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RALCO CORPORATION BERHAD
Registration No. 199501003907 (333101-V)

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RALCO CORPORATION BERHAD [Registration No. 199501003907 (333101-V)] | ANNUAL REPORT 2024



RALCO

RALCO CORPORATION BERHAD
Registration No. 199501003907 (333101-V)

ANNUAL REPORT

2024



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 30th Annual General Meeting (“AGM”) of Ralco Corporation Berhad (“Company”) will be held at Langkawi Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 12th day of June 2025 at 11:00 a.m. or at any adjournment thereof, for the purpose of considering the following businesses:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 and the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors’ fees amounting to RM180,081 for the financial year ended 31 December 2024.
3. To approve the Directors’ Benefits payable to the Directors of the Company and its subsidiaries amounting to RM60,000 from 1 July 2025 until 30 June 2026.
4. To re-elect the following Directors who are retiring by rotation in accordance with Clause 97 of the Constitution of the Company and being eligible, have offered themselves for re-election: -
 - (i) Mr. Heng Chee Wei
 - (ii) Mr. Law Doung Chin
5. To re-appoint Messrs. TGS TW PLT (LLP0026851-LCA & AF 002345) as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

**[Please refer to
Explanatory Note (i)]**

ORDINARY RESOLUTION 1

ORDINARY RESOLUTION 2

ORDINARY RESOLUTION 3

ORDINARY RESOLUTION 4

ORDINARY RESOLUTION 5

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution with or without modifications:-

6. **Authority to issue and allot shares**

ORDINARY RESOLUTION 6

“THAT subject always to the Companies Act 2016 (“the Act”), Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 of the Act to issue and allot not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company pursuant to Section 76 of the Act (“Mandate”).

THAT the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof.

NOTICE OF ANNUAL GENERAL MEETING

Cont'd

THAT in connection with the above, pursuant to Section 85 of the Act, to be read together with Clause 54 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered with new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares in the Company pursuant to this Mandate.

AND THAT the new shares to be issued shall upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.”

7. To transact any other ordinary business of the Company for which due notice shall have been given.

BY ORDER OF THE BOARD

TAN BEE HWA (SSM PC NO. 202008001174) (MAICSA 7058049)

QWIK TSAE YNG (SSM PC NO. 202308000539) (MAICSA 7053568)

Company Secretaries

Kuala Lumpur
30 April 2025

NOTES:

1. A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. A proxy may, but need not, be a member of the Company and there shall be no restriction as to the qualification of the proxy.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.
4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account (“Omnibus Account”), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. Where the Exempt Authorised Nominee appoints two (2) or more proxies to attend and vote at the same meeting, such appointment shall be invalid unless the Exempt Authorised Nominee specifies the proportion of his holdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation’s seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at the Poll Administrator’s office at Bina Management (M) Sdn. Bhd., Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor or submit via email to binawin@binamg168.com not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

NOTICE OF ANNUAL GENERAL MEETING

Cont'd

7. Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the 30th AGM is 4 June 2025.
8. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 30th AGM will be put to vote on a poll.

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS:

(i) Item 1 of the Agenda

- Audited Financial Statements for the financial year ended 31 December 2024

This Agenda item is meant for discussion only as the provisions of Section 248 and Section 340(1)(a) of the Act do not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item will not be put for voting.

(ii) Items 2 & 3 of the Agenda - Ordinary Resolutions 1 and 2

- Directors' Fees and Directors' Benefit payable to the Directors of the Company and its subsidiaries

Pursuant to Section 230(1) of the Act, the fee of the Directors, and any benefits payable to the Directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting.

Directors' Fees

The payment of the Directors' fees for the financial year ended 31 December 2024 will only be made if the proposed Resolution 1 has been passed at the 30th AGM pursuant to Clause 105 of the Company's Constitution and Section 230(1) of the Act.

The Directors' fees payable to the Directors of the Company for the financial year ended 31 December 2024 are set out as follows:-

Description	Executive Directors	Non-Executive Directors
Directors' Fee	RM30,000	RM150,081

Directors' Benefits

The benefits payable to the Directors of the Company and its subsidiaries comprises the meeting allowances and insurance coverage. The total amount of benefits payable to the Directors is estimated to be up to RM60,000, based on the number of scheduled Board/ Board Committee/ General Meetings as well as the number of the Directors involved or/and covered. The details of the meeting allowances are as follows:-

Description	Chairman	Directors
Meeting Allowance (per meeting)	RM500	RM500

NOTICE OF ANNUAL GENERAL MEETING

Cont'd

**(iii) Item 4 of the Agenda – Ordinary Resolutions 3 & 4
Re-election of Retiring Directors**

No individual is seeking election as a Director at the forthcoming 30th AGM of the Company.

Mr. Heng Chee Wei and Mr. Law Doung Chin are retiring by rotation in accordance with Clause 97 of the Constitution of the Company.

The Nomination Committee has taken into account the Board Evaluation Assessment including the results of Self and Peer Assessment of Mr. Heng Chee Wei and Mr. Law Doung Chin and concurred that they have met the Board's expectation in terms of experience, expertise, integrity, competency, commitment and individual contribution by continuously performing their duties diligently as Directors of the Company. The Board recommended Mr. Heng Chee Wei and Mr. Law Doung Chin to be re-elected as Directors of the Company.

The details and profiles of Directors who are standing for re-election at the 30th AGM are provided in the Directors Profile section of the Company's Annual Report 2024.

**(iv) Item 5 of the Agenda - Ordinary Resolution 5
Re-appointment of Auditors**

The Company has on 30 October 2024, received the written Consent to Act as Auditors of the Company from Messrs. TGS TW PLT ("TGS") pursuant to Section 264(5) of the Company Act 2016. The Board recommended the re-appointment of TGS as external auditors of the Company for the financial year ending 31 December 2025 and the shareholders' approval be sought at the 30th AGM. TGS have indicated their willingness to continue their services for the next financial year.

**(v) Item 6 of the Agenda - Ordinary Resolution 6
Authority to Issue and Allot Shares**

The proposed Ordinary Resolution 6, if passed, will give flexibility to the Directors to issue shares to such persons at any time in their absolute discretion without convening a general meeting. This authorisation will expire at the conclusion of next AGM of the Company.

This is a renewal mandate and the purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

The previous mandate obtained from the members at the last AGM was not utilised and, accordingly no proceeds were raised.

By voting in favour of this proposed resolution, the shareholders of the Company are deemed to have waived their pre-emptive rights pursuant to Section 85(1) of the Act and Clause 54 the Company's Constitution to be first offered any new shares ranking equally to the existing issued shares of the Company under this general mandate which will result in a dilution of their shareholding percentage in the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' CHONG KIM FATT

Chairman, Independent Non-Executive Director

TAN HENG TA

Managing Director

HENG CHEE WEI

Non-Independent Non-Executive Director
(Re-designated on 28 March 2025)

DAMIEN LIM YAT SENG

Senior Independent Non-Executive Director
(Appointed on 21 March 2024)

LAU WAI CHING

Independent Non-Executive Director

LAW DOUNG CHIN

Non-Independent Non-Executive Director

AUDIT COMMITTEE

Damien Lim Yat Seng - Chairman
Heng Chee Wei
Lau Wai Ching

NOMINATION COMMITTEE

Damien Lim Yat Seng - Chairman
Heng Chee Wei
Lau Wai Ching

REMUNERATION COMMITTEE

Damien Lim Yat Seng - Chairman
Lau Wai Ching
Law DOUNG Chin

RISK MANAGEMENT COMMITTEE

Law DOUNG Chin - Chairman
Damien Lim Yat Seng
Lau Wai Ching

COMPANY SECRETARIES

Tan Bee Hwa
(SSM PC NO. 202008001174)
(MAICSA 7058049)
Qwik Tsae Yng
(SSM PC NO. 202308000539)
(MAICSA 7053568)

REGISTERED OFFICE

Level 13, Menara 1 Sentrum
201, Jalan Tun Sambanthan
Brickfields, 50470 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Malaysia
Telephone No. : 603 - 2382 4288
Facsimile No. : 603 - 2382 4170
Email: tmfkl-cosec@tmf-group.com

PRINCIPAL PLACE OF BUSINESS

Lot 1476, Jalan Lengkok Emas 1
Nilai Industrial Estate
71800 Nilai, Negeri Sembilan
Darul Khusus, Malaysia
Telephone No. : 606 - 797 1999
Facsimile No. : 606 - 797 1333
Website : www.ralco.net

SHARE REGISTRAR

Systems Associates Sdn. Bhd.
3A, Mezzanine Floor Jalan Ipoh Kecil
50350 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Malaysia
Telephone No. : 603 - 4043 5750
Facsimile No. : 603 - 4043 5755
Email : systems@ssassociates.com.my

AUDITORS

Messrs. TGS TW PLT
(LLP0026851-LCA) & AF002345
Unit E-16-2B, Level 16, Icon Tower (East)
No. 1, Jalan 1/68F, Jalan Tun Razak
50400 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Malaysia
Telephone No. : 603 - 9771 4326
Facsimile No. : 603 - 9771 4327
Email : tgstw@tgs-tw.com

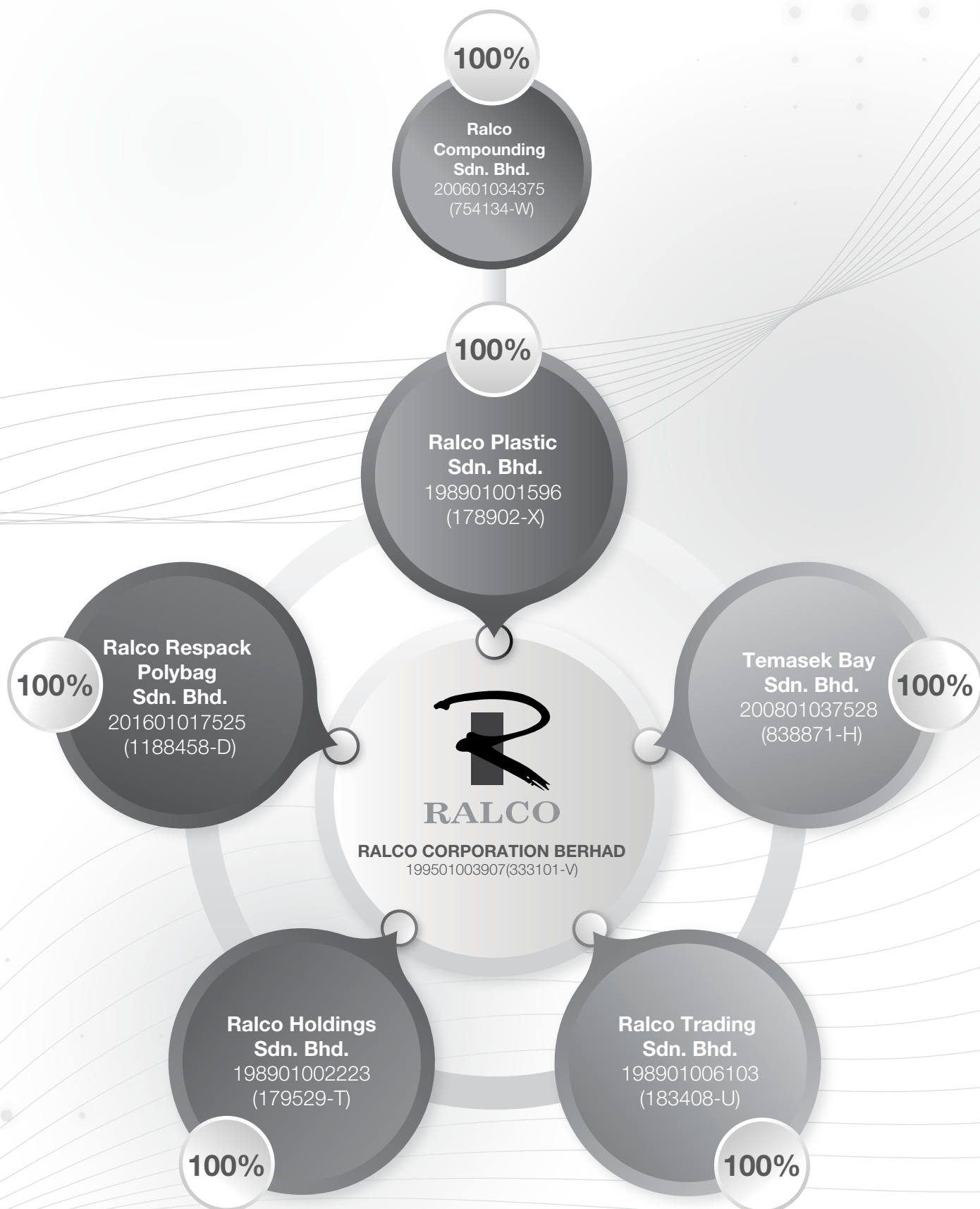
PRINCIPAL BANKERS

CIMB Bank Berhad
Alliance Bank Malaysia Berhad
Hong Leong Bank Berhad
AmBank (M) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : RALCO
Stock Code : 7498
Sector : Industrial Products

CORPORATE STRUCTURE



PROFILE OF DIRECTORS

DATO' CHONG KIM FATT

*Chairman, Independent
Non-Executive Director
Aged 58, Male, Malaysian*

Dato' Chong Kim Fatt ("Dato' Chong") was appointed to the Board and Chairman to the Board on 10 February 2021.

Dato' Chong started his own business in 1993 with diverse interest in property development, contractor, trading, poultry and agriculture. He has been actively participating in both domestic and international sports complex with numerous achievements and contributions to the country under his leadership. He completed his study in Research and Advanced Study on Leadership in Tsinghua University, China.

Dato' Chong is the founder and the president of the Wushu Federation of ASEAN-China, an international wushu organisation that currently comprises members of ten ASEAN countries. Currently, he is serving as Executive Board Committee Member in International Wushu Federation, Wushu Federation of Asia, and elected as APEC Advisor to the Chinese Culture Promotion Association of Beijing. He is also elected as one of the members of the financial committee in the Olympic Council of Malaysia. He does not hold any directorship in other public companies and listed issuers.

He does not have any family relationship with any Director and/or major shareholder of Ralco Corporation Berhad and has no conflict of interest or potential conflict of interest with the Company and/or its subsidiaries. He has not been convicted for any offences within the past 5 years other than traffic offences. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2024.

Details of number of Board meetings attended by him during the financial year are set out in page 37 of this Annual Report.

TAN HENG TA

*Managing Director
Aged 57, Male, Malaysian*

Mr. Tan Heng Ta ("Mr. Tan") was first appointed to the Board as Executive Director on 7 January 2011 and was subsequently appointed as the Managing Director of the Company on 1 August 2011.

Mr. Tan is a successful businessman with diverse interests in property development, plantation as well as trading. His diverse business interests has provided him with a wide range of operational, technical, as well as marketing knowledge and insight. He currently sits on the Board of a few private limited companies and does not hold any directorship in any other public companies and listed issuers.

Mr. Tan is a major shareholder of Ralco Corporation Berhad.

Save as disclosed herein, he does not have any family relationship with any Director and/or major shareholder of Ralco Corporation Berhad. He has no conflict of interest or potential conflict of interest other than what has been disclosed in the item 19 of Notes to the financial statements. He has not been convicted for any offences within the past 5 years other than traffic offences. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2024.

Details of number of Board meetings attended by him during the financial year are set out in page 37 of this Annual Report.

PROFILE OF DIRECTORS

Cont'd

HENG CHEE WEI, A.M.P.

Non-Independent

Non-Executive Director

Aged 54, Male, Malaysian

Mr. Heng Chee Wei ("Mr. Heng") was appointed to the Board on 8 August 2001. He served as the Chief Executive Officer of Ralco Corporation Berhad with effective from 1 July 2014, before being re-designated as a Non-Independent and Non-Executive Director on 30 June 2017. Subsequently, he re-designated as an Independent Non-Executive Director on 24 February 2020 and as a Senior Independent Non-Executive Director on 10 February 2021. On 28 March 2025, he was re-designated as a Non-Independent Non-Executive Director. He is a member of both the Audit Committee and Nomination Committee.

Mr. Heng is a member of the Malaysian Institute of Accountants. He obtained the qualification of Australian Society of Certified Practising Accountants (ASCPA) in 1999. He holds a Bachelor of Commerce from University of Southern Queensland, Australia. He was previously the Operations Director of TNT Worldwide Express (M) Sdn. Bhd. He was a Senior Operations Manager of Federal Express Services (M) Sdn. Bhd. from 1999 to 2009. He was the Finance Manager of Sis Distribution (M) Sdn. Bhd. and was formerly a Senior Associate with PricewaterhouseCoopers from 1996 to 1999. He does not hold any directorship in other public companies and listed issuers.

He does not have any family relationship with any Director and/or major shareholder of Ralco Corporation Berhad and has no conflict of interest or potential conflict of interest with the Company and/or its subsidiaries. He has not been convicted for any offences within the past 5 years other than traffic offences. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2024.

Details of number of Board meetings attended by him during the financial year are set out in page 37 of this Annual Report.

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LAW DOUNG CHIN

Non-Independent

Non-Executive Director

Aged 54, Male, Malaysian

Mr. Law DOUNG Chin ("Mr. Law") was appointed to the Board on 29 March 2011 as an Independent Non-Executive Director. He was re-designated as Non-Independent Non-Executive Director on 31 March 2023. He is the Chairman of the Risk Management Committee and a member of the Remuneration Committee.

Mr. Law has more than 10 years extensive and wide exposures and experiences in accounting, financing and auditing and held several key manager positions in auditing firm as well as in private limited companies which are involved in operations in logging activities, hotel operating and property development. He does not hold any directorship in other public companies and listed issuers.

He does not have any family relationship with any Director and/or major shareholder of Ralco Corporation Berhad and has no conflict of interest or potential conflict of interest with the Company and/or its subsidiaries. He has not been convicted for any offences within the past 5 years other than traffic offences. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2024.

Details of number of Board meetings attended by him during the financial year are set out in page 37 of this Annual Report.

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PROFILE OF DIRECTORS

Cont'd

DAMIEN LIM YAT SENG

*Senior Independent
Non-Executive Director
Aged 52, Male, Malaysian*

Mr. Damien Lim Yat Seng ("Mr. Damien") was appointed to the Board of Ralco Corporation Berhad as an Independent Non-Executive Director on 21 March 2024 and was re-designated to Senior Independent Non-Executive Director on 7 April 2025. He is the Chairman of the Audit Committee, Nomination Committee, Remuneration Committee and a member of the Risk Management Committee.

Mr. Damien is a member of the Malaysian Institute of Accountants. He began his career in one of the Big Six public accounting firms as an auditor in the early 90s. In his professional career, he has extensive experience in financial and operational audits, fraud and financial mismanagement investigations in various industries encompassing private limited companies, public listed companies, both local and foreign entities. He is also an accomplished corporate trainer and has provided training to numerous organisations including Petronas, Telekom Malaysia, OCBC Bank, IOI Berhad, National Heart Institute, Pantai Medical Group, Bank Negara Malaysia etc.

He does not hold any directorship in other public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder of Ralco Corporation Berhad and has no conflict of interest or potential conflict of interest with the Company and/or its subsidiaries. He has not been convicted for any offences within the past 5 years other than traffic offences. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2024.

Details of number of Board meetings attended by him during the financial year are set out in page 37 of this Annual Report.

LAU WAI CHING

*Independent
Non-Executive Director
Aged 37, Female, Malaysian*

Ms. Lau Wai Ching ("Ms. Lau") was appointed to the Board on 10 February 2021. She was appointed as a member of the Audit Committee on 31 March 2023. On 28 March 2025, she was appointed as a member of the Nomination Committee, Remuneration Committee and Risk Management Committee.

Ms. Lau holds a Bachelor of Accounting from UCSI University. She has more than 10 years working experiences in various industries. She started her career as an auditor in 2008. She previously worked in the healthcare industry for 7 years prior to moving to a MNC company in 2019.

She does not hold any directorship in other public companies and listed issuers. She does not have any family relationship with any Director and/or major shareholder of Ralco Corporation Berhad and has no conflict of interest or potential conflict of interest with the Company and/or its subsidiaries. She has not been convicted for any offences within the past 5 years other than traffic offences. There were no public sanctions or penalties imposed on her by any regulatory bodies during the financial year 2024.

Details of number of Board meetings attended by her during the financial year are set out in page 37 of this Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT

CHIA JESLYN

Chief Financial Officer

Aged 29, Female, Malaysian

Ms. Chia Jeslyn ("Ms. Chia") joined Ralco Group on 17 March 2025 as Chief Financial Officer.

Ms. Chia is a member of the Malaysian Institute of Accountants and Institute of Chartered Accountant in England and Wales. She is primarily responsible for statutory reporting and internal management reporting functions for our Group as well as financial planning, treasury, tax and other finance operations. She has numerous years of experience in Big Four auditing firms as well as private limited companies.

She does not hold any directorship in other public companies and listed issuers. Furthermore, she has no family relationship with any Director and/or major shareholder of Ralco Corporation Berhad, nor does not have any conflict of interest or potential conflict of interest with the Company and/or its subsidiaries. She has not been convicted for any offences within the past 5 years other than traffic offences. There were no public sanctions or penalties imposed on her by any regulatory bodies during the financial year 2024.

GROUP FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2024

	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
INCOME STATEMENT					
Gross Revenue	53,190	50,549	56,478	59,880	50,764
(Loss)/Profit Before Tax	475	1,267	(927)	(2,647)	(2,565)
(Loss)/Profit After Tax	132	1,003	(1,090)	(3,081)	(2,544)
BALANCE SHEET					
Property, Plant and Equipment	52,964	53,268	54,222	58,240	56,587
Investment Property	-	-	-	-	1,835
Net Current Assets	9,410	10,854	9,461	11,428	9,839
Total Assets Employed	62,374	64,122	63,683	69,668	68,261
Shareholders' Fund	42,043	43,046	41,956	43,119	40,705
Non-Current Liabilities	20,331	21,077	21,727	26,549	27,556
Total Funds Employed	62,374	64,123	63,683	69,668	68,261
PER RM 1 ORDINARY SHARE					
(Loss)/Earnings Per Share (sen)	0.28	1.97	(2.14)	(6.07)	(5.01)
Net Tangible Assets Per Share (RM)	0.83	0.85	0.83	0.87	0.80

OUR VISION

We aim to be a leading plastic injection and plastic blowing manufacturer in the region known for its product quality and variety

OUR MISSION



PRODUCT



PEOPLE



PROFIT



OUR BELIEVES

Core Values

- Passionate about our products
- Care for our customer and people
- Keep our promises

Core Qualities

- Working together
- Building local and overseas market
- Delivering a great customer experience

MANAGEMENT DISCUSSION & ANALYSIS

ON BEHALF OF THE BOARD OF DIRECTORS OF RALCO CORPORATION BERHAD ("RALCO"/"THE GROUP"), IT IS OUR PLEASURE TO PRESENT TO YOU THE MANAGEMENT DISCUSSION AND ANALYSIS ("MDA") OF THE GROUP. THE OBJECTIVE OF THIS MDA IS TO PROVIDE SHAREHOLDERS WITH A BETTER UNDERSTANDING AND AN OVERVIEW OF THE GROUP'S BUSINESS, OPERATIONS, FINANCIAL POSITION IN YEAR 2024 AND OUTLOOK FOR THE YEAR 2025.

1. OVERVIEW

Ralco started 30 years ago as a small plastic manufacturer renting a small factory in Kajang, Selangor with one unit of blow molding machine and three (3) sets of molds to manufacture medium and big size containers catering mainly for both Malaysia and Singapore markets. From its humble beginnings, it has been over the years grown to be one of the key plastic blow molding and injection molding manufacturer of industrial pails, jerrycans and parts in Malaysia.

Products

Our product lines comprise mainly Jerrycans (blow molding) and Pails (injection molding) in various sizes. Jerrycans are widely used for the packing of liquid form of chemicals, medical products as well as for edible oils, while pails are utilized predominantly for the packing of paints for both household and industrial use.

We have also continued to improve customized services such as designing, printing and labelling including heat transfer, based on specific requirements for our customers.

Markets

The Group's turnover is mainly contributed from domestic market and approximately 23% to 26% from other regional markets.

Manufacturing Bases

Our Head Office and the main plant are located in the Nilai Industrial Estate, in the state of Negeri Sembilan. Our factory at Nilai was built on a land measuring 4.51 acres with a total build-up area of approximately 141,000 sq. ft. with a total workforce of approximately 166 people and more than 45 machines.

Ralco has another manufacturing plant which is strategically located in Skudai, the Southern State of Johor. The Johor plant is a single storey detached factory cum 2-storey office annexe situated on approximately 44,000 sq. ft. of industrial land with a build-up area of approximately 26,000 sq. ft.

The Johor plant has a total workforce of approximately 6 employees and 13 units of blow molding machines. It caters to the needs of our customers in the southern region of Malaysia and for our regional customers.

As part of the Group's ongoing commitment to enhance the operational efficiency and streamlining the production processes, the Group has ceased its operations at Johor manufacturing plant in Skudai. All production activities have been consolidated at the Group's main facility in Nilai, Negeri Sembilan, which remains fully operational and equipped to meet current and future customer demand. This strategic decision aligns with the Group focus on optimizing resource allocation, improving long-term productivity, and strengthening the overall operational performance. We remain dedicated to continue delivering the same high-quality products and services to our valued customers while ensuring a seamless transition.

MANAGEMENT DISCUSSION & ANALYSIS

Cont'd

2. BUSINESS REVIEW

During the year under review, the Group's revenue decreased marginally as compared to the previous year. The decrease in revenue was mainly due to the lower sales delivery to the customers due to the increased in raw material prices as well as our selling price.

The continued fluctuation of resin price has an impact on the performance of the Group as resin is the main cost component for the manufacture of plastic products. This has posted a challenge to the management in adjusting the selling price while negotiating with our existing customers.

Separately, the management has implemented action plans to minimize the impacts on the production workforce which were caused by shortage of foreign workers. We have engaged with new credible vendors to supply the contract workers for the long run. In addition, we have continued to offer competitive remuneration package and improve the working environment. As a result, the Group has managed to improve the production capacity and control the manpower costs.

To achieve higher productivity, the Group had invested approximately RM2.57 million in new machineries, upgrading and material handling equipment i.e. Electric Forklifts during the financial year ended 2024.

The Group has been implementing strategies and action plans on competitive selling price with targeted profit margin in order to improve the market share of our products. On the other hand, the management has managed to upgrade the overall technical level of the workforce significantly through recruitment programme and scheduled training.

3. FINANCIAL REVIEW

Revenue

The Group's revenue decreased by RM9.1 million or 15.2% to RM50.8 million for the current financial year 2024 as compared to RM59.9 million recorded in the previous year. The decline in revenue was primarily due to reduced sales volume, stemming from an increasingly competitive market environment.

Cost of Sales

Total cost of sales of the Group for the current financial year was RM48.8 million against RM54.9 million incurred in the previous financial year. This was mainly due to lower revenue generated during the year resulted in decreased procurement of raw materials, thereby lowering the cost of goods sold.

Other Income

Other income increased to RM4.8 million for the financial year ended 31 December 2024 as compared to RM0.6 million recorded in the previous financial year. There was a discount on non-current financial liabilities of RM4 million recognized during the financial year.

Other Operating Expenses

The Group registered an increase in other operating expenses of RM0.6 million in current financial year mainly attributed to the realised loss in foreign exchange due to purchase of raw materials from foreign suppliers and transaction with foreign customers.

MANAGEMENT DISCUSSION & ANALYSIS

Cont'd

3. FINANCIAL REVIEW cont'd

Finance Costs

The finance cost of the Group increased to RM1.4 million in the current financial year from RM0.8 million in the previous financial year. This is mainly due to the unwinding of discount on non-current financial liabilities.

Taxation

The Group registered a decrease in the income tax expense in the current financial year due to the over provision of taxation for the previous financial year.

Profit after Tax

The Group posted a loss after taxation of RM2.5 million for the current financial year ended 31 December 2024 as compared to a loss of RM3.1 million registered in the previous financial year. This is mainly due to the drop in income tax expense during the current financial year.

Liquidity and Capital Resources

The Group cash position stood at RM1.2 million as at 31 December 2024 as compared to RM1.3 million as at 31 December 2023.

The net cash used in operating activities was RM1.5 million as compared to the net cash generated from operating activities RM2.7 million generated in the previous financial year.

4. DIVIDEND

No dividend has been proposed by the Board for the financial year ended 31 December 2024.

5. FUTURE OUTLOOK

The manufacturing and sale of industrial pails and jerrycans will still be the Group's core business in year 2025.

The shortage of the resin supply coupled with the depreciation of Malaysian Ringgit will continue to add burden to the costs of raw material and overall production. In addition, the ongoing wars between Russia and Ukraine and Middle East will continue to cause a lot of uncertainty into the global demand of plastic products. In order to mitigate these factors, the management has deployed significant resources and prioritised the improvement on quality, productivity and cost effectiveness in our short and mid-term plans. We will also continue to develop revenue growth strategy and strengthen the relationship with the key customers in order to achieve organic growth in the long run.

In conclusion, the Board of Directors maintain a cautious outlook for the Group's performance in the coming financial year 2025.

CORPORATE RESPONSIBILITY & SUSTAINABILITY STATEMENT

COMMITMENT TO SUSTAINABILITY

Ralco Corporation Bhd and its subsidiaries ("Group") are cognisant of the importance of sustainability in doing the business. We are committed to develop and secure a sustainable future while maintaining an equitable balance between the expectations of a wide range of stakeholders and continuing to create value for our shareholders. To ensure our sustainability efforts are focused on issues that matter most to our stakeholders, we have categorised our commitment into three (3) core pillars:



Governance Structure

We do not have a Sustainability Committee at the Board level, however the Risk Management Committee ("RMC") has been taking up the role and responsibilities of the Sustainability Committee. The Group Managing Director plays the role of Chief Sustainability Officer ("CSO"), reporting directly to the RMC on any sustainability matters. The RMC oversees the strategies, policies, initiatives, targets and performance of the Group to ensure that the Group's business is conducted in a sustainable manner. The CSO is assisted by RMC which oversees the implementation of the organisation's sustainability approach. Each business unit has its own Risk Management and Sustainability Working Group ("RMSWG") which allows RMC to leverage existing initiatives to identify material sustainability matters in respect of our three (3) core pillars concerning their respective business units, providing and collecting information, overseeing and ensuring integration of sustainability management into their respective business processes.

Scope and Basis

This Sustainability Statement has been developed based on the Sustainability Reporting Guide. The guidelines look beyond financial performance and corporate governance practices which are outlined in this annual report, to examine our non-financial performance relating to our internal and external communities as well as the environment.

Stakeholders' Engagement

We have been making progress and engaging with most of the stakeholders as indicated in the table below.

STAKEHOLDERS	METHOD OF ENGAGEMENT	STAKEHOLDERS' CONCERN	CORE PILLARS
Shareholder	❖ Annual General Meeting	❖ Business and financial performance	❖ Economy
Employees	❖ On-going training ❖ Performance appraisal system	❖ Human resource management ❖ Occupational health and safety	❖ Social
Customers	❖ Direct engagement ❖ Customer feedback	❖ Pricing ❖ Delivery ❖ Quality	❖ Economy ❖ Social
Suppliers	❖ Supplier meeting ❖ Supplier survey	❖ Quality product ❖ Cost efficiencies	❖ Economy ❖ Social
Government	❖ Regulatory compliance	❖ Regulatory disclosure ❖ Accountability	❖ Environmental ❖ Social
Communities	❖ Meeting engagement with local communities	❖ Local employment ❖ Environmental impact	❖ Social ❖ Environmental

CORPORATE RESPONSIBILITY & SUSTAINABILITY STATEMENT

Cont'd

COMMITMENT TO SUSTAINABILITY cont'd

Materiality Assessment

A Materiality Assessment is a stakeholder engagement exercise designed to gauge Ralco's most noteworthy economic, environmental and social impacts that may be important to stakeholders. The process helps us to identify, prioritise, validate and review the most significant areas on the basis of their impact on the business and the importance of these areas from stakeholders' perspectives.

The materiality matrix table will show outcome of Ralco's materiality assessment. Sustainability key matters have been rated on a scale of low, medium and high for the significant Group's Economic, Environmental and Social ("EES") impacts and the influence of stakeholder's assessment and decisions.

➤ ECONOMIC

The Group's business and operations have been experiencing a solid recovery after Covid-19 pandemic. The management will continue to focus on improving productivity and enhancing market share. Further explanation of our financial performance can be referred to the Management Discussion and Analysis section of this Annual Report.

The management will endeavour to create long-term value for our stakeholder and achieve sustainable business by delivering quality products.

(i) Corporate Governance and Risk Management

In order to ensure sound corporate governance and ethical business conducts are being practiced across the business operations, the Group has in place several policies with key notes as follows: -

Corporate Code of Conduct & Ethics ("Code")	This code of business conduct and principles serves to guide the operational standards that all the employees of RALCO Group of Companies follow, irrespective of locations. It complements the approach to corporate governance and corporate responsibility. It prescribes values and principles that the Company commits to uphold to ensure that business practices and dealings that the Company has relationships with, whether internal or external are governed by honesty, integrity and respect. - o Employees are required to act honestly and legally at all times; - o To ensure confidentiality of the Group's information; - o To avoid any conducts that could risk or damage the Group's reputation; - o To avoid personal interest being ahead of the Group's interest. - o All applicable laws, rules and regulations must be adhered to accordingly. - o Any conflict of interest must be avoided/ disclosed promptly. - o Disclosure of confidential information to unauthorised personnel and insider trading are strictly prohibited. - o All employees must not engage in any fraudulent or dishonest activity. - o Discrimination and harassment in workplace are prohibited.
Anti-bribery and Corruption Policy ("ABCP")	The Group is committed to carry out business dealings with integrity, trustworthiness and fairness. It avoids and discourage completely the practices of bribery and corruption of all forms in the company's daily operations. The Group has embraced a Zero Tolerance approach against all forms of bribery and corruption and takes a strong stance against such acts. Employees who refuse to pay or receive bribes or participate in any acts of corruption will not be penalised even if such refusal may result in the Company losing its business or not meeting its targets. The Group's Anti-Bribery and Anti-Corruption Policy ("this Policy") leverages the core principles set out in the Group's Code of Business Conduct. The scenarios provided within this Policy do not limit the boundaries of the Policy which may be extended to cover all circumstances relating to bribery. Compliance to the Policy is mandatory and will be monitored.

CORPORATE RESPONSIBILITY & SUSTAINABILITY STATEMENT

Cont'd

COMMITMENT TO SUSTAINABILITY cont'd

➤ ECONOMIC cont'd

(i) Corporate Governance and Risk Management cont'd

Whistleblowing Policy	Whistleblowing Policy adopted by the Group is a specific means by which any Employees or Stakeholders (i.e. shareholders/customers/suppliers) can report or disclose through established channels, genuine concerns about unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements ("reportable misconduct") that is taking place/has taken place/may take place in the future; of which they become aware and to provide protection for the party, who report allegations of such malpractice/misconduct/wrongdoings. In case reporting to the management is a concern, then the concerns can be reported directly to the Chairman of Audit Committee. Name: Damien Lim Yat Seng Email: dlimys@gmail.com
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The Code, ABCP and Whistleblowing Policy are available for viewing on our website at www.ralco.net.

During the financial year 2024, no employees had been disciplined or dismissed, no contracts with suppliers or customers being terminated, nor have any public cases been brought against Ralco and its employees due to non-compliance with our Code, ABCP and/or any laws and regulations.

Risk Management Committee conducted risk assessment on an annual basis to identify and mitigate significant risks that are affecting our business operations. Our Committee is overseeing the risk management process of the Group in order to safeguard the interest of our various stakeholders. The details are discussed in the Statement on Risk Management and Internal Control in this Annual Report.

(ii) Quality Assurance

As a manufacturer of Jerrycans and Pails, Ralco placed utmost emphasis and commitment to deliver quality products to our customers. We apply stringent operating standards and quality controls in our quality management system in our business operations. In achieving the highest quality standards of products and services, we have been accredited to ISO 9001 : 2015 by SIRIM QAS International Sdn Bhd.



CORPORATE RESPONSIBILITY & SUSTAINABILITY STATEMENT

Cont'd

COMMITMENT TO SUSTAINABILITY cont'd

➤ ENVIRONMENT

The Group is mindful of the impact that its expanding operations can have on the environment and seeks to reduce the impact through effective and efficient management of resources including effluent and waste management practices.

(i) Waste Disposal

As a manufacturer, Ralco recognises its duty and responsibility in managing waste and effluent. We embed sustainability practices into our business processes to operate more efficiently and work towards minimising waste and effluent to the best of our ability. We ensure waste is disposed safely and recycled in compliance with the required regulations.

We have standard operating procedures to store and dispose scheduled wastes which are toxic and dangerous according to the Department of Environment ("DOE") requirements. Without proper and effective management control, it can lead to serious environmental pollution which has long-term effect on human health and damage to the environmental ecosystem. Currently, we manage our scheduled wastes by sending it to licensed collectors to ensure our scheduled wastes undergo proper recovery, recycling and disposal process. Our scheduled waste management process is managed by our own competent employees.

	FY 2024	FY 2023	FY 2022
Schedule Waste Generated	4.5 Mts	0 Mts	5.5 Mts
General Waste	64 Mts	125 Mts	10.5 Mts

(ii) Energy Management

Conservation of resources is an important priority for manufacturing business. We made conscious effort in improving our manufacturing processes and are continuously working towards reducing the use of energy throughout the division. We have invested in servo systems in some production machines to reduce energy consumption. In addition, halogen lights were replaced with LED lighting which consumes lower energy and replacing Diesel/Petrol/LP Gas (fossil fuel) forklifts with Electric forklifts.

The Group has also invested in a solar PV Retrofitted Grid Connected System in year 2017 with the objective to contribute to climate change mitigation by reducing GHG emission into the atmosphere.

	FY 2024	FY 2023	FY 2022
Solar power generated (kWh)	277,132	338,727	367,272

(iii) Occupational Safety and Health

The Management views occupational safety and health at work environment for employees with utmost importance. Various actions are implemented to ensure workplace safety, such as:

- Enforcement of Safety and Health Policies and any regulation under Occupational Safety and Health Act (OSHA) 1994 and Factories and Machinery Act (FMA) 1967 to ensure safety guidance compliance;
- Frequent inspection and safety walkabout for detection of unsafe act and unsafe conditions;
- Liaise with Department of Occupational Safety and Health for Safety Audit and Inspection especially to renew Machine Certificates (Lift Hoist, Overhead Crane and Air Receiver tank);
- Requirement for sourcing experience contractors for maintenance work and Permit to work;
- Conduct job orientation and safety induction for new hired machine operators and conduct continuous on job training for new and existing operators.
- Conducting Hazard Identification, Risk Assessment and Risk Control (HIRARC) for Standard Operating Procedure for all Job Scope;

CORPORATE RESPONSIBILITY & SUSTAINABILITY STATEMENT

Cont'd

COMMITMENT TO SUSTAINABILITY cont'd

➤ ENVIRONMENT cont'd

(iii) Occupational Safety and Health cont'd

There is a Safety Officer which reports to the General Manager responsible for promoting safety measures adherence, identifying safety hazards and recommending corrective actions. The Group is conscious of the need to continuously improve, promote and implement safety and health culture to the employees. The Group's target is to work towards zero accidents and zero fatalities. Below is the statistic of accidents recorded for the year.

Description	FY 2024	FY 2023	FY 2022
Minor Injury < 5 days	2	0	6
Major Injury > 5 days (report to JKKP6)	1	2	1
Total no. of accident case	3	2	7

➤ SOCIAL SUSTAINABILITY

(i) Training and Education

We believe that our people are driving force of our business, thus, we put significant attention into workplace that improve the performance of people. The Group sponsored the participation of our skilled employees and managerial staff to seminars and workshops to enhance their technical competency and to promote skill development. The Group also provides various in-house job-related training to employees focusing mainly on productivity and respective fields of expertise to strengthen their skills set and knowledge in areas related to the Group's operations. The Group also showed its concern for the well-being of society by reaching out to the under-privileged group by providing job opportunity to the disabled personnel. We also provide internship programs for students from local institutions of higher learning.

Moving forward, our talent management strategy aims to polish our employees' knowledge and skills gaps with necessary on job trainings. We belief these initiatives will provide our employees to develop their career in company.

CORPORATE RESPONSIBILITY & SUSTAINABILITY STATEMENT

Cont'd

COMMITMENT TO SUSTAINABILITY cont'd

➤ SOCIAL SUSTAINABILITY cont'd

(i) Training and Education cont'd

The seminars and trainings, includes virtual or webinar sessions attended by the employees of the Group during the year:

No.	Date	Seminar/Training Programs
1	07 January 2024	Induction Training for New Joiner, Safety Training & Disciplinary Management
2	08 January 2024	Induction Training for New Joiner, Safety Training & Disciplinary Management
3	10 January 2024	Induction Training for New Joiner, Safety Training & Disciplinary Management
4	11 January 2024	Induction Training for New Joiner, Safety Training & Disciplinary Management
5	15 January 2024	House Keeping
6	05 February 2024	Induction Training for New Joiner, Safety Training & Disciplinary Management
7	09 February 2024	Induction Training for New Joiner, Safety Training & Disciplinary Management
8	12 February 2024	Induction Training for New Joiner, Safety Training & Disciplinary Management
9	09 March 2024	TOA Paint Customer Quality and Environmental Policy
10	12 March 2024	Key Compliance Issues on Annual Returns, Accounts, Audits and AGM
11	11 April 2024	Induction Training for New Joiner, Safety Training & Disciplinary Management
12	12 April 2024	Measurement and Calibration System
13	22 April 2024	Induction Training for New Joiner, Safety Training & Disciplinary Management
14	24 April 2024	Safety Health & Environment (SHE) Unit
15	24 April 2024	Induction Training for New Joiner, Safety Training & Disciplinary Management
16	04 May 2024	Delivery & Loading Arrangement
17	06 May 2024	Materials & Master Batch Receiving from Supplier
18	09 May 2024	Induction Training for New Joiner, Safety Training & Disciplinary Management
19	10 May 2024	Effective Employee Handbook writing Skills
20	05 June 2024	Induction Training for New Joiner, Safety Training & Disciplinary Management
21	14 June 2024	Induction Training for New Joiner, Safety Training & Disciplinary Management
22	10 July 2024	Induction Training for New Joiner, Safety Training & Disciplinary Management
23	15 July 2024	Induction Training for New Joiner, Safety Training & Disciplinary Management
24	25 July 2024	Induction Training for New Joiner, Safety Training & Disciplinary Management
25	29 - 30 August 2024	Lean Maintenance Planning and Scheduling

CORPORATE RESPONSIBILITY & SUSTAINABILITY STATEMENT

Cont'd

COMMITMENT TO SUSTAINABILITY cont'd

➤ SOCIAL SUSTAINABILITY cont'd

(i) Training and Education cont'd

No.	Date	Seminar/Training Programs
26	05 September 2024	Preparation of Caps and Inserts for Delivery
27	06 October 2024	Induction Training for New Joiner, Safety Training & Disciplinary Management
28	07 October 2024	Goods Receiving from Production
29	14 October 2024	Induction Training for New Joiner, Safety Training & Disciplinary Management
30	14 October 2024	Type of Defect in Blowing Products & SOP Product Handling Materials
31	18 October 2024	Release by QC for all the Delivery Order Before Delivery- start from 7/10/2024
32	18 - 19 October 2024	HR Management for Non-HR Professionals
33	19 October 2024	Randomly Lorry Parking Outside CP Premises
34	21 October 2024	Type of Defect in Blowing Products & SOP Product Handling Materials
35	23 October 2024	Implementation of E-Invoice in Malaysia
36	03 November 2024	Medical & Food Products Arrangement
37	06 November 2024	Finish Goods & Raw Materials & Masterbatch Arrangement Training
38	13 - 14 November 2024	Misconduct Handling and Domestic Inquiry
39	22 November 2024	Corporate Governance in Compliance with Section 17A MACC Act 2009 & Environmental, Social & Governance (ESG)
40	02 December 2024	Goods Issuing to Production
41	14 October 2024	Type of Defect in Blowing Products & SOP Product Handling Materials
42	21 October 2024	Type of Defect in Blowing Products & SOP Product Handling Materials

CORPORATE RESPONSIBILITY & SUSTAINABILITY STATEMENT

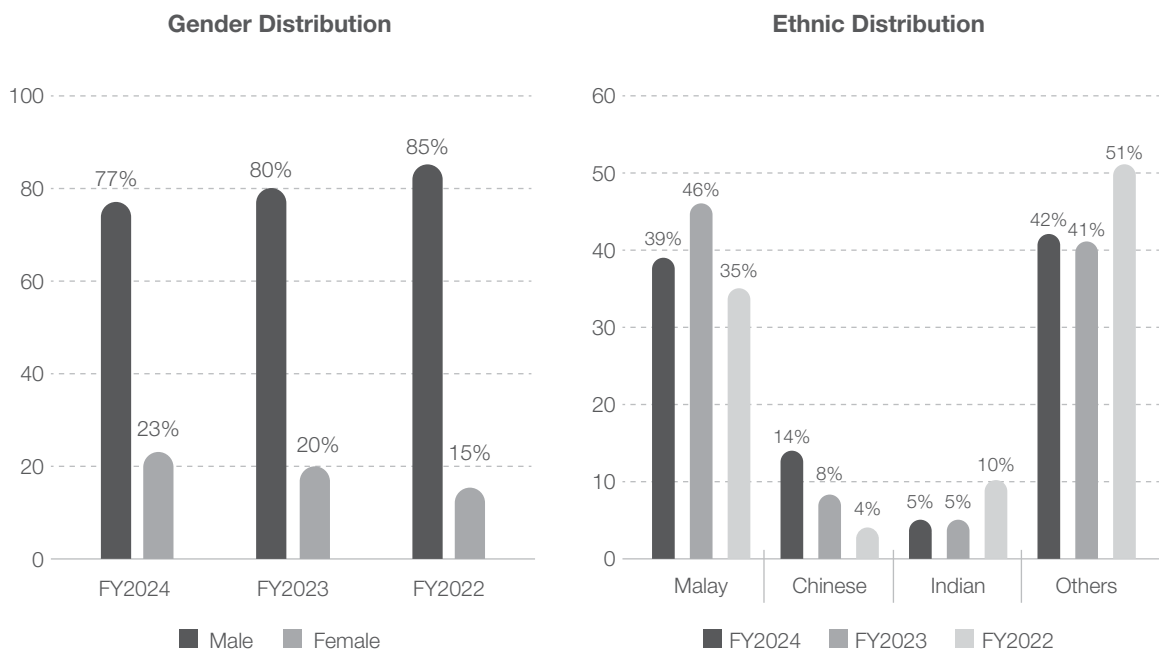
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COMMITMENT TO SUSTAINABILITY cont'd

➤ SOCIAL SUSTAINABILITY cont'd

(ii) Workforce Diversity and Inclusion

The Group believes the values of equality. All recruitment and employments are strictly based on the competency of the candidates. The Group does not practice any form of gender, ethnicity and/or age discrimination, and all candidates are given fair and equal opportunity. Display below the distribution of our workforce demographic:



(iii) Compliance to Minimum Wage

The Group complies to the minimum wages, i.e. RM1,700 per month under the Minimum Wage Order 2025 that effective since 1 February 2025. This is to ensure that the low-income groups are able to attain minimum acceptable living standards and elevation from poverty. In Ralco, we offered more than the minimum wage to attract workers and retain skill workers.

STATEMENT OF ASSURANCE

The contents of this report have been reviewed by the Risk Management Committee and presented to the Board of Directors for approval prior to publishing.

To strengthen the credibility of the Sustainability Report, selected aspects of this report have been internally reviewed by the Group's internal auditor.

CORPORATE RESPONSIBILITY & SUSTAINABILITY STATEMENT

Cont'd

SUSTAINABILITY PERFORMANCE REPORT

Indicator	Measurement Unit	2022	2023	2024
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Management	Percentage	75.00	76.00	47.83
Executive	Percentage	20.00	31.00	21.74
Non-executive/Technical Staff	Percentage	5.00	5.00	30.43
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00	0.00	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	0.00	10,000.00	3,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0	1	1
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Management Under 30	Percentage	0.00	1.00	0.00
Management Between 30-50	Percentage	3.00	3.00	5.26
Management Above 50	Percentage	1.00	2.00	4.89
Executive Under 30	Percentage	2.00	3.00	2.63
Executive Between 30-50	Percentage	6.00	5.00	9.40
Executive Above 50	Percentage	3.00	3.00	2.63
Non-executive/Technical Staff Under 30	Percentage	28.00	41.00	18.80
Non-executive/Technical Staff Between 30-50	Percentage	49.00	36.00	46.99
Non-executive/Technical Staff Above 50	Percentage	8.00	6.00	9.40
Gender Group by Employee Category				
Management Male	Percentage	3.00	4.00	2.63
Management Female	Percentage	1.00	1.00	7.52
Executive Male	Percentage	7.00	8.00	7.14
Executive Female	Percentage	4.00	4.00	7.52
Non-executive/Technical Staff Male	Percentage	74.00	68.00	62.03
Non-executive/Technical Staff Female	Percentage	11.00	15.00	13.16
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	83.33 *	83.33 *	83.33
Female	Percentage	16.67 *	16.67 *	16.67
Under 30	Percentage	0.00 *	0.00 *	0.00
Between 30-50	Percentage	16.67 *	16.67 *	16.67
Above 50	Percentage	83.33 *	83.33 *	83.33

Internal assurance External assurance No assurance

(*) Restated

CORPORATE RESPONSIBILITY & SUSTAINABILITY STATEMENT

Cont'd

SUSTAINABILITY PERFORMANCE REPORT cont'd

Indicator	Measurement Unit	2022	2023	2024
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	9,641.72	11,491.00	9,515.87
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	3
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00	0.00	1.02
Bursa C5(c) Number of employees trained on health and safety standards	Number	30	142	43
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Management	Hours	72	137	276
Executive	Hours	98	266	146
Non-executive/Technical Staff	Hours	236	722	312
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	39.00	10.00	0.00
Bursa C6(c) Total number of employee turnover by employee category				
Management	Number	1	15	18
Executive	Number	0	14	12
Non-executive/Technical Staff	Number	5	117	68
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	85.00	86.00	83.76
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	19.300000	27.000000	21.690000
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	-	-	No Data Provided
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	-	No Data Provided
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	-	No Data Provided
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	-	-	No Data Provided
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	-	-	No Data Provided
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	-	No Data Provided

AUDIT COMMITTEE REPORT

The objective of the Audit Committee is to assist the Board in fulfilling its fiduciary responsibilities relating to internal control, providing oversight of the financial reporting process, scrutinises all quarterly results and annual statutory financial statements of the Group prior to official release to regulatory authorities and shareholders. The Audit Committee will endeavour to adopt various practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to the shareholders of the Company.

1. COMPOSITION AND SUMMARY OF ATTENDANCE

As at the date of this Annual Report, the Audit Committee comprises the following Non-Executive Director:-

No.	Name of Directors	Designation
(1)	Damien Lim Yat Seng (Chairman) **	Senior Independent Non-Executive Director
(2)	Heng Chee Wei (Member) *	Non-Independent Non-Executive Director
(3)	Lau Wai Ching (Member)	Independent Non-Executive Director

Notes:

* Heng Chee Wei was re-designated from Senior Independent Non-Executive Director to Non-Independent Non-Executive Director on 28 March 2025.

** Damien Lim Yat Seng was re-designated from Independent Non-Executive Director to Senior Independent Non-Executive Director on 7 April 2025.

On 21 March 2024, Mr. Ang Seng Wong resigned as Chairman of the Audit Committee and Independent Non-Executive Director. His roles were replaced by Mr. Damien Lim Yat Seng on 21 March 2024.

The composition of the Audit Committee complies with Paragraph 15.09 of the Main Market Listing Requirements ("MMLR") that all the Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors. Mr. Heng Chee Wei and Mr. Damien Lim Yat Seng are members of the Malaysian Institute of Accountants ("MIA").

The Audit Committee conducted five (5) meetings during the financial year. The details of the attendance of the Audit Committee members are set out as follows:

Name of Audit Committee Members	Number of Meetings Attended
Damien Lim Yat Seng	4/4
Heng Chee Wei	5/5
Lau Wai Ching	5/5
Ang Seng Wong (Resigned on 21 March 2024)	1/1

During the financial year, the Board, through Nomination Committee has reviewed the term of office and assessed the performance of the Audit Committee. The Board is satisfied that the Audit Committee has discharged its duties in accordance with Terms of Reference.

The requirement for a former partner of the external audit firm of the Company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee is reflected into the Terms of Reference of Audit Committee. None of the Audit Committee members were former partners of the external audit firm of the Company within three (3) years preceding the financial year ended 31 December 2024.

2. SUMMARY OF THE WORKS DURING THE FINANCIAL YEAR

The works carried out by the Audit Committee in discharging its duties and functions with respect to their responsibilities during the financial year are summarised as follows:

Financial Reporting

The Audit Committee reviewed the quarterly and annual financial statements required by Bursa Securities with the management team prior to making recommendation for the Board's approval. The review focused on changes in accounting policies and practices, major judgmental and risk areas, significant adjustments resulting from the audit, the going concern assumption, compliance with accounting standards, compliance with the MMLR of the Bursa Malaysia Securities Berhad ("Bursa Securities") and other legal requirements.

AUDIT COMMITTEE REPORT

Cont'd

2. SUMMARY OF THE WORKS DURING THE FINANCIAL YEAR cont'd

Financial Reporting cont'd

In reviewing the annual financial results of the Group, the Audit Committee communicated with the external auditors, Messrs. TGS TW PLT ("TGS") with particular focus on significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed; and compliance with the applicable approved accounting/auditing standards in Malaysia and other legal and regulatory requirements.

The Audit Committee keeps itself apprised of changes in accounting policies and guidelines through regular updates by the external auditors.

External Audit

The Audit Committee discussed with the external auditors the audit plan and scope of work for the Group, and the report on the audit of the year-end financial statements; reviewed audit findings and reservations arising from the audits, significant accounting issues and any matter the external auditors may wish to discuss.

In addition, the Audit Committee reviewed and evaluated TGS's audit plan for the financial year ended 31 December 2024. TGS's audit plan covered its engagement team, concept of materiality, independence and objectivity, and the areas of audit emphasis. The Audit Committee also reviewed key audit issues raised by TGS from its Audit Planning Memorandum including Management's responses/actions taken on the resolution of such issues.

Besides, the Audit Committee has assessed the independence, objectivity and suitability of TGS prior to the recommendation of re-appointment of TGS. Based on the assessment, the Audit Committee is satisfied that there is no conflict of interest situation.

The Audit Committee is of the opinion that the auditors' independence has not been compromised based on the confirmation provided by the external auditors.

During the financial year, private sessions were held between the Audit Committee and the External Auditors without the presence of any Executive Directors and the Management to discuss any issue arising from the audit. There were no areas of concern that warranted escalation to the Board.

Internal Audit

The Audit Committee, with the support of the internal auditor, conducted a comprehensive review of the Enterprise Risk Management ("ERM") framework. They closely monitored and followed up on remedial actions, assessed the corrective measures implemented by Management to resolve issues, and ensured that all critical concerns were effectively and promptly addressed. Additionally, the Audit Committee verified the independence, competency, and adequacy of resources within the internal audit function.

Related Party Transactions

The Audit Committee reviewed all significant related party transactions entered into by the Group and the Company to ensure that such transactions are undertaken at arm's length basis on normal commercial terms which are not detrimental to the interests of the minority shareholders of the Company and the internal control procedures employed are both sufficient and effective before recommending to the Board for approval.

Conflict of Interest

The Audit Committee reviewed all the conflict of interest or potential conflict of interest's declarations made by the respective persons as at the financial year under review and concluded that sufficient disclosure of all conflict of interest or potential conflict of interest had been made and documented.

AUDIT COMMITTEE REPORT

Cont'd

2. SUMMARY OF THE WORKS DURING THE FINANCIAL YEAR cont'd

Others

The Audit Committee has full access to and co-operation of Management. The Audit Committee also has full discretion to invite any director or executive officer to attend its meetings, and has been given adequate resources to discharge its functions. The Audit Committee had met with the external auditors without the presence of Management during the financial year.

The Audit Committee has reviewed the Statement on Risk Management and Internal Control and Audit Committee Report in accordance with the MMLR of Bursa Securities and Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuer, for inclusion into the Annual Report.

3. TERMS OF REFERENCE OF AUDIT COMMITTEE

The Audit Committee reviewed the Terms of Reference of the Audit Committee during the financial year to ensure that the terms of reference were in line with the Malaysian Code on Corporate Governance 2021 (“MCCG”) and MMLR.

The full details of the Terms of Reference of the Audit Committee are published on the Company’s website at www.ralco.net.

4. INTERNAL AUDIT FUNCTION

The Group has set up an in-house internal audit function since the financial year 2017 and it is independent from the day-to-day operations of the Group. The internal auditor, Mr. Ken Teh Kian Lang, is an MIA member with more than 20 years of internal audit work experience and an associate member with the Institute of Internal Auditors. The duties of the internal auditor are performed with professional care and without prejudice and provides the Audit Committee and the Board with an assurance and independent assessment in respect of the adequacy, efficiency and effectiveness of the risk management practices and system of internal control.

The internal auditor reports directly to the Audit Committee and has principal responsibilities to undertake independent reviews of the internal control system, which includes the following:

- (i) reviewing and appraising the adequacy, integrity and effectiveness of the current system of internal control of the Group.
- (ii) performing risk assessment of the Group to identify and evaluate the principal risk factors and ensuring the implementation of appropriate internal control processes and procedures to mitigate these risks.
- (iii) allocating adequate audit resources, in accordance with the internal audit plan approved by the Audit Committee, to carry out internal audits on key operations of the Group so as to provide the Board with an effective and efficient audit coverage.

During the financial year, the internal auditor has undertaken the following activities:

- Conducted follow-up audits on Risk Management to ensure that the corrective actions on reported weaknesses were taken within the required timeframes were implemented appropriately by the relevant management members;
- Attended the Audit Committee and Risk Management Committee Meetings and tabled and discussed on the results of the follow-up Audit on Risk Management; and
- Briefed the Audit Committee on the compliance readiness with the Malaysian Anti-Corruption Commission (“MACC”) Section 17A.

The relevant Management members were made responsible for ensuring that the appropriate corrective actions were taken.

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2024 was RM52,817.

Further details of the Internal Audit Function are set out in the Statement on Risk Management and Internal Control on pages 44 to 46 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Ralco Corporation Berhad (“the Board”) continues to recognise the importance of practising good corporate governance to direct the businesses of the Company and its subsidiaries (together as “the Group”) towards enhancing business and long-term value for its shareholders. It remains committed to ensure that the highest standards of accountability and transparency are practised throughout the Group as the underlying principle in discharging its responsibilities.

The Board presents this statement to provide shareholders and investors with an overview of the corporate governance practices of the Company under the leadership of the Board during the financial year 2024. This overview takes guidance from the key corporate governance principles as set out in the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) with reference to the Corporate Governance Guide (4th Edition) issued by Bursa Malaysia Securities Berhad (“Bursa Securities”).

This statement is prepared in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Securities and it is to be read together with the Corporate Governance Report (“CG Report”) of the Company which is available at the Company’s website at www.ralco.net.

The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG 2021 during the financial year 2024.

Principle A - Board leadership and effectiveness

1.1 Board Responsibilities

The Board is responsible for formulating and reviewing the strategic plans and key policies of the Company, and charting the course of the Group’s business operations whilst providing effective oversight of Management’s performance, risk assessment, controls and integration of sustainability considerations over business operations. The Board delegates and confers some of its authorities and discretion on the Chairman, Managing Director, and Management as well as on properly constituted Board Committees comprising exclusively Non-Executive Directors.

All members of the Board are aware of their responsibilities to take decision objectively which promote the success of the Group for the benefits of the shareholders and other stakeholders. The roles and responsibilities of the Board are clearly set out in the Board Charter which is available on the Company’s website.

The positions of the Chairman and the Managing Director are held by two different individuals. The Chairman of the Board is Dato’ Chong Kim Fatt, an Independent Non-Executive Director whilst the Managing Director is Mr. Tan Heng Ta.

There is a clear division of responsibilities between the Chairman of the Board and the Managing Director. The Chairman ensures the smooth and effective functioning of the Board, leads strategic planning at the Board level and instilling good corporate governance practices. The Managing Director is responsible for executing the vision and strategic direction of the Group determined by the Board. The Managing Director is assisted by the General Manager for implementing the policies and decisions of the Board. The Managing Director is primarily accountable for overseeing the day-to-day operations of the Group to ensure the effective running of the Group.

The Board Committees are made up of Risk Management Committee, Audit Committee, Nomination Committee and Remuneration Committee; and are entrusted with specific responsibilities to oversee the Group’s affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference. The Chairman of the relevant Board Committees report to the Board on key issues deliberated by the Board Committees at their respective meetings. The ultimate responsibilities for decision making, however, lies with the Board.

The Chairman of the Board, Dato’ Chong Kim Fatt, is not a member of the Audit Committee, Nomination Committee or Remuneration Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

Principle A - Board leadership and effectiveness cont'd

1.1 Board Responsibilities cont'd

The Board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies priorities and targets. The Board takes into account sustainability considerations when exercising its duties including amongst others the development and implementation of company strategies, business plans, major plans of action and risk management. The Board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities and will include a review of the performance of the Board and senior management in addressing the company's material sustainability risks and opportunities.

The Board has identified Mr. Tan Heng Ta as the designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

The following are the Board's principal roles and responsibilities in discharging its leadership function and fiduciary duties towards meeting the goals and objective of the Group:-

1. Business plan and budget;
2. Capital Management and investment policies;
3. Authority limits/levels;
4. Risk Management policies;
5. Declaration of Dividends;
6. Business Continuity Plan;
7. Issuance of new Securities;
8. Business restructuring;
9. Expenditure above a certain limit; and
10. Material acquisitions and disposition of assets.

During the financial year under review, the Board together with the Audit Committee reviewed and updated the terms of reference of the Audit Committee and Board Charter as part of its continuous efforts in enhancing corporate governance.

Looking ahead to 2025, the priorities of the Board will be in the following areas:-

1. To integrate sustainability matters into the strategies of the Group; and
2. To source suitable female directors to achieve 30% female representation on the Board, should any vacancies arise.

1.2 Qualified and competent company secretaries

In performing their duties, all Directors have access to the advice and services of two (2) suitably qualified Company Secretaries. The Company Secretaries have been providing guidance to the Board, particularly on corporate governance issues and compliance with relevant policies and procedures, rules and regulatory requirements and ensure good information flow within the Board, Board Committees and Management. The Company Secretary attends all meetings of the Board and Board Committees and guides the Directors on the requirements encapsulated in the Company's Constitution and legislative promulgations such as the Companies Act 2016, MMLR, etc. The Company Secretary shall continue to guide the Directors on the requirements to be observed arising from new regulations and guidelines issued by the authorities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

Principle A - Board leadership and effectiveness cont'd

1.3 Access to information and Advice

All Directors have unrestricted access to the Group's business and affairs including inter alia, financial results, annual budgets, business reviews against business plan and progress reports, operation reports on the Group's development and business strategies to ensure effective functioning of the Board.

In furtherance of their duties, all Directors may seek independent professional advice at the Company's expense on specific issues to provide additional insight and professional views, advice and explanations, where necessary.

Board Meetings for the ensuing year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and full attendance at Board Meeting.

The notice of agenda together with minutes of the previous meeting and other relevant information will be circulated to the Board at least five (5) days before the meetings. This is to ensure that all Directors have sufficient time to obtain further explanation, where necessary, in order to be fully informed of the matters to be discussed during the meeting. The Board papers contain all relevant information and reports on financial, operational, corporate, regulatory, market developments and minutes of meetings. These documents are comprehensive and include qualitative and quantitative information to enable the Board members to make informed decisions.

The Company Secretaries are entrusted to record the Board's deliberations, in terms of issues discussed, ensures that the deliberations at Board and Board Committee meetings are documented, and subsequently communicated to Management for appropriate actions. The minutes of the previous Board and Board Committee meetings are distributed to the Directors/Committees prior to the meeting for their perusal before confirmation of the minutes at the commencement of the following Board meeting. To facilitate productive and meaningful deliberations, the Directors will comment or request for clarification before the minutes are tabled for confirmation as a correct record of the proceedings of the meeting. Management provides Directors with complete and timely information prior to meetings and on-going basis to enable them making informed decisions.

1.4 Board Charter

In discharging its duties, the Board is constantly mindful of the need to safeguard the interests of the Group's stakeholders. In order to facilitate the effective discharge of its duties, the Board is guided by the Board Charter which was reviewed and revised by the Board and the same has been published on the Company's website.

The Board Charter serves to ensure that all Board members acting on the Group's behalf are aware of their expanding roles and responsibilities. It sets out the strategic intent and specific responsibilities to be discharged by the Board members collectively and individually. It also regulates on how the Board conducts business in accordance with the Corporate Governance principles.

The Board will continue to review the Board Charter periodically to ensure that it is updated in accordance with the needs of the Company and any new regulations that may have impact on the discharge of the Board's responsibilities.

The Board Charter is available on the Group's website at www.ralco.net.

1.5 Formalised ethical standards through Code of Conduct

The Group is committed to achieving and monitoring high standards pertaining to behaviour at work.

The Board is guided by the Company's Code of Conduct & Principles ("Code of Conduct") and Anti-Bribery and Anti-Corruption Policy in discharging its oversight role effectively. The Code of Conduct requires all Directors and Management to observe high ethical business standards, honesty and integrity and to apply these values to all aspects of the Groups' business and professional practice and act in good faith in the best interest of the Company and its shareholders. A summary of the Code of Conduct is available on the Group's website at www.ralco.net.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

Principle A - Board leadership and effectiveness cont'd

1.5 Formalised ethical standards through Code of Conduct cont'd

In addition, all employees are encouraged to report genuine concerns about unethical behaviour or malpractices. Any such concern should be raised with senior management, and an appropriate action will be taken by the Company. If for any reason, it is believed that this is not possible or appropriate, then the concern should be reported to the Senior Independent Non-Executive Director of the Company.

1.6 Whistleblowing Policy

The Group has developed a Whistleblowing Policy ("the Policy") to enable employees and any other persons to report instances of unethical behaviour, actual or suspected fraud and/or abuse within the Company. This policy has been disseminated throughout the organisation with briefing by the Human Resources Department on its use by employees.

The Policy facilitates an open and transparent corporate culture within the organisation, promoting accountability and enabling the Group to respond nimbly to changes in environment. It also serves to encourage and provide an alternative means for employees and any other persons ("Reporting Persons") to raise a concern outside the normal reporting channels. Such good faith reporting must not be made recklessly, maliciously, and/or for personal gain. The Policy has been disseminated to all staff and is available on the Group's website at www.ralco.net.

Any party who has reasonable belief that there is serious malpractice relating to any matter disclosed, may direct such complaint and report to the Managing Director of the Company or General Manager of the Company or Chairman of Audit Committee in writing. Management will ensure that any employee of the Company who raises a genuine complaint in good faith shall not be penalised for such disclosure and the identity of such complainant shall be kept confidential.

2. Composition of the Board

As at the date of this statements, the Board comprised six (6) members, of whom three (3) are Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors and one (1) Managing Director.

The three (3) Independent Non-Executive Directors fulfilled the criteria of independence as defined in the MMLR. The Board composition has met the requirements in the MMLR and the MCGG 2021 as at least half of its members are Independent Directors. The Board members are persons of high calibre and integrity, and provide a wealth of knowledge, experience and skills in the key areas of accountancy, business operations and development, finance and risk management, amongst others.

The size and composition of the Board are reviewed by the Nomination Committee annually, to determine if the Board has the right size and sufficient diversity with independence elements that fit the Company's objectives. The Nomination Committee also aims to maintain a diversity of gender, expertise, skills, ethnicity and attributes among the Directors, so as to form a quality Board that can contribute to more robust decision making and thereby, increase governance and shareholders value.

The Board acknowledges the importance of diversity in boardroom and senior management. The Group strictly adhered to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, which included the selection of Board members.

Based on the review of the Board composition, there is one (1) female director on the Board of the Company during the financial year 31 December 2024, namely Ms. Lau Wai Ching. The Nomination Committee has been tasked to consider the female representation when a vacancy arises and/or suitable candidates are identified. The Nomination Committee will take steps to ensure that women candidates are sought as part of its recruitment exercise in order to achieve the optimum size with the right diversity. As such, this pursuit will continue to be a priority on the Board agenda in year 2025 and the Company will endeavour to achieve 30% female directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

Principle A - Board leadership and effectiveness cont'd

2. Composition of the Board cont'd

The appointment of a new Board member will not be guided solely by gender but will also take into account the skills-set, experience and knowledge of the candidate. The Company's prime responsibility in new appointments is always to select the best candidates available. Hence, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board remains a priority.

Hence, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board remains a priority.

On 21 March 2024, Mr. Ang Seng Wong resigned as an Independent Non-Executive Director of the Company and Mr. Damien Lim Yat Seng is appointed in place of Mr. Ang Seng Wong.

2.1 Nomination Committee

As at the date of this statement, the Nomination Committee comprises wholly Non-Executive Directors of which majority are Independent Directors and the members are as follows:-

No.	Name of Directors	Designation	Number of Meetings held and Attended during the financial year
(1)	Damien Lim Yat Seng (Chairman)**	Senior Independent Non-Executive Director	-
(2)	Heng Chee Wei (Member)	Non-Independent Non-Executive Director	1/1
(3)	Lau Wai Ching (Member)***	Independent Non-Executive Director	-
(4)	Law Doung Chin (Former Member)****	Non-Independent Non-Executive Director	1/1
(5)	Ang Seng Wong (Former Chairman)*	Independent Non-Executive Director	1/1

Notes:

* Ang Seng Wong was resigned as a Nomination Committee Chairman on 21 March 2024.

** Damien Lim Yat Seng was appointed as a Nomination Committee Chairman on 21 March 2024.

*** Lau Wai Ching was appointed as a Nomination Committee Member on 28 March 2025.

**** Law Doung Chin was resigned as a Nomination Committee Member on 28 March 2025.

A summary of key activities undertaken by the Nomination Committee in discharging its duties during the financial year are set out below:-

- Assessed the contribution of each individual Director;
- Reviewed the Board structure, size, composition, financial literacy, training needs and the balance between Executive Directors, Non-Executive Directors and Independent Directors to ensure that the Board has the appropriate mix of skills and experience including core competencies which Directors should bring to the Board and other qualities to function effectively and efficiently;
- Reviewed the independence of Independent Directors;
- Reviewed and assessed the performance and effectiveness of the Board as a whole and Board Committees;
- Reviewed the profile of nominated Director and recommended to the Board the appointment of the said Director;
- Discussed the annual retirement by rotation and re-election of Directors at the forthcoming AGM and recommended the same for re-election by the shareholders;
- Reviewed the performance of the Chief Financial Officer ("CFO"); and
- Reviewed the training needs of the Directors.

2.2 Board appointment process

The Nomination Committee is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis and in accordance with the Company's Fit and Proper standards in the Board Charter. The Board will have the ultimate responsibility and final decision on the appointment. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determine skills matrix to support strategic direction and needs of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

Principle A - Board leadership and effectiveness cont'd

2.2 Board appointment process cont'd

Management shall then engage broadly to develop a pool of interested potential candidates meeting the skills, expertise, personal qualities and diversity requirements for both the Board and the Committee appointments. Other than the recommendation of the Management, existing board member and major shareholder, the Nomination Committee shall consider other approaches and sources i.e. sourcing from a directors' registry, open advertisements or use of independent search firms to identify the most suitable candidates.

The Nomination Committee evaluates and matches the criteria of the candidate, and will consider diversity, including gender and ethnicity (cultural background), where appropriate, and recommends to the Board for appointment.

In making the selection, the Board adopted a Fit & Proper Policy and is assisted by the Nomination Committee to consider the following aspects:-

- Probity, personal integrity, financial integrity and reputation – the person must have the personal qualities such as honesty, integrity, diligence and independence of mind and fairness.
- Competence and capability – the person must have the necessary skills, experience, ability and commitment to carry out the role.

According to the Constitution of the Company, all Directors are required to submit themselves for re-election at intervals of not more than three (3) years. The Constitution also states that one-third (1/3) of the Board members shall retire from office at the AGM and shall be eligible for re-election at the same AGM. The new Director(s) duly appointed by the Board is then recommended for re-election at the AGM.

Pursuant to Clause 97 of the Company's Constitution, Mr. Heng Chee Wei and Mr. Law Doung Chin are subject to retirement at the forthcoming Annual General Meeting ("AGM") respectively and they have expressed their willingness to seek for re-election at the forthcoming AGM.

The Board through its Nomination Committee ("NC") had assessed the retiring Directors, and considered the following:

- i. The Director's performance and effectiveness;
- ii. The Director's level of contribution to the Board deliberations through his skills, experience and strength in qualities; and
- iii. The level of independence demonstrated by the Independent Director, and his ability to act in the best interests of the Company in decision-making.

The Board had conducted an assessment of the Directors of the Company based on the relevant performance criteria and meet the "Fit and Proper" standards as detailed in the Company's Board Charter and Fit & Proper Policy which include the following:

- i. A person of good character and high integrity and credibility;
- ii. Good business acumen and product knowledge;
- iii. Proven leadership ability and strategic agility;
- iv. Financial knowledge;
- v. Market and global awareness;
- vi. Compliance and legal awareness; and
- vii. Have not been convicted whether within or outside Malaysia of any offence.

Based on the Board's evaluation and assessment, the individual Directors (including the retiring Director) met the performance criteria required of an effective and a high-performance Board. In addition, all the Non-Executive Directors have also provided annual declaration/confirmation of independence in 2024 respectively.

Based on the above, the Board approved the NC's recommendation that Mr. Heng Chee Wei and Mr. Law Doung Chin who retire in accordance with Clause 97 of the Constitution are eligible to stand for re-election. They had abstained from deliberation and decision on their own eligibility to stand for re-election at the relevant Board meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

Principle A - Board leadership and effectiveness cont'd

2.3 Tenure of Independent Directors

The Board has adopted a nine-year policy for Independent Non-Executive Directors. An Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. Otherwise, the Board will justify and seek shareholders' approval at the AGM in the event it retains the director as an Independent Director. If the Board continues to retain the Independent Director after the ninth year, the Board will seek annual shareholders' approval through a two-tier voting process in accordance with the MCCG 2021. After the twelfth year in service, the Independent Non-Executive Director is required to resign or be re-designated as a Non-Independent Non-Executive Director.

The Nomination Committee will assess the independence of the Independent Directors based on the assessment criteria developed by the NC and recommend to the Board for recommendation to the shareholders for approval. Justifications for the Board's recommendation will be provided under the explanatory note as set out in the Notice of AGM.

Mr. Heng Chee Wei, who has served as an Independent Non-Executive Director of the Company was re-designated to Non-Independent Non-Executive Director on 28 March 2025.

None of the Independent Non-Executive Directors have exceeded a cumulative terms of 9 years as at the date of this report.

2.4 Annual Assessment

The Board reviews and evaluates its own performance and the performance of its Committee on an annual basis. The Board evaluation comprises a Board Assessment, an Individual Director Assessment and an Assessment of Independence of Independent Directors. The Assessment is based on specific criteria as stated in the performance assessment form adopted by the NC.

Based on the above assessment in 2024, the Board is generally satisfied with the level of independence demonstrated by all the Independent Directors and their ability to bring independence and objective judgement to the board deliberations.

The results of the assessment would form the basis of the NC's recommendation to the Board for the re-election of Directors at the forthcoming AGM.

To further discharge its duties, the NC has assessed the performance of the Chief Financial Officer through performance evaluation form completed by the Board during the financial year.

In addition, the NC has reviewed the term of office and performance of the Audit Committee and each of its members and opined that the Audit Committee and all members have carried out their duties in accordance with their terms of reference.

Based on the above assessments, the NC was satisfied with the existing Board composition and was of the view that all Directors and Board Committees of the Company had discharged their responsibilities in a commendable manner and has performed competently and effectively. All assessments evaluations carried out by the NC in the discharge of all its functions were properly documented.

The Board is of the view that its present size and composition is optimal based on the Group's operations and that it reflects a fair mix of financial, technical and business experience that are important to the stewardship of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

Principle A - Board leadership and effectiveness cont'd

2.5 Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board Meetings, as set out in the table below.

Name of Directors	Designation	No. of Meetings held and Attended during the financial year
Dato' Chong Kim Fatt	Chairman and Independent Non-Executive Director	3/5
Tan Heng Ta	Managing Director	5/5
Heng Chee Wei*	Non-Independent Non-Executive Director	5/5
Lau Wai Ching	Independent Non-Executive Director	5/5
Law Doung Chin	Non-Independent Non-Executive Director	5/5
Damien Lim Yat Seng** (Appointed on 21 March 2024)	Senior Independent Non-Executive Director	4/4
Ang Seng Wong *** (Resigned on 21 March 2024)	Independent Non-Executive Director	1/1

Notes:

- * Heng Chee Wei was re-designated from Senior Independent Non-Executive Director to Non-Independent Non-Executive Director on 28 March 2025.
- ** Damien Lim Yat Seng was re-designated from Independent Non-Executive Director to Senior Independent Non-Executive Director on 7 April 2025.
- *** Ang Seng Wong was resigned as an Independent Non-Executive Director and Damien Lim Yat Seng was appointed in place of Ang Seng Wong on 21 March 2024.

To ensure that the Directors devote sufficient time to fulfil their roles and responsibilities, the Directors must not hold directorships of more than five (5) public listed companies.

To facilitate the Directors' time planning, an annual meeting schedule is prepared and circulated at the beginning of every year, as well as the tentative closed periods for dealings in securities by Directors based on the targeted date of announcements of the Group's quarterly results.

2.6 Training

All Directors have completed the Mandatory Accreditation Programme as prescribed by Bursa Securities. The Company will continue to identify suitable training for the Directors to equip and update themselves with the necessary knowledge to discharge their duties and responsibilities as Directors.

During the financial year, Dato' Chong Kim Fatt, Mr. Tan Heng Ta, Mr. Law Doung Chin and Ms. Lau Wai Ching had attended the Mandatory Accreditation Programme Part II whereas Mr. Damien Lim Yat Seng and Mr. Heng Chee Wei are scheduled to attend the said programme in year 2025.

The Directors are also encouraged to evaluate their own training needs on a continuous basis and to be determined by the Board on the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

Principle A - Board leadership and effectiveness cont'd

3. Remuneration

The Remuneration Committee and the Board would take into account the corporate objective and performance of the Company to determine the remuneration packages of Directors and Key Senior Management Officers, to ensure that their remuneration packages are sufficiently attractive so as to retain persons of high calibre. Terms of Reference of Remuneration Committee and the Remuneration Policy and Procedures for Directors and Senior Management are available at www.ralco.net.

The Remuneration Committee reviews annually the performance of the Executive Directors and submits recommendations to the Board on specific adjustments in remuneration and/or reward payments that reflect their respective contributions for the year, and which are dependent on the performance of the Group, achievement of the goals and/or quantified organisational targets as well as strategic initiatives set at the beginning of each year.

The Board as a whole determines the remuneration of Non-Executive Directors and recommends the same for the shareholders' approval.

Details of the Directors' remuneration of each Director during the financial year 2024 for Group and Company are as follows:-

	Received/Receivable from the Group			
	Director Fees	Salary, Bonus and Incentive	Meeting Allowance	Other Emoluments
	RM	RM	RM	RM
<u>Executive Director</u>				
Tan Heng Ta	30,000	1,250,000	2,500	240,923
<u>Non-Executive Directors</u>				
Dato' Chong Kim Fatt	30,000	-	1,500	-
Heng Chee Wei	30,000	-	2,500	-
Law Doung Chin	30,000	-	2,500	-
Lau Wai Ching	30,000	-	2,500	-
Ang Seng Wong (Resigned on 21 March 2024)	6,694	-	500	-
Damien Lim Yat Seng (Appointed on 21 March 2024)	23,387	-	2,000	-
Total:	180,081	1,250,000	14,000	240,923

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

Principle A - Board leadership and effectiveness cont'd

3. Remuneration cont'd

	Received/Receivable from the Company			
	Director Fees	Salary, Bonus and Incentive	Meeting Allowance	Other Emoluments
	RM	RM	RM	RM
Executive Director				
Tan Heng Ta	30,000	1,250,000	2,500	240,923
Non-Executive Directors				
Dato' Chong Kim Fatt	30,000	-	1,500	-
Heng Chee Wei	30,000	-	2,500	-
Law Doung Chin	30,000	-	2,500	-
Lau Wai Ching	30,000	-	2,500	-
Ang Seng Wong (Resigned on 21 March 2024)	6,694	-	500	-
Damien Lim Yat Seng (Appointed on 21 March 2024)	23,387	-	2,000	-
Total:	180,081	1,250,000	14,000	240,923

* Other Emoluments includes statutory contributions and company car.

There was no service rendered by the Independent Non-Executive Directors to the Group during the financial year ended 31 December 2024.

The number of top three (3) senior management whose remuneration (comprising salary, bonus, benefits in-kind and other emoluments) for the financial year ended 31 December 2024 within the successive bands of RM50,000 is as follows:

Range of Remuneration (RM)	Number of Key Senior Management*
RM0 - RM50,000	Two (2)
RM50,001 to RM100,000	One (1)
RM100,001 to RM150,000	NIL
RM150,001 to RM200,000	NIL
RM200,001 to RM300,000	NIL

The Board acknowledges the need for transparency in the disclosure of its Key Senior Management remuneration. However, the Board is of the opinion that the disclosure of remuneration details may be detrimental to its business interests, given the competitive landscape for key personnel with the requisite knowledge, technical expertise and working experience in the Group's business activities, where intense headhunting is a common industry challenge. Accordingly, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues.

In addition, the Board is of the view that the interest of the shareholders will not be prejudiced as a result of such non-disclosure of the top five Senior Management personnel who are not Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

Principle B - Effective Audit and Risk Management

1. Audit Committee

The Audit Committee is relied upon by the Management to, amongst others, provide advice in the areas of financial reporting, external audit, internal audit process, review of related party transactions as well as conflict of interest situation. The Audit Committee also undertakes to provide oversight on the risk management framework of the Group.

The Audit Committee of the Company comprises wholly Non-Independent Non-Executive Directors of which majority are Independent Directors. The position of the Chairman of the Audit Committee and the Chairman of the Board are held by two different individuals and all members of the Audit Committee are financially literate. The Chairman of the Audit Committee is Mr. Damien Lim Yat Seng, a Senior Independent Non-Executive Director whilst the Chairman of the Board is Dato' Chong Kim Fatt, an Independent Non-Executive Director.

The main responsibilities of the Audit Committee are to assist the Board in discharging its statutory and other responsibilities relating to the internal controls, financial and accounting matters, compliance, and business and financial risk management.

The Audit Committee reports to the Board on the results of the audits undertaken by the internal and external auditors, the adequacy of disclosure of information, and the adequacy and effectiveness of the system of risk management and internal control. It reviews the quarterly and annual financial statements with Management and external auditors, reviews and approves the annual audit plans for the internal and external auditors' evaluation of the Group's system of internal control.

The Audit Committee is also responsible for evaluating the cost effectiveness of audits, the independence and objectivity of the external audit, and the nature and extent of the non-audit services provided by the external auditors to ensure that the independence of the external auditors is not compromised. It also makes recommendations to the Board on the appointment or re-appointment of the external auditors.

Annually, the Audit Committee reviews the performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment at the AGM. The Audit Committee would have a private discussion with External Auditors without the presence of the Executive Directors and Management of the Group as and when necessary on the matters relating to the Group and its audit activities. As part of the Audit Committee's review processes, the Audit Committee has obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Based on the Audit Committee's annual assessment of the External Auditors, the Board is satisfied with the independence, quality of service and adequacy of resources provided by the External Auditors in carrying out the annual audit for financial year 2024. In view thereof, the Board has recommended the re-appointment of the External Auditors for the approval of shareholders at the forthcoming AGM.

The composition of the Audit Committee will be reviewed annually by the Nomination Committee and recommended to the Board for approval.

The Audit Committee and the Risk Management Committee reviewed the results of audits performed by the Internal Auditor based on the approved audit plan and identified risk profile during the financial year. The details of internal audit function is stipulated in the Audit Committee Report on pages 27 to 29 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

Principle B - Effective Audit and Risk Management cont'd

2. Risk Management and Internal Control Framework

The Board has the overall responsibility to ensure that sound and effective risk management and internal control systems are maintained, while Management is responsible for designing and implementing risk management and internal control systems to manage risks. Sound and effective systems of risk management and internal control are designed to identify and manage the risk of failure to achieve the business objective.

The Risk Management Committee which comprised of Independent Directors, monitors the Company and Group's risk exposures, the design and operating effectiveness of the underlying risk management and the internal control systems, and would report their findings and risk assessments to the Board after due review of the effectiveness of the Group's risk management and internal control by the Internal Auditor. The Board is satisfied with the performance of the Risk Management Committee in discharging their responsibilities.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks facing the Company and the Company has embedded the risk management into the operating and business processes. These processes are undertaken by the Executive Director and the Management team members in their course of work. Key matters covering the financial performance, operating and market are reviewed and deliberated in the Risk Management Committee Meetings.

The Board receives assurance from the Managing Director and the Chief Financial Officer, to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

For the financial year under review, the Board is satisfied that the existing level of systems of risk management and internal controls are effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses that would require additional disclosure in the Annual Report. Nonetheless, the Board recognises that the systems of risk management and internal controls should be continuously improved in line with the evolving business development. It should also be noted that all risk management systems and systems of internal controls could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of risk management and internal controls in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

The Statement on Risk Management and Internal Control as included on the page 44 to 46 of the 2024 Annual Report provides an overview of the internal control framework adopted by the Company during the financial year ended 31 December 2024.

Principle C - Integrity in Corporate Reporting & Meaningful Relationship with Stakeholders

1. Communication with Stakeholders

The Company recognises the importance of prompt and timely dissemination of information to shareholders and investors in order for these stakeholders to be able to make informed investment decisions.

In addition, the Company is committed to ensure its communication with the other shareholders and stakeholders is transparent, timely and with quality disclosures. Hence, the Company actively engages all its stakeholders through the following platforms:-

(a) Corporate Disclosure Policy and Procedures

Corporate disclosure and information are important for the investors and the shareholders. The Board is advised by the Management, Company Secretaries, External Auditors and Internal Auditors on the contents and timely disclosure requirements of the MMLR on the financial results and various announcements.

The Group leverages on its corporate website to disseminate and add depth to its communication with the public. News alert feature in the website is available for public community.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

Principle C - Integrity in Corporate Reporting & Meaningful Relationship with Stakeholders cont'd

1. Communication with Stakeholders

(b) Leverage on information technology for effective dissemination of information

The Company's website provides all relevant corporate information and it is accessible by the public. The Company's website includes the share price information, all announcements made by the Company, Annual Reports, financial results, etc.

The Company has identified Mr. Damien Lim Yat Seng as the Senior Independent Non-Executive Director to whom concerns of shareholders and other stakeholders may be conveyed. He can be contacted at dlimys@gmail.com.

In addition to the above, the shareholders and other stakeholders and the investors can make inquiries about investor relations matters with designated management personnel directly responsible for investor relations, via dedicated e-mail addresses available on the corporate website.

2. Conduct of General Meeting

The AGM is an important means of communication with the Company's shareholders. The Board takes cognisance in serving longer than the required minimum notice period for AGM. The Company encloses the Annual Report together with the notice of AGM with regard to, amongst others, details of the AGM, their entitlement to attend the AGM, the right to appoint proxy and also qualification of proxy.

To ensure effective participation of and engagement with shareholders, all members of the Board, Senior Management and External Auditors will be present at the Meeting to respond to the questions to be raised by the shareholders or proxies. The Chairman ensures that the Board is accessible to the shareholders and an open channel of communication is cultivated.

The Notice of Meeting for the 29th AGM was given to the shareholders at least 28 days prior to the meeting. At the 29th AGM held on 14 June 2024, the Directors were present virtually to engage directly with, and be accountable to the shareholders for their stewardship of the Company. The Directors, Management and External Auditors were in attendance to respond to the shareholders' queries. The voting at the 29th AGM was conducted through e-polling. The minutes of the 29th AGM is published on the Company's website at www.ralco.net.

Compliance Statement

Following the launch of the MCCG 2021 in April 2021, the Company has undertaken gap analysis to identify the new corporate governance practices under the MCCG 2021 against the existing practices in the Company.

During the year under review, the Board directed its focus on the core duties of the Board which is grounded on the creation of long-term value for stakeholders. In light of the improvements in the corporate governance regulations, the Board has reviewed and updated (if necessary) its existing board charter, policies and procedures, etc.

Moving forward, the Board will continue to operationalise and improve the Company's corporate governance practices and instil a risk and governance awareness culture and mindset throughout the organisation in the best interest of all stakeholders.

As at the date of this statement, the Board is satisfied with the current composition of the Board by comprising three (3) Independent Non-Executive Directors, two (2) Non-Independence Non-Executive Directors and one (1) Executive Director and believed that the existing composition enable efficient corporate/board decisions to be made amongst the Board members.

The Board is satisfied and assured that no individual or group of Directors has unfettered powers of decision that could create a potential conflict of interest. The Board has also demonstrated their independence and is free from any businesses or other relationships which may interfere with the exercise of their independent judgement.

This Corporate Governance Overview Statement was approved by the Board dated 17 April 2025.

DIRECTORS' RESPONSIBILITY STATEMENT

The Companies Act 2016 ("the Act") requires the Directors to lay before the Company at its AGM, the financial statements, which includes the consolidated balance sheet and consolidated income statement of the Group for each financial year, made out in accordance with the applicable approved accounting standards and the provisions of the Act. This is also in line with Paragraph 15.26(a) of the MMLR.

The Directors are required to take reasonable steps in ensuring that the consolidated financial statements give a true and fair view of the state of affairs of the Group for each financial year.

In the preparation of the financial statements for the financial year ended 31 December 2024, the Directors are satisfied that the Company has adopted appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgements and estimates. The Directors also confirm that all applicable approved accounting standards have been complied with.

The Directors are required under the Act to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company, and to cause such records to be kept in such manner as to enable them to be conveniently and properly audited.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate 2021 (“MCCG”) requires listed companies to maintain a sound risk management framework and internal control system to safeguard shareholders’ investments and its assets.

This Statement on Risk Management and Internal Control is made pursuant to paragraph 15.26(b) of Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and as guided by Guidelines for Directors of Listed Issuer – Statement on Risk Management and Internal Control of Bursa Securities. It outlines the key elements of risk management and internal control systems within the Group for the current financial year.

BOARD RESPONSIBILITY

The Board acknowledges the importance of maintaining a sound system of internal control and effective risk management practices in the Group to ensure good corporate governance. The Board affirms its overall responsibility for the Group’s system of risk management and internal control and the need to review its adequacy and integrity regularly. The system of internal control covers governance, risk management, financial, strategy, organisational, operational, regulatory and compliance control matters. The Board will determine the Group’s level of risk tolerance and to actively identify, assess and monitor key business risks to safeguard shareholders’ investment and the Group’s assets. In view of the inherent limitations in any system of internal control, the Board recognises that this system is designed to manage rather than eliminate the risk of failure to achieve the Group’s objectives and the system by its nature can only provide reasonable but not absolute assurance against material misstatement, fraud or loss.

RISK MANAGEMENT FRAMEWORK

The Board recognises that risk management is an integral part of the Group’s business operations and the Board maintains continuous commitment in strengthening the Group’s risk management framework and processes. The Board is thus committed to continually promote the culture of risk awareness and builds the necessary knowledge in identifying, evaluating, mitigating, monitoring and managing the significant risks on an on-going basis. The Group has adopted an Enterprise Risk Management (“ERM”) framework to manage and minimize risks. ERM process includes five specific elements- strategy/objective setting, risk identification, risk assessment, risk response and communication/monitoring. The internal control and risk management framework is reviewed annually and fine-tuned periodically for any gaps identified.

The key risk management initiatives undertaken include among others:

- (i) A Risk Management Committee has been established to constantly identify, evaluate and monitor significant risks faced by the Group. It is also responsible for the development of risk mitigation strategies and plans.
- (ii) The Risk Management Committee met on a quarterly basis to discuss and deliberate on the significant risks affecting the Group, including finance, operations, regulatory compliance, reputation, cyber security and sustainability related matters. Risk profiles, control procedures and status of action plans were presented and deliberated in the Risk Management Committee meetings. Minutes of the meetings of the Risk Management Committee which recorded the deliberations were tabled to the Board for notation at their quarterly meetings. The Risk Management Committee also met with different management teams across the Group on quarterly basis for updates.
- (iii) Board Committees (i.e. Audit Committee, Remuneration Committee and Nomination Committee) have been established to carry out duties and responsibilities delegated by the Board and are governed by written terms of reference. Meetings of Board of Directors and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial and operational perspective. Business plans and business strategies are proposed by the Managing Director to the Board for their review and approval after taking into account risk consideration and responses.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Cont'd

RISK MANAGEMENT FRAMEWORK cont'd

- (iv) Day-to-day risk management of the individual operating units is delegated to the Managing Director and respective senior managements. In this regard, the Managing Director is responsible for timely identification of the Group's risks of each business units and implementation of systems to manage these risks. Periodic meetings are held to assess and monitor the Group's risk as well as to discuss, deliberate and appropriately addressed matters associated with strategic, financial and operational facets of the Group. Any significant weaknesses identified during the review together with the improvement measures to strengthen the internal controls were reported to the Audit Committee.
- (v) Formation of operational policies and procedures by the Management with a view of establishing group wide operational standards in order for all operating units to work cohesively towards achieving the business objectives of the Group. For accounting systems and financial processes, efforts are being taken to ensure consistency in the Group as a whole.
- (vi) The Audit Committee reviews on a quarterly basis the quarterly unaudited financial results to monitor the Group's progress towards achieving the Group's business objectives. Authority is given to the Audit Committee members to investigate and report on any areas of improvement for the betterment of the Group.
- (vii) Ad-hoc meetings between the external and internal auditors to identify and rectify any weakness in the system of internal controls. The Board on a timely basis would be informed of any matters brought up in the Audit Committee meetings.

INTERNAL AUDIT FUNCTION

The Group has an in-house internal audit function headed by Mr. Ken Teh Kian Lang, a MIA member with more than 20 years of internal audit work experience. The internal audit function reporting to the Audit Committee, provides an independent assessment to the adequacy, efficiency and effectiveness of the Group's internal control system. The internal auditor reports directly to the Audit Committee and the risk-based internal audit plans are tabled to the Audit Committee on an annual basis for review and approval.

During the year under review, the internal auditor assessed the adequacy and effectiveness of the Group's key business areas in terms of governance, risk assessment and system of internal control. Internal audit reports are presented to the Audit Committee on a quarterly basis, highlighting findings, recommendations and agreed action plans to improve the system of internal controls. Such reporting also includes follow-up reviews on significant audit issues that are performed to assess the status of implementation. Based on the internal audit reviews conducted, weaknesses identified in internal controls have been appropriately mitigated and senior managements will continue to ensure that appropriate action is taken to enhance and strengthen the internal control environment.

KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board is committed to maintaining a strong internal control structure for the proper conduct of the Group's business operations and of the view that the system of internal controls in place for the year under review and up to the date of issuance of the financial statements. The key elements include:-

- the responsibilities of the committees to the Board and management are clearly defined in the organisation structure to ensure the effective discharge of their roles and responsibilities towards the Group.
- the limits of authority of the Group have been defined and adopted accordingly.
- policies and controls for the Group's operations have been defined and adopted. Procedures are also in place to ensure that assets are subject to proper physical controls.
- monthly and periodic reporting structures have been put in place on key financial and operational statistics.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Cont'd

KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL cont'd

The Board is committed to maintaining a strong internal control structure for the proper conduct of the Group's business operations and of the view that the system of internal controls in place for the year under review and up to the date of issuance of the financial statements. The key elements include:- cont'd

- the Group's internal audit function is an on-going review process of the operations to assess the effectiveness of the control environment and to highlight significant risks as well as areas requiring improvements. Follow up reviews on previous audit reports are carried out to ensure that appropriate actions are taken to address internal control weaknesses highlighted.
- the Audit Committee meets regularly to review the adequacy, integrity and effectiveness of the system of internal control of the Group, discuss risk management issues and ensures that weaknesses controls highlighted are appropriately addressed by the management.

CONCLUSION

Several internal control improvements and risk areas were identified by the internal auditor during the financial year ended 31 December 2024. These were reviewed by the Audit Committee and Board and were closely monitored by Management to ensure the integrity of internal controls and minimization of risks. The Board is committed to an effective internal control system and is of the view that there is continuous process in evaluation and managing risks faced by the Group. In addition, the Board has also received assurance from the Managing Director and CFO with regard to the adequacy and effectiveness of the Group risk management and internal control system in place throughout the financial year.

Based on the foregoing, the Board is of the opinion that the system of internal controls is generally satisfactory and has not resulted in any material loss, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

REVIEW BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2024.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that has caused them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the system of internal control of the Group.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds raised from any Corporate Proposal

The Company did not carry out any corporate proposals nor utilise proceeds derived from the corporate proposals during the financial year ended 31 December 2024.

2. Audit and Non-Audit Fees

During the financial year ended 31 December 2024, the amount of the audit fees paid to the external auditors by the Company and on a Group basis were RM30,000 and RM100,000 respectively.

There was RM10,000 non-audit fees paid or payable to the external auditors, or a firm or corporation affiliated to the auditors' firm by the Company and Group for the financial year ended 31 December 2024.

3. Material Contracts

Apart from the disclosure on Page 98 of the Annual Report, there were no material contracts (not being contract entered into the ordinary course of business) subsisting as at and entered into since the end of previous financial year, by the Company and its subsidiaries, which involved the interest of the Directors, Chief Executive who is not a director or major shareholders.

4. Recurrent Related Party Transactions of Revenue or Trading Nature ("RRPT")

The Company did not seek for shareholders' mandate to enter into RRPT of revenue or trading nature at the Annual General Meeting in year 2024 and will monitor closely the transaction value of RRPT, if any, in accordance with paragraph 10.09 of the MMLR.

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

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

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
(Loss)/Profit for the financial year	(2,544,563)	222,068

RESERVES AND PROVISIONS

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

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors in office during the financial year until the date of this report are:

Dato' Chong Kim Fatt	<i>(Independent Non-Executive Chairman)</i>
Tan Heng Ta*	<i>(Managing Director)</i>
Damien Lim Yat Seng	<i>(Senior Independent Non-Executive Director) (Appointed on 21 March 2024)</i>
Heng Chee Wei	<i>(Non-Independent Non-Executive Director)</i>
Lau Wai Ching	<i>(Independent Non-Executive Director)</i>
Law Doung Chin	<i>(Non-Independent Non-Executive Director)</i>

* *Director of the Company and its subsidiaries*

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

DIRECTORS' REPORT

Cont'd

DIRECTORS' INTEREST IN SHARES

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

	At 1.1.2024	Number of ordinary shares		At 31.12.2024
		Bought	Sold	
Interest in the Company				
Direct interests				
Tan Heng Ta	8,736,800	-	-	8,736,800

Other than as disclosed above, none of the other Directors in office at the end of the financial year has any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive 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 corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' remuneration for the Group and for the Company as set out in Note 25(c) to the financial statements are RM1,685,004.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Group were RM2,000,000 and RM9,000 respectively. No indemnity was given to or insurance effected for auditors of the Company during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) 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

- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) 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; or
 - (iv) 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.
- (c) At the date of this report, there does not exist:
- (i) 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; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) 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 as and when they fall due;
 - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSIDIARIES

The details of the subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 30 to the financial statements.

DIRECTORS' REPORT

Cont'd

AUDITORS

The Auditors, Messrs. TGS TW PLT (202106000004 (LLP0026851-LCA) & AF002345), have expressed their willingness to continue in office.

Auditors' remuneration for the Group and for the Company as set out in Note 20 to the financial statements are RM110,000 and RM40,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 17 April 2025.

TAN HENG TA

DAMIEN LIM YAT SENG

KUALA LUMPUR

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 17 April 2025.

DAMIEN LIM YAT SENG

KUALA LUMPUR

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

I, **Tan Heng Ta**, being the Director primarily responsible for the financial management of **Ralco Corporation Berhad**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 57 to 98 are 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 17 April 2025)
)

TAN HENG TA

Before me.

SHI'ARATUL AKMAR BINTI SAHARI
No. W788

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RALCO CORPORATION BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ralco Corporation Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 57 to 98.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis 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 the IESBA Code.

Key audit matters

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

Key audit matters	How we addressed the key audit matters
Inventories valuation As disclosed in Note 6 to the financial statements, the Group's held inventories amounted to RM9.2 million, representing approximately 48% of the Group's total current assets as at 31 December 2024. The valuation of inventories is identified as a key audit matter because of the judgement made by the Directors.	We reviewed the Group's policy on inventory valuation that are in accordance with MFRS 102 <i>Inventories</i>. We evaluated the operating effectiveness of key controls over the inventory system in recording the cost of inventory. We reviewed and verified the value of a sample of inventory item by comparing the unit price used in the financial inventory listing summary to current price lists, recent sales invoices, or recent vendor invoices to ensure inventories are stated at the lower of cost and net realisable value. We assessed the adequacy of the disclosures made in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RALCO CORPORATION 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 matters
Recoverability of trade receivables As disclosed in Note 7 to the financial statements, the Group's trade receivables amounted to RM7.7 million, representing approximately 40% of the Group's total current assets as at 31 December 2024. The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness and customer payment terms.	We obtained the understanding of the Group's credit risk policy, and tested the processes used by management to assess credit exposures. We assessed the reasonableness of the methods and assumptions used by management in estimating the recoverable amount and impairment loss, which include consideration of the current economic. We tested the accuracy and completeness of the data used by the management. We reviewed the adequacy of the amount of impairment loss and inquired the management regarding the recoverability of a sample of trade receivables that are pass due but not impaired accounts and review of customers' correspondence. We evaluated the appropriateness and adequacy of the disclosures of expected credit loss in accordance with MFRS 9 <i>Financial Instruments</i>.

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

Information other than the financial statements and auditors' report thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the 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 the 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 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RALCO CORPORATION BERHAD

Cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS cont'd

Responsibilities of the Directors for the financial statements cont'd

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purpose 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RALCO CORPORATION BERHAD

Cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS cont'd

Auditors' responsibilities for the audit of the financial statements cont'd

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.

OTHER MATTERS

1. The financial statements of the Group and of the Company as at 31 December 2023 were audited by another firm of Chartered Accountants who expressed an unmodified opinion on the financial statements dated 30 April 2024.
2. 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.

TGS TW PLT
202106000004 (LLP0026851-LCA) & AF002345
Chartered Accountants

QUEK KENG YEE
03852/10/2026 J
Chartered Accountant

KUALA LUMPUR

17 April 2025

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		Group		Company	
		2024	2023	2024	2023
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	56,587,208	58,240,492	5,835	6,788
Investment properties	4	1,835,389	-	-	-
Investment in subsidiaries	5	-	-	31,367,499	31,367,499
		58,422,597	58,240,492	31,373,334	31,374,287
Current assets					
Inventories	6	9,173,976	10,269,388	-	-
Trade receivables	7	7,691,772	11,106,318	-	-
Other receivables	8	1,028,205	1,229,546	14,467	9,932
Amount due from subsidiaries	9	-	-	5,692,626	5,443,865
Tax recoverable		153,251	68,983	49,825	63,159
Cash and bank balances		1,166,831	1,302,903	6,219	22,253
		19,214,035	23,977,138	5,763,137	5,539,209
Total assets		77,636,632	82,217,630	37,136,471	36,913,496
EQUITY					
Share capital	10	44,961,651	44,961,651	44,961,651	44,961,651
Revaluation reserve	11	22,205,582	23,012,258	-	-
Accumulated losses		(26,461,347)	(24,854,000)	(8,630,526)	(8,852,594)
Total equity		40,705,886	43,119,909	36,331,125	36,109,057
LIABILITIES					
Non-current liabilities					
Lease liabilities	12	1,886,469	946,670	-	-
Amount due to related parties	13	18,370,379	18,327,356	-	-
Deferred tax liabilities	14	7,299,105	7,324,568	-	-
		27,555,953	26,598,594	-	-
Current liabilities					
Lease liabilities	12	785,326	441,287	-	-
Borrowings	15	1,619,400	1,561,863	-	-
Trade payables	16	2,984,075	6,659,025	-	-
Other payables	17	3,985,007	3,810,402	335,346	334,439
Amount due to a subsidiary	9	-	-	470,000	470,000
Tax payable		985	26,550	-	-
		9,374,793	12,499,127	805,346	804,439
Total liabilities		36,930,746	39,097,721	805,346	804,439
Total equity and liabilities		77,636,632	82,217,630	37,136,471	36,913,496

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 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Revenue	18	50,763,783	59,879,958	2,760,000	2,760,000
Cost of sales		(48,754,924)	(54,853,339)	-	-
Gross profit		2,008,859	5,026,619	2,760,000	2,760,000
Other income		4,813,194	613,288	474	-
Selling and distribution expenses		(1,797,611)	(1,800,867)	-	-
Administrative expenses		(5,615,852)	(5,409,967)	(2,501,906)	(2,975,350)
Net loss on impairment of financial assets		(152,836)	(94,751)	-	-
Other expenses		(457,870)	(133,970)	-	-
(Loss)/Profit from operation		(1,202,116)	(1,799,648)	258,568	(215,350)
Finance costs	19	(1,363,192)	(847,429)	-	-
(Loss)/Profit before tax	20	(2,565,308)	(2,647,077)	258,568	(215,350)
Taxation	21	20,745	(434,378)	(36,500)	-
(Loss)/Profit for the financial year		(2,544,563)	(3,081,455)	222,068	(215,350)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Revaluation of property, plant and equipment		171,763	5,585,945	-	-
Tax effect on revaluation of property, plant and equipment		(41,223)	(1,340,627)	-	-
Other comprehensive income for the financial year		130,540	4,245,318	-	-
Total comprehensive (loss)/income for the financial year		(2,414,023)	1,163,863	222,068	(215,350)
Loss per share:					
Basic and diluted (sen)	22	(5.01)	(6.07)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Share capital RM	Revaluation reserve RM	Accumulated losses RM	Total equity RM
Group				
At 1 January 2023	44,961,651	19,273,904	(22,279,509)	41,956,046
Loss for the financial year	-	-	(3,081,455)	(3,081,455)
Other comprehensive income for the financial year	-	4,245,318	-	4,245,318
Total comprehensive income/(loss) for the financial year	-	4,245,318	(3,081,455)	1,163,863
Realisation of revaluation reserve upon depreciation of revalued assets	-	(506,964)	506,964	-
At 31 December 2023	44,961,651	23,012,258	(24,854,000)	43,119,909
At 1 January 2024	44,961,651	23,012,258	(24,854,000)	43,119,909
Loss for the financial year	-	-	(2,544,563)	(2,544,563)
Other comprehensive income for the financial year	-	130,540	-	130,540
Total comprehensive income/(loss) for the financial year	-	130,540	(2,544,563)	(2,414,023)
Realisation of revaluation reserve upon depreciation of revalued assets	-	(937,216)	937,216	-
At 31 December 2024	44,961,651	22,205,582	(26,461,347)	40,705,886
		Share capital RM	Accumulated losses RM	Total equity RM
Company				
At 1 January 2023		44,961,651	(8,637,244)	36,324,407
Total comprehensive loss for the financial year		-	(215,350)	(215,350)
At 31 December 2023		44,961,651	(8,852,594)	36,109,057
At 1 January 2024		44,961,651	(8,852,594)	36,109,057
Total comprehensive income for the financial year		-	222,068	222,068
At 31 December 2024		44,961,651	(8,630,526)	36,331,125

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Group		Company	
		2024	2023	2024	2023
	Note	RM	RM	RM	RM
Cash flows from operating activities					
(Loss)/Profit before tax		(2,565,308)	(2,647,077)	258,568	(215,350)
Adjustments for:					
Allowance for expected credit losses on trade receivables		152,836	94,751	-	-
Depreciation of property, plant and equipment		2,658,119	2,602,614	953	669
Deposits written off		4,995	-	-	-
Discount on non-current financial liabilities		(4,184,360)	-	-	-
Gain on early termination of lease contracts		(171)	(7,045)	-	-
Interest expenses		268,987	223,201	-	-
Interest income		(24,518)	(39,543)	(474)	-
Other receivables written off		427	-	-	-
Reversal of inventories written down		-	(230,936)	-	-
Unwinding of discount on non-current financial liabilities		1,094,205	624,228	-	-
Operating (loss)/profit before working capital changes		(2,594,788)	620,193	259,047	(214,681)
Changes in working capital:					
Inventories		1,095,412	(405,685)	-	-
Receivables		3,457,629	302,607	(4,535)	17,551
Payables		(3,500,345)	2,145,395	907	(5,736)
Subsidiaries		-	-	(256,000)	(40,000)
		1,052,696	2,042,317	(259,628)	(28,185)
Cash (used in)/generated from operations		(1,542,092)	2,662,510	(581)	(242,866)
Tax paid		(155,774)	(434,245)	(23,166)	(28,410)
Tax refunded		-	78	-	-
Net cash (used in)/from operating activities		(1,697,866)	2,228,343	(23,747)	(271,276)
Cash flows from investing activities					
Purchase of property, plant and equipment	A	(771,676)	(1,128,126)	-	(6,500)
Interest received		24,518	39,543	474	-
Repayment from subsidiaries		-	-	7,239	272,432
Net cash (used in)/from investing activities		(747,158)	(1,088,583)	7,713	265,932

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Cont'd

Note	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash flows from financing activities				
Advances from/(Repayment to) related parties	3,100,000	(443,336)	-	-
Interest paid	(235,809)	(223,201)	-	-
Net drawdown/(repayment) of bankers' acceptances	122,000	(108,000)	-	-
Net repayment of trust receipts	(64,463)	(409,444)	-	-
Repayment of lease liabilities	B (612,776)	(756,774)	-	-
Net cash from/(used in) financing activities	2,308,952	(1,940,755)	-	-
Net decrease in cash and cash equivalents	(136,072)	(800,995)	(16,034)	(5,344)
Cash and cash equivalents at the beginning of the financial year	1,302,903	2,103,898	22,253	27,597
Cash and cash equivalents at the end of the financial year	1,166,831	1,302,903	6,219	22,253
Cash and cash equivalents at the end of the financial year comprise:				
Cash and bank balances	1,166,831	1,302,903	6,219	22,253

NOTES TO THE STATEMENTS OF CASH FLOWS

A. Purchase of property, plant, and equipment

Note	Group	
	2024 RM	2023 RM
Total additions	3 2,673,215	1,128,126
Less: Acquisition by means of lease liabilities	(1,901,539)	-
Total cash payment	771,676	1,128,126

B. Cash outflows for leases as a lessee

	Group	
	2024 RM	2023 RM
<u>Included in net cash (used in)/from operating activities:</u>		
Payment relating to short-term leases	20 283,389	115,600
<u>Included in net cash from/(used in) financing activities</u>		
Payment of lease liabilities	612,776	756,774
Payment of interest on lease liabilities	19 155,308	122,034
	768,084	878,808
	1,051,473	994,408

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

1. CORPORATE INFORMATION

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

The registered office of the Company is located at Level 13, Menara 1 Sentrum, 201, Jalan Tun Sambanthan, Brickfields, 50470 Kuala Lumpur.

The principal place of business of the Company is located at Lot 1476, Jalan Lengkok Emas 1, Nilai Industrial Estate, 71800 Nilai, Negeri Sembilan.

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

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

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.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policy information in the respective notes.

The Group and the Company have consistently applied the accounting policies throughout all periods presented in the financial statements unless otherwise stated.

(i) Adoption of new and amended standards

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

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

Cont'd

2. BASIS OF PREPARATION cont'd**(a) Statement of compliance** cont'd**(ii) Standards issued but not yet effective**

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

		Effective dates for financial periods beginning on or after
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements - Volume 11	Amendments to MFRS 1 Amendments to MFRS 7 Amendments to MFRS 9 Amendments to MFRS 10 Amendments to MFRS 107	1 January 2026
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new and amendments to MFRSs when they become effective.

The initial applications of the above-mentioned new and amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company.

(b) Functional and presentation currency

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

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

Cont'd

2. BASIS OF PREPARATION cont'd

(c) Significant accounting judgements, estimates and assumptions cont'd

Judgements

The following are the judgements made by management in applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if they are reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if they are reasonably certain not to be exercised.

The Group applies judgement in evaluating whether they are reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, they consider all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of factory and hostel with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Key sources of estimation uncertainty

The key assumptions 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:

Useful lives of property, plant and equipment

The Group and the Company regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 3 to the financial statements.

Provision for expected credit loss of financial assets at amortised cost

The Group and the Company review the recoverability of their receivables at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history and existing market conditions as well as forward looking estimates.

The Group and the Company use a provision matrix to calculate expected credit loss for receivables. The provision rates are based on number of days past due.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

Cont'd

2. BASIS OF PREPARATION cont'd

(c) Significant accounting judgements, estimates and assumptions cont'd

Key sources of estimation uncertainty cont'd

Provision for expected credit loss of financial assets at amortised cost cont'd

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credits loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate.

The carrying amounts of receivables at the reporting date are disclosed in Notes 7, 8 and 9 to the financial statements.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Revaluation of property, plant and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2023 for investment properties and revalued lands and buildings. For investment properties, a valuation methodology based on sales comparison approach was used. The Group measures lands and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. Lands were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the properties. The fair value of buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

The key assumptions used to determine the fair value of the properties are provided in Notes 3 and 4 to the financial statements.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected selling prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 6 to the financial statements.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract due to discounts or penalties in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods are based on invoiced values. Discounts are not considered as they are only given in rare circumstances.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

Cont'd

2. BASIS OF PREPARATION cont'd

(c) Significant accounting judgements, estimates and assumptions cont'd

Key sources of estimation uncertainty cont'd

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets is disclosed in Notes 14 and 21 to the financial statements respectively.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

Cont'd

3. PROPERTY, PLANT AND EQUIPMENT

Group	← At valuation →			At cost →						
	Buildings RM	Leasehold lands RM	Plant and machinery RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Motor vehicles RM	Renovation in progress RM	Warehouses and hostels RM	Total RM
Cost/Valuation										
At 1 January 2023	23,311,733	19,732,940	73,764,828	2,332,710	2,236,345	734,507	1,455,896	496,000	429,274	124,494,233
Additions	-	-	1,064,373	8,930	54,823	-	-	-	-	1,128,126
Revaluation	(5,427,061)	5,507,060	-	-	-	-	-	-	-	79,999
Reclassification	(1,704,672)	-	-	-	-	2,200,672	-	(496,000)	-	-
Early termination of lease contracts	-	-	-	-	-	-	-	-	(382,012)	(382,012)
Expiration of lease contract	-	-	-	-	-	-	-	-	(30,149)	(30,149)
At 31 December 2023	16,180,000	25,240,000	74,829,201	2,341,640	2,291,168	2,935,179	1,455,896	-	17,113	125,290,197
Additions	-	-	2,568,382	-	79,833	25,000	-	-	-	2,673,215
Transfer to investment properties	(583,006)	(1,252,383)	-	-	-	-	-	-	-	(1,835,389)
Revaluation	43,006	92,383	-	-	-	-	-	-	-	135,389
Early termination of lease contracts	-	-	-	-	-	-	-	-	(17,113)	(17,113)
At 31 December 2024	15,640,000	24,080,000	77,397,583	2,341,640	2,371,001	2,960,179	1,455,896	-	-	126,246,299

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

Cont'd

3. PROPERTY, PLANT AND EQUIPMENT cont'd

	← At valuation →		At cost							Total
	Buildings RM	Leasehold lands RM	Plant and machinery RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Motor vehicles RM	Renovation in progress RM	Warehouses and hostels RM	
Group (Cont'd)										
Accumulated depreciation										
At 1 January 2023	5,035,872	941,289	57,855,441	2,112,961	2,098,397	734,479	1,223,326	-	270,908	70,272,673
Charge for the financial year	917,913	235,323	1,153,054	39,689	37,396	99,200	59,902	-	60,137	2,602,614
Revaluation (4,329,334)	(1,176,612)	-	-	-	-	-	-	-	-	(5,505,946)
Reclassification (1,624,451)	-	-	-	-	-	1,624,451	-	-	-	-
Early termination of lease contracts	-	-	-	-	-	-	-	-	(289,487)	(289,487)
Expiration of lease contract	-	-	-	-	-	-	-	-	(30,149)	(30,149)
At 31 December 2023	-	-	59,008,495	2,152,650	2,135,793	2,458,130	1,283,228	-	11,409	67,049,705
Charge for the financial year	886,325	259,764	1,245,355	38,832	40,595	127,025	59,273	-	950	2,658,119
Revaluation (11,554)	(24,820)	-	-	-	-	-	-	-	-	(36,374)
Early termination of lease contracts	-	-	-	-	-	-	-	-	(12,359)	(12,359)
At 31 December 2024	874,771	234,944	60,253,850	2,191,482	2,176,388	2,585,155	1,342,501	-	-	69,659,091
Carrying amount										
At 31 December 2024	14,765,229	23,845,056	17,143,733	150,158	194,613	375,024	113,395	-	-	56,587,208
At 31 December 2023	16,180,000	25,240,000	15,820,706	188,990	155,375	477,049	172,668	-	5,704	58,240,492

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
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3. PROPERTY, PLANT AND EQUIPMENT cont'd

	Furniture and fittings RM	Office equipment RM	Total RM
Company			
Cost			
At 1 January 2023	261,733	16,393	278,126
Additions	6,500	-	6,500
At 31 December 2023/31 December 2024	268,233	16,393	284,626
Accumulated depreciation			
At 1 January 2023	261,730	15,439	277,169
Charge for the financial year	397	272	669
At 31 December 2023	262,127	15,711	277,838
Charge for the financial year	681	272	953
At 31 December 2024	262,808	15,983	278,791
Carrying amount			
At 31 December 2024	5,425	410	5,835
At 31 December 2023	6,106	682	6,788

(a) Material accounting policy information

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, except for leasehold lands and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation.

Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the lands and buildings at the end of the reporting period.

Depreciation is recognised in the profit or loss on a straight-line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life.

Renovation in progress is not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Buildings	50 years
Leasehold lands	Over the lease period
Plant and machinery	5 - 10%
Furniture and fittings	10%
Office equipment	10 - 20%
Renovation	20%
Motor vehicles	20%
Warehouses and hostels	Over the lease period

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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3. PROPERTY, PLANT AND EQUIPMENT cont'd

(b) Including in net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Group	
	2024	2023
	RM	RM
Motor vehicles	113,369	172,517
Plant and machinery	5,231,199	3,785,310
Warehouses and hostels	-	5,704
	<u>5,344,568</u>	<u>3,963,531</u>

(c) Depreciation charge of right-of-use assets is as follows:

	Group	
	2024	2023
	RM	RM
Motor vehicles	59,148	59,148
Plant and machinery	269,010	229,154
Warehouses and hostels	950	60,137
	<u>329,108</u>	<u>348,439</u>

(d) Additions of right-of-use assets are as follows:

	Group	
	2024	2023
	RM	RM
Plant and machinery	<u>1,995,898</u>	-

(e) The Group has pledged the following property, plant and equipment to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 15 to the financial statements.

	Group	
	2024	2023
	RM	RM
Buildings	2,430,303	2,600,000
Leasehold lands	9,394,369	9,400,000
	<u>11,824,672</u>	<u>12,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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3. PROPERTY, PLANT AND EQUIPMENT cont'd

- (f) The fair value measurement of the leasehold lands and buildings was performed by an independent professional valuer with appropriate recognised professional qualifications. The fair value was determined based on depreciated replacement cost and market comparison approach.

The following table summaries the methods used in determining the fair value of the properties on a recurring basis.

Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Level 3	<u>Lands</u> Sales comparison approach which reflects recent market transactions for similar properties. <u>Buildings</u> Depreciated replacement cost and comparison approach reflecting the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.	<u>Lands</u> Adjustment for factors such as plot size, location, encumbrances and current use. <u>Buildings</u> Adjustment for factors such as physical deterioration, functional and economic obsolescence.	<u>Lands</u> The extent and direction of this adjustment depends on the number of characteristics of the observable market transactions in similar properties that we used as starting point for valuation. <u>Buildings</u> Depreciation is deducted to reflect the current condition of the buildings and structures.

The reconciliation of the carrying amount of non-financial assets classified within Level 3 is as follows:

	Group	
	2024	2023
	RM	RM
Leasehold lands and buildings		
At beginning of the financial year	41,420,000	37,067,512
Expenses recognised in profit or loss:		
- Depreciation	(1,146,089)	(1,153,236)
Gain recognised in other comprehensive income:		
- Revaluation	171,763	5,585,945
Reclassifications	-	(80,221)
Transfer to investment properties	(1,835,389)	-
At end of the financial year	38,610,285	41,420,000

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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3. PROPERTY, PLANT AND EQUIPMENT cont'd

- (g) Had the lands and buildings been measured using the cost model, their cost and carrying amounts would be as follows:

	Group	
	2024	2023
	RM	RM
Cost:		
Buildings	16,622,858	17,106,858
Leasehold lands	3,593,337	3,593,337
	<u>20,216,195</u>	<u>20,700,195</u>
Net carrying amount:		
Buildings	7,551,428	8,312,011
Leasehold lands	2,802,546	2,828,700
	<u>10,353,974</u>	<u>11,140,711</u>

4. INVESTMENT PROPERTIES

	Leasehold lands and buildings RM
Group	
At fair value	
At 1 January 2023/31 December 2023	-
Transfer from property, plant and equipment	1,835,389
At 31 December 2024	<u>1,835,389</u>

(a) Material accounting policy information

Investment properties are measured subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

Cont'd

4. INVESTMENT PROPERTIES cont'd

(b) Fair value measurement

The fair value of the investment properties of the Group were estimated by the Directors based on the recent transacted prices in the market of properties with similar condition and location. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The following table summaries the methods used in determining the fair value of the investment properties on a recurring basis.

Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Level 3	Sales comparison approach which reflects recent market transactions for similar properties and comparable by utility and age, adjusted for obsolescence.	Adjustment for factors such as plot size, location, physical deterioration, functional and economic obsolescence.	The extent and direction of this adjustment depends on the number of characteristics of the observable market transactions in similar properties that we used as starting point for valuation. While depreciation is deducted to reflect the current condition of the building and structures.

The reconciliation of the carrying amount of non-financial asset classified within Level 3 is as follows:

	Group	
	2024	2023
	RM	RM
Leasehold lands and buildings		
At beginning of the financial year	-	-
Transfer from property, plant and equipment	1,835,389	-
At end of the financial year	1,835,389	-

(c) Income and expenses recognised in profit or loss

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

	Group	
	2024	2023
	RM	RM
Rental income	14,875	-
Direct operating expenses	951	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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5. INVESTMENT IN SUBSIDIARIES

	Company	
	2024	2023
	RM	RM
At cost		
Unquoted shares	44,512,833	44,512,833
Less: Accumulated impairment loss	(13,145,334)	(13,145,334)
	<u>31,367,499</u>	<u>31,367,499</u>

Details of the subsidiaries are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2024	2023	
Ralco Plastic Sdn. Bhd.	Malaysia	100	100	Manufacturing of and trading in plastic bottles, containers, boxers, crates and related materials and provision of transportation services
Ralco Respack Polybag Sdn. Bhd.	Malaysia	100	100	Ceased business operation
Ralco Holdings Sdn. Bhd.	Malaysia	100	100	Investment holding
Ralco Trading Sdn. Bhd.	Malaysia	100	100	Ceased business operation
Termasek Bay Sdn. Bhd.	Malaysia	100	100	Ceased business operation
Subsidiary of Ralco Plastic Sdn. Bhd.				
Ralco Compounding Sdn. Bhd.	Malaysia	100	100	Supply of renewable energy

Investment in subsidiaries is measured in the Company's statement of financial position at cost less accumulated impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
Cont'd

6. INVENTORIES

	Group	
	2024	2023
	RM	RM
At cost		
Raw materials	4,829,412	5,350,187
Work-in-progress	692,689	693,899
Finished goods	3,651,875	4,225,302
	<u>9,173,976</u>	<u>10,269,388</u>
Recognised in profit or loss		
Inventories recognised as cost of sales	30,094,645	35,288,468
Reversal of inventories written down	-	(230,936)

Inventories are stated at the lower of cost and net realisable value.

The costs of inventories are determined on a weighted average basis.

The reversal of inventories written down was made when the related inventories were sold above their carrying amounts.

7. TRADE RECEIVABLES

	Group	
	2024	2023
	RM	RM
Trade receivables	7,994,105	11,279,504
Less: Allowance for expected credit losses ("ECLs")	(302,333)	(173,186)
	<u>7,691,772</u>	<u>11,106,318</u>

Trade receivables are non-interest bearing and the credit terms are generally on cash term to 90 days (2023: cash term to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The movements in the allowance for ECLs of trade receivables are as follows:

	Group	
	2024	2023
	RM	RM
At beginning of the financial year	173,186	78,435
Charge for the financial year	152,836	94,751
Written off	(23,689)	-
At end of the financial year	<u>302,333</u>	<u>173,186</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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7. TRADE RECEIVABLES cont'd

The following table provides information about the exposure to credit risk and allowance for ECLs for trade receivables:

	Gross amount RM	ECLs RM	Net amount RM
Group			
2024			
Not past due	4,926,413	(57,907)	4,868,506
Past due:			
Less than 30 days	2,196,974	(51,844)	2,145,130
31 to 60 days	301,012	(10,655)	290,357
61 to 90 days	99,972	(4,718)	95,254
More than 90 days	469,734	(177,209)	292,525
	<u>7,994,105</u>	<u>(302,333)</u>	<u>7,691,772</u>
2023			
Not past due	6,894,246	-	6,894,246
Past due:			
Less than 30 days	3,497,603	-	3,497,603
31 to 60 days	513,948	-	513,948
61 to 90 days	82,482	-	82,482
More than 90 days	291,225	(173,186)	118,039
	<u>11,279,504</u>	<u>(173,186)</u>	<u>11,106,318</u>

8. OTHER RECEIVABLES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Non-trade receivables	269,102	414,857	-	-
Less: Allowance for ECLs	(131,878)	(131,878)	-	-
	<u>137,224</u>	<u>282,979</u>	<u>-</u>	<u>-</u>
Advance to suppliers	228,900	-	-	-
Deposits	178,517	195,862	-	-
Prepayments	483,564	750,705	14,467	9,932
	<u>1,028,205</u>	<u>1,229,546</u>	<u>14,467</u>	<u>9,932</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

Cont'd

8. OTHER RECEIVABLES cont'd

The movements in the allowance for ECLs are as follows:

	Group	
	2024	2023
	RM	RM
At beginning/end of the financial year	131,878	131,878

9. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company	
	2024	2023
	RM	RM
Amount due from subsidiaries		
Trade related	296,000	40,000
Non-trade related	5,469,184	5,476,423
	5,765,184	5,516,423
Less: Allowance for ECLs	(72,558)	(72,558)
	5,692,626	5,443,865
Amount due to a subsidiary		
Non-trade related	(470,000)	(470,000)

The movements in the allowance for ECLs are as follows:

	Company	
	2024	2023
	RM	RM
At beginning/end of the financial year	72,558	72,558

The non-trade amount due from/(to) subsidiaries is unsecured, non-interest bearing and repayable on demand, whereas the trade amount is subject to normal credit term of 30 (2023: 30) days.

10. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2024	2023	2024	2023
	Units	Units	RM	RM
Issued and fully paid up				
At 1 January/At 31 December	50,797,010	50,797,010	44,961,651	44,961,651

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

Cont'd

11. REVALUATION RESERVE

Revaluation reserve represents surplus from revaluation of properties and is not available for distribution as dividends.

12. LEASE LIABILITIES

	Group	
	2024	2023
	RM	RM
Non-current	1,886,469	946,670
Current	785,326	441,287
	<u>2,671,795</u>	<u>1,387,957</u>

The maturity analysis of lease liabilities at the end of the reporting period is as follows:

	Group	
	2024	2023
	RM	RM
Within 1 year	946,944	520,692
Between 2 to 5 years	2,081,408	1,013,998
	<u>3,028,352</u>	<u>1,534,690</u>
Less: Future finance charges	(356,557)	(146,733)
Present value of lease liabilities	<u>2,671,795</u>	<u>1,387,957</u>

The Group leases warehouses, hostels, plant and machinery and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

13. AMOUNT DUE TO RELATED PARTIES

Amount due to related parties represents loans from companies in which a Director has interests. The loans are unsecured, interest free and repayable on 31 December 2027, except for an amount of RM1,000,000 bearing interest at 4.34% per annum which is repayable on 31 March 2027. These amounts have been discounted to their respective present value.

The details of the repayment term are disclosed in Note 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
Cont'd

14. DEFERRED TAX LIABILITIES

	Group	
	2024	2023
	RM	RM
At beginning of the financial year	7,324,568	5,958,940
Recognised in profit or loss	158,246	25,001
Recognised in other comprehensive income	41,223	1,340,627
Realisation of deferred tax upon depreciation of revalued assets	(224,932)	-
At end of the financial year	7,299,105	7,324,568

The components of deferred tax liabilities/(assets) at the end of the reporting period are as follows:

	Group	
	2024	2023
	RM	RM
Property, plant and equipment	6,168,813	5,539,735
Investment properties	135,139	-
Provisions	(105,000)	(205,883)
Revaluation of lands and buildings	7,876,153	7,578,927
Unutilised business losses	(2,961,000)	(2,233,234)
Unutilised capital allowances	(3,815,000)	(3,354,977)
	7,299,105	7,324,568

15. BORROWINGS

	Group	
	2024	2023
	RM	RM
Secured		
Current		
Bankers' acceptances	1,398,000	1,276,000
Trust receipts	221,400	285,863
	1,619,400	1,561,863

The borrowings are secured by the following:

- (i) First party legal charge over the Group's leasehold lands and buildings as disclosed in Note 3 to the financial statements; and
- (ii) Corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS

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15. BORROWINGS cont'd

The effective interest rates per annum of the borrowings are as follows:

	Group	
	2024	2023
	%	%
Bankers' acceptances	5.30 - 5.37	4.85 - 5.37
Trust receipts	9.17	8.67 - 9.17

16. TRADE PAYABLES

The normal trade credit terms granted by suppliers to the Group range from cash term to 90 days (2023: cash term to 90 days) depending on the term of the contracts.

17. OTHER PAYABLES

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Non-trade payables	2,499,607	2,049,153	69,778	88,539
Accruals	1,228,052	1,328,390	265,568	245,900
Deposits received	71,080	213,776	-	-
Sales and Service Tax ("SST") payable	186,268	219,083	-	-
	3,985,007	3,810,402	335,346	334,439

18. REVENUE

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Revenue from contracts with customers:				
Sales of goods	50,527,757	59,609,654	-	-
Renewable energy	221,151	270,304	-	-
	50,748,908	59,879,958	-	-
Revenue from other sources:				
Rental income	14,875	-	-	-
Management fees	-	-	2,760,000	2,760,000
	14,875	-	2,760,000	2,760,000
	50,763,783	59,879,958	2,760,000	2,760,000

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
Cont'd

18. REVENUE cont'd

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Timing of revenue recognition:				
At a point in time	50,527,757	59,609,654	-	-
Over time	221,151	270,304	-	-
	50,748,908	59,879,958	-	-
Geographical market:				
Malaysia	37,670,129	46,073,377	2,760,000	2,760,000
Singapore	13,093,654	13,806,581	-	-
	50,763,783	59,879,958	2,760,000	2,760,000

Sales of goods

The Group manufactures and sells plastic bottles and related products in overseas and local markets. Revenue from sales of goods is recognised at a point in time when the control of the products has been transferred, being when the products are delivered to the customer.

Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes.

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration is unconditional, because only the passage of time is required before payment is due. No element of financing is deemed present as the revenue is recognised with a credit term of cash term to 90 days, which is consistent with market practices.

Renewable energy

Revenue from supplying of renewable energy is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance when electricity is delivered based on contractual terms stipulated in the contract with customer. The electricity is delivered at a pre-determined rate. This revenue also includes an estimated value of the electricity delivered from the date of their last meter reading and period end. Accrued unbilled revenues are reversed in the following month when actual billings occur.

Rental income

Rental income is accounted for on a straight-line basis over the lease terms.

Management fees

Management fees are recognised on an accrual basis when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

Cont'd

19. FINANCE COSTS

	Group	
	2024	2023
	RM	RM
Interest expenses:		
- Lease liabilities	155,308	122,034
- Bankers' acceptances	58,030	52,151
- Trust receipts	22,471	49,016
- Loans from related parties	33,178	-
	268,987	223,201
Unwinding of discount on non-current financial liabilities	1,094,205	624,228
	1,363,192	847,429

20. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax is determined after charging/(crediting), amongst others, the following items:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Auditors' remuneration				
- Audit fee	100,000	89,000	30,000	26,000
- Non-audit fee	10,000	5,000	10,000	5,000
- Under provision in prior financial year	-	4,000	-	1,000
Allowance for ECLs on trade receivables	152,836	94,751	-	-
Depreciation of property, plant and equipment	2,658,119	2,602,614	953	669
Deposits written off	4,995	-	-	-
Discount on non-current financial liabilities	(4,184,360)	-	-	-
Gain on early termination of lease contracts	(171)	(7,045)	-	-
Interest income	(24,518)	(39,543)	(474)	-
Other receivables written off	427	-	-	-
Rental income	(570,700)	(520,600)	-	-
Reversal of inventories written down	-	(230,936)	-	-
Lease expenses related to short-term lease (a)	283,389	115,600	-	-
Realised loss on foreign exchange	452,448	133,970	-	-

(a) The Group leases various properties with contract terms of not more than one year. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
Cont'd

21. TAXATION

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Tax (income)/expenses recognised in profit or loss				
Current tax				
Current financial year provision	43,542	127,279	36,500	-
Under provision in prior financial year	2,399	282,098	-	-
	45,941	409,377	36,500	-
Deferred tax				
Origination and reversal of temporary differences	(985,415)	23,018	-	-
Realisation of deferred tax upon depreciation of revalued assets	(224,932)	-	-	-
Under provision in prior financial year	1,143,661	1,983	-	-
	(66,686)	25,001	-	-
	(20,745)	434,378	36,500	-

A reconciliation of income tax expenses applicable to (loss)/profit before tax at the statutory tax rate to income tax expenses at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
(Loss)/Profit before tax	(2,565,308)	(2,647,077)	258,568	(215,350)
At Malaysian statutory tax rate of 24% (2023: 24%)	(615,674)	(635,298)	62,056	(51,684)
Expenses not deductible for tax purposes	690,126	860,947	24,895	44,907
Income not subject to tax	(965,874)	(82,129)	-	-
Realisation of deferred tax upon depreciation of revalued assets	(224,932)	-	-	-
Movement of deferred tax assets not recognised	(50,451)	6,777	(50,451)	6,777
Under provision of current tax in prior financial year	2,399	282,098	-	-
Under provision of deferred tax in prior financial year	1,143,661	1,983	-	-
	(20,745)	434,378	36,500	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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21. TAXATION cont'd

The Group has estimated unutilised business losses of RM14,577,673 (2023: RM11,752,338), unutilised capital allowances of RM16,152,721 (2023: RM13,936,146) and unutilised reinvestment allowance of RM37,475,529 (2023: RM37,475,529) available for carried forward to offset against future taxable profits. The Company has estimated unutilised business losses of RMNil (2023: RM208,263) and unutilised capital allowances of RMNil (2023: RM1,950) available for carried forward to offset against future taxable profits. The amounts are subject to approval by the tax authorities.

Based on the current legislation, any unutilised business losses and reinvestment allowance shall be carried forward for a maximum period of ten and seven consecutive years of assessment immediately following that year of assessment respectively, whereas the unutilised capital allowances are allowed to be carried forward indefinitely.

The unutilised business losses for which no deferred tax asset was recognised expire as follows:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Expiring in 2027	326,013	326,013	-	-
Expiring in 2028	1,912,920	1,912,920	-	-
Expiring in 2032	-	208,263	-	208,263
	2,238,933	2,447,196	-	208,263

The unutilised reinvestment allowance for which no deferred tax asset was recognised expire as follows:

	Group	
	2024	2023
	RM	RM
Expiring in 2025	37,475,529	37,475,529

Deferred tax assets not recognised

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

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Unutilised reinvestment allowances	37,475,529	37,475,529	-	-
Unutilised business losses	2,238,933	2,447,196	-	208,263
Unutilised capital allowances	258,361	260,311	-	1,950
	39,972,823	40,183,036	-	210,213

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiaries that have a recent history of losses.

NOTES TO THE FINANCIAL STATEMENTS

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22. LOSS PER SHARE

(a) Basic loss per share

The basic loss per share is calculated based on the consolidated loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2024	2023
	RM	RM
Loss attributable to owners of the Company	(2,544,563)	(3,081,455)
Weighted average number of ordinary shares (unit)	50,797,010	50,797,010
Basic loss per ordinary shares (sen)	(5.01)	(6.07)

(b) Diluted loss per share

There is no dilution in loss per share as the Company does not have any convertible financial instruments as at the reporting date.

23. STAFF COSTS

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Salaries, wages and other emoluments	10,693,811	11,742,241	1,819,107	2,242,687
Defined contribution plans	770,883	774,979	281,393	316,740
Social security contributions	111,435	104,103	6,089	7,846
	11,576,129	12,621,323	2,106,589	2,567,273

24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below shows the detailed changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes:

	At 1.1.2024	New lease	Financing cash flows (i)	Other changes (ii)	At 31.12.2024
	RM	RM	RM	RM	RM
Group					
Lease liabilities	1,387,957	1,901,539	(612,776)	(4,925)	2,671,795
Bankers' acceptances	1,276,000	-	122,000	-	1,398,000
Trust receipts	285,863	-	(64,463)	-	221,400
Amount due to related parties	18,327,356	-	3,100,000	(3,056,977)	18,370,379
	21,277,176	1,901,539	2,544,761	(3,061,902)	22,661,574

NOTES TO THE FINANCIAL STATEMENTS

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24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES cont'd

The table below shows the detailed changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes: cont'd

	At 1.1.2023 RM	New lease RM	Financing cash flows (i) RM	Other changes (ii) RM	At 31.12.2023 RM
Lease liabilities	2,244,301	-	(756,774)	(99,570)	1,387,957
Bankers' acceptances	1,384,000	-	(108,000)	-	1,276,000
Trust receipts	695,307	-	(409,444)	-	285,863
Amount due to related parties	18,146,464	-	(443,336)	624,228	18,327,356
	22,470,072	-	(1,717,554)	524,658	21,277,176

- (i) The cash flows from borrowings make up the net amounts of proceeds from or repayments of borrowings in the statements of cash flows.
- (ii) Other changes include early termination of lease contracts, discount and unwinding of discount on non-current financial liabilities and interest payable.

25. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and 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 and of the Company either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group and of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company directly or indirectly.

(b) Significant related party transactions

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 of the Group and of the Company are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Transaction with a subsidiary				
- Management fee income	-	-	2,760,000	2,760,000
Transaction with related parties				
- Interest on loans	33,178	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

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25. RELATED PARTY DISCLOSURES cont'd

(c) Compensation of key management personnel

The compensation of Directors and other key management personnel of the Group and of the Company are as follows:

	Group and Company	
	2024	2023
	RM	RM
Executive Directors		
Fees	30,000	30,000
Salaries and other emoluments	1,264,500	1,263,500
Defined contribution plans	228,000	228,000
Social security contributions	923	923
	<u>1,523,423</u>	<u>1,522,423</u>
Non-executive Directors		
Fees	150,081	150,000
Other emoluments	11,500	12,500
	<u>161,581</u>	<u>162,500</u>
Other key management personnel		
Salaries and other emoluments	162,599	447,120
Defined contribution plans	12,754	32,016
Social security contributions	644	1,439
	<u>175,997</u>	<u>480,575</u>
Total key management personnel compensation	<u>1,861,001</u>	<u>2,165,498</u>

26. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has two reportable segments as follows:

- (i) Plastic products : Manufacturing and trading of plastic products
- (ii) Others : Investment holding and supply of renewable energy

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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26. SEGMENT INFORMATION cont'd

	Note	Plastic products RM	Others RM	Adjustment and eliminations RM	Consolidated RM
2024					
Revenue					
External revenue		50,527,757	236,026	-	50,763,783
Inter-segment revenue	A	-	2,781,700	(2,781,700)	-
Total revenue		50,527,757	3,017,726	(2,781,700)	50,763,783
Results					
Segment (loss)/profit		(1,631,929)	692,725	(262,912)	(1,202,116)
Finance costs		(1,310,212)	(52,980)	-	(1,363,192)
(Loss)/Profit before taxation		(2,942,141)	639,745	(262,912)	(2,565,308)
Taxation		212,473	(185,232)	(6,496)	20,745
Net (loss)/profit for the financial year	B	(2,729,668)	454,513	(269,408)	(2,544,563)
Segment assets					
		74,048,828	42,254,623	(38,666,819)	77,636,632
Included in the measurement of segment assets are:					
Capital expenditure	C	2,673,215	-	-	2,673,215
Segment liabilities					
		40,995,712	6,461,006	(10,525,972)	36,930,746

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
Cont'd

26. SEGMENT INFORMATION cont'd

	Note	Plastic products RM	Others RM	Adjustment and eliminations RM	Consolidated RM
2023					
Revenue					
External revenue		59,609,654	270,304	-	59,879,958
Inter-segment revenue	A	-	2,785,200	(2,785,200)	-
Total revenue		59,609,654	3,055,504	(2,785,200)	59,879,958
Results					
Segment (loss)/profit		(1,605,245)	304,434	(498,837)	(1,799,648)
Finance costs		(809,548)	(37,881)	-	(847,429)
(Loss)/Profit before taxation		(2,414,793)	266,553	(498,837)	(2,647,077)
Taxation		(404,302)	(52,576)	22,500	(434,378)
Net (loss)/profit for the financial year	B	(2,819,095)	213,977	(476,337)	(3,081,455)
Segment assets		78,763,662	41,891,643	(38,437,675)	82,217,630
Included in the measurement of segment assets are:					
Capital expenditure	C	1,121,626	6,500	-	1,128,126
Segment liabilities		42,980,878	6,552,359	(10,435,516)	39,097,721

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

Cont'd

26. SEGMENT INFORMATION cont'd

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

- A. Inter-segment revenue is eliminated on consolidation.
- B. Loss for the financial year consists of the following items as presented in the respective notes to the financial statements:

	Group	
	2024	2023
	RM	RM
Allowance for ECLs on trade receivables	152,836	94,751
Depreciation of property, plant and equipment	2,658,119	2,602,614
Deposits written off	4,995	-
Discount on non-current financial liabilities	(4,184,360)	-
Gain on early termination of lease contracts	(171)	(7,045)
Interest income	(24,518)	(39,543)
Other receivables written off	427	-
Reversal of inventories written down	-	(230,936)
Realised loss on foreign exchange	452,448	133,970
Unwinding of discount on non-current financial liabilities	1,094,205	624,228

- C. Capital expenditure consists of additions of property, plant and equipment.

Geographical information

Segment information by geographical segment is not presented as the activities of the Group are located principally in Malaysia.

The non-current assets are entirely located in Malaysia.

Revenue information based on the geographical location of customers is disclosed in Note 18 to the financial statements.

Major customers

	Group	
	2024	2023
	RM	RM
Customer A	6,177,782	10,447,182

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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27. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
At amortised cost				
Financial assets				
Trade receivables	7,691,772	11,106,318	-	-
Other receivables	315,741	478,841	-	-
Amount due from subsidiaries	-	-	5,692,626	5,443,865
Cash and bank balances	1,166,831	1,302,903	6,219	22,253
	9,174,344	12,888,062	5,698,845	5,466,118
Financial liabilities				
Trade payables	2,984,075	6,659,025	-	-
Other payables	3,798,739	3,591,319	335,346	334,439
Borrowings	1,619,400	1,561,863	-	-
Amount due to related parties	18,370,379	18,327,356	-	-
Amount due to a subsidiary	-	-	470,000	470,000
	26,772,593	30,139,563	805,346	804,439

(b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy are to ensure that adequate financial resources are available for the development of the Group's and of the Company's operation whilst managing their credit, liquidity and market risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy are not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies, and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from trade and other receivables, amount due from subsidiaries and cash and bank balances. There are no significant changes as compared to the prior financial year.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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27. FINANCIAL INSTRUMENTS cont'd

(b) Financial risk management objectives and policies cont'd

(i) Credit risk cont'd

The Company provides unsecured loans and advances to certain subsidiaries. It also provides financial guarantees to banks for banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

At each reporting date, the Group and the Company assess whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine 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, receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities.

There are no significant changes as compared to the previous financial year.

As at the end of the financial year, the Group has Nil (2023: 1) major customer that owed the Company more than 10% each and accounted for approximately Nil% (2023: 13%) of all the trade receivables outstanding. The Company has no significant concentration of credit risks except for loans to certain subsidiaries where risks of default have been assessed to be low.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting their 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 requirement and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company finance their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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27. FINANCIAL INSTRUMENTS cont'd

(b) Financial risk management objectives and policies cont'd

(ii) Liquidity risk cont'd

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group				
2024				
<u>Non-derivative financial liabilities</u>				
Trade payables	2,984,075	-	2,984,075	2,984,075
Other payables	3,798,739	-	3,798,739	3,798,739
Amount due to related parties	-	21,910,000	21,910,000	18,370,379
Lease liabilities	946,944	2,081,408	3,028,352	2,671,795
Borrowings	1,619,400	-	1,619,400	1,619,400
	9,349,158	23,991,408	33,340,566	29,444,388
2023				
<u>Non-derivative financial liabilities</u>				
Trade payables	6,659,025	-	6,659,025	6,659,025
Other payables	3,591,319	-	3,591,319	3,591,319
Amount due to related parties	-	18,810,000	18,810,000	18,327,356
Lease liabilities	520,692	1,013,998	1,534,690	1,387,957
Borrowings	1,561,863	-	1,561,863	1,561,863
	12,332,899	19,823,998	32,156,897	31,527,520

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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27. FINANCIAL INSTRUMENTS cont'd

(b) Financial risk management objectives and policies cont'd

(ii) Liquidity risk cont'd

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. cont'd

	On demand or within 1 year RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company				
2024				
<u>Non-derivative financial liabilities</u>				
Other payables	335,346	-	335,346	335,346
Amount due to a subsidiary	470,000	-	470,000	470,000
	<u>805,346</u>	<u>-</u>	<u>805,346</u>	<u>805,346</u>
Financial guarantee *	<u>1,619,400</u>	<u>-</u>	<u>1,619,400</u>	
2023				
<u>Non-derivative financial liabilities</u>				
Other payables	334,439	-	334,439	334,439
Amount due to a subsidiary	470,000	-	470,000	470,000
	<u>804,439</u>	<u>-</u>	<u>804,439</u>	<u>804,439</u>
Financial guarantee *	<u>1,561,863</u>	<u>-</u>	<u>1,561,863</u>	

* Based on the maximum amount that could be called for under the financial guarantee.

The Company provides financial guarantee to banks in respect of credit facilities granted to a subsidiary and monitors on an ongoing basis the performance of the subsidiary. At end of the financial year, there was no indication that the subsidiary would default on repayment.

Financial guarantee has not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary defaulting on their credit facilities is remote.

(iii) Market risk

Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currency of the Group. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD") and United States Dollar ("USD").

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
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27. FINANCIAL INSTRUMENTS cont'd

(b) Financial risk management objectives and policies cont'd

(iii) Market risk cont'd

Foreign currency risk cont'd

The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in	
	SGD RM	USD RM
Group		
2024		
Financial assets		
Trade receivables	2,012,213	-
Cash and bank balances	294,470	17,965
	<u>2,306,683</u>	<u>17,965</u>
Financial liabilities		
Trade payables	-	(129,644)
Other payables	(143,605)	(10,990)
	<u>(143,605)</u>	<u>(140,634)</u>
	<u>2,163,078</u>	<u>(122,669)</u>
2023		
Financial assets		
Trade receivables	2,354,398	-
Cash and bank balances	64,896	507
	<u>2,419,294</u>	<u>507</u>
Financial liabilities		
Trade payables	-	(53,708)
Other payables	(180,073)	(25,205)
	<u>(180,073)</u>	<u>(78,913)</u>
	<u>2,239,221</u>	<u>(78,406)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

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27. FINANCIAL INSTRUMENTS cont'd

(b) Financial risk management objectives and policies cont'd

(iii) Market risk cont'd

Foreign currency risk cont'd

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's loss before tax for the financial year to a reasonably possible change in the SGD and USD exchange rates against RM, with all other variables held constant.

Change in currency rate		Effect on loss before tax	
		2024 RM	2023 RM
SGD	Strengthened 1% (2023: 1%)	21,631	22,392
	Weakened 1% (2023: 1%)	(21,631)	(22,392)
USD	Strengthened 1% (2023: 1%)	(1,227)	(784)
	Weakened 1% (2023: 1%)	1,227	784

Interest rate risk

The Group's fixed rate lease liabilities and amount due to related parties 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.

The Group manages its interest rate risk exposure from interest-bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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 is:

	Group	
	2024 RM	2023 RM
Fixed rate instruments		
<u>Financial liabilities</u>		
Amount due to related parties	1,000,000	-
Lease liabilities	2,671,795	1,387,957
	3,671,795	1,387,957
Floating rate instrument		
<u>Financial liability</u>		
Borrowings	1,619,400	1,561,863

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024

Cont'd

27. FINANCIAL INSTRUMENTS cont'd**(b) Financial risk management objectives and policies** cont'd

(iii) Market risk cont'd

Interest rate risk cont'd**Interest rate risk sensitivity analysis**Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's loss before tax by RM16,194 (2023: RM15,619), arising mainly as a result of lower/higher interest expense on floating rate borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair value of financial instruments

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

28. FINANCIAL GUARANTEE

	Company	
	2024	2023
	RM	RM
Corporate guarantee given to financial institutions for credit facilities granted to a subsidiary	1,619,400	1,561,863

29. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTES TO THE FINANCIAL STATEMENTS

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29. CAPITAL MANAGEMENT cont'd

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratio at end of the reporting period is as follows:

	Group	
	2024	2023
	RM	RM
Borrowings	1,619,400	1,561,863
Lease liabilities	2,671,795	1,387,957
Amount due to related parties	18,370,379	18,327,356
Less: Cash and bank balances	(1,166,831)	(1,302,903)
Net debts	21,494,743	19,974,273
Total equity	40,705,886	43,119,909
Gearing ratio	0.53	0.46

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

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 30 September 2019, the subsidiaries of the Company, Ralco Plastic Sdn. Bhd. ("RPSB") and Ralco Compounding Sdn. Bhd. ("RCSB") entered into six (6) Loan Agreements with four (4) related parties ("Lenders") and have obtained interest-free loans of RM18,940,000 in total. The original due date for repayment of these loans was 30 September 2024. On 9 April 2024, RPSB and RCSB were granted an extension by the Lenders to repay the loans on 30 September 2025 and subsequently on 31 December 2024, they were granted another extension by the Lenders to repay the loans on 31 December 2027.

In a previous financial year, RPSB has obtained another interest-free loan of RM3,450,000 from a related party with a repayment date on 31 December 2025. On 31 December 2024, RPSB was granted an extension to repay the loan on 31 December 2027.

During the current financial year, RPSB has obtained an interest-free loan of RM2,100,000 from the Lenders which is repayable on 31 December 2027. RPSB has obtained another loan of RM1,000,000 at an interest rate of 4.34% per annum from the Lenders with a repayment date on 31 March 2027.

31. COMPARATIVE INFORMATION

The financial statements of the Group and of the Company for the financial year ended 31 December 2023 were audited by another firm of Chartered Accountants. Certain comparative figures have been reclassified in order to conform with current financial year's presentation.

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 17 April 2025.

LIST OF PROPERTIES

The properties of the Group as at 31 December 2024 and their net book values (NBV¹) are indicated below:

Company	Location	Existing Use	Tenure	Land Area/ Built up Area	Approximate Age of Building	Date of Revaluation	NBV RM'000
Ralco Plastic Sdn. Bhd.	Lot 1476, Kawasan Perusahaan Nilai, 71800 Nilai, Negeri Sembilan	Factory/ Manufacturing	Leasehold Expiring 20/08/2089	4.51 Acres/ 13,110 Sq. Meter	33 years	18/12/2023	24,559
Ralco Plastic Sdn. Bhd.	Lot 1478, Kawasan Perusahaan Nilai, 71800 Nilai, Negeri Sembilan	Land and Building	Leasehold Expiring 31/07/2089	1.27 Acres/ 2,660 Sq. Meter	28 years	18/12/2023	5,861
Ralco Plastic Sdn. Bhd.	PT 5001, 5536, 5490, 5491, 5535 Mukim Labu, 71800 Nilai, Negeri Sembilan	Single storey Terrace House (Hostel)	Freehold	835.1 Sq. Meter	30 years	18/12/2023	1,400
Ralco Plastic Sdn. Bhd.	No. 7, Jalan Bistari 2, Taman Industri Jaya, 81300 Skudai, Johor Baru, Johor	Factory/ Manufacturing	Leasehold Expiring 03/09/2911	1.0 Acres/ 1,152 Sq. Meter	21 years	14/12/2023	5,964
Ralco Holdings Sdn. Bhd.	No. 32, 38, 40, Jalan Bistari 2, Taman Industri Jaya, 81300 Skudai, Johor Baru, Johor	1 1/2 storey Terrace Workshop	Leasehold Expiring 03/09/2911	557 Sq. Meter	13 years	14/12/2023	2,754

ANALYSIS OF SHAREHOLDINGS

AS AT 28 MARCH 2025

SHARE CAPITAL

Class of shares	:	Ordinary Shares
Issued Share Capital	:	50,797,010 ordinary shares
Voting rights	:	One (1) vote per Ordinary Share
Number of shareholders	:	870

Size of Shareholdings	No. of shareholders	% of shareholders	No. of shares held	% of issued and paid-up capital
Less than 100	31	3.6	957	0.0
100 – 1,000	81	9.3	45,489	0.1
1,001 – 10,000	597	68.6	1,843,109	3.6
10,001 – 100,000	113	13.0	3,395,000	6.7
100,001 – less than 5% of issued shares	44	5.0	25,425,545	50.1
5% and above issued shares	4	0.5	20,086,910	39.5
Total	870	100	50,797,010	100

LIST OF SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS:

Name of Shareholder	Direct No. of Shares	%	Indirect No. of Shares	%
1. Tan Heng Ta	8,736,800	17.20	-	-
2. Datin Goh Phaik Lynn	5,091,500	10.02	-	-
3. Tan Sri Dato' Tee Tiam Lee	4,617,910	9.09	-	-
4. Ong Aun Kung	2,640,700	5.20	-	-

LIST OF DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS:

Name of Director	Direct No. of Shares	%	Indirect No. of Shares	%
1. Tan Heng Ta	8,736,800	17.20	-	-

Save as disclosed above, none of the other Directors of the Company has any interest, direct or indirect, in shares of the Company and of its related corporation.

By virtue of Tan Heng Ta's interest in the shares of the Company, he is also deemed to be interested in the shares of all subsidiaries to the extent the Company has an interest.

ANALYSIS OF SHAREHOLDINGS

AS AT 28 MARCH 2025

Cont'd

LIST OF 30 LARGEST SHAREHOLDERS

AS AT 28 March 2025

No.	Name of Registered Shareholders	Shareholdings	%
1.	HLB Nominees (Tempatan) Sdn. Bhd. <i>(Pledged securities account for Tan Heng Ta) (SIN 91274-2)</i>	7,736,800	15.23
2.	Goh Phaik Lynn	5,091,500	10.02
3.	Tee Tiam Lee	4,617,910	9.09
4.	Ong Aun Kung	2,640,700	5.20
5.	Lee Thiam Lai	2,500,000	4.92
6.	Tee Joo Teik	2,050,800	4.04
7.	Er Kim Lan	2,036,900	4.01
8.	RHB Nominees (Tempatan) Sdn. Bhd. <i>(Pledged securities account for Leong Kok Wah)</i>	2,000,000	3.94
9.	Lew Shoong Kai	1,860,965	3.66
10.	Duclos Sdn. Bhd.	1,636,800	3.22
11.	RHB Nominees (Tempatan) Sdn. Bhd. <i>(Pledged securities account for Sim Keng Chor)</i>	1,200,000	2.36
12.	Loke Mei Sang	1,097,300	2.16
13.	Tan Heng Ta	1,000,000	1.97
14.	RHB Nominees (Asing) Sdn. Bhd. <i>(Exempt an for Phillip Securities Pte. Ltd. (A/C Clients))</i>	991,945	1.95
15.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>(Pledged securities account for Chiau Beng Teik)</i>	850,000	1.67
16.	Goh How Kiat	657,895	1.30
17.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. <i>(For Ong Soon Ho)</i>	581,900	1.15
18.	Phillip Nominees (Tempatan) Sdn. Bhd. <i>(Pledged securities account for Chiau Beng Soo)</i>	550,600	1.08
19.	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>(Pledged securities account for Sim Keng Chor)</i>	479,240	0.94
20.	Er Kim Heng	444,700	0.88
21.	Lee Kok Hin	443,600	0.87
22.	Chau Jee Choong	360,000	0.71
23.	Leow Pui Nyuk	311,000	0.61
24.	Ching Gek Lee	300,000	0.59
25.	Gek Lee Enterprise Sdn. Bhd.	300,000	0.59
26.	Low Kum Moon	300,000	0.59
27.	Syarikat Rimba Timur (RT) Sdn. Bhd.	275,000	0.54
28.	Real Fortune Portfolio Sdn. Bhd.	252,500	0.50
29.	Yeoh Weii Syuen	236,800	0.47
30.	Lai Thiam Poh	231,100	0.45

**RALCO CORPORATION BERHAD**

[Registration No. 199501003907 (333101-V)]

FORM OF PROXY

CDS Account No.	:	
No. of shares held	:	
Mobile Phone No.	:	

(Please refer to the notes below before completing this form)

I/We, _____ NRIC No./Passport No./Registration No. _____ of

being a member/members of Ralco Corporation Berhad hereby appoints

1st Proxy Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

and/or*

2nd Proxy Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

or failing him/her, #the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 30th Annual General Meeting of the Company to be held at Langkawi Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 12th day of June 2025 at 11.00 a.m. or at any adjournment thereof.

If you wish to appoint other person/persons to be your proxy/proxies, kindly delete the words "or failing him/her, THE CHAIRMAN OF THE MEETING" and insert the name/names of the person/persons desired.

My/our proxy/proxies is/are to vote as indicated below:

RESOLUTIONS RELATING TO		For	Against
ORDINARY RESOLUTION			
1.	To approve the payment of Directors' Fees.		
2.	To approve the Directors' Benefits payable to the Directors of the Company and its subsidiaries.		
3.	To re-elect Mr. Heng Chee Wei as a Director.		
4.	To re-elect Mr. Law Doung Chin as a Director.		
5.	To re-appoint Messrs. TGS TW PLT as Auditors of the Company.		
SPECIAL BUSINESS			
6.	To approve the authority to issue and allot shares		

(Please indicate with an "X" in the appropriate space how you wish your vote to be cast on the resolutions specified in the notice of meeting. If you do not do so, the proxy/proxies will vote or abstain from voting as he/they may think fit.)

Dated this _____ day of _____ 2025

Signature of Shareholder/Common Seal

Fold this flap for sealing

NOTES:

1. A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. A proxy may, but need not, be a member of the Company and there shall be no restriction as to the qualification of the proxy.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.
4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. Where the Exempt Authorised Nominee appoints two (2) or more proxies to attend and vote at the same meeting, such appointment shall be invalid unless the Exempt Authorised Nominee specifies the proportion of his holdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at the Poll Administrator's office at Bina Management (M) Sdn. Bhd., Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor or submit via email to binawin@binamg168.com not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
7. Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the 30th AGM is 4 June 2025.
8. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 30th AGM will be put to vote on a poll.

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AFFIX
STAMP
HERE

THE POLL ADMINISTRATOR

RALCO CORPORATION BERHAD

[Registration No. 199501003907 (333101-V)]

c/o Bina Management (M) Sdn. Bhd.

Lot 10, The Highway Centre,

Jalan 51/205,

46050 Petaling Jaya,

Selangor

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