

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of QES Group Berhad are pleased to present the Group’s Corporate Governance (“CG”) Overview Statement for the FYE 2024, which serves to provide shareholders and stakeholders with an understanding of the Group’s commitment to CG and how the Group’s practices support its ability to create long-term value for all our shareholders and stakeholders. Our CG Overview Statement are premised on Securities Commission Malaysia’s Malaysian Code on Corporate Governance 2021 (“MCCG 2021”)’s three principles, namely Board Leadership and Effectiveness, Effective Audit and Risk Management, Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This CG Overview Statement is prepared in compliance with Bursa Malaysia Securities Berhad’s Main Market Listing Requirement (“MMLR”), and it is to be read together with the CG Report 2024 which is available on the Group’s corporate website at [www.qesnet.com](http://www.qesnet.com).

MCCG 2021 sets out the three (3) key principles and practices which are as follows:-



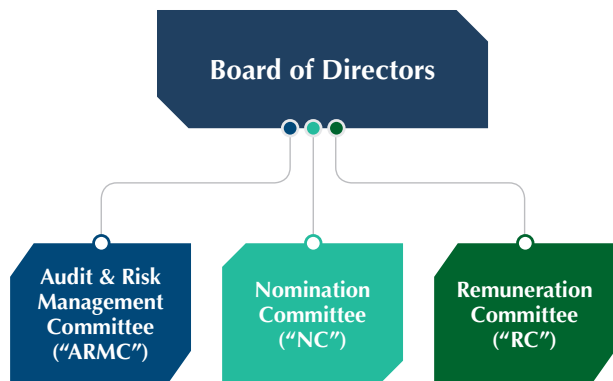
## A BOARD LEADERSHIP AND EFFECTIVENESS

### DISCHARGING BOARD RESPONSIBILITIES

The Board is responsible for leading the Group and is accountable to the shareholders and stakeholders to create long-term sustainability within the Group. The Group’s CG framework embeds the right value and standards throughout the Group.

In order to ensure orderly and effective discharge of the above functions and responsibilities, the Board has also delegated certain responsibilities to the following Board Committees:

The Board deliberates on the strategies proposed by the Management in a supportive and collaborative manner in order to stimulate careful consideration of issues and to minimise undue risks. The Board will scrutinise the sustainability, effectiveness and implementation of the strategic plans for the financial year under review and provide guidance and input to the management. The Group’s review strategy is an integral part of matters reserved for the Board. The Board has delegated certain matters, such as the day-to-day management of the Group to the Group Managing Director. The distinct roles played by the Board and the Management creates a healthy ecosystem of checks and balances in the Group’s pursuit of its interests.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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### BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### DISCHARGING BOARD RESPONSIBILITIES (CONT'D)

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

The TOR of each of the Board Committees as approved by the Board are available on the Company's corporate website [www.qesnet.com](http://www.qesnet.com). The Board Charter and TORs are reviewed periodically to ensure effective and efficient decision making in the Group.

The Board Committees also act as a reviewing committee, evaluating and recommending matters under their purview for the Board to consider and approve. The Board receives reports at its meetings from the Chairperson of each Committee on current activities and it is the general policy of the Group that all major decisions shall be considered by the Board as a whole.

Board and Board Committees evaluation is conducted annually to evaluate the Board's performance and to identify opportunities to increase its effectiveness. The evaluation was done internally through questionnaires based on the MCCG 2021 and the Board was satisfied with the overall results of the evaluation

#### SUMMARY OF KEY MATTERS RESERVED FOR THE BOARD

- (a) Approval of annual budgets and major corporate commitments;
- (b) Business continuity, structuring and corporate plans;
- (c) Expenditure above a certain pre-determined limit;
- (d) Managing conflict of interest issues; and
- (e) Disposal of significant fixed assets and acquisition or disposal of companies within the Company

The Board Charter is available on the Group's corporate website at [www.qesnet.com](http://www.qesnet.com).

#### BOARD LEADERSHIP

Encik Adnan Bin Zainol ("Encik Adnan") the Non-Independent Non-Executive Chairman ("NINEC" or "the Chairman") of the Group provides leadership for the Board so that the Board can perform its responsibilities effectively. The Chairman also sets the board agenda together with the Company Secretary to ensure that the Directors receive complete and accurate information in a timely manner. During board meetings and discussions, the Chairman leads and encourage active participation and allow dissenting views to be freely expressed among the Board. As the Chairman of the Board, Encik Adnan also promotes and leads the Group in its commitment to achieve and maintain high standards of corporate governance.

#### SEPARATION OF POSITIONS OF CHAIRMAN AND THE GROUP MANAGING DIRECTOR

The positions of the Non-Independent Non-Executive Chairman and the Group Managing Director of the Group are held by different individuals with clear and distinct roles which are formally documented in the Board Charter.

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

Guidance 1.4 of MCCG 2021 states that having the same person assume the positions of Chairman of the Board and Chairman of the ARMC, NC or RC gives rise to the risk of self-review and may impair the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the Board Committees. Thus, the Chairman of the Board, Encik Adnan did not attend the Board Committee Meetings during the FYE 2024. The Chairman of the Board is also not a member of the ARMC, NC and RC.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### BOARD DYNAMICS

#### Non-Independent and Non-Executive Chairman

**Encik Adnan Bin Zainol**  
(Appointed on 11 May 2015)  
(Redesignated to NINEC on 31 May 2024)

#### Group Managing Director

**Mr. Chew Ne Weng**  
(Appointed on 20 November 2014)

#### Group Executive Director

**Mr. Liew Soo Keang**  
(Appointed on 20 November 2014)

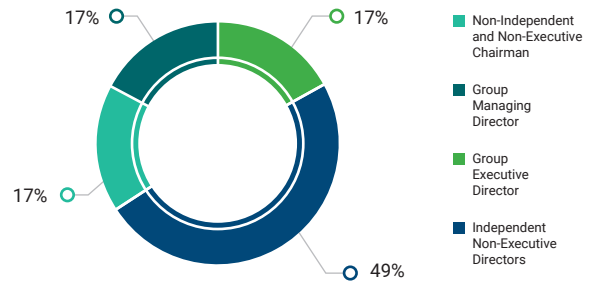
#### Independent Non-Executive Directors

**Pn. Maznida binti Mokhtar**  
(Appointed on 01 August 2019)

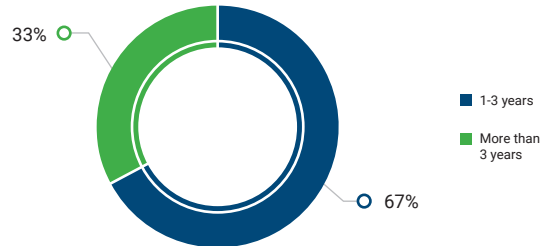
**Dr. Gunasegaran Muthusamy**  
(Appointed on 01 July 2024)

**Pn. Wan Fatimah Suriani Binti Ibrahim**  
(Appointed on 20 September 2024)

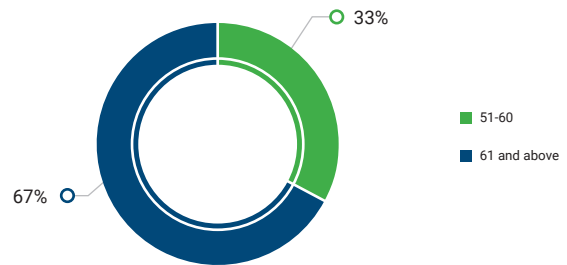
### CURRENT BOARD BALANCE AND COMPOSITION



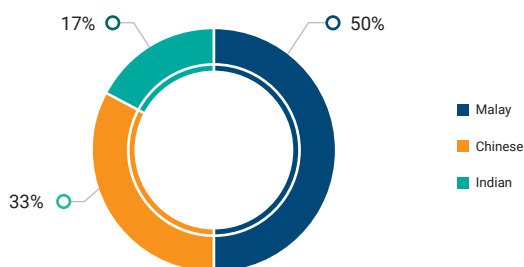
### TENURE OF INDEPENDENT DIRECTOR



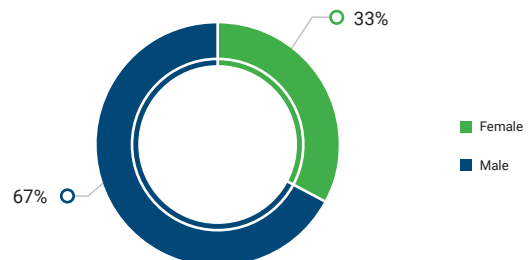
### AGE DIVERSITY



### ETHNIC DIVERSITY



### GENDER DIVERSITY



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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### BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### COMPOSITION OF THE BOARD

During the year, the Board comprised of six (6) members, comprising one (1) NINEC, one (1) Group Managing Director, one (1) Group Executive Director and three (3) Independent Non-Executive Directors (“INED”). The composition not only fulfils the requirements as set out under the MMLR of Bursa Securities, which stipulates that at least 2 Directors or 1/3 of the Board, whichever is higher, must be independent and this composition also fulfils the MCCG 2021 Practice 5.2 which requires at least half of the Board to be Independent Directors.

The current Board composition includes leaders and professionals with expertise in the Group’s business operations, finance, and information technology sectors. As of the date of this report, two female Board members represent 33% of the Board’s female representation, aligning with MCCG’s target of achieving at least 30% female representation on the Board. The Board upholds a strong commitment to diversity, with members representing a broad range of backgrounds and experiences.

#### BOARD MEETINGS

The Board intends to meet at least 5 times a year, with additional meetings convened where necessary. Minutes of Board meetings are duly recorded by the Company Secretary. During the FYE 2024, a total of 5 Board meetings were held.

To facilitate the Directors’ time planning, an annual meeting calendar is prepared and circulated in advance. The calendar provides Directors with the schedule of all Board and Board Committees meetings, as well as closed periods for dealing in securities by Directors and Principal Officers based on the targeted dates of announcement of the Group’s quarterly financial results.

The Directors’ commitment in carrying out their duties and responsibilities are affirmed by their attendance at the Board and Board Committees Meetings held during the FYE 2024, as reflected below: -

MEMBERS OF THE BOARD	BOARD OF DIRECTORS	ARMC	NC	RC
Encik Adnan bin Zainol	5/5	–		
Mr. Chew Ne Weng	5/5	–		
Mr. Liew Soo Keang	5/5	–		
Pn. Maznida binti Mokhtar	5/5	5/5	3/3	1/1
Dr. Gunasegaran Muthusamy ®	4/4 ^	4/4 ^	3/3	1/1
Pn. Wan Fatimah Suriani Binti Ibrahim ®	3/3 ^	3/3 ^	2/2	1/1
Mr. Hoh Chee Mun *	1/1 ^	1/1 ^	–	–
Ms. Wong Pek Yee **	1/1 ^	1/1 ^	–	–

\* Mr. Hoh Chee Mun retired at the 10th AGM held on 31 May 2024.

\*\* Ms. Wong Pek Yee resigned on 1 July 2024.

® Dr. Gunasegaran Muthusamy was appointed on 1 July 2024.

® Pn. Wan Fatimah Suriani Binti Ibrahim was appointed on 20 September 2024.

^ indicates meetings attended out of the total scheduled meetings during the tenure of office.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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### BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### QUALIFIED AND COMPETENT COMPANY SECRETARY

The Board had appointed a qualified secretary who is a member of the Malaysian Institute of Accountants ("MIA") and is qualified to act as Company Secretary under Section 235(2) of the Companies Act, 2016. The Company Secretary is responsible to, amongst other, to provide sound governance advice, adherence to the laws and regulations, as well as directives issued by the regulatory authorities.

The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary supports the Board by ensuring that all Board meetings are properly conducted and adhered to the Board policies and procedures, rules, relevant laws and best practices on CG and deliberations at the Board and Board Committees meetings as well as follow-up on matters arising are well captured and recorded. The Company Secretary also keep the Board updated on changes in the Listing Requirements of Bursa Securities and directives issued by the regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities.

The Chairman, with the assistance of the Company Secretary, ensures appropriate information flows to the Board and Board Committees.

The Board received copies of meeting minutes of the Board and Board Committees meetings in a timely manner prior to the Board meetings to enable the Directors to discharge their duties and responsibilities competently and in a well-informed manner. The Key Management are also invited to attend the Board and Board Committees meetings, to brief and provide explanations to the Board on the operations of the Group.

#### BOARD CHARTER

The Board implemented its Board Charter on 11 October 2017 and was last updated on 14 April 2022. It sets out the roles, functions, composition, operation and processes of the Board and is to ensure all Board members acting on behalf of the Group are aware of their duties and responsibilities.

The Board will periodically review and update its Board Charter in accordance with the needs of the Group and to comply with new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available on the Group's corporate website at [www.qesnet.com](http://www.qesnet.com).

#### DIRECTORS CONTINUING EDUCATION

The Board evaluates the needs to attend training in order to enhance their skills and knowledge and keep abreast with the relevant changes in laws, regulations and business environment enabling them to discharge their duties effectively.

During the financial year, all the Directors have attended the following training programmes: -

Members of the Board	Seminars/ Conference/ Trainings Attended	Date Attended
Encik Adnan bin Zainol	IIC Corporate Governance Conference 2024-Countdown to 2030: Investing Towards Sustainable Development in Malaysia	05 March 2024
	Funds Management Regulations Programme	18 May 2024
	Asset and Fund Management Programme	08-09 June 2024
	Preparing for the IFRS® Sustainability Disclosure Standards in Malaysia	28 October 2024
	LIP Alumni Network: Leading for Impact - Pos Malaysia	01 September 2024

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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### BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### DIRECTORS CONTINUING EDUCATION (CONT'D)

Members of the Board	Seminars/ Conference/ Trainings Attended	Date Attended
Mr. Chew Ne Weng	Anti-Bribery and Corruption S.17A Corporate Liability Perspective	30 January 2024
	Effective Source Separation of Waste	12 July 2024
	Empower Together: Nothing is Impossible!	27 November 2024
Mr. Liew Soo Keang	Anti-Bribery and Corruption S.17A Corporate Liability Perspective	30 January 2024
	Aligning Compensation with Stakeholder Expectations	14 March 2024
	Navigating Chinese Market- Global Navigator Series	12 August 2024
	MS AI Webinar	20 August 2024
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	04–05 September 2024
	New Era for E&E Industry- Riding the Next Wave	09 September 2024
	Kempen Tolak Gula	19 September 2024
Strategic Financial Management- Cost Reduction Through Simulation	30 October 2024	
Pn. Maznida binti Mokhtar	ICDM PowerTalk: Being Sued as an INED - A Personal Journey, Chithra Ganesalingam Former Non-Executive Chariman of Apex Equity Holdings Berhad & Senior Associate at Wong Lu Peen & Tunku Alina	10 May 2024
	MIA International Conference 2024	11–12 June 2024
	Audit Committee Conference 2024	05 September 2024
	Understanding Malaysia's E-Invoicing System	11 November 2024
	ICDM PowerTalk: Strategic Data & Frameworks in Board Governance, by Susanna Hasenoehrl, Expert in Sustainability and Digital Transformation	02 December 2024
Dr. Gunasegaran Muthusamy (Appointed on 01.07.2024)	Audit Committee Conference 2024	05 September 2024
	Mandatory Accreditation Programme (MAP)	11-12 September 2024
	Building Sustainable Credibility: Assurance, Greenwashing and The Rise of Green-Hushing	24 September 2024
Pn. Wan Fatimah Suriani Binti Ibrahim (Appointed on 20.09.2024)	Country by Country Reporting (US reporting requirement)	08 April 2024
	Financial Skills 1 (FT1)	11-13 June 2024
	MIA Member Induction Course	20–23 June 2024

Note:- Does not include Mr. Hoh Chee Mun who retired at the 10th AGM held on 31 May 2024 and Ms. Wong Pek Yee who resigned on 1 July 2024.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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### BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### CODE OF ETHICS AND CONDUCT

The Board had established a Code of Ethics and Conduct for the Group on 20 March 2018, and together with the Management, implemented its policies and procedures which governs, amongst others, dealings with customers and suppliers, managing conflicts of interest, maintaining confidential information, accepting gifts, loans and entertainment, accepting directorship outside the Group, complying with laws and regulations, ensuring a healthy and safe environment, protection and use of the Group's asset, insider information and securities trading and sexual harassment.

The Code of Ethics and Conduct is available on the Group's corporate website at [www.qesnet.com](http://www.qesnet.com).

#### ANTI-CORRUPTION AND BRIBERY POLICY

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

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

#### DIRECTOR FIT AND PROPER POLICY

The Board has in place a Directors' Fit and Proper Policy, which was adopted on 30 June 2023, which sets out the fitness and propriety for the appointment and re-election of Directors and to ensure that each of the Director has the character, integrity, experience, competence and time commitment to effectively discharge his/her role as a Director of the Group in tandem with good CG practices.

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

#### WHISTLE BLOWING POLICY

The Board had established the policies and procedures on Whistleblowing for the Group on 20 March 2018 and was last updated on 20 May 2024. The Group's Whistleblowing policies and procedures provide an avenue for all employees of the Group and members of the public to raise concerns or disclose any improper conduct within the Group and to take appropriate action to resolve them effectively.

The Whistleblowing Policy is periodically reviewed and is available on the Group's corporate website at [www.qesnet.com](http://www.qesnet.com).

#### CONFLICT OF INTEREST

Members of the Board are required to make a declaration to that effect at the Board meeting in the event that they have interests in proposals being considered by the Board, including where such interests arises through family members, in line with various statutory requirements on disclosure. Any Director with an interest in a proposed subject shall abstain themselves from deliberations and decisions of the Board.

#### GOVERNANCE OF SUSTAINABILITY

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

The Board is responsible for the overall sustainability strategy and oversees the Group's sustainability framework whilst the Group Managing Director is responsible for incorporating the overall sustainability roadmap of the Group into the business strategies and business decisions, and ensuring the implementation of the sustainability strategies by SSC.

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

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

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### GENDER DIVERSITY POLICY

Despite not having a Gender Diversity Policy, the Board acknowledges the importance of boardroom diversity, including gender diversity recommendations under the MCCG 2021 and will continue to prioritise women candidates in future recruitment exercise. Currently, the Board has 2 female directors out of 6 Directors, equivalent to 33% women representation on the Board.

The NC will continue to recommend appointments to the Board based on diversity measured against meritocracy and other objective criteria such as skills and experience that the individual offers.

### TENURE OF INDEPENDENT DIRECTOR

Pursuant to the MMLR and also MCCG 2021, the tenure of Independent Directors is limited to a cumulative term, of not exceeding 12 years and in the event that the Board intends to retain the Director as an Independent Director after he/she has served for a consecutive/cumulative term of 9 years, the Board must provide justification and seek shareholders' approval through a two-tier voting process or the respective Independent Director may continue to serve on the Board as a Non-Independent Director.

On 10 March 2025, the Board through the NC had conducted an assessment and review of the independence of the INED which were prepared in accordance with the definition of Independent Director under Paragraph 1.01 of the MMLR. Based on the recommendation of the NC, the Board is comfortable that each of the Independent Non-Executive Directors met the requisite fit and proper requirements which includes the criteria for independence.

The Board is satisfied that they are independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgement or the ability to act in the best interests of the Group. Currently the composition of 6 Board members as at 31 December 2024 was considered appropriate and adequate to effectively govern the Group.

The Group practices a division of responsibility between the Executive and Non-Executive Directors.

The Group Executive Directors are responsible for the overall management of the Group, to oversee operations, and to coordinate the development, implementation of business and corporate strategies.

The presence of the INED assures an element of balance to the Board as they provide an independent view, advice and judgment to ensure that the interests of minority shareholders and the general public are given due consideration in the decision-making progress.

The independence of each INED is reviewed annually. Directors with declared interests abstain from both discussion and decisions relating to those interest.

### NEW CANDIDATES FOR BOARD APPOINTMENT

The principal function of making recommendations for new appointments or re-election of retiring Directors has been delegated to the NC.

The evaluation of suitable candidate is not only based on academic but also through experience in this industry to ensure that valuable contribution which will be beneficial to the Company can be given to encourage growth of the Company. In making a recommendation to the Board on the candidates for directorship, the NC will consider and nominate the candidates based on the objective criteria, including:- (a) skills, knowledge, expertise and experience; (b) professionalism; (c) integrity; (d) time commitment to the Company based on the number of directorships held; and (e) in the case of candidates for the position of Independent Non-Executive Director, the NC will also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Director. All Directors shall not hold more than five (5) directorships in other listed issuers as required under Paragraph 15.06 of the MMLR of Bursa Securities.

### BOARDROOM DIVERSITY AND KEY MANAGEMENT TEAM

Members of the Board comprise professionals from diverse gender, ethnicity, age, bringing with them in-depth and diversity of expertise, a wide range of experience and perspective in discharging their responsibilities and duties and in managing the business of the Group. The profile of each Director is presented on pages 5 to 9 of this Annual Report.

The appointment of the Key Management was also made with due regard for diversity in skills, experience, age, cultural background and gender. Their detailed particulars are provided on pages 10 to 12 of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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### BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### NOMINATION COMMITTEE REPORT

The Nomination Committee (“NC”) was established on 11 October 2017. The primary objective of the NC is to ensure that the Board is comprised of individuals with an optimal mix of qualifications, skills and experience.

Meetings of the NC are held as and when necessary, and at least once a year.

The TOR of the NC is available at the Group’s corporate website at [www.qesnet.com](http://www.qesnet.com).

The present composition of the NC consists of 3 members of the Board, all of whom are INED. As at the date of this Statement, the present members of the NC are as follows:

Name of Member	Designation	Role in NC
Dr. Gunasegaran Muthusamy (Appointed on 01 July 2024)	Independent Non-Executive Director	Chairman
Pn. Maznida binti Mokhtar (Redesignated on 01 July 2024)	Independent Non-Executive Director	Member
Pn. Wan Fatimah Suriani Binti Ibrahim (Appointed on 20 September 2024)	Independent Non-Executive Director	Member
Mr. Hoh Chee Mun (Retired at 10th AGM held on 31 May 2024)	Independent Non-Executive Director	Retired
Ms. Wong Pek Yee (Resigned on 01 July 2024)	Independent Non-Executive Director	Resigned

#### BOARD APPOINTMENT

The current process with regards to the appointment of new Directors to the Board are based on the recommendations of the NC based on Directors’ network and referrals from major shareholders.

The NC, in making a recommendation to the Board on the candidate for recruitment or new Board appointment, shall have regards to:

- Size, composition, diversity (including gender diversity) and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and the Group;
- The candidate’s skills, knowledge, expertise and experience, professionalism, integrity and, in the case of a candidate for the position of Independent Non-Executive Director, the independence criteria as set out in Paragraph 1.01 of the MMLR; and

- The appropriate number of INED to fulfil the requirements under MMLR which requires at least two (2) or 1/3 of the membership of the Board must be Independent Directors.

The final decision as to who shall be appointed as Director remains the responsibility of the full Board after considering the recommendation of the NC.

Although the NC and the Board did not utilise independent sources with regards to the appointments, the Board decisions were still made objectively in the best interests of the Company taking into account the diverse skill, expertise, experience and perspectives of the current Board members.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### ACTIVITIES OF THE NC

Below is a summary of the activities undertaken by the NC for the FYE 2024: -

- (a) Assessed the overall Board and the Board Committees' performance and effectiveness as a whole;
- (b) Reviewed and assessed the independence of Independent Directors and their tenure of service;
- (c) Reviewed and assessed the term of office and performance of the ARMC and each of its members;
- (d) Reviewed and assessed the performance and the fit and proper criteria, and made recommendations to the Board for its approval, regarding the Directors who are seeking for re-election at the upcoming AGM; and
- (e) Assessed Directors' training to ensure all Directors receive appropriate continuous training programmes.

The questionnaires comprised of the Board and Board Committees Effectiveness Assessments, Directors and Board Committees members' Self and Peer Assessments, were issued to the Board/Committees members. On 10 March 2025, the analysis of the annual assessments results and feedback from the Board/Committees members were presented by the Company Secretary for the NC/Board's consideration in developing action plans for enhancing its overall effectiveness.

### b) Re- election and Re-appointment of Directors

Director's re-election provides an opportunity for shareholders to renew their mandate conferred to the Directors. The NC is responsible for making recommendation to the Board for the re-election of Directors who retire by rotation. Their recommendations are based on formal reviews on the performance of Directors, taking into consideration the Board Competency Matrix.

### BOARD & DIRECTORS EFFECTIVENESS EVALUATION

#### a) Evaluation for Board, Board Committees and Individual Directors

The evaluation of the effectiveness of the Board, Board Committees as well as individual Directors including INED was conducted in-house under the purview of the NC and facilitated by the Company Secretary.

The evaluation criteria for the Board, Board Committees and individual Directors are primarily anchored on regulatory requirements and emerging best practices of MCCG 2021 as the method of evaluation.

The NC assesses the effectiveness of the Board and the Board Committees, as well as performance of the individual Directors on an annual basis. In addition to these annual assessments, the NC actively identifies the gaps in the Board composition as well as identifies and selects new members to the Board.

Further, the Constitution of the Group provides that all Directors shall retire by rotation once in every 3 years or at least 1/3 of the Board shall retire from office and be eligible to offer themselves for re-election at the Annual General Meeting ("AGM"). Any Director appointed during the year is required under the Company's Constitution to retire and seek re-election by shareholders at the following AGM immediately after his/her appointment.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

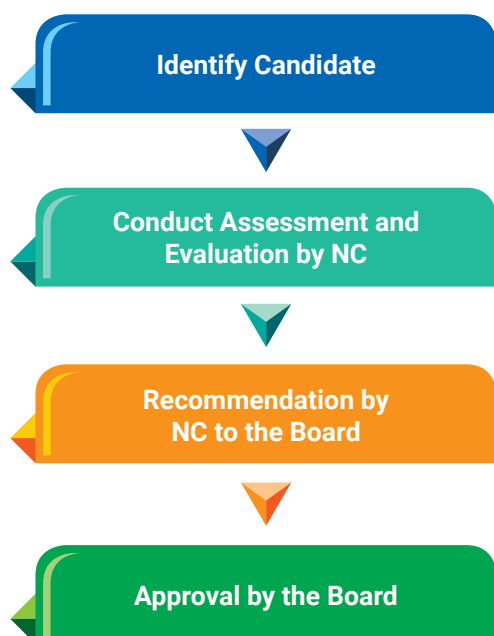
### A

### BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### BOARD & DIRECTORS EFFECTIVENESS EVALUATION (CONT'D)

##### c) Appointment of new Director

The chart below shows the procedures on the appointment of a new Director:-



The appointment of new Director to the Board is based on the recommendations of the NC.

#### REMUNERATION COMMITTEE REPORT

The Remuneration Committee ("RC") was established on 11 October 2017.

The primary objective of the RC is to establish a documented, formal and transparent procedure for assessing and reviewing the remuneration packages of Executive Directors and Non-Executive Directors in order to ensure the remuneration of the Directors reflect their responsibility and commitment undertaken by them and also to attract and retain the right talent in the Board to drive the Group's long-term objectives.

Periodic reviews are performed by the RC on the remuneration structure to ensure that the compensation of the Non-Executive Directors is competitive, appropriate and aligned with prevalent market trends and practices. The reviews take into account the level of responsibility undertaken by the Non-Executive Directors and the complexity of the Group's operations.

The Executive Directors' remuneration are structured to link rewards to corporate and individual performance. The RC reviews the performance of the Executive Directors annually and submits their views and recommendations to the Board on any adjustments to the remuneration packages.

During the FYE 2024, the RC together with the assistance of the Senior Corporate Human Resource Manager reviewed and recommended the remuneration of Directors for FYE 2024. The TOR of the RC is available at the Group's corporate website at [www.qesnet.com](http://www.qesnet.com).

The present composition of the RC consists of 3 members of the Board, all of whom are INED. As at the date of this Statement, the present members of the RC are as follows:

Name of Member	Designation	Role in RC
Dr. Gunasegaran Muthusamy (Appointed on 01 July 2024)	Independent Non-Executive Director	Chairman
Pn. Wan Fatimah Suriani Binti Ibrahim (Appointed on 20 September 2024)	Independent Non-Executive Director	Member
Pn. Maznida binti Mokhtar (Redesignated on 01 July 2024)	Independent Non-Executive Director	Member
Mr. Hoh Chee Mun (Retired at 10th AGM held on 31 May 2024)	Independent Non-Executive Director	Retired
Ms. Wong Pek Yee (Resigned on 01 July 2024)	Independent Non-Executive Director	Resigned

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## A

### BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### REMUNERATION POLICY

The Board has in place policies and procedures to ensure the remuneration of the Directors reflect their responsibilities and commitment undertaken by them and also to attract and retain the right talent in the Board. The remuneration packages are regularly evaluated against the Group's performance and market related surveys.

The details of the remuneration of Directors of the Company comprising the remuneration received/receivable from the Company and its subsidiaries during the financial year ended 31 December 2024 are as follows: -

Directors	# Fees (RM'000)	Salaries & * Other emoluments (RM'000)	Benefits- in-kind (RM'000)	Total (RM'000)
<b>The Company</b>				
<b>Executive Directors</b>				
Mr. Chew Ne Weng	-	-	-	-
Mr. Liew Soo Keang	-	-	-	-
<b>Non-Executive Directors</b>				
Encik Adnan Bin Zainol	72	-	-	72
Pn. Maznida Binti Mokhtar	72	-	-	72
Dr. Gunasegaran Muthusamy (Appointed on 01 July 2024)	36	-	-	36
Pn. Wan Fatimah Suriani Binti Ibrahim (Appointed on 20 September 2024)	20	-	-	20
Mr. Hoh Chee Mun (Retired at 10th AGM held on 31 May 2024)	36	-	-	36
Ms. Wong Pek Yee (Resigned on 01 July 2024)	36	-	-	36

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### A

### BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### REMUNERATION POLICY (CONT'D)

Directors	# Fees (RM'000)	Salaries & * Other emoluments (RM'000)	Benefits- in-kind (RM'000)	Total (RM'000)
<b>The Group</b>				
<b>Executive Directors</b>				
Mr. Chew Ne Weng	68	772	32	872
Mr. Liew Soo Keang	68	681	32	781
<b>Non-Executive Directors</b>				
Encik Adnan Bin Zainol	72	–	–	72
Pn. Maznida Binti Mokhtar	72	–	–	72
Dr. Gunasegaran Muthusamy (Appointed on 01 July 2024)	36	–	–	36
Pn. Wan Fatimah Suriani Binti Ibrahim (Appointed on 20 September 2024)	20	–	–	20
Mr. Hoh Chee Mun (Retired at 10th AGM held on 31 May 2024)	36	–	–	36
Ms. Wong Pek Yee (Resigned on 01 July 2024)	36	–	–	36

# The Director's fees and benefits are subject to the approval by the shareholders of the Group at the forthcoming Annual General Meeting.

\* Other emoluments include bonuses and the Group's contribution to the Employer Provident Fund and Social Security contributions.

#### REMUNERATION OF THE KEY MANAGEMENT

The aggregate remuneration paid to the four Key Management of the Group during the financial year ended 31 December 2024 are analysed into the following bands as follows:

Remuneration Bands	Number of Key Management
RM500,001- RM550,000	1
RM550,001- RM600,000	1
RM1,000,001- RM1,050,000	1
RM2,250,001- RM2,300,000	1

The individual remuneration details of the four Key Management personnel are not disclosed in bands of RM50,000 on a named basis, as doing so may compromise confidentiality, potentially lead to adverse outcomes, and affect the overall harmony of the work environment, which is essential for achieving long-term strategic objectives. The Board is of the view that the transparency and accountability aspects of the MCCG 2021 on disclosure of the remuneration of key management are appropriately served by the above remuneration disclosures in bands as shown above.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## **B** EFFECTIVE AUDIT AND RISK MANAGEMENT

### AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee (“ARMC”) comprises of 3 Independent Non-Executive Director (“INED”). The ARMC is chaired by an INED, Pn. Maznida Binti Mokhtar. The TOR of the ARMC was updated and approved on 18 November 2024 and is available at the Group’s corporate website at [www.qesnet.com](http://www.qesnet.com).

The ARMC is comprised of members who are financially literate and possess the appropriate level of expertise and experience.

None of the ARMC members was a former partner of the external audit firm of the Company which is in line with the MCCG 2021 that stipulates that no former partner of the external audit firm of the Company could be appointed as a member of the ARMC before observing a cooling-off period of at least 3 years.

Name of Member	Designation	Role in ARMC
Pn. Maznida binti Mokhtar (Re-designated on 01 July 2024)	Independent Non-Executive Director	Chairperson
Dr. Gunasegaran Muthusamy (Appointed on 01 July 2024)	Independent Non-Executive Director	Member
Pn. Wan Fatimah Suriani Binti Ibrahim (Appointed on 20 September 2024)	Independent Non-Executive Director	Member
Ms. Wong Pek Yee (Resigned on 01 July 2024)	Independent Non-Executive Director	Resigned
Mr. Hoh Chee Mun (Retired at 10th AGM held on 31 May 2024)	Independent Non-Executive Director	Retired

### EXTERNAL AUDITOR

Messrs. KPMG PLT was appointed as the Group’s External Auditors since FYE 2023 in replacement of Messrs. Moore Stephens Associates PLT to provide relevant and transparent reports to the shareholders. The ARMC met on 18 November 2024 with the External Auditors without the presence of the Executive Directors and Management to discuss any key area or issues that require the attention of the ARMC for FYE 2024. The External Auditors confirms that they are and have been independent throughout the conduct of audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

An annual assessment on the External Auditors was conducted in 27 February 2025, the ARMC was satisfied with the performance of the External Auditors and had made recommendation to the Board for the External Auditors re-appointment for FYE 2025.

### INTERNAL AUDITOR

NBS Smart Focus Group Sdn. Bhd. is in-charge of the internal audit function and assists the ARMC in reviewing, evaluating, and monitoring the effectiveness of the Group’s governance, risk management and internal control process. The ARMC met once during the FYE 2024 with the Internal Auditor without the presence of the Executive Directors and Management to deliberate any key area or issues that requires the attention of the ARMC on 18 November 2024. An annual assessment on the performance of the Internal Auditor was also conducted by the ARMC on 27 February 2025. Based on the annual evaluation conducted, the ARMC was satisfied with the performance of the Internal Auditor for the FYE 2024.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### B

#### EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

##### RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board recognises its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems. In view of the limitations that are inherent in any systems of internal control, the systems of internal control are designed to manage risks within tolerable levels rather than eliminate the risk of failure to achieve business objectives. Hence, such system by its nature can only provide reasonable but not absolute assurance against material misstatement, error or losses.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of the Annual Report 2024. The adequacy and effectiveness of this process have been continually reviewed by the Board.

The Statement on Risk Management and Internal Control as set out in the Annual Report 2024 provides an overview on the state of risk management and internal controls within the Group.

##### COMMUNICATION WITH STAKEHOLDERS

The Board recognised the importance of maintaining transparency and accountability to its shareholders and to disseminate information on the Group's performance and any significant development in a timely manner.

The Board views the AGM as the primary forum to communicate with shareholders while the Extraordinary General Meetings are held as and when required. The Group's corporate website, [www.qesnet.com](http://www.qesnet.com) incorporates an Investor Relations section which provides all relevant information about the Group and is accessible to both the shareholders and the public.

##### CORPORATE WEBSITE

The Group maintains a comprehensive and up-to-date website, which includes an Investor Relations section along with complete contact details and relevant information. Regular updates, news, announcements, and other pertinent information are also posted on the website.

### C

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

##### COMPLIANCE WITH MCCG 2021

The Board is committed to ensure high standards of governance are practiced wherein the Company has adopted and complied substantially with the practices of MCCG 2021.

The status of application of MCCG 2021 practices are summarised as follows :-

	Applied / Adopted	Departure	Not Applicable	Not-adopted	Total
Practices	40	2	1	–	43
Step-Up practices	2	–	–	3	5

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### COMPLIANCE WITH MCCG 2021 (CONT'D)

At the date of this Statement, QES has adopt 42 out of 48 practices including 2 step-up practices of MCCG 2021. The practices that have yet to be applied/adopted are as follows:-

MCCG Practice	Status of Application	Description
Practice 5.4	Step Up Practice Not-Adopted	The board has a policy which limits the tenure of its independent directors to nine years without further extension.
Practice 5.10	Departure	The board discloses in its annual report the company’s policy on gender diversity for the board and senior management.
Practice 8.2	Departure	The board discloses on a named basis the top five senior management’s remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.
Practice 8.3	Step Up Practice Not-Adopted	Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.
Practice 10.3	Step Up Practice Not-Adopted	The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company’s risk management framework and policies.

### CONDUCT OF GENERAL MEETINGS

Shareholders will receive notices of AGMs, which are sent out at least 28 calendar days before the date of the AGM. In addition, the Notice of AGM or Extraordinary General Meeting will be advertised in the newspaper. The Board encourages shareholders to attend the forthcoming 11th AGM and undertakes to answer all questions raised by the shareholders.

The proceedings of the AGM include a question and answer session in which the Chairman of the AGM would invite shareholders to raise questions on the Group’s Financial Statements and other items for adoption at the AGM, before putting a resolution to vote. The Chairman of the AGM will ensure that sufficient opportunities are given for shareholders to raise issues relating to the affairs of the Group and that adequate responses are provided. The results of all the resolutions set out in the Notice of AGM will be announced on the same day via Bursa Link, which is accessible on Bursa Securities’ and the Group’s corporate website at [www.qesnet.com](http://www.qesnet.com). The Board ensures that full information of the Directors who are retiring at the AGM and willing to serve if re-elected are disclosed in the Annual Report 2024.

An explanatory note facilitating full understanding and evaluation of issues involved in the proposed resolutions accompanying each item of Special Business is included in the Notice of AGM.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### C

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

#### DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("Act") to prepare the financial statements for each financial year which have been made in accordance with the applicable Malaysian Financial Reporting Standards ("MFRS") and the requirements of the Act.

The Directors of the Group are responsible for the preparation of the Group and of the Company's financial statements to ensure a true and fair view is presented in accordance with MFRS, International Financial Reporting Standards and the requirements of the Act in Malaysia. In ensuring the preparation of these financial statements, the Directors have observed the following criteria:

- (a) Overseeing the overall conduct of the Company's business and that of the Group;
- (b) Identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks;
- (c) Reviewing the adequacy and integrity of Internal Controls System and Management Information System in the Company and within the Group;
- (d) Adopting suitable accounting policies and apply them consistently;
- (e) Making judgments and estimates that are reasonable and prudent; and
- (f) Ensuring compliance with application Approved Accounting Standards in Malaysia.

The Directors are responsible for ensuring that proper accounting and other records which are closed with reasonable accuracy at any time the financial position of the Group and ensuring that the financial statements comply with the MMLR, the provisions of the Act and applicable Approved Accounting Standards in Malaysia.

The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimize fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the FYE 31 December 2024, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

#### COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this CG Overview Statement. The Board considered that the CG Overview Statement provides the information necessary to enable shareholders of the Group to evaluate how the principles and best practices as set out in the MCCG 2021 have been complied with since the Group's listing on 8 March 2018. The Board shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices of the MCCG 2021 and all other applicable laws and regulations.

This CG Overview Statement was approved by the Board of Directors of QES on 15 April 2025.

# ADDITIONAL COMPLIANCE INFORMATION

## OTHER INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD - MAIN MARKET LISTING REQUIREMENTS

### Utilisation of Proceeds

There were no proceeds raised from any corporate proposal during the financial year.

### Audit and Non-Audit Fees

The amount of audit and non-audit fees paid/payable to the External Auditors for the services rendered to the Group and the Company for the financial year ended 31 December 2024 are as follows:-

	Group RM'000	Company RM'000
Audit fee	502	80
Non-audit fee	211	17

The non-audit services rendered included statutory tax compliance services and review of the Statement on Risk Management and Internal Control.

### Material Contracts

There was no material contracts entered into by the Group involving Directors' and major shareholders' interests which were still subsisting as at the end of the financial year or which were entered into since the end of the previous financial year.

### Employee Share Option Scheme

The Employee's Share Option Scheme of the Company ("ESOS") was established and implemented on 1 July 2019 and the ESOS is governed by its ESOS By-Laws approved by the shareholders at an Extraordinary General Meeting held on 25 June 2019. The ESOS became effective for a period of five (5) years from 1 July 2019 in accordance with the terms of the ESOS By-Laws.

On 22 August 2023, the Company announced the extension of the duration for the exercisable of unexercised ESOS shares, expiring on 30 June 2024 for another 5 years to 30 June 2029 in accordance with the provisions of the ESOS By-Laws. The ESOS extension is not subject to any approval from Bursa Malaysia Securities Berhad, the Securities Commission Malaysia and the shareholders of the Company.

There were no ESOS options granted since implementation.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board is responsible for the formation as well as oversight of the Group's risk management and internal control systems that are designed to manage the Group's risk appetite within acceptable levels of tolerance as set out by the Board and Management to achieve the Group's goals and objectives in generating value to the shareholders. The Board annually reviews the effectiveness and adequacy of the framework and system by identifying, assessing, monitoring and communicating key business risks to safeguard shareholders' investments and the Group's assets.

The Malaysian Code on Corporate Governance ("MCCG") requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Under Paragraph 15.26(b) of the MMLR, the Board of QES is pleased to report on its Statement on Risk Management and Internal Control ("SORMIC"), which provides an overview of the nature and state of risk management and internal controls of the Group during the financial year under review and up to the date of approval of this statement by the Board. This statement is guided by the latest Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by the Taskforce on Internal Control with the support and endorsement of Bursa Malaysia and the MCCG.

## BOARD'S RESPONSIBILITY AND ACCOUNTABILITY

The Board is committed to ensuring the existence of an appropriate risk management framework and sound, efficient and effective system of internal control to safeguard shareholders' investment and the Group's assets. The system is designed to provide reasonable assurance of effective operations and compliance with laws and regulations. The Board ensures the effectiveness of the system through systematic reviews. As there are limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers inter alia, financial, operational and compliance controls and risk management procedures. Internal control and risk-related matters which warranted the attention of the Board were recommended by the Audit and Risk Management Committee ("ARMC") to the Board for its deliberation and approval and matters or decisions made within the ARMC's purview were referred to the Board for its notation.

## MANAGEMENT'S RESPONSIBILITIES

The senior management is accountable to the Board for the risk management and internal control system and for the implementation of processes to identify, evaluate, monitor and report the relevant risks. The implementation of the risk management process for the Group is the responsibility of QES's senior management. The senior management institutionalises our risk management practices by:

- Reviewing and ensuring the effectiveness of the risk management policies and processes.
- Managing the relevant risks that may impede the achievement of objectives by identifying them and ensuring that appropriate mitigating actions have been implemented.
- Identifying significant changes to QES risks including emerging risks and take actions as appropriate to communicate to QES Group's ARMC and the Board.

The senior management meets on a half-yearly basis with the Managing Director and Executive Director with other management-level employees to ensure the continual effectiveness, adequacy and integrity of the risk management system and that key risk matters would be recommended for escalation to the ARMC and the Board for deliberation and approval. The senior management of the subsidiary companies, business units and departments are tasked to identify and manage the significant risks that are affecting their respective companies, business units and departments. The risk management practices adopted by the Group are aligned with the Group's risk management framework.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the annual report is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators, employees and the Group's assets.

## INTERNAL CONTROL SYSTEM AND ENVIRONMENT

The Group has an organisation structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes at appropriate levels in the Group. The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to senior management on the manner the Group controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Group, assessment of financial and operational risks and an effective monitoring mechanism.

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

## INTERNAL AUDIT

The Board is fully aware of the importance of the internal audit function and has engaged an independent professional firm to provide independent assurance to the Board and AC in providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system.

The internal audit firm adopts a risk-based approach and prepares its audit plan based on the risk profiles from the risk assessment of the business units of the Group. Scheduled internal audits are carried out based on the annual audit plan approved by the ARMC. Annually, the internal audit firm presents to the ARMC with the internal audit reports.

During FYE 2024, the internal audit reviews were carried out by the internal audit team to address the related internal control weaknesses. Weaknesses that were identified during the reviews together with the improvement measures to strengthen the internal controls were reported accordingly.

The main elements in the system of internal control framework included:

- An organisational structure in the Group with formally defined lines of responsibility and delegation of authority;
- Documentation of written policies and procedures for certain key operational areas;
- Quarterly review of financial results by the ARMC and the Board;
- Active participation and involvement by the Managing Director and the Executive Director in the day-to-day running of the major businesses and regular discussions with the Key Management of smaller business units on operational issues;
- Review of internal audit reports and findings by the ARMC;
- Monthly review of Group management accounts by Managing Director, Executive Director and Key Management; and
- External audit review on the financial segment.

The internal auditor reports on the activities performed, key strategic and control issues observed by the ARMC annually. The ARMC reviews and approves the internal audit plan and human resources requirements to ensure the function maintains an adequate number of internal auditors with sufficient knowledge, skills and experience. The internal audit in its current practices, complies with the Committee of Sponsoring Organisations of the Treadway Commission (COSO – USA Standard) and the Criteria of Control Board (COCO - Canadian Standard)'s Internal Controls - Integrated Framework. Using this framework, all internal control assessments performed by the internal auditors are based on the internal control elements, scope and coverage. The internal auditor continues to adopt the risk-based audit plan to ensure the programmes carried out are prioritised based on the Group's key risks and core or priority areas.

Input from various sources inclusive of the Enterprise Risk Management ("ERM") Framework, business plan, past audit issues, External Auditors, Management and the Board are gathered, assessed and prioritised to derive the annual audit plan.

In 2024, full audit and follow-up audit reviews were conducted in various subsidiaries. There was a total of six (6) reports issued, three (3) Internal Audit reviews, two (2) Follow-up reviews, and one (1) ERM report. Internal Audit reviews were conducted to establish the state of internal control based on the information provided by the Management.

All reports from the internal audit reviews carried out were submitted and presented to the ARMC with the feedback and agreed corrective actions to be undertaken by the Management. The internal audit firm is committed to equipping the internal auditors with sufficient knowledge, skills and competencies to discharge their duties and responsibilities.

## QUALITY ASSURANCE

The internal audit firm develops and maintains a quality assurance programme that covers all aspects of internal audit activities. The quality assurance programme assesses the effectiveness of internal audit processes and identifies opportunities for improvement via both internal and external assessment. It has its peer reviewer mechanism to ensure consistently good quality output of every audit engagement. The team leader is well-experienced in managing internal audit assignments.

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

## INFORMATION AND COMMUNICATION

While the Management has full responsibility for ensuring the effectiveness of internal control, which it establishes, the Board has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire about information and clarification from the Management as well as to seek inputs from the ARMC, External and Internal Auditors, and other experts at the expense of the Group.

## RISK MANAGEMENT

The Board has an established ongoing process for identifying, evaluating and managing the significant risks encountered by the Group in accordance with the Guidance for Directors of Public Listed Companies on Statement on Risk Management and Internal Control. Risk management is an integral part of the business operations and this process goes through a review process by the Board. Discussions have been conducted during the year involving different levels of management to identify and address risks faced by the Group. These risks were summarised and included in the Group's risk management report. The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review and up to the date of approval of this statement for inclusion in the annual report by the Management. This is to ensure that all high risks are adequately addressed at various levels within the Group.

The Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the ARMC. The ARMC, supported by the Internal Auditor, provides an independent assessment of the effectiveness of the Group's ERM framework and reports to the Board. The Group's ERM is consistent with the ERM framework and involves systematically identifying, analysing, measuring, monitoring and reporting on the risks that may affect the achievement of its business objectives. This framework helps to reduce the uncertainties surrounding the Group's internal and external environment, thus allowing it to maximise opportunities and minimise adverse incidences that may arise. The major risks to which the Group is exposed are strategic, operational, regulatory, financial, market, technological, product and reputational risk.

The ERM process is based on the following principles:

- 1. Consider and manage risks enterprise-wide;
- 2. Integrate risk management into business activities;
- 3. Manage risk in accordance with the Risk Management framework;
- 4. Tailor responses to business circumstances; and
- 5. Communicate the risks and responses to Management

All identified risks are displayed on a 1 to 3 risk matrix based on their risk ranking to assist the Management in prioritising their efforts and appropriately managing the different classes of risks. The Board and Management drive a pro-active risk management culture and regular risk awareness and coaching sessions are held to ensure that the Group's employees have a good understanding and application of risk management principles. There is no dedicated ERM department; however, the Managing Director and Head of Finance work closely with the Group's operational managers to continuously strengthen the risk management initiatives within the Group so that they respond effectively.

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

## RISK MANAGEMENT (CONT'D)

The Board recognises the importance of ERM in enhancing shareholders' value while upholding a high standard of corporate governance. Combining a strong and sustained commitment from the Board and Key Management with a clear direction and oversight from all levels of leadership, the Group embraces a holistic risk management approach to achieve its business targets with minimal surprises.

Risk management policies and practices form part of our overall strategies to chart positive growth in today's rapidly evolving business environment. The Board continues to ensure that risk management is effectively institutionalised and that its risk maturity level is elevated. This is achieved via a multitude of ERM initiatives clustered into key strategic areas, as part of the Group's efforts to ensure smooth ERM practice on the ground coupled with continuous tracking and monitoring of risks and controls. It also strengthens its risk culture and practice and harmonises its risks and risk appetites at the operational level wherever possible.

## RISK STRUCTURE/ACCOUNTABILITY AND RESPONSIBILITY

Further improving our risk governance, ERM structures have been established at each subsidiary company, business unit and department. The aim is for a risk culture to be internalised through risk ownership and to drive ERM implementation at the functional level. ERM Resource Persons also known as Head of Department / Risk Coordinators, are appointed at each business unit or department and act as the single point of contact to liaise directly with the Head of Finance in matters relating to ERM, including the submission of reports annually. In addition, they are responsible for assisting their Heads of Department to manage and administer the business units' risk portfolios, which include arranging, organising and coordinating ERM programmes.

## ASSURANCE FROM THE MANAGEMENT

As evidenced from the various activities mentioned above, the Board has obtained reasonable assurance from the Group Managing Director, Head of Finance, and other Department Heads that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management model adopted by the Group.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2024 and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

## CONCLUSION

For the financial year under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring separate disclosure in the Annual Report. The Board is of the view that the Group's system of internal control and risk management is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the Group's system of internal control and risk management framework. This statement is also based on the consideration of the audit work performed by both the External/Internal Auditors and assurance from the respective Head of Department on financial and nonfinancial matters.

# AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The Audit Committee (“AC”) of QES Group Berhad (“the Company”) was established on 11 October 2017 and subsequently renamed as the Audit and Risk Management Committee (“ARMC”) on 20 September 2024. Its primary objective is to enhance the Board’s assurance by providing an objective and independent review of the financial, operational and administrative controls and procedures. Additionally, the ARMC is responsible for establishing and maintaining internal controls, safeguarding the independence of the Group’s External Auditors, assessing the effectiveness of the Internal Auditors, ensuring compliance with applicable laws and regulations, and promoting adherence to a proper code of conduct. Additionally, the ARMC now oversees the group’s risk management practices to proactively identify, assess, and mitigate risks.

## 1. COMPOSITION OF THE AUDIT & RISK MANAGEMENT COMMITTEE

The ARMC comprises of 3 members, all of whom are Independent Non-Executive Directors. This is in line with Paragraph 15.09 of the Main Market Listing Requirement (“MMLR”) which stipulates that the composition of ARMC must be composed of not fewer than 3 members and all the ARMC members must be Non-Executive with a majority of them being Independent Directors.

The qualifications of the ARMC members comprise of the following :-

Name of member	Qualifications/ Membership
Maznida Binti Mokhtar (“Maznida”) (Redesignated to Chairperson on 1 July 2024)	(a) Bachelor of Science in Economics (Honours) from London School of Economics and Political Science (b) Malaysia Institute of Accountants (“MIA”) (c) Institute of Chartered Accountants of England and Wales
Dr. Gunasegaran Muthusamy (Member)	(a) PhD in Business Administration (b) Master of Science (Management) (c) Bachelor of Science (Housing, Building and Planning) with Hons (Majoring in Management) (d) Post Graduate Diploma in Management Science
Wan Fatimah Suriani Binti Ibrahim (Member)	(a) Association of Chartered Certified Accountants (“ACCA”) (b) Bachelor of Arts (Honors) Accountancy (c) Malaysia Institute of Accountants (“MIA”)

The qualifications and memberships held by the ARMC members comply with the requirements outlined in Paragraph 15.09(c) of the Main Market Listing Requirements.

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

## 2. DESIGNATION AND ATTENDANCE

The ARMC met 5 times during the FYE 2024. The details of the ARMC meetings held and the attendance of the ARMC Members are as follows: -

Name of member	Designation	Membership	Appointment/ Resignation/ Retirement Date	Attendance/ Held
Maznida Binti Mokhtar	Chairperson	Independent Non-Executive Director	Appointed on 1 August 2019	5/5
Dr. Gunasegaran Mthusamy	Member	Independent Non-Executive Director	Appointed on 01 July 2024	4/4 ^
Wan Fatimah Suriani Binti Ibrahim	Member	Independent Non-Executive Director	Appointed on 20 September 2024	3/3 ^
Wong Pek Yee	Resigned	Independent Non-Executive Director	Appointed on 16 June 2022 and resigned on 1 July 2024	1/1 ^
Hoh Chee Mun	Retired	Independent Non-Executive Director	Appointed on 11 October 2017 and retired at the 10th AGM held on 31 May 2024	1/1 ^

^ indicates meetings attended out of the total scheduled meetings during the tenure of office

Pn. Maznida Binti Mokhtar assumed the role of Chairperson of the ARMC following the resignation of Ms. Wong Pek Yee on 1 July 2024. She is an Independent Non-Executive Director of the Company and does not serve as the Chairman of the Board. Mr. Hoh Chee Mun, who previously served as a member of the ARMC, retired at the 10th Annual General Meeting held on 31 May 2024.

## 3. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

### FINANCIAL REPORTING

- Reviewed the unaudited quarterly financial results and announcements of the Group, and recommended their submission to the Board for approval and subsequent release to Bursa Securities;
- Assessed any related party transactions and potential conflicts of interest that may arise within the Group during the FYE 2024;
- Reviewed the audited financial statements for the FYE 2024; and
- Reviewed the Corporate Governance Overview Statement, Corporate Governance Report 2024 and Statement on Risk Management and Internal Control to ensure compliance with the MMLR of Bursa Securities and recommend their inclusion in the Annual Report 2024 to the Board.

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

### 3. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (CONT'D)

#### EXTERNAL AUDIT

- (a) During the FYE 2024, the ARMC reviewed the External Auditor's, Messrs. KPMG PLT ("KPMG") presentation which were as follows: -
- (i) Audit Planning Memorandum which outlined its engagement team, audit approach, audit timeline, the areas of audit emphasis, and their focus on Key Audit Matters with reference to the International Standard on Auditing ("ISA") 701; and
  - (ii) The Audit Status Presentation for FYE 2024, which provided an update on the current status of the audit, a summary of identified risks, findings from the External Auditors, corrected audit misstatements, materiality of Key Audit Matters identified, any significant deficiencies in internal control, audit adjustments, unadjusted differences, and the Auditors' confirmation pursuant to ISA 260 Communication with Those Charged with Governance that they have complied with independence requirements.
- (b) Scrutinised potential Key Audit Matter raised by the External Auditors and ensured that sufficient work had been done to support the audit conclusions and overall impact on the financial statements.

The Key Audit Matter vetted by the ARMC was on:-

- i) Recoverability of trade receivables – Expected credit loss ("ECL") allowance.
- (c) The ARMC reviewed and assessed the audit fees and assessed the performance of the External Auditors based on objectivity, independence and quality of service delivery.
- (d) Discussed with the External Auditors regarding updates or proposed changes in accounting standards, regulatory requirements and considered the implications of these changes on the financial statements, in relation to the new Financial Reporting System; and
- (e) The ARMC met with the External Auditors without the presence of the Executive Directors and Management on 18 November 2024 to discuss audit findings and assistance given by the Management. There were no major concerns raised by the External Auditors during the session.

#### INTERNAL AUDIT

- (a) Reviewed the Internal Audit Reports presented by the Internal Auditor;
- (b) Reviewed the Internal Audit Strategic Plan for the Year 2025;
- (c) Assessed the performance of the Internal Auditors; and
- (d) Reviewed the status of follow up actions at subsequent meetings until all findings were addressed such as the following: -
  - (i) Group's inventory system; and
  - (ii) CCTV recordings

#### RISK MANAGEMENT

- (a) Reviewed the Statement on Risk Management and Internal Control; and
- (b) Reviewed and approved the Group's Enterprise Risk Management Report 2024.

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

## 3. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (CONT'D)

### RELATED PARTY TRANSCATIONS

- (a) Reviewed the Circular to Shareholders on the Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature; and
- (b) Reviewed the estimated RRPT Mandate from the forthcoming Annual General Meeting (“AGM”) till the next AGM;

### OTHERS

- (a) Reviewed and approved the revised Terms of Reference from the Audit Committee to the Audit and Risk Management Committee;
- (b) Reviewed the Statement to Shareholders in relation to the Proposed Renewal of Share Buy-Back up to ten percent (10%) of the Total Number of Issued Shares of the Company;
- (c) Reviewed the assessment on outsourced service providers;
- (d) Reviewed on a quarterly basis on the status of debt collections;
- (e) Reviewed and discuss on the Budget 2024;
- (f) Reviewed on Transfer Pricing Reports status;
- (g) Reviewed and updated the Whistle Blowing Policy; and
- (h) Reviewed the Group’s Capital Commitment and Loan Covenants.

## INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an independent consulting firm, NBS Smart Focus Group Sdn. Bhd. which reports directly to the ARMC. The internal audit function is to ensure a regular review of the adequacy and integrity of the Group’s system of internal control, risk management process and compliance with the Group’s established policies and procedures to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group. The Internal Auditor undertakes the internal audit function based on the audit plan that is reviewed and approved by the ARMC.

During the FYE 2024, the Internal Auditors conducted the following reviews: -

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

Metric	Achievement/ Report
Percentage of Audit Plan Complete	100%
Number of audit reports issued	3
Number of Follow-up audit reports issued	2
Additional Areas covered as instructed by the ARMC	2
Critical Audit Findings	100%
Recommendations accepted and implemented	100%
Report on Enterprise Risk Management & Strategic Risk Assessment	1

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

### INTERNAL AUDIT FUNCTION (CONTD)

Reported Date	Report
21 August 2024	<ul style="list-style-type: none"> <li>a) Internal Audit Review on QES Intra Pacific Sdn. Bhd.</li> <li>b) Internal Audit Review on QES (Vietnam) Co., Ltd.</li> <li>c) Internal Audit Review on QES (Thailand) Co., Ltd.</li> <li>d) Internal Audit Follow-up Review on QES (Singapore) Pte. Ltd.</li> <li>e) Internal Audit Follow-up Review on QES (Asia-Pacific) Sdn. Bhd.</li> <li>f) Report on Enterprise Risk Management</li> </ul>

The final audit reports containing findings and recommendations together with Management's responses thereto were reviewed and discussed at ARMC Meetings. Areas of improvement identified and timelines for the outstanding matters to be resolved were communicated to the Management for further action. Follow-up reviews would subsequently be performed to ascertain the extent of implementation of the recommended corrective actions for improvements.

The ARMC met with the Internal Auditor once on 18 November 2024 in the absence of the Executive Directors and Management to discuss audit issues and reservations arising from the internal audit cycles. There were no major concerns raised by the Internal Auditor during the private session.

The cost incurred for the internal audit function in respect of the FYE 2024 was RM32,000.

## ACCOUNTABILITY

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and Other Comprehensive Income

P. 111 • Statements of Changes in Equity

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# FINANCIAL STATEMENTS

The background features a dark, abstract design with overlapping geometric shapes. On the left, a large, light gray shape overlaps a darker gray shape. On the right, a dark gray shape overlaps a black shape. Faint, light gray line graphs and grid patterns are visible across the background, suggesting a financial or data-related theme.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

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 December 2024.

## Principal activities

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 5 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 5 to the financial statements.

## Results

	Group RM'000	Company RM'000
Profit for the year	<u>17,102</u>	<u>5,303</u>
Attributable to:-		
Owners of the Company	17,317	5,303
Non-controlling interests ("NCI")	<u>(215)</u>	<u>-</u>
	<u>17,102</u>	<u>5,303</u>

## Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

## Dividends

Since the end of the previous financial year:

- (i) On 23 February 2024, the Board of Directors has approved and declared a single tier final dividend of 0.50 sen per ordinary share totalling RM4,170,694 in respect of the financial year ended 31 December 2023. The final dividend has been paid on 29 March 2024.
- (ii) On 18 November 2024, the Board of Directors has approved and declared a single tier interim dividend of 0.25 sen per ordinary share totalling RM2,085,347 in respect of the financial year ended 31 December 2024. The interim dividend has been paid on 27 December 2024.
- (iii) On 27 February 2025, the Board of Directors has approved and declared a single tier final dividend of 0.30 sen per ordinary share totalling RM2,502,416 in respect of the financial year ended 31 December 2024. The final dividend has been paid on 28 March 2025 and will be recognised in the financial year ending 31 December 2025.

## DIRECTORS' REPORT (CONT'D)

### Directors of the Company

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

Chew Ne Weng*	
Liew Soo Keang*	
Adnan Bin Zainol	
Maznida Binti Mokhtar	
Gunasegaran A/L Muthusamy	(appointed on 1 July 2024)
Wan Fatimah Suriani Binti Ibrahim	(appointed on 20 September 2024)
Hoh Chee Mun	(retired on 31 May 2024)
Wong Pek Yee	(resigned on 1 July 2024)

\* These Directors are also Directors of certain subsidiaries included in the financial statements of the Group for the financial year.

### Directors of the subsidiaries of the company

Pursuant to Section 253(2) of the Companies Act 2016, the Director who served in the subsidiaries (excluding Directors who are also Directors of the Company) since the beginning of the financial year to the date of this report is as follows: -

Benjamin T. Santos  
Joselito T. Guyo  
Lee Hock Chin  
Leong Kook Weng  
Lim Chee Keong  
Michael D. Maestrado  
Pang See Chian  
Ratchata Udomsirimas  
Sakda Ruangsant  
Tan Meow Shong  
Tan Soon Huat  
Thersya Lukito

DIRECTORS'  
REPORT  
(CONT'D)

## Directors' interests in shares

According to the Register of Directors' Shareholdings kept by the Company under Companies Act 2016 ("Act"), the interest of Directors in office at the end of financial year in shares of the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares			At 31.12.2024 Unit
	At 01.01.2024 Unit	Bought Unit	Sold Unit	
<b>Shareholdings registered in the name of Directors:</b>				
<b>In the Company</b>				
<b>Direct interests:</b>				
- Chew Ne Weng	33,270,895	-	-	33,270,895
- Liew Soo Keang	190,751,105	-	-	190,751,105
- Adnan Bin Zainol	40,000	-	-	40,000
	<u>33,270,895</u>	<u>-</u>	<u>-</u>	<u>33,270,895</u>
<b>Indirect interest:</b>				
- Chew Ne Weng*	218,000,000	-	-	218,000,000
	<u>218,000,000</u>	<u>-</u>	<u>-</u>	<u>218,000,000</u>

\* Indirect interest pursuant to Section 8(4) of the Companies Act 2016 via WA Capital Sdn Bhd.

By virtue of their interest in the Company and pursuant to Section 8 of the Act, Chew Ne Weng and Liew Soo Keang are deemed to be interested in the Company and its subsidiaries, to the extent of their interests in the Company.

The other Directors in the office at the end of the financial year do not have any interest in the ordinary shares of the Company or of its related corporations during the financial year.

## 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.

## DIRECTORS' REPORT (CONT'D)

### Directors' benefits (continued)

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

	From the Company RM'000	From the subsidiary companies RM'000
<b>Directors' remuneration</b>		
<i>Directors of the Company</i>		
Salaries and bonus	-	1,215
Fees	272	136
Defined contribution plan	-	231
Social security contributions	-	7
	272	1,589
<b>Analysis of estimated benefits-in-kind</b>		
<i>Directors of the Company</i>		
Estimated monetary value of benefits-in-kind	-	64
	272	1,653

### 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 by the Company 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, total amount of indemnity given to or insurance effected for the Directors and Officers of the Company and its subsidiaries is RM15,400,000 with insurance premium of RM22,000. No indemnity was given to or insurance effected for auditors of the Company.

## DIRECTORS' REPORT (CONT'D)

### 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) all known bad debts have been written off and adequate provision 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 the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, 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.

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 December 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.

### Significant event

During the financial year, the Group has undertaken the construction of a new factory building located in Batu Kawan Industrial Park, Penang. The construction of the factory building has yet to be completed and the total cost incurred as at year end was RM20,784,590 (2023: RM540,600) as disclosed in Note 2 of the Financial Statements.

## DIRECTORS' REPORT (CONT'D)

### Auditors

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

The auditors' remuneration of the Group and of the Company during the year are RM713,000 and RM86,000 respectively. Details are set out as per below:

	Group RM'000	Company RM'000
<b>Auditors' remuneration</b>		
Audit fees:		
- KPMG PLT	268	70
- Oversea affiliates of KPMG PLT	130	-
- Other auditors	104	-
Non-audit fees:		
- KPMG PLT	41	10
- Local affiliates of KPMG PLT	95	6
- Overseas affiliates of KPMG PLT	12	-
- Other auditors	63	-
	713	86
	713	86

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

.....  
**Chew Ne Weng**  
Director

.....  
**Liew Soo Keang**  
Director

Kuala Lumpur

Date: 15 April 2025

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Assets</b>					
Property, plant and equipment	2	77,060	44,998	6	4
Right-of-use assets	3	5,455	8,437	-	-
Intangible assets	4	10,255	10,464	-	-
Investment in subsidiaries	5	-	-	51,358	51,358
Investment in an associate	6	2,106	1,961	-	-
Deferred tax assets	7	1,151	1,060	-	-
<b>Total non-current assets</b>		<u>96,027</u>	<u>66,920</u>	<u>51,364</u>	<u>51,362</u>
Inventories	8	30,664	35,200	-	-
Trade and other receivables	9	86,081	69,268	1	1
Current tax assets		798	2,389	-	-
Amount due from subsidiaries	10	-	-	26,750	16,210
Fixed deposits with financial institutions	11	21,839	21,237	-	-
Cash and cash equivalents	12	78,703	80,771	8,215	19,672
<b>Total current assets</b>		<u>218,085</u>	<u>208,865</u>	<u>34,966</u>	<u>35,883</u>
<b>Total assets</b>		<u>314,112</u>	<u>275,785</u>	<u>86,330</u>	<u>87,245</u>
<b>Equity</b>					
Share capital	13	80,775	80,775	80,775	80,775
Reserves	14	(21,464)	(20,394)	-	-
Retained earnings		124,815	113,692	5,296	6,249
<b>Total equity attributable to owners of the Company</b>		<u>184,126</u>	<u>174,073</u>	<u>86,071</u>	<u>87,024</u>
<b>Non-controlling interests</b>		<u>3,895</u>	<u>4,289</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<u>188,021</u>	<u>178,362</u>	<u>86,071</u>	<u>87,024</u>

## STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Liabilities</b>					
Borrowings	15	36,560	17,723	-	-
Lease liabilities		81	1,220	-	-
Deferred tax liabilities	7	1,035	1,098	1	1
Provisions	16	2,011	1,912	-	-
<b>Total non-current liabilities</b>		<u>39,687</u>	<u>21,953</u>	<u>1</u>	<u>1</u>
Borrowings	15	18,439	16,657	-	-
Lease liabilities		370	936	-	-
Provisions	16	777	-	-	-
Trade and other payables	17	50,767	43,292	219	217
Amount due to a subsidiary	10	-	-	14	-
Contract liabilities	18	14,324	12,563	-	-
Current tax liabilities		1,727	2,022	25	3
<b>Total current liabilities</b>		<u>86,404</u>	<u>75,470</u>	<u>258</u>	<u>220</u>
<b>Total liabilities</b>		<u>126,091</u>	<u>97,423</u>	<u>259</u>	<u>221</u>
<b>Total equity and liabilities</b>		<u>314,112</u>	<u>275,785</u>	<u>86,330</u>	<u>87,245</u>

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

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	19	269,577	240,669	5,542	8,091
Cost of sales		<u>(201,485)</u>	<u>(179,751)</u>	-	-
<b>Gross profit</b>		68,092	60,918	5,542	8,091
Administrative expenses		(23,662)	(21,615)	(793)	(824)
Marketing and distribution expenses		(9,567)	(9,674)	-	-
Net loss on impairment of financial instruments		(588)	(47)	-	-
Other expenses		(10,406)	(6,213)	(5)	(2)
Other income		<u>2,375</u>	<u>3,279</u>	<u>371</u>	<u>520</u>
<b>Result from operating activities</b>		26,244	26,648	5,115	7,785
Finance income		942	832	254	73
Finance costs	20	(2,035)	(1,680)	-	-
Share of result of an associate, net of tax	6	<u>(455)</u>	<u>(237)</u>	-	-
<b>Profit before tax</b>	21	24,696	25,563	5,369	7,858
Income tax expense	23	<u>(7,594)</u>	<u>(6,402)</u>	<u>(66)</u>	<u>(47)</u>
<b>Profit for the year</b>		<u>17,102</u>	<u>19,161</u>	<u>5,303</u>	<u>7,811</u>
<b>Other comprehensive income, net of tax</b>					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign subsidiaries		(1,300)	1,050	-	-
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of defined benefit plan		<u>113</u>	<u>(59)</u>	-	-
<b>Total other comprehensive (expense)/income for the year, net of tax</b>		<u>(1,187)</u>	<u>991</u>	-	-
<b>Total comprehensive income for the year</b>		<u>15,915</u>	<u>20,152</u>	<u>5,303</u>	<u>7,811</u>

STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
(CONT'D)

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Profit attributable to:</b>					
Owners of the Company		17,317	18,468	5,303	7,811
Non-controlling interests ("NCI")		(215)	693	-	-
<b>Profit for the year</b>		<u>17,102</u>	<u>19,161</u>	<u>5,303</u>	<u>7,811</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		16,309	19,269	5,303	7,811
Non-controlling interests		(394)	883	-	-
<b>Total comprehensive income for the year</b>		<u>15,915</u>	<u>20,152</u>	<u>5,303</u>	<u>7,811</u>
<b>Basic/Diluted earnings per ordinary share attributable to owners of the Company (sen):</b>	24	<u>2.08</u>	<u>2.21</u>		

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	<----- Attributable to owners of the Company ----->		<----- Non-distributable ----->		Distributable		Non- controlling interests		T total equity	
	Share capital RM'000	Merger deficit RM'000	Legal reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>										
<b>At 1 January 2023</b>	80,775	(20,228)	25	(1,024)	99,427	158,975	3,659	162,634		
Foreign currency translation differences	-	-	-	833	-	833	217	1,050		
Remeasurement of defined benefit plan	-	-	-	-	(32)	(32)	(27)	(59)		
Total other comprehensive income for the year	-	-	-	833	(32)	801	190	991		
Profit for the year	-	-	-	-	18,468	18,468	693	19,161		
<b>Total comprehensive income for the year</b>	-	-	-	833	18,436	19,269	883	20,152		
Contributions by and distributions to owners of the Company:										
Dividends to NCI in subsidiaries	-	-	-	-	-	-	(253)	(253)		
Dividend to owners of the Company	-	-	-	-	(4,171)	(4,171)	-	(4,171)		
<b>Total transactions with owners of the Company</b>	-	-	-	-	(4,171)	(4,171)	(253)	(4,424)		
<b>At 31 December 2023</b>	80,775	(20,228)	25	(191)	113,692	174,073	4,289	178,362		

Note 13

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

	Attributable to owners of the Company		Distributable		Non-controlling interests		Total equity
	Share capital	Merger deficit	Legal reserve	Translation reserve	Retained earnings	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>							
<b>At 1 January 2024</b>	80,775	(20,228)	25	(191)	113,692	174,073	178,362
Foreign currency translation differences	-	-	-	(1,070)	-	(1,070)	(1,300)
Remeasurement of defined benefit plan	-	-	-	-	62	62	113
Total other comprehensive income for the year	-	-	-	(1,070)	62	(1,008)	(1,187)
Profit for the year	-	-	-	-	17,317	17,317	17,102
<b>Total comprehensive income for the year</b>	-	-	-	(1,070)	17,379	16,309	15,915
Contributions by and distributions to owners of the Company:							
Dividend to owners of the Company	-	-	-	-	(6,256)	(6,256)	(6,256)
<b>Total transactions with owners of the Company</b>	-	-	-	-	(6,256)	(6,256)	(6,256)
<b>At 31 December 2024</b>	80,775	(20,228)	25	(1,261)	124,815	184,126	188,021

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

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

	Note	Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
<b>Company</b>				
<b>At 1 January 2023</b>		80,775	2,609	83,384
Profit and total comprehensive income for the year		-	7,811	7,811
Contributions by and distributions to owners of the Company:				
Dividend to owners of the Company	25	-	(4,171)	(4,171)
<b>At 31 December 2023/1 January 2024</b>		80,775	6,249	87,024
Profit and total comprehensive income for the year		-	5,303	5,303
Contributions by and distributions to owners of the Company:				
Dividend to owners of the Company	25	-	(6,256)	(6,256)
<b>At 31 December 2024</b>		80,775	5,296	86,071
			Note 13	

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

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Profit before tax	24,696	25,563	5,369	7,858
Adjustments for:-				
Amortisation of intangible assets	1,440	797	-	-
Depreciation of property, plant and equipment	5,705	4,237	2	2
Depreciation of right-of-use assets	734	987	-	-
Finance costs	2,035	1,680	-	-
Finance income	(942)	(832)	(254)	(73)
Gain on disposal of property, plant and equipment	(941)	(1,510)	-	-
Gain on short-term investments	(930)	(1,033)	(371)	(520)
Inventories written down	217	60	-	-
Inventories written off	48	33	-	-
Loss on unrealised foreign exchange	474	288	-	-
Net loss on impairment of financial instruments	588	47	-	-
Property, plant and equipment written off	14	2	1	-
Defined benefit plans	399	372	-	-
Share of result of an associate, net of tax	455	237	-	-
Others	-	(16)	-	-
<b>Operating profit before working capital changes</b>	<b>33,992</b>	<b>30,912</b>	<b>4,747</b>	<b>7,267</b>
Change in inventories	4,271	(8,033)	-	-
Change in receivables	(17,561)	(2,223)	-	-
Change in payables	6,990	(4,566)	2	(293)
Change in contract liabilities	2,110	1,757	-	-
Change in provisions	610	-	-	-
<b>Cash generated from operations</b>	<b>30,412</b>	<b>17,847</b>	<b>4,749</b>	<b>6,974</b>

STATEMENTS OF  
CASH FLOWS  
(CONT'D)

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Cash flows from operating activities (continued)</b>					
Post-employee benefits paid		(9)	(68)	-	-
Income tax refunded		134	2,328	-	-
Income tax paid		(6,251)	(8,095)	(44)	(16)
<b>Net cash from operating activities</b>		<u>24,286</u>	<u>9,616</u>	<u>4,705</u>	<u>6,958</u>
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	2, (iii)	(15,537)	(6,857)	(5)	-
Additions of right-of-use assets	(iv)	-	(726)	-	-
Additions of intangible assets	4	(1,231)	(1,723)	-	-
Advances to subsidiaries		-	-	(10,540)	(882)
Increase in investment in an associate	6	(600)	(300)	-	-
Gain on short-term investments		930	1,033	371	520
Interest received		942	827	254	73
Placement of pledged fixed deposits with financial institutions		(602)	(730)	-	-
Proceeds from disposal of property, plant and equipment		1,333	3,021	-	-
<b>Net cash used in investing activities</b>		<u>(14,765)</u>	<u>(5,455)</u>	<u>(9,920)</u>	<u>(289)</u>

## STATEMENTS OF CASH FLOWS (CONT'D)

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Cash flows from financing activities</b>					
Advances from/(Repayment to) a subsidiary		-	-	14	(33)
Dividend paid	25	(6,256)	(4,171)	(6,256)	(4,171)
Dividends paid to NCI	25	-	(205)	-	-
Interest paid		(2,035)	(1,680)	-	-
Net (repayment)/drawdown of borrowings	(ii)	(2,024)	9,284	-	-
Net repayment of lease liabilities	(i), (ii)	(744)	(949)	-	-
Proceed from lease receivables		-	73	-	-
<b>Net cash (used in)/from financing activities</b>		<u>(11,059)</u>	<u>2,352</u>	<u>(6,242)</u>	<u>(4,204)</u>
Net (decrease)/increase in cash and cash equivalents		(1,538)	8,909	(11,457)	2,465
Foreign currency translation differences		(1,283)	968	-	-
Effect of exchange rate fluctuations on cash held		(301)	(99)	-	-
Cash and cash equivalents at 1 January		<u>80,706</u>	<u>70,928</u>	<u>19,672</u>	<u>17,207</u>
<b>Cash and cash equivalents at 31 December</b>	12	<u>77,584</u>	<u>80,706</u>	<u>8,215</u>	<u>19,672</u>

### Notes:

(i) Cash outflows for leases as a lessee:

	Group	
	2024 RM'000	2023 RM'000
<b>Included in net cash from operating activities:</b>		
Payment relating to short-term leases	(362)	(385)
<b>Included in net cash used in financing activities:</b>		
Interest paid in relation to lease liabilities	(43)	(85)
Net repayment of lease liabilities	<u>(744)</u>	<u>(949)</u>
Total cash outflows for leases	<u>(1,149)</u>	<u>(1,419)</u>

## STATEMENTS OF CASH FLOWS (CONT'D)

### Notes (continued):

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

	Group	
	Borrowings* RM'000	Lease liabilities RM'000
<b>2024</b>		
At 1 January	34,315	2,156
<b>Changes in Financing Cash Flows</b>		
Repayment of principal	(2,024)	(744)
Repayment of interests	(1,992)	(43)
	(4,016)	(787)
<b>Other changes</b>		
Additions	20,343	363
Lease liabilities transfer to borrowings	1,268	(1,268)
Lease modification	-	(56)
Interest expense recognised in profit or loss	1,992	43
Gain on unrealised foreign exchange	(22)	-
	23,581	(918)
At 31 December	53,880	451
<b>2023</b>		
At 1 January	22,624	1,943
<b>Changes in Financing Cash Flows</b>		
Proceed from drawdown	9,915	-
Repayment of principal	(631)	(949)
Repayment of interests	(1,595)	(85)
	7,689	(1,034)
<b>Other changes</b>		
Additions	2,396	1,144
Lease modification	-	18
Interest expense recognised in profit or loss	1,595	85
Gain on unrealised foreign exchange	11	-
	4,002	1,247
At 31 December	34,315	2,156

\* Bank overdrafts (Note 15) are excluded from the reconciliation of movements of liabilities as it is presented as part of cash and cash equivalents.

## STATEMENTS OF CASH FLOWS (CONT'D)

### Notes (continued):

(iii) *Reconciliation to acquisition of property, plant and equipment*

	Note	Group	
		2024 RM'000	2023 RM'000
Cash payment		15,537	6,857
Financed through hire purchase arrangements		2,164	-
Financed through term loan arrangements		18,179	-
Total acquisition to property, plant and equipment	2	<u>35,880</u>	<u>6,857</u>

(iv) *Reconciliation to additions of right-of-use assets*

	Note	Group	
		2024 RM'000	2023 RM'000
Cash payment		-	726
Financed through lease arrangement		-	556
Financed through term loan arrangement		-	2,396
Lease liabilities		363	588
Deposit paid in prior year		-	2,396
Total additions of right-of-use assets	3	<u>363</u>	<u>6,662</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

QES Group 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 principal place of business and registered office of the Company are as follows:

**Principal place of business**

No. 2, Jalan Jururancang U1/21  
Hicom-Glenmarie Industrial Park  
Seksyen U1, 40150 Shah Alam  
Selangor, Malaysia

**Registered office**

Lot 4.100, Tingkat 4  
Wisma Central, Jalan Ampang  
50450 Kuala Lumpur  
Malaysia

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interests in an associate.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 5. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

These financial statements were authorised for issue by the Board of Directors on 15 April 2025.

## 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, interpretations and amendments of the MFRS Accounting Standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

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

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

***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*
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity*

***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, where applicable:

- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.
- from the annual period beginning on 1 January 2026 for those amendments that are effective for annual periods beginning on or after 1 January 2026.
- from the annual period beginning on 1 January 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, interpretations or amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

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

### 1. Basis of preparation (continued)

#### (b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis except for defined benefit liability which is based on present value of the defined benefit obligation.

#### (c) Functional and presentation currencies

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousands, 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 year in which the estimates are revised and in any future years 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 those disclosed in the following notes:

- Note 2 – measurement of the recoverable amounts of property, plant and equipment
- Note 4 – measurement of the recoverable amounts of intangible assets
- Note 8 – valuation of inventories
- Note 26.4 – measurement of expected credit losses (“ECL”)

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

### 2. Property, plant and equipment

	Freehold lands RM'000	Freehold and leasehold buildings RM'000	Moulds, plant and equipment RM'000	Office equipment, furniture, fittings, computer and telecommunication equipment RM'000	Equipment for demonstration RM'000	Motor vehicles RM'000	Electrical fittings, renovation and signboard RM'000	Total RM'000
<b>Group</b>								
<b>2024</b>								
<b>Cost</b>								
At 1 January	15,563	10,220	5,930	12,508	16,781	1,255	3,192	65,449
Additions	716	24,032	1,696	1,722	3,724	2,463	1,527	35,880
Disposals	-	-	(27)	(72)	(668)	(913)	-	(1,680)
Written off	-	-	-	(69)	-	-	(96)	(165)
Reclassification	-	-	31	3	-	-	(34)	-
Transfer from right-of-use assets ("ROU")	-	1,041	-	-	-	3,317	-	4,358
Exchange rate differences	-	-	(47)	(76)	(257)	(66)	(40)	(486)
At 31 December	16,279	35,293	7,583	14,016	19,580	6,056	4,549	103,356

NOTES TO THE  
FINANCIAL STATEMENTS  
(CONT'D)

2. Property, plant and equipment (continued)

Group 2024	Freehold lands RM'000	Freehold and leasehold buildings RM'000	Moulds, plant and equipment RM'000	Office equipment, furniture, fittings, computer and telecom- munication equipment RM'000	Equipment for demonstration RM'000	Motor vehicles RM'000	Electrical fittings, renovation and signboard RM'000	Total RM'000
Accumulated depreciation								
At 1 January	-	370	4,322	6,421	7,458	941	939	20,451
Charge for the year	-	363	364	1,570	2,409	697	302	5,705
Disposals	-	-	(16)	(47)	(584)	(641)	-	(1,288)
Written off	-	-	-	(60)	-	-	(91)	(151)
Reclassification	-	-	8	14	-	-	(22)	-
Transfer from right-of-use assets ("ROU")	-	240	-	-	-	1,588	-	1,828
Exchange rate differences	-	-	(38)	(56)	(97)	(34)	(24)	(249)
At 31 December	-	973	4,640	7,842	9,186	2,551	1,104	26,296
<b>Carrying amounts</b>								
At 31 December	16,279	34,320	2,943	6,174	10,394	3,505	3,445	77,060

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

### 2. Property, plant and equipment (continued)

Group 2023 Cost	Freehold land RM'000	Freehold building RM'000	Moulds, plant and equipment RM'000	Office equipment, furniture, fittings, computer and telecom- munication equipment RM'000	Equipment for demonstration RM'000	Motor vehicles RM'000	Electrical fittings, renovation and signboard RM'000	Total RM'000
At 1 January	15,563	10,133	5,426	11,438	14,375	584	2,963	60,482
Additions	-	87	559	1,274	4,733	-	204	6,857
Disposals	-	-	-	-	(2,849)	(35)	-	(2,884)
Written off	-	-	-	(32)	-	-	-	(32)
Reclassification	-	-	(75)	(240)	315	-	-	-
Transfer from right-of-use assets ("ROU")	-	-	-	-	-	693	-	693
Exchange rate differences	-	-	20	68	207	13	25	333
At 31 December	15,563	10,220	5,930	12,508	16,781	1,255	3,192	65,449

NOTES TO THE  
FINANCIAL STATEMENTS  
(CONT'D)

2. Property, plant and equipment (continued)

	Freehold land RM'000	Freehold building RM'000	Moulds, plant and equipment RM'000	Office equipment, furniture, fittings, computer and telecom- munication equipment RM'000	Equipment for demonstration RM'000	Motor vehicles RM'000	Electrical fittings, renovation and signboard RM'000	Total RM'000
<b>Group</b>								
<b>2023</b>								
<b>Accumulated depreciation</b>								
At 1 January	-	167	4,137	4,913	6,608	486	655	16,966
Charge for the year	-	203	290	1,450	2,002	27	265	4,237
Disposals	-	-	-	-	(1,338)	(35)	-	(1,373)
Written off	-	-	-	(30)	-	-	-	(30)
Reclassification	-	-	(118)	38	80	-	-	-
Transfer from right-of-use assets ("ROU")	-	-	-	-	-	450	-	450
Exchange rate differences	-	-	13	50	106	13	19	201
At 31 December	-	370	4,322	6,421	7,458	941	939	20,451
<b>Carrying amounts</b>								
At 31 December	15,563	9,850	1,608	6,087	9,323	314	2,253	44,998

NOTES TO THE  
FINANCIAL STATEMENTS  
(CONT'D)

**2. Property, plant and equipment (continued)**

	Company	
	2024 RM'000	2023 RM'000
<b>Computers</b>		
<b>Cost</b>		
At 1 January	9	9
Additions	5	-
Written off	(4)	-
At 31 December	10	9
<b>Accumulated depreciation</b>		
At 1 January	5	3
Charge for the year	2	2
Written off	(3)	-
At 31 December	4	5
<b>Carrying amounts</b>		
At 31 December	6	4

The freehold land and building and leasehold building of the Group are charged to licensed banks as security for borrowings facilities of the Group as disclosed in Note 15.

**2.1 Property, plant and equipment under hire purchase liabilities**

Included in property, plant and equipment of the Group is motor vehicles acquired under hire purchase arrangements with carrying amount of RM3,270,000 (2023: RM Nil).

**2.2 Impairment assessment**

Management has performed the impairment assessment of certain plant and equipment in a subsidiary by comparing the carrying amount of RM0.4 million (2023: RM0.4 million) with their recoverable amount. The recoverable amount of certain plant and equipment is determined based on value-in-use calculations using cash flow projections from the financial forecasts prepared by management.

The key assumptions used for impairment testing of certain plant and equipment is consistent with impairment assessment of development costs as disclosed in Note 4.

Management believes that any reasonably possible changes in the key assumptions on which the recoverable amount of certain plant and equipment in a subsidiary is based on would not cause the carrying amount to exceed its recoverable amount.

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

### 2. Property, plant and equipment (continued)

#### 2.3 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.

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

##### (b) Depreciation

Depreciation is calculated based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

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.

The estimated depreciation rates for the current and comparative periods are as follows:

Freehold and leasehold buildings	2%
Moulds, plant and equipment	10% - 20%
Office equipment, furniture, fittings, computer and telecommunication equipment	15% - 30%
Equipment for demonstration	15%
Motor vehicles	12.5% - 20%
Electrical fittings, renovation and signboard	10%

Included in the carrying amount of leasehold buildings is building under construction amounting to RM20,784,590 (2023: RM540,600) which are not depreciated until the leasehold building is ready for its intended use.

Freehold land has an indefinite useful life and therefore is not depreciated.

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

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

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

### 3. Right-of-use assets

	Leasehold lands RM'000	Leasehold building RM'000	Lease of buildings RM'000	Motor vehicles RM'000	Total RM'000
<b>Group</b>					
<b>2024</b>					
<b>Cost</b>					
At 1 January	5,130	1,041	1,820	3,317	11,308
Additions	-	-	363	-	363
Adjustment due to lease modification	-	-	(289)	-	(289)
Transfer to property, plant and equipment	-	(1,041)	-	(3,317)	(4,358)
Exchange rate differences	-	-	(72)	-	(72)
At 31 December	5,130	-	1,822	-	6,952
<b>Accumulated depreciation</b>					
At 1 January	97	240	946	1,588	2,871
Charge for the year	85	-	649	-	734
Adjustment due to lease modification	-	-	(233)	-	(233)
Transfer to property, plant and equipment	-	(240)	-	(1,588)	(1,828)
Exchange rate differences	-	-	(47)	-	(47)
At 31 December	182	-	1,315	-	1,497
<b>Carrying amounts</b>					
At 31 December	4,948	-	507	-	5,455

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

### 3. Right-of-use assets (continued)

	Leasehold lands RM'000	Leasehold building RM'000	Lease of buildings RM'000	Motor vehicles RM'000	Total RM'000
<b>Group</b>					
<b>2023</b>					
<b>Cost</b>					
At 1 January	118	500	1,345	3,315	5,278
Additions	5,012	541	466	643	6,662
Adjustment due to lease modification	-	-	(40)	-	(40)
Transfer to property, plant and equipment	-	-	-	(693)	(693)
Exchange rate differences	-	-	49	52	101
At 31 December	5,130	1,041	1,820	3,317	11,308
<b>Accumulated depreciation</b>					
At 1 January	12	230	408	1,718	2,368
Charge for the year	85	10	578	314	987
Adjustment due to lease modification	-	-	(58)	-	(58)
Transfer to property, plant and equipment	-	-	-	(450)	(450)
Exchange rate differences	-	-	18	6	24
At 31 December	97	240	946	1,588	2,871
<b>Carrying amounts</b>					
At 31 December	5,033	801	874	1,729	8,437

The Group leases buildings that run for between 1 year and 4 years, with an option to renew the lease after that date.

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

### 3. Right-of-use assets (continued)

#### 3.1 Material accounting policy information

##### (i) Depreciation

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. The estimated depreciation rates of right-of-use assets are determined on the same basis as those of property, plant and equipment as follows:

• Leasehold lands	1% - 2%
• Leasehold building	2%
• Lease of buildings	25% - 50%
• Motor vehicles	15% - 20%

##### (ii) 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.

#### 3.2 Security

Certain leasehold land with carrying amount of RM4,845,196 (2023: RM4,928,734) is charged to a licensed bank as security for term loan granted to the Group (see Note 15).

#### 3.3 Extended options

Some leases of office buildings contain extension options exercisable by the Group up to three years before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The extension options of all leases have been recognised as lease liabilities as the Group assessed that it is reasonably certain to exercise the extension options, which is supported by the high historical rate of extensions exercised by the Group. Hence, as at financial year end, there were no potential future lease payments not included in lease liabilities.

The Group applies judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

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

### 4. Intangible assets

	Trademark RM'000	Development costs RM'000	Goodwill RM'000	Total RM'000
<b>Group 2024</b>				
<b>Cost</b>				
At 1 January	26	9,690	3,381	13,097
Additions	16	1,215	-	1,231
At 31 December	42	10,905	3,381	14,328
<b>Accumulated amortisation</b>				
At 1 January	-	2,633	-	2,633
Charge for the year	-	1,440	-	1,440
At 31 December	-	4,073	-	4,073
<b>Carrying amounts</b>				
At 31 December	42	6,832	3,381	10,255
<b>Group 2023</b>				
<b>Cost</b>				
At 1 January	26	7,967	3,381	11,374
Additions	-	1,723	-	1,723
At 31 December	26	9,690	3,381	13,097
<b>Accumulated amortisation</b>				
At 1 January	-	1,836	-	1,836
Charge for the year	-	797	-	797
At 31 December	-	2,633	-	2,633
<b>Carrying amounts</b>				
At 31 December	26	7,057	3,381	10,464

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4. Intangible assets (continued)

Additions during the year include the following:

		Group	
	Note	2024 RM'000	2023 RM'000
Employee benefit expenses, capitalised from profit or loss	22	1,210	1,677
Software costs		5	16
Trademark		16	-
Others		-	30
		1,231	1,723

### 4.1 Goodwill

The goodwill arose from the Group's acquisition of a subsidiary, QES (Hong Kong) Limited, and was wholly allocated to this cash-generating unit ("CGU").

#### Impairment testing for cash-generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The recoverable amount of the goodwill have been determined based on value-in-use ("VIU").

VIU was determined by discounting future cash flows expected to be generated from the continuation of the CGU and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and the 5-year business plan approved by the Board of Directors.
- Revenue was projected at about USD8,001,250 equivalent to approximately RM35,726,000 (2023: USD2,942,000 equivalent to approximately RM13,518,000) for the first year of the business plan. The anticipated annual revenue growth included in the cash flow projection for the subsequent 4 years from 2026 to 2029 (2023: 2025 to 2028) was between 10% and 20% (2023: 20% and 25%) which reflect the current market condition.
- Projected gross profit margin is the average historical rate adjusted for projected market and economic conditions and internal resources efficiency.
- The pre-tax discount rate of 14.74% (2023: 13.25%) per annum was applied in discounting the cash flows. The discount rate used is based on the weighted average cost of capital of the Group.

The recoverable amount of the CGU was higher than its carrying amount. Hence, no impairment is required at reporting date.

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

### 4. Intangible assets (continued)

#### 4.1 Goodwill (continued)

##### Impairment testing for cash-generating unit containing goodwill (continued)

##### Sensitivity analysis

The above estimates are sensitive in the following key areas:

- An increase of one percentage point in the discount rate used would have decreased the recoverable amount by approximately RM752,000.
- A decrease of ten percentage point in the projected revenues would have decreased the recoverable amount by approximately RM1,450,000.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount of goodwill is based on would not cause the carrying amount to exceed its recoverable amount.

#### 4.2 Development costs

The carrying amount of development costs represents 28 (2023: 26) development projects. The capitalised development costs consist of semi-conductor equipment software and internally generated visual software solutions for automated equipment and smart manufacturing solutions for the purpose of catering and meeting the customer demand.

##### Impairment testing for development costs

For the purpose of impairment testing, recoverable amount of development cost and plant and equipment of a subsidiary, QVS represents 7 (2023: 7) development projects with the presence of impairment indicators amounting to approximately RM4,266,000 and RM388,000 (2023: RM4,115,000 and RM362,000) respectively as of financial year end are assessed based on its VIU.

VIU was determined by discounting future cash flows expected to be generated from the continuing use of the assets and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and the 5-year business plan approved by the Board of Directors.
- Revenue is projected at about RM14,651,400 (2023: RM4,323,000) in the first year of the business plan. The anticipated average revenue growth for the subsequent 4 years from 2026 to 2029 (2023: 2025 to 2028) included in the cash flow projections was between 2% to 28% (2023: 11% to 40%) which reflect the current market condition and future plans of the subsidiary.
- Projected gross profit margin is the average historical rate adjusted for projected market and economic conditions and internal resources efficiency.
- The pre-tax discount rate of 14.74% (2023: 14.25%) per annum was applied in discounting the cash flows. The discount rate used was based on the Group's weighted average cost of capital.

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

### 4. Intangible assets (continued)

#### 4.2 Development costs (continued)

##### Impairment testing for development costs (continued)

The recoverable amount based on VIU exceeded the carrying amounts of certain plant and equipment (Note 2) and development costs. Hence, no impairment is required at reporting date.

##### Sensitivity analysis

The above estimates are sensitive in the following key areas:

- An increase of one percentage point in the discount rate used would have decreased the recoverable amount by approximately RM2,338,000.
- An decrease of ten percentage point in the projected revenues would have decreased the recoverable amount by approximately RM4,159,000.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount of development costs is based on would not cause the carrying amount to exceed its recoverable amount.

#### 4.3 Material accounting policy information

##### (i) Recognition and measurement

Intangible assets, other than goodwill, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

##### (ii) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods for intangible assets is 5 years. Amortisation of intangible assets is recognised in profit or loss on 5 years straight-line basis under "other expenses".

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

### 5. Investments in subsidiaries

	Company	
	2024 RM'000	2023 RM'000
<b>Unquoted shares, at cost</b>		
At 1 January/31 December	51,358	51,358

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 %
<b>Held by the Company</b>				
QES (Asia-Pacific) Sdn. Bhd. ("QAP")	Malaysia	Investment holding, marketing and servicing of scientific instruments	100	100
QS Instruments Sdn. Bhd. ("QSI")	Malaysia	Marketing and servicing of scientific instruments	100	100
QES Intra Pacific Sdn. Bhd. ("QIP")	Malaysia	Trading and servicing of industrial parts and equipment	100	100
QES Manufacturing Sdn. Bhd. ("QMG")	Malaysia	Investment holding	100	100
<b>Subsidiaries of QAP:</b>				
QAM (Asia-Pacific) Sdn. Bhd. ("QAM")	Malaysia	Marketing and servicing of scientific instruments and industrial materials	82.5	82.5
P.T. QES Indonesia ("QID") <sup>(3)</sup>	Indonesia	Marketing and servicing of scientific instruments	55	55
QES (Hong Kong) Limited ("QHK") <sup>(1)(3)</sup>	Hong Kong	Marketing and servicing of scientific instruments and industrial equipments	100	100

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

### 5. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of entity	Principal place of business/ Country of Incorporation	Principal activities	Effective ownership interest and voting interest	
			2024 %	2023 %
<b>Subsidiaries of QAP (continued):</b>				
QES (Vietnam) Co. Ltd. ("QVN") <sup>(3)</sup>	Vietnam	Marketing and servicing of scientific instruments	100	100
QES (Thailand) Co., Ltd. ("QBK") <sup>(3)</sup>	Thailand	Marketing and servicing of scientific instruments	100	100
QES (Singapore) Pte. Ltd. ("QSG") <sup>(4)</sup>	Singapore	Marketing and servicing of scientific instruments	70	70
QES Technology Philippines, Inc. ("QTP") <sup>(3)</sup>	Philippines	Wholesale, technical testing and analysis of machinery, equipment and supplies	87.74	87.74
<b>Subsidiaries of QHK:</b>				
QES Technology (Shanghai) Co., Ltd. ("QTS") <sup>(2) (3)</sup>	People's Republic of China	Marketing and servicing of scientific instruments and industrial equipments	100	100
<b>Subsidiaries of QMG:</b>				
QES Mechatronic Sdn. Bhd. ("QMC")	Malaysia	Manufacturing and trading of industrial equipment and systems	100	100
QES Vision Solutions Sdn. Bhd. ("QVS")	Malaysia	Providing vision software solution for automated equipment, mechanical and electrical engineering consultancy service, trading and servicing of industrial parts and equipment	85	85

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

### 5. Investments in subsidiaries (continued)

- (1) On 3 April 2023, QAP increased its subscription for 1 new ordinary share, representing an equity interest of 100% of the enlarged share capital of QES (Hong Kong) Ltd. ("QHK") for a cash consideration of RM1,568,000. This subscription has no dilution effect on the controlling interest of QAP in QHK of 100%.

On 9 January 2025, QAP increased its subscription for 1 new ordinary share, representing an equity interest of 100% of the enlarged share capital of QHK for a cash consideration of RM1,127,500. This subscription has no dilution effect on the controlling interest of QAP in QHK of 100%.

- (2) On 10 January 2023, QHK incorporated a wholly-owned subsidiary in People's Republic of China, QES Technology (Shanghai) Co., Ltd. ("QTS"). QHK had subscribed for 100% of the issued share capital of QTS for a cash consideration of RMB500,000 equivalent to RM326,000.

On 18 August 2023, QHK increased its subscription for 100% of the enlarged share capital of QTS for a cash consideration of RMB500,000 equivalent to RM326,000. This subscription has no dilution effect on the controlling interest of QHK in QTS of 100%.

- (3) Not audited by KPMG PLT.
- (4) Audited by other member firm of KPMG International.

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

### 5. Investments in subsidiaries (continued)

#### 5.1 Non-controlling interests in subsidiaries

The subsidiaries of the group that have non-controlling ("NCI") are as follows:

	QAM	QID	QTP	QVS	QSG	QBK*	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2024</b>							
NCI percentage of ownership interest and voting interest (%)	17.50%	45.00%	12.26%	15.00%	30.00%	0.00%	
Carrying amount of NCI	355	1,537	319	(423)	2,125	(18)	3,895
Other comprehensive expense	-	(59)	(20)	-	(100)	-	(179)
(Loss)/Profit allocated to NCI	(56)	154	23	(130)	(206)	-	(215)
<b>2023</b>							
NCI percentage of ownership interest and voting interest (%)	17.50%	45.00%	12.26%	15.00%	30.00%	0.00%	
Carrying amount of NCI	411	1,443	315	(293)	2,431	(18)	4,289
Dividends declared to NCI	-	-	(48)	-	(155)	(50)	(253)
Other comprehensive income	-	45	11	-	134	-	190
(Loss)/Profit allocated to NCI	(80)	(3)	158	(132)	750	-	693

\* NCI of QBK is a local shareholder whom holds the preference shares of the subsidiary. According to QBK's articles of association, the holder of preference shares shall have a priority right to receive dividends before ordinary shareholders in any year, when dividends are declared by QBK at the rate not over 38% of the paid-up value of each share and shall have no further right to receive any other dividends or other profits left over after deducting the dividends amount entitled by the preference shareholder.

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

### 5. Investments in subsidiaries (continued)

#### 5.2 Summarised financial information before intra-group elimination

The summarised financial information before intra-group elimination after adjustment of the subsidiaries that have material NCI as at the end of each reporting year are as follows:

	QAM RM'000	QID RM'000	QTP RM'000	QVS RM'000	QSG RM'000
<b>2024</b>					
<b>Assets and liabilities</b>					
Non-current assets	156	1,477	1,616	4,671	704
Current assets	3,309	6,396	5,931	3,221	16,281
Non-current liabilities	-	(1,115)	(671)	-	(296)
Current liabilities	(1,436)	(3,343)	(4,277)	(10,714)	(9,606)
Net assets/(liabilities)	<u>2,029</u>	<u>3,415</u>	<u>2,599</u>	<u>(2,822)</u>	<u>7,083</u>
<b>Results</b>					
Revenue	7,157	12,242	13,266	5,131	20,896
(Loss)/Profit for the year	(319)	341	191	(869)	(685)
Total comprehensive (expense)/income	<u>(319)</u>	<u>208</u>	<u>27</u>	<u>(869)</u>	<u>(1,019)</u>
Cash flows (used in)/from:					
Operating activities	(313)	694	548	1,900	2,421
Investing activities	(5)	(294)	(430)	(850)	16
Financing activities	(45)	-	-	(72)	(523)
Net (decrease)/increase in cash and cash equivalents	<u>(363)</u>	<u>400</u>	<u>118</u>	<u>978</u>	<u>1,914</u>
<b>2023</b>					
<b>Assets and liabilities</b>					
Non-current assets	205	1,531	1,551	4,563	1,140
Current assets	3,096	6,073	7,413	703	20,324
Non-current liabilities	(44)	(1,183)	(586)	(18)	(577)
Current liabilities	(909)	(3,214)	(5,806)	(7,201)	(12,783)
Net assets/(liabilities)	<u>2,348</u>	<u>3,207</u>	<u>2,572</u>	<u>(1,953)</u>	<u>8,104</u>
<b>Results</b>					
Revenue	4,301	8,031	18,654	2,400	37,635
(Loss)/Profit for the year	(456)	(7)	1,291	(880)	2,499
Total comprehensive (expense)/income	<u>(456)</u>	<u>94</u>	<u>1,381</u>	<u>(880)</u>	<u>2,945</u>

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

### 5. Investments in subsidiaries (continued)

#### 5.2 Summarised financial information before intra-group elimination (continued)

	QAM RM'000	QID RM'000	QTP RM'000	QVS RM'000	QSG RM'000
<b>2023</b>					
<b>Results</b>					
Cash flows (used in)/from:					
Operating activities	(893)	(54)	968	(64)	217
Investing activities	(16)	(407)	(406)	(1,085)	(96)
Financing activities	(44)	(199)	(396)	1,304	(528)
Net (decrease)/increase in cash and cash equivalents	(953)	(660)	166	155	(407)
Dividends paid to NCI*	-	-	(48)	-	-

\* This has excluded dividend paid to QBK's NCI of RM50,000 as disclosed in Note 5.1.

### 6. Investment in an associate

	Group	
	2024 RM'000	2023 RM'000
<b>Unquoted equity shares, at cost</b>		
At 1 January	3,000	1,200
Addition	-	300
Transfer from capital contribution	-	1,500
At 31 December	3,000	3,000
<b>Capital contribution</b>		
At 1 January	-	1,500
Addition	600	-
Transfer to equity shares	-	(1,500)
At 31 December	600	-
<b>Share of post acquisition reserve</b>		
At 1 January	(1,039)	(802)
Addition	(455)	(237)
At 31 December	(1,494)	(1,039)
	2,106	1,961

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

### 6. Investment in an associate (continued)

Details of an associate is as follows:

Name of entity	Principal place of business/ Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest	
			2024 %	2023 %
<b>Associate of QMG:</b>				
Applied Engineering Technology (M) Sdn. Bhd. ("AETM") *	Malaysia	Specialised in electro-mechanical contract manufacturing services from prototype to high volume production for semiconductor, life science, defence, aerospace and emerging technology.	30	30

\* Not audited by KPMG PLT.

#### 6.1 Capital contribution

The capital contribution amounted to RM600,000 (2023: RM Nil) represents Share Application Money which is pending the issuance of ordinary shares by the associate and is treated as cost of investment in the associate by the Group.

The capital contribution was converted to shares of the associate amounted to RM Nil (2023: RM1,500,000) upon completion of ordinary shares issuance. The effective ownership interest in AETM remains at 30% subsequent to the additional ordinary share issuance as mentioned above.

#### 6.2 Summarised financial information

	AETM	
	2024 RM'000	2023 RM'000
<b>Assets and liabilities:</b>		
Non-current assets	1,033	2,506
Current assets	7,688	6,468
Current liabilities	<u>(1,702)</u>	<u>(2,439)</u>
Net assets	<u>7,019</u>	<u>6,535</u>
<b>Results:</b>		
Loss and other comprehensive expense for the year	<u>(1,516)</u>	<u>(791)</u>

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

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

Deferred tax assets/(liabilities) are attributable to the following:

Group	Asset		Liabilities		Net	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Property, plant and equipment	-	-	(2,217)	(1,823)	(2,217)	(1,823)
Provisions	1,358	1,127	-	-	1,358	1,127
Contract liabilities	662	647	-	-	662	647
Lease liabilities	25	36	-	-	25	36
Right-of-use assets	-	-	(32)	(61)	(32)	(61)
Unabsorbed capital allowances	260	33	-	-	260	33
Unutilised tax losses	60	3	-	-	60	3
Tax assets/(liabilities)	2,365	1,846	(2,249)	(1,884)	116	(38)
Set off of tax	(1,214)	(786)	1,214	786	-	-
	1,151	1,060	(1,035)	(1,098)	116	(38)
<b>Company</b>						
Plant and equipment	-	-	(1)	(1)	(1)	(1)

Deferred tax assets of certain subsidiaries are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

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

Movement in temporary differences during the year:

Group	At 01.01.2023		Recognised in profit or loss (Note 23)		Recognised in other comprehensive income		At 31.12.2023		Recognised in profit or loss (Note 23)		Recognised in other comprehensive income		At 31.12.2024	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	(1,846)	24		(1,823)	(1)	(1,823)	(394)		(394)	-	(2,217)			
Provisions	983	102	102	1,127	42	1,127	327		327	(96)	1,358			
Contract liabilities	517	130	130	647	-	647	15		15	-	662			
Lease liabilities	15	21	21	36	-	36	(11)		(11)	-	25			
Right-of-use assets	(37)	(24)	(24)	(61)	-	(61)	29		29	-	(32)			
Unabsorbed capital allowances	14	19	19	33	-	33	227		227	-	260			
Unutilised tax losses	-	3	3	3	-	3	57		57	-	60			
	(354)	275	275	(38)	41	(38)	250		250	(96)	116			
<b>Company</b>														
Plant and equipment	(1)	-	-	(1)	-	(1)	-		-	-	(1)			

NOTES TO THE  
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**7. Deferred tax assets/(liabilities) (continued)**

**Unrecognised deferred tax assets**

The estimated amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows (stated at gross):

	Group	
	2024 RM'000	2023 RM'000
Unutilised tax losses	5,531	3,688
Unabsorbed capital allowances	2,643	2,024
Other deductible timing differences	(938)	(1,031)
	7,236	4,681
<b>Representing by:</b>		
Entities incorporated in Malaysia	4,709	3,704
Entities incorporated outside Malaysia	2,527	977
	7,236	4,681

Deferred tax assets for certain subsidiaries have not been recognised in respect of these items in view of the present uncertainty of the availability of future taxable profits.

The unrecognised deferred tax assets do not expire except for certain unutilised tax losses from subsidiaries in Malaysia. Pursuant to guidelines issued by Malaysian tax authorities in 2021, the unutilised tax losses can be carried forward up to ten consecutive years of assessment ("YA") effective from YA2019. The unutilised tax losses of entities incorporated in Malaysia will expire in the following period under the current tax legislation of Malaysia:

	Group	
	2024 RM'000	2023 RM'000
Expire in:		
YA2028	564	564
YA2029	486	486
YA2030	114	114
YA2031	647	647
YA2032	17	17
YA2033	884	889
YA2034	455	-
	3,167	2,717

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

### 8. Inventories

	Group	
	2024 RM'000	2023 RM'000
Raw material	5,632	5,532
Work-in-progress	7,772	11,561
Trading goods	16,410	17,998
Manufactured finished goods	850	109
	30,664	35,200
 <b>Recognised in profit or loss:</b>		
Inventories recognised as cost of sales	149,072	130,921
Inventories written down (included in other expenses)	217	60
Inventories written off (included in other expenses)	48	33
	149,337	131,014

The management reviews for obsolescence and decline in net realisable value to below cost. This review requires judgements as it involved estimating the rate of obsolescence of the inventories. Possible changes in these estimates could result in revision to the valuation of inventories.

#### 8.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average method.

### 9. Trade and other receivables

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Trade</b>				
Trade receivables	81,056	62,153	-	-
Less: Allowance for impairment loss	(1,789)	(1,328)	-	-
	79,267	60,825	-	-
 <b>Non-trade</b>				
Other receivables	1,808	1,963	-	-
Advances to suppliers	2,547	4,625	-	-
Deposits	544	422	1	1
Lease receivable	96	269	-	-
Prepayments	1,819	1,164	-	-
	6,814	8,443	1	1
	86,081	69,268	1	1

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

### 9. Trade and other receivables (continued)

The Group's normal trade credit terms range from 30 - 120 days (2023: 30 - 120 days). Other credit terms are assessed and approved on a case by case basis.

### 10. Amount due from/(to) subsidiaries

These amounts are non-trade in nature, unsecured, interest-free except for an amount due from a subsidiary of RM11,412,000 (2023: RM1,500,000) which is subject to interest being charged at 3.43% (2023: 3.44%) per annum. These amounts are collectible/(repayable) on demand.

### 11. Fixed deposits with financial institutions

Fixed deposits with financial institutions have effective interest rates which range from 0.50% to 3.10% (2023: 0.50% to 3.10%) per annum. The fixed deposits with financial institutions are pledged as security for banking facilities granted to the Group as disclosed in Note 15. The Group classifies deposits with financial institutions not held for working capital purposes that has maturity of more than three months as other investments and are measured at amortised costs.

### 12. Cash and cash equivalents

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Short-term investments	(i)	12,154	31,921	8,143	19,612
Short-term deposits	(ii)	25,874	12,260	-	-
Bank balances		40,642	36,503	72	60
Cash in hand		33	87	-	-
<b>Cash and cash equivalents in the statements of financial position</b>		<b>78,703</b>	<b>80,771</b>	<b>8,215</b>	<b>19,672</b>
Bank overdrafts	15	(1,119)	(65)	-	-
<b>Cash and cash equivalents in the statements of cash flows</b>		<b>77,584</b>	<b>80,706</b>	<b>8,215</b>	<b>19,672</b>

- (i) Short-term investments are investment in cash management fund which aim to provide liquidity and a regular stream of income by investing in Shariah-compliant money market instruments. The Group and the Company classified these short-term investments as cash and cash equivalents, as the redemption period is 1 day (2023: 1 day) and are subject to an insignificant risk of changes in value.
- (ii) Short-term deposits with licensed banks are subject to interest rates ranging from 2.34% to 4.00% (2023: 2.77% to 3.10%) per annum and had average maturity period of 7 to 30 days (2023: 21 days).

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

### 13. Share capital

	Group and Company			
	2024		2023	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
<b>Issued and fully paid shares with no par value classified as equity instruments:</b>				
Ordinary shares				
At 1 January/31 December	<u>834,139</u>	<u>80,775</u>	<u>834,139</u>	<u>80,775</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and rank equally with regard to the Company's residual assets.

### 14. Reserves

(i) Legal reserve

In accordance with Thai Civil and Commercial Code ("Thai Code") and the Articles of Association of QES (Thailand) Co., Ltd. ("QBK"), 5% of QBK's profit for all time of dividend payment is required to be transferred to a legal reserve. QBK may resolve to discontinue such transfers when the reserve reaches 10% of its capital. The reserve is not normally available for distribution.

(ii) Translation reserve

The translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(iii) Merger deficit

The merger deficit arose from the difference between the carrying value of the investments and the nominal value of the shares of subsidiaries upon consolidation under the merger accounting principles.

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

### 15. Borrowings

	Note	Group	
		2024 RM'000	2023 RM'000
<b>Non-current</b>			
Hire purchase liabilities		2,470	-
Term loans		34,090	17,723
		<u>36,560</u>	<u>17,723</u>
<b>Current</b>			
Bankers' acceptance		2,080	1,388
Bank overdrafts	12	1,119	65
Hire purchase liabilities		459	-
Revolving loan		1,300	300
Term loans		1,497	722
Trust receipts		11,984	14,182
		<u>18,439</u>	<u>16,657</u>
		<u>54,999</u>	<u>34,380</u>

#### 15.1 Security

The Group's bank borrowings are secured as follows:

- (i) Fixed deposits placed with financial institutions of the Group as disclosed in Note 11;
- (ii) Fresh facility agreement of a subsidiary;
- (iii) Corporate guarantee and indemnity by the Company to its subsidiaries;
- (iv) Legal charge on freehold land and buildings of the Group as disclosed in Note 2;
- (v) Legal charge on certain leasehold land and building of the Group as disclosed in Note 2 and Note 3; and
- (vi) SJPP – Government Guarantee issued by Syarikat Jaminan Pembiayaan Perniagaan Bhd.

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

### 16. Provisions

		Group		
	Note	Post- employment benefits RM'000	Warranties RM'000	Total RM'000
At 1 January 2023		1,458	-	1,458
Current service cost and interest	22	372	-	372
Payment		(68)	-	(68)
Actuarial (gain)/loss on remeasurement of defined benefit plan	(i)	78	-	78
Exchange differences		72	-	72
At 31 December 2023/ 1 January 2024		1,912	-	1,912
Current service cost and interest	22	399	-	399
Payment		(9)	-	(9)
Actuarial (gain)/loss on remeasurement of defined benefit plan	(i)	(143)	-	(143)
Provisions made during the year		-	1,217	1,217
Provisions used during the year		-	(440)	(440)
Exchange differences		(148)	-	(148)
At 31 December 2024		<u>2,011</u>	<u>777</u>	<u>2,788</u>
<b>2024</b>				
Non-current		2,011	-	2,011
Current		-	777	777
		<u>2,011</u>	<u>777</u>	<u>2,788</u>
<b>2023</b>				
Non-current		1,912	-	1,912
Current		-	-	-
		<u>1,912</u>	<u>-</u>	<u>1,912</u>

NOTES TO THE  
FINANCIAL STATEMENTS  
(CONT'D)

**16. Provisions (continued)**

**(a) Provisions for post-employment benefits**

(i) Actuarial (gain)/loss on remeasurement of defined benefit plan:

	Group	
	2024 RM'000	2023 RM'000
<b>Recognised in other comprehensive income:</b>		
Actuarial (gain)/loss on remeasurement of defined benefit plan	(143)	78
Deferred tax impact on actuarial loss/(gain)	30	(19)
	<u>(113)</u>	<u>59</u>

The principal actuarial assumptions used were as follows:

	Group	
	2024	2023
Discount rate	7.09%	6.76%
Annual salary rate increase	<u>6.00%</u>	<u>6.00%</u>

**Sensitivity analysis**

Reasonably possible changes at the reporting date to two of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts show below:

	Defined benefit obligation	
	Increase RM'000	Decrease RM'000
<b>2024</b>		
Discount rate (1% movement)	<u>(97)</u>	<u>109</u>
<b>2023</b>		
Discount rate (1% movement)	<u>(96)</u>	<u>107</u>

**(b) Provisions for post-employment benefits**

The provision for warranties relates to finished goods sold for manufacturing equipment during the year. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to incur the liabilities over the next financial year.

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

### 17. Trade and other payables

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Trade</b>				
Trade payables	25,766	20,623	-	-
<b>Non-trade</b>				
Other payables	5,872	2,279	45	48
Accruals	19,129	20,390	174	169
	<u>25,001</u>	<u>22,669</u>	<u>219</u>	<u>217</u>
	<u>50,767</u>	<u>43,292</u>	<u>219</u>	<u>217</u>

### 18. Contract liabilities

	Note	Group	
		2024 RM'000	2023 RM'000
Deferred income	(i)	3,945	3,507
Deposit received from customers	(ii)	10,379	9,056
		<u>14,324</u>	<u>12,563</u>

- (i) The deferred income represents the amount received and/or receivable from maintenance services for the customers, which was sold on an annual service contract basis. Revenue arising from the maintenance services will be recognised in the profit and loss over the duration of the service contract, typically for a duration of one year.

Movement in deferred income balances during the year are as follows:

	Note	Group	
		2024 RM'000	2023 RM'000
At 1 January		3,507	3,145
Collection during the year		13,152	13,351
Service income recognised over time during the year	19	<u>(12,714)</u>	<u>(12,989)</u>
At 31 December		<u>3,945</u>	<u>3,507</u>

\* Deferred income at beginning of the period amounting to RM3,507,000 (2023: RM3,145,000) has been recognised as revenue during the year.

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

### 18. Contract liabilities (continued)

- (ii) The deposit received from customers represents the down payments received from customers, where the group has billed or collected the payments before the goods are delivered or services are provided to the customers. The Group expected to recognise the revenue within next 12 months upon delivery of the goods.

### 19. Revenue

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<b>Revenue from contracts with customers</b>				
Sales of goods	207,438	177,267	-	-
Service income	59,017	61,079	-	-
Commission income	3,122	2,323	-	-
	<u>269,577</u>	<u>240,669</u>	<u>-</u>	<u>-</u>
<b>Other revenue</b>				
Dividend income	-	-	5,542	8,091
	<u>269,577</u>	<u>240,669</u>	<u>5,542</u>	<u>8,091</u>
<b>Timing of revenue recognition</b>				
Point in time	256,863	227,680	5,542	8,091
Over time	12,714	12,989	-	-
	<u>269,577</u>	<u>240,669</u>	<u>5,542</u>	<u>8,091</u>

The Group applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to customer and when the customer pays for that good or service is one year or less.

NOTES TO THE  
FINANCIAL STATEMENTS  
(CONT'D)

19. Revenue (continued)

19.1 Disaggregation of revenue from contracts with customers

Group	Reportable segments							
	Equipment		Materials and Engineering Solutions		Manufacturing		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	79,773	63,740	26,724	22,150	28,024	11,738	134,521	97,628
Vietnam	42,990	27,381	-	-	-	2	42,990	27,383
Thailand	21,334	20,060	1,196	841	2,759	1,372	25,289	22,273
Singapore	17,937	31,672	76	72	2,511	5,530	20,524	37,274
Indonesia	16,881	9,793	100	76	1	1,662	16,982	11,531
Philippines	15,436	27,591	-	-	1,248	1,221	16,684	28,812
Germany	-	-	-	-	5,832	55	5,832	55
China	1,351	2,752	429	325	13	472	1,793	3,549
Malta	397	-	-	-	1,161	1,002	1,558	1,002
Lao People's Democratic Republic	624	847	-	-	-	-	624	847
Morocco	-	-	-	-	213	4,769	213	4,769
Portugal	-	-	-	-	81	1,439	81	1,439
Czech Republic	-	-	-	-	11	1,388	11	1,388
Others	2,013	769	-	46	462	1,904	2,475	2,719
	198,736	184,605	28,525	23,510	42,316	32,554	269,577	240,669

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 19. Revenue (continued)

### 19.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of revenue recognition or method used to recognise revenue	Significant payment terms
<p><b><u>Sales of goods</u></b></p> <p>The Group generates revenue mainly from distribution of inspection, test and measurement equipment, materials and engineering solutions, manufacturing of optical inspection equipment, automated handling equipment and advanced wafer measurement systems and provision of vision software solutions for automated equipment, mechanical and electrical engineering consultancy and interface software for industrial equipment with warranty attached to the goods sold.</p>	<p>Revenue from sale of products in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good to the customer. The amount of revenue recognised is the amount of the transaction price which is the fixed amount of consideration in the contract.</p>	<p>Payment is generally due within 30 to 120 days from invoice date and/or buy-off acceptance report acknowledgement date.</p>

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

### 19. Revenue (continued)

#### 19.2 Nature of goods and services (continued)

Nature of goods or services	Timing of revenue recognition or method used to recognise revenue	Significant payment terms
<p><b><u>Service income</u></b></p> <p>The Group generates service revenue from after sales services such as training, repairing, maintenance and replacement of equipment parts for its customers, which is on an annual service contract basis or an ad hoc basis.</p> <p>There is warranty attached to the replacement of equipment parts sold by the Group.</p>	<p>Revenue from a contract to provide the maintenance on the specialised equipment is recognised over time, using the output method which is determined based on the time elapsed, as the customer simultaneously receives and consumes the benefits provided by the Group.</p> <p>Revenue from ad hoc services is recognised at a point in time when the service has been provided and the right to consideration had been earned.</p>	<p>Payment is generally due within 30 to 120 days from invoice date.</p>
<p><b><u>Commission income</u></b></p> <p>The Group acts as an agent and earns commission on service rendered to customer from its vendor.</p>	<p>Revenue is recognised on a net basis and at a point in time upon completion of service.</p>	<p>Payment is generally due within 30 to 120 days from invoice date.</p>

There is no variable element in consideration and no obligation for returns or refunds on goods or services provided.

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

### 20. Finance cost

	Group	
	2024 RM'000	2023 RM'000
<b>Interest expense of financial liabilities that are not at fair value through profit or loss:</b>		
Bank overdrafts	58	35
Bankers' acceptances	78	73
Hire purchase liabilities	98	-
Letter of credit	74	121
Revolving loan	110	53
Term loans	995	770
Trust receipts	579	543
	1,992	1,595
Interest expense on lease liabilities	43	85
	2,035	1,680

### 21. Profit before tax

Profit before tax is arrived at after charging/(crediting):

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Profit before tax is arrived at after charging/(crediting):</b>					
<b>Auditors' remuneration</b>					
Audit fees:					
- KPMG PLT		268	250	70	70
- Overseas affiliate of KPMG PLT		130	154	-	-
- Other auditors		104	105	-	-
Non-audit fees:					
- KPMG PLT		41	10	10	10
- Local affiliates of KPMG PLT		95	74	6	6
- Overseas affiliates of KPMG PLT		12	12	-	-
- Other auditors		63	14	-	-
<b>Material expenses/(income):</b>					
Amortisation of intangible assets		1,440	797	-	-
Depreciation of property, plant and equipment		5,705	4,237	2	2
		5,705	4,237	2	2

NOTES TO THE  
FINANCIAL STATEMENTS  
(CONT'D)

**21. Profit before tax (continued)**

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Material expenses/(income) (continued)</b>					
Depreciation of right-of-use assets		734	987	-	-
Employee benefit expenses	22	62,895	57,255	272	288
Finance income		(942)	(832)	(254)	(73)
Gain on disposal of property, plant and equipment		(941)	(1,510)	-	-
Loss/(Gain) on foreign exchange:					
- Realised		1,685	(403)	-	-
- Unrealised		474	288	-	-
Gain on short-term investments		(930)	(1,033)	(371)	(520)
Government grant		(21)	(20)	-	-
Hiring incentive	(i)	-	(173)	-	-
Inventories written down		217	60	-	-
Inventories written off		48	33	-	-
Net loss on impairment of financial instruments		588	47	-	-
Property, plant and equipment written off		14	2	1	-
Warranty expenses	16	1,217	-	-	-
<b>Other expenses arising from leases</b>					
- Expenses relating to short-term leases	(ii)	362	385	-	-
- Interest expense on lease liabilities		43	85	-	-

(i) Hiring incentive received from government are recognised on monthly basis over the qualified period under the criteria set by the government.

(ii) The Group leases buildings with contract terms of 1 year which are short-term lease items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

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

### 22. Employee benefit expenses

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Staff cost</b>					
Salaries, bonus, wages, allowances and overtime		43,313	40,370	-	-
Defined benefit plans		399	372	-	-
Defined contribution plan		5,311	4,813	-	-
Social security contributions		485	421	-	-
Others		6,550	5,083	-	-
		<u>56,058</u>	<u>51,059</u>	<u>-</u>	<u>-</u>
Less: Amount capitalised into intangible assets	4	<u>(1,210)</u>	<u>(1,677)</u>	<u>-</u>	<u>-</u>
		<u>54,848</u>	<u>49,382</u>	<u>-</u>	<u>-</u>
<b>Directors' remuneration</b>					
<i>Directors of the Company</i>					
Salaries, bonus and allowances		1,215	1,372	-	-
Directors' fee		408	526	272	288
Defined contribution plan		231	260	-	-
Social security contributions		7	7	-	-
		<u>1,861</u>	<u>2,165</u>	<u>272</u>	<u>288</u>
<i>Directors of the subsidiaries</i>					
Salaries, bonus and allowances		4,096	3,964	-	-
Directors' fee		1	20	-	-
Defined contribution plan		683	627	-	-
Social security contributions		6	6	-	-
Others		1,400	1,091	-	-
		<u>6,186</u>	<u>5,708</u>	<u>-</u>	<u>-</u>
Total staff costs		<u>62,895</u>	<u>57,255</u>	<u>272</u>	<u>288</u>
<b>Analysis of estimated benefits-in-kind:</b>					
- Directors of the Company		64	46	-	-
- Directors of the subsidiaries		33	41	-	-

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

### 23. Income tax expense

	Group		Company	
	2024	2023	2024	2023
Note	RM'000	RM'000	RM'000	RM'000
<b>Current tax expenses</b>				
- Current year	6,772	6,692	56	17
- Under/(Over) provision in prior year	1,072	(15)	10	30
Total current tax recognised in profit or loss	<u>7,844</u>	<u>6,677</u>	<u>66</u>	<u>47</u>
<b>Deferred tax expenses</b>				
- Origination and reversal of temporary differences	(258)	(213)	-	-
- Under/(Over) provision in prior year	8	(62)	-	-
Total deferred tax recognised in profit or loss	7 (250)	(275)	-	-
Total income tax expense	<u>7,594</u>	<u>6,402</u>	<u>66</u>	<u>47</u>

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

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Profit before tax	<u>24,696</u>	<u>25,563</u>	<u>5,369</u>	<u>7,858</u>
Income tax calculated using Malaysian tax rate of 24% (2023: 24%)	5,927	6,135	1,289	1,886
Effect of tax rates in foreign jurisdictions	214	(73)	-	-
Tax effect of non-deductible expenses	1,334	1,221	186	197
Tax effect of non-taxable income	(384)	(750)	(1,419)	(2,066)
Double deductible allowance	(143)	(166)	-	-
Tax exempt pioneer income *	(864)	(201)	-	-
Effect of deferred tax assets not recognised	430	313	-	-
Under/(Over) provision in prior year	1,080	(77)	10	30
Total income tax expense	<u>7,594</u>	<u>6,402</u>	<u>66</u>	<u>47</u>

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

### 23. Income tax expense (continued)

- \* A subsidiary of the Group which is incorporated in Malaysia has been granted pioneer status incentive by the Malaysian Industrial Development Authority (“MIDA”). Under this incentive, the subsidiary enjoys full exemption from income tax on its statutory income arising from promoted activities for the production of “Advanced Wafer Measurement System and Equipment” for a period of 5 years (extendable for further 5 years) commencing from 3 December 2014. The subsidiary was granted a further extension of 5 years from 3 December 2019 to 2 December 2024.

### 24. Earnings per share

Basic earnings per ordinary share for the financial year is calculated by dividing profit after tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
<b>Basic earning per share:</b>		
Profit after tax attributable to the owners of the Company (RM'000)	<u>17,317</u>	<u>18,468</u>
<b>Weighted average number of ordinary shares:</b>		
Number of ordinary shares at beginning/end of the financial year, representing weighted average number of ordinary shares at beginning/end of the financial year (unit'000)	<u>834,139</u>	<u>834,139</u>
Basic earnings per ordinary share (sen)	<u>2.08</u>	<u>2.21</u>

Diluted earnings per share is not presented as there are no dilutive potential ordinary shares outstanding during the financial year and is therefore the same as basic earnings per share.

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

### 25. Dividends

	Sen per share	Total RM'000	Date of payment
<b>Group</b>			
<b>2024</b>			
<b>Attributable to owners of the Company:</b>			
Final 2023 ordinary	0.50	4,171	29 March 2024
Interim 2024 ordinary	0.25	<u>2,085</u>	27 December 2024
		<u>6,256</u>	
<b>2023</b>			
<b>Attributable to owners of the Company:</b>			
Interim 2023 ordinary	<u>0.50</u>	<u>4,171</u>	31 March 2023
<b>Attributable to non-controlling interests:</b>			
Dividend 2022 preference		50	20 September 2023
Dividend 2023 ordinary		155	20 September 2023
Dividend 2023 ordinary		24	21 May 2024
Dividend 2023 ordinary		<u>24</u>	18 November 2024
		<u>253</u>	

On 27 February 2025, the Board of Directors has approved and declared a single tier final dividend of 0.30 sen per ordinary share totalling RM2,502,416 in respect of the financial year ended 31 December 2024. The final dividend has been paid on 28 March 2025 and will be recognised in the financial year ending 31 December 2025.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 26. Financial instruments

### 26.1 Categories of financial instruments

The Group's and the Company's financial assets and financial liabilities are categorised as amortised cost.

	Carrying amount RM'000	Amortised cost RM'000
<b>Group</b>		
<b>2024</b>		
<b>Financial assets</b>		
Trade and other receivables*	84,262	84,262
Fixed deposit with financial institutions	21,839	21,839
Cash and cash equivalents	78,703	78,703
	<u>184,804</u>	<u>184,804</u>
<b>Financial liabilities</b>		
Borrowings	(54,999)	(54,999)
Trade and other payables	(50,767)	(50,767)
	<u>(105,766)</u>	<u>(105,766)</u>
<b>2023</b>		
<b>Financial assets</b>		
Trade and other receivables*	68,104	68,104
Fixed deposit with financial institutions	21,237	21,237
Cash and cash equivalents	80,771	80,771
	<u>170,112</u>	<u>170,112</u>
<b>Financial liabilities</b>		
Borrowings	(34,380)	(34,380)
Trade and other payables	(43,292)	(43,292)
	<u>(77,672)</u>	<u>(77,672)</u>
<b>Company</b>		
<b>2024</b>		
<b>Financial assets</b>		
Trade and other receivables	1	1
Amount due from subsidiaries	26,750	26,750
Cash and cash equivalents	8,215	8,215
	<u>34,966</u>	<u>34,966</u>
<b>Financial liabilities</b>		
Trade and other payables	(219)	(219)
Amount due to a subsidiary	(14)	(14)
	<u>(233)</u>	<u>(233)</u>

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

### 26. Financial instruments (continued)

#### 26.1 Categories of financial instruments (continued)

	Carrying amount RM'000	Amortised cost RM'000
<b>Company</b>		
<b>2023</b>		
<b>Financial assets</b>		
Trade and other receivables	1	1
Amount due from subsidiaries	16,210	16,210
Cash and cash equivalents	19,672	19,672
	35,883	35,883
<b>Financial liabilities</b>		
Trade and other payables	(217)	(217)
	(217)	(217)

\* Exclude prepayments

#### 26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Net (losses)/gains arising on:				
Financial assets measured at amortised cost	(2,930)	3,258	625	593
Financial liabilities measured at amortised cost	63	(2,919)	-	-
	(2,867)	339	625	593

#### 26.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

#### 26.4 Credit risk

Credit risk is the risk of financial loss 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 receivables from customers. The Company's exposure to credit risk arises principally from loan and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior year.

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

### 26. Financial instruments (continued)

#### 26.4 Credit risk (continued)

##### Trade receivables

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating units, the Group does not offer credit terms without the approval of the executive Directors.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

There is no significant changes as compared to previous year.

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

As the Group does not hold any collateral, the maximum exposure to credit risk from receivables is represented by the carrying amounts in the statements of financial position as at the end of the reporting period.

##### Concentration of credit risk

The Group determines concentration of credit risk by monitoring the profiles of its receivables on an ongoing basis.

As at 31 December 2024, the Group has significant concentration of credit risk arising from the amounts owing by 3 (2023: 6) customers constituting 36% (2023: 34%) of the Group's gross trade receivables.

##### Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances and to ensure that receivables that are neither past due nor impaired are stated at their realisable values.

The Group has applied the simplified approach in MFRS 9 to measure the loss allowance at lifetime expected credit losses. The Group assesses impairment of trade receivables on individual and collective basis.

For individual assessment, it is due to different credit risk characteristics and these debtors can be individually managed by the Group in an effective and efficient manner. The Group has reasonable and supportable information available to assess the impairment individually.

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

### 26. Financial instruments (continued)

#### 26.4 Credit risk (continued)

##### Trade receivables (continued)

##### Recognition and measurement of impairment loss (continued)

For collective assessment, the Group determines the expected credit losses by using a provision matrix for collective assessed receivables which are grouped together based on shared credit risk characteristics and similar types of contracts which have similar risk characteristics.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency.

Loss rates are based on actual credit loss experienced over the prior years and are adjusted to reflect the alternative forward-looking information. 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.

Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The Group will initiate appropriate debt recovery procedures on past due balances which are monitored by the management team. Where necessary, the Group will also commence legal proceeding against the customers.

##### Impairment losses

The following table provides information about the exposure to credit risk and Expected Credit Losses ("ECL") for trade receivables as at the reporting date:

	<b>Gross RM'000</b>	<b>Loss Allowance RM'000</b>	<b>Net RM'000</b>
<b>Group</b>			
<b>2024</b>			
Not past due	65,751	(39)	65,712
Past due:			
Less than 30 days	7,861	(31)	7,830
31 to 60 days	2,560	(16)	2,544
61 to 90 days	1,461	(17)	1,444
More than 90 days	1,800	(63)	1,737
	<u>13,682</u>	<u>(127)</u>	<u>13,555</u>
	79,433	(166)	79,267
<b>Credit impaired:</b>			
Individually impaired	1,623	(1,623)	-
	<u>81,056</u>	<u>(1,789)</u>	<u>79,267</u>

NOTES TO THE  
FINANCIAL STATEMENTS  
(CONT'D)

**26. Financial instruments (continued)**

**26.4 Credit risk (continued)**

**Trade receivables (continued)**

Impairment losses (continued)

	<b>Gross RM'000</b>	<b>Loss Allowance RM'000</b>	<b>Net RM'000</b>
<b>2023</b>			
Not past due	39,322	(21)	39,301
Past due:			
Less than 30 days	6,175	(16)	6,159
31 to 60 days	1,431	(9)	1,422
61 to 90 days	1,283	(9)	1,274
More than 90 days	12,729	(60)	12,669
	<u>21,618</u>	<u>(94)</u>	<u>21,524</u>
	60,940	(115)	60,825
<b>Credit impaired:</b>			
Individually impaired	<u>1,213</u>	<u>(1,213)</u>	<u>-</u>
	<u>62,153</u>	<u>(1,328)</u>	<u>60,825</u>

The movements in the allowance for impairment in respect of trade receivables during the year are shown as below:

	<b>Lifetime ECL RM'000</b>	<b>Credit Impaired RM'000</b>	<b>Total RM'000</b>
<b>Balances as 1 January 2023</b>	118	1,163	1,281
Net measurement of loss allowance	<u>(3)</u>	<u>50</u>	<u>47</u>
<b>Balance as 31 December 2023/ 1 January 2024</b>	115	1,213	1,328
Amounts written off	-	(86)	(86)
Net measurement of loss allowance	61	527	588
Exchange difference	<u>(10)</u>	<u>(31)</u>	<u>(41)</u>
<b>Balance as 31 December 2024</b>	<u>166</u>	<u>1,623</u>	<u>1,789</u>

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

### 26. Financial instruments (continued)

#### 26.4 Credit risk (continued)

##### Trade receivables (continued)

###### *Receivables that are not past due*

Trade receivables that are not past due are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group.

###### *Receivables that are past due but not impaired*

These trade receivables relate mostly to customers with slower repayment patterns, for whom there is no history of default. The Group has not provided for impairment for these trade receivables as there has been no significant changes in their credit quality and the amounts are still considered recoverable.

###### *Credit impaired*

Trade receivables that are individually determined to be impaired at the reporting date relates to debtors that are in significant financial difficulties and have defaulted on payments after 90 days past due. These receivables are not secured by any collateral or credit enhancements.

##### Cash and cash equivalents and fixed deposits with financial institutions

The cash and cash equivalents and fixed deposits with financial institutions are held with licensed financial institutions. As at the end of the reporting year, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

##### Other receivables and deposits

Credit risks on other receivables and deposit are mainly arising from advance payment paid to suppliers for procurement of materials.

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses which reflects the low credit risk of the exposures. As at the end of the reporting period, the Group and the Company did not recognise any allowance for impairment losses.

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

### 26. Financial instruments (continued)

#### 26.4 Credit risk (continued)

##### Financial guarantees

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

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

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

The maximum exposure to credit risk amounting to RM52,193,000 (2023: RM42,218,000) representing the outstanding balance of banking facilities of the subsidiaries as at the end of the reporting period comprised of borrowings amounted to RM48,486,000 (2023: RM34,380,000), letter of credit and bank guarantee amounted to RM2,166,000 (2023: RM4,491,000) and RM1,541,000 (2023: RM3,347,000) respectively.

The financial guarantees are provided as credit enhancements to the subsidiaries' banking facilities.

##### Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

These guarantees are subject to the impairment requirement under MFRS 9. The Company assessed that its subsidiaries' borrowings are secured by assets and its subsidiaries have strong financial capacity to meet the contractual cash flows obligations in the near future. Hence, the Company does not expect significant credit losses arising from these guarantees.

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

### 26. Financial instruments (continued)

#### 26.4 Credit risk (continued)

##### Amounts due from subsidiaries

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

The Company provides unsecured loan and advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

##### 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 their carrying amounts in the statements of financial position. Loans and advances provided are not secured by any collateral.

##### Recognition and measurement of impairment loss

Intercompany loans between entities are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loans is demanded at the reporting date.

Generally, the Company considers loans and advances to subsidiaries having low credit risk. The Company assumes that there is a significant increase in credit risk when subsidiaries' financial positions deteriorate significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers subsidiaries' loans or advances to be credit impaired when the subsidiaries are unlikely to repay the loans or advances to the Company in full given insufficient highly liquid resources when the loans are demanded.

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

As at the reporting date, no loss allowance is provided for amounts due from subsidiaries.

#### 26.5 Liquidity risk

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

The Group and the Company maintain 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.

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

### 26. Financial instruments (continued)

#### 26.5 Liquidity risk (continued)

##### 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:

	Carrying amount RM'000	Contractual interest rate/ discount rate %	Contractual cash flows RM'000	Within 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
<b>2024</b>						
<b>Group</b>						
Trade and other payables	50,767	-	50,767	50,767	-	-
Borrowings:						
- Bankers' acceptance	2,080	4.77 - 5.28	2,095	2,095	-	-
- Bank overdrafts	1,119	4.75 - 8.57	1,119	1,119	-	-
- Hire purchase liabilities	2,929	2.28 - 2.42	3,349	584	2,133	632
- Revolving loan	1,300	7.50	1,300	1,300	-	-
- Term loans	35,587	4.45 - 6.10	50,323	2,699	12,231	35,393
- Trust receipts	11,984	1.24 - 6.83	12,112	12,112	-	-
Lease liabilities	451	1.88 - 8.00	472	384	88	-
	<u>106,217</u>		<u>121,537</u>	<u>71,060</u>	<u>14,452</u>	<u>36,025</u>
<b>Company</b>						
Other payables	219	-	219	219	-	-
Amount due to a subsidiary	14	-	14	14	-	-
Financial guarantees*	-	-	52,193	52,193	-	-
	<u>233</u>		<u>52,426</u>	<u>52,426</u>	-	-

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

### 26. Financial instruments (continued)

#### 26.5 Liquidity risk (continued)

##### *Maturity analysis (continued)*

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 (continued):

	2023	Carrying amount RM'000	Contractual interest rate/ discount rate %	Contractual cash flows RM'000	Within 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
<b>Group</b>							
Trade and other payables		43,292	-	43,292	43,292	-	-
Borrowings:							
- Bankers' acceptance		1,388	4.96 - 5.38	1,388	1,388	-	-
- Bank overdrafts		65	8.40 - 8.57	65	65	-	-
- Revolving loan		300	7.50	300	300	-	-
- Term loan		18,445	3.20 - 4.50	26,300	1,508	6,034	18,758
- Trust receipts		14,182	1.22 - 7.40	14,369	14,369	-	-
Lease liabilities		2,156	1.88 - 7.90	2,344	1,011	905	428
		<u>79,828</u>		<u>88,058</u>	<u>61,933</u>	<u>6,939</u>	<u>19,186</u>
<b>Company</b>							
Other payables		217	-	217	217	-	-
Financial guarantees *		-	-	42,218	42,218	-	-
		<u>217</u>		<u>42,435</u>	<u>42,435</u>	<u>-</u>	<u>-</u>

\* This liquidity risk exposure is included for illustration purpose only as the related financial guarantees have not crystallised.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 26. Financial instruments (continued)

### 26.6 Market risk

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

#### 26.6.1 Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures that are denominated in a currency other than respective functional currencies of Group entities, primarily Ringgit Malaysia ("RM"), United States Dollar ("USD"), Thai Baht ("THB"), Vietnam Dong ("VND"), Philippine Peso ("Peso"), Indonesia Rupiah ("IDR"), China Renminbi ("RMB") and Singapore Dollar ("SGD"). The foreign currencies in which these transactions are denominated are mainly USD, Euro Dollar ("EUR"), Japanese Yen ("JPY") and Great Britain Pound ("GBP").

The Group does not have any formal hedging policy for its foreign exchange exposure and did not actively engage in activities to hedge its foreign currency exposures during the financial year. The Group seeks to manage the foreign currency risk by constructing natural hedges where it matches revenue and expenses in any single currency.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investment in Philippines, Thailand, Singapore, Vietnam, Hong Kong, China and Indonesia are not hedged as currency position in PHP, THB, SGD, VND, USD, RMB and IDR are considered to be long-term in nature.

#### Exposure to foreign currency risk

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

	USD RM'000	EUR RM'000	JPY RM'000	GBP RM'000
<b>Group 2024</b>				
<b>Financial assets</b>				
Trade and other receivables	34,856	9,230	1,447	-
Short term deposits	7,591	2,334	-	-
Cash and bank balances	11,212	5,994	4,374	89
	<u>53,659</u>	<u>17,558</u>	<u>5,821</u>	<u>89</u>

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

### 26. Financial instruments (continued)

#### 26.6 Market risk (Continued)

##### 26.6.1 Currency risk (continued)

###### Exposure to foreign currency risk (continued)

	USD RM'000	EUR RM'000	JPY RM'000	GBP RM'000
<b>Group</b>				
<b>2024</b>				
<b>Financial liabilities</b>				
Trade and other payables	(10,813)	(7,244)	(1,477)	(1,630)
Borrowings	(6,531)	-	(4,558)	(895)
	<u>(17,344)</u>	<u>(7,244)</u>	<u>(6,035)</u>	<u>(2,525)</u>
Net exposure	<u>36,315</u>	<u>10,314</u>	<u>(214)</u>	<u>(2,436)</u>
<b>2023</b>				
<b>Financial assets</b>				
Trade and other receivables	25,424	1,373	6,111	-
Cash and bank balances	14,615	502	3,825	473
	<u>40,039</u>	<u>1,875</u>	<u>9,936</u>	<u>473</u>
<b>Financial liabilities</b>				
Trade and other payables	(10,780)	(330)	(4,010)	(139)
Borrowings	(7,099)	(305)	(5,754)	(1,024)
	<u>(17,879)</u>	<u>(635)</u>	<u>(9,764)</u>	<u>(1,163)</u>
Net exposure	<u>22,160</u>	<u>1,240</u>	<u>172</u>	<u>(690)</u>

###### Foreign currency risk sensitivity analysis

The sensitivities of the Group's profit or loss and equity to the possible change in the following foreign currencies against the respective functional currency of the Group entities are shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

NOTES TO THE  
FINANCIAL STATEMENTS  
(CONT'D)

**26. Financial instruments (continued)**

**26.6 Market risk (Continued)**

**26.6.1 Currency risk (continued)**

Foreign currency risk sensitivity analysis (continued)

A 10% strengthening of the foreign currencies against the respective functional currencies of the Group entities at the end of the reporting period would have increased/(decreased) profit or loss by the amounts shown below:

Group	Profit or loss	
	2024	2023
Foreign currency/Functional currency	RM'000	RM'000
USD/RM	2,261	1,133
USD/VND	59	11
USD/SGD	373	415
USD/THB	21	25
USD/PHP	79	135
EUR/RM	304	56
EUR/SGD	524	42
JPY/RM	(173)	(644)
JPY/SGD	169	695
JPY/USD	2	25
GBP/RM	(185)	(52)

A 10% (2023: 10%) weakening in foreign currencies against the respective functional currency of the Group entities at the end of the reporting period would have equal but opposite effect on profit or loss and equity, on the basis that all other variables remain constant.

**26.6.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policies are to obtain the most favourable interest rates available. Any surplus funds of the Group and the Company will be placed with licensed financial institutions to generate interest income.

In respect of interest-earning financial assets and interest-bearing financial liabilities, the effective interest rates at the reporting date and the maturity periods are disclosed in Notes 10, 11, 12 and 26.5.

NOTES TO THE  
FINANCIAL STATEMENTS  
(CONT'D)

**26. Financial instruments (continued)**

**26.6 Market risk (continued)**

**26.6.2 Interest rate risk (continued)**

*Exposure to interest rate risk*

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Fixed rate instruments</b>				
<b>Financial asset</b>				
Fixed deposits with financial institutions	21,839	21,237	-	-
Short-term deposits	25,874	12,260	-	-
	<u>47,713</u>	<u>33,497</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>				
Lease liabilities	(451)	(2,156)	-	-
Borrowings				
- Hire purchase liabilities	(2,929)	-	-	-
	<u>(3,380)</u>	<u>(2,156)</u>	<u>-</u>	<u>-</u>
	<u>44,333</u>	<u>31,341</u>	<u>-</u>	<u>-</u>
<b>Floating rate instruments</b>				
<b>Financial assets</b>				
Short-term investments	12,154	31,921	8,143	19,612
Amounts due from subsidiaries	-	-	11,412	1,500
	<u>12,154</u>	<u>31,921</u>	<u>19,555</u>	<u>21,112</u>
<b>Financial liabilities</b>				
Borrowings				
- Bankers' acceptances	(2,080)	(1,388)	-	-
- Bank overdrafts	(1,119)	(65)	-	-
- Revolving loan	(1,300)	(300)	-	-
- Term loans	(35,587)	(18,445)	-	-
- Trust receipts	(11,984)	(1,388)	-	-
	<u>(52,070)</u>	<u>(21,586)</u>	<u>-</u>	<u>-</u>
Net exposure	<u>(39,916)</u>	<u>10,335</u>	<u>19,555</u>	<u>21,112</u>

NOTES TO THE  
FINANCIAL STATEMENTS  
(CONT'D)

**26. Financial instruments (continued)**

**26.6 Market risk (continued)**

**26.6.2 Interest rate risk (continued)**

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for a 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.

Cash flow sensitivity analysis for floating rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss			
	2024		2023	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
<b>Group</b>				
Floating rate instruments	<u>(303)</u>	<u>303</u>	<u>79</u>	<u>(79)</u>
<b>Company</b>				
Floating rate instruments	<u>149</u>	<u>(149)</u>	<u>160</u>	<u>(160)</u>

**26.7 Fair value information**

Financial instrument at fair value

As the financial assets and liabilities of the Group and the Company are not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values.

The carrying amounts of financial assets and financial liabilities approximate their fair values due to relatively short-term nature of these financial instruments and the insignificant impact of discounting.

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

### 26. Financial instruments (continued)

#### 26.7 Fair value information (continued)

##### Financial instrument other than those carried at fair value (continued)

The fair values of term loans were estimated to approximate carrying amount as term loans are floating rate instruments where they bear variable rates of interest determined based on a margin over the lender bank's cost of funds.

For hire purchase liabilities, the market rate of interest is determined by reference to similar agreements, and as of the period end, the carrying amount approximates its fair values.

### 27. Capital management

The Group manages their capital to ensure the Group will maintain an optimal capital structure so as to support the businesses and maximise shareholder value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group monitors capital using debt-to-equity ratio which is the total debt divided by total capital. Total debts include borrowings and lease liabilities whilst total capital is defined as equity attributable to owners of the Company.

The debt-to-equity ratio at end of the reporting period are as follows:

	Note	Group	
		2024 RM'000	2023 RM'000
Borrowings	15	54,999	34,380
Lease liabilities		451	2,156
Total debts		<u>55,450</u>	<u>36,536</u>
Total equity attributable to the owners of the Company		<u>184,126</u>	<u>174,073</u>
Debts-to-equity ratio		<u>0.30</u>	<u>0.21</u>

- (a) Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenant:
- (i) Gearing ratio to be capped at 1.50 to 2.00 times.

The Group is in compliance with all externally imposed capital requirements as mentioned above. As at 31 December 2024, the gearing ratio of QAP and QMC (the subsidiaries that are subject to the loan covenant) were 0.41 times (2023: 0.51 times) and 0.69 times (2023: 0.19 times) respectively.

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

### 27. Capital management (continued)

- (b) Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital and such shareholders' equity is not less than RM60,000,000. The Company has complied with this requirement.

### 28. Capital commitment

	Group	
	2024 RM'000	2023 RM'000
<b>Capital expenditure commitment</b>		
<i>Authorised and contracted for:</i>		
Property, plant and equipment	<u>14,890</u>	<u>37,979</u>

### 29. Related parties

#### Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

The Group has a related party relationship with associate and key management personnel. The Company has related party relationship with its subsidiaries.

#### Significant related party transactions

The significant related party transactions of the Group and the Company are shown below:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Subsidiaries</b>				
Management fee	-	-	110	132
Dividend income	-	-	(5,542)	(8,091)
Loan interest income	-	-	<u>(242)</u>	<u>(55)</u>
<b>Associate</b>				
Commission income	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

### 29. Related parties (continued)

#### Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly, including all the Directors of the Company and certain members of senior management of the Group.

The remuneration of Directors of the Company and certain members of senior management of the Group during the financial year were as follows:-

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Short-term employee benefit expenses	5,417	5,401	272	288
Post employment benefit expenses	894	871	-	-
	6,311	6,272	272	288

### 30. Operating segments

#### (i) Reporting format

The Group has four reportable segments, as described below, which are the Group's strategic business units. For each strategic business units, the Managing Director and Key Senior Management of the group review internal management report on a monthly basis.

The following summary describes the operations in each of the Group's reportable segments:

Investment holding	Investment in shares.
Distribution division:	
<ul style="list-style-type: none"> <li>• Equipment</li> <li>• Materials and Engineering Solutions</li> </ul>	<p>Marketing and servicing of scientific instruments.</p> <p>Trading and servicing of industrial parts and equipment and scientific instruments.</p>
Manufacturing division	Manufacturing, trading and servicing of industrial parts and equipment and providing vision software solution for automated equipment, mechanical and electrical engineering consultancy service.

The operating segments are aggregated based on similar nature and economic characteristics of the products and services. The nature, type of customer and methods of distribution of the products and services for each reportable segment are similar.

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

### 30. Operating segments (continued)

#### (i) Reporting format (continued)

##### Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent profit or loss before finance costs and tax of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

##### Segment assets

Segment assets are measured based on all assets of the segment, excluding deferred tax assets and tax recoverable.

##### Segment liabilities

Segment liabilities are measured based on all liabilities of the segment, excluding deferred tax liabilities and tax payable.

#### (ii) Allocation basis and transfers

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Except as indicated above, no other operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated statement of comprehensive income. Income taxes are managed on a group basis and are not allocated to operating segments.

NOTES TO THE  
FINANCIAL STATEMENTS  
(CONT'D)

30. Operating segments (continued)

	Investment holding RM'000	Equipment RM'000	Materials and Engineering Solutions RM'000	Manufacturing RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2024</b>						
External revenue	-	198,737	28,524	42,316	-	269,577
Intra segment revenue	-	72,159	17	-	(72,176)	-
Inter segment revenue	5,542	131	1,311	-	(6,984)	-
Total revenue	5,542	271,027	29,852	42,316	(79,160)	269,577
<b>Results</b>						
Depreciation and amortisation	-	5,117	228	2,532	2	7,879
Other non-cash expenses	455	707	43	1,266	-	2,471
Segment profit before tax	4,446	22,512	867	2,951	(6,080)	24,696
<b>Assets</b>						
Additions to non-current assets	5	10,511	673	26,285	-	37,474
Segment assets	97,493	234,448	19,241	89,560	(126,630)	314,112
<b>Segment liabilities</b>	3,867	116,999	6,490	61,040	(62,305)	126,091

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

### 30. Operating segments (continued)

	Note	Investment holding RM'000	Equipment RM'000	Materials and Engineering Solutions RM'000	Manufacturing RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
<b>2023</b>							
External revenue		-	184,605	23,510	32,554	-	240,669
Intra segment revenue	(a)	-	80,630	-	102	(80,732)	-
Inter segment revenue	(a)	8,091	2,191	444	-	(10,726)	-
Total revenue		8,091	267,426	23,954	32,656	(91,458)	240,669
<b>Results</b>							
Depreciation and amortisation		-	4,128	207	1,729	(43)	6,021
Other non-cash expenses/ (income)	(b)	237	(674)	(112)	78	-	(471)
Segment profit before tax	(c)	7,371	24,162	1,495	1,538	(9,003)	25,563
<b>Assets</b>							
Additions to non-current assets	(d)	-	7,833	58	7,351	-	15,242
Segment assets	(e)	100,236	210,522	21,194	51,017	(107,184)	275,785
Segment liabilities	(f)	3,228	107,461	8,950	20,999	(43,215)	97,423

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

### 30. Operating segments (continued)

(a) Inter segment revenues and intra segment revenues are eliminated on consolidation.

(b) Other non-cash expenses/(income)

	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Gain on disposal of property, plant and equipment	(941)	(1,510)
Inventories written down	217	60
Inventories written off	48	33
Loss on unrealised foreign exchange	474	288
Net loss on impairment of financial instruments	588	47
Property, plant and equipment written off	14	2
Provision for post-employment benefits	399	372
Share of result of an associate, net of tax	455	237
Warranty expenses	1,217	-
	<u>2,471</u>	<u>(471)</u>

(c) The following items are added to/(deducted from) segment profit to arrive at profit before tax presented in the consolidated statement of comprehensive income:

	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Segment profit</b>	30,776	34,566
Profit from inter-segment sales	(5,428)	(2,774)
Dividend	(6,078)	(9,045)
Other income	(1,831)	(1,793)
Unallocated corporate expenses	7,257	4,609
<b>Profit before tax</b>	<u>24,696</u>	<u>25,563</u>

NOTES TO THE  
FINANCIAL STATEMENTS  
(CONT'D)

**30. Operating segments (continued)**

(d) Additions to non-current assets consist of:

	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment	35,880	6,857
Intangible assets	1,231	1,723
Right-of-use assets	363	6,662
	<u>37,474</u>	<u>15,242</u>

(e) Reconciliation of assets:

	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Segment assets</b>	440,742	382,969
Adjustment on consolidation of subsidiaries	(65,902)	(67,971)
Deferred tax assets	1,151	1,060
Tax recoverable	798	2,389
Unrealised profit on inventories	(345)	(450)
Inter-segment balances	<u>(62,332)</u>	<u>(42,212)</u>
<b>Total assets</b>	<u>314,112</u>	<u>275,785</u>

(f) Reconciliation of liabilities:

	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Segment liabilities</b>	188,396	140,638
Adjustment on consolidation of subsidiaries	(2,735)	(4,123)
Tax payable	1,727	2,022
Deferred tax liabilities	1,035	1,098
Inter-segment balances	<u>(62,332)</u>	<u>(42,212)</u>
<b>Total liabilities</b>	<u>126,091</u>	<u>97,423</u>

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

### 30. Operating segments (continued)

#### Geographical Information

Revenue information based on the geographical location of customers is as follows:

	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	134,521	97,628
Vietnam	42,990	27,383
Thailand	25,289	22,273
Singapore	20,524	37,274
Indonesia	16,982	11,531
Philippines	16,684	28,812
Germany	5,832	55
China	1,793	3,549
Malta	1,558	1,002
Lao People's Democratic Republic	624	847
Morocco	213	4,769
Portugal	81	1,439
Czech Republic	11	1,388
Others	2,475	2,719
	<u>269,577</u>	<u>240,669</u>

#### Major customers' information

The Group has five customers which contributes approximately RM77.8 million or 28.9% (2023: five customers, RM45.0 million or 18.7%) of the Group's revenue during the financial year.

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

### 30. Operating segments (continued)

The following is the analysis of non-current assets other than financial instruments and deferred tax assets analysed by the Group's geographical segment:

	Malaysia	Indonesia	Vietnam	Hong Kong	Thailand	Singapore	Philippines	China	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2024</b>									
Property, plant and equipment	67,105	1,075	1,075	-	5,884	577	1,261	83	77,060
Right-of-use assets	5,216	157	-	-	-	72	-	10	5,455
Intangible assets	6,874	-	-	3,381	-	-	-	-	10,255
Investment in an associate	2,106	-	-	-	-	-	-	-	2,106
	<b>81,301</b>	<b>1,232</b>	<b>1,075</b>	<b>3,381</b>	<b>5,884</b>	<b>649</b>	<b>1,261</b>	<b>93</b>	<b>94,876</b>
<b>2023</b>									
Property, plant and equipment	41,007	1,013	437	14	1,041	188	1,183	115	44,998
Right-of-use assets	7,056	257	95	-	-	953	-	76	8,437
Intangible assets	7,083	-	-	3,381	-	-	-	-	10,464
Investment in an associate	1,961	-	-	-	-	-	-	-	1,961
	<b>57,107</b>	<b>1,270</b>	<b>532</b>	<b>3,395</b>	<b>1,041</b>	<b>1,141</b>	<b>1,183</b>	<b>191</b>	<b>65,860</b>



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

### 31. Significant event

During the financial year, the Group has undertaken the construction of a new factory building located in Batu Kawan Industrial Park, Penang. The construction of the factory building has yet to be completed and the total cost incurred as at year end was RM20,784,590 (2023: RM540,600) as disclosed in Note 2 of the Financial Statements.

# 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 107 to 187 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board 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 December 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:

.....  
**Chew Ne Weng**  
Director

.....  
**Liew Soo Keang**  
Director

Kuala Lumpur,

Date: 15 April 2025

## STATUTORY DECLARATION

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

I, **Yeoh Cheong Yeow**, the Officer primarily responsible for the financial management of QES Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 107 to 187 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, Yeoh Cheong Yeow, MIA CA: 16643, at Kuala Lumpur in the Federal Territory on 15 April 2025.

.....  
**Yeoh Cheong Yeow**

Before me:

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF QES GROUP BERHAD

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of QES Group Berhad, which comprise the statements of financial position as at 31 December 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 107 to 187.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 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 Standard 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.

# INDEPENDENT AUDITORS' REPORT (CONT'D)

## Key Audit Matters

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

### Impairment of trade receivables – Expected credit loss (“ECL”) allowance

Refer to Note 1(d) Basis of preparation: Use of estimates and judgements, Note 9 – Trade and other receivables and Note 26.4 – Financial Instruments – Credit risk – Trade receivables.

#### The key audit matter

As at 31 December 2024, the Group's gross trade receivables amounted to RM81.1 million, representing approximately 37.2% of the group's current assets. Furthermore, RM1.8 million is past due more than 90 days. The Group measures ECL of trade receivables based on provision matrix that take into consideration its historical credit loss experience, debtors' ability to pay and are adjusted for forward-looking information. We identified ECL allowance for trade receivables as a key audit matter due to the involvement of significant judgement and estimates made by Directors.

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

We performed the following audit procedures, among others:

- Obtained understanding on the key assumptions and inputs used by the Group in the ECL model;
- Performed recomputation on the Group's calculation in ECL model and evaluated the completeness, accuracy and relevance of data;
- Challenged the key assumptions applied in determining the allowance for impairment loss on trade receivables by taking into account the historical trend of recoverability of the trade receivables within the Group;
- Assessed recoverability of trade receivables by testing the receipts of cash after year end and considered the historical trend of payment and bad debts record for debts deemed doubtful on a sample basis; and
- Evaluated the disclosures about expected credit losses related to trade receivables were in accordance with the applicable financial reporting standards, including disclosures on estimation uncertainty.

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 auditors' report.

## INDEPENDENT AUDITORS' REPORT (CONT'D)

### 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.

## INDEPENDENT AUDITORS' REPORT (CONT'D)

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

- 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 5 to the financial statements.

# INDEPENDENT AUDITORS' REPORT (CONT'D)

## 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, Selangor

Date: 15 April 2025

**Chan Kim Hing**  
Approval Number: 03737/04/2025 J  
Chartered Accountant

## LIST OF PROPERTIES

Particulars of the property	
<b>Description / Address</b>	3-storey intermediate unit shop office building situated on a piece of leasehold land held under HSD 14891, PT 2935, Mukim 11, District of Seberang Perai Tengah, Pulau Pinang, with a postal address of No 19, Tingkat Bukit Jambul, Bukit Jambul Indah, 11950 Penang
<b>Owner</b>	QES (Asia-Pacific) Sdn. Bhd.
<b>Age of building (years)</b>	26
<b>Tenure / Expiry</b>	Leasehold for 99 years Expiring on 10 April 2095
<b>Existing Use</b>	Utilised by QES (Asia-Pacific) Sdn. Bhd.'s Penang branch as office premises
<b>Land Area</b>	1,410.07 sq. ft.
<b>Built Up Area</b>	3,422.92 sq. ft.
<b>Audited Net Book Value</b>	RM353,250.00

<b>Description / Address</b>	Five (5) Storey detached factory erected on land held under Individual Title H.S.(D) 225962, PT No. 114, Bandar Glenmarie, Daerah Petaling, Negeri Selangor bearing the address of No. 2, Jalan Jururancang U1/21, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor
<b>Owner</b>	QES (Asia-Pacific) Sdn. Bhd.
<b>Age of building (years)</b>	29
<b>Tenure / Expiry</b>	Freehold
<b>Existing Use</b>	Utilised by QES (Asia-Pacific) Sdn. Bhd. as its new corporate headquarters and manufacturing facility
<b>Land Area</b>	62,786 sq. ft.
<b>Built Up Area</b>	86,806 sq. ft.
<b>Audited Net Book Value</b>	RM25,210,053.00

## LIST OF PROPERTIES (CONT'D)

Particulars of the property	
<b>Description / Address</b>	A piece of land situated in Daerah Seberang Perai Selatan and forming part of Mukim 13, the site whereof is marked SV 64, Batu Kawan Industrial Park and temporary bearing the address of PMT 862, Jalan Cassia Selatan 3/1, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia.
<b>Owner</b>	QES Mechatronic Sdn. Bhd.
<b>Age of building (years)</b>	2
<b>Tenure / Expiry</b>	Leasehold for 60 years Expiring on 12 January 2083
<b>Existing Use</b>	Utilised by QES Mechatronic Sdn. Bhd., to build own building
<b>Land Area</b>	87,120 sq. ft.
<b>Audited Net Book Value</b>	RM25,629,786.00
<b>Description / Address</b>	2 units of 4-storey commercial buildings under title deed no. 15139 and 218279, Parcel No. 2152 and 4280, Dealing file no. 3349 and 3557, Ram Inthra Road, Kannayao Sub-district, Kannayao District, Bangkok and bearing the address of 39/35 and 39/36, Ram Inthra Road, Kannayao Sub-district, Kannayao District, Bangkok
<b>Owner</b>	QES (Thailand) Co., Ltd.
<b>Age of building (years)</b>	35
<b>Tenure / Expiry</b>	Freehold
<b>Existing Use</b>	Utilised by QES (Thailand) Co., Ltd. as office premises
<b>Land Area</b>	1,877 sq ft
<b>Built Up Area</b>	7,896 sq ft
<b>Audited Net Book Value</b>	RM4,351,737.00

# ANALYSIS OF SHAREHOLDINGS

## AS AT 28 MARCH 2025

### SHARE CAPITAL

Total Number of Issued shares	:	834,138,800 ordinary shares
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

### ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares held	%
Less than 100 shares	277	2.77	706	0.00
100 – 1,000 shares	1,324	13.22	716,494	0.09
1,001 – 10,000 shares	4,414	44.06	25,790,500	3.09
10,001 – 100,000 shares	3,414	34.08	116,154,000	13.92
100,001 to less than 5% of issued shares	585	5.84	285,488,295	34.23
5% and above of issued shares	3	0.03	405,988,805	48.67
<b>Total</b>	<b>10,017</b>	<b>100.00</b>	<b>834,138,800</b>	<b>100.00</b>

### LIST OF TOP THIRTY LARGEST SHAREHOLDERS

	Name	No. of shares held	%
1.	LIEW SOO KEANG	187,988,805	22.54
2.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR WA CAPITAL SDN BHD (PB)</i>	168,000,000	20.14
3.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>PLEGDED SECURITIES ACCOUNT FOR WA CAPITAL SDN. BHD.</i>	50,000,000	5.99
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MAYBANK PRIVATE WEALTH MANAGEMENT FOR CHEW NE WENG (12021750) (440078)</i>	23,000,000	2.76
5.	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 22)</i>	18,856,600	2.26
6.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>URUSHARTA JAMAAH SDN. BHD. (AHAM AM 2)</i>	16,670,700	2.00
7.	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)</i>	12,314,800	1.48
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR CHEW NE WENG (PB)</i>	10,270,895	1.23
9.	PAN LEE CHIN	4,220,000	0.51
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>LEMBAGA TABUNG HAJI (EASTSPRING)</i>	4,065,200	0.49

# ANALYSIS OF SHAREHOLDINGS (CONT'D)

## LIST OF TOP THIRTY LARGEST SHAREHOLDERS (CONT'D)

	Name	No. of shares held	%
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (EASTSPRINGESG)</i>	4,033,200	0.48
12.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR FOONG KOK HONG (MY1489)</i>	3,333,000	0.40
13.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD <i>AIIIMAN ASSET MANAGEMENT SDN BHD FOR SUN LIFE MALAYSIA TAKAFUL BERHAD</i>	3,061,200	0.37
14.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD <i>EXEMPT AN FOR AHAM ASSET MANAGEMENT BERHAD (TSTAC/CLNTT)</i>	2,924,700	0.35
15.	LAU SAM SIONG	2,900,000	0.35
16.	LIEW SOO KEANG	2,762,300	0.33
17.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR LEE NYUK LIN (MF00129)</i>	2,740,000	0.33
18.	TAN POH CHYE @ TAN POH SAI	2,700,000	0.32
19.	LAI LENG LEAN	2,393,000	0.29
20.	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEE NYUK LIN</i>	2,300,000	0.28
21.	CHOW HONG LIT	1,894,000	0.23
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TOH HOOI HAK</i>	1,750,100	0.21
23.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB COMMERCE TRUSTEE BERHAD FOR MAYBANK MALAYSIA SMALLCAP FUND</i>	1,500,000	0.18
24.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM HUNG THIAM (7000997)</i>	1,500,000	0.18
25.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SONG ZHEN WEI (7003668)</i>	1,450,000	0.17
26.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHIANG SOAK HOONG (7001002)</i>	1,410,000	0.17
27.	NG SIEW ENG	1,355,600	0.16
28.	CARTABAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)</i>	1,311,100	0.16
29.	LEONG WAI CHOON	1,300,000	0.16
30.	PHILLIP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIN CHEE SENG</i>	1,300,000	0.16
	<b>Total</b>	<b>539,305,200</b>	<b>64.68</b>

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

### SUBSTANTIAL SHAREHOLDERS

(AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

Name of substantial shareholders	Direct	No. of ordinary shares		
		%	Indirect	%
1) WA Capital Sdn. Bhd.	218,000,000	26.13	–	–
2) Liew Soo Keang	190,751,105	22.87	–	–
3) Chew Ne Weng	33,270,895	3.99	218,000,000 <sup>(1)</sup>	26.13
4) Zhou Fu (L) Foundation	–	–	218,000,000 <sup>(2)</sup>	26.13

### STATEMENT OF DIRECTORS' SHAREHOLDINGS

Directors' name	Direct	No. of ordinary shares		
		%	Indirect	%
1) Chew Ne Weng	33,270,895	3.99	218,000,000 <sup>(1)</sup>	26.13
2) Liew Soo Keang	190,751,105	22.87	–	–
3) Adnan bin Zainol	40,000	0.00	–	–
4) Dr. Gunasegaran Muthusamy	–	–	–	–
5) Maznida binti Mokhtar	–	–	–	–
6) Wan Fatimah Suriani Binti Ibrahim	–	–	–	–

Notes:

(1) Deemed interested pursuant to Section 8 of the Companies Act, 2016.

(2) Deemed interested by virtue of Section 8 of the Companies Act, 2016 held through WA Capital Sdn. Bhd.

# NOTICE OF 11<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 11th Annual General Meeting (“AGM”) of QES Group Berhad (“QES” or “the Company”) will be held at Ballroom III, Tropicana Golf & Country Club, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor on Wednesday, 18 June 2025 at 10.00 a.m. or at any adjournment thereof for the transaction of the following businesses:

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2024 together with the Reports of the Directors and the Auditors thereon. (Refer to Explanatory Notes a)
2. To approve the payment of Directors’ fees to the Non-Executive Directors up to an amount of RM300,000/- for the period from 19 June 2025 to the next AGM or at any adjournment thereof. **(Ordinary Resolution 1)**  
(Refer to Explanatory Notes b)
3. To re-elect Pn. Maznida Binti Mokhtar who retire by rotation pursuant to Clause 115 of the Company’s Constitution, and who being eligible, offered herself for re-election. (Refer to Explanatory Notes c)  
**(Ordinary Resolution 2)**
4. To re-elect the following Directors who retire by rotation pursuant to Clause 120 of the Company’s Constitution, and who being eligible, offered themselves for re-election: (Refer to Explanatory Notes c)
  - (a) Dr. Gunasegaran Muthusamy **(Ordinary Resolution 3)**
  - (b) Pn. Wan Fatimah Suriani Binti Ibrahim **(Ordinary Resolution 4)**
5. To re-appoint Messrs. KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions: -

6. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **(Ordinary Resolution 6)**  
(Refer to Explanatory Notes d)

“**THAT** subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and approvals of any other relevant governmental/regulatory bodies where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to allot and issue shares in the Company, to such persons, at any time upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued does not exceed ten percent (10%) of the total number of issued shares for the time being of the Company.

**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 Securities.

## NOTICE OF 11<sup>TH</sup> ANNUAL GENERAL MEETING (CONT'D)

**AND THAT** pursuant to Section 85 of the Act to be read together with Clause 17 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to the Act.

**AND THAT** such authority shall continue in force until the conclusion of the next AGM of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a General Meeting.

**AND THAT** authority be and is hereby given to the Directors to do all acts including executing all relevant documents as he/they may consider expedient or necessary to complete and give full effect to the abovesaid mandate."

7. **PROPOSED SHAREHOLDERS' MANDATE FOR NEW RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED NEW SHAREHOLDERS' MANDATE")**

**(Ordinary Resolution 7)**  
(Refer to Explanatory Notes e)

**"THAT**, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to QES Group Berhad ("QES") and its subsidiaries ("QES Group" or the "Group") to enter into and to give effect to specified recurrent related party transactions of a revenue or trading nature with the related parties as set out in Part A, Section 2.5 of the Circular to shareholders dated 28 April 2025 ("Circular"), which are necessary for its day-to-day operations, to be entered into by the Group on the basis that these transactions are entered into on terms which are not more favourable to the related party involved than those generally available to the public, and hence, will not be detrimental to the minority shareholders of the Company.

**AND THAT**, the Proposed New Shareholders' Mandate is subject to annual renewal and if approved by the shareholders of the Company at the forthcoming AGM, the Proposed New Shareholders' Mandate shall take effect from the date of passing of the ordinary resolution for the Proposed New Shareholders' Mandate at the forthcoming AGM and shall continue to be in force until:-

- (a) the conclusion of the next annual general meeting of the Company ("AGM") following the forthcoming AGM at which such ordinary resolution is passed to effect the Proposed New Shareholders' Mandate, at which time it shall lapse, unless the authority is renewed by an ordinary resolution passed at the said next AGM;
- (b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting; whichever is the earlier;

**AND FURTHER THAT**, the Board of Directors of the Company ("Board") be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required), as they may consider expedient or necessary to give effect to the Proposed New Shareholders' Mandate."

# NOTICE OF 11<sup>TH</sup> ANNUAL GENERAL MEETING (CONT'D)

8. **PROPOSED RENEWAL OF SHARE BUY-BACK OF UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**

**(Ordinary Resolution 8)**  
(Refer to Explanatory Notes f)

**"THAT** subject to the Act, provisions of the Company's Constitution, the MMLR of Bursa Securities and the approvals of all relevant regulatory authorities and parties, the Company be and is hereby authorised to purchase such number of ordinary shares in QES on the Main Market of Bursa Securities and/or hold upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that:

- (a) the aggregate number of ordinary shares in the Company purchased ("Purchased Share(s)") and/or held as treasury shares pursuant to this ordinary resolution shall not exceed 10% of the total number of issued shares of the Company at any point in time;
- (b) the maximum funds to be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority shall not exceed the total retained earnings of the Company at the time of the purchase;

**THAT** upon purchase by the Company, the Board of Directors of QES shall have the absolute discretion to decide whether such Purchased Shares are to be cancelled and/or retained as treasury shares, or dealt with in such manner as provided under Section 127(7) of the Act;

**THAT** the authority to facilitate the Proposed Renewal of Share Buy-Back Authority will commence immediately upon passing of this ordinary resolution and will continue to be in force until:

- (a) the conclusion of the next AGM of the Company at which time the authority shall lapse unless by an ordinary resolution passed at that AGM, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company of the QES Shares before the aforesaid expiry date and made in any event, in accordance with the provisions of the Act, rules and regulations made pursuant to the Act, the MMLR and any requirements issued by any other relevant government and/or regulatory authorities;

**AND THAT** the Board be and is hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to give effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority.

9. To transact any other business for which due notice shall have been given.

# NOTICE OF 11<sup>TH</sup> ANNUAL GENERAL MEETING (CONT'D)

**BY ORDER OF THE BOARD,**

**ANDREA HUONG JIA MEI (MIA 36347/ SSM PC NO. 202008003125)**

Company Secretary  
Kuala Lumpur  
28 April 2025

## **Explanatory Notes**

### **(a) Audited Financial Statements for financial year ended 31 December 2024**

The Audited Financial Statements are for discussion only under Agenda item No. 1, as it does not require shareholders' approval under the provisions of Section 340(1)(a) of the Act. Hence, this Agenda is not being put forward for voting by the shareholders of the Company.

### **(b) Ordinary Resolution 1**

Section 230(1) of the Act provides amongst others, that "the fees" of the Directors and "any benefits" payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 11th AGM on the Directors remuneration.

### **(c) Ordinary Resolutions 2, 3 and 4**

Clause 115 of the Company's Constitution provides that 1/3 of the Directors of the Company for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Clause 120 of the Company's Constitution provides that the Directors shall have power at any time and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next AGM, and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors to retire by rotation at such meeting.

With the current Board size, Pn. Maznida Binti Mokhtar is to retire pursuant to Clause 115 of the Company's Constitution whereas Dr. Gunasegaran Muthusamy and Pn. Wan Fatimah Suriani Binti Ibrahim are to retire pursuant to Clause 120 of the Company's Constitution. All these retiring Directors being eligible, have offered themselves for re-election at the 11th AGM.

# NOTICE OF 11<sup>TH</sup> ANNUAL GENERAL MEETING (CONT'D)

## Explanatory Notes to Special Business

### (d) Ordinary Resolution 6 - Authority to allot and issue shares

The Company wishes to renew the mandate on the authority to issue shares of not more than ten per centum (10%) of the total issued shares capital for the time being pursuant to the Act at the 11th AGM of the Company (hereinafter referred to as the "General Mandate").

The Company had been granted a general mandate on the authority to issue shares pursuant to the Act by its shareholders at the 10th AGM of the Company held on 31 May 2024 (hereinafter referred to as the "Previous Mandate").

As at the date of this notice, the Previous Mandate granted by the shareholders had not been utilised and hence no proceeds were raised therefrom.

Ordinary Resolution No. 6 is to seek a renewal of the general mandate for the issue of new ordinary shares pursuant to Sections 75 and 76 of the Act. The proposed Ordinary Resolution No. 6, if passed, will empower the Directors of the Company to issue and allot new shares in the Company at any time and for such purposes as the Directors considered would be in the interests of the Company up to an aggregate not exceeding ten percent (10%) of the total number of issued shares of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next AGM or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

The renewed mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding investment project(s), working capital and/or acquisition.

Pursuant to Section 85 of the Act read together with Clause 17 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other securities. Should the existing shareholders of the Company approve the proposed Ordinary Resolution 6, they are waiving their pre-emptive rights pursuant to Section 85(1) of the Act, which then would allow the Directors to issue new shares to any person without having to offer the said new shares equally to all existing shareholders of the Company prior to issuance. This will result in a dilution to the shareholding percentage of the existing shareholders of the Company.

### (e) Ordinary Resolution 7 - Proposed New Shareholders' Mandate

The proposed Ordinary Resolution 7, if passed, will enable the Company and its subsidiaries to enter into the recurrent related party transactions without the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Company or adversely affecting the business opportunities available to the Company.

This authority, unless revoked or varied at a general meeting of the Company, will expire at the conclusion of the next AGM of the Company.

The details of the proposed Ordinary Resolution are also set out in Part A of the Circular to the Shareholders of the Company dated 28 April 2025.

### (f) Ordinary Resolution 8 - Proposed Renewal of Share Buy-Back Authority

This proposed Ordinary Resolution 8, if passed, will empower the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next AGM of the Company. Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Statement to Shareholders which is dispatched together with the Notice of 11th AGM.

## NOTICE OF 11<sup>TH</sup> ANNUAL GENERAL MEETING (CONT'D)

### Notes :-

1. For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 11 June 2025. Only a member whose name appears on this Record of Depositors shall be entitled to attend in this 11th AGM.
2. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
3. The Proxy Form must be deposited at the Share Registrar's office at Mega Corporate Services Sdn. Bhd. of Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to mega-sharereg@megacorp.com.my, not less than 48 hours before the time set for the meeting or any adjournment thereof.
4. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

# STATEMENT ACCOMPANYING NOTICE OF ELEVENTH (11<sup>TH</sup>) ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27 (2) OF MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

1. Pursuant to the Company's Constitution the following Directors are standing for re-election at the 11th AGM of the Company:-
  - (a) Pn. Maznida Binti Mokhtar (Clause 115)
  - (b) Dr. Gunasegaran Muthusamy (Clause 120)
  - (c) Pn. Wan Fatimah Suriani Binti Ibrahim (Clause 120)
2. No individual is standing for election as a Director at the forthcoming 11th AGM of the Company other than the Directors seeking for re-election as a Director at the 11th AGM.
3. The profiles of the Directors who are standing for re-election at the 11th AGM are set out in the Company's Annual Report 2024.
4. The Company will seek shareholders' approval on the general meeting to allot and issue shares. Please refer to the proposed Ordinary Resolution 6 as stated in the Notice of the 11th AGM of the Company for further details.



# PROXY FORM

**QES GROUP BERHAD**  
Registration No. 201401042911 (1119086-U)  
(Incorporated in Malaysia)

I/We .....  
(FULL NAME AS PER NRIC / CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

Company No./NRIC No. (new) ..... (old) .....

of .....  
(FULL ADDRESS)

being a member(s) of QES GROUP BERHAD hereby appoint:

Name	Email Address	Mobile No.	NRIC/Passport
<b>*And/or failing him/her (delete as appropriate)</b>			

or failing him/her, the Chairman of the Meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the 11th Annual General Meeting ("AGM") of the Company to be held at Ballroom III, Tropicana Golf & Country Club, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor on Wednesday, 18 June 2025 at 10.00 a.m. or at any adjournment thereof (\*Strike out whichever is not desired\*)

The proportions of my/our holdings to be represented by my/our proxy(ies) are as follows:-

Proxy 1	%
Proxy 2	%
	<u>100 %</u>

(Should you desire to direct your proxy as to how to vote on the Resolutions set out in the Notice of Meeting, please indicate an "X" in the appropriate space. Unless otherwise instructed, the proxy may vote or abstain from voting at his discretion.)

NO	RESOLUTIONS	FOR	AGAINST
1.	Ordinary Resolution 1 – To approve the payment of Directors’ fees of Non-Executive Directors		
2.	Ordinary Resolution 2 – Re-election of Pn. Maznida Binti Mokhtar as Director		
3.	Ordinary Resolution 3 – Re-election of Dr. Gunasegaran Muthusamy as Director		
4.	Ordinary Resolution 4 – Re-election of Pn. Wan Fatimah Suriani Binti Ibrahim as Director		
5.	Ordinary Resolution 5 – To re-appoint Messrs. KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
6.	Ordinary Resolution 6 – Authority to allot and issue shares		
7.	Ordinary Resolution 7 – Proposed New Shareholders’ Mandate		
8.	Ordinary Resolution 8 – Proposed Renewal of Share Buy-Back Authority		

Signed this ..... day of ..... 2025

No. of shares held:	
CDS Account No.:	
Tel No. (during office hours):	

.....  
Signature/Common Seal of Member(s)

### Notes :-

- For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 11 June 2025. Only a member whose name appears on this Record of Depositors shall be entitled to attend in this 11th AGM.
- A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
- The Proxy Form must be deposited at the Share Registrar’s office at Mega Corporate Services Sdn. Bhd. of Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to mega-sharereg@megacorp.com.my, not less than 48 hours before the time set for the meeting or any adjournment thereof.
- A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
- Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.



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AFFIX  
STAMP

Share Registrar  
**Mega Corporate Services Sdn Bhd**  
Level 15-2, Bangunan Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur

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**QES Group Berhad**

201401042911 (1119086-U)

No. 2, Jalan Jururancang U1/21, Hicom-Glenmarie Industrial Park, Seksyen U1  
40150 Shah Alam, Selangor Darul Ehsan, Malaysia

T : +603 5882 6668

[investor.relations@qesnet.com](mailto:investor.relations@qesnet.com)

[www.qesnet.com](http://www.qesnet.com)