



**Cabnet Holdings Berhad**  
(Registration No: 201401045803 (1121987-D))

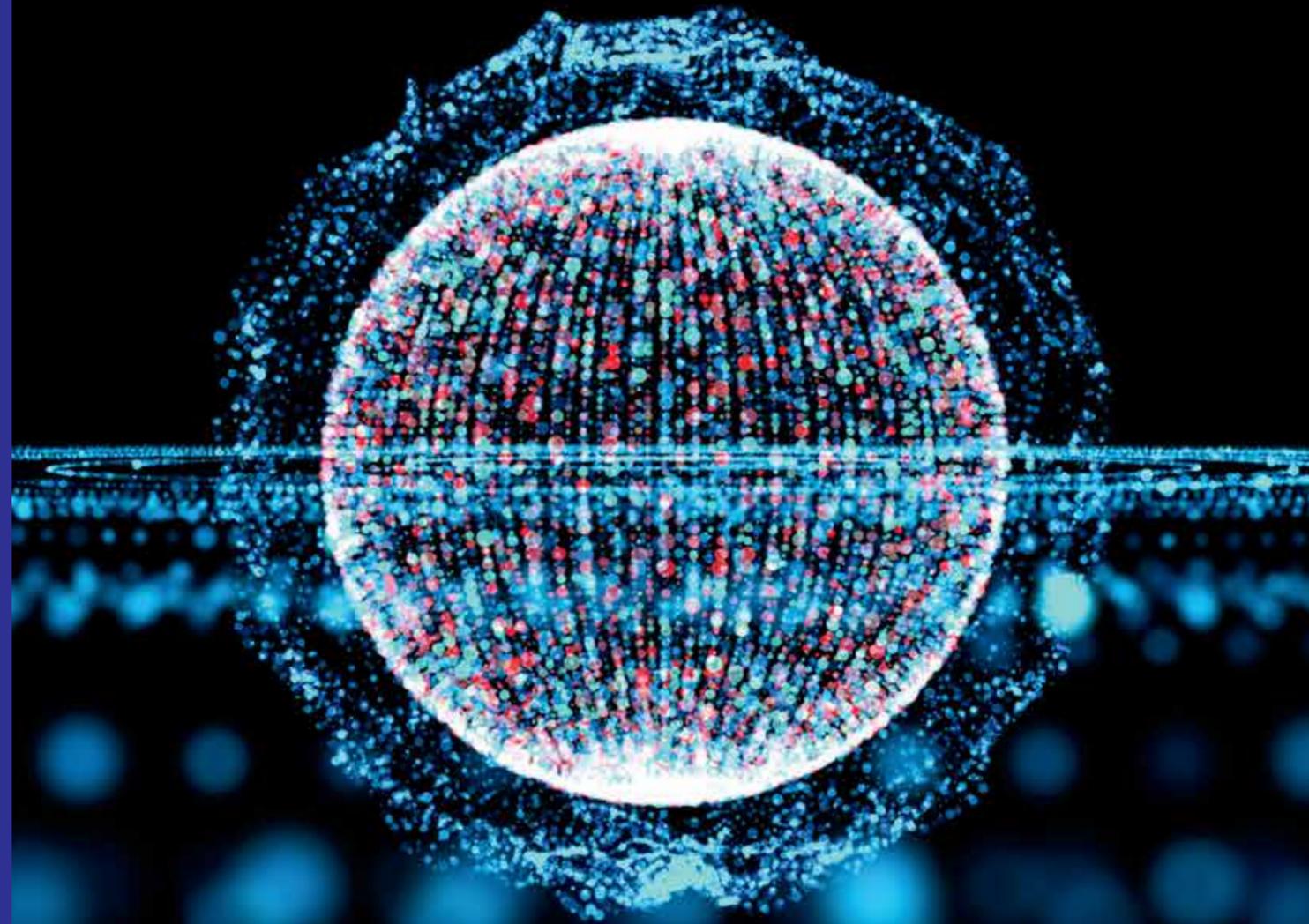
No.18 (PLO 184) Jalan Angkasa Mas 6,  
Kawasan Perindustrian Tebrau II, 81100 Johor Bahru, Johor.  
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[www.cabnet.asia](http://www.cabnet.asia)

Cabnet Holdings Berhad (Registration No: 201401045803 (1121987-D))

Annual Report 2024



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(Registration No: 201401045803 (1121987-D))



**ANNUAL REPORT 2024**

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

<b>Datuk Tan Kok Hong @ Tan Yi Dato' Jeffrey Lai Jiun Jye</b>	<i>Chairman, Independent Non-Executive Director</i>
<b>Mr. Yong Thiam Yuen</b>	<i>Chief Executive Officer, Executive Director</i>
<b>Mr. Tay Hong Sing</b>	<i>Deputy Chief Executive Officer, Executive Director</i>
<b>Mr. Abdul Mutalib Bin Idris</b>	<i>Executive Director</i>
<b>Mr. Vincent Wong Soon Choy</b>	<i>Senior Independent Non-Executive Director</i>
<b>Ms. Meachery Jo-anne Joseph</b>	<i>Independent Non-Executive Director</i>
<b>Mr. Tjong Chia Huie</b>	<i>Independent Non-Executive Director</i>



## AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Vincent Wong Soon Choy  
*Chairman*  
Mr. Abdul Mutalib Bin Idris  
*Member*  
Ms. Meachery Jo-anne Joseph  
*Member*

## NOMINATION COMMITTEE

Mr. Abdul Mutalib Bin Idris  
*Chairman*  
Ms. Meachery Jo-anne Joseph  
*Member*  
Mr. Vincent Wong Soon Choy  
*Member*

## REMUNERATION COMMITTEE

Ms. Meachery Jo-anne Joseph  
*Chairman*  
Mr. Abdul Mutalib Bin Idris  
*Member*  
Mr. Vincent Wong Soon Choy  
*Member*

## PRINCIPAL PLACE OF BUSINESS

No.18 (PLO 184) Jalan Angkasa Mas 6,  
Kawasan Perindustrian Tebrau II,  
81100 Johor Bahru, Johor  
Tel : +607-353 9008  
Fax : +607-353 0146  
Website : [www.cabnet.asia](http://www.cabnet.asia)  
Email : [info@cabnet.asia](mailto:info@cabnet.asia)

## COMPANY SECRETARIES

Mr. Lee Wee Hee (MAICSA 0773340)  
Practicing Certificate No. 201908004010  
Ms. Joy Lim Xie Ru Yi (MAICSA 7065780)  
Practicing Certificate No. 201908004060  
Ms. Irene Juay Yee Luan (MAICSA 7057249)  
Practicing Certificate No. 202008001193

## REGISTERED OFFICE

Suite 5.11 & 5.12, 5<sup>th</sup> floor, Menara TJB,  
No. 9, Jalan Syed Mohd. Mufti,  
80000 Johor Bahru, Johor, Malaysia.  
Tel : +607-224 2823  
Email : [plc@cisgroup93.com](mailto:plc@cisgroup93.com)

## SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd  
Registration No. 197101000970 (11324-H)  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite,  
Avenue 3, Bangsar South,  
No. 8 Jalan Kerinchi,  
59200 Kuala Lumpur.  
Tel : +603-2783 9299  
Fax : +603-2783 9222  
Website : [www.tricorglobal.com](http://www.tricorglobal.com)  
Email : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

## AUDITORS

UHY (AF 1411)  
Suite 11.05, Level 11  
The Gardens South Tower  
Mid Valley City Lingkaran Syed Putra  
59200 Kuala Lumpur.  
Tel : +603-2279 3088  
Fax : +603-2279 3099

## PRINCIPAL BANKERS

AmBank (M) Berhad  
Al Rajhi Banking & Investment Corporation  
(Malaysia) Berhad  
Alliance Bank Malaysia Berhad

## SUBSIDIARY COMPANIES

**Cabnet Systems (M) Sdn Bhd**  
Registration No. 199501025860 (355065-V)  
**Cabnet M&E Sdn Bhd**  
Registration No. 199901018616 (493516-P)  
**ITWin Technology Sdn Bhd**  
Registration No. 199801002273 (458399-K)  
**Ampligix Technology Sdn Bhd**  
Registration No. 201801019811 (1281830-T)  
**CES Integration Sdn Bhd**  
Registration No. 202201014095 (1459792-V)  
**Cabnet Globe Pte Ltd**  
Unique Entity No. 202035376D

## STOCK EXCHANGE LISTING

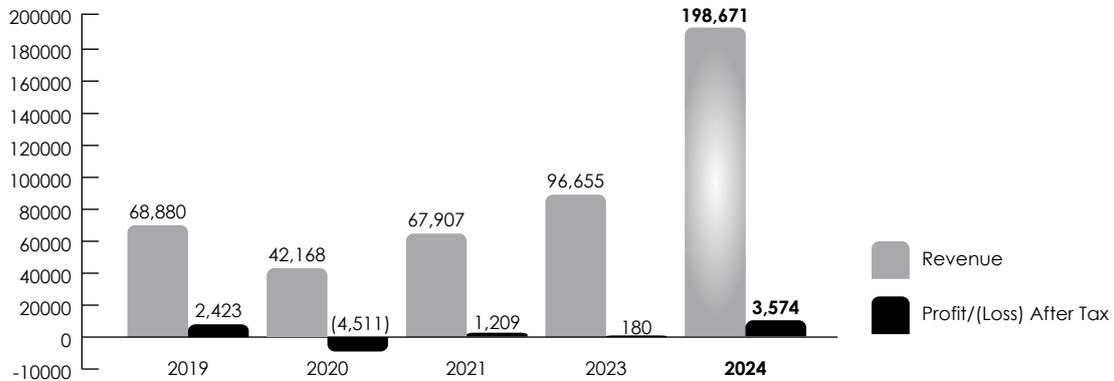
ACE Market of Bursa Malaysia Securities Berhad  
Stock Code : 0191  
Stock Name : CABNET

# GROUP FINANCIAL HIGHLIGHTS

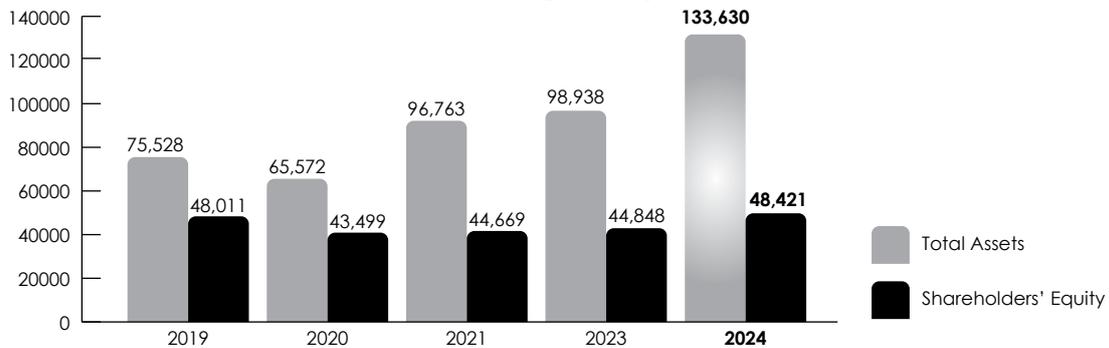
	FYE 2019	FYE 2020	FYE 2021	FPE 2023	FYE 2024
<b>GROUP FINANCIAL RESULTS (RM'000)</b>					
Revenue	68,880	42,168	67,907	96,655	198,671
Profit/(Loss) before tax	3,840	(4,761)	1,959	607	5,734
Profit/(Loss) after tax	2,423	(4,511)	1,209	180	3,574
Net profit/(loss) attributable to owners of the Company	2,422	(4,512)	1,211	180	3,574
<b>GROUP FINANCIAL POSITION (RM'000)</b>					
Total assets	75,528	65,572	96,763	98,938	133,630
Total cash, bank balances, fixed deposits with licensed banks and short-term investment	12,979	8,277	8,942	14,177	18,634
Total borrowings	9,602	9,296	16,260	16,775	15,862
Share capital	27,679	27,679	27,679	27,679	27,679
Equity attributable to owners of the Company	48,011	43,499	44,669	44,848	48,421
<b>KEY FINANCIAL STATISTICS/ INDICATORS</b>					
Basic earnings/(loss) per share (sen)	1.35	(2.52)	0.68	0.10	2.00
Net dividend per share (sen)	-	-	-	-	-
Net assets per share attributable to ordinary holders of the Company (RM)	0.27	0.24	0.25	0.25	0.27
Return on shareholders' equity (%)	5.04	(10.37)	2.71	0.40	7.38
Gearing ratio (times)	0.20	0.21	0.36	0.37	0.33
Share price					
- High (RM)	0.325	0.360	0.375	0.275	0.325
- Low (RM)	0.180	0.110	0.230	0.195	0.190

# GROUP FINANCIAL HIGHLIGHTS (CONT'D)

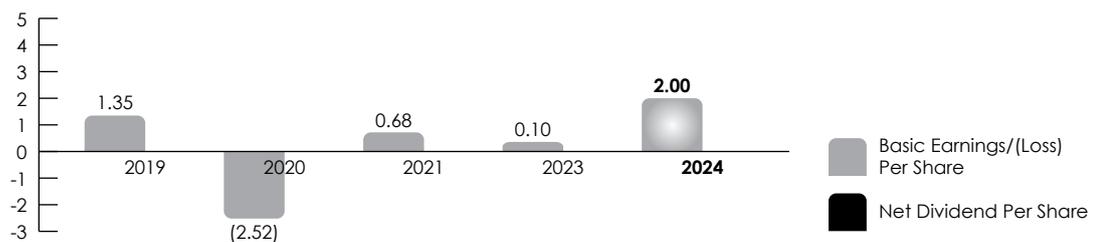
## REVENUE AND PROFIT/(LOSS) AFTER TAX (RM'000)



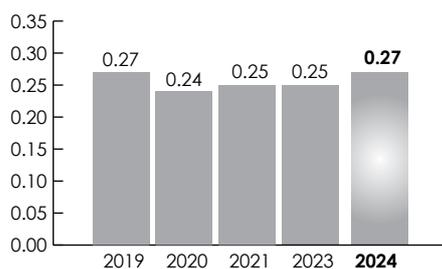
## TOTAL ASSETS AND SHAREHOLDERS' EQUITY (RM'000)



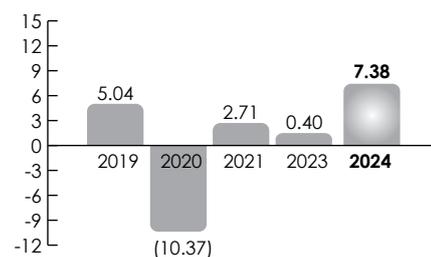
## BASIC EARNINGS/(LOSS) PER SHARE AND NET DIVIDEND PER SHARE (Sen)



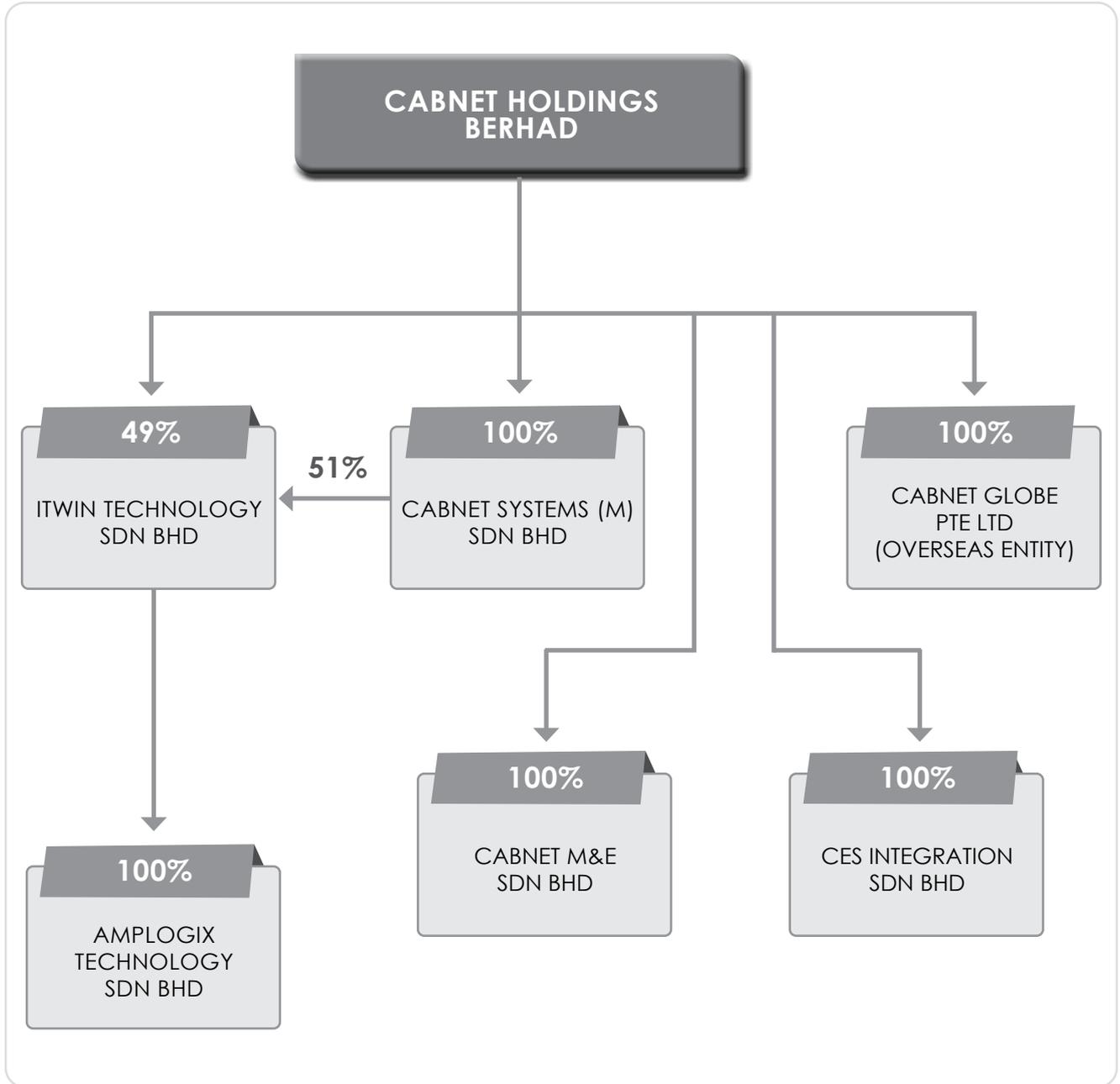
## NET ASSETS PER SHARE RM



## RETURN ON SHAREHOLDERS' EQUITY %



# CORPORATE STRUCTURE



# PROFILE OF DIRECTORS

## Datuk Tan Kok Hong @ Tan Yi

Nationality: Malaysian

Gender: Male

Aged: 72

Datuk Tan Kok Hong @ Tan Yi is our Independent Non-Executive Chairman. He was appointed to our Board on 14 September 2015.

He obtained his Bachelor of Law (Honours) degree from the University of Buckingham, United Kingdom in 1983 and his Barrister-At-Law degree from the Inns of Court School of Law, Council for the Legal Education and subsequently was called to Lincoln's Inn in 1984.

He started his career in 1976 with the Royal Malaysian Police and later left the Royal Malaysia Police in 1985. Subsequently, he commenced his legal practice in a legal firm in 1985 and left in 2004. In 2004, he was appointed as the Johor State Executive Councillor as well as the Chairman of the Johor State Committee for International Trade and Industry, Energy, Water and Communications, a post that he held until May 2013. He had been elected as a Johor State Assemblyman representing the Bekok constituency since 1995 until 2013.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest or potential conflict of interest with the Company and the Group that may arise. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He directly holds 343,750 ordinary shares in the Company.

He attended all the five (5) Board of Directors' Meetings held during the financial year ended 29 February 2024.

# PROFILE OF DIRECTORS (CONT'D)

## Dato' Jeffrey Lai Jiun Jye

Nationality: Malaysian

Gender: Male

Aged: 44

Dato' Jeffrey Lai Jiun Jye is our Executive Director/ Chief Executive Officer of our Group. He was appointed to the Board on 3 September 2019 and subsequently redesignated from Deputy Chief Executive Officer to Chief Executive Officer on 1 June 2022.

Dato' Jeffrey Lai graduated from Lincoln University, New Zealand with a Bachelor of Commerce and Management. Upon graduation in 2000, he took on the role of Director at JB Paper Carton Sdn Bhd and JBP Packaging and Hardware Enterprise.

From 2014 onwards, Dato' Jeffrey Lai had been appointed as the Executive Director of Kuopacific Malaysia Sdn Bhd. The company's portfolio encompasses Building Management Solutions, M&E Engineering, ELV Solutions, ICT Solutions, Data Center Solutions, Education, Property Investment and Development, Retail Mall Management, Medical, Food & Beverages, Waste Management and Agriculture.

Dato' Jeffrey Lai also holds the positions of Director and Chief Executive Officer at Paragon Private and International School in Johor Bahru, Malaysia. The school was honored for The Best Performance in a newly established school by Lang International Corporate Titan Awards in 2018 as well as two prestigious awards in the Parents' Choice Awards 2023 (Best Private School in Johor (National Curriculum) and Best International School in Johor (Cambridge Curriculum)). Dato' Jeffrey Lai was also awarded with the Best Intelligent Figures Brands Award 2021 (Top15) by China Press and National Consumer Action Council (MTPN).

In the preschool sector, he is the Managing Director of MindChamps Preschool Malaysia, which had received the following awards: -

- BabyTalk Mama Papa Reader's Choice Award for three consecutive years; and
- Best Kindergarten Center and Best Preschool Programme by the Parent's Choice Awards from Parenthood Magazine Malaysia for two consecutive years.

He is also actively involved with the Associated Chinese Chambers of Commerce and Industry of Malaysia and held various positions. Currently he is the Vice Chairman of Young Entrepreneurs Committee cum Acting Vice President of The Associated Chinese Chambers of Commerce and Industry of Malaysia, the President of Johor Associated Chinese Chambers of Commerce and Industry and the President of Johor Bahru Chinese Chambers of Commerce and Industry.

As the Executive Director / Chief Executive Officer of our Group, he is responsible in running the day-to-day operations of the Group as well as involved in the business planning of our Group.

He is currently a Non-Independent Non-Executive Director and a member of the Remuneration Committee and Nomination Committee of Paragon Globe Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

Dato' Jeffrey Lai had furnished a list of companies in which he is a Director or have interest in.

These companies have/may have potential business relationships with the Cabnet Group of Companies in the ordinary course of business. Dato' Jeffrey Lai will abstain from all/any decisions and deliberations which involves these companies and the provisions under Chapter 10 of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") in respect of Related Party Transactions and/or Recurrent Related Party Transactions will be strictly adhere to.

Other than disclosed, he does not have any conflict of interest or potential conflict of interest with the Company and the Group.

He has no family relationship with any directors and/ or major shareholders of the Company. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He does not hold any shares in the Company.

He attended all the five (5) Board of Directors' Meetings held during the financial year ended 29 February 2024.

# PROFILE OF DIRECTORS (CONT'D)

## Yong Thiam Yuen

Nationality: Malaysian

Gender: Male

Aged: 49

Yong Thiam Yuen is the Executive Director/ Deputy Chief Executive Officer of our Group. He was appointed to the Board on 30 November 2017 and subsequently redesignated from Chief Operating Officer to Deputy Chief Executive Officer on 1 June 2022.

In 1997, he graduated from The Nottingham Trent University, United Kingdom with a Bachelor of Engineering (Honours) in Electrical and Electronic Engineering.

He joined Cabnet Systems (M) Sdn Bhd in 2015 as Chief Operating Officer. He later assumed his present role as Deputy Chief Executive Officer where he is responsible to drive business growth for our Group. Prior to that, he was working for more than 20 years in both local and multinational companies. His experiences in engineering field of building technologies include a variety of management roles and business unit leadership assignments in Sales, Operations and Project.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest or potential conflict of interest with the Company and the Group that may arise. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He directly holds 742,275 ordinary shares in the Company.

He attended all the five (5) Board of Directors' Meetings held during the financial year ended 29 February 2024.

## Tay Hong Sing

Nationality: Malaysian

Gender: Male

Aged: 60

Tay Hong Sing is Executive Director of our Group. He was appointed to the Board on 14 September 2015. He has been the Chief Executive Officer of the Group since Cabnet Holdings Berhad listing but subsequently steps down from the Chief Executive Officer position on 1 June 2022 to be the Executive Director.

In 1988, he graduated with a Diploma in Mechanical and Automotive Engineering from Tunku Abdul Rahman College, Malaysia.

He began his career in 1988 as an Industrial Engineer in a public company to design the production flow process which entails the customisation of production process and design of the fixture and tools for the production until he left in 1991. Subsequently, he joined another company in 1991 as a technician and was later promoted to Technical Sales Engineer in 1992 to provide advice on the design of server based on customers' specified requirements. During his employment, he gained exposure in structured cabling whereby he was involved in providing network solution to customers to integrate the server with structured cabling and switches. Subsequent to his departure in 1995, he founded Cabnet Systems (M) Sdn Bhd with his co-founders in 1995.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest or potential conflict of interest with the Company and the Group that may arise. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He directly holds 18,333,850 ordinary shares in the Company.

He attended all the five (5) Board of Directors' Meetings held during the financial year ended 29 February 2024.

# PROFILE OF DIRECTORS (CONT'D)

## Abdul Mutalib Bin Idris

Nationality: Malaysian

Gender: Male

Aged: 64

Abdul Mutalib Bin Idris was appointed to our Board as Independent Non-Executive Director on 20 March 2018 and subsequently identified by the Board as Senior Independent Non-Executive Director on 25 February 2019. He is the Chairman of the Nomination Committee and a member of the Audit and Risk Management Committee and Remuneration Committee.

He obtained his Bachelor of Science in Business Administration (Econ-Fin) from University of Tennessee, United States of America in 1987 and Master in Business Administration (Purchasing & Materials Management) from Arizona State University, United States of America in 1992.

He joined UMW Oil & Gas Corporation Berhad in 2012 as Head of Oilfield Services Division and was later re-designated as Head of Corporate Transformation Services in 2016. He left the company in February 2018. Prior to UMW Oil & Gas Corporation Berhad, he had more than 26 years of experience covering procurement, logistics, business developments, corporate management and corporate transformation within the Malaysian oil & gas industry.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest or potential conflict of interest with the Company and the Group that may arise. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year

He does not hold any shares in the Company.

He attended all the five (5) Board of Directors' Meetings held during the financial year ended 29 February 2024.

## Vincent Wong Soon Choy

Nationality: Malaysian

Gender: Male

Aged: 55

Vincent Wong Soon Choy is our Independent Non-Executive Director. He was appointed to our Board on 9 April 2019. He is the Chairman of the Audit and Risk Management Committee and a member of Nomination Committee and Remuneration Committee.

He graduated from Flinders University of South Australia, Adelaide, Australia with a Bachelor of Commerce Degree majoring in Accountancy and minor in Internal Audit in year 1994. He is also a member of Malaysia Institute of Accountants (MIA) and a member of Certified Practising Accountants (CPA) Australia.

His vast working experience with exposure to corporate finance, auditing, compliance, tax planning, group accounts, corporate governance, corporate planning and restructuring garnered from his previous employment positions held including as Head of Operation for a leading stock broking company, Group Accountant for a public listed company, Group Financial Controller for a property development group and auditing experience with a big four audit firm.

He is currently an Independent Non-Executive Director, Chairman of Audit Committee and Remuneration Committee and a member of Nomination Committee and Risk Committee of Kia Lim Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. He is also an Executive Director and Chief Financial Officer of UUE Holdings Berhad, a public company.

He has no family relationship with any directors and/ or major shareholders of the Company and does not have any conflict of interest or potential conflict of interest with the Company and the Group that may arise. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He does not hold any shares in the Company.

He attended all the five (5) Board of Directors' Meetings held during the financial year ended 29 February 2024.

# PROFILE OF DIRECTORS (CONT'D)

## Meachery Jo-anne Joseph

Nationality: Malaysian

Gender: Female

Aged: 54

Meachery Jo-Anne Joseph is our Independent Non-Executive Director. She was appointed to our Board on 20 March 2018. She is the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee and Nomination Committee.

She obtained her Bachelor of Law (Honours) degree from the University of London, United Kingdom in 1993 and her Certificate in Legal Practice (CLP) in 1995.

She is the partner of a legal firm located in Johor Bahru. Prior to the current firm, she was working for more than 10 years in legal firms. Her vast experience in the last 27 years of continuous legal practice include litigation (civil and commercial), corporate advisory, shipping and maritime litigation and conveyancing.

She does not hold any directorship in any other public company and other listed corporation.

Ms Meachery Jo-Anne Joseph had furnished a list of companies in which she is a Director or have interest in.

These companies have/may have potential business relationships with the Cabnet Group of Companies in the ordinary course of business. Ms Meachery Jo-Anne Joseph will abstain from all/any decisions and deliberations which involves these companies and the provisions under Chapter 10 of the AMLR of Bursa Securities in respect of Related Party Transactions and/or Recurrent Related Party Transactions will be strictly adhere to.

Other than disclosed, she does not have any conflict of interest or potential conflict of interest with the Company and the Group.

She has no family relationship with any directors and/or major shareholders of the Company. She has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

She does not hold any shares in the Company.

She attended four (4) out of five (5) Board of Directors' Meetings held during the financial year ended 29 February 2024.

## Tjong Chia Huie

Nationality: Indonesian

Gender: Male

Aged: 44

Tjong Chia Huie is our Non-Independent Non-Executive Director. He was appointed to our Board on 26 June 2020.

In year 2003, he obtained his degree of Bachelor of Business from University of Technology, Sydney, Australia.

He is an experienced business executive and is currently a Director/ President Director/ Commissioner/ President Commissioner of various private companies incorporated in Indonesia, involved in a wide range of business such as provision of car rental services to private and government agencies, cement and building materials distributor, trucking and transportation service, warehousing, pre-school education and etc.

He is responsible and involved in the day-to-day management and running of the business in Indonesia with particular emphasis on sales and business development as well as the well-being and growth of these businesses.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest or potential conflict of interest with the Company and the Group that may arise. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He does not hold any shares in the Company.

He attended all the five (5) Board of Directors' Meetings held during the financial year ended 29 February 2024.

# PROFILE OF KEY SENIOR MANAGEMENT

## Tan Ying Meng

Nationality: Malaysian

Gender: Male

Aged: 54

Tan Ying Meng is the Chief Technology Officer of our Group since September 2015 and also the Executive Director of one of the subsidiary company, ITWIN Technology Sdn Bhd since 2006.

In 1993, he graduated from National Taiwan University, Taiwan with a Bachelor of Science in Electrical Engineering. He has more than 27 years of working experiences in areas of system virtualisation, enterprise storage, network security, Local Area Network (LAN)/ Wide Area Network (WAN) connectivity and messaging systems.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest or potential conflict of interest with the Company and the Group that may arise. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He does not hold any shares in the Company.

## Seow Zhen You

Nationality: Malaysian

Gender: Male

Aged: 33

Seow Zhen You is the Group Finance Manager of our Group since 1 September 2019.

He obtained his Bachelor of Accounting (Honours) from Sheffield Hallam University, England and Advanced Diploma in Commerce of Financial Accounting from Tunku Abdul Rahman University College in 2013. He is a member of Malaysian Institute of Accountants (MIA) and The Association of Chartered Certified Accountants (ACCA) Malaysia.

He started his career as an audit assistant with a public accounting firm in Johor Bahru since January 2014 and was promoted as senior audit assistant in October 2016. He has over 3 years of relevant experience in audit matters and served clients of various type of companies including public listed companies. In July 2017, Mr Seow joined a subsidiary company of a public company listed in Main Market of Bursa Malaysia as an assistant accountant before he joined the Company as the Group Finance Manager.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest or potential conflict of interest with the Company and the Group that may arise. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He does not hold any shares in the Company.

## Koh Thain Lin

Nationality: Malaysian

Gender: Male

Aged: 50

Koh Thain Lin is the Head of Business Development of our Group since September 2015 and an Executive Director of one of the subsidiary companies, ITWIN Technology Sdn Bhd since 2008. Mr. Koh was also appointed as Executive Director of subsidiary company, Amplogix Technology Sdn Bhd on 31 May 2018.

He obtained his Diploma in Computer Studies from Cambridge College, United Kingdom and National Computing Center, United Kingdom in 1994 and Bachelor of Computer Science from the University of Portsmouth, United Kingdom via a distant learning programme in 2007. He has more than 24 years of working experience in areas of sales and marketing, management of network infrastructure and project management.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest or potential conflict of interest with the Company and the Group that may arise. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

### Sim Yian Fei

Nationality: Malaysian

Gender: Male

Aged: 51

Sim Yian Fei is the Head of Extra Low Voltage ("ELV") Systems of our Group. He joined Cabnet Systems (M) Sdn Bhd in 2004 as Assistant Manager and rose through the ranks before being appointed as General Manager in 2014 heading the ELV solutions department (now known as ELV systems division). He later assumed the position of the Head of ELV Systems of our Group in September 2015. He was appointed as Executive Director of one of the subsidiary companies, Cabnet Systems (M) Sdn Bhd on 1 February 2019.

He obtained his Diploma in Computer Science from Southern College, Malaysia in 1995. He has more than 26 years of working experience in areas of computer, hardware and server related matters, sales and marketing, project management and ELV solutions systems.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest or potential conflict of interest with the Company and the Group that may arise. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

### Kong Tze Senn

Nationality: Malaysian

Gender: Male

Aged: 53

Kong Tze Senn is the Head of Structured Cabling Works of our Group. He joined Cabnet Systems (M) Sdn Bhd in 2003 as Project Executive and rose through the ranks before being appointed as the Head of Information and Communication Technology ("ICT") Solutions (now known as structured cabling division) in 2014. He later assumed the position of the Head of Structured Cabling Works of our Group in September 2015.

In 1991, he obtained his certification for proficiency in Book Keeping and Account, Business Statistics and Advanced Business Calculations from the London Chamber of Commerce and Industry. He has more than 30 years of experience in areas of sales and marketing, ICT hardware and software, structured cabling works and project management.

He does not hold any directorship in any other public company and other listed corporation.

He has no family relationship with any directors and/or major shareholders of the Company and does not have any conflict of interest or potential conflict of interest with the Company and the Group that may arise. He has had no convictions for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. OVERVIEW OF BUSINESS AND OPERATIONS, OBJECTIVES AND STRATEGIES

The Group's core business and operations remain unchanged during the financial year, which is the provision of mechanical and engineering services as well as building management solutions. The details of the respective company principal activities are disclosed in Note 7 of the financial statements at page 88.

As at the end of financial year under review, the Group consists of 6 wholly owned subsidiaries, where 5 subsidiaries were incorporated locally in Malaysia and 1 subsidiary was incorporated overseas in Singapore. Our group's business activities remained primarily in Malaysia during Financial Year Ended 29 February 2024 ("FYE 2024").

Our Group's objective and strategies stay the same, which is to focus on its core business and actively participate in new opportunities arising from the development of Malaysia market landscape. We believe that these new development in Malaysia and the continuous investment flow into Malaysia market shall create opportunities and demand for the Group's services.

In FYE 2024, our Group reported a record higher of revenue at RM198.67 million and highest Profit Before Tax ("PBT") of RM5.73 million for the past 5 years. This was largely attributable to the progress achievement from a mega construction contract secured by a subsidiary, namely Cabnet M&E Sdn Bhd ("CME") back in November 2022. As a result, the Group's Earnings Per Share ("EPS") improved to 2.00 sen for FYE 2024 with Profit After Tax ("PAT") reported at RM3.57 million.

## 2. REVIEW OF FINANCIAL RESULTS

GROUP FINANCIAL RESULTS	FYE2024 RM'000	FPE2023 RM'000
Revenue	198,671	96,655
PBT	5,734	607
Income tax expense	(2,160)	(427)
PAT	3,574	180
Earnings before interest, taxes and amortization ("EBITA")	9,256	4,651
Net profit attributable to owner of the Company	3,574	180
Basic EPS (sen)	2.00	0.10

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## 2. REVIEW OF FINANCIAL RESULTS (cont'd)

Our Group's revenue increased by RM102.02 million or 105.55% to RM198.67 million for FYE 2024 (Financial Period Ended ("FPE") 2023: RM96.66 million), primarily driven by higher revenue contribution from construction contract activities, which recorded RM172.78 million or 86.97% of our Group's total revenue for FYE 2024 (FPE 2023: RM60.05 million or 62.13%). The breakdown of the revenue for the respective reporting periods are as below: -

	FYE2024 RM'000	FPE2023 RM'000	Variance	
			RM'000	%
Construction contracts	172,779	60,049	112,730	187.73
Sales of goods and services	25,892	36,606	(10,714)	(29.27)
Total	198,671	96,655	102,016	105.55

Increase of revenue from construction contract activities was mainly attributed to the progress achievement from a mega construction contract secured by CME back in November 2022.

Our Group's PBT rose to RM5.73 million for FYE 2024, representing an increase of RM5.12 million or 839.34% (FPE 2023: RM0.61 million). This increase was primarily attributable to the higher revenue and other income coupled with lower administrative expenses and impairment loss provision recorded for FYE 2024. On the other side, the Group's FYE 2024 EBITA has increased by RM4.61 million to RM9.26 million (FPE 2023: RM4.65 million) mainly due to increase of PBT.

With the Group reporting higher PAT of RM3.57 million (FPE 2023: RM0.18 million), the Group's EPS improve to 2.00 sen for FYE 2024 (FPE 2023: 0.10 sen).

### GROUP FINANCIAL POSITION (RM'000)

	FYE2024	FPE2023
Total assets	133,630	98,938
Total cash, bank balances, fixed deposits with licensed banks and short-term investment	18,634	14,177
Gearing ratio (times)	0.33	0.37
Equity attributable to the owners of the Company	48,421	44,848
Net assets per share attributable to ordinary holders of the Company (RM)	0.27	0.25

Our Group's total Assets increased by RM34.69 million or 35.06% to RM133.63 million in FYE 2024, mainly due to an increase in trade receivables which was primarily in line with the growth of revenue. Nonetheless, our Group's trade receivables (including retention sum) turnover period remained about the same at 133 days for FYE2024 (FPE 2023: 129 days).

As at the end of FYE 2024, the cash and cash equivalents of the Group increased to RM18.63 million, with RM5.44 million (FPE 2023: RM4.46 million) in fixed deposits pledged to financial institutions, RM0.47 million (FPE 2023: RM0.55 million) in short-term investments and RM12.72 million (FPE 2023: RM9.17 million) in cash and bank balances. The increase of cash and cash equivalents was primarily due to internally generated funds from our business growth in FYE 2024. Meanwhile, our Group had made the last tranche payment of deferred consideration related to the acquisition of CME amounting to RM3.17 million according to agreed terms and conditions during FYE 2024.

Our Group's total liabilities increased by RM31.12 million or 57.53%, mainly due to higher trade payables reported for FYE 2024 at RM48.20 million (FPE 2023: RM16.58 million) which was in line with turnover increase. Total borrowings from financial institutions as at FYE 2024 reduced slightly by RM0.92 million to RM15.86 million (FPE 2023: RM16.78 million) while gearing ratio was lower at 0.33 times (FPE 2023: 0.37 times). Reduction in borrowings was primarily due to settlement via internally generated funds during FYE 2024.

The net assets per share attributable to equity holders increased slightly to RM0.27 (FPE 2023: RM0.25) in view of the increase in our retained earnings arising from the net profits recorded for FYE 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## 3. REVIEW OF OPERATING ACTIVITIES

It has been an outstanding year for Cabnet Group with record high of revenue at RM198.67 million and highest PBT recorded at RM5.73 million for the past 5 years. This has been a collective effort of the whole Group and excellent result attained by the team members who were tasked to lead and deliver the mega project secured by CME in year 2022. This mega project has contributed RM125.95 million or 63.39% of the Group total revenue for FYE 2024.

The Group had also secured new contracts with total contract sum at RM16.41 million together with additional variation order works with estimated contract sum at RM52.28 million during FYE 2024. The new contracts are scheduled to be completed within 1 to 3 years. With the new contracts and variation order works secured, the Group's order book on hand stands at approximately RM106 million as at FYE 2024.

During the financial year under review, the Group had experienced prolongation of projects scheduled completion which were due to various factors. This had resulted in additional resources i.e., time and manpower required for the project completion and hence estimated higher cost of completion. Consequently, our Group's profit margin was affected. In view of this situation, the Group had escalated to the awarding party to negotiate for compensation, while closely monitoring its manpower planning to maintain productivity. Although projects scheduled completion are prolonged, the Group did not experience or incur any compound for liquidated damages as the date of this report.

On financial aspects, the Group had disposed 3 units of property with a book value of RM1.74 million for cash consideration of RM1.89 million during FYE 2024. This in line with the Group's strategy to divest its non-core assets and generate liquidity. However, the Group had increased its usage of short-term bank borrowings during the financial year to finance material procurement and project working capital, resulting in higher finance cost incurred.

## 4. ANTICIPATED OR KNOWN RISKS

Details of the anticipated or known risks are disclosed and set out in the Statement of Risk Management and Internal Control on pages 32 to 40 of this Annual Report.

## 5. DIVIDENDS

The Group had adopted a Dividend Policy to recommend and distribute a dividend of at least 30% of the annual profit after tax attributable to shareholders. This is to allow the shareholders to participate in our Group's profits.

However, after due consideration, the Board has not recommended the payment of any dividend for FYE 2024 in view of the need to retain adequate cash reserves to meet the working capital requirements for on-going project. The Board is adopting a prudent approach to reserve its resources for its working capital and to allow flexibility in its capital management. This is to provide safeguard to the Group against unforeseen circumstances and ensure its sustainability.

Our ability to pay dividends or make other distributions to our shareholders is subject to various factors, such as having profits and excess funds not required to be retained to fund our working capital requirements. Our Board will also take into consideration, among others, the following factors when recommending dividends: -

- i) the availability of adequate distributable reserves and cash flow;
- ii) operating cash flow requirements and financing commitments;
- iii) anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans;
- iv) any material impact of tax laws and other regulatory requirements;
- v) the prior approval from some bankers, if any; and
- vi) such other factors considered and deemed relevant by the Board.

The Board's Dividend Policy adopted merely reflects our Group's present intention and should not be viewed or construed as a legally binding statement in respect of our Group's future dividends which is subject to modification at the discretion of the Board.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## 6. FUTURE PROSPECTS

The Group is encouraged by the on-going developments in the Southern and Northern region of Peninsular Malaysia. Firstly, with the progress and expected completion of the Johor Bahru–Singapore Rapid Transit System ("RTS") project, there will be more investment and development in the Southern Region to build new apartments, setting up of factories and new data centres. The Group is of the opinion that it provides opportunity as it creates demand for the M&E, ELV and ICT services. Meanwhile, with the continuing expansion plan of semiconductor industry at Northern region, the Group is confident with its strategic positioning to capitalise on opportunities from this expansion trend.

Additionally, with the trend of moving toward digital transformation, we believe our Group will be in a position benefit from increased market demand to upgrade ICT infrastructure and system to enhance organisation cybersecurity as well as ensure ICT systems availability as part of business continuity planning during unplanned event. As such the Group will remain focused on its core business for the coming years and shall do its best in securing viable projects to create sustainable growth of order book and improve the Group's performance.

This statement was approved by the Board on 31 May 2024.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Cabnet Holdings Berhad ("Cabnet" or "the Company") is committed to ensure that the highest standards of corporate governance ("CG") is observed and practiced throughout the Company and its subsidiaries (collectively referred to as "the Group") as a fundamental part of discharging its duties and responsibilities in order to achieve the Group's long-term objectives, protect and enhance shareholder's value and safeguard the interests of stakeholders.

This statement is to provide shareholders and investors with an overview of the application of the Practices set out in the revised Malaysian Code on Corporate Governance issued by the Securities Commission of Malaysia ("SC") on 28 April 2021 ("MCCG") by the Company throughout the FYE 2024 and should be read together with the Corporate Governance Report 2024 ("CG Report") of the Company which provide the details on how the Company has applied each Practice.

The CG Report is available on the Company's website at [www.cabnet.asia](http://www.cabnet.asia) as well as an announcement on Bursa Securities website.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

The roles and responsibilities of the Board and Management, Chairman of the Board, Executive Directors, the Board Committees, Chief Executive Officer designate and the Individual Board members are set out in the Board Charter which is accessible through the Company's website at [www.cabnet.asia](http://www.cabnet.asia). The Board Charter was last reviewed and revised on 24 February 2022.

It is the primary governance responsibilities of the Board to lead and control the Group. The Board takes full responsibility for the oversight and overall performance of the Group and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The Board sets the strategic direction, ensuring that the necessary resources are in place for the Company and Group to meet its objectives and deliver sustainable performance. The Board is entrusted with the responsibility in leading and directing the Group towards achieving its strategic goals and realising long-term shareholders' values.

The Independent Non-Executive Directors are responsible for bringing independent judgement and scrutiny to decisions taken by the Board and providing objective challenges to Management. The Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group to ensure that they are capable of exercising judgement objectively and act in the best interest of the Group, its stakeholders and shareholders, including minority shareholders.

The Chief Executive Officer ("CEO") has the executive responsibility for the day-to-day operations of the Group's business and is responsible to implement the policies, strategies and decisions adopted by the Board. The CEO is further assisted by the Deputy Chief Executive Officer ("Deputy CEO") and Senior Executives of the Group to ensure proper focus and accountability.

The Board is headed by a Chairman who is an Independent Non-Executive Director with a wealth of experience garnered from both the public and private sector. The roles of the Independent Non-Executive Chairman is defined and set out in the Board Charter and is further explained in the CG Report.

The positions of the Chairman and the CEO are separately held ensuring balance of power, accountability and division of roles and responsibilities of the Board and the Management of the Group's business and operations. The Board has developed descriptions for responsibilities of the Board Chairman and CEO. The details of these responsibilities are articulated in the Board Charter.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### I. BOARD RESPONSIBILITIES (cont'd)

The Board is also assisted by several Board Committees, namely Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC") to assist in the execution of Board functions. The ARMC and Board are further assisted by the Risk Management Committee (a Management level Committee) playing a pivotal oversight function as delegated by the Board. These Committees ensure greater focus, objectivity and independence in the deliberation of specific board agenda. All committees have written terms of reference which is made available for reference at the Company's website at [www.cabnet.asia](http://www.cabnet.asia). These Committees are formed in order to enhance business and operational efficiency as well as efficacy. The Chairman of these respective committees would report to the Board during the Board meetings on significant matters and salient matters deliberated in the Committees.

Although the Board may delegate powers and responsibilities to these committees, the Board retains ultimate accountability for discharging its duties.

The Board is also responsible for ensuring the continuing success of the Group. The Board shall provide strategic leadership and business direction, management oversight as well as integration of sustainability consideration in the Group's corporate strategy, governance and decision-making, in order to achieve the Group's long-term objectives, add to shareholders' value and safeguard the interests of stakeholders.

The Board together with Management, takes responsibility for the Group's governance of sustainability, including setting the Group's sustainability strategies, priorities and targets and ensure that the current standing and the response of the sustainability matters of the Group remains relevant taking into consideration of sustainability risk including climate-related risks and opportunities.

The Board continuously upholds CG standards and values in the organisation and strives to lead by example in strengthening the competitiveness and investor confidence in the Group. For the discharge of its duties and responsibilities, the MCCG practices and guidances are embeded in the Terms of Reference of the respective Board Committees, the Board's Policies and the Board Charter which clearly delineates relevant matters including those reserved for the Board's approval, and those which the Board may delegate to the Board Committees, the CEO, the Executive Director ("ED")s and the Management.

The Board had revised the Terms of Reference of Audit and Risk Management Committee and adopted the Conflict of Interest Policy incorporated into the Code of Conduct and Business Ethics Policy on 1 June 2023 and 30 June 2023 respectively. In addition, the Board has also adopted a new Policy on Related Party Transaction and Recurrent Related Party Transaction by replacing the existing Policy in its entirety on 30 January 2024.

The Terms of References of Board's Committees and the following policies are available on the Company's website at [www.cabnet.asia](http://www.cabnet.asia):

- Board Corporate and Cybersecurity Disclosure Policy
- Board's Procedures for Appointment of Directors
- Code of Conduct and Business Ethics Policy
- Policy on Related Party Transaction and Recurrent Related Party Transaction
- Continuing Education Policy
- Dividend Policy
- Diversity Policy
- Remuneration Policy
- Stakeholders Communication Policy
- Whistle Blowing Policy
- Fit and Proper Person Policy
- Sustainability Policy

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### I. BOARD RESPONSIBILITIES (cont'd)

These policies will be reviewed and revised as and when appropriate.

The detail of the attendance record of the Directors at Board and Committee meetings during the FYE 2024 is set out below :-

Name of Director	Attendance			
	Board	ARMC	NC	RC
DATUK TAN KOK HONG @TAN YI <i>Independent Non-Executive Director/Chairman</i>	5/5	-	-	-
DATO' JEFFREY LAI JIUN JYE <i>Executive Director/ CEO</i>	5/5	-	-	-
YONG THIAM YUEN <i>Executive Director/ Deputy CEO</i>	5/5	-	-	-
TAY HONG SING <i>Executive Director</i>	5/5	-	-	-
ABDUL MUTALIB BIN IDRIS <i>Senior Independent Non-Executive Director</i>	5/5	5/5	1/1	1/1
MEACHERY JO-ANNE JOSEPH (F) <i>Independent Non-Executive Director</i>	4/5	4/5	1/1	1/1
VINCENT WONG SOON CHOY <i>Independent Non-Executive Director</i>	5/5	5/5	1/1	1/1
TJONG CHIA HUIE <i>Non-Independent Non-Executive Director</i>	5/5	-	-	-

The Board recognises that it is imperative that directors devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes and had adopted a Board Policy on Continuing Education to set forth the elements of continuing education for Board members in addition to the initial induction process to ensure that Board members maintain and update their skills and knowledge necessary to meet their obligations.

The Directors were encouraged to attend relevant training programmes/seminars/briefings to further enhance their skills and knowledge in the latest statutory and regulatory requirements as well as to keep abreast with the business development to assist them in discharging their duties as Directors.

Details of the Directors attendance of training programs/seminars/workshops/briefing during FYE 2024 are as follows:-

Date	Topic/ Organising Entity	Directors Attended
13&14.12.2023	Mandatory Accreditation Programme Part II : Leading for Impact	Dato' Jeffrey Lai Jiun Jye
02.11.2023	SSM Webinar on Directors Conflict of Interests: How Company Secretary is to advise.	Mr. Vincent Wong Soon Choy
28&29.02.2024	Mandatory Accreditation Programme Part II : Leading for Impact	Datuk Tan Kok Hong @ Tan Yi Mr. Yong Thiam Yuen Mr. Tay Hong Sing Mr. Abdul Mutalib Bin Idris Mr. Vincent Wong Soon Choy Ms. Meachery Jo-anne Joseph Mr. Tjong Chia Huie

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### I. BOARD RESPONSIBILITIES (cont'd)

The Board is supported by three (3) External Company Secretaries. They all are qualified to act as Company Secretary under Section 235 and Section 241 of the Companies Act 2016, one of which is a Fellow Member and the other two are Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators. The Company Secretaries provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's Constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislations.

### II. BOARD COMPOSITION

Cabnet is led and managed by a diverse, competent and experienced Board of Directors with a mix of suitably qualified and experienced professionals having wide and varied expertise in the fields of business, legal, accounting, engineering and information technology. This enables the Board to carry out its responsibilities effectively and ensures accountability. In areas where the Board may not possess the required expertise, the Board would be able to garner advice from its consultants in the required field. The current Board is drawn from different ethnic, cultural and socio-economic background with their age ranging from 44 years old to 72 years old to ensure that different viewpoints are considered in the decision making process.

The Board acknowledges the importance of diversity to ensure the mix and profiles of the Board members, in terms of age, ethnicity and gender, ability to provide the necessary range of perspectives, experiences and expertise required are well balanced in order to achieve effective board stewardship.

Currently there are eight (8) Board members comprising four (4) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Executive Directors.

The profile of each Director is set out in pages 6 to 10 of this Annual Report.

The Board had adopted a Diversity Policy which acknowledges the importance of Board diversity which includes, but is not limited to, business experience, geography, age, gender, ethnicity and aboriginal status. For gender diversity, the NC will shortlist the potential women candidate based on criterias includes, but is not limited to, skills, knowledge, expertise and experience, professionalism, integrity, ability to discharge such responsibilities/functions. The Diversity Policy was last reviewed and revised on 24 February 2022. The Board currently includes one Independent Non-Executive Director of the female gender and female senior management.

The Board through its NC had conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board are persons of calibre, character and integrity possessing the appropriate skills, experience and qualities to steer the Company forward. The NC is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively. The NC also satisfied itself that no conflict of interest arises or when it arises, are properly addressed and mitigated to ensure that they would not impair their ability to represent the interest of the Company's shareholders and stakeholders and to fulfil the responsibilities of a director.

All the four (4) Independent Non-Executive Directors satisfy the independence test under the AMLR of Bursa Securities. They constitute at least half of the current Board structure.

The Board's Fit and Proper Person Policy and procedures for appointments to the Board are viewed as a vital component of the governance process in determining the composition, size, balance, competencies and ultimately the quality and integrity of the Board.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### II. BOARD COMPOSITION (cont'd)

The Constitution of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM"). Any Director appointed by the Board during the financial year is to retire at the next AGM held following their appointments, and shall then be eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation at that meeting. The re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the Directors.

The above provisions are adhered to by the Board in the AGM. Information on Directors standing for re-election are outlined in the Profile of Directors covering their details of profession, directorships in other public companies and listed companies, any conflict of interest, as well as their shareholdings in the Company and their attendance of the Board meetings are set forth on page 19 of this Annual Report.

At the forthcoming Ninth (9<sup>th</sup>) AGM, Mr. Tay Hong Sing, Datuk Tan Kok Hong @ Tan Yi, and Ms. Meachery Jo-Anne Joseph are due to retire by rotation under Clause 133 of the Company's Constitution. Mr. Tay Hong Sing, Datuk Tan Kok Hong @ Tan Yi, and Ms. Meachery Jo-Anne Joseph being eligible have offered themselves for re-election. Following the NC's review on the performance of Mr. Tay Hong Sing, Datuk Tan Kok Hong @ Tan Yi, and Ms. Meachery Jo-Anne Joseph and having noted their significant and valued contributions to the Board, the NC had recommended their re-election to the Board and the Board had concurred with such recommendation and is recommending that shareholders re-elect Mr. Tay Hong Sing, Datuk Tan Kok Hong @ Tan Yi, and Ms. Meachery Jo-Anne Joseph at the forthcoming 9<sup>th</sup> AGM.

The Directors subject to retirement have completed their respective Declarations in accordance to the Fit and Proper Person Policy to affirm that they have fulfilled the fit and proper person criteria relating to their Probity, Personal Integrity, Reputation and Financial Integrity.

The NC and the Board had review the Board composition and its committees structure, the Chairman of the Board is not a member of the ARMC, NC or RC.

In compliance with the provision of Rule 15.08A(3) of the AMLR of Bursa Securities, the activities of the NC for the FYE 2024 are set out in Practices 5.3, 5.5, 5.6, 5.7 and 6.1 of the CG Report.

### III. REMUNERATION

The RC and Board are mindful of the need to remunerate and retain its Directors to ensure that their commitment remains and therefore their remuneration package is directly linked to their performance, service, seniority, experience and scope of responsibilities.

The RC is responsible to establish, recommend and constantly review a formal and transparent remuneration policy framework and terms of employment for the Board to attract and retain directors which should be aligned with the business strategy and long term objectives of the Company taking into consideration that the remuneration of the Board should reflect the Board's responsibilities, expertise and complexity of the Company's activities.

The Board had formalised and adopted a Remuneration Policy for the Board and Senior Management to attract and retain the Directors and Senior Management required to lead and control the Group effectively. In the case of ED and Senior Management, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities.

The RC had reviewed the Director's fees and benefits and the Executive Directors' remuneration for the financial year ending 28 February 2025 and up to the date the next 10<sup>th</sup> Annual General Meeting and recommended to the Board for approval.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### III. REMUNERATION (cont'd)

The disclosure of the Directors' remuneration on a named basis received by each of the current Non-Executive Directors and Executive Directors for FYE 2024 are set out in Practice 8.1 of the CG Report.

The disclosure of the top five senior management's remuneration on a named basis in bands of RM50,000 received for FYE 2024 are set out in Practice 8.2 of the CG Report.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC of Cabnet comprises wholly of Independent Non-Executive Directors. The ARMC Chairman, Mr. Vincent Wong Soon Choy is a member of the Malaysian Institute of Accountants. The Chairman of the ARMC is not the Chairman of the Board.

The ARMC is authorised by the Board to investigate any activity within its Terms of Reference. It shall have full and unrestricted access to any information pertaining to the Company and the Group and is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the ARMC.

The detailed Terms of Reference of the ARMC outlining the composition, duties and functions, authority and procedures of the ARMC are published and available on the Company's website at [www.cabnet.asia](http://www.cabnet.asia).

The independence, objectivity and integrity of the members of the ARMC are the key requirements which the Board of Cabnet recognises as essential for an effective and independent ARMC. None of the members of the Board were former audit partners of the external audit firm.

The ARMC carried out an assessment of the performance and suitability of Messrs. UHY, the External Auditors, based on an assessment questionnaire which have considered assessment criteria such as, the quality of services, the understanding of the business operations, audit management team continuity, recommendations to help/improve business/processes, deliver effective presentation and reports, achieve expectation of the Company, improvement compared to previous year performance, meeting deadlines and relationship with the Management and other parties.

Messrs. UHY were also requested to furnish a declaration of their Independence to the Company as part of these procedures. Messrs. UHY had indicated their willingness to seek re-appointment as External Auditors for the financial year ending 28 February 2025.

The ARMC has been generally satisfied with the independence, performance and suitability of Messrs. UHY based on the assessment and are recommending to the Board and shareholders for approval for the re-appointment of Messrs. UHY as External Auditors for the financial year ending 28 February 2025. The Board had considered and recommended the re-appointment of External Auditors for the shareholders' approval at the forthcoming 9<sup>th</sup> AGM.

The assessment of performance of ARMC is conducted annually. The NC evaluated and assessed the performance and effectiveness of the ARMC. The NC had concurred that the ARMC and its members have carried out their duties in accordance with their terms of reference. The Chairman of the NC will lead the NC to evaluate the performance of the Chairman of ARMC and make known its assessment and recommendations, if any to the Board.

The summary of activities of the ARMC during the financial year are set out in the Audit and Risk Management Committee Report on pages 26 to 31 of this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board affirms its overall responsibility for maintaining a sound governance, risk management and internal control systems and for reviewing their adequacy and effectiveness so as to provide assurance on the achievement of the Group's corporate objectives and strategies and to safeguard all its stakeholders' interests and protecting the Group's assets as well as to establish risk appetite of the Group based on the corporate objectives, strategies, external environment, business nature and corporate lifecycle.

The Board maintained an on-going commitment for identifying, evaluating and managing significant risks faced by the Group systematically during the financial period under review. The duties for the identification, evaluation and management of the key business risk were delegated to the Risk Management Committee.

The Group's internal audit function has been outsourced to an external consultant which reports directly to the ARMC.

The Statement of Risk Management and Internal Control set out on pages 32 to 40 of this Annual Report provides an overview of the Group's approach to ensuring the effectiveness of the risk management and internal processes within the Group.

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

### I. COMMUNICATION WITH STAKEHOLDERS

Cabnet is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.

The Board recognises the importance of communications with its stakeholders and is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis. Cabnet Investor Relations ("IR") play its role to ensure proper channels of communication between Cabnet and the stakeholders.

The Board had in place a Stakeholders Communication Policy which sets out the aims and practices of the Company in respect of communicating with its shareholders (both current and prospective) and the Corporate Disclosure and Cybersecurity Policy:

- To promote and elevate a high standard of integrity and transparency through timely comprehensive, accurate, quality and full disclosure.
- To promote and maintain market integrity and investor confidence.
- To exercise due diligence to ensure the veracity of the information being disseminated is factual, accurate, clear, timely and comprehensive.
- To build good relationship with all stakeholders based on transparency, openness, trust and confidence.
- To align cyber security initiatives to business objectives.
- To establish cybersecurity governance to support cybersecurity initiatives
- To have in place efficient procedures for management of information, which promotes accountability for the disclosure of material information.

The detailed Stakeholders Communication Policy and Corporate Disclosure and Cybersecurity Policy are available for reference on the Company's website at [www.cabnet.asia](http://www.cabnet.asia). The Corporate Disclosure and Cybersecurity Policy was last reviewed and revised on 24 February 2022.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### I. COMMUNICATION WITH STAKEHOLDERS (cont'd)

During FYE 2024, the Board ensured the supply of clear, comprehensive and timely information to the stakeholders via the following channels:

- a) Publication of 2023 annual report;
- b) Provide all relevant disclosures including quarterly financial results of the Cabnet Group by way of announcement through Bursa link;
- c) Frequent updating of information relevant to IR, such as annual report, corporate governance report, financial results and announcements through the Company's corporate website;
- d) Engagement with stakeholders through 2023 AGM where the Chairman of the Meeting had highlighted to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and review of the performance of the company during AGM.

### II. CONDUCT OF GENERAL MEETINGS

As stated earlier, the Board recognises the importance of communications with its shareholders and will take additional measures to encourage shareholders' participation at general meetings as recommended under the MCCG.

This includes the Chairman highlighting to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and a review of the performance of the Group during AGMs.

The notice is dispatched at least 28 days prior to the date of the AGM, well in advance of the 21 day requirement under the Companies Act 2016 and AMLR, which allows sufficient time for the shareholders to consider the proposed resolutions to be tabled at the AGM.

To ensure effective participation of and engagement with shareholders, all Directors including members of ARMC, NC and RC, attended and participated in the 8<sup>th</sup> AGM held on 27 July 2023 to interact with the Company's shareholders. Shareholders who are unable to attend, are allowed to appoint proxies to attend and vote on their behalf.

The summary of key matter discussed and responses to the questions have been published on the Company website at [www.cabnet.asia/Minutes-of-Shareholders-Meetings](http://www.cabnet.asia/Minutes-of-Shareholders-Meetings) together with the minutes of the 8<sup>th</sup> Annual General Meeting within 30 business days after the date of the general meeting.

This statement was approved by the Board on 31 May 2024.

# ADDITIONAL COMPLIANCE INFORMATION

## 1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

There were no proceeds raised from any corporate proposals during the FYE 2024.

## 2. AUDIT AND NON-AUDIT FEES

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

	The Group RM	The Company RM
Audit fee	134,889	30,000
Non-Audit fees	5,000	5,000
	139,889	35,000

## 3. MATERIAL CONTRACTS

Saved as disclosed below, there were no material contracts entered into by the Company and its subsidiaries involving the interest of the Directors, chief executive who is not a director or major shareholder, which were still subsisting as at the end of the financial year or which were entered into since the end of the previous financial period.

### DISPOSAL OF A UNIT OF SERVICED APARTMENT

CME has entered into a Sale and Purchase Agreement on 10 March 2023 with Darshini Naidu A/P Murugesu and Darshen Naidu A/L Murugesu who are children of Mr Murugesu A/L Vindasamy, a Director of CME for the disposal of a unit of serviced apartment held under Strata Title Geran 537924/M1A/22/172 Lot 48351 Bandar Johor Bahru, District of Johor Bahru, State of Johor at the purchase price of RM750,000.

## 4. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

During the FYE 2024, the Group does not have a shareholders' mandate for RRPT. However, the RRPT value transacted during the financial year under review does not exceed the threshold limit and therefore no announcement related to RRPT had been made.

All RRPT entered were in the ordinary course of business and were carried out on the terms and conditions that were not materially different from those transactions with unrelated parties.

Details of the RRPT are disclosed and set out in Note 30 on pages 114 to 115 of this Annual Report.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## 1. COMPOSITION AND ATTENDANCE

The Audit and Risk Management Committee ("ARMC") comprises three (3) members, all of whom are Independent Non-Executive Directors and one of whom is a member of the Malaysian Institute of Accountants (MIA). No alternate director is appointed as a member of the ARMC. This meets the requirements of rule 15.09(1)(a),(b),(c)(i) and 15.09(2) of the AMLR. The ARMC meets the requirement under Step Up Practice 9.4 of the Malaysian Code on Corporate Governance ("MCCG") 2021 whereby the committee comprises solely of Independent Non-Executive Directors.

In line with Practice 9.1 of MCCG, the ARMC is chaired by an Independent Non-Executive Director who is not the Chairman of the Board of Directors. The Chairman of the Board of Directors is not a member of the ARMC in line with Practice 1.4 of MCCG.

All members of the ARMC are required to be financially literate and appropriately qualified with sound knowledge and experience in accounting, business, and financial management. The details of attendance of each member at Committee Meetings held during the FYE 2024 are as follows:

Composition of Committee	No. of ARMC Meetings Attended during FYE 2024
<b>Vincent Wong Soon Choy</b> (Chairman, Independent Non-Executive Director)	5/5
<b>Abdul Mutalib bin Idris</b> (Senior Independent Non-Executive Director)	5/5
<b>Meachery Jo-anne Joseph</b> (Independent Non-Executive Director)	4/5

The Board assesses the performance of the ARMC and its members through an annual Board Committee effectiveness evaluation. The Board is satisfied that the ARMC and its members have been able to discharge their functions, duties and responsibilities effectively and efficiently in accordance with the Terms of Reference of the ARMC.

## 2. SECRETARY

The secretary(ies) to the ARMC are the Company Secretary(ies) of the Company.

## 3. TERMS OF REFERENCE

The detailed Terms of Reference of the ARMC outlining the composition, duties and functions, authority and procedures of the ARMC are published and available on the Company's website at <https://www.cabnet.asia/corporate-governance>.

The ARMC's Terms of Reference was adopted by the Board on 12 April 2016 and last revised on 1 June 2023 in accordance with the requirement of rule 15.11 of the AMLR. Under the enhanced requirement of rule 15.12(1)(g)(ii), the ARMC is required amongst others to review significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are addressed.

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

## 4. MEETINGS

The ARMC shall meet at least four (4) times a year. The Chairman of the ARMC may call at any time for any additional meetings at the Chairman's discretion and the External Auditors ("EA") may request a meeting if they consider that one is necessary. The Committee had convened a total of five (5) meetings during the FYE 2024. The meetings were conducted with the quorum of minimum two (2) members.

The agenda for meetings, the relevant reports and papers were furnished to ARMC members by the Secretary after consultation with the ARMC Chairman in advance to facilitate effective deliberation and decision making at the respective meetings. The meetings were appropriately structured through the use of agendas and committee papers containing information relevant to the matters for deliberation, which were distributed to members with sufficient notification.

All issues were adequately deliberated during ARMC meetings before arriving at any decisions, conclusions or recommendations and brought to the attention of the Board. The minutes of these deliberations and its resultant decisions, conclusions or recommendations at each ARMC meeting were properly recorded by the Company Secretary and subsequently accelerated to the Board for review and notation.

During its scheduled quarterly meetings, the ARMC reviewed the risk management and internal control processes (with the assistance of its outsourced Internal Audit Function), the interim and year-end financial reports, the internal and external audit plans and reports, related party transaction, recurrent related party transaction, awareness of any incidences of fraud, risk management update report and all other areas within the scope of responsibilities of the ARMC under its Terms of Reference.

The Deputy Chief Executive Officer and Group Finance Manager ("GFM") were invited to attend the ARMC meetings to facilitate direct communication and interaction as well as provide clarifications on audit, financial and operational issues. The GFM had briefed the ARMC on specific issues and areas arising from the quarterly and audit reports. The EA of the Company represented by their Engagement Partner and Audit Manager of the engagement attended ARMC meetings to present their External Audit Planning Memorandum, External Auditors' Report and Transparency Report. Similarly, the representatives of the outsourced Internal Audit Function attended the ARMC meetings to table their respective Internal Audit reports.

## 5. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the FYE 2024, the ARMC in discharging its duties and functions had carried out the following activities:

### a) Financial Reporting

The ARMC reviewed the financial positions and quarterly interim financial reports for the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2024 at its meetings held on 27 July 2023, 27 October 2023, 30 January 2024, 26 April 2024 and 31 May 2024 respectively before recommending them for the Board's consideration and approval for release to the public. In reviewing these financial results, the ARMC ensured the quarterly interim financial reports and Audited Financial Statements ("AFS") were prepared in compliance with the Malaysian Financial Reporting Standard ("MFRS") while the quarterly reports were produced in accordance with rule 9.22 and Appendix 9B of the AMLR.

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

## 5. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (cont'd)

### b) Reports from EA

- On 30 January 2024, the ARMC had reviewed with the EA their scope of work and audit plan as provided in the External Auditors' Audit Planning Memorandum for the FYE 2024 prior to the commencement of audit. The ARMC also had reviewed the EA's remuneration and made recommendation to the Board for acceptance.
- On 27 April 2023, 30 January 2024 and 26 April 2024, the ARMC had conducted private session meetings with the EA without the presence of the executive board members and management personnel of the Company. The ARMC had the opportunity to assess the co-operation extended by the Management to the EA, their attitude and readiness to provide documentation and explanations, as well as the adequacy of resources of the Group's finance department.
- There were no areas of major concern raised by EA that warranted escalation to the Board. The EA were also informed by the ARMC that should there be any significant incidents or matters detected in the course of their audits or reviews which warrant their knowledge or intervention, it shall be reported to the ARMC accordingly. At the same time, EA had the opportunity to obtain feedback from the ARMC on their perspectives on the areas of major concerns, which they would like the EA to look into.
- On 26 April 2024, the ARMC had deliberated and reviewed the EA's audit findings and recommendations and the audit report, including management's response in relation to the audit findings of the Group for the FYE 2024. The review was to ensure that the AFS were drawn up in accordance with the provision of the Companies Act, 2016 and the applicable Approved Accounting Standards.
- Obtained confirmation and declaration from EA that they were independent and would be independent throughout their engagement. EA confirmed that they were and had been independent throughout the conduct of the audit engagement in accordance with the By-Laws (On professional Ethics, Conduct and Practice) of the Malaysia Institute of Accountants and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code").
- On 26 April 2024, Messrs. UHY had indicated their willingness to continue in office for the next financial year ending 28 February 2025 and for re-appointment at the forthcoming AGM.
- Reviewed other significant matters and unusual events or transactions highlighted by the EA as well as how these significant matters were addressed.

### c) Reports from Internal Auditors ("IA")

- On 27 July 2023, the ARMC had reviewed and discussed the Internal Audit Reports with the recommendations made by the IA on the areas of improvement. The report contained the findings, priority rating, potential risks or implications, audit recommendations provided by the IA and management action plans in addressing and resolving the audit findings. The areas covered encompassed Purchasing Management (including governance aspect of such management system) for ITWin Technology Sdn Bhd ("ITWIN").
- On 30 January 2024, the ARMC had reviewed and discussed the Internal Audit Reports with the recommendations made by the IA on the areas of improvement. The report contained the findings, priority rating, potential risks or implications, audit recommendations provided by the IA and management action plans in addressing and resolving the audit findings. The areas covered encompassed Inventory Management (including governance aspect of such management system) for ITWIN.

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

## 5. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (cont'd)

### c) Reports from Internal Auditors ("IA") (cont'd)

- On 27 July 2023 and 30 January 2024, the ARMC had reviewed and discussed the Internal Audit Action Plan Progress Follow up Report. The report provides ARMC on the statuses of implementation of the respective management action plans in relation to internal audit findings for previous internal audit cycles conducted.
- On 27 July 2023 and 30 January 2024, the ARMC had conducted private session meetings with the IA without the presence of the executive board members and management personnel of the Company. The ARMC had the opportunity to assess the co-operation extended by the Management to the IA.
- On 30 January 2024, the ARMC had reviewed the IA engagement letter and proposed the same to the Board for approval.
- On 26 April 2024, the ARMC had reviewed and evaluated the performance of the IA. The ARMC has considered and reviewed the IA's qualifications and experience, resources availability and competency, independence, scopes and functions of the IA and collaboration with EA. The ARMC has been generally satisfied with the performance of IA.
- Reviewed and assessed the adequacy of the competency and effectiveness of the systems of Risk Management and Internal Control and the efficiency of the Group's operations in particular those relating to areas of significant risks.

### d) Overall Governance Practices in the Group

- Reviewed and recommended the adoption of Conflict of Interest Policy in line with the amendments to the AMLR.
- Reviewed and revised the Terms of Reference of ARMC in line with the amendments of the AMLR.
- Reviewed the Declaration/Disclosure of Conflict of Interest or Potential Conflict of Interest by the Directors.
- Reviewed the disclosures made in respect of the financial results and Annual Report of the Company in line with the AMLR, principles of the MCCG 2021, other applicable laws, rules, directives and guidelines.
- Reviewed the Statement of Risk Management and Internal Control, Corporate Governance Overview Statement and Audit and Risk Management Committee Report together with the IA and EA.
- Reviewed the Director's Responsibility, Other Compliance Information and Other Governance Disclosure and Financial indicators.
- Considered and reviewed any related party transaction in order to ensure that they were not detrimental to the interests of the minority shareholders.
- Inquired on awareness of any incidences or suspicion of fraud that may have come to the ARMC's attention.
- Reviewed the Budget for the financial year ending 28 February 2025 prepared by management and ensured that the assumptions and estimates were reasonable and prudent.

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

## 5. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (cont'd)

### e) Assurance from CEO and GFM on Group's Risk Management and Internal Control

Received assurance from the CEO and GFM that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects before recommending the Statement of Risk Management and Internal Control to the Board of Directors.

The CEO and GFM assured that: -

- Appropriate accounting policies had been adopted and applied consistently.
- The going concern basis applied in the Annual Consolidated Financial Statements was appropriate.
- Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs.
- Adequate controls and processes were in place for effective and efficient financial reporting and relevant disclosures under MFRS and AMLR.
- The Annual Consolidated Financial Statements and the Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position.

## 6. INTERNAL AUDIT FUNCTION

Cabinet Group has outsourced its internal audit function to NeedsBridge Advisory Sdn. Bhd., an independent professional firm since 16 June 2017. The appointment and resignation of the internal audit function as well as the proposed audit fees are subject to review and approval by the ARMC for its reporting to the Board for ultimate approval.

The audit engagement of the outsourced internal audit function is governed by the engagement letter and Internal Audit Charter reviewed by the ARMC and recommended to the Board for approval during the financial year under review. Key terms of the engagement include purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the Management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team.

On the other hand, the Internal Audit Charter governs the internal audit function by specifying the purpose and mission of internal audit function, its roles, professionalism required (including adherence to The Institute of Internal Auditors' mandatory guidance including the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (hereinafter referred to as "Standards"), its authorities, the reporting structure, independence and objectivity required, its responsibilities, purpose of internal audit plan, reporting and monitoring and quality assurance and improvement programme.

### a) Main responsibilities of the IA

- Assist in reviewing the adequacy, integrity and effectiveness of the Company's internal control system.
- Perform any ad hoc appraisals, inspections, investigations, examinations, review requests of the ARMC or senior management as appropriate.
- Provide recommendations to strengthen the internal control procedures.

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

## 6. INTERNAL AUDIT FUNCTION (cont'd)

### b) Activities of Internal Audit Function

- Annually, before the commencement of the internal audit reviews, an internal audit plan is produced and presented to the ARMC for approval. This internal audit plan is developed taking into consideration existing and emergent key business risks identified by the Management as well as the Board's and Senior Management's concerns. Upon approval, internal audit reviews are carried out in accordance with this approved internal audit plan and thereafter tabled bi-annually for ARMC to review the internal audit reports and the progress of internal audit plan. This review is to ensure that the audit direction remains relevant and in line with the ARMC's expectations.
- Prior to the presentation of internal audit reports and findings to the ARMC, comments from the management are obtained for the internal audit findings raised and incorporated into the internal audit reports.
- Follow-up reviews are carried out with the Management to ascertain the status of implementation of the agreed management action plans. The results of the follow-up reviews are reported to the ARMC at regular intervals. The ARMC in turn reviews the effectiveness of the system of internal controls in operations and reports the results thereon to the Board.
- Ascertain the extent of compliance with established policies, procedures, plans, laws and regulations.
- The IA had attended two (2) ARMC meetings during the FYE 2024. The functional areas and operating processes reviewed by the IA in FYE 2024 encompassed Purchasing Management and Inventory Management (including governance aspect of such management system) for ITWIN.
- The IA had two (2) private session meetings with the ARMC during the FYE 2024 without the presence of the executive board members and management personnel of the Company.

The total cost incurred for the internal audit function outsourced in respect of the FYE 2024 was RM40,248.

The ARMC and Board, in striving for continuous improvement, will put in place appropriate action plans, when necessary, to further enhance the Company's system of internal controls.

This statement was approved by the ARMC on 31 May 2024.

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors is pleased to present the Statement of Risk Management and Internal Control of the Group for the FYE 2024, issued in compliance with rule 15.26(b) and Guidance Note 11 of the AMLR of Bursa Securities, and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and the MCCG 2021. The Statement on Risk Management and Internal Control below outlines the nature and scope of risk management and internal control system of the Group for the financial year under review and up to the date of approval of this Statement.

The scope of this Statement includes the Company and its operating subsidiaries.

## BOARD RESPONSIBILITIES

The Board affirms its overall responsibility for maintaining sound governance, risk management and internal control systems and for reviewing their adequacy and effectiveness to provide assurance on the achievement of the Group's mission, vision, core values, strategies and business objectives as well as to safeguard all its stakeholders' interests and protecting the Group's assets. The Board is to establish risk appetite of the Group based on the strategies, business objectives, internal and external business context, business nature and corporate lifecycle. The Board is committed to the establishment and maintenance of an appropriate control environment and governance framework that is embedded into the corporate culture, processes and strategies of the Group as well as to articulate and implement risk management and internal control system.

The Board delegates the duty of identification, assessment and management of key business risks to the Risk Management Committee while the ARMC is delegated with board oversight function whereby ARMC is assigned with the duty to review and to provide assurance to the Board on the adequacy and effectiveness of risk management and internal control system of the Group respectively, vide Risk Management Handbook and Terms of Reference respectively approved by the Board. Internal control and risk-related matters which warranted the attention of the Board were recommended by the ARMC to the Board for its deliberation and approval. In addition, the Board has an effective oversight over the audit findings and recommendations highlighted by outsourced internal audit function as well as the external auditors.

The system of internal controls covers inter-alia, control environment, risk assessment, control activities, information and communication and monitoring activities. Nevertheless, in view of the limitations that are inherent in any internal control system, the Board recognises that the Group's system is designed to manage, rather than eliminate, the risks of not achieving goals and business objectives within the risk appetite established by the Board and Management. Therefore, the system provides reasonable, but not absolute, assurance against the occurrence of any material misstatement of loss or fraud.

## RISK MANAGEMENT

The Board recognises risk management as an integral part of system of internal control and good management practice in pursuit of its strategic objectives. The Board maintains an on-going commitment to identifying, evaluating and managing significant risks faced by the Group systematically during the financial year under review. The Board had put in place a structured Risk Management Handbook, as the governance structure and processes for the risk management on enterprise wide, in order to embed the risk management practice into all levels of the Group and to manage key business risks faced by the Group adequately and effectively as Second-Line roles.

The Risk Management Handbook was developed and customised based on the foundation of the Federation of European Risk Management Associations ("FERMA") 2002 (Risk Management Standard Framework) and International Organisation for Standardisation ("ISO") 31000:2018 - Risk Management Guidelines in view of the Group's distinct operations and environment.

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

## RISK MANAGEMENT (cont'd)

The Risk Management Handbook lays down the risk management's objectives and processes established by the Board with the formalised governance structure of the risk management activities of the Group established as follows:



Clear roles and responsibilities of the Board, the ARMC, Risk Management Committee, departmental representatives (as Risk Owners) and outsourced internal audit function are defined in the Risk Management Handbook.

In particular, the roles and responsibilities of the Risk Management Committee in relation to the risk management are:

- set performance measures in relation to the risk management;
- to report on the risk registers;
- to perform continuous review of the business risks faced by the Group; and
- continuous implementation (including monitoring) of risk management process and practices.

On the other hand, the oversight roles of the ARMC in relation to the risk management as per its terms of reference are:

- a. to determine, review and recommend risk management strategies, policies and risk tolerance;
- b. to review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively;
- c. to ensure adequate infrastructure, resources and systems are in place for risk management i.e. ensure that the staff responsible for implementing risk management systems perform those duties independently of our Company's risk originating activities;
- d. to review periodic reports on risk exposure, risk portfolio composition and risk management activities of our Company;
- e. to review and recommend new policies or changes to policies, and to consider their risk implications;
- f. to review the impact of risk on capital adequacy and profitability under normal and stress scenarios;
- g. to review and evaluate the various processes and systems engaged by our Company and to ensure that they are conducted within the standards and policies as set by our Board; and
- h. to assess the adequacy of the business recovery/ disaster recovery procedures.

In addition, the operational management team, i.e. the departmental representatives, is designated as Risk Owners within their area of expertise and operational responsibilities to provide/update input of risk registers, to implement the risk management process and practices and to implement and assess control framework.

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

## RISK MANAGEMENT (cont'd)

Systematic risk management process is stipulated in the Risk Management Handbook, whereby each step of the risk identification, risk evaluation, control evaluation and validation, risk treatment and control activities are laid down for application by the Risk Management Committee and the Risk Owners. Risk assessment is guided by the likelihood rating and impact rating established by the Board based on the risk appetite acceptable by the Board. Based on the risk management process, risk registers were compiled by the Risk Management Committee with relevant key risks identified before report to the ARMC. As an important risk monitoring mechanism, the Risk Management Committee is scheduled to review the risk registers of all operating subsidiaries and assessment of emerging risks identified at strategic and operational level on an annual basis or on more frequent basis (if circumstances required) and report to the ARMC on the results of the review and assessment.

During the financial year under review, the Risk Management Committee continued to review its risk registers for on-going risk monitoring and assessment, after taking into consideration of the internal audit findings. Risk Management reports were updated and tabled to the ARMC on quarterly basis for its review and deliberation on the adequacy and effectiveness of the risk management process and results, and for its reporting of the results of review to the Board, which assumes the primary responsibility of the risk management of the Group.

At strategic level, business strategies with risk considerations are formulated by the Executive Directors and presented to the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group's risk appetite. In addition, specific strategic and key operational risks are highlighted and deliberated by ARMC and/or the Board during the review of the financial performance of the Group in the scheduled meetings.

At operational level, as First-Line roles, Risk Owners are responsible for managing the risks within their department. Risk Owners are responsible for adequate and effective operational monitoring and management by way of maintaining adequate and effective internal controls and the execution of risks and control procedures on a daily basis. Changes in the key risks faced by the Group or emergence of new risks and the corresponding internal controls are discussed during management meetings to determine the risk treatment and implementation of effective controls to manage the risk. Critical and material changes in the key risks faced by the Group or emergence of new key risks are escalated to the Risk Management Committee and/or Executive Directors for the decision on the risk treatment and its implementation as well as its reporting to the ARMC and the Board.

The monitoring of the risk management by the Group is enhanced by the internal audits carried out by the outsourced internal audit function with specific audit objectives and business risks identified for each internal audit cycle based on the internal audit plan approved by the ARMC.

The above formal process has been practiced by the Group for the financial year under review and up to the date of approval of this Statement.

The following are the key risk areas identified by Risk Management Committee.

### ► Market risk

The Group is subject to external market risks from the aspects of political, social, technologies, environmental and ever-present competitive risk. These external market risks may result in unsuccessful tendering, thereby affecting the Group's performance. Despite these risks being beyond the Group's control, various measures have been put in place to respond and react, amongst others, exploring other inter segments to diversify market concentration risk, allocating key personnel to manage and maintain good relationships with key customers as well as continuing its strategy to deliver valuable and satisfactory products and services to customers with technological advancements.

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

## RISK MANAGEMENT (cont'd)

### ► Operational risk

The Group's business and operations are exposed to risk associated with construction and ICT industries. During the financial year under review, the Group's operation was facing scheduled milestone or completion prolongation risk and it has resulted in requiring additional resources to fulfill contract's obligations, consequently affected the Group's financial performance. Nevertheless, the Group had escalated such impact to customer to negotiate for compensation so to alleviate the impact to operation. On the other hand, the Group is closely monitoring its manpower planning to maintain its productivity.

### ► Financial risk

The Group is inherently exposed to credit risk arising from default payments which may affect the Group's cash liquidity and position. The Group relies on its credit control policy to review and manage its credit terms granted to customers, actively monitoring its debtor listing and following up with customers on repayment plans. Whenever necessary, the Group takes requisite action through sending reminder letters or initiating legal proceedings to recover overdue debts and mitigate the Group's exposure to financial losses.

## INTERNAL AUDIT FUNCTION

The Group relies on the internal audit function to provide the Board and the Management with the required level of assurance that the governance, risk management and internal control system are adequate and effective in mitigating organisational risks to achieve the Group's corporate objectives.

The review of the adequacy and effectiveness of the Group's risk management and internal control system is outsourced to an independent professional firm, namely, NeedsBridge Advisory Sdn Bhd, who, through the ARMC, provides the Board with much of the assurance it requires in respect of the adequacy and effectiveness of the Group's system on the risk management and internal control.

The outsourced internal audit function is reporting to the ARMC directly. The engagement director, Mr. Pang Nam Ming, is a Certified Internal Auditor ("CIA"), Certification in Risk Management Assurance ("CRMA") accredited by the Institute of Internal Auditors Global ("IIA Global") and a professional member of the Institute of Internal Auditors Malaysia ("IIAM"). As a CIA, the engagement director is required to declare compliance with the Standards of the Institute of Internal Auditors during his renewal as CIA. The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework ("IPPF"), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the IIA Global.

The audit engagement of the outsourced internal audit function is governed by the engagement letter and Internal Audit Charter approved by the Board. Key terms of the engagement include purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. The appointment and resignation of the outsourced internal audit function as well as the proposed audit fees are subject to review by the ARMC and for its reporting to the Board for ultimate approval. During the financial year under review, the resources allocated to the fieldwork of the internal audit by the outsourced internal audit function were one (1) assistant manager and assisted by at least one (1) consultant and one (1) associate consultant per engagement with oversight performed by the director.

To preserve the independence and objectivity, the outsourced internal audit function is not permitted to act on behalf of Management, decide and implement management action plan, perform on-going internal control monitoring activities (except for follow up on the progress of action plan implementation), authorise and execute transactions, prepare source documents on transactions, have custody of assets or act in any capacity equivalent to a member of the Management or the employee.

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

## INTERNAL AUDIT FUNCTION (cont'd)

On 26 April 2024, the ARMC had reviewed and evaluated the performance of the outsourced internal audit function. The ARMC has considered and reviewed the outsourced internal audit function's qualifications and experience, resources availability and competency, independence, scopes and functions of the outsourced internal audit function and collaboration with External Auditors. The ARMC and the Board are satisfied:

- that the outsourced internal audit function is free from any relationships or conflict of interest which could impair their objectivity and independence;
- with the scope of the outsourced internal audit function;
- that the outsourced internal audit function possesses the relevant experience, knowledge, competency and authority to discharge its functions effectively, possesses sufficient resources and has unrestricted access to employees and information for the internal audit activities; and
- with the internal audit plan, processes, the results of the internal audit, processes and/or investigation undertaken, if any.

The risk-based internal audit plan in respect of FYE 2024 was drafted by the outsourced internal audit function, after taking into consideration existing and emergent key business risks identified by the Management and the Senior Management's opinion, and was reviewed and approved by the ARMC prior to execution. Each internal audit cycle within the internal audit plan is specific with regard to the audit objective, risks to be assessed and scopes of the internal control review.

As the Third-Line role, the internal control review procedures performed by the outsourced internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk, control structures and processes. The root causes of the internal audit observations are included as part of the "Findings" or "Recommendations", and the recommendations from the outsourced internal audit function are formulated for improvement based on the root cause(s) of the internal audit observations. The internal audit procedures applied principally consisted of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with the results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls through the review of the samples selected based on sample sizes for the respective audit areas calculated was in accordance with our predetermined formulation, subject to the nature of testing and verification of the samples.

During the FYE 2024, in accordance with the internal audit plan (and any amendments thereof) approved by ARMC, the outsourced internal audit function has conducted review for Purchasing Management and Inventory Management (including governance aspect of such management system) of ITWin Technology Sdn. Bhd, a wholly-owned subsidiary of the Company. The outsourced internal audit function has also conducted review on the status of formulation of the respective management action plans in relation to the internal audit findings of previous internal audit cycles conducted and its progress of implementation as at the date of the report.

Upon the completion of the individual internal audit fieldworks during the financial year, the internal audit reports were presented by the outsourced internal audit function to the ARMC during its scheduled meetings. During the presentation, the internal audit findings, summary of ratings of control adequacy and effectiveness, priority level, risk/potential implication, recommendations as well as management responses/ action plans and person-in-charge together with the dates of implementations were presented and deliberated with the members of the ARMC. Apart from the internal audit reports, updates on the implementation progress of action plans formulated per previous internal audit reports were presented to ARMC during the financial year for review and deliberation. In addition, during ARMC meeting, the outsourced internal audit function reported its staff strength, qualification and experience as well as continuous professional education for the ARMC's review.

The cost incurred in maintaining the outsourced internal audit function for the FYE 2024 was amounted to RM40,248.

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

## INTERNAL CONTROL SYSTEM

Apart from risk management and internal audit function, the key features of the Group's internal control system are made up of five core components, i.e. Control Environment, Information and Communication, Control Activities, Risk Assessment and Monitoring Activities with principles representing the fundamental concepts associated with each component as follows: -

- **Board of Directors/Board Committees**

The role, functions, composition, operations and processes of the Board are guided by formal Board Charter whereby roles and responsibilities of the Board, the Chairman, Chief Executive Officer and Executive Directors are specified to preserve the independence of the Board from the Management and to improve oversight roles of the Board.

Board Committees (i.e. ARMC, RC and NC) are established to carry out duties and responsibilities delegated by the Board, governed by written Terms of Reference.

Meetings of the Board and respective Board Committees are carried out on a scheduled basis to review the performance of the Group, from financial and operational perspective, and to carry out its fiduciary duties and responsibilities.

- **Integrity and Ethical Value**

The tone from the top on integrity and ethical values are enshrined in the Code of Conduct and Business Ethics Policy established and approved by the Board that forms the foundation of integrity and ethical value for the Group. Integrity and ethical values (including codes of conduct expected from employees to carry out their duties and responsibilities assigned) expected from the employees are incorporated in the Employee Handbook whereby the ethical behaviours expected from them are stated.

To further enhance the ethical value throughout the Group, a formal Anti-Bribery Policy that forms as part of the Code of Conduct and Business Ethics Policy has been put in place by the Management to prevent the risk of bribery and conflict of interest within the Group with a Whistle-blowing Policy implemented for all stakeholders to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity.

Compliance with the Code of Conduct and Business Ethics Policy as well as the Anti-Bribery Policy is monitored via a control activity monitoring mechanism implemented with non-compliances timely detected and investigated with appropriate corrective action, including but not limited to disciplinary actions.

- **Organisation Structure, Accountability and Authorisation Procedures**

The Group has a formal organisation structure and Authority Limit Matrix in place to ensure appropriate level of authorities and responsibilities are delegated accordingly to competent staffs in achieving operational efficiency and accountability.

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

## INTERNAL CONTROL SYSTEM (cont'd)

- **Succession Planning and Human Resource**

It is the Management's commitment to identify and satisfy the needs of employees to continuously develop their knowledge, skills and competency for personal development and corporate excellence. Succession Plan is put in place to ensure key roles within the Group are supported by competent second-in-line to minimise the impact of abrupt departure of key personnel.

Human Resource Policy are put in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees with necessary knowledge, skill and experience (which are enhanced by continuous trainings thereafter) to carry out their duties and responsibilities effectively and efficiently.

Performance evaluation which forms the basis of incentives and promotions are carried out for all levels of staff to identify performance gaps, training needs and to assist in talent development.

- **Policies and Procedures**

The Group has documented policies and procedures to regulate relevant key processes in compliance with ISO 9001:2015.

- **Risk Assessment and Control Activities**

Risk assessment is performed by risk owners at scheduled interval or when there is a change in internal and/or business context in accordance with the Risk Management Handbook. Internal controls, as risk responses, are formulated and put in place to mitigate risks identified to a level acceptable by the Board.

The Group's policies and procedures are regularly reviewed and updated to ensure it continues to support the Group's business activities in achieving the Group's business objectives.

- **Information and Communication**

The Group has put in place effective and efficient information and communication infrastructures and channels, i.e. computerised systems, secured intranet and electronic mail system, so that operation data and management information can be communicated timely and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders for execution and information collection.

The management and board meetings are held for effective two-way communication of information at different level of management and the Board.

Communication of policies and procedures of the Group are conducted via written format, electronic mail system and in-house trainings by respective risk or control owners.

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

## INTERNAL CONTROL SYSTEM (cont'd)

- **Monitoring and Review**

Internal audits are carried out by the outsourced internal audit function (which reports directly to the ARMC) on risk areas identified based on the internal audits carried out. The outsourced internal audit function assesses the adequacy and effectiveness of internal controls in relation to specific governance, risk and control processes and highlight potential risks and implications of its observations that may impact the Group as well as recommend improvements on the observations made to minimise the risks. The results of the internal audits carried out are reported to the ARMC.

Apart from the above, quarterly and monthly management meetings are conducted to address budgets, operational and financial performance, business planning, control environment and other key issues.

Annual budgeting of the Group is prepared and presented to the Board for deliberation and approval during the scheduled meeting. The quarterly financial performance review containing key financial results and comparison against previous corresponding financial results as well as the related parties' transactions and recurrent related parties' transactions are presented to the Board for their review.

In addition to internal audits, significant control issues highlighted by the external auditors as part of their statutory audit's responsibility and the monitoring of compliance with ISO certification carried out by internal ISO auditors.

Corrective actions are formulated and implemented for incidents of non-compliance and exceptions reported with its implementation monitored.

## ASSURANCE PROVIDED BY THE CHIEF EXECUTIVE OFFICER AND GROUP FINANCE MANAGER

In line with the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers, the Chief Executive Officer, being highest ranking executive in the Company and Group Finance Manager, being the person primarily responsible for the management of the financial affairs of the Company, have provided assurance to the Board in writing stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review and up to date of the approval of this Statement.

## OPINION AND CONCLUSION

Based on the review of the risk management results and processes, results of the internal audit activities, monitoring and review mechanism stipulated above, coupled with the assurance provided by the Chief Executive Officer and the Group Finance Manager, the Board is of the opinion that the risk management and internal control system are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

The Board is committed to maintaining an effective risk management and internal control systems throughout the Group and where necessary, put in place appropriate plans to further enhance the Group's internal control system. Notwithstanding this, the Board will continue to evaluate and manage the significant business risks faced by the Group in order to meet its business objectives in the current and challenging business environment.

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

## ASSURANCE PROVIDED BY EXTERNAL AUDITORS

Pursuant to rule 15.23 of the AMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with the Audit and Assurance Practice Guides ("AAPG 3"): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report of the Group for the FYE 2024, issued by the Malaysian Institute of Accountants.

Based on the review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is neither prepared, in all material aspects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

This statement was approved by the Board on 31 May 2024.

# SUSTAINABILITY STATEMENT

## Introduction

At Cabnet Holdings Berhad, we, the Board of Cabnet recognises that prioritising sustainability is imperative in driving long-term business growth as well as in creating shared value for our stakeholders. Despite the challenging business environment, we remain focused in achieving our Environmental, Social and Governance ("ESG") responsibilities by embedding effective sustainable practices into our day-to-day operations and business policies. Towards this end, we are pleased to report our contributions and activities undertaken during the financial year in this continuing journey.

This statement provides an overview of the Group's annual sustainability matter from 1 March 2023 to 29 February 2024. The scope includes our business operations in Malaysia but excludes of Cabnet Globe Pte Ltd which remains inactive during the reporting period.

This Statement is prepared in accordance with the AMLR and guided by the Sustainability Reporting Guide (3<sup>rd</sup> Edition) ("the Guide") issued by Bursa Securities.

## Governance structure

The Board affirms its overall responsibility for the integration of sustainability matters of the Group to ensure business strategies, priorities and targets of the Group take into consideration of sustainability risk and opportunities.

Accordingly, the Board had adopted a Sustainability Policy on 24 February 2022. The objectives of the Sustainability Policy are to:

- integrate a philosophy of sustainable development into all Cabnet Group's activities, in order to contribute to a better society;
- establish and promote sound environmental practices and minimise harm; and
- deliver sustainable development throughout our operations

During the financial year under review, the Board had yet to formalise the governance structure in relation to the Group's sustainability management. As an alternative, the CEO with the assistance from representative from various division, rely on the informal assessment system and existing formal risk management process for the identification of sustainability matters that requires the attention of the Board and formulate responses to mitigate the sustainability risk factors as well as capture opportunities that will drive sustainable business growth.

## Materiality Assessment

As at the date of this Statement, the Board has yet to undertake a formal material sustainability assessment of sustainability matters for the Group and is committed to perform such assessment by stages and report the outcome in accordance with AMLR and the Guide in near future. Notwithstanding this, the Group had identified sustainability matters that may have a direct or indirect impact to the Group and responses had been formulated to address potential sustainability risk(s) identified by incorporating adequate and effective control activities in that respect. Based on the above processes, the sustainability matters were identified through informal stakeholder engagement activities, operational and management reporting systems, and key risk profile of the Group.

# SUSTAINABILITY STATEMENT (CONT'D)

## Stakeholders' Engagement

The Board recognises that the contribution and support of the internal and external stakeholders are of utmost importance for the Group's long-term business sustainability. As such, the Group has carried out formal and informal engagement with its major stakeholders as highlighted below.

Major stakeholders	Communication channels	Engagement Objective(s)
Shareholders	<ul style="list-style-type: none"> <li>Annual report</li> <li>Annual general meeting</li> <li>Bursa announcements</li> </ul>	To provide timely and accurate information for shareholders making informed decisions.
Employees	<ul style="list-style-type: none"> <li>HR engagement meetings</li> <li>Annual performance review</li> </ul>	To ensure a safe and satisfaction working environment for employee.
Customers	<ul style="list-style-type: none"> <li>Customer satisfaction survey</li> <li>Regular updates and meetings</li> </ul>	To ensure customer satisfactory and deliver value added solutions that meet Customers' needs.
Suppliers	<ul style="list-style-type: none"> <li>Business reviews</li> <li>Purchasing policies and procedures</li> <li>Meetings</li> </ul>	To ensure a sustainable supply of quality services and materials that meet market demand.
Government and local authorities	<ul style="list-style-type: none"> <li>Public dialogue involving government officials</li> <li>Public announcements</li> <li>Regulator queries</li> </ul>	To ensure full compliance with the relevant laws and regulations.

The Board will continue to seek and improve stakeholder engagement going forward.

## ECONOMIC

We endeavour to become a responsible corporate citizen as we grow alongside the Malaysian economy by upholding the highest standards of governance, delivering value to our customers and adopting sound procurement practices.

### ► Quality Assurance

As part of our continuous efforts to achieve customer satisfaction, we place strong focus on quality assurance throughout the entire process of our project lifecycle. Our quality assurance department is responsible for the design of our quality management system, aside from being assigned to ensure that all quality objectives are met with strict adherence to the standards prescribed under our quality management system, as well as field quality testing.

In line with this, subsidiaries companies, Cabnet Systems (M) Sdn Bhd and Cabnet M&E Sdn Bhd, are ISO 9001:2015 (the international standard that specifies requirements for a quality management system) accredited companies. Our quality management systems and specific quality control plans are structured to meet the ISO standards.

### ► Supply Chain Management

The Group seeks to ensure that sustainable Supply Chain Management are practiced and embedded into the Group's culture. Based on the past record, the Group has established a large pool of committed local supporters and partners in the market with many successful co-operations experience. The Board believes that the practice of supporting local suppliers could create a co-prosperity community as well as sustaining growth in the local economy.

# SUSTAINABILITY STATEMENT (CONT'D)

## ECONOMIC (cont'd)

### ▶ Government and Regulators

Each employee of the Group is required to comply with local laws and regulations and maintain a high standard of personal conduct while dealing with various stakeholders. Non-compliance may lead to impaired reputation and unnecessary penalties imposed. We have established a proper channel for communication to all employees as well as stakeholders through our Group whistle-blowing policy. In addition, the Group has strengthened its anti-bribery policy in order to ensure every stakeholder are aware of the Group stand point of zero tolerance to bribery and corruption. The Group believe that a zero-corruption community is vital in building sustainable economic.

During FYE 2024, we recorded zero cases of bribery and corruption.

## ENVIRONMENTAL

The Group is committed to minimise the impact of human footprint to the environment and ensure our business are operating in an environmentally responsible manner.

### ▶ Reduce, Reuse, Recycle ("3R")

The Group has consistently strived to improve its waste management and energy conservation through the practice of 3R. For instance, we are committed to minimise material wastages through controlling our purchasing and inventory level and channeling waste cables and other materials from its project sites for recycling.

### ▶ Green Energy

The Group had invested solar power system at 2 offices located in Johor Bahru. The Group believes that through the usage of green energy generated from solar power system to power our operations will help to shall reduce our carbon footprint and promote environmentally friendly working space.

During FYE 2024, the Group has generated approximately 125.18 MWh (FPE 2023: 189.90 MWh) green energy through the solar power system.

## SOCIAL

### ▶ Employees

The Board recognises that employees are valuable resources and a key business success factor for the Group's long-term business success and sustainability.

We advocate a corporate philosophy of caring for our employees. We provide careers with growth opportunities, fair performance evaluation and reward systems, and ensure their well-being is addressed. Formal staff benefit table, employee career and salary scale are established by the management in order to ensure our employees are compensated in a transparent manner. Additionally, the Group has arranged health screening and influenza vaccination campaign for staff during FYE 2024, we believe that staff healthiness is importance to the Group's long-term growth.

We are committed to build performance-based culture by allowing employees to demonstrate their capabilities, monitor their achievement and growth, and to continuously motivate the employees through the annual performance appraisals. Annual performance appraisals are performed not only for the performance-based remuneration, but also to have effective two-way communication with our people, whereby the past performance and expectations for the future by the Management are communicated while the commitment and concerns of our people are conveyed for future monitoring.

# SUSTAINABILITY STATEMENT (CONT'D)

## SOCIAL (cont'd)

### ► Recruitment

As a homegrown Malaysia company, we are aware of the importance to build up the local community and to provide opportunities for the upcoming generation to succeed.

We prioritise hiring of local employees to fill job vacancies for supervisory roles and above, unless the particular skills or experiences are not available in the country. We believe local recruitment offers much benefits with regards to the easier assimilation to the work culture and understanding needs of the local community.

We are keen in nurturing young talents and always on the lookout for students to join us as interns. Interns will gain first-hand experience of the industry and at the same time, develop their personal skills in preparation for full-time employment after graduation.

The Board is also committed in providing equal opportunity for all employees. As at the end of FYE 2024, the Group provided employment to 213 (FPE 2023: 170) people from diverse backgrounds, out of which, 146 (FPE 2023: 126) are male and 67 (FPE 2023: 44) are female gender.

### ► Safety and Health

We place great importance on safety aspects by promoting safe work practices to all employees. An in-house Health, Safety and Environmental ("HSE") Committee was established on 1 September 2017. HSE oversees and ensures the Group's health and safety procedures are appropriately adhered to by all employees. Regular meetings and activities have been structured into our safety work schedules and are rigorously carried out by HSE.

During FYE 2024, there is zero fatality accident recorded.

### ► Skill Development

We place a strong emphasis on skills development to enable our employees to achieve their potential. We believe that efficient, effective and knowledgeable employees are essential for the growth of the organisation. To this end, training is continuously provided to upgrade job knowledge and develop new skills to support their career development.

We encourage employees to attend relevant new products briefing related to their field of works to broaden their perspective and be at the forefront of industry practices.

### ► Community

We also endeavour to strengthen our Corporate Social Responsibility ("CSR") initiatives by making charitable donations to non-profit organisation and conducting CSR activities. During the FYE 2024, the Group had supported a local event - Rhythmba Festival 2024 organised by Prologue Agency, consisting of public relations students, UiTM Faculty of Communication and Media Studies, and Gadang Holdings Bhd. The event was aim to raise awareness about the importance of planting trees in line with the goals of sustainable development and the environmental impact. Through participate in this event, our Group has planted 30 trees at eco-friendly park at UiTM Shah Alam.



Being a responsible corporate citizen, we will continue our effort to contribute and giving back to communities.

This statement was approved by the Board on 31 May 2024.

# STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

In the course of preparing the annual financial statements for the Group and the Company, the Directors are collectively responsible for ensuring that these financial statements are drawn up in accordance with applicable Malaysian Financial Reporting Standards (MFRSs) and the requirements of the Companies Act 2016.

The directors are responsible to ensure that the financial statements give a true and fair view of the financial position of the Group and of the Company as at 29 February 2024, and of the results and cash flows of the Group and of the Company for the financial year.

During the preparation of the financial statements for the financial year ended 29 February 2024, the directors have ensured that:

- the Group and the Company have adopted appropriate accounting policies and are consistently applied;
- judgements and estimates that are prudent and reasonable have been used;
- all applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards have been complied with;
- the accounting and other records required by the Act are properly kept and disclosed with reasonable accuracy at any time, the financial position of the Group and of the Company which enable them to ensure the financial statements comply with the Act; and
- the financial statements have been prepared on the going concern basis.

The directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company, to prevent and detect fraud, other irregularities as well as material misstatements, as described more fully in the corporate governance section of this report. Such system, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.



# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The Directors of CABNET HOLDINGS BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 29 February 2024.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding. The information on the name, principal place of business, principal activities and proportion of ownership interest held by the Company in each subsidiaries is disclosed in Note 7 to the financial statements.

## FINANCIAL RESULTS

The results of operations of the Group and the Company for the financial year are as follows:

	Group RM	Company RM
Profit/(Loss) for the financial year	3,574,126	(190,628)
Profit/(Loss) for the financial year attributable to owners of the Company	3,574,126	(190,628)

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, other than those disclosed in the financial statements.

## DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial period. The Directors do not recommend any dividend in respect of the current financial year.

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

## SHARE OPTIONS

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

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

# DIRECTORS' REPORT (CONT'D)

## DIRECTORS

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

Datuk Tan Kok Hong@ Tan Yi  
Dato' Jeffrey Lai Jiun Jye  
Tay Hong Sing  
Yong Thiam Yuen  
Abdul Mutalib Bin Idris  
Meachery Jo-anne Joseph  
Vincent Wong Soon Choy  
Tjong Chia Huie

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

Tan Ying Meng  
Koh Thain Lin  
Sim Yian Fei  
Murugesu A/L Vindasamy  
Chua Sing Zhi

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiaries and made a part hereof.

## DIRECTORS' INTERESTS

The interests and deemed interests in the shares of the Company or its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the end of the financial year according to the Register of Directors' Shareholdings are as follows:

	← Number of ordinary shares →			
	At 1.3.2023	Bought	Disposal	At 29.2.2024
<b>Interest in the Company</b>				
<b>Direct interests:</b>				
Datuk Tan Kok Hong @Tan Yi	343,750	-	-	343,750
Tay Hong Sing	17,448,750	885,100	-	18,333,850
Yong Thiam Yuen	742,275	-	-	742,275

None of the other directors in office at the end of the financial year hold any shares in the Company or its related corporations during the financial year.

# DIRECTORS' REPORT (CONT'D)

## DIRECTORS' BENEFITS

Since the end of the previous financial period, none of the Directors of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown below) by reason of a contract made by the Company or a related corporations 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, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 30 to the financial statements.

The details of the Directors' remuneration of the Group and of the Company for the financial year ended 29 February 2024 are set out below:

	Group RM	Company RM
Directors' fees	357,000	201,000
Salaries and other emoluments	2,047,000	-
Defined contribution plan	310,990	-
Other benefits	13,800	13,800
	2,728,790	214,800

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## INDEMNITY AND INSURANCE COSTS

No indemnity has been given to or insurance effected for the Directors, officers and auditors of the Company pursuant to Section 289 of the Companies Act, 2016.

## OTHER STATUTORY INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for expected credit losses and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

# DIRECTORS' REPORT (CONT'D)

## OTHER STATUTORY INFORMATION (Cont'd)

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

- (a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

In the opinion of the Directors:

- (a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report in made.

## SUBSEQUENT EVENT

The details of subsequent event is disclosed in Note 31 to the financial statements.

## AUDITORS' REMUNERATION

The auditors' remuneration of the Group and of the Company for the financial year ended 29 February 2024 are as follow:

	Group RM	Company RM
Auditors' remuneration:		
- Statutory audits	134,889	30,000
- Non-statutory audits	5,000	5,000
	139,889	35,000

# DIRECTORS' REPORT (CONT'D)

## AUDITORS

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

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

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**TAY HONG SING**

KUALA LUMPUR

31 May 2024

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**DATO' JEFFREY LAI JUN JYE**

# STATEMENT BY DIRECTORS

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

The directors of **CABNET HOLDINGS BERHAD** state that, in their opinion, the accompanying financial statements, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as of 29 February 2024 and of the financial performance and cash flows of the Company for the year ended of that date.

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

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**TAY HONG SING**

KUALA LUMPUR

Date: 31 MAY 2024

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**DATO' JEFFREY LAI JUN JYE**

# DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

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

I, SEOW ZHEN YOU (MIA 45644), being the officer primarily responsible for the financial management of **CABNET HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed )  
at Kuala Lumpur in the Federal Territory on 31 May 2024 )

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**SEOW ZHEN YOU (MIA 45644)**

Before me,

No. W790  
Zainul Abidin Bin Ahmad

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Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CABNET HOLDINGS BERHAD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of **CABNET HOLDINGS BERHAD**, which comprise the statements of financial position as at 29 February 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 59 to 115.

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

### Basis for Opinion

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

### Key Audit Matters

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

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

## TO THE MEMBERS OF CABNET HOLDINGS BERHAD (CONT'D)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

#### Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matter
<p><b>Valuation of trade receivables and contract assets</b></p> <p>Refer to Notes 2, 3, 9 and 12 to the financial statements for the Group's accounting policies on impairment of financial assets, key sources of estimation uncertainty and related disclosures.</p> <p>As at 29 February 2024, the Group recorded trade receivables and contract assets of RM72,188,410 and RM12,689,746, respectively, which represents 54% and 9% of the Group's total assets, respectively.</p> <p>We determined this to be a key audit matter given its magnitude relative to the Group's total assets as well as the significant judgements and estimates involved in the following areas:</p> <ul style="list-style-type: none"> <li>• measuring the loss allowance based on past history, current market conditions and forward-looking information.</li> <li>• estimates on the amount and timing of future cash flows expected to be received.</li> </ul>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>(i) Assessed and discussed with management on the reasonableness of the key bases and assumptions used in estimation of loss allowance with reference to the trade receivables and contract assets balance as at reporting date, timing of billing and collection and previous collection experience.</li> <li>(ii) Evaluated the significant credit exposure which were significantly overdue or deemed to be in default through analysis of ageing reports prepared by the management.</li> <li>(iii) Assessed the billing of contract assets and collection subsequent to the end of the financial year.</li> </ul>

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF CABNET HOLDINGS BERHAD (CONT'D)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

#### Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matter
<p><b>Revenue recognition from construction contracts</b></p> <p>Refer to Notes 2, 3 and 20 to the financial statements for the Group's accounting policies on revenue recognition from construction contracts, key sources of estimation uncertainty and related disclosure.</p> <p>The Group's revenue is generated from construction contract, which amounted to RM172,778,732.</p> <p>We determined this to be a key audit matter given its magnitude relative to the Group's revenue as well as the significant judgements and estimates involved in the following areas:</p> <ul style="list-style-type: none"> <li>• progress of completion of the performance obligations.</li> <li>• budgeting process in estimating the budgeted contract costs.</li> </ul>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>(i) Obtained an understanding of the relevant processes and internal controls in respect of revenue recognition for construction contracts and performed procedures to evaluate the design and implementation of such controls.</li> <li>(ii) Performed test of details on selected actual contract costs incurred during the financial year to the relevant supporting evidences such as contractors' interim certificates and suppliers' invoices.</li> <li>(iii) Performed search for unrecorded liabilities, and evaluated accruals made in respect of work performed by sub-contractors of which invoice or progress claim has yet to be received as at financial year end, by reviewing the basis of estimation of the amount accrued.</li> <li>(iv) Assessed the reasonableness of the estimated total contract costs by examining the supporting evidence, interviewing the project team and performed retrospective review to establish the reliability and reasonableness of the estimated total contract costs.</li> <li>(v) Performed site visits for individually significant on-going construction contracts and examined the completion progress reports to arrive at an overall assessment as to whether progress of completion of the performance obligations determine on a cost-to-cost basis was reasonable.</li> </ul>

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CABNET HOLDINGS BERHAD (CONT'D)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (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 other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

### Responsibilities of the Directors for the Financial Statements

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

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

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 TO THE MEMBERS OF CABNET HOLDINGS BERHAD (CONT'D)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF CABNET HOLDINGS BERHAD (CONT'D)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

#### Other Matters

- (i) The financial statements of the Group and of the Company for the preceding financial year were audited by another firm of auditors and are presented here merely for comparative purposes. The report issued by the predecessor auditors, which was dated 1 June 2023, expressed an unmodified opinion.
- (ii) 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.

#### UHY

Firm Number: AF 1411  
Chartered Accountants

KUALA LUMPUR

31 May 2024

#### LIM YANG YUE

Approved Number: 03544/12/2024 J  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

## AS AT 29 FEBRUARY 2024

	Note	GROUP		COMPANY	
		2024 RM	2023 RM	2024 RM	2023 RM
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	4	9,487,565	10,683,820	6,187	7,923
Right-of-use assets	5	3,890,303	4,691,223	-	-
Investment properties	6	4,317,713	4,424,617	-	-
Investment in subsidiaries	7	-	-	40,323,551	40,323,556
Goodwill	8	6,035,098	6,035,098	-	-
Trade and other receivables	9	2,352,420	4,679,355	-	-
Deferred tax assets	10	1,817,257	1,931,844	-	-
		27,900,356	32,445,957	40,329,738	40,331,479
<b>Current Assets</b>					
Inventories	11	2,920,159	2,256,643	-	-
Contract assets	12	12,689,746	18,742,037	-	-
Trade and other receivables	9	71,024,660	30,639,044	10,327	444,960
Tax recoverable		461,638	400,375	14,572	25,047
Cash and bank balances	13	18,633,914	14,176,701	60,444	26,250
		105,730,117	66,214,800	85,343	496,257
Asset classified as held for sale	14	-	276,930	-	-
		105,730,117	66,491,730	85,343	496,257
<b>Total Assets</b>		133,630,473	98,937,687	40,415,081	40,827,736
<b>EQUITY</b>					
Share capital	15	27,678,500	27,678,500	27,678,500	27,678,500
Reserves	16	20,742,775	17,169,223	(527,256)	(336,628)
<b>Total Equity</b>		48,421,275	44,847,723	27,151,244	27,341,872
<b>LIABILITIES</b>					
<b>Non-Current Liabilities</b>					
Loans and borrowings	17	3,576,094	3,942,464	-	-
Lease liabilities	18	880,587	1,361,532	-	-
Trade and other payables	19	-	4,750,000	-	-
		4,456,681	10,053,996	-	-
<b>Current Liabilities</b>					
Trade and other payables	19	61,426,740	27,797,992	13,263,837	13,485,864
Contract liabilities	12	7,236,067	4,134,075	-	-
Loans and borrowings	17	10,804,337	10,827,166	-	-
Lease liabilities	18	601,374	643,385	-	-
Current tax liabilities		683,999	633,350	-	-
		80,752,517	44,035,968	13,263,837	13,485,864
<b>Total Liabilities</b>		85,209,198	54,089,964	13,263,837	13,485,864
<b>Total Equity and Liabilities</b>		133,630,473	98,937,687	40,415,081	40,827,736

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2024

(With comparative figures for the financial period 1 January 2022 to 28 February 2023)

	Note	GROUP		COMPANY	
		Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)
Revenue	20	198,671,188	96,654,732	-	387,090
Cost of sales		(181,199,863)	(80,528,643)	-	-
<b>Gross profit</b>		17,471,325	16,126,089	-	387,090
Other income		2,221,940	670,811	1,314,667	139
Administrative expenses		(12,215,243)	(14,549,552)	(384,018)	(411,271)
Allowance for impairment loss on financial instruments and contract assets		(475,550)	(625,334)	(446,462)	-
Profit/(Loss) from operations		7,002,472	1,622,014	484,187	(24,042)
Finance costs	21	(1,268,167)	(1,014,690)	(674,811)	(322,718)
Profit/(Loss) before tax	22	5,734,305	607,324	(190,624)	(346,760)
Income tax expense	23	(2,160,179)	(427,357)	(4)	(1,485)
<b>Profit/(Loss) for the financial year</b>		3,574,126	179,967	(190,628)	(348,245)
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss: -</i>					
<i>Foreign currency translation differences for foreign operations</i>		(574)	(1,503)	-	-
<b>Total comprehensive income/(loss) for the financial year</b>		3,573,552	178,464	(190,628)	(348,245)
<b>Earnings per share</b>					
Basic (sen)	24	2.00	0.10		
Diluted (sen)	24	2.00	0.10		

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2024

(With comparative figures for the financial period 1 January 2022 to 28 February 2023)

	Attributable to owners of the Company		Distributable		Total equity RM		
	Share capital RM	Non-distributable RM	Capital reserve RM	Retained profits RM			
	Translation reserve RM	Capital reserve RM	Retained profits RM	Total RM	Non-controlling interests RM		
<b>Group</b>							
As at 1 March 2023	27,678,500	(1,787)	1,050,000	16,121,010	44,847,723	-	44,847,723
Profit for the year	-	-	-	3,574,126	3,574,126	-	3,574,126
<b>Other comprehensive expense:</b>							
Foreign currency translation differences for foreign operations	(574)	-	-	-	(574)	-	(574)
Total comprehensive (expense)/income for the financial year	(574)	-	-	3,574,126	3,573,552	-	3,573,552
As at 29 February 2024	27,678,500	(2,361)	1,050,000	19,695,136	48,421,275	-	48,421,275
As at 1 January 2022	27,678,500	(284)	1,050,000	15,941,043	44,669,259	-	44,669,259
Profit for the period	-	-	-	179,967	179,967	-	179,967
<b>Other comprehensive expense:</b>							
Foreign currency translation differences for foreign operations	(1,503)	-	-	-	(1,503)	-	(1,503)
Total comprehensive (expense)/income for the financial period	(1,503)	-	-	179,967	178,464	-	178,464
At 28 February 2023	27,678,500	(1,787)	1,050,000	16,121,010	44,847,723	-	44,847,723

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

(With comparative figures for the financial period 1 January 2022 to 28 February 2023)

	← Attributable to owners of the Company →		
	Non-distributable Share capital RM	Distributable Accumulated losses RM	Total equity RM
<b>Company</b>			
As at 1 January 2022	27,678,500	11,617	27,690,117
Total comprehensive loss for the financial period	-	(348,245)	(348,245)
As at 28 February 2023/1 March 2023	27,678,500	(336,628)	27,341,872
Total comprehensive loss for the financial year	-	(190,628)	(190,628)
As at 29 February 2024	27,678,500	(527,256)	27,151,244

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2024

(With comparative figures for the financial period 1 January 2022 to 28 February 2023)

	GROUP		COMPANY	
	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)
<b>Cash Flows From/(Used in) Operating Activities</b>				
Profit/(Loss) before tax	5,734,305	607,324	(190,624)	(346,760)
Adjustments for:				
Allowance for impairment loss on :				
- trade receivables	475,550	522,678	-	-
- other receivables	-	-	446,462	-
- inventories	489,856	260,412	-	-
- contract assets	-	118,516	-	-
- investments in subsidiaries	-	-	5	-
Bad debts written off/(recovered)	3,300	(15,860)	-	-
Depreciation of :				
- property, plant and equipment	872,387	1,078,733	1,736	2,095
- right-of-use assets	725,336	998,101	-	-
- investment properties	106,904	29,683	-	-
Property, plant and equipment written off	884	-	-	-
Reversal of unwinding of discount on trade receivable	(73,065)	-	-	-
Fair value changes on deferred consideration	(1,314,511)	-	(1,314,511)	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	(72,061)	(1,592)	-	-
- right-of-use assets	(2,337)	81,551	-	-
- investment properties	-	(597)	-	-
- asset classified as held for sale	(73,070)	(92,080)	-	-
Gain on termination of right-of-use assets	(1,590)	(183)	-	-
Interest expenses	1,178,060	935,352	674,501	322,718
Interest income	(257,051)	(116,185)	(119)	(139)
Unwinding of discount on trade receivable	-	232,345	-	-
Operating profit/(loss) before working capital changes	7,792,897	4,638,198	(382,550)	(22,086)
Changes in working capital:				
(Increase)/Decrease in inventories	(1,153,372)	39,396	-	-
(Increase)/Decrease in trade and other receivables	(38,464,466)	5,731,513	1,053	756
Decrease/(Increase) in contract assets/(liabilities)	9,154,283	(3,605,394)	-	-
Increase/(Decrease) in trade and other payables	32,435,299	(1,097,741)	67,574	(59,902)
Cash generated from/(used in) operations	9,764,641	5,705,972	(313,923)	(81,232)
Tax paid	(2,067,003)	(1,970,128)	(326)	(6,580)
Tax refund	10,797	-	10,797	-
Net cash from/(used in) operating activities	7,708,435	3,735,844	(303,452)	(87,812)

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

(With comparative figures for the financial period 1 January 2022 to 28 February 2023)

	GROUP		COMPANY	
	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)
<b>Cash Flows Used In Investing Activities</b>				
Deferred consideration on acquisition of subsidiary	(3,168,042)	(5,753,000)	(3,168,042)	(5,753,000)
Interest received	257,051	116,185	119	139
Incorporation of a subsidiary	-	-	-	(2)
Purchase of:				
- Property, plant and equipment	(868,484)	(366,035)	-	-
- Right-of-use assets	(117,660)	(619,080)	-	-
- Investment property	-	(970,000)	-	-
Increase in earmarked bank balance	(2,734,417)	(3,152,679)	-	-
Placement of fixed deposit				
- pledge to bank	(615,024)	(395,525)	-	-
- maturity above 3 months	(363,816)	-	-	-
Proceeds from disposal of:				
- property, plant and equipment	1,542,330	84,000	-	-
- right-of-use assets	310,000	220,000	-	-
- investment property	-	960,000	-	-
- asset classified as held for sale	350,000	1,330,000	-	-
Net cash used in investing activities	(5,408,062)	(8,546,134)	(3,167,923)	(5,752,863)
<b>Cash Flows (Used in)/From Financing Activities</b>				
Amount due to subsidiaries	-	-	4,054,068	6,025,675
Net advances from shareholders and director	800,000	7,550,000	-	-
Interest paid	(1,052,058)	(869,354)	(548,499)	(256,720)
Drawdown of short-term borrowings	61,491,275	39,799,535	-	-
Drawdown of term loans	-	265,000	-	-
Repayment of short-term borrowings	(61,522,802)	(37,586,798)	-	-
Repayment of term loans	(357,672)	(920,281)	-	-
Repayment of lease liabilities	(914,586)	(862,785)	-	-
Net cash (used in)/from financing activities	(1,555,843)	7,375,317	3,505,569	5,768,955
Net increase/(decrease) in cash and cash equivalents	744,530	2,565,027	34,194	(71,720)
<b>Cash And Cash Equivalents At Beginning Of The Financial Year</b>				
Effects of exchange rate changes on the balance of cash held in foreign currencies	(574)	(1,503)	-	-
<b>Cash And Cash Equivalents At The End Of The Financial Year (Note 13)</b>				
	7,309,258	6,565,302	60,444	26,250

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

(With comparative figures for the financial period 1 January 2022 to 28 February 2023)

	GROUP		COMPANY	
	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)
<b>Cash outflows for leases as a lessee</b>				
<i>Included in net cash from operating activities:</i>				
Payment relating to short-term and low value assets (Note 22)	3,855,763	761,633	-	-
<i>Included in net cash from financing activities:</i>				
Payment of lease liabilities	914,586	862,785	-	-
Interest paid in relation to lease liabilities (Note 21)	90,666	128,999	-	-
<b>Total cash outflows for leases</b>	4,861,015	1,753,417	-	-
<b>Cash outflows for right-of-use assets</b>				
Cost of right-of-use assets (Note 5)	540,590	1,320,179	-	-
Less: Amount finance under lease arrangement	(422,930)	(701,099)	-	-
	117,660	619,080	-	-

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

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024

### 1. CORPORATE INFORMATION

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

The principal activities of the Company is those of investment holding.

The information on the name, principal place of business, principal activities and effective equity interest held by the Company in each subsidiary is as disclosed in Note 7.

The registered office of the Company is located at Suite 5.11 & 5.12, 5<sup>th</sup> Floor, Menara TJB, No. 9, Jalan Syed Mohd Mufti, 80000 Johor Bahru, Johor Darul Ta'zim.

The principal place of business of the Company is located at No. 18 (PLO 184), Jalan Angkasa Mas 6, Kawasan Perindustrian Tebrau II, 81100 Johor Bahru, Johor Darul Ta'zim.

The consolidated financial statements of the Group as at and for the financial year ended 29 February 2024 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 31 May 2024.

### 2. BASIS OF PREPARATION

#### a) Statement of compliance

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

#### Adoption of amendments to MFRSs

During the financial year, the Group and the Company have adopted the following applicable MFRS and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative information
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 2. BASIS OF PREPARATION (Cont'd)

#### a) Statement of compliance (Cont'd)

The adoption of amendments to standards did not have any significant impact on the financial statements of the Group and of the Company except for:

#### Amendments to MFRS 101 and MFRS Practice Statement 2 Disclosure of Accounting Policies

The Group and the Company have adopted the amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement 2 Materiality Practice Statement for the first time in the current financial year. The amendments change the requirements in MFRS 101 Presentation of Financial Statements with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Amendments to MFRS 101 Presentation of Financial Statements are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments have no effect on the measurement, recognition or presentation of any items in the Company's financial statements but affect the disclosure of accounting policies.

#### **Amendments to MFRSs in issue but not yet effective**

The Group and the Company have not applied the following amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company.

		<b>Effective dates for financial periods beginning on or after</b>
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Agreements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of between an Investor and its Associate or Joint Venture	Deferred until further notice

The directors anticipate that the abovementioned amendments to MFRSs will be adopted in the annual financial statements of the Group and the Company when they become effective, if applicable, and that the adoption of the amendments to MFRSs will have no material impact on the financial statements of the Group and the Company in the period of initial application.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 2. BASIS OF PREPARATION (Cont'd)

b) Basis of measurement

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

c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

d) Significant accounting judgements, estimates and assumptions

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

#### Judgements

In the process of applying the Company's accounting policies, the directors are of the opinion that there are no instances of application of judgements which are expected to have a significant effect on the amounts recognised in the financial statements.

#### Key sources of estimation uncertainty

Directors believe that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

##### Impairment of financial assets and contract assets

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

The Group uses a provision matrix to calculate expected credit losses for trade receivables and contract assets. The provision rates are depending on the number of days that a trade receivable is past due. The Group uses the grouping according to the customer segments that have similar loss patterns. The criteria include geographical region, product type, customer type and rating, collateral or trade credit insurance.

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

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 2. BASIS OF PREPARATION (Cont'd)

- d) Significant accounting judgements, estimates and assumptions (Cont'd)

#### Key sources of estimation uncertainty (Cont'd)

##### Impairment of financial assets and contract assets (Cont'd)

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

The information about the impairment losses on the financial assets and contract assets are disclosed in Notes 9 and 12.

##### Construction revenue

The Group recognised construction revenue in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 12.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION

#### (a) Basis of consolidation

- (i) Subsidiary companies and business combination

Subsidiaries are entities (including structured entities) controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when the it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significant affect the investee's return.

Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### (a) Basis of consolidation (Cont'd)

##### (i) Subsidiary companies and business combination (Cont'd)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer accounting policy Note 3(j)(i) on impairment of non-financial assets.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### (a) Basis of consolidation (Cont'd)

- (ii) Change in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

- (iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

- (iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying amount may be impaired. The policy of recognition and measurement of impairment losses is in accordance with Note 3(j)(i) on impairment of non-financial assets.

#### (b) Foreign currency translation

- (i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### (b) Foreign currency translation (Cont'd)

##### (i) Foreign currency transactions and balances (Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in the foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operation, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

#### (c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(j)(i) on impairment of non-financial assets.

Depreciation is 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.

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

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

Buildings	2 - 5%
Furniture and equipment	10 - 40%
Motor vehicles	10 - 20%
Renovation	10%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

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

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### (d) Leases

##### (i) As lessee

The Group and the Company recognise a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(j)(i) on impairment of non-financial assets.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined as follows:

Leasehold land	Over the remaining lease period
Leased buildings	20 to 50 years
Hostel and office buildings	Over the remaining lease period
Motor vehicles	5 to 9 years

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM30,000 each when purchased new.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### (d) Leases (Cont'd)

##### (ii) As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### (e) Financial assets

##### Recognition and initial measurement

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

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments. Transaction costs of financial assets carried at fair value through profit or loss ("FVTPL") are expensed in profit or loss.

##### Financial asset categories and subsequent measurement

The Group and the Company determine the classification of financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

##### (i) Financial assets at amortised cost

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### (e) Financial assets (Cont'd)

##### Financial asset categories and subsequent measurement (Cont'd)

##### (i) Financial assets at amortised cost (Cont'd)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Interest income, foreign exchange gains or losses, impairment and any gain or loss on derecognition or modification are recognised in profit or loss.

The Group's and the Company's financial assets at amortised cost include trade and other receivables, amount due from subsidiaries and deposits, cash and bank balances.

##### (ii) Financial assets at fair value through other comprehensive income ("FVTOCI")

##### (a) Debt investments

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt investment not designated as at fair value through profit or loss, interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income.

On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

##### (b) Equity instruments

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

On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

The Group and the Company have not designated any financial assets as FVOCI.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### (e) Financial assets (Cont'd)

##### (iii) Financial assets at fair value through profit or loss ("FVTPL")

All financial assets not classified as measured at amortised cost or FVTOCI, as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income are recognised in profit or loss.

The Group's and the Company's financial assets at FVTPL comprise other investments.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment in accordance with Note 3(j)(ii) on impairment of financial assets.

Regular way purchase or sale are purchase or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchase or sale of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset or part of it is derecognised when, and only when the contractual rights to receive cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

#### (f) Financial liabilities

##### Recognition and initial measurement

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

At initial recognition, the Group and the Company measure a financial liability at its fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### (f) Financial liabilities (Cont'd)

##### Financial liability categories and subsequent measurement

The Group and the Company classify their financial liabilities as follows:

##### (i) Financial liabilities at fair value through profit or loss ("FVTPL")

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in profit or loss.

The Group and the Company have not designated any financial liabilities as FVTPL.

##### (ii) Financial liabilities at amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

The Group's and the Company's financial liabilities designated as amortised cost comprise trade and other payables, amount due to directors and lease liabilities.

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

#### (g) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowances; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### (h) Offsetting of financial instruments

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

#### (i) Inventories

The cost of inventories is calculated using the first-in-first-out (FIFO) method and includes the original purchase price and the costs of bringing these inventories to their present location and condition.

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

#### (j) Impairment of assets

##### (i) Non-financial assets

The carrying amounts of non-financial assets (except deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### (j) Impairment of assets (Cont'd)

##### (ii) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for financial assets that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-months expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-months expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### (k) Revenue and other income recognition

##### (i) Revenue from contracts with customers

Revenue is measured at the fair value of consideration received or receivable in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognised when the Group or the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service.

The Group recognises revenue from contracts with customers at a point in time unless one of the following over time criteria is met:

- 1) Does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date; or
- 2) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- 3) Provides benefits that the customer simultaneously received and consumes as the Group performs.

The Group recognises revenue from the following major sources:

##### (a) Revenue from construction contract

The Group contracts with its customers for construction services. Revenue from construction contracts is recognised over time using the input method, which is based on the actual cost incurred to date on the construction project as compared to the total budgeted cost for the construction project.

##### (b) Sales of goods and services rendered

Revenue from a sale of goods is recognised at a point in time when control of the goods is passed to the customer, which is the point in time when the significant risks and rewards are transferred to the customer and the transaction has met the probability of inflows and measurement reliability.

Revenue from services rendered is recognised in profit or loss when the services are performed, and is measured at the fair value of the consideration receivable.

##### (ii) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will be accrued to the Group and the Company.

##### (iii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income are recognised as other income.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### (k) Revenue and other income recognition (Cont'd)

##### (iv) Dividend income

Dividend income is recognised in profit or loss on the date the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

#### (l) Investment properties

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

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. All other investment properties are depreciated on straight-line bases by allocating their depreciable amounts over their remaining useful lives as follows:

Buildings	20 - 50 years
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#### (m) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

#### (n) Statements of cash flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows. Cash and cash equivalents comprise cash and bank balances, deposits with licensed banks and other short-term, highly liquid investments that are readily convertible into cash with insignificant risk of changes in value against which bank overdrafts, if any, are deducted.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 4. PROPERTY, PLANT AND EQUIPMENT

Group 2024	Freehold land RM	Buildings RM	Furniture and equipment RM	Motor vehicles RM	Renovation RM	Total RM
<b>Cost</b>						
As at 1 March 2023	2,825,976	6,615,110	3,475,207	2,733,827	1,645,001	17,295,121
Additions	-	-	832,129	-	36,355	868,484
Disposals	-	(1,751,000)	(55,195)	-	(21,764)	(1,827,959)
Written off	-	-	(1,069)	-	-	(1,069)
Transfers from right-of-use assets (Note 5)	-	-	-	1,116,616	-	1,116,616
As at 29 February 2024	2,825,976	4,864,110	4,251,072	3,850,443	1,659,592	17,451,193
<b>Accumulated depreciation</b>						
As at 1 March 2023	-	989,972	2,368,850	2,451,053	801,426	6,611,301
Charge for the financial year	-	131,634	397,518	187,414	155,821	872,387
Disposals	-	(300,355)	(47,541)	-	(9,794)	(357,690)
Written off	-	-	(185)	-	-	(185)
Transfers from right-of-use assets (Note 5)	-	-	-	837,815	-	837,815
As at 29 February 2024	-	821,251	2,718,642	3,476,282	947,453	7,963,628
<b>Net carrying amount</b>						
As at 29 February 2024	2,825,976	4,042,859	1,532,430	374,161	712,139	9,487,565

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group 2023	Freehold land RM	Buildings RM	Furniture and equipment RM	Motor vehicles RM	Renovation RM	Total RM
<b>Cost</b>						
As at 1 January 2022	3,257,358	9,988,440	3,140,382	2,637,209	1,619,424	20,642,813
Additions	-	-	340,458	-	25,577	366,035
Disposals	-	-	(5,633)	(235,452)	-	(241,085)
Transfers to investment properties (Note 6)	(431,382)	(3,067,330)	-	-	-	(3,498,712)
Transfer from right-of-use assets (Note 5)	-	-	-	332,070	-	332,070
Transfer to asset classified as held for sale (Note 14)	-	(306,000)	-	-	-	(306,000)
As at 28 February 2023	2,825,976	6,615,110	3,475,207	2,733,827	1,645,001	17,295,121
<b>Accumulated depreciation</b>						
As at 1 January 2022	-	1,089,321	2,028,993	2,185,620	609,422	5,913,356
Charge for the financial period	-	328,168	345,490	213,071	192,004	1,078,733
Disposals	-	-	(5,633)	(153,044)	-	(158,677)
Transfer to investment properties (Note 6)	-	(398,447)	-	-	-	(398,447)
Transfer from right-of-use assets (Note 5)	-	-	-	205,406	-	205,406
Transfer to asset classified as held for sale (Note 14)	-	(29,070)	-	-	-	(29,070)
As at 28 February 2023	-	989,972	2,368,850	2,451,053	801,426	6,611,301
<b>Net carrying amount</b>						
As at 28 February 2023	2,825,976	5,625,138	1,106,357	282,774	843,575	10,683,820

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

<b>Company 2024</b>	<b>Furniture and equipment RM</b>
<b>Cost</b>	
At 1 March 2023/29 February 2024	12,560
<b>Accumulated depreciation</b>	
At 1 March	4,637
Charge for the financial year	1,736
At 29 February 2024	6,373
<b>Net carrying amount</b>	
At 29 February 2024	6,187
<b>Company 2023</b>	
<b>Cost</b>	
At 1 January 2022/28 February 2023	12,560
<b>Accumulated depreciation</b>	
At 1 January 2022	2,542
Charge for the financial period	2,095
At 28 February 2023	4,637
<b>Net carrying amount</b>	
At 28 February 2023	7,923

The net carrying amount of property, plant and equipment pledged for banking facilities granted to the Group as referred to in Note 17 are as follows:

	<b>2024 RM</b>	<b>2023 RM</b>
Freehold land	2,825,976	2,825,976
Buildings	3,555,776	3,663,883
	6,381,752	6,489,859

The lease income recognised in profit or loss of the Group is RM21,600 (2023: RM143,600) and the operating lease payments are within 1 to 2 years.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 5. RIGHT-OF-USE ASSETS

Group 2024	Leasehold land RM	Leasehold buildings RM	Hostel and office buildings RM	Motor vehicles RM	Total RM
<b>Cost</b>					
As at 1 March 2023	1,370,000	1,165,754	100,099	4,620,230	7,256,083
Additions	-	-	62,930	477,660	540,590
Disposal/Termination	-	-	(62,931)	(575,150)	(638,081)
Transfer to property, plant and equipment (Note 4)	-	-	-	(1,116,616)	(1,116,616)
As at 29 February 2024	1,370,000	1,165,754	100,098	3,406,124	6,041,976
<b>Accumulated amortisation</b>					
As at 1 March 2023	133,575	192,173	38,849	2,200,263	2,564,860
Charge for the financial year	41,100	45,427	55,991	582,818	725,336
Disposal/Termination	-	-	(33,221)	(267,487)	(300,708)
Transfer to property, plant and equipment (Note 4)	-	-	-	(837,815)	(837,815)
As at 29 February 2024	174,675	237,600	61,619	1,677,779	2,151,673
<b>Net carrying amount</b>					
As at 29 February 2024	1,195,325	928,154	38,479	1,728,345	3,890,303
<b>2023</b>					
<b>Cost</b>					
As at 1 January 2022	1,612,202	1,117,324	71,049	4,289,300	7,089,875
Additions	-	557,080	100,099	663,000	1,320,179
Disposal/Termination	-	(508,650)	(71,049)	-	(579,699)
Transfer to investment properties (Note 6)	(242,202)	-	-	-	(242,202)
Transfer to property, plant and equipment (Note 4)	-	-	-	(332,070)	(332,070)
As at 28 February 2023	1,370,000	1,165,754	100,099	4,620,230	7,256,083
<b>Accumulated amortisation</b>					
As at 1 January 2022	93,116	330,131	57,044	1,576,744	2,057,035
Charge for the financial period	50,863	69,140	49,173	828,925	998,101
Disposal/Termination	-	(207,098)	(67,368)	-	(274,466)
Transfer to investment properties (Note 6)	(10,404)	-	-	-	(10,404)
Transfer to property, plant and equipment (Note 4)	-	-	-	(205,406)	(205,406)
As at 28 February 2023	133,575	192,173	38,849	2,200,263	2,564,860
<b>Net carrying amount</b>					
As at 28 February 2023	1,236,425	973,581	61,250	2,419,967	4,691,223

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 5. RIGHT-OF-USE ASSETS (Cont'd)

The Group leases hostel and office buildings for 2 years that include an extension option for additional one year. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and to align with the Group's business needs. The Group had performed an assessment at lease commencement whether it is reasonably certain to exercise the extension options. The lease arrangements generally do not allow for subleasing of the leased assets to another party.

The net carrying amount of right-of-use assets pledged for banking facilities granted to the Group as referred to in Note 17 are as follows:

	2024 RM	2023 RM
Leasehold land	1,195,325	1,236,425
Leasehold buildings	928,154	973,581
	2,123,479	2,210,006

Included in right-of-use assets of the Group are motor vehicles with net carrying amount of RM1,728,345 (2023: RM2,419,967) held under the hire purchase arrangement with lease term of 3 to 5 years.

### 6. INVESTMENT PROPERTIES

Group 2024	Freehold land RM	Leasehold land RM	Buildings RM	Total RM
<b>Cost</b>				
As at 1 March 2023/29 February 2024	741,382	242,202	3,885,330	4,868,914
<b>Accumulated amortisation</b>				
At 1 March 2023	-	10,404	433,893	444,297
Charge for the financial year	-	2,497	104,407	106,904
At 29 February 2024	-	12,901	538,300	551,201
<b>Net carrying amount</b>				
At 29 February 2024	741,382	229,301	3,347,030	4,317,713

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 6. INVESTMENTS PROPERTIES (Cont'd)

Group 2023	Freehold land RM	Leasehold land RM	Buildings RM	Total RM
<b>Cost</b>				
As at 1 January 2022	310,000	-	818,000	1,128,000
Additions	392,000	-	578,000	970,000
Disposal	(392,000)	-	(578,000)	(970,000)
Transfer from property, plant and equipment (Note 4)	431,382	-	3,067,330	3,498,712
Transfer from right-of-use assets (Note 5)	-	242,202	-	242,202
As at 28 February 2023	741,382	242,202	3,885,330	4,868,914
<b>Accumulated amortisation</b>				
As at 1 January 2022	-	-	16,360	16,360
Charge for the financial period	-	-	29,683	29,683
Disposal	-	-	(10,597)	(10,597)
Transfer from property, plant and equipment (Note 4)	-	-	398,447	398,447
Transfer from right-of-use assets (Note 5)	-	10,404	-	10,404
As at 28 February 2023	-	10,404	433,893	444,297
<b>Net carrying amount</b>				
As at 28 February 2023	741,382	231,798	3,451,437	4,424,617

The investment properties comprise residential and commercial properties that are leased to third parties. It contains an initial period of 2 - 3 years. Subsequent renewals are negotiated with the lessee.

The fair value of investment properties is amounted to RM5,792,000 (2023: RM5,180,000). Fair value is estimated based on indicative valuation by external, independent valuers having appropriate recognised professional qualification and estimated by the directors reference to the published selling price for property in vicinity location. The investment properties are classified as Level 3 in the fair value hierarchy.

The followings are recognised in profit or loss in respect of investment properties:

	GROUP	
	2024 RM	2023 RM
Lease income	160,600	54,860
Direct operating expenses		
- income generating investment property	21,651	4,936
- non-income generating investment property	6,363	-

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 6. INVESTMENTS PROPERTIES (Cont'd)

The future minimum lease payments receivable under operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	GROUP	
	2024 RM	2023 RM
Not later than 1 year	119,800	149,100
Later than 1 year but not later than 5 years	27,400	103,800
	147,200	252,900

### 7. Investments in subsidiaries

	COMPANY	
	2024 RM	2023 RM
<b>At cost</b>		
Unquoted shares, at cost	40,323,556	40,323,556
Less: Accumulated impairment losses	(5)	-
	40,323,551	40,323,556

Details of the subsidiaries are as follows:

Name of Company	Country of incorporation	Effective interest (%)		Principal activities
		2024	2023	
<b>Direct Holding:</b>				
Cabinet Systems (M) Sdn. Bhd.	Malaysia	100	100	Building management solutions which comprise structured cabling and extra low voltage ("ELV") systems
Cabinet Globe Pte. Ltd.*	Singapore	100	100	Dormant
Cabinet M&E Sdn. Bhd.	Malaysia	100	100	Electrical contractor
CES Integration Sdn. Bhd.	Malaysia	100	100	Wholesale of household appliances and related products
<b>Indirect Holding:</b>				
<b>Subsidiary company of Cabinet Systems (M) Sdn. Bhd.</b>				
ITWin Technology Sdn. Bhd. ^	Malaysia	100	100	Information technology service as a complementary offering to building management solutions, general trading and services
<b>Subsidiary company of ITWin Technology Sdn. Bhd.</b>				
Ampligix Technology Sdn. Bhd.	Malaysia	100	100	Providing infrastructure for hosting, data processing services and related activities

\* The subsidiary is not audited by UHY and it remained dormant during the financial year.

^ The subsidiary is 51% owned by Cabinet Systems (M) Sdn. Bhd. and 49% owned by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 8. GOODWILL

	GROUP	
	2024 RM	2023 RM
<b>Cost</b>		
As at 1 March 2023/1 January 2022/29 February/28 February	6,035,098	6,035,098
<b>Net carrying amount</b>		
As at 29 February/28 February	6,035,098	6,035,098

The goodwill are associated with the acquisition of Cabnet M&E Sdn. Bhd. and ITWin Technology Sdn. Bhd. during the prior years (the "cash generating unit" or "CGU").

The recoverable amount for the goodwill were based on its value in use, determined by discounting the future cash flows to be generated from the CGU and were based on the following key assumptions:

- i) Cash flows were projected based on past experience, actual operating results and 5-year plan and an estimated terminal value with zero growth rate;
- ii) Revenue is projected based on growth rate of 3% (2023: 3%) on historical sales performance;
- iii) Profit margins were based on historical performance and remain constant throughout the projected period; and
- iv) A pre-tax discount rate of 12.89% (2023: 15.80%) was applied in determining the recoverable amount. The discount rate was estimated based on the industry's weighted average cost of capital.

Based on management assessment, the recoverable amount of the CGU was determined to be higher than its carrying amount and therefore, no impairment loss was recognised.

Based on the sensitivity analysis, any reasonably possible change in the key assumptions applied is not likely to cause the carrying amount of goodwill to exceed its recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 9. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Non-current:</b>				
Trade receivables:				
Receivables from contract customers				
- Third parties	2,511,700	4,911,700	-	-
Less: Unwinding of discount	(159,280)	(232,345)	-	-
	2,352,420	4,679,355	-	-
<b>Current:</b>				
Trade receivables:				
Receivables from contract customers				
- Third parties	48,961,125	20,972,852	-	-
- Retention sum	22,195,574	9,303,537	-	-
- Less: Allowance for impairment	(1,317,409)	(841,859)	-	-
- Less: Bad debts written off	(3,300)	-	-	-
	69,835,990	29,434,530	-	-
Other receivables:				
Amount due by subsidiaries	-	-	446,462	433,580
Less: Allowance for impairment	-	-	(446,462)	-
	-	-	-	433,580
Sundry receivables	146,648	118,433	-	-
Advances to suppliers	465,629	355,018	-	-
Deposits	220,592	471,207	1,000	1,000
Prepayments	355,801	259,856	9,327	10,380
	1,188,670	1,204,514	10,327	11,380
	71,024,660	30,639,044	10,327	444,960

Credit terms of trade receivables range from 30 days to 90 days (2023: 30 days to 90 days).

Retentions are unsecured, interest-free and are expected to be collected within periods ranging from 6 to 24 (2023: 6 to 24) months.

The amount due by subsidiaries is unsecured, interest-free advances and payments made on behalf. The amount is repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 9. Trade and other receivables (Cont'd)

Movements in the allowance for impairment on trade receivables and other receivables in respect of:

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Trade receivables</b>				
As at 1 March 2023/1 January 2022	841,859	319,181	-	-
Addition	475,550	522,678	-	-
As at 29 February/28 February 2023	1,317,409	841,859	-	-
<b>Other receivables</b>				
As at 1 March 2023/1 January 2022	-	-	-	-
Addition	-	-	446,462	-
As at 29 February/28 February	-	-	446,462	-

The aged analysis of trade receivables as at the end of the reporting period:

Group 2024	Gross amount RM	Loss allowance RM	Net amount RM
Neither past due nor impaired	40,997,592	-	40,997,592
Past due not impaired:			
Less than 30 days	16,116,078	-	16,116,078
31 to 120 days	7,738,527	-	7,738,527
More than 120 days	7,336,213	-	7,336,213
	31,190,818	-	31,190,818
Credit impaired:			
Individually impaired	1,317,409	(1,317,409)	-
	73,505,819	(1,317,409)	72,188,410
<b>2023</b>			
Neither past due nor impaired	14,979,291	-	14,979,291
Past due not impaired:			
Less than 30 days	6,223,494	-	6,223,494
31 to 120 days	4,703,662	-	4,703,662
More than 120 days	8,207,438	-	8,207,438
	19,134,594	-	19,134,594
Credit impaired:			
Individually impaired	34,113,885	-	34,113,885
	841,859	(841,859)	-
	34,955,744	(841,859)	34,113,885

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 9. TRADE AND OTHER RECEIVABLES (Cont'd)

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 29 February 2024, trade receivables of RM31,190,818 (2023: RM19,134,594) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM1,317,409 (2023: RM841,859), are related to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

### 10. DEFERRED TAX ASSETS

	GROUP	
	2024 RM	2023 RM
As at 1 March 2023/1 January 2022	1,931,844	709,276
Recognised in profit or loss (Note 23)	(114,587)	1,222,568
As at 29 February/28 February	1,817,257	1,931,844
<b>Represented by:</b>		
Deferred tax assets	2,146,300	2,279,300
Deferred tax liabilities	(329,043)	(347,456)
	1,817,257	1,931,844

The components of deferred tax assets and liabilities as at the end of the financial year/period, prior to offsetting are as follows:

Deferred tax assets/(liabilities)	Property, plant and equipment RM	Contract assets RM	Allowance RM	Unabsorbed tax losses and capital allowances RM	Total RM
<b>Group</b>					
<b>2024</b>					
At 1 March 2023	(347,456)	446,800	472,700	1,359,800	1,931,844
Recognised in profit or loss	18,413	(406,700)	222,500	51,200	(114,587)
At 29 February 2024	(329,043)	40,100	695,200	1,411,000	1,817,257
<b>2023</b>					
At 1 January 2022	(320,534)	(8,267)	252,377	785,700	709,276
Recognised in profit or loss	(26,922)	455,067	220,323	574,100	1,222,568
At 28 February 2023	(347,456)	446,800	472,700	1,359,800	1,931,844

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 10. DEFERRED TAX ASSETS (Cont'd)

Deferred tax assets are mainly recognised for unutilised capital allowances and tax losses of Cabnet Systems (M) Sdn. Bhd., a subsidiary of the Company, to the extent that realisation of the related tax benefits through future taxable profits is probable.

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

	GROUP	
	2024 RM	2023 RM
Unabsorbed capital allowances	5,463	-
Unutilised tax losses	2,011,715	-
Allowance	128,017	-
	2,145,195	-

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

The unutilised capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the Group, subjects to no substantial changes in shareholdings of the Group entities under the Income Tax Act 1967 and guidelines issued by the tax authority.

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendments to Section 44(5F) of Income Tax Act 1967, the time limit of the carried forward unutilised tax losses has been extended to maximum of 10 consecutive years of assessment. This amendment is deemed to have effect from the year of assessment 2019 and subsequent years of assessment.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessments 2019 to 2028).

The unused tax losses are available for offset against future taxable profits of the Group up to the following year of assessment:

	GROUP	
	2024 RM	2023 RM
Year of assessment:		
2030	3,175,266	3,175,266
2032	890,674	890,674
2033	824,260	824,260
2034	2,193,587	-
	7,083,787	4,890,200

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 11. INVENTORIES

	GROUP	
	2024 RM	2023 RM
<b>At cost</b>		
Project materials	1,158,789	1,335,117
Trading goods	2,657,805	1,328,105
	3,816,594	2,663,222
Less: Allowance for impairment	(896,435)	(406,579)
	2,920,159	2,256,643
<b>Recognised in profit or loss:</b>		
Inventories recognised as cost of sales	120,396,921	50,181,465
Allowance for impairment loss on inventories	489,856	260,412

The allowance for impairment loss are included in cost of sales.

The movements in allowance for impairment loss on inventories are as follows:

	GROUP	
	2024 RM	2023 RM
As at 1 March 2023/1 January 2022	406,579	146,167
Addition	489,856	260,412
As at 29 February/28 February	896,435	406,579

### 12. CONTRACT ASSETS/(LIABILITIES)

Contract assets/(liabilities) relating to construction contracts are as follows:

	GROUP	
	2024 RM	2023 RM
<b>Contract assets</b>		
As at 1 March 2023/1 January 2022	18,860,553	14,250,198
Add: Revenue recognised during the financial year/period	172,778,732	60,049,311
Less: Progress billings during the year/period	(178,831,023)	(55,438,956)
	12,808,262	18,860,553
Less: Allowance for impairment	(118,516)	(118,516)
As at 29 February/28 February	12,689,746	18,742,037

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 12. CONTRACT ASSETS/(LIABILITIES) (Cont'd)

Movement in the allowance for impairment in respect of contract assets is as follows:

	GROUP	
	2024 RM	2023 RM
As at 1 March 2023/1 January 2022	118,516	-
Addition	-	118,516
As at 29 February/28 February	118,516	118,516

The contract assets primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its construction activities. The contract assets will be transferred to trade receivables when the rights become unconditional.

	GROUP	
	2024 RM	2023 RM
Contract liabilities:		
Construction contracts	5,116,873	1,301,697
Advances from customers	2,119,194	2,832,378
	7,236,067	4,134,075

Contract liabilities relate to construction contracts represent the obligation to transfer services to customers for which the Group has billed the customers. The advances from customers included in contract liabilities relate to the advance consideration received from customers, which revenue is recognised overtime or at point in time for construction contracts, goods and services rendered. The contract liabilities are expected to be recognised as revenue when works performed.

Significant changes in advances from customers are as follows:

	GROUP	
	2024 RM	2023 RM
Revenue recognised that was included in the contract liabilities at the beginning of the financial year/period	(1,269,429)	(537,422)
Increases due to advances received from customers, but revenue not recognised	556,245	240,686

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 13. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Short-term deposits	468,042	547,543	-	-
Cash and bank balances	12,727,305	9,170,438	60,444	26,250
Fixed deposits with licensed banks	5,438,567	4,458,720	-	-
	18,633,914	14,176,701	60,444	26,250

(a) Short-term deposits represent investment in highly liquid money market instruments which are readily convertible to known amount of cash and are subject to an insignificant risk of change in value.

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

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Short-term deposits	468,042	547,543	-	-
Cash and bank balances	12,727,305	9,170,438	60,444	26,250
Fixed deposits with licensed banks	5,438,567	4,458,720	-	-
	18,633,914	14,176,701	60,444	26,250
Less:				
Deposits pledged with licensed banks (Note 17)	(5,073,744)	(4,458,720)	-	-
Deposits with maturity above 3 months	(363,816)	-	-	-
Earmarked bank balance	(5,887,096)	(3,152,679)	-	-
Cash and cash equivalents	7,309,258	6,565,302	60,444	26,250

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 13. CASH AND BANK BALANCES (Cont'd)

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

	Lease liabilities RM	Loans and borrowings (exclude bank overdraft) RM	Advances from shareholders and director RM	Total RM
As at 1 January 2022	2,170,468	13,212,174	2,000,000	17,382,642
Cash flows:				
Addition	701,099	40,064,535	11,550,000	52,315,634
Repayment	(862,785)	(38,507,079)	(4,000,000)	(43,369,864)
Non cash changes:				
Termination	(3,865)	-	-	(3,865)
As at 28 February/ 1 March 2023	2,004,917	14,769,630	9,550,000	26,324,547
Cash flows:				
Addition	422,930	61,491,275	4,300,000	66,214,205
Repayment	(914,586)	(61,880,474)	(3,500,000)	(66,295,060)
Non-cash changes:				
Termination	(31,300)	-	-	(31,300)
As at 29 February 2024	1,481,961	14,380,431	10,350,000	26,212,392

### 14. ASSET CLASSIFIED AS HELD FOR SALE

	GROUP	
	2024 RM	2023 RM
Freehold building	-	276,930

On 21 October 2022, the Group entered into a Sale and Purchase Agreement for the disposal of freehold service apartment, for a total consideration of RM350,000. Accordingly, the asset is reclassified to asset held for sale. The asset was stated at cost less accumulated depreciation at the date of reclassification. The disposal was completed during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 15. SHARE CAPITAL

	GROUP AND COMPANY			
	NUMBER OF SHARES		AMOUNT	
	2024 Units	2023 Units	2024 RM	2023 RM
<b>Issued and fully paid ordinary shares</b>				
At beginning and end of the financial year/period	178,750,000	178,750,000	27,678,500	27,678,500

### 16. RESERVES

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Non-distributable</b>				
Reserves				
Capital reserve	1,050,000	1,050,000	-	-
Translation reserve	(2,361)	(1,787)	-	-
Retained profits/(Accumulated losses)	19,695,136	16,121,010	(527,256)	(336,628)
	20,742,775	17,169,223	(527,256)	(336,628)

(a) Capital Reserve

Capital reserve consist of a transfer from retained profits arising from bonus issue of shares in a subsidiary company.

(b) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

### 17. LOANS AND BORROWINGS

	GROUP	
	2024 RM	2023 RM
<b>Non-current</b>		
<b>Secured</b>		
-Term loans	3,576,094	3,942,464
<b>Current</b>		
<b>Secured</b>		
- Bankers' acceptance	6,513,000	6,535,000
- Term loans	409,512	400,814
- Other trade finance	3,881,825	3,891,352
	10,804,337	10,827,166
	14,380,431	14,769,630

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 17. LOANS AND BORROWINGS (Cont'd)

The average effective interest rates per annum are as follows:

	GROUP	
	2024 %	2023 %
Bankers' acceptance	4.57	4.82
Term loans	4.28	3.96
Other trade finance	5.79	5.00

The loans and borrowings are secured by mean of:

- legal charges over certain properties of the Group as disclosed in Note 4, Note 5 and Note 6 to the financial statements;
- pledged of fixed deposit as referred to in Note 13; and
- corporate guarantee by the Company.

### 18. LEASE LIABILITIES

	GROUP	
	2024 RM	2023 RM
<b>Non-current</b>		
Lease obligation	12,806	18,772
Hire purchase payables	867,781	1,342,760
	880,587	1,361,532
<b>Current</b>		
Lease obligation	29,411	46,813
Hire purchase payables	571,963	596,572
	601,374	643,385
	1,481,961	2,004,917

The maturity analysis of lease liabilities of the Group at the end of the reporting period:

	GROUP	
	2024 RM	2023 RM
Within one year	662,484	723,916
Later than one year and not later than two years	656,942	733,629
Later than two years and not later than five years	261,593	707,287
	1,581,019	2,164,832
Less: Future finance charges	(99,058)	(159,915)
Present value of lease liabilities	1,481,961	2,004,917

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 18. LEASE LIABILITIES (Cont'd)

The lease liabilities for the right-of-use assets as referred to in Note 5 are initially measured at the present value of the lease payments that are not paid at the commencement date.

The Group has recognised the lease payments associated with short-term leases and low value assets on a straight-line bases over the lease terms as rental expenses, as disclosed in Note 22 to the financial statements.

### 19. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Non-current:</b>				
Other payables:				
Sundry payables	-	4,750,000	-	-
<b>Current:</b>				
Trade payables:				
Third parties	48,202,406	16,584,343	-	-
Other payables:				
Due to subsidiaries	-	-	13,121,143	9,054,193
Sundry payables	10,830,786	5,242,534	32,224	6,140
Deposits received	88,900	64,900	-	-
Accruals	2,304,648	1,549,664	110,470	68,980
Deferred consideration	-	4,356,551	-	4,356,551
	13,224,334	11,213,649	13,263,837	13,485,864
	61,426,740	27,797,992	13,263,837	13,485,864

Credit terms of trade payables range from 30 days to 90 days (2023: 30 days to 90 days).

The amount due to subsidiaries consists of non-trade payable which bear an interest of 4.50% to 5.00% (2023: 3.50% to 4.50%) per annum is unsecured and repayable on demand.

Sundry payables of the Group consist of advances from shareholders and director amounting to RM10,350,000 (2023: RM4,800,000) which are unsecured, interest-free and repayable within 12 months, and RM Nil (2023: RM4,750,000) which is unsecured, interest-free and repayable after 12 months.

The deferred consideration amounting to RM Nil (2023: RM4,356,551) represents the unpaid balances of the fair value of purchase consideration in relation to the acquisition of subsidiary in year 2021. During the year, the vendor did not meet the entire conditions attached to the Final Payment of the purchase consideration as per the Share Purchase Agreement, the unfulfilled portion of deferred consideration are subsequently being recognised as other income during the year.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 20. REVENUE

	GROUP		COMPANY	
	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)
<b>Revenue from contract with customers</b>				
Construction activities	172,778,732	60,049,311	-	-
Sales of goods and services	25,892,456	36,605,421	-	-
Dividend income	-	-	-	387,090
	198,671,188	96,654,732	-	387,090
Timing of revenue recognised:				
Over time	172,778,732	60,049,311	-	-
At a point in time	25,892,456	36,605,421	-	387,090
	198,671,188	96,654,732	-	387,090

Transaction price allocated to the remaining performance obligations:

	GROUP		COMPANY	
	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)
<b>As at 29 February / 28 February</b>				
Revenue expected to be recognised on:				
- Construction contracts	99,449,349	208,181,960	-	-

The nature of Group's business activities is as disclosed in Note 25. Credit terms of trade receivables range from 30 days to 90 days (2023: 30 days to 90 days). For construction activities, defect liability period of 12 to 36 months is given to the customers.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 21. FINANCE COSTS

	GROUP		COMPANY	
	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)
<b>Interest expense of financial liabilities that are not at fair value through profit or loss:</b>				
- lease liabilities	90,666	128,999	-	-
- term loans	184,426	200,679	-	-
- inter-company loans	-	-	548,499	256,720
- bank overdraft	50,821	46,458	-	-
- bankers' acceptance	340,588	319,868	-	-
- trust receipts charges	61,847	-	-	-
- other trade finance	323,710	173,350	-	-
- unwinding discount on deferred consideration	126,002	65,998	126,002	65,998
	1,178,060	935,352	674,501	322,718
Bank charges and commitment fee	90,107	79,338	310	-
	1,268,167	1,014,690	674,811	322,718

### 22. PROFIT/(LOSS) BEFORE TAX

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

	GROUP		COMPANY	
	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)
Auditors' remuneration:				
Statutory				
- Current year	134,889	97,417	30,000	26,000
- Non-audit fees	5,000	5,200	5,000	4,000
Bad debt written off	3,300	-	-	-
Depreciation of :				
- property, plant and equipment	872,387	1,078,733	1,736	2,095
- right-of-use assets	725,336	998,101	-	-
- investment properties	106,904	29,683	-	-
Allowance for impairment loss on:				
- contract assets	-	118,516	-	-
- inventories	489,856	260,412	-	-
- investments in subsidiaries	-	-	5	-
- other receivables	-	-	446,462	-
- trade receivables	475,550	522,678	-	-
Property, plant and equipment written off	884	-	-	-
Realised loss on foreign exchange	3,261	9,355	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 22. PROFIT/(LOSS) BEFORE TAX (Cont'd)

Profit/(Loss) before tax is arrived after charging/(crediting): (Cont'd)

	GROUP		COMPANY	
	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)
Short-term and low value asset lease:				
- equipment	3,063,700	546,697	-	-
- premises and warehouse	779,208	211,596	-	-
- vehicle	12,855	3,340	-	-
Unwinding of discount on trade receivable	-	232,345	-	-
Bad debts recovered	-	(15,860)	-	-
Dividend income	-	-	-	(387,090)
(Gain)/Loss on disposal of:				
- property, plant and equipment	(72,061)	(1,592)	-	-
- right-of-use assets	(2,337)	81,551	-	-
- investment properties	-	(597)	-	-
- asset classified as held for sale	(73,070)	(92,080)	-	-
Gain on termination of right-of-use assets	(1,590)	(183)	-	-
Reversal of unwinding of discount on trade receivables	(73,065)	-	-	-
Fair value changes on deferred consideration	(1,314,511)	-	(1,314,511)	-
Interest income	(257,051)	(116,185)	(119)	(139)
Realised gain on foreign exchange	(11,101)	(5,024)	-	-
Rental income	(219,100)	(198,460)	-	-
Executive directors' remuneration:				
- fees				
• directors of the Company	138,000	161,000	30,000	35,000
• directors of the subsidiaries	48,000	56,000	-	-
- salaries and other emoluments:				
• directors of the Company	900,000	1,053,165	-	-
• directors of the subsidiaries	1,147,000	1,190,602	-	-
- contribution to state plans:				
• directors of the Company	174,476	189,086	-	-
• directors of the subsidiaries	136,514	149,088	-	-
Non-executive directors' remuneration:				
- fees	171,000	199,500	171,000	199,500
- other emoluments	13,800	20,400	13,800	20,400
Staff costs (excludes directors' remuneration):				
- wages, salaries and others	15,248,297	11,436,178	-	-
- contribution to state plans	1,513,090	1,287,819	-	-
- other personnel costs	630,832	168,062	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 23. INCOME TAX EXPENSE

	GROUP		COMPANY	
	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)
<b>Recognised in profit or loss:</b>				
Current tax expense:				
Malaysia				
- current year/period	2,130,000	1,601,272	-	-
- prior year/period	(84,408)	48,653	4	1,485
	2,045,592	1,649,925	4	1,485
<b>Deferred tax expense:</b>				
Relating to origination and reversal of temporary differences (Note 10)				
- current year/period	117,487	(803,768)	-	-
- prior year/period	(2,900)	(418,800)	-	-
	114,587	(1,222,568)	-	-
Total income tax expense	2,160,179	427,357	4	1,485
<b>Reconciliation of tax expense:</b>				
Profit/(Loss) before tax	5,734,305	607,324	(190,628)	(346,760)
Income tax calculated using				
- Malaysian tax rate of 24%	1,376,233	145,758	(45,751)	(83,222)
Income not subject to tax	(374,424)	(5,275)	(177,722)	(92,902)
Non-deductible expenses	730,831	657,021	223,473	176,124
Deferred tax assets not recognised during the financial year	514,847	-	-	-
(Over)/Underprovided in prior years				
- Income tax	(84,408)	48,653	4	1,485
- Deferred tax	(2,900)	(418,800)	-	-
Tax expense for the year/period	2,160,179	427,357	4	1,485

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 24. EARNINGS PER ORDINARY SHARE

#### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at the end of reporting year was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding excluding treasury shares held by the Company, calculated as follows:

	GROUP	
	2024	2023
	RM	RM
Profit attributable to ordinary shareholders	3,574,126	179,967
Weighted average number of ordinary shares in issue at end of financial year/period	178,750,000	178,750,000
Basic earnings per ordinary share (sen)	2.00	0.10

#### **Diluted earnings per ordinary share**

The basic and diluted earnings per shares are the same.

### 25. OPERATING SEGMENTS

Information about operating segments has not been reported separately as the Group's activities are mainly confined to a single operating segment predominantly operates in Malaysia. The Group is principally involved in the provision of mechanical and electrical engineering services, structured cabling works, ELV systems and ICT services.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 26. FINANCIAL INSTRUMENTS

#### (a) Categories of financial instruments

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

- (i) Financial assets measured at fair value through profit or loss ('FVTPL');
- (ii) Financial assets measured at amortised cost ('FAAC'); and
- (iii) Financial liabilities measured at amortised cost ('FLAG')

	← GROUP →			← COMPANY →	
	Carrying amount RM	FVTPL RM	FAAC/ (FLAC) RM	Carrying amount RM	FAAC/ (FLAC) RM
<b>2024</b>					
<b>Financial assets</b>					
Trade receivables	72,188,410	-	72,188,410	-	-
Other receivables (exclude prepayment and advances to suppliers)	367,240	-	367,240	1,000	1,000
Cash and bank balances	18,633,914	468,042	18,165,872	60,444	60,444
	91,189,564	468,042	90,721,522	61,444	61,444
<b>Financial liabilities</b>					
Trade payables	(48,202,406)	-	(48,202,406)	-	-
Other payables	(13,224,334)	-	(13,224,334)	(13,263,837)	(13,263,837)
Loans and borrowings	(14,380,431)	-	(14,380,431)	-	-
Lease liabilities	(1,481,961)	-	(1,481,961)	-	-
	(77,289,132)	-	(77,289,132)	(13,263,837)	(13,263,837)
<b>2023</b>					
<b>Financial assets</b>					
Trade receivables	34,113,885	-	34,113,885	-	-
Other receivables (exclude prepayment and advances to suppliers)	589,640	-	589,640	434,580	434,580
Cash and bank balances	14,176,701	547,543	13,629,158	26,250	26,250
	48,880,226	547,543	48,332,683	460,830	460,830
<b>Financial liabilities</b>					
Trade payables	(16,584,343)	-	(16,584,343)	-	-
Other payables	(15,963,649)	-	(15,963,649)	(13,485,864)	(13,485,864)
Loans and borrowings	(14,769,630)	-	(14,769,630)	-	-
Lease liabilities	(2,004,917)	-	(2,004,917)	-	-
	(49,322,539)	-	(49,322,539)	(13,485,864)	(13,485,864)

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 26. FINANCIAL INSTRUMENTS (Cont'd)

#### (b) Financial risk management

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

- Credit risk
- Liquidity risk

#### (c) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of 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 years.

#### (i) Trade receivables and contract assets

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

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

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

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

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

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

The group does not require collateral in respect of trade, other receivables and contract assets. The Group does not have trade receivable for which no loss allowance is recognised because of collateral.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 26. FINANCIAL INSTRUMENTS (Cont'd)

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

##### (i) Trade receivables and contract assets (Cont'd)

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

About 100% (2023: 100%) of the Group's trade, other receivables and contract assets were concentrated within Malaysia and spread out evenly between large, medium and small customers.

As at the end of the reporting period, the Group has one debtor (2023: one debtor) that accounted for approximately 34% (2023: 21%) of all the trade receivables outstanding. The Company has no significant concentration of credits risks except for its amount due from subsidiaries.

###### *Expected credit loss assessment for customers*

When an account is more than 180 days past due, the credit risk is considered to have increased significantly since the initial recognition. The Group identifies as a default account if it is more than 365 days past due and the customer is having significant financial difficulties (analysed by financial measures of reported losses, negative cash flows, and qualitative evaluation of the customer's characteristics). The Group classifies an impaired receivable when a customer is in default, in liquidation or other financial reorganisation.

The Group uses a provision matrix that categories the different risk classes (low risk, medium risk and high risk) and the ageing profiles. The collective lifetime ECLs are measured based on the Group's past lost rate experiences, current conditions and forecast of future economic conditions.

For contract assets, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments. It has low risk of default as they have a strong capacity to meet their debts.

Please refer to Note 9 for information about the exposure to credit risk and expected credit losses for trade receivables.

The trade receivables are substantially arising from active corporate clients with long business relationship with the Group, in which the amounts are deemed to be recoverable, with low probability of default.

There is individual impairment provided on the contract assets as referred to in Note 12.

##### (ii) Cash and bank balances

The cash and bank balances are mainly held with bank and financial institution counterparties, which have financial strength and are reputable with high credit rating and no history of default. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment on cash and bank balances has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group and the Company consider that their cash and bank balances have low credit risk based on the creditworthiness of the counterparties.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 26. FINANCIAL INSTRUMENTS (Cont'd)

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

##### (iii) Other receivables

Credit risk on other receivables is mainly arising from sundry debtors and deposits receivables. The group monitors the repayment on an individual and 12-month expected loss basis.

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

As at the end of the reporting period, the Group did not recognise any allowance for impairment losses.

##### (iv) Inter-company loans and advances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiary regularly.

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

There is individual impairment provided on the amount due by subsidiaries as disclosed in Note 9.

##### (v) Financial guarantees

The Group and the Company provide unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries and third parties in relation to contracts and trade performance as disclosed in Note 29. The Group and the Company monitor on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Generally, the Group and the Company consider the financial guarantees to be of low credit risk as the guarantees are provided as credit enhancement to the subsidiaries in relation to banking facilities and third parties in relation to contracts and trade performance.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

#### (d) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 26. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	Under one year RM	One to five years RM	Over five years RM	Total contractual cash flows RM	Total carrying amount RM
<b>Group</b>					
<b>2024</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	61,426,740	-	-	61,426,740	61,426,740
Loans and borrowings:					
- Bankers' acceptance	6,513,000	-	-	6,513,000	6,513,000
- Term loans	577,992	2,004,438	2,304,633	4,887,063	3,985,606
- Other trade finance	3,881,824	-	-	3,881,824	3,881,824
Lease liabilities	662,484	918,535	-	1,581,019	1,481,961
	73,062,040	2,922,973	2,304,633	78,289,646	77,289,131
<b>2023</b>					
<b>Non-derivative financial liabilities</b>					
Deferred consideration	4,537,000	-	-	4,537,000	4,356,551
Trade and other payables	23,441,441	4,750,000	-	28,191,441	28,191,441
Loans and borrowings:					
- Bankers' acceptance	6,535,000	-	-	6,535,000	6,535,000
- Term loans	571,992	2,287,968	2,882,496	5,742,456	4,343,278
- Other trade finance	3,891,352	-	-	3,891,352	3,891,352
Lease liabilities	723,916	1,440,916	-	2,164,832	2,004,917
	39,700,701	8,478,884	2,882,496	51,062,081	49,322,539
<b>Company</b>					
<b>2024</b>					
<b>Non-derivative financial liabilities</b>					
Other payables:					
- Due to subsidiaries	13,121,143	-	-	13,121,143	13,121,143
- Others	142,694	-	-	142,694	142,694
	13,263,837	-	-	13,263,837	13,263,837
<b>2023</b>					
<b>Non-derivative financial liabilities</b>					
Other payables:					
- Due to subsidiaries	9,054,193	-	-	9,054,193	9,054,193
- Deferred consideration	4,537,000	-	-	4,537,000	4,356,551
- Others	75,120	-	-	75,120	75,120
	13,666,313	-	-	13,666,313	13,485,864

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 26. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks

(a) Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

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

The Group managed interest rate risk through effective use of its floating and fixed rate debts in a cost-efficient manner.

#### **Exposure to interest rate risk**

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

	GROUP	
	2024	2023
	RM	RM
Fixed rate instruments		
Financial assets	5,438,567	4,458,720
Financial liabilities	(8,239,569)	(8,883,251)
	(2,801,002)	(4,424,531)
Floating rate instruments		
Financial assets	468,042	547,543
Financial liabilities	(7,622,822)	(7,891,296)
	(7,154,780)	(7,343,753)

#### **Interest rate risk sensitivity analysis**

- *Fair value sensitivity analysis for fixed rate instrument*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

- *Cash flow sensitivity analysis for variable rate instruments*

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increased or decreased Group's pre-tax profit or loss by approximately RM35,774 (2023: RM36,719).

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 26. FINANCIAL INSTRUMENTS (Cont'd)

#### (c) Fair values of financial instruments

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

The carrying amount of the current portion of loans and borrowings and lease liabilities are reasonable approximate of fair value due to the insignificant impact of discounting.

The carrying amount of the non-current portion of term loans that carry floating interest rates approximate their fair value as they are re-priced to market interest rates on or near the reporting date. The carrying amount of hire purchase payables that carry fixed interest rates approximate their fair values as the impact of discounting is not material. The carrying amounts of non-current portion of receivable and payable are determined using the discounted cash flows method based on risk-free rates as at the end of the reporting period.

The fair value of short-term deposits invested in money market instruments was determined at their quoted closing bid priced at the end of the reporting period and are classified as Level 1.

### 27. CAPITAL COMMITMENT

As of the end of the reporting period, the Group has capital commitment as follow:

	GROUP	
	2024	2023
	RM	RM
Contract but not provided for:		
Investment properties	4,687,672	-

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 28. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 29 February 2024.

The Group monitors capital using a debt-to-equity ratio, which is net debt divided by total equity. Net debt comprises borrowings less cash and bank balances whereas total equity comprises the equity attributable to equity holders of the Company.

The debt-to-equity ratios were as follows:

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Lease liabilities	1,481,961	2,004,917	-	-
Loan and borrowings	14,380,430	14,769,630	-	-
Less: Cash and bank balances	(18,633,914)	(14,176,701)	(60,444)	(26,250)
Net debt	(2,771,523)	2,597,846	(60,444)	(26,250)
Shareholders' equity	48,421,275	44,847,723	27,597,711	27,341,872
Debt-to-equity ratio	#	0.06	#	#

# Gearing ratio is not applicable as the Group has sufficient cash and bank balances to settle the outstanding debt.

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

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 29. CONTINGENT LIABILITIES

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economics benefits will be required or the amount is not capable of reliable measurement.

	GROUP		COMPANY	
	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)
Bank guarantees given to third parties in relation to contracts and trade performance	15,084,893	16,756,203	-	-
Corporate guarantee given to licensed banks for credit facility granted to subsidiaries	-	-	14,380,431	14,769,630

### 30. RELATED PARTY DISCLOSURES

#### (a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group 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 party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

- (b) Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions between the Group and the Company and related parties are as follows:

	GROUP		COMPANY	
	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)
<b>Transactions with subsidiaries</b>				
Dividend income	-	-	-	(387,090)
Interest expenses	-	-	548,499	256,720
Administrative expenses	-	-	846	-
<b>Transactions with companies in which directors have significant influence</b>				
Sales of goods	(197,850)	(204,398)	-	-
<b>Transactions with person related to the director</b>				
Disposal of property, plant and equipment	(750,000)	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 29 FEBRUARY 2024 (CONT'D)

### 30. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	GROUP		COMPANY	
	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)	Year Ended 2024 RM (12 months)	Period Ended 2023 RM (14 months)
<b>Directors</b>				
Directors' fee	357,000	416,500	201,000	234,500
Salaries and other emoluments	2,047,000	2,243,767	-	-
Defined contribution plans	310,990	338,174	-	-
Other benefits	13,800	20,400	13,800	20,400
	2,728,790	3,018,841	214,800	254,900
<b>Other Member of Key Management</b>				
Salaries and other emoluments	378,000	402,222	-	-
Defined contribution plans	45,517	44,786	-	-
Other benefits	-	-	-	-
	423,517	447,008	-	-
Total Directors and key management remuneration	3,152,307	3,465,849	214,800	254,900

### 31. SUBSEQUENT EVENT

On 30 May 2024, Cabnet Systems (M) Sdn. Bhd., a subsidiary company of the Group entered a Sales and Purchase Agreement to acquire a piece of land together with a unit of three and a half storey semi-detached factory erected thereon at the Purchase Price of RM8,300,000. The acquisition has not been completed as at the date of authorisation of financial statements.

### 32. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 31 May 2024.

# LIST OF PROPERTIES

Location	Tenure (approximate age of building)	Description	Area in Square Feet (approximate)	Existing Use	Registered Owner	Carrying amount as at 29 February 2024 (RM)	Date of Purchase
No. 100, Jalan Ros Merah 2/17, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim.	Freehold (29 years)	3-storey intermediate shop house	4,620 (Built-up area)	Lease out	Cabinet Systems (M) Sdn Bhd	495,034	9 Feb 2000
No. 182, Jalan Mempelam, Taman Kota Jaya, 81900 Kota Tinggi, Johor Darul Takzim.	Freehold (25 years)	Double-storey intermediate shop house	3,520 (Built-up area)	Lease out	Cabinet Systems (M) Sdn Bhd	223,603	31 Jul 2003
No. G-02, 1-02 and 2-02, Puchong Square, Jalan Layang-Layang 5, Bandar Puchong Jaya, 47170 Puchong, Selangor	Freehold (11 years)	3-storey intermediate shop house	5,727 (Built-up area)	Office	Cabinet Systems (M) Sdn Bhd	1,890,072	27 Aug 2012
A-PH-07, Pangsapuri Casa Subang, Jalan Subang 1, USJ 1, 47600 Subang Jaya, Selangor.	Freehold (15 years)	Service apartment	1,555 (Built-up area)	Hostel	Cabinet Systems (M) Sdn Bhd	487,083	27 Dec 2016
Parcel No. 2-36-06, M-City Ampang, No. 326, Jalan Ampang, 48020 Kuala Lumpur	Freehold (5 years)	Service apartment	1,084 (Built-up area)	Lease out	Cabinet Systems (M) Sdn Bhd	1,013,427	6 Dec 2017
No. 18 PLO (184), Jalan Angkasa Mas 6 Taman Perindustrian II, 81100 Johor Bahru, Johor.	60 years leasehold expiring on 21.05.2053 (30 years)	Detached factory	18,619 (Built-up area)	Office & Warehouse	Cabinet Systems (M) Sdn Bhd	3,716,073	17 Sep 2019
21-02, Pangsapuri Bayu Permai, Jalan Bayu Puteri 2, Taman Bayu Puteri, 80150 Johor Bahru, Johor	99 years leasehold expiring on 27.12.2105 (5 years)	Service apartment	1,466 (Built-up area)	Lease out	Cabinet Systems (M) Sdn Bhd	533,868	23 June 2021
No. 2 & 2A, Jalan Dahlia 5, Taman Sri Penawar, 81930 Bandar Penawar, Johor	99 years leasehold expiring on 06.12.2115 (5 years)	Double-storey corner shop house	1,988 (Built-up area)	Vacant	ITWIN Technology Sdn Bhd	935,706	15 May 2017
No. 7, 7A, 7B, 7C, Jalan Lembah 17, Bandar Seri Alam, 81750 Masai, Johor Bahru, Johor.	Freehold (8 years)	4-storey shop office	7,680 (Built-up area)	Lease out	ITWIN Technology Sdn Bhd	1,076,193	28 Sep 2020

## LIST OF PROPERTIES (CONT'D)

Location	Tenure (approximate age of building)	Description	Area in Square Feet (approximate)	Existing Use	Registered Owner	Carrying amount as at 29 February 2024 (RM)	Date of Purchase
#B-19-05, Pangsapuri Aman Larkin, Jalan Larkin, 80350, Johor Bahru Johor.	99 years leasehold expiring on 17.10.2109 (8 years)	Apartment	1,195 (Built-up area)	Lease out	Cabnet M&E Sdn Bhd	394,286	22 Mar 2013
No. 23, Jalan Perniagaan Setia 3, Taman Perniagaan Setia, 81100 Johor Bahru, Johor.	Freehold (10 years)	Cluster factory	7,096 (Built-up area)	Office & Warehouse	Cabnet M&E Sdn Bhd	1,970,932	17 Apr 2014
A-PH-12, Pangsapuri Casa Subang, Jalan Subang 1, USJ 1, 47600 Subang Jaya, Selangor.	Freehold (15 years)	Service apartment	1,555 (Built-up area)	Vacant	Cabnet M&E Sdn Bhd	573,750	17 Oct 2017
Total :						13,310,027	

# ANALYSIS OF SHAREHOLDINGS

## SHARE CAPITAL AS AT 27 MAY 2024

Issued and paid up capital	:	RM27,678,500-00 comprised of 178,750,000 ordinary shares fully paid
Class of shares	:	Ordinary shares
Voting rights	:	One (1) vote per ordinary share

## DISTRIBUTION OF SHAREHOLDERS ACCORDING TO STATISTICAL SUMMARY OF THE RECORD OF DEPOSITORS AS AT 27 MAY 2024

Size of Share Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
1 to 99	81	7.25	3,357	0.00
100 to 1,000	110	9.85	41,205	0.02
1,001 to 10,000	383	34.29	2,196,533	1.23
10,001 to 100,000	450	40.29	16,315,661	9.13
100,001 to 8,937,499 (*)	89	7.96	38,911,994	21.77
8,937,500 and above (**)	4	0.36	121,281,250	67.85
<b>TOTAL</b>	<b>1,117</b>	<b>100.00</b>	<b>178,750,000</b>	<b>100.00</b>

\* Less than 5% of Issued Shares

\*\* 5% and above of Issued Shares

## LIST OF 30 LARGEST SHAREHOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 27 MAY 2024

No.	Name of shareholders	No. of shares held	%
1	KUOPACIFIC STRATEGIC SDN BHD	55,412,500	31.00
2	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK SECURITIES PTE LTD FOR DRAGONBAY GLOBAL PTE LTD	35,750,000	20.00
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR TAN BOON SIANG (12021392) (433746)	17,118,750	9.58
4	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY HONG SING	13,000,000	7.27
5	TAY HONG SING	5,333,850	2.98
6	EDWIN TAN PEI SENG	3,427,800	1.92
7	LIM LAI AN	2,918,000	1.63
8	SIM YIAN FEI	2,300,000	1.29
9	CHAN YEE HUA	2,028,500	1.13
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE CHEE CHIANG (8073610)	1,400,000	0.78
11	RYAN TAN HIAN WHAI	1,231,750	0.69
12	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEH SHIOU CHERNG (J D B TUNGGAL BR-CL) 1,000,000	1,000,000	0.56
13	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG TAK KEONG (6000698)	756,250	0.42
14	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG THIAM YUEN (E-SPG/PJN)	742,275	0.42
15	TAN BOON SIANG	618,750	0.35
16	CHEN SHI CHENG	553,000	0.31
17	WONG SIEW GUAN	500,000	0.28
18	KHONG MEI WEI	493,150	0.28
19	LIM YANG PEI	462,500	0.26

# ANALYSIS OF SHAREHOLDINGS (CONT'D)

## LIST OF THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

No.	Name of shareholders	No. of shares held	%
20	ONG PUAY LEE	449,350	0.25
21	LIM HAN YONG	420,000	0.23
22	TAN AH HENG	392,562	0.22
23	PHANG YU SHANG	350,000	0.20
24	TAN KOK HONG @ TAN YI	343,750	0.19
25	LIM LAI AN	341,000	0.19
26	HUAN MEE KIEW	330,000	0.18
27	MURUGESU A/L VINDASAMY	330,000	0.18
28	CHIANG YING YING	319,000	0.18
29	TAN SOON SONG	302,500	0.17
30	TAN SHI PEI	300,000	0.17
	TOTAL	148,925,237	83.31

## SUBSTANTIAL SHAREHOLDERS AS AT 27 MAY 2024

(As per Register of Substantial Shareholders)

No.	Name of shareholders	Direct Interest	No. of shares held		
			%	Deemed Interest	%
1	TAY HONG SING	18,333,850	10.26	-	-
2	TAN BOON SIANG	17,737,500	9.92	-	-
3	KUOPACIFIC STRATEGIC SDN. BHD.	55,412,500	31.00	-	-
4	KUOPACIFIC DEELUCC SDN BHD <sup>(1)</sup>	-	-	55,412,500 <sup>(1)</sup>	31.00
5	DENZEL WILSON KUOSAstra <sup>(2)</sup>	-	-	55,412,500 <sup>(2)</sup>	31.00
6	WILIARTO KUOSAstra <sup>(3)</sup>	-	-	55,412,500 <sup>(3)</sup>	31.00
7	DRAGONBAY GLOBAL PTE. LTD.	35,750,000	20.00	-	-
8	VINCENT TAI SEH KIAT <sup>(4)</sup>	-	-	35,750,000 <sup>(4)</sup>	20.00

Note:-

<sup>(1)</sup> Deemed interest by virtue of Section 8 of the Companies Act, 2016 through its shareholding in Kuopacific Strategic Sdn Bhd.

<sup>(2)</sup> Deemed interest by virtue of Section 8 of the Companies Act, 2016 through his shareholding in Kuopacific Deelucc Sdn Bhd and his father, Mr Wiliarto Kuosastra shareholdings in Kuopacific Strategic Sdn Bhd.

<sup>(3)</sup> Deemed interest by virtue of Section 8 of the Companies Act, 2016 through his shareholding in Kuopacific Strategic Sdn Bhd and his son, Mr Denzel Wilson Kuosastra shareholdings in Kuopacific Deelucc Sdn Bhd.

<sup>(4)</sup> Deemed interest by virtue of Section 8 of the Companies Act, 2016 through his shareholding in Dragonbay Global Pte. Ltd.

## DIRECTORS' SHAREHOLDINGS AS AT 27 MAY 2024

(As per Register of Directors' Shareholdings)

No.	Name of Directors	Direct Interest	No. of shares held		
			%	Deemed Interest	%
1.	DATUK TAN KOK HONG @ TAN YI	343,750	0.19	-	-
2.	TAY HONG SING	18,333,850	10.26	-	-
3.	YONG THIAM YUEN	742,275	0.42	-	-
4.	DATO' JEFFREY LAI JIUN JYE	-	-	-	-
5.	ABDUL MUTALIB BIN IDRIS	-	-	-	-
6.	MEACHERY JO-ANNE JOSEPH	-	-	-	-
7.	VINCENT WONG SOON CHOY	-	-	-	-
8.	TJONG CHIA HUIE	-	-	-	-

# NOTICE OF 9<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 9<sup>th</sup> Annual General Meeting of CABNET HOLDINGS BERHAD will be held via physical mode at the Hop Sing II, Ponderosa Golf & Country Club, No. 3, Jalan Ponderosa 1, Taman Ponderosa, 81100 Johor Bahru, Johor on Friday, the 26<sup>th</sup> day of July, 2024 at 9.00 a.m. for the following purposes:

## AGENDA

### AS ORDINARY BUSINESS

- |    |   |   |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the Financial Year Ended 29 February 2024 ("FY2024") together with the Reports of the Directors and Auditors thereon.   | (See Explanatory Note 1)  |
| 2. | To re-elect the following Directors retiring by rotation pursuant to Clause 133 of the Company's Constitution.<br>i) Mr. Tay Hong Sing<br>ii) Datuk Tan Kok Hong @ Tan Yi<br>iii) Ms. Meachery Jo-Anne Joseph | ORDINARY RESOLUTION 1<br>ORDINARY RESOLUTION 2<br>ORDINARY RESOLUTION 3 |
| 3. | To approve the payment of Directors' Fees of RM535,500.00 for the period from 1 March 2024 until the 10 <sup>th</sup> Annual General Meeting of the Company.  | ORDINARY RESOLUTION 4<br>(See Explanatory Note 2)                       |
| 4. | To approve the payment of Directors' Benefits amounting to RM22,200.00 for the period commencing after the date of this Annual General Meeting to the date of the next Annual General Meeting.                | ORDINARY RESOLUTION 5<br>(See Explanatory Note 2)                       |
| 5. | To appoint Messrs. UHY as Auditors of the Company for the FY2025 and to authorise the Directors to fix their remuneration.  | ORDINARY RESOLUTION 6   |

### AS SPECIAL BUSINESS

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

- |    |  |   |
|----|--|---|
| 6. | <p><b>ORDINARY RESOLUTION</b><br/> <b>AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 75 AND 76 OF THE COMPANIES ACT, 2016</b></p> <p>"THAT subject always to the Companies Act 2016, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Constitution of the Company and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10 percent (10%) of the total number of issued shares of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company ("the Mandate").</p> | <p>ORDINARY RESOLUTION 7<br/>(See Explanatory Note 3)</p> |
|----|--|---|

# NOTICE OF 9<sup>TH</sup> ANNUAL GENERAL MEETING (CONT'D)

AND THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 64 of the Constitution of the Company, the shareholders of the Company do hereby waive their statutory pre-emptive rights over all new shares to be offered and issued pursuant to the above Mandate, such new shares when issued, to rank pari passu with existing issued shares in the Company."

7. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and/or the Companies Act, 2016.

## BY ORDER OF THE BOARD

LEE WEE HEE (MAICSA 0773340) SSM Practicing Certificate No. 201908004010  
IRENE JUAY YEE LUAN (MAICSA 7057249) SSM Practicing Certificate No. 202008001193  
JOY LIM XIE RU YI (MAICSA 7065780) SSM Practicing Certificate No. 201908004060  
Secretaries

Date: 27 June 2024

## NOTES:

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an Authorised nominee as defined under The Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with 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 shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company situated at Suite 5.11 & 5.12, 5th Floor, Menara TJB, No. 9, Jalan Syed Mohd. Mufi, 80000 Johor Bahru, Johor not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
6. Subject to the Constitution, shareholders may deposit the instrument appointing the proxy by electronics means by way of submitting the instrument via TIIH Online at <https://tjih.online> not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
7. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
8. In respect of deposited securities, only members whose names appear on the Record of Depositors on 19 July 2024, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

# NOTICE OF 9<sup>TH</sup> ANNUAL GENERAL MEETING (CONT'D)

## EXPLANATORY NOTES:

### Ordinary Business:-

1. **Item 1 of the Agenda – Audited Financial Statements for the Financial Year Ended 29 February 2024**

This Agenda is meant for discussion only as the provision for Section 248(2) and Section 340(1) of the Companies Act, 2016 do not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. **Item 3 and 4 of the Agenda - Proposed Directors' Fees and Directors' Benefits**

Pursuant to Section 230(1) of the Companies Act, 2016, 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.

The Proposed Ordinary Resolution 4, if passed, will authorise the payment of Directors' fees payable to the members of the Board, Board of subsidiaries and Board Committees for the period from 1 March 2024 until the 10<sup>th</sup> Annual General Meeting of the Company.

The Proposed Ordinary Resolution 5, if passed, will authorise and approve of the payment of Directors' benefits comprised of allowances payable to the members of the Board and Board Committees pursuant to the requirements of Section 230 of the Companies Act, 2016 for the period commencing after the date of this Annual General Meeting to the date of the next Annual General Meeting.

### Statement Regarding Effect of Resolutions under Special Business

3. **Authority to Allot and Issue Shares pursuant to Section 75 and 76 of the Companies Act, 2016.**

The Proposed Ordinary Resolution No. 7 proposed in Agenda 6 is to seek a renewal of the general mandate from the shareholder of the Company at the 9<sup>th</sup> Annual General Meeting held on 26<sup>th</sup> day of July, 2024. This is also to approve the disapplication of statutory pre-emption rights under the Section 85 of the Companies Act 2016, to allot new shares without first offering them to existing shareholders in proportion to their holdings pursuant to the general mandate.

The general mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares in the Company to raise additional funds expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to working capital, operational expenditures, investment project(s), and/or acquisition(s) of the Group. The renewal of the general mandate is sought to avoid any delay arising from and cost in convening a general meeting to obtain approval of the shareholders for such issuance of shares, up to an amount not exceeding in total ten percent (10%) of the issued and paid-up share capital of the Company. The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the general mandate is in the best interests of the Company and its shareholders. The authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The Company has not issued any new share pursuant to the general mandate which was granted at the last Annual General Meeting held in 27 July 2023.

Pursuant to Section 85 of the Companies Act 2016 read together with Clause 64 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 convertible securities.

# NOTICE OF 9<sup>TH</sup> ANNUAL GENERAL MEETING (CONT'D)

In order for the Board to issue any new shares such pre-emptive rights must be waived. The Proposed Ordinary Resolution No. 7, if passed, will exclude your statutory pre-emptive rights over all new shares to be offered and issued pursuant to the Mandate.

At as the date of this Notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the authorisation is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

## **Voting by Poll**

Pursuant to Rule 8.31A of Bursa Malaysia Securities Berhad's ACE Market Listing Requirements, all resolutions set out in this Notice are to be voted by poll.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO RULE 8.29(2) OF BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS)

1. The details of individuals who are standing for election as directors: -

There is no person seeking election as director of the Company at this Annual General Meeting.

2. A statement relating to general mandate for issue of securities in accordance with rule 6.04(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad: -

The general mandate for issue of shares is for the renewal of the general mandate obtained from the members at the 8<sup>th</sup> Annual General Meeting held on 27 July 2023.

No new shares of the Company have been issued pursuant to the general mandate obtained at the 8<sup>th</sup> Annual General Meeting held on 27 July 2023, and accordingly no proceeds were raised.

The purpose of this general mandate is to provide flexibility for the Company and empower the Directors to allot and issue new shares in the Company to raise additional funds expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to working capital, operational expenditures, investment project(s), and/or acquisition(s) of the Group.

**CABNET HOLDINGS BERHAD**Registration No: 201401045803 (1121987-D)  
(Incorporated in Malaysia)

No. of Shares Held	CDS Account No.

**PROXY FORM**

I/We \_\_\_\_\_ (NRIC No. \_\_\_\_\_) of (full address)

being a member / members of CABNET HOLDINGS BERHAD, hereby appoint:

<b>Name of Proxy</b> (Full Name)	<b>NRIC No. / Passport No.</b>	<b>% of Shareholding to be Represented</b> (Refer to Note 2)
<b>Address</b>		

and

<b>Name of Proxy</b> (Full Name)	<b>NRIC No. / Passport No.</b>	<b>% of Shareholding to be Represented</b> (Refer to Note 2)
<b>Address</b>		

\*or failing him/her, the Chairman of the meeting as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the 9<sup>th</sup> Annual General Meeting of the Company to be held on Friday, the 26<sup>th</sup> day of July, 2024 at 9.00 a.m. at the Hop Sing II, Ponderosa Golf & Country Club, No. 3, Jalan Ponderosa 1, Taman Ponderosa, 81100 Johor Bahru, Johor and at every adjournment thereof to vote as indicated below in respect of the following Resolutions:-

<b>ORDINARY BUSINESS</b>		<b>FOR</b>	<b>AGAINST</b>
Ordinary Resolution 1	Re-election of Mr. Tay Hong Sing		
Ordinary Resolution 2	Re-election of Datuk Tan Kok Hong @ Tan Yi		
Ordinary Resolution 3	Re-election of Ms. Meachery Jo-Anne Joseph		
Ordinary Resolution 4	Approval of Directors' Fees		
Ordinary Resolution 5	Approval of Directors' Benefits		
Ordinary Resolution 6	Re-appointment of Messrs. UHY as Auditors		
<b>SPECIAL BUSINESS</b>			
Ordinary Resolution 7	Authority to allot and issue shares pursuant to Section 75 and 76 of the Companies Act, 2016.		

(Please indicate with a "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

\* delete where applicable.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2024

.....  
\*Signature/Common Seal of member(s)

**NOTES:**

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Affix  
Stamp

The Company Secretary

**CABNET HOLDINGS BERHAD**

Registration No. 201401045803 (1121987-D)

Registered Office

Suite 5.11 & 5.12, 5th Floor,

Menara TJB, No. 9, Jalan Syed Mohd. Mufti,

80000 Johor Bahru, Johor, Malaysia

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