: B341)  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAOS HOLDINGS BERHAD

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Paos Holdings Berhad, which comprise the statements of financial position as at 31 May 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 year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 57 to 86.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 May 2024, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

#### *Independence and Other Ethical Responsibilities*

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

#### **Valuation of trade receivables and contract assets**

Refer to Notes 9 and 11 of the financial statements – Contract assets and Trade receivables.

#### **The key audit matter**

The Group has trade receivables of RM70,895,708 and contract assets of RM3,479,300 as at 31 May 2024. Valuation of trade receivables and contract assets are considered as a key audit matter because the calculation of the impairment allowance under ECL method is judgmental when estimating the probability of default of the trade receivables and contract assets.

#### **How the matter was addressed in our audit**

We performed the following audit procedures, among others, around the valuation of trade receivables and contract assets:

- We ascertained the accuracy of debtors ageing;
- We reviewed receivables ageing and performed subsequent receipt testing; and,
- We checked subsequent billings to contract customers to assess recoverability of contract assets.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditor's report.

## Independent Auditors' Report To The Members Of Paos Holdings Berhad

### Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual 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 annual 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 MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company 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 internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

## Independent Auditors' Report

To The Members Of Paos Holdings Berhad

### Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- 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 ability of the Group or of the Company 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 gives a true and fair view.
- 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 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

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

-----  
**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

Petaling Jaya

Date: 26 September 2024

-----  
**Ong Beng Seng**  
Approval Number: 02981/05/2026 J  
Chartered Accountant

## GROUP PROPERTIES

The details of the properties of the Group as at 31 May 2024.

Particulars of property	Tenure	Description/existing use	Date of acquisition	Land area/ built-up area (square feet)	Net book value (RM'000)	Approx. age (Year)
PISB/H.S. (C) 65 No. 65, Persiaran Selangor Section 15 40200 Shah Alam Selangor Darul Ehsan	99 years lease expiring on 26.03.2071	Industrial/double storey office block, four storey office block annexed single storey factory building and single storey warehouse building	20.08.1996	254,850/ 160,740	11,014	44
POISB/No. 3 Jalan Gangsa Kaw. Perusahaan Banting 42700 Banting Selangor Darul Ehsan	99 years lease expiring on 20.04.2089	Industrial/single storey detached factory cum office annexe	24.02.1995 02.09.1996	119,356/ 37,452	2,355	25
ALSB/Lot 243 ALSB/Lot 244 ALSB/Lot 245 Kompleks Selangor Jalan Sultan 50000 Kuala Lumpur	Freehold	i) 3-Storey retail podium together with 13 storey office block ii) 16-Storey hotel block iii) Car park	26.02.2008	18,307/ 119,208	33,151	53

## ANALYSIS OF SHAREHOLDINGS

AS AT 2 SEPTEMBER 2024

ISSUED AND PAID-UP CAPITAL : 181,164,000 shares  
 CLASS OF SHARES : Ordinary shares  
 VOTING RIGHTS : One vote per ordinary share (on poll)

### DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

Size of Shareholdings	No. of Share Holders	No. of Shares Held	% of Issued Capital
Less than 100 shares	142	2,948	0.00
100 to 1,000 shares	191	76,380	0.04
1,001 to 10,000 shares	785	3,817,780	2.11
10,001 to 100,000 shares	439	14,334,750	7.91
100,001 to less than 5% of issued shares	50	34,028,600	18.78
5% and above of issued shares	3	128,903,542	71.15
<b>Total</b>	<b>1,610</b>	<b>181,164,000</b>	<b>100.00</b>

### DIRECTORS' INTERESTS IN THE SHARES HELD IN THE COMPANY AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

#### Shares held in the Company

No.	Name	No. of Shares Held			
		Direct Interest	%	Deemed Interest	%
1.	LIM CHANG CHING	30,000	0.02	-	-
2.	LIM ZHEN QI	-	-	-	-
3.	ALICE BOO MIAU LI	-	-	-	-
4.	CHEAH YEE LENG	-	-	-	-
5.	GOH YING LI	-	-	-	-
6.	LEE KOK WEI	-	-	-	-
7.	OSCAR KIN YIN TUET	-	-	-	-

### LIST OF SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)

No.	Name	No. of Shares Held in The Company			
		Direct Interest	%	Deemed Interest	%
1.	TAN SRI DATO' LIM TONG YONG @ LIM TONG YAIM	83,676,004	46.19	-	-
2.	HAP SENG CONSOLIDATED BERHAD	45,227,538	24.96	-	-



## Analysis of Shareholdings

As at 2 September 2024

## TOP THIRTY SECURITIES ACCOUNT HOLDERS

(without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name of Shareholders	No. of Shares Held	% of Issued Capital
1.	TAN SRI DATO' LIM TONG YONG @ LIM TONG YAIM	61,676,004	34.04
2.	HAP SENG CONSOLIDATED BERHAD	45,227,538	24.96
3.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TAN SRI DATO' LIM TONG YONG @ LIM TONG YAIM	22,000,000	12.14
4.	LIM CHAO FENG	5,485,000	3.03
5.	TANG CHING LENG	3,802,500	2.10
6.	PATRICK ER @ ER TECK KHIM	3,531,700	1.95
7.	TAN KIEN HOE	3,400,000	1.88
8.	TAN PENG CHEONG	3,000,000	1.66
9.	MICHAEL FOONG KA-MENG	1,394,700	0.78
10.	CH'NG YEW KIAT	1,045,000	0.58
11.	LIAW KONG WAH	706,050	0.39
12.	TAN YAU LAM	682,200	0.38
13.	CHEAH KIU LEAN	675,000	0.37
14.	LIM AN QI	567,700	0.31
15.	LIM ZHAO QI	539,900	0.30
16.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR NG GEOK WAH (B BRKLANG-CL)	500,000	0.28
17.	LOKE FAY	500,000	0.28
18.	CHEONG YOU CHIN	475,200	0.26
19.	LIM SAY HAN	400,900	0.22
20.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR KARAMJIT KAUR A/P PALL SINGH (E-KLC)	400,000	0.22
21.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TAN SOON HUI (E-SJA)	399,750	0.22
22.	CHEE PHOOI PHOOI	349,000	0.19
23.	GOH SAU CHONG	318,000	0.18
24.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR SYED MUDZAFFAR BIN SYED ZAINUL ABIDIN	307,600	0.17
25.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR AIK YUN KIM @ YEK YUE KIEW	300,000	0.17
26.	HLIB NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LIM BENG CHEONG	300,000	0.17
27.	LOW HONG YANG	266,000	0.15
28.	KOK PICK TONG	263,400	0.15
29.	TAN HAI HENG	248,200	0.14
30.	TEH FOO HOW	244,200	0.14

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**PAOS HOLDINGS BERHAD**Registration No. 199701037036 (452536-W)  
Incorporated in Malaysia**PROXY FORM**

CDS account no.	No. of shares held

I/We, ..... NRIC No./Passport No./ Company No. ....  
(Full name in capital letters)Tel No. /HP No. .... Email Address .....  
of .....  
(full address)

being a member(s) of the above Company, hereby appoint :

Full Name (in capital letters as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Tel No. /HP No. :	Email Address :		
Address			

\*and / or failing him/her

Full Name (in capital letters as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Tel No. /HP No. :	Email Address :		
Address			

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty Seventh Annual General Meeting of the Company to be conducted on a fully virtual basis through live streaming and online Remote Participation and Electronic Voting (“RPEV”) facilities via online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657), provided by Boardroom Share Registrars Sdn. Bhd. in Malaysia on Friday, 22 November 2024 at 10.30 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below with an “X” :

ITEM	AGENDA	FOR	AGAINST
1.	To receive the audited Financial Statements for the year ended 31 May 2024 together with the Reports of the Directors and Auditors thereon.		
2.	Ordinary Resolution 1 - To approve the payment of Directors’ Fees of RM180,353 in respect of the financial year ended 31 May 2024.		
3.	Ordinary Resolution 2 - To approve the payment of Directors’ benefits to the Directors up to an amount of RM60,000 for the period commencing from 23 November 2024 up to the next Annual General Meeting of the Company.		
4.	Ordinary Resolution 3 - To re-elect Ms. Lim Chang Ching as Director.		
5.	Ordinary Resolution 4 - To re-elect Ms. Cheah Yee Leng as Director.		
6.	Ordinary Resolution 5 - To re-appoint KPMG PLT (LLP0010081-LCA & AF 0758) as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
7.	Ordinary Resolution 6 - To empower the Directors of the Company to allot and issue shares pursuant to Sections 75 & 76 of the Companies Act 2016.		
8.	Ordinary Resolution 7 - To approve Renewal of Shareholders’ Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature.		

.....  
Signature

Dated this ..... day of ....., 2024.



**NOTES:**

1. The Twenty Seventh Annual General Meeting will be conducted on a fully virtual basis through live streaming and online RPEV facilities provided by Boardroom Share Registrars Sdn. Bhd. in Malaysia via <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657). Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the fully virtual Twenty Seventh Annual General Meeting via RPEV. Please read these Notes carefully and follow the procedures in the Administrative Guide for the fully virtual Twenty Seventh Annual General Meeting in order to participate remotely via RPEV.
2. A member of the Company entitled to attend and vote at the meeting shall be entitled to appoint more than one (1) proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
3. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his/her attorney duly authorised in writing, and in the case of a corporation, shall either be given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
4. Where a member of a Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy and the power of attorney or other authority duly authorised in writing or if such appointor is a Corporation, under its common seal or under the hand of an officer or attorney of the Corporation duly authorised, shall either be deposited at the office of the Company's Share Registrar at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or be electronically deposited through the Share Registrar's website, Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting.
7. Depositors who appear in the Record of Depositors as at 15 November 2024 shall be regarded as Member of the Company entitled to attend the Twenty Seventh Annual General Meeting or appoint a proxy or proxies to attend and vote on his/her behalf.

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Affix  
stamp

**Share Registrar**  
**PAOS HOLDINGS BERHAD**

Registration No: 199701037036 (452536-W)

**C/O BOARDROOM SHARE REGISTRARS SDN. BHD.**

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

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[www.paos.com.my](http://www.paos.com.my)





**PAOS HOLDINGS BERHAD**

Registration No: 199701037036 (452536-W)

Incorporated in Malaysia

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