



**QUESTIONS RAISED BY TO MINORITY
SHAREHOLDERS WATCH GROUP &
MANAGEMENT'S RESPONSE**

Operational and Financial Matters

1) Management highlighted opportunities arising from semiconductor supply chain diversification into Malaysia.

(a) How many new customers have been secured from this trend, and what proportion of future revenue is expected to come from this segment?

Few new customers have started engage us for quotations and sample submission. Revenue growth is expected to come primarily from current customers, with an estimated increase of 10%, in addition to potential contributions from these new customers.

(b) What investments are being made to upgrade machining capabilities so that the Group can move higher up the semiconductor manufacturing value chain?

A budget proposal for the setup of a clean room and machining automation has been submitted to enhance service capabilities and better service to customers. The proposed budget is still under review and has not been finalised or approved at this stage. The final budget will remain subject to ongoing discussions and may be adjusted accordingly.

Operational and Financial Matters (Cont'd)

2) Page 9 states that demand for Flat Rods is improving as the Group has become the sole supplier following Rieter's exit from European production.

Please quantify the expected annual revenue contribution from Flat Rods and clarify whether this sole-supplier position is supported by contractual exclusivity or merely reflects the absence of competing manufacturers at present.

The expected annual revenue from Flat Rod is about RM3.6 million. For the time being, we are the sole supplier to support Flat Rod to Rieter

3) Please disclose the current machine utilisation rate across its manufacturing facilities and the utilisation level required to achieve sustainable operating profitability?

Current machine utilisation is at 85% and the utilisation to achieve sustainability is 80%.

Operational and Financial Matters (Cont'd)

4) As at 30 September 2025, the Group's investment properties stood at RM67.4 million. It generated RM1.03 million during the last financial period.

Given the Company's core business is Fabrication and Automation, does the Company intend to retain these as investment assets or monetise them? Please elaborate on the rationale underpinning this decision.

The Group's core focus remains on its Fabrication and Automation segments, which enhance operational capabilities and provide sustainable recurring revenue. With growing demand for precision manufacturing and automation solutions, the Company believes these segments offer long-term growth potential and a competitive advantage. Retaining these assets therefore aligns with our strategy to strengthen market positioning and enhance shareholder value.

Corporate Governance Matters

5. Under Note 35 (Prior Years' Adjustments and Reclassification) that transactions amounting to approximately RM46.4 million, previously recognised as property, plant and equipment, were derecognised following an internal review, resulting in a net adjustment of about RM35.9 million to accumulated losses.

(a) Given that the amount involved is substantial relative to the Group's scale, could the Board elaborate on the nature of these transactions and how they were originally approved and recorded in the financial statements?

These transactions were related to the capital expenditure incurred in relation to the setting up of glove-manufacturing plant & facilities in prior financial periods (during the years 2020 and 2021). Initially, these expenditures were capitalised as property, plant and equipment ("PPE"), supported by the signed contracts between a former executive director with service providers.

Following the internal review conducted during the current financial period, the Group determined that certain amounts paid to certain service providers are without proper basis and without corresponding works performed to the Group and these payments were carried out under the instruction of a former executive director. In respect of this, the Group has initiated legal suit as disclosed in Note 32 of the financial statements.

Corporate Governance Matters (Cont'd)

(b) What internal control weaknesses or governance failures allowed transactions of such magnitude to occur without earlier detection?

The internal control and governance weaknesses include:

1. Over-reliance on the designated executive director in charge of the project
2. Absence of a formal tender process to select qualified and reliable service providers.
3. Lack of regular Investment Committee reporting.

Corporate Governance Matters (Cont'd)

(c) What specific improvements have been implemented in the Group's internal control framework and board oversight processes to prevent similar incidents from occurring in the future?

At this stage, the Group has kept all major capital expenditure on hold and in the process of legal action to recover approximately RM46 million from a former director. The Group is considering regular reporting by the Investment Committee as suggested in 5 (b) above and expanding internal audit coverage on targeted areas related to capital expenditures to strengthen oversight and mitigate the risk of similar incidents in the future.

The Board will continue to monitor and, where necessary, implement further enhancements to ensure the adequacy and effectiveness of the Group's internal control environment.