



SHAPING THE FUTURE
THROUGH INNOVATION

ANNUAL REPORT 2024

SHAPING THE FUTURE THROUGH INNOVATION

At ARKA, we envision the future through a lens of innovation, where artificial intelligence and cloud solutions converge to unlock boundless possibilities.



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NOTICE OF 47TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Seventh (47th) Annual General Meeting (“AGM”) of Arka Berhad (“the Company”) will be held at Dewan Bungaraya, Level 2, WP Hotel, 362, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur on Wednesday, 4 June 2025 at 10.00 a.m. for the following purposes: -

AGENDA

AS ORDINARY BUSINESS: -

1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon. *(Please refer to Note 1)*
2. To approve the payment of Directors’ fee amounting to Ringgit Malaysia One Hundred and Sixty-Eight Thousand (RM168,000) only for the financial year ended 31 December 2024. **Ordinary Resolution 1**
3. To approve the payment of Directors’ benefits payable up to Ringgit Malaysia Thirty Thousand (RM30,000) only for the period from the conclusion of this AGM until the next AGM of the Company pursuant to Section 230(1)(b) of the Companies Act 2016. **Ordinary Resolution 2**
4. To re-elect the following Directors who are due to retire in accordance with the Company’s Constitution and being eligible, offers themselves for re-election:-
Regulation 96
(i) Y.M. Dato’ Syed Budriz Putra Jamalullail **Ordinary Resolution 3**

Regulation 103
(ii) Ms. Au Foong Yee **Ordinary Resolution 4**
5. To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company, to hold office until the conclusion of the next AGM, at a remuneration to be determined by the Directors. **Ordinary Resolution 5**

AS SPECIAL BUSINESS: -

6. To consider and if thought fit, to pass the following as ordinary resolutions, with or without any modifications: -

(i) **Authority to issue and allot shares**

“THAT subject always to the Companies Act 2016 (“Act”), the Constitution of the Company and approvals from Bursa Malaysia Securities Berhad (“Bursa Securities”) and any relevant governmental and/or regulatory authorities, if applicable, the Directors be and are hereby empowered to issue and allot shares in the Company, pursuant to the Act, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next AGM of the Company, or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier, unless such authority is revoked or varied by resolution passed by the shareholders in general meeting.

Ordinary Resolution 6

NOTICE OF 47TH ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS: - (CONT'D)

6. To consider and if thought fit, to pass the following as ordinary resolutions, with or without any modifications: - (Cont'd)

(ii) **Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions**

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements"), approval be and is hereby given to the Company's subsidiaries to enter into and give effect to the recurrent related party transactions of a revenue or trading nature as prescribed in Section 2.4(a) and (b) of the Circular to Shareholders dated 30 April 2025 (hereinafter referred as "RRPT"), which are necessary for the day-to-day operations and undertaken in the ordinary course of business of the Company, on terms not more favourable to related parties than those generally available to the public and not detrimental to minority shareholders of the Company.

THAT such approval shall continue to be in force until: -

- (a) the conclusion of the Company's next AGM, at which time it will lapse, unless the authority is renewed by a resolution passed at the general meeting;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the Company's shareholders in a general meeting,

whichever is earlier.

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

**Ordinary
Resolution 7**

By Order of the Board,

YEOW SZE MIN (SSM PC No. 201908003120, MAICSA 7065735)
POH MING YI (SSM PC No. 202408000861, LS 0010863)
Company Secretaries

Date: 30 April 2025
Kuala Lumpur

Notes: -

1. The first agenda of this meeting is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval for the audited financial statements from the shareholders. Hence, this Agenda is not put forward to shareholders for voting.

NOTICE OF 47TH ANNUAL GENERAL MEETING

Notes: - (Cont'd)

2. Ordinary Resolutions 1 and 2 – Proposed payment of Directors' remuneration

Section 230(1) of the Act provides amongst others, that the fee of the Directors and any benefits payable to the Directors of a listed company shall be approved at the general meeting. Pursuant thereto, shareholders' approval is sought for the payment of fees and benefits payable to Directors, in two separate resolutions as follows:

Ordinary Resolution 1 – Payment of Directors' fees in respect of the financial year 2024.

The fees payable to the Directors in respect of financial year 2024, details of which are as follows: -

No.	Directors	Fees (RM)
1.	Y.M. Dato' Syed Budriz Putra	60,000
2.	Mr. Lee Chin Chuan	36,000
3.	Ms. Tung Shao Yin	36,000
4.	Ms. Au Foong Yee (<i>Appointed on 26 June 2024</i>)	18,000
5.	Mr. Rajagopal A/L Ramadhass (<i>Retired on 26 June 2024</i>)	18,000

Ordinary Resolution 2 – Payment of Directors' Benefit for the period from the conclusion of this AGM until the next AGM.

The benefits payable to Directors pursuant to Section 230(1)(b) of the Act have been reviewed by the Board of Directors of the Company, which recognises that the benefits payable is in the best interest of the Company for the applicable period from the conclusion of this AGM until the next AGM. The benefits comprised solely of meeting allowances, which will only be accorded based on actual attendance of meetings by the Directors.

The benefits payable to Directors for the period from the conclusion of this AGM until the next AGM, details of which are as follows: -

	Allowance Per Meeting (RM)
Non-Executive Chairman	500.00
Executive Director	500.00
Non-Executive Director	500.00

3. Ordinary Resolutions 3 and 4 – Re-election of Directors who retire in accordance with the Company's Constitution

Regulation 96 of the Company's Constitution states that all directors shall retire from office once at least in each 3 years, but shall be eligible for re-election. An election of directors shall take place each year. A retiring Director shall retain office until the close of the meeting at which he retires.

Y.M. Dato' Syed Budriz Putra Jamalullail who retires by rotation in accordance with Regulation 96 of the Company's Constitution, being eligible, has offered himself for re-election.

Regulation 103 of the Company's Constitution states that any Director who is appointed either to fill a casual vacancy or as addition to the existing Directors, shall hold office until the next AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Ms. Au Foong Yee who was appointed as Independent Non-Executive Director of the Company on 26 June 2024 is subject to retirement pursuant to Regulation 103 of the Company's Constitution. The retiring Director has consented to her re-election.

NOTICE OF 47TH ANNUAL GENERAL MEETING

Notes: - (Cont'd)

3. Ordinary Resolutions 3 and 4 – Re-election of Directors who retire in accordance with the Company's Constitution (Cont'd)

In determining the eligibility of the Directors to stand for re-election at the forthcoming AGM, the Nomination Committee ("NC") has considered the evaluation on the effectiveness of the Directors in terms of character, experience, integrity, competency and time in discharging their roles as Director of the Company.

The Board (save for the retiring Directors who had abstained from deliberation and voting) accepted the NC's recommendation that the Directors who retire in accordance with Regulation 96 and 103 of the Company's Constitution met the fit and proper criteria and are eligible to stand for re-election.

The profile of the Directors who are standing for re-election as per Agenda item 3 and 4 of the Notice of the 47th AGM is stated on pages 11 and 15 of the Annual Report 2024.

4. Ordinary Resolution 5 – Re-appointment of Auditors

Pursuant to Section 271(3)(b) of the Act, shareholders shall appoint auditors who shall hold office until the conclusion of the next AGM in year 2026. The current auditors, Grant Thornton Malaysia PLT has expressed their willingness to continue in office.

The Board and the Audit and Risk Management Committee ("ARMC") have considered the re-appointment of Grant Thornton Malaysia PLT as auditors of the Company and collectively agreed that Grant Thornton Malaysia PLT has met the relevant criteria prescribed by Paragraph 15.21 of the Listing Requirements.

The Board wishes to seek shareholders' approval for the re-appointment of Grant Thornton Malaysia PLT as external auditors of the Company to hold the office until the conclusion of the next AGM.

5. Explanatory Notes to Special Business: -

i) Ordinary Resolution 6 – Authority to issue and allot shares

The Ordinary Resolution proposed under item 6(i) is for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to the Act, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

The Company has been granted a general mandate by its shareholders at the last AGM held on 26 June 2024 (hereinafter referred to as the "Previous Mandate") and it will lapse at the conclusion of the 47th AGM.

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

The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), acquisitions, working capital and/or settlement of banking facilities.

ii) Ordinary Resolution 7 – Proposed New and Renewal of Shareholders' Mandate

The proposed Ordinary Resolution 7, if approved by shareholders, will authorise the Proposed New and Renewal of Shareholders' Mandate for RRPT of a revenue or trading nature and allow the Company and its subsidiaries to enter into RRPT with the related parties in the ordinary course of business which are necessary for the day-to-day operations based on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

NOTICE OF 47TH ANNUAL GENERAL MEETING

5. **Explanatory Notes to Special Business: - (Cont'd)**

ii) **Ordinary Resolution 7 – Proposed New and Renewal of Shareholders' Mandate (Cont'd)**

This approval shall continue to be in force until the conclusion of the next AGM of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the meeting; or the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or revoked/varied by resolutions passed by the shareholders of the Company in general meeting; whichever is the earlier. Further information on the Proposed New and Renewal of Shareholders' Mandate for RRPT is set out in the Circular dated 30 April 2025.

6. **Appointment of Proxy**

- a) In respect of deposited securities, only members whose name appears on the Record of Depositors as at 27 May 2025 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting.
- b) A member entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxies to attend and vote in his or her stead.
- c) A proxy may but need not to be a member of the Company. There shall be no restriction as to the qualification of the proxy. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- d) A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
- e) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") 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 a member is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. The appointment of two (2) or more proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- f) The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Registered office at Suite 18.05, MWE Plaza, No. 8, Lebuh Farquhar, 10200 George Town, Pulau Pinang not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.
- g) The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy.
- h) The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so.

7. **Poll Voting**

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in this notice will be put to vote by way of a poll.

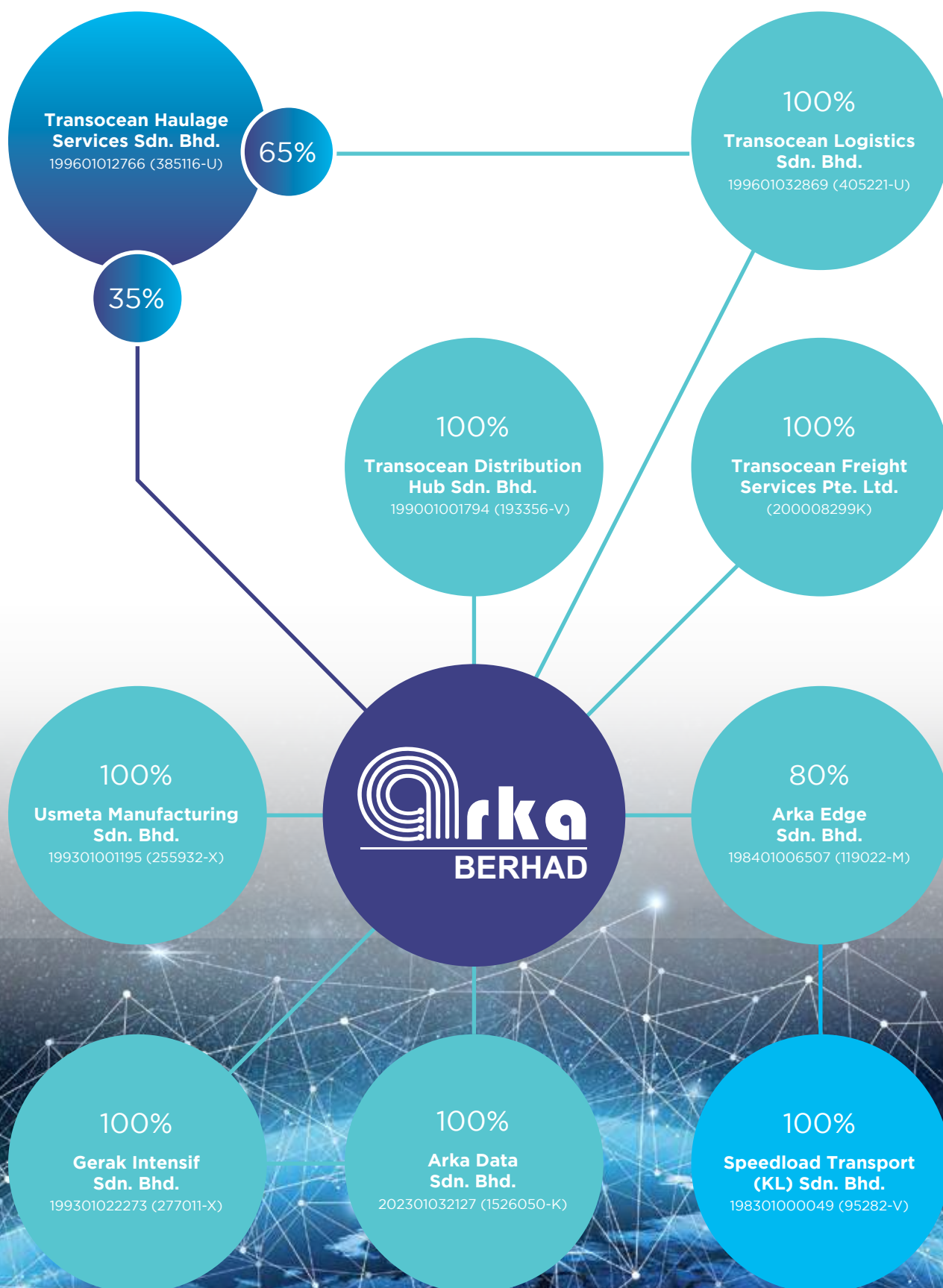
STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Listing Requirements)

As at date the of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election or re-appointment) at this forthcoming Forty-seventh (47th) AGM.

The details of the renewal of the General Mandate to issue securities in the Company pursuant to Section 75 and 76 of the Act are set out in Explanatory Note 5(i) of the Notice of 47th AGM.

GROUP ORGANISATION STRUCTURE



BOARD OF DIRECTORS

Y.M. DATO' SYED BUDRIZ PUTRA

Non-Independent Non-Executive Chairman

IBRAHIM AIMA BIN MOHD NADZMI

Managing Director

TUNG SHAO YIN

Independent Non-Executive Director

LEE CHIN CHUAN

Independent Non-Executive Director

AU FOONG YEE

*Independent Non-Executive Director
(Appointed on 26 June 2024)*



AUDITORS

Grant Thornton Malaysia PLT
(201906003682 & LLP0022494-LCA)
Chartered Accountants (AF 0737)
Level 11, Sheraton Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur.

T: 603-2692 4022

F: 603-2691 5229

COMPANY SECRETARIES

YEOW SZE MIN

(SSM PC No. 201908003120, MAICSA 7065735)

POH MING YI

(SSM PC No. 202408000861, LS 0010863)

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur.

T: 603-2084 9000

F: 603-2094 9940

REGISTERED OFFICE

Suite 18.05, MWE Plaza,
No. 8, Lebuh Farquhar,
10200 George Town, Penang, Malaysia

T: 604-263 1966

F: 604-262 8544

PRINCIPAL BANKERS

CIMB Bank Berhad

RHB Bank Berhad

Malayan Banking Berhad

Hong Leong Bank Berhad

Public Bank Berhad

Development Bank of Singapore Limited

Maybank Singapore Limited

BUSINESS ADDRESS

Tingkat 5F-08,
Kompleks Sempilai, Jalan Sempilai,
13700 Seberang Jaya, Penang, Malaysia.

T: 604-386 6733

W: www.arka.com.my

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia

Securities Berhad ("Bursa Securities")

Stock Name: ARKA

Stock Code: 7218

BOARD OF DIRECTORS





Y.M. DATO' SYED BUDRIZ PUTRA

Non-Independent Non-Executive Chairman



Y.M. Dato' Syed Budriz Putra, holds a Bachelor of Arts degree in Business Administration and Economics from Richmond University, The American International University in London.

He began his career in 1995 as a Senior Executive in the Business Development Department of Renong Berhad. In 2002, he ventured into the aviation industry by starting his own aviation consultancy company, Airectec Industries to represent the French/German aerospace leader 'European Aerospace Defense and Space Company' (EADS), now known as Airbus Group, in marketing their products, namely Airbus commercial planes and Airbus helicopters in Malaysia. In support of the Malaysian aviation industry, he went on to establish Sepang Aircraft Engineering Sdn. Bhd. (SAE) in partnership with Airbus and helmed SAE as its Chief Executive Officer. SAE was set up to provide maintenance, repair and overhaul (MRO) facilities for commercial aircrafts based in KLIA and AirAsia was its anchor customer.

Y.M. Dato' Syed Budriz Putra was appointed as the Non-Independent Non-Executive Chairman of the Company on 23 November 2021 and does not serve on any board committee. He is also a Director of Digital Planners Sdn. Bhd., Enfrasys Consulting Sdn. Bhd., Enfrasys Solutions Sdn. Bhd. and Enfrasys Network Sdn. Bhd..

He has no family relationship with any other Director. He is deemed to have an interest in the shares of the Company pursuant to Section 8(4) of the Companies Act 2016 ("the Act") because Digital Planners Sdn. Bhd. which is his associate within the meaning of Section(5)(e) of the Act has a direct interest of 32.06% in the Company and is a major shareholder of the Company. He has no conflict of interest with the Arka Group of Companies and has never been charged for any offence other than traffic offences, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past 5 years.

GENDER

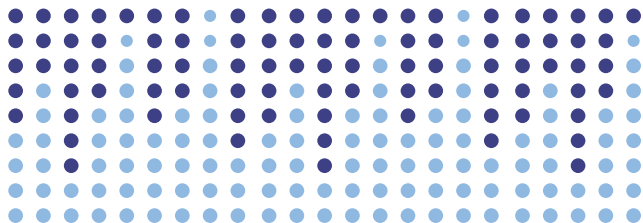
Male

NATIONALITY

Malaysian

AGE

52



IBRAHIM AIMAN BIN MOHD NADZMI

Managing Director



Encik Ibrahim Aiman Bin Mohd Nadzmi graduated with a Bachelor's Degree in Economics from University of California, Santa Barbara USA in 2019. He started his career as the Special Officer at the Chairman's Office, Nadicorp Holdings Sdn. Bhd. Nadicorp Holdings Sdn. Bhd. was the substantial shareholder of two listed companies, Arka Berhad and Epicon Berhad and thus Encik Ibrahim Aiman's primary duty as the Special Officer is to assist the former Executive Chairman/Managing Director, YBhg. Tan Sri Dato' Sri Dr. Mohd Nadzmi Bin Mohd Salleh in supervising the said companies' subsidiaries' operations and also several private-owned subsidiaries under Nadicorp Holdings Sdn. Bhd. The diversification of businesses under Nadicorp Holdings Sdn. Bhd.'s Group of companies has given him the exposure to the manufacturing, transportation and logistics sectors.

Encik Ibrahim Aiman was appointed as the Executive Director of the Company on 1 March 2021 and promoted as the Managing Director of the Company on 1 March 2023. He is also a Director of Syarikat Kenderaan Melayu Kelantan Berhad, a public non-listed company. He has no shareholding, direct or indirect in the Company. He is the brother of Encik Muhammad Hariz Bin Mohd Nadzmi, a substantial shareholder of the Company. He is deemed interested in the Company by virtue of his relationship with Encik Muhammad Hariz Bin Mohd Nadzmi. He has no conflict of interest with the Arka Group of Companies and has never been charged for any offence other than traffic offences, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past five (5) years.



GENDER

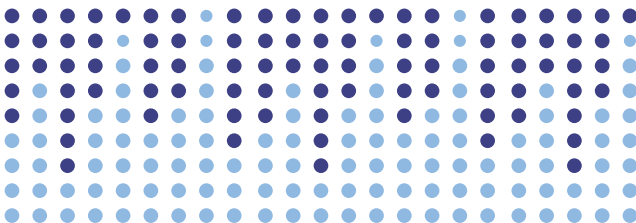
Male

NATIONALITY

Malaysian

AGE

29





TUNG SHAO YIN

Independent Non-Executive Director



Ms. Tung Shao Yin holds a Bachelor of Degree in Quantity Surveying from Universiti Teknologi Malaysia. She is currently the Chief Project Officer of KL City Gateway Sdn. Bhd. (formerly known as Ritzy Gloss Sdn. Bhd.), a subsidiary of Suez Capital Sdn. Bhd., after having joined the company in July 2021. She has more than 20 years of experience in the property development industry.

From 2013 to 2021, she was the Executive Director of Orientis Solutions Sdn. Bhd.. She spearheaded the development division in managing deliverables from all aspects of development management. This entails project feasibility studies, product research and development, development planning and strategies, project execution and business development. She also oversees the day-to-day operations of the organisation.

Prior to Orientis Solutions Sdn. Bhd., she was the Deputy Senior Manager, Development in UEM Sunrise Bhd. where she was involved in award-winning residential and mixed-use developments, namely Mont'Kiara Aman, 10 Mont'Kiara and AngkasaRaya @ KLCC, Jalan Ampang. During her 11 years tenure there, her experience covers procurement and development management.

She was appointed as a Director of the Company on 1 March 2023 and serves as Chairman of the Nomination Committee and a member of the Audit and Risk Management Committee and the Remuneration Committee. She has no family relationship with any other director and/or major shareholder of the Company. She has no conflict of interest with the Arka Group of Companies and has never been charged for any offence other than traffic offences, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past five (5) years.

GENDER

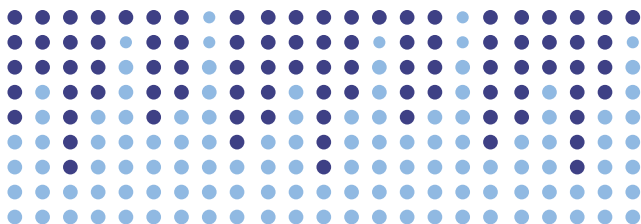
Female

NATIONALITY

Malaysian

AGE

50



LEE
 CHIN CHUAN



Independent Non-Executive Director

Mr. Lee Chin Chuan holds a Bachelor of Commerce from University of Western Australia. He is a Chartered Accountant, CA registered with the Malaysian Institute of Accountants. He joined Ernst & Young in February 1996 and spent more than 3 years in the audit department. Subsequently, he was transferred to tax department in June 1999 and spent more than 4 years specialising in tax investigation.

In August 2003, he joined Pantai Tax Specialist Sdn Bhd specialising in tax investigation of companies and was also involved in tax advisory and other related matters. In March 2004, he joined Lembaga Hasil Dalam Negeri (LHDN) as Penolong Pengarah at Pusat Penyiasatan Shah Alam conducting tax investigation on companies and individuals. In April 2008, he started WAJ Advisory Sdn. Bhd. together with his partner specialising in handling tax investigation of companies and individuals.

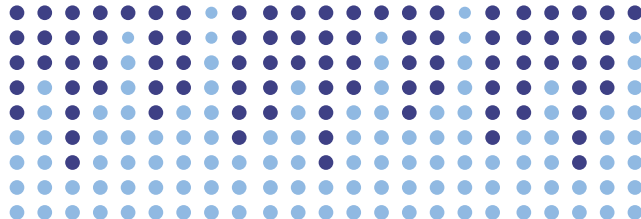
He was appointed as a Director of the Company on 1 March 2023 and serves as Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee and the Nomination Committee. He also sits on the Board of Magna Prima Berhad, a company listed on Bursa Malaysia. He has no family relationship with any other director and/or major shareholder of the Company. He has no conflict of interest with the Arka Group of Companies and has never been charged for any offence other than traffic offences, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past five (5) years.



GENDER
Male

NATIONALITY
Malaysian

AGE
51





AU FOONG YEE

Independent Non-Executive Director



Ms. Au Foong Yee is a Sijil Pelajaran Malaysia (SPM) holder. She was the founding Managing Director and Editor-in-Chief of The Edge Property Sdn Bhd, which owns the EdgeProp.my (previously known as TheEdgeProperty.com) weekly publication and www.EdgeProp.my, Malaysia's most relevant and empowering property portal. She retired in December 2021 and was appointed as Editor Emeritus of The Edge Malaysia.

She was a member of the Malaysian Ministry of Housing and Local Government's inaugural Panel of Experts (POE).

Being a pioneer member of The Edge Malaysia team, she was the founding editor of City & Country, the highly sought-after property pull-out in The Edge Malaysia weekly as well as Haven (the bimonthly design magazine) published by The Edge Malaysia. She went on to be an Executive Editor and Chief Marketing Officer before being promoted to Managing Director of The Edge Malaysia. In July 2016, she relinquished the role of Managing Director of The Edge Malaysia to helm and drive The Edge Property Sdn. Bhd..

She tracks closely and analyses the Malaysian real estate since 1994. She conceptualised the highly coveted and prestigious The Edge Malaysia Top Property Developers Awards, The Edge Malaysia Property Excellence Awards and the Haven My Dream Home Awards, all organised by The Edge Malaysia.

In 2017, she conceptualised The EdgeProp Malaysia's Best Managed Property Awards which have since evolved and are now known as The Edge Malaysia Best Managed & Sustainable Property Awards. This unique award promotes sustainable real estate and world-class property management practice. It is the first of its kind not only in Malaysia but in the region. She is the chief judge of the award.

She is a regular speaker and moderator at property and construction roundtables, symposiums and fireside chats.

She was appointed as a Director of the Company on 26 June 2024 and serves as Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee and the Nomination Committee. She also sits on the Board of Inta Bina Group Berhad, a company listed on Bursa Malaysia. She has no family relationship with any other director and/or major shareholder of the Company. She has no conflict of interest with the Arka Group of Companies and has never been charged for any offence other than traffic offences, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past five (5) years.

GENDER

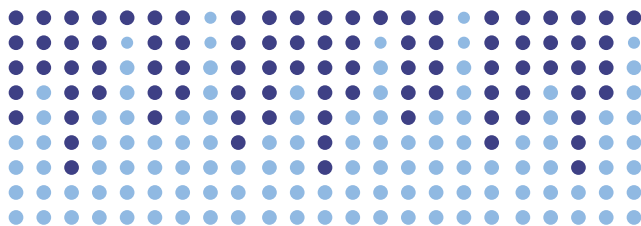
Female

NATIONALITY

Malaysian

AGE

67



PROFILE OF SENIOR MANAGEMENT



**CHUNG
CHEE KHUEN**

*Chief Financial Officer
(Joined on 3 February 2023)*

Mr. Chung Chee Khuen is a Malaysian aged 57 (male). He is a Fellow Chartered Certified Accountant ("FCCA") registered with the Association of Chartered Certified Accountants ("ACCA") and a Chartered Accountant ("CA") registered with Malaysian Institute of Accountants.

Mr. Chung was appointed as the Company's Chief Financial Officer on 3 February 2023.

He has more than 30 years of work experience with extensive audit, financial, management knowledge and skills in various industries. He has worked in both listed and non-listed companies in Malaysia and Singapore.

Mr. Chung does not have any family relationship with any Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and no conviction for offences within the past five (5) years other than traffic offences, if any. He does not hold any directorship in public and public listed companies.



**DUSHYANTHAN
A/L VAITHIYANATHAN**

*Chief Digital Officer
(Joined on 1 June 2023)*

Mr. Dushyanthan A/L Vaithiyanathan is a Malaysian aged 53 (male). He graduated with Bachelor in Chemistry & Law (Hons) from University of Exeter, United Kingdom in 1995. Mr. Dushyan joined the Company on 1 June 2023 as the Chief Digital Officer.

Prior to joining the Company, Mr. Dushyan was the Chief Operating Officer for Digital Nasional Berhad and was also the Chief Marketing Officer for Maxis Berhad. He has worked in various fields in telecommunications in Malaysia, Thailand and India over a period of more than 25 years.

Mr. Dushyan does not have any family relationship with any Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and no conviction for offences within the past five (5) years other than traffic offences, if any. He does not hold any directorship in public and public listed companies.



**ISMAIL
BIN IBRAHIM**

*Chief Executive Officer of Logistics Division
(Joined on 2 April 2020)*

Encik Ismail Bin Ibrahim is a Malaysian aged 53 (male). He graduated with Bachelor in Business and Administrative (Hons) from Northern University of Malaysia (UUM) in 1998.

Encik Ismail joined the Company in April 2020 as the Chief Operations Officer and was subsequently promoted to Chief Executive Officer of Logistics Division in December 2021. Prior to joining Arka in April 2020, Encik Ismail served as a Vice President (Operations) with Pos Logistics Berhad and was Regional Manager of MISC Integrated Logistics Sdn. Bhd. He has worked in various fields of logistics sectors in Malaysia, Singapore, Africa and Iraq over the period of more than 20 years.

Encik Ismail does not have any family relationship with any Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and no conviction for offences within the past five (5) years other than traffic offences, if any. He does not hold any directorship in public and public listed companies.

PROFILE OF SENIOR MANAGEMENT



CHAI MING CHING

*Chief Commercial Officer of Arka Edge Sdn. Bhd.
(Joined on 15 May 2023)*

Ms. Chai Ming Ching is a Malaysian aged 47 (female). She graduated with Bachelor in Electronics Engineering (Hons) from University of Multimedia, Malaysia in 2002. She joined the Group on 15 May 2023 as the Chief Commercial Officer of Arka Edge Sdn. Bhd..

Prior to joining the Company, Ms. Chai was a Director at Ernst & Young Consulting and was the Head of IoT Product and 5G Practices for Enterprises in Maxis Berhad. She has over 20 years of experience in digital solutions, telecommunications, techno-commercial consulting, and business planning.

She does not have any family relationship with any Directors and/or major shareholder of the Company. She has no conflict of interest with the Company and no conviction for offences within the past five (5) years other than traffic offences, if any. She does not hold any directorship in public and public listed companies.



OW CHOO HOONG

*Chief Technology Officer of Arka Edge Sdn. Bhd.
(Joined on 1 January 2024)*

Mr. Ow Choo Hoong is a Malaysian aged 42 (male) who graduated with Diploma in Information Technology (Major in Microelectronics) from Tunku Abdul Rahman College in 2002. He joined the Group on 1 January 2024 as the Chief Technology Officer of Arka Edge Sdn. Bhd.

Mr. Ow was the Principal Consultant of Enfrasys Consulting Sdn. Bhd., demonstrated strong knowledge in cloud computing and has help enterprises in the nations throughout the journey in adopting cloud technology a success story. With a career spanning 15 years, he has established himself as a prominent figure in the cloud computing, championing the adoption of cloud-native solutions and open-source technologies.

He does not have any family relationship with any Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and no conviction for offences within the past five (5) years other than traffic offences, if any. He does not hold any directorship in public and public listed companies.



KHAIRUDDIN BIN ABDUL RAHMAN

*General Manager of Tyre Division
(Joined on 1 December 2008)*

Encik Khairuddin Bin Abdul Rahman is a Malaysian aged 54 (male) and graduated in Diploma of Accounts and Finance.

Encik Khairuddin has over 30 years of experience in manufacturing sector. He started his career as an Executive at purchasing department (1999) at Usmeta Manufacturing Sdn. Bhd. After that, he transferred to Badanbas Sdn. Bhd. (coach builder) and served as the Head of Purchasing department from 2005 until 2008. In year 2008, Encik Khairuddin was promoted as a manager in Usmeta Manufacturing Sdn. Bhd. and responsible for the company operation until now.

He does not have any family relationship with any Directors and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for offences within the past five (5) years other than traffic offences, if any. He does not hold any directorship in public and public listed companies.

PROFILE OF SENIOR MANAGEMENT



SUNTHARANAGULAN A/L ARUMUGAM

*General Manager of Logistics Division
(Joined on 1 February 2010)*

Mr. Suntharanagulan A/L Arumugam is a Malaysian aged 64 (male). He is an Associate Member of Malaysian Chartered Institute of Logistics and Transport since 2008 and Malaysian Certificate of Education holder.

Mr. Suntha joined the Company in February 2010 as a Haulage Manager and was promoted to Group Operation Manager in 2011. He left the Company in 2015 and rejoined in February 2016 as a Group Marketing Manager and was promoted as a General Manager of Logistics Division in 2022. Prior to re-joining the Company, he served as a General Manager in a logistic company overseeing the business development and operations support. He has over 30 years of working experience in the field of business development, logistics operation and cross border trade.

He does not have any family relationship with any Directors and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for offences within the past five (5) years other than traffic offences, if any. He does not hold any directorship in public and public listed companies.



KHAIRULNIZAM BIN ZAINOL ABIDIN

*Group Commercial Manager of Logistics Division
(Joined on 15 April 2020)*

Encik Khairulnizam Bin Zainol Abidin is a Malaysian aged 52 (male). He possesses a Diploma in Electronic Engineering and has over 30 years of experience in logistics sector. He started his career in MISC Haulage Services Sdn. Bhd. in 1991 and later moved on to other logistic-based companies involving container depot, freight forwarding, non-vessel owning common carrier (NVOCC) and shipping line.

He first joined the Company in 2012 and left in 2016 and re-joined the Company in 2020 as Group Commercial Manager of Logistics Division, responsible for maintaining existing clients as well as to develop new customer base and also to create new development on business unit. He is also the Chairman for Transocean's Recreation Club.

He does not have any family relationship with any Directors and/or major shareholder of the Company, has no conflict of interest with the Company and has no conviction for offences within the past five (5) years other than traffic offences, if any. He does not hold any directorship in public and public listed companies.



THERESA A/P MICHEAL

*Group Personnel & Administrative Manager
(Joined on 16 May 1995)*

Madam Theresa A/P Micheal is a Malaysian aged 48 (female). She holds a Bachelor of Arts with First Class Honours in Business Management (Human Resources Management) from University of Nottingham, United Kingdom.

She started her career with the Group in May 1995 as a clerk and was promoted to Personnel Manager in year 2011 and as a Group Personnel & Administrative Manager in year 2012. She holds this position for almost 13 years and has overall responsibility for the entire Company's Personnel and Administrative Department. She has almost 23 years of working experience in the field of Human Resources Management.

She is also an auditor for the ISO Audit Committee and also a member for the Safety and Health Committee for Arka's Group of Companies.

She does not have any family relationship with any Directors and/or major shareholder of the Company. She has no conflict of interest with the Company and has no conviction for offences within the past five (5) years other than traffic offences, if any. She does not hold any directorship in public and public listed companies.

OTHER INFORMATION REQUIRED

By the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities")

UTILISATION OF PROCEEDS

The proposed disposal of 3 pieces of freehold land together with a single-storey bonded warehouse and a 5-storey office block erected thereon for a cash consideration of RM30.15 million has been completed on 6 August 2024. The status of utilisation of these proceeds as at 31 December 2024 is as set out below:-

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Reallocate to RM'000	Balance unutilised RM'000	Intended timeframe for utilisation
Working capital for Product expenditure	3,992	(1,272)	-	2,720	Within 24 months
Working capital for Technical expenditure	10,775	(4,369)	-	6,406	Within 24 months
Working capital for other operating expenses	13,700	(8,495)	77	5,282	Within 24 months
Payment of RPGT	1,043	(1,043)	-	-	Within 2 months
Estimated expenses related to Disposal	640	(563)	(77)	-	Within 2 months
Total	30,150	(15,742)	-	14,408	

MATERIAL CONTRACTS

There were no material contracts subsisting at the end of the financial year or entered into since the end of the previous financial year, by the Company or its subsidiaries, which involved the interest of the Director and major shareholders other than contracts entered into in the normal course of business.

LONG TERM INCENTIVE PLAN ("LTIP")

The Long Term Incentive Plan of the Company ("LTIP") was implemented on 15 May 2024 and shall be in force for a period of five (5) years from 15 May 2024.

The total number of shares granted, vested and outstanding under the Employee Share Grant Plan ("ESGP"), are set out below:-

	Number of shares to employees who hold senior management position	Number of shares to Directors
(a) Granted	811,200	-
(b) Vested	400,900	-
(c) Outstanding	410,300	-

OTHER INFORMATION REQUIRED

By the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities")

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE OR TRADING NATURE FOR THE YEAR ENDED 31 DECEMBER 2024

Nature of transaction	Interested Related Parties			Transacted Value during the financial year ended 31 December 2024 (RM)
	Sultan	Dato'	DPSB	
Product and services of Digital Solutions, Central platform for solutions and data, Cloud & Edge Computing, Data management, analytics and governance and Edge Orchestration Platform (EOP) services delivered by Arka Edge Sdn. Bhd. to:				
Enfrasys Consulting Sdn Bhd	●	●	●	1,401
Enfrasys Solutions Sdn Bhd	●	●	●	8,520
Services of Hybrid Clouds, EdgeComputing or Edge Orchestration, Platform (EOP) including implementation, deployment, support and training to Arka Edge Sdn. Bhd. from:				
Enfrasys Consulting Sdn Bhd	●	●	●	2,584,000
Purchase of Hardware Equipment (Server, Storage, Network equipment) & Software Licenses by Arka Edge Sdn. Bhd. from:				
Enfrasys Consulting Sdn Bhd	●	●	●	-
Enfrasys Solutions Sdn Bhd	●	●	●	39,947

Sultan – H.R.H Sultan Sharafuddin Idris Shah

Dato' – Y.M. Dato' Syed Budriz Putra

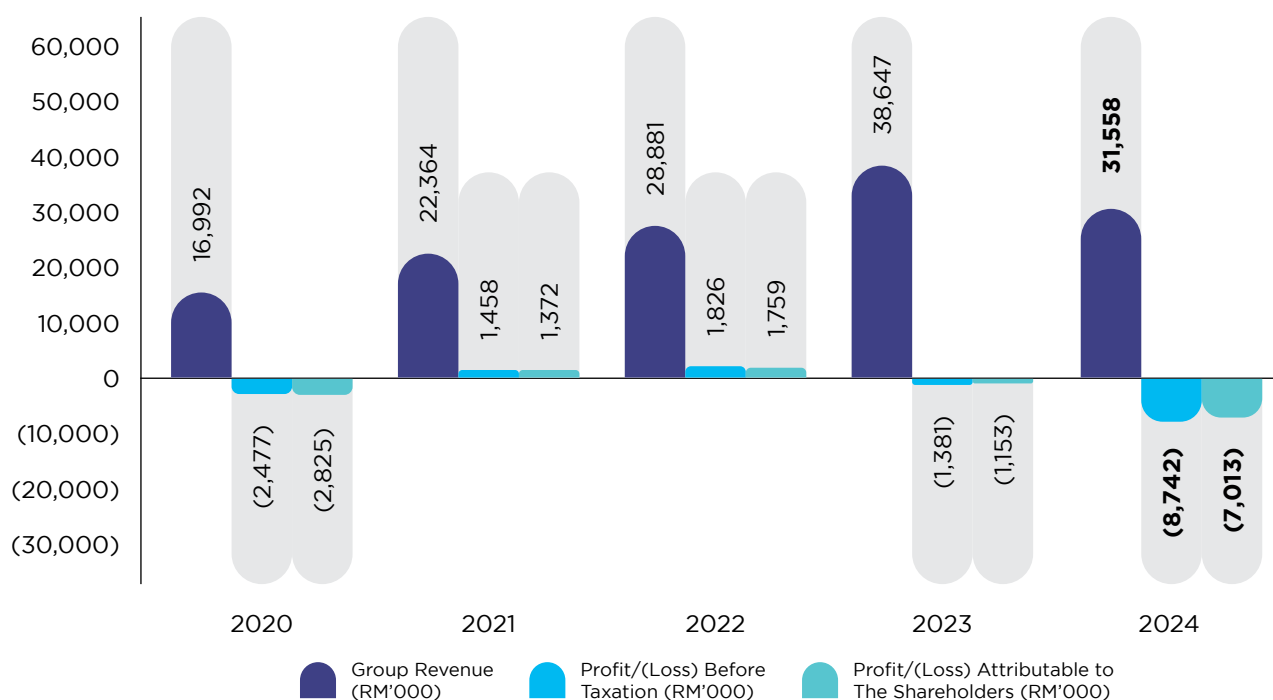
DPSB – Digital Planners Sdn. Bhd.

Notes:

- H.R.H Sultan Sharafuddin Idris Shah is deemed interested in the shares of the Company pursuant to Section 8(4) of the Companies Act 2016 ("the Act") because DPSB, which is his associate within the meaning of Section 8(5)(d) of the Act, has a direct interest of 32.06% in the Company and is a major shareholder of the Company.
- Y.M. Dato' Syed Budriz Putra is deemed interested in the shares of the Company pursuant to Section 8(4) of the Act because DPSB, which is his associate within the meaning of Section 8(5)(e) of the Act, has a direct interest of 32.06% in the Company and is a major shareholder of the Company.
- DPSB has a direct interest of 32.06% in the Company and is a major shareholder of the Company.

FINANCIAL HIGHLIGHTS

FINANCIAL RESULTS



5-YEARS GROUP FINANCIAL SUMMARY

	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
REVENUE					
Operating revenue	16,992	22,364	28,881	38,647	31,558
(Loss)/Profit before taxation	(2,477)	1,458	1,826	(1,381)	(8,742)
(Loss)/Profit after taxation	(2,825)	1,372	1,759	(1,616)	(8,268)
(Loss)/Profit attributable to the shareholders	(2,825)	1,372	1,759	(1,153)	(7,013)
Share capital	40,999	64,719	64,719	64,719	65,551
Reserves/(Accumulated Losses)	(6,940)	(5,542)	(3,651)	(1,852)	(8,468)
Shareholders fund	34,059	59,177	61,068	62,867	57,083
Non-controlling interest	1	1	-	(731)	(1,987)
Total Equity	34,060	59,178	61,068	62,136	55,096
Non-current assets	34,497	56,272	55,938	50,006	50,768
Current assets	7,363	12,112	14,654	46,234	27,812
Total Assets	41,860	68,384	70,592	96,240	78,580
Bank borrowings	737	775	745	754	2,526
Other liabilities	7,063	8,431	8,779	33,350	20,958
Total Liabilities	7,800	9,206	9,524	34,104	23,484
NTA RM/share	0.83	0.91	0.94	0.95	0.84

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I present to you the Annual Report and Audited Financial Statements of Arka Berhad ("Arka") and its group of companies ("the Group") for the financial year ended 31 December 2024 ("FY24").

The Group's sales revenue decreased 18% to RM31.56 million in FY24, from RM38.65 million for the financial year ended 31 December 2023 ("FY23"). Both the logistics and tyre divisions registered lower revenue mainly due to the decrease in warehousing business and sales of new tyres.

Lower demand for warehouse facilities in Kulim and increase in operating costs of the Group have negatively impacted the performance of the Group. As a result, the Group reported a wider loss after tax of RM8.27 million in FY24, from RM1.62 million in FY23.

On a more positive note, the Group saw strong profit contribution of RM7.23 million from our 40% shareholding in IT and software unit, Enfrasys Solutions Sdn. Bhd. ("Enfrasys"). Enfrasys delivered an exceptional performance, achieving an impressive 187% increase in Profit After Tax as compared to the previous year. This remarkable achievement highlights the dedication and expertise of the Enfrasys team in delivering impactful digital and software solutions to clients. This substantial improvement also reflects Enfrasys' enhanced operational efficiency, disciplined cost management, and strategic expansion into high-value digital transformation projects. The significant profit increase amid a dynamic market environment further underscores Enfrasys' strong business fundamentals and its unwavering commitment to delivering sustainable value. Enfrasys' continued success reinforces our confidence in its long-term growth potential. With a clear vision, strong pipeline of opportunities, and an unwavering commitment to innovation, we anticipate even greater achievements in the coming year as Enfrasys further solidifies its position as a trusted partner in the digital transformation landscape.

Our subsidiary, Arka Edge Sdn. Bhd. ("Arka Edge") has started delivering AI-driven solutions, accelerating digital adoption through the integration of cloud, AI and data analytics. These solutions are designed to enhance enterprise efficiency, optimise data utilisation, and drive digital transformation across Malaysia. Building on this momentum, Arka Edge is actively developing additional solutions tailored for the Malaysian market, further reinforcing its commitment to innovation and technological advancement. It was loss making in 2024.

The Board does not recommend any dividend for the year ended 31 December 2024.

I wish to thank my esteemed colleagues, the Management and staff for their continuous commitment and dedication to the Group. My sincere appreciation also goes to our valued shareholders, business partners and other stakeholders for their trust and confidence in our Group.

Last but not least, I wish to express my gratitude to Mr Rajagopal A/L Ramadhass, our former Independent Non-Executive Director of Arka Berhad for his leadership, professionalism and dedication to the Group.

Thank you.

Y.M. Dato' Syed Budriz Putra
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS

Arka Berhad ("Arka") and its group of companies ("the Group") is a diversified conglomerate with core divisions in Technology, Logistics and Tyre.

OPERATIONS REVIEW

Technology Division

Arka Edge Sdn. Bhd. ("Arka Edge")

Arka Edge was established in 2023 by a team of professionals specialising in business consultancy, cloud computing, AI solutions and telecommunications. The Group's strategic goal is to accelerate digital transformation for enterprises in Malaysia. The products offered by Arka Edge are designed to be the complete enablers of the digital ecosystem. They include:

1. Cloud Edge Computing Solutions – Arka Edge's edge computing solutions enable real-time data processing and responsiveness. It also provides comprehensive services and support for cloud application modernisation, focusing on optimisation of cloud applications to improve cost management, enhance business agility, and ensure scalability.
2. Integrated Digital Platform – By leveraging Open API interfaces, Arka Edge's platform enables seamless integration of data and digital solutions. This unification is key to adopting advanced data analytics, unlocking valuable insights, and improving enterprise efficiency through enhanced business visibility.
3. AI-Driven Solutions – Tailored specifically for the Malaysian market, Arka Edge's AI-powered solutions are designed to enhance enterprise productivity and drive digital transformation.

Arka Edge is committed to driving innovation and advancing digital transformation, empowering businesses in Malaysia to thrive in an increasingly connected and competitive landscape.

Enfrasys Solutions Sdn. Bhd. ("Enfrasys")

The Group has 40% shareholding in Enfrasys, a leading system integrator in Malaysia that specialises in Microsoft solutions deployment and licensing reselling. Enfrasys has been at the forefront of digital transformation, helping businesses across various industries, including education, finance, healthcare, government, and oil & gas.

With expertise in cloud computing, cybersecurity, and automation, Enfrasys provides end-to-end IT solutions that enhance efficiency and drive innovation. As a trusted Microsoft partner, Enfrasys offers consulting, implementation, and managed services to support organisations in adopting the latest technologies.

Enfrasys is committed to delivering cutting-edge solutions that empower businesses to succeed in the digital era.

Logistics Division

The Logistics Division has over 40 years of experience in providing comprehensive logistic services across Malaysia, Southeast Asia, and globally, including trucking, container haulage, depot operations, warehousing, freight forwarding, and customs brokerage.

The Logistics Division operates from its main office in Kompleks Sempilai, Seberang Jaya, Penang, with additional regional offices in:

- Pasir Gudang and Nusajaya, Johor (Southern Region)
- Shah Alam, Selangor (Central Region)
- Singapore (Singapore Hub)

It also operates warehousing facilities in Tasek Gelugor, Penang, and Kulim, Kedah, along with a container depot in Mak Mandin, Penang to support the logistics operations. A satellite office in Bukit Kayu Hitam, Kedah was established to strengthen its northern presence.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW (CONT'D)

Logistics Division (Cont'd)

The multiple services under the Logistics Division are currently provided by four companies:

Transocean Logistics Sdn. Bhd. (“TLSB”)

TLSB specialises in conventional trucking, freight forwarding, customs brokerage, container depot operations, and heavy lifting. The Consolidation Cargo (LTL - Loose Truck Load) service is TLSB's primary revenue stream and its forte, especially for the Thailand-Malaysia-Singapore route. TLSB is a trusted partner among electronics and electrical manufacturers for its reliable consolidated cargo trucking services.

TLSB operates 26 units of 40-foot trucks (mother trucks) and 8 feeder trucks. The mother trucks are deployed for long-haul deliveries from Bukit Kayu Hitam/Bayan Lepas/Prai to Johor/Singapore, while the feeder trucks collect smaller shipments from various industrial areas for consolidation. These shipments are then loaded into mother trucks for same-day dispatch, ensuring next-day delivery at the destination.

In addition to its own fleet, TLSB collaborates with third-party transporters to expand its coverage, particularly in areas beyond its direct service network.

For freight forwarding and customs brokerage, TLSB's customs agents are stationed at all major entry points in Malaysia, including Penang Port, Bayan Lepas Airport, Free Trade Zone (FTZ), Tambak Johor, Second-Link, and Bukit Kayu Hitam.

TLSB also operates a container depot in Mak Mandin, Penang, serving international shipping lines. The depot spans 5.2 acres and is equipped with three container lifters and a PTI station (pre-trip inspection) for reefer containers.

Transocean Freight Services Pte. Ltd. (“TFS”), Singapore

TFS functions as the Group's logistics hub in Tuas, Singapore, providing warehousing, cargo consolidation, repacking, palletising, loading/unloading, and customs permit preparation. The hub, supported by a team of 17 staff including drivers, is strategically positioned to ensure next-day delivery for shipments received before noon, covering all major towns in Peninsular Malaysia.

Transocean Distribution Hub Sdn. Bhd. (“TDH”)

TDH operates warehousing facilities in Tasek Gelugor, Penang, and Kulim, Kedah, offering both bonded and non-bonded storage solutions. The warehouses provide a full spectrum of services, including storage, handling, labeling, repacking, cross-docking, and distribution.

Gerak Intensif Sdn. Bhd. (“GI”)

GI provides haulage services with a fleet of 10 prime movers and 70 trailers, primarily serving clients within the northern region for import and export activities at Penang Port. The haulage business also caters to cross-border container transportation between Malaysia and Thailand.

GI holds its own licenses for haulage, trucking, warehousing, and customs brokerage, enabling it to offer comprehensive logistics solutions. By working alongside logistics partners and small transport operators, GI has enhanced its coverage and capacity, reinforcing its position as a leading logistics provider in the region.

Tyre Division

Usmeta Manufacturing Sdn. Bhd. (“Usmeta”)

Usmeta specialises in tyre re-treading and the selling of new tyres for commercial vehicles. The retreading process involves collecting branded used tyre casings, inspecting, repairing, buffing, and applying a pre-cured liner before curing.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW (CONT'D)

Tyre Division (Cont'd)

Usmeta Manufacturing Sdn. Bhd. ("Usmeta") (Cont'd)

Usmeta operates a re-tread tyre factory in Chemor, Perak. The factory is equipped with one cure chamber and cold cure equipment, operated by 21 staff and 14 drivers. The management and sales office is located in Kajang, Selangor.

Usmeta is an authorised agent for Bridgestone and Continental tyres, as well as re-tread tyre partner for Continental's used tyres.

FINANCIAL PERFORMANCE

Total Revenue for the Group decreased by RM7.1 million or 18% to RM31.6 million in the financial year ended 31 December 2024 ("FY2024"), from RM38.6 million in the previous corresponding period. The weaker performance was attributed to a RM4.9 million or 39% drop in warehouse sales compared with that in FY2023. Warehouse utilisation declined due, primarily, to reduced demand from our main customer, which experienced slower demand for vehicle storage.

The Group's Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") decreased to RM1.31 million in FY2024 as compared to RM2.09 million in FY2023. This was mainly due to a slowdown in the Logistics Division and higher operating costs of the Group.

The Group reported a higher loss after tax of RM8.27 million in FY2024, widening from RM1.62 million loss in FY2023, reflecting weaker operating performance and higher cost pressures, which were partially offset by improved contributions from Enfrasys.

BALANCE SHEET

The Group's net assets per share decreased to RM0.84 per share as at 31 December 2024 ("31 Dec 2024"), from RM0.95 per share as at 31 December 2023 ("31 Dec 2023"). Total assets decreased from RM96.2 million to RM78.6 million over the same period. This is mainly due to utilisation of cash and bank balances from disposal of properties to pay creditors and operating expenses.

The Group's total liabilities decreased from RM34.1 million as at 31 Dec 2023 to RM23.5 million as at 31 Dec 2024. This is mainly due to the decrease in trade and other payables, lease liabilities and deferred tax liabilities.

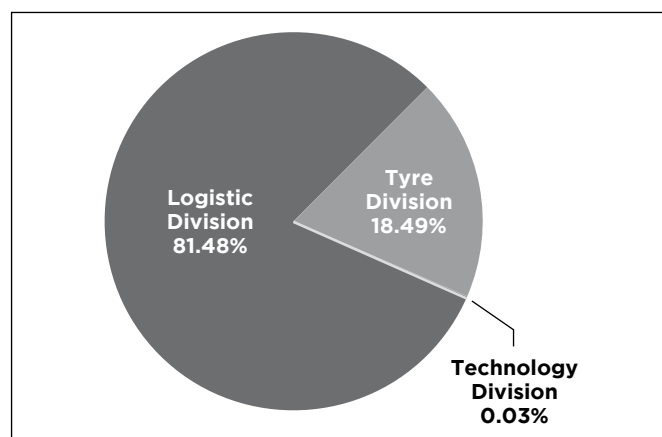
ISO AUDIT COMMITTEE

The Group maintains its ISO 9001:2008 SIRIM System Standards certification. Throughout the year, SIRIM Auditors and the in-house ISO Audit Committee conducted Internal Quality Audits (IQA) and SIRIM surveillance audits to ensure continued compliance with quality standards.

QUALITY, SAFETY, HEALTH AND ENVIRONMENT COMMITTEE (QSHE COMMITTEE)

The Group remains committed to prioritising the safety and health of its employees, vendors, subcontractors, and the public. The QSHE Committee, comprising selected employees, continues to foster a strong safety culture within the organisation. Quarterly safety committee meetings were conducted to monitor and improve safety initiatives.

Revenue by Division FY2024



MANAGEMENT DISCUSSION AND ANALYSIS

QUALITY, SAFETY, HEALTH AND ENVIRONMENT COMMITTEE (QSHE COMMITTEE) (CONT'D)

In FY2024, the Group successfully appointed a certified Safety Officer to enhance compliance with safety regulations. The Emergency Response Team (“ERT”) was further expanded with the establishment of new ERT units at Tasek Gelugor, Kompleks Sempilai, and Nagasari. Additionally, Defensive Driving Technique (“DDT”) training and refresher courses continued to be conducted every six months or as needed to ensure road transport safety, with oversight from the Road Transport Safety Officer (“RTSO”).

MATERIAL LITIGATION

The Group has no material litigation during the year.

PROSPECT

For 2025, the Group’s key focus areas and strategic plans to drive growth and operational efficiency include:

- Accelerating Innovation in Digital Solutions. Delivering solutions powered by cutting-edge technologies such as AI, machine learning (ML) and analytics to drive business efficiency.
- Driving Data Value. Facilitating seamless business analytics across diverse domains through data integration, enhanced by AI capabilities.
- Cloud Services. Ensure flexibility and scalability in our offerings, which include management of modernised cloud applications as a service.
- Delivering Edge Computing for Industrial Needs. Focus on advancing edge computing solutions to meet industrial demands, enabling low-latency environments for AI-driven applications and solutions.
- Continuous implementation of cost-saving initiatives, for fixed overheads, variable operating costs as well as subcontractor expenses.
- Strengthening credit control management and debt collection processes to minimise the risks of bad debts.
- Restructuring of the warehouse business in 2025 to optimise efficiency and profitability.
- Strengthening marketing and sales efforts for the container depot business in Butterworth, leveraging new contracts and bidding opportunities with major international shipping lines and
- Growth of the Sea and Air Freightage Unit, focusing on business expansion opportunities within the existing haulage and trucking customer base.

Overall, the Management is committed to driving innovation, enhancing sales and business development efforts, expanding expertise, and delivering sustained value to customers.

SUSTAINABILITY STATEMENT

INTRODUCTION

Arka Berhad and its group of subsidiaries (“the Group”) continue to uphold sustainability as an essential pillar in our business strategy. We recognise that the long-term success of our business is intrinsically tied to the wellbeing of our environment, economy, people, and the communities where we operate.

As a responsible corporate entity, we are committed to ethical practices, good governance, and contributing positively to society and the environment. By working closely with our customers, suppliers, employees, and stakeholders, we aim to build trust, foster strong relationships, and drive value creation that lasts well into the future.

Sustainability is not a standalone initiative — it is a core priority that forms part of our daily operations, long-term strategies, and stakeholder engagement efforts. The Group remains proactive in keeping abreast of evolving regulatory requirements, market expectations, and sustainability challenges through continuous dialogue with our stakeholders.

BASIS OF PREPARATION

This Sustainability Statement covers the reporting period from 1 January 2024 to 31 December 2024. It is prepared in accordance with the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad and is guided by the Bursa Malaysia Sustainability Reporting Guide & Toolkits, as well as the Global Reporting Initiative (GRI) Standards – Core Option.

Our sustainability approach is also aligned with the United Nations Sustainable Development Goals (“SDGs”), which serve as a global call to action for ending poverty, protecting the environment, and promoting prosperity for all by 2030.

While the Group has not appointed any external assurance provider for this report, internal verification has been conducted to ensure the credibility, accuracy, and integrity of the disclosed information.

SUSTAINABILITY GOVERNANCE

Our sustainability journey is spearheaded by the Board of Directors (“the Board”), who are ultimately responsible for integrating sustainability into the Group’s strategy, governance framework, and operations.

To support the Board’s oversight, the Group has established the Sustainability Management Committee (“SMC”) in February 2023. The committee is chaired by the Chief Executive Officer of the Logistics Division and includes members of Senior Management and Heads of Departments from across the Group.

The SMC is entrusted with executing the Group’s sustainability strategy, monitoring performance, and coordinating Group-wide sustainability-related activities. A dedicated Working Group, led by departmental representatives, ensures the effective implementation of sustainability action plans across all operations.

STAKEHOLDER ENGAGEMENT

We recognise that our stakeholders — both internal and external — play an important role in shaping our strategic decisions and sustainability goals. Engaging with them allows us to better understand their concerns and expectations, build mutual trust, and identify opportunities for long-term value creation.

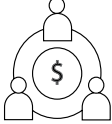
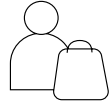
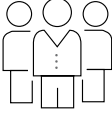
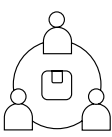
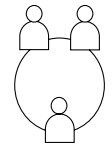
Our stakeholder engagement process is built on openness, respect, and consistency. We maintain regular interactions through both formal and informal channels, and respond to feedback in a timely, transparent, and constructive manner.

Stakeholders are encouraged to share their views on sustainability issues via email at info@arka.com.my, and we remain committed to taking their perspectives into consideration as part of our continuous improvement efforts. In 2024, we conducted regular engagement sessions with key stakeholder groups, including employees, customers, investors, regulators, and business partners. These sessions helped to strengthen relationships and provided valuable insights into stakeholder expectations. No major concerns were identified during the reporting period.

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT (CONT'D)

The table below lists the needs of our different stakeholder groups and how we engaged and addressed their needs.

Stakeholder Groups	Areas of Interest	Engagement Methods
Investors/ Shareholders 	• Business performance • Operation in compliance with applicable laws and regulations • Strategic plans • Good corporate social responsibility and practices	• Engagement with shareholders during the Company's Annual General Meeting • Quarterly reporting • Annual Report • Dissemination of information through the Company's website
Customers 	• Service quality • Reliable delivery • Competitive prices • Sustaining long term relationship	• Customers' feedback • After sales services • Sales and marketing visits
Employees 	• Competitive salary and benefits package • Clear line of reporting and proper communication channel • Work – life balance • Career path and opportunities	• Employee's handbook • Survey on HR practices in the market • Internal training • Engagement with employees • Sports and recreation programme • Occupational safety and health
Vendors 	• Procurement policy and procedures • Prompt payments within credit period • Business prospects and financial stability	• Disseminate procurement policy and procedures • Assessment on suitability of vendors • Reinforcement of code of conduct for ethical practices • Vendor rating
Communities 	• Impact of operations on surrounding environment • Corporate social responsibility	• Engagement with local communities • Provide job opportunities • Pay attention to polluting emissions and effluents
Regulatory authorities 	• Compliance with existing laws • Standards and certification	• Updates on rules and regulations • Consultation with authorities • Attendance at relevant seminars and conferences

MATERIALITY ASSESSMENT

Our approach to identifying key sustainability matters is guided by a structured materiality assessment process, which evaluates the relevance and significance of various Environmental, Social, and Governance (ESG) topics to our Group's operations and stakeholders. This assessment considers both internal and external factors, including current global and local trends in sustainability.

We ensure that our material topics reflect those that have the greatest impact on our business and influence on stakeholder expectations. The materiality assessment process in 2024 was carried out through the following four key phases:

1. Identification and Understanding
 - Gained a thorough understanding of sustainability topics relevant to our industry and operations.
 - Identified our key internal and external stakeholders and compiled their primary concerns and expectations regarding sustainability.

SUSTAINABILITY STATEMENT

MATERIALITY ASSESSMENT (CONT'D)

2. Categorisation and Prioritisation
 - Grouped and prioritised sustainability matters based on their relevance to our operations and the level of stakeholder concern.
 - Developed action plans and reporting frameworks to address the high-priority sustainability topics.
3. Materiality Assessment and Validation
 - Conducted a materiality mapping exercise to evaluate and position each issue based on its impact on our business and its importance to stakeholders.
 - Validated the list of material sustainability matters to ensure they align with our strategic objectives and reflect our commitment to responsible business practices.
4. Review and Continuous Improvement
 - The outcomes of the assessment process were reviewed and approved by the Chairman of the Sustainability Management Committee (SMC).
 - The process is subject to periodic review to ensure relevance and effectiveness, allowing us to refine and enhance our sustainability focus areas as necessary.

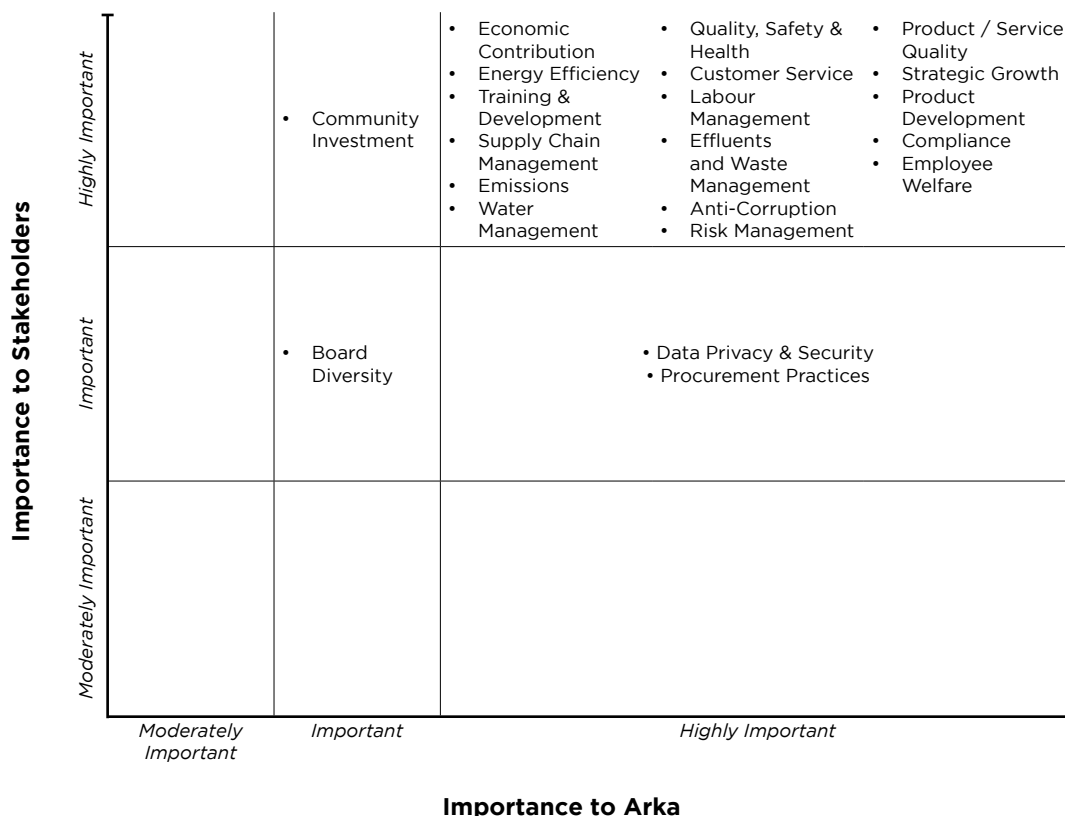
Materiality Matrix Assessment

Materiality assessment is an integral part of our sustainability journey as it enables us to identify and prioritise the material sustainability matters which are important to the Group and various stakeholders. In this regard, Arka benchmarked its material assessment against other logistics companies to ensure that our sustainability process is in line with the industry development.

We assess our material issues to enhance and continually increase the maturity of our approach in managing the sustainability risks and opportunities posed to our business. This helps in ensuring Arka prioritise the issues that have the greatest impact on the economy, the society and the environment.

Based on the assessment, Arka has identified twenty-one (21) material matters in FYE 2024, scaling from "Important" to "Highly Important" in the following Material Matters Matrix: -

Materiality Matrix FY 2024



SUSTAINABILITY STATEMENT

MATERIALITY ASSESSMENT (CONT'D)

Sustainability Approach

At Arka, sustainability remains a cornerstone of our operational philosophy and long-term strategy. We believe that running a safe, efficient, responsible, and profitable business is inseparable from creating sustainable value for all stakeholders—customers, employees, shareholders, suppliers, and the communities we serve.

Our sustainability efforts in 2024 are anchored on five (5) guiding pillars, which reflect the way we identify, manage, and respond to the twenty-one (21) material matters that influence our business. Each pillar is aligned with a set of focus areas and objectives that support our commitment to sustainability, resilience, and value creation across economic, environmental, and social dimensions.

Our sustainability goals within each of the 5 sustainability pillars segregated into Economic, Corporate Governance, Labour Practices, Environmental and Communities are as follows:-

Economic	Environmental	Corporate Governance	Labour Practices	Communities
Strengthen the economic resilience of our stakeholders and contribute meaningfully to national and local economies.	Minimise our environmental footprint and promote responsible stewardship of natural resources.	Maintain strong governance standards based on transparency, accountability, and ethical conducts.	Create a safe, inclusive and empowered workplace where people can thrive.	Deliver long-term positive impact through meaningful engagement and support for local communities.
• Economic Contribution • Strategic Growth • Product/Service Quality • Supply Chain Management • Customer Service • Product Development • Procurement Practices	• Emissions • Energy Efficiency • Water Management • Effluents and Waste Management	• Board Diversity • Risk Management • Compliance • Anti-Corruption • Data Privacy & Security	• Employee Welfare • Training & Development • Labour Management • Quality, Safety & Health	• Community Investment

Our Alignment with the United Nations Sustainable Development Goals (SDGs)

The 17 United Nations Sustainable Development Goals (SDGs), adopted in 2015, provide a shared blueprint for peace, prosperity, and sustainability for people and the planet. At Arka, we continue to map the SDGs into our sustainability strategy, aligning our business operations and initiatives with the goals most relevant to our industry and stakeholder expectations.

For FY2024, we reaffirm our commitment to five (5) priority SDGs that are most aligned with our operations and where we can make the greatest contribution. These goals are mapped across our five sustainability pillars: Economic, Environmental, Corporate Governance, Labour Practices, and Communities.

A. Economic

Relevant SDG: Goal 8 – Decent Work and Economic Growth

We strive to foster sustainable and inclusive economic growth, support productive employment, and ensure decent work conditions for all. Arka's strategic growth, economic contributions, innovation in products and services, and robust procurement and supply chain practices are designed to stimulate economic value creation for all stakeholders, including employees, investors, customers, and local communities.

SUSTAINABILITY STATEMENT

MATERIALITY ASSESSMENT (CONT'D)

Our Alignment with the United Nations Sustainable Development Goals (SDGs) (Cont'd)

B. Environmental

Relevant SDG: Goal 13 – Climate Action

Environmental responsibility is central to our business operations. Through initiatives focused on emissions control, energy and water efficiency and waste management. Arka continues to reduce its environmental footprint while contributing to global efforts against climate change. Our aim is to transition toward more circular and low-impact business models.

C. Corporate Governance

Relevant SDG: Goal 16 – Peace, Justice, and Strong Institutions

Arka is committed to upholding high standards of transparency, ethics, and governance. Our focus areas—anti-corruption, data privacy, risk management, and board diversity—reflect our efforts to create a resilient governance framework that promotes integrity and trust. We believe that strong institutions are key to sustainable business and inclusive growth.

D. Labour Practices

Relevant SDG: Goal 3 – Good Health and Well-Being

We remain focused on promoting a safe, healthy, and empowering work environment. Our commitment to employee welfare, training & development, and occupational health and safety ensures that our workforce remains motivated, capable, and protected. These initiatives are vital for building a people-first culture that supports long-term productivity and retention.

E. Communities

Relevant SDG: Goal 17 – Partnerships for the Goals

We continue to engage and invest in the communities where we operate, forming partnerships that drive positive social impact. Through community investments, charitable collaborations, and capacity-building initiatives (such as local hiring and youth training programs), Arka aims to be a responsible corporate citizen contributing to shared prosperity and sustainable development.

ECONOMIC

A. FINANCIAL PERFORMANCE

Financial Metrics	FY2024	FY2023
Revenue	RM31,558,330	RM38,647,370
Loss Before Tax	RM(8,741,711)	RM(1,380,947)
Loss After Tax	RM(8,268,094)	RM(1,616,073)

In FY2024, the Group recorded a total revenue of RM31.56 million, representing a 18% decrease compared to FY2023. The drop in revenue was largely attributed to a slowdown in logistics demand. Additionally, higher operating costs from our logistics and technology divisions, coupled with inflationary pressures, contributed to a deeper pre-tax loss of RM8.74 million.

Although the Group continued to generate income from its seven core business segments—container haulage, land transportation, warehousing, container depot, freight forwarding, tyre manufacturing, and technology—profitability was adversely impacted by rising operational costs and margin pressures.

SUSTAINABILITY STATEMENT

ECONOMIC (CONT'D)

A. FINANCIAL PERFORMANCE (CONT'D)

With SDG Target 8.1 in focus, our plan going forward includes:

- Expanding our customer base domestically and across ASEAN;
- Increasing warehouse and logistics capacity;
- Enhancing cost control measures and operational synergies;

We continue to uphold the principle that “the customer is always right”. To deliver on this promise, our operational and service teams undergo regular training in customer service, logistics solutions, and soft skills development to enhance client engagement and satisfaction.

To strengthen market presence, we actively participate in industry events and structured logistics programs. Regular customer visits and feedback sessions are conducted to refine our service offering and better tailor our business strategy to market needs.

Our continued certification under ISO 9001:2015 – Quality Management Systems is a testament to our structured and quality-driven management approach. This ensures consistent service quality and enhances overall stakeholder trust and satisfaction.

In FY2024, the annual customer satisfaction survey yielded an improved rating of 4.5 (FY2023: 4.3), reflecting our continuous efforts in maintaining high service standards, especially in QSHE compliance, responsiveness, and ease of engagement.

B. SUPPLIER ASSESSMENT

We view procurement as a critical function in driving value and efficiency across the Group. Our supplier management practices continue to prioritise fairness, quality, and sustainability.

In FY2024, we reinforced our procurement process through:

- Continued use of the sustainability checklist for vendor evaluation;
- Enhanced documentation and multi-sourcing strategies to reduce reliance on single suppliers;
- Periodic vendor performance assessments to ensure compliance with contractual expectations;
- Supporting local sourcing to boost domestic economic activity.

Key evaluation areas in our supplier assessments include:

- Management commitment to sustainability and risk management;
- Labour, safety, environmental and ethical practices;
- Compliance with our internal CSR and governance standards.

All vendors in FY2024 met the minimum sustainability criteria, with no vendors disqualified during the year. Nearly 100% of our procurement for office supplies and vehicle maintenance parts was sourced locally, underscoring our commitment to SDG Target 8.1 by supporting domestic enterprises.

The Group will continue strengthening procurement practices through centralised contracting, digital documentation, supplier diversification, and value-driven negotiations.

ENVIRONMENTAL

A. EMISSIONS

In line with SDG Target 13.2, we continue to monitor and manage the carbon emissions from our logistics and manufacturing activities. Our efforts remain guided by the Environmental Quality (Clean Air) Regulations 1978 under the Department of Environment (DOE). The Group is actively exploring ways to further reduce emissions, including transitioning towards low-emission and fuel-efficient fleet, where feasible.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL (CONT'D)

A. EMISSIONS (CONT'D)

We maintained close collaboration between our QSHE personnel, Coordinators, and Operations team to promote green practices among employees and drivers. Ongoing initiatives include:

- Reinforcing eco-driving practices during toolbox briefings and refresher training sessions.
- Discouraging excessive loads and harsh driving techniques such as speeding and sudden braking.

These practices are part of our continuous effort to reduce fuel consumption, enhance safety, and lower our carbon footprint.

B. ENERGY

Aligned with SDG Target 12.2, the Group focused on cost-saving initiatives across all divisions in FYE 2024 to manage energy usage more efficiently. These initiatives include:

- Implementing stricter monitoring of utility usage across all operating units.
- Enforcing shorter machine idling time during operations.
- Promoting responsible use of energy resources among staff through internal awareness campaigns.
- Encouraging off-peak usage and improving operational scheduling to reduce overall energy consumption.

Such efforts not only contribute to environmental sustainability but also enhance operational cost efficiency, which is critical given the current business landscape.

C. WASTE

The Group continues to adopt stringent waste management practices across its operations. All scheduled wastes are:

- Stored in designated areas with proper labelling and containment,
- Handled and disposed of via licensed and approved transporters, in full compliance with DOE regulations.

Our manufacturing and maintenance units regularly audit waste disposal processes to ensure compliance and identify areas for improvement. Production waste is systematically collected, stored, and sold as recyclable scrap.

We remain committed to zero non-compliance with the Environmental Quality Act 1974 and strive to reduce overall waste generation through better operational planning and material usage.

CORPORATE GOVERNANCE

A. REGULATORY COMPLIANCE

As a responsible corporate entity, the Group adheres to all applicable laws and regulations governing our industry. Our internal policies and SOPs guide the proper execution of processes across departments.

In FYE 2024, we continued to conduct biannual internal audits to evaluate adherence to our management systems. Quarterly walkabouts and site inspections—involving higher management—remained a key part of our proactive compliance and workplace safety approach. These inspections are supported by our QSHE team and are instrumental in identifying potential hazards and areas for improvement.

Additionally, permits, licenses, and certificates are monitored for validity and compliance, as they are vital for contract eligibility and tender participation.

We are pleased to report that no legal or regulatory breaches occurred during the financial year. The Group will continue to implement preventive measures and raise awareness to uphold compliance across all business functions.

SUSTAINABILITY STATEMENT

CORPORATE GOVERNANCE (CONT'D)

B. ANTI-CORRUPTION

The Group adopts a zero-tolerance stance on bribery and corruption. All employees are expected to carry out their responsibilities professionally, ethically, and in accordance with their job roles. Similarly, business partners and service providers must conduct business with fairness and integrity.

The Group's Anti-Bribery and Corruption (ABC) Policy, in compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009), remains fully enforced. This policy is designed to safeguard Directors, officers, and employees from the risk of corruption-related liabilities, in line with SDG Target 16.5.

Key initiatives in FYE 2024 included:

- Regular briefings and communication sessions to raise awareness on anti-corruption practices.
- Inclusion of ABC Policy awareness in employee induction programs.
- Enforcement of disciplinary actions, as stated in the Employee Handbook and Collective Agreement, against any breach of integrity, which may result in termination or legal action.

C. DIVERSITY AND EQUAL OPPORTUNITY

The Group adheres to Bursa Malaysia's requirements on Board independence, leadership effectiveness, and diversity.

As of FYE 2024:

- Two (2) women directors serve on the Board, accounting for 40% female representation, which exceeds the Main Market Listing Requirements (MMLR) minimum threshold.
- We remain committed to supporting SDG Target 5.5, and will continue to promote gender diversity in leadership roles.
- At the Key Senior Management level, there are currently two (2) women holding leadership positions.

D. DATA PRIVACY

The Group recognises that maintaining the trust of stakeholders requires responsible handling of data and digital infrastructure. Data privacy and cybersecurity remain a top priority.

Our ICT Department enforces a comprehensive IT Policy and SOPs that govern the responsible use of IT resources and ensure protection of sensitive information. Security measures include:

- Firewalls, antivirus software, and malware protection,
- Strict access controls and user-level authorisations, and
- Regular system updates and monitoring.

Our operations are supported by the Qubit Enterprise Resource Planning ("ERP") system, which provides real-time visibility over logistics operations, including service ordering, GPS tracking, invoicing, and more. The ERP system is maintained by a trusted third-party IT service provider, ensuring reliable uptime, data integrity, and system security.

We remain committed to enhancing our digital security framework to safeguard employee and customer data from cyber threats.

LABOUR PRACTICES

Our employees are our greatest asset and managing them is our top priority. We have in place our Employee Handbook which outlines our HR policies and practices in compliance with the Employment Act, 1955. In order to retain talent, we offer competitive remuneration packages which is comparable to industry, while creating a healthy and conducive workplace. This approach ensures a stable and productive workforce, supporting our long-term sustainability goals.

SUSTAINABILITY STATEMENT

LABOUR PRACTICES (CONT'D)

We have in place our Code of Conduct governs employee ethics and behaviour in carrying out their duties, both internally and in dealings with customers, vendors, and service providers.

Since its establishment, the Group has been upholding human rights and diversity, as well as no discrimination or harassment based on race, gender, skin colour, ethnicity, social origin, religion, disability, sexual orientation, etc. Our commitment is clearly stated in our Human Rights & Labour Practices Policy. Employees are covered under relevant labour laws including the Employment Act, Industrial Relations Act, and Children & Young Persons Act. To date, there have been zero complaints related to discrimination or human rights within the Group.

We practice a “two-way” communication approach, giving platforms to employees to voice grievances and offer suggestions. Suggestion boxes are placed strategically to facilitate this.

We embrace diversities by celebrating major cultural festivals with our employees, promoting mutual understanding, harmony, and joy across the Group. Employees’ wellbeing remains a priority to ensure happiness and motivation at work.

Employment rights and benefits are clearly stated in offer letters and supporting documents. For drivers, benefits exceed regulatory standards, including:

- Annual leave,
- Comprehensive medical coverage (clinic, hospitalisation, Group Term Life Assurance, Group Personal Accident) aligned with SDG Target 3.8,
- Competitive incentive schemes, and
- Rewards for compliance with Group requirements.

The Group is committed to create a safe and healthy work environment in compliance with laws including the Occupational Safety and Health Act 1994, Environmental Quality Act 1974, and Fire Services Act 1988.

Key initiatives implemented include:

- Establishment of a Safety Committee to oversee safety and health programs
- Regular maintenance and clear placement of fire extinguishers with proper signage
- Firefighting training by certified fire authorities

The Group also ensures that company vehicles are regularly inspected and drivers are sent for training on driving skills and road safety. We continue to strengthen our safety culture through:

- Management walkabouts,
- Monthly inspections,
- QSHE Committee meetings,
- Internal audits and spot checks,
- Safety and health talks and programs, and
- Fire & Evacuation drills.

These efforts contribute towards SDG Target 8.8 on safe and secure working environments.

The learning and development of our employees is central to achieving operational excellence and customer satisfaction, in line with SDG Target 4.4. Training and development programs conducted in FY2024 include:

- Forklift Training for Trainer Course by FR Resources Group Plt,
- Team Building – “Together We Are Better” by Titan Pro Resource,
- ISO Internal Quality Audit (9001:2015), and
- APAD Vehicle Permit & ICOP Safety Compliance and Digitalisation & Globalisation by Koperasi Kastam & PFFA.

We continue to provide internship opportunities for undergraduates, allowing them to gain 6 months of hands-on experience that enhances their academic and future career development.

Our standardised recruitment process ensures proper identification and selection of talents to support business growth.

SUSTAINABILITY STATEMENT

LABOUR PRACTICES (CONT'D)

Sales and management staff are encouraged to attend seminars and technical training to challenge themselves and expand their skill sets. High-potential employees are given career advancement opportunities, with priority given to internal candidates for promotions.

COMMUNITIES

LOCAL COMMUNITY

While we strive to improve our employees' welfare internally, we value giving back to the local community. During FYE 2024, the Group has carried out several initiatives as part of our corporate social responsibility (CSR), including:

- Sponsorship of jerseys and pants to the Kastam Diraja Malaysia Penang Football Team;
- Organising *Majlis Jamuan Raya 2024* to foster festive spirit and community engagement;
- Launch of the *Driver Refer Driver Program* to encourage internal talent sourcing and community involvement; and
- Hosting of the *Company Annual Dinner 2024* as part of our appreciation and engagement efforts.

The Group is dedicated to promote sustainability and has embedded policies within its operations to minimise the impacts of our logistics activities on the environment and the communities where we operate.

This statement is made in accordance with the resolution passed in the Board of Directors' meeting held on 14 April 2025.

SUSTAINABILITY PERFORMANCE REPORT

Indicator	Measurement Unit	2023	2024
Bursa (Anti-corruption)			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Management	Percentage	100.00	100.00
Executive	Percentage	100.00	100.00
Non-executive/Technical Staff	Percentage	100.00	100.00
General Workers	Percentage	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	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	34,304.00	11,203.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	7	7
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	10.00	5.00
Management Between 30-50	Percentage	35.00	42.00
Management Above 50	Percentage	55.00	53.00
Executive Under 30	Percentage	19.00	11.00
Executive Between 30-50	Percentage	57.00	59.00
Executive Above 50	Percentage	24.00	30.00
Non-executive/Technical Staff Under 30	Percentage	36.00	37.50
Non-executive/Technical Staff Between 30-50	Percentage	42.00	50.00
Non-executive/Technical Staff Above 50	Percentage	22.00	12.50
General Workers Under 30	Percentage	4.00	13.00
General Workers Between 30-50	Percentage	58.00	49.00
General Workers Above 50	Percentage	38.00	38.00
Gender Group by Employee Category			
Management Male	Percentage	95.00	89.00
Management Female	Percentage	5.00	11.00
Executive Male	Percentage	47.00	52.00
Executive Female	Percentage	53.00	48.00
Non-executive/Technical Staff Male	Percentage	70.00	67.00
Non-executive/Technical Staff Female	Percentage	30.00	33.00
General Workers Male	Percentage	100.00	100.00
General Workers Female	Percentage	0.00	0.00
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	80.00	60.00
Female	Percentage	20.00	40.00
Under 30	Percentage	20.00	20.00
Between 30-50	Percentage	40.00	20.00
Above 50	Percentage	40.00	60.00
Bursa (Energy management)			
Bursa C4(a) Total energy consumption	Megawatt	378.97	547.09
Bursa (Health and safety)			
Bursa C5(a) Number of work-related fatalities	Number	1	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.25	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	150	155

Internal assurance

External assurance

No assurance

(*)Restated

SUSTAINABILITY PERFORMANCE REPORT

Indicator	Measurement Unit	2023	2024
Bursa (Labour practices and standards)			
Bursa C6(a) Total hours of training by employee category			
Management	Hours	320	144
Executive	Hours	672	420
Non-executive/Technical Staff	Hours	2,528	1,084
General Workers	Hours	1,760	800
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	3.00	24.00
Bursa C6(c) Total number of employee turnover by employee category			
Management	Number	1	2
Executive	Number	0	2
Non-executive/Technical Staff	Number	14	15
General Workers	Number	17	12
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0
Bursa (Supply chain management)			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	81.00	90.00
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
Bursa (Water)			
Bursa C9(a) Total volume of water used	Megalitres	6.824000	9.071000
Bursa (Waste management)			
Bursa C10(a) Total waste generated	Metric tonnes	-	0.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	0.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	0.00
Bursa (Emissions management)			
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	-	2,102.24
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	-	319.52
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	-	42.41

Internal assurance

External assurance

No assurance

(*) Restated

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee (“ARMC”) of ARKA BERHAD comprises three members, all of whom are Independent Non-Executive Directors:-

	No of meeting	Attended	% of attendance
Chairman			
Mr Lee Chin Chuan (Independent Non-Executive Director)	5	4	80%
Members			
Ms Tung Shao Yin (Independent Non-Executive Director)	5	5	100%
Mr Rajagopal A/L Ramadhass (Independent Non-Executive Director) (Retired on 26 June 2024)	3	2	67%
Ms Au Foong Yee (Independent Non-Executive Director) (Appointed on 26 June 2024)	2	1	50%

The ARMC Chairman, Mr. Lee Chin Chuan is a Chartered Accountant registered with the Malaysian Institute of Accountants (“MIA”).

The composition of ARMC meets the requirements of paragraph 15.09(1)(c) of the Main Market Listing Requirements (“MMLR”) which stipulates that at least one member of the ARMC must be a qualified accountant. All members of the ARMC are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the ARMC.

Terms of Reference

The Board will review the Terms of Reference (“TOR”) of the ARMC from time to time (if so required) to ensure the ARMC continues to carry out its functions effectively. The last review of TOR by the Board was conducted in August 2023. The updated TOR of the ARMC is available on the Company’s website www.arka.com.my.

Summary of Activities of the ARMC during the Financial Year

During the financial year ended 31 December 2024, the ARMC carried out the following works in discharging its functions and duties in accordance with the TOR:-

Financial Reporting

- Reviewed the unaudited quarterly financial results with Management and made recommendations to the Board for approval of the same, and
- Reviewed the annual audited financial statements of the Group and Company and the Annual Report and made recommendations to the Board for approval of the same.

External Audit

- Reviewed the independence and competence of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.
- Recommended the proposed re-appointment of external auditors.
- Reviewed the audit plan for the financial year ended 31 December 2024, the nature and scope of the audit procedures, significant accounting and auditing issues, impact of new or proposed changes in the accounting standards and regulatory requirements.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Summary of Activities of the ARMC during the Financial Year (Cont'd)

During the financial year ended 31 December 2024, the ARMC carried out the following works in discharging its functions and duties in accordance with the TOR:- (Cont'd)

External Audit (Cont'd)

- iv. Held meetings and dialogues with the external auditors without the presence of any executive Board members and Management staff, and
- v. Reviewed the external auditors findings and audit report.

Internal Audit

- i. Reviewed the internal auditors' performance throughout the financial year to oversee the adequacy and effectiveness of the internal audit function, and
- ii. Reviewed the audit plan, audit report, findings and recommendations of the internal auditors and Management's response and follow-up actions taken by management on recommendation.

Recurrent Related Party Transactions ("RRPT")

Reviewed the report of RRPT to ensure the actual transacted amounts were within the prescribed approved limit.

Others

Reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2024 which provided an overview of the state of internal controls within the Group prior to the Board's approval.

Internal Audit Function

The Group's internal audit function is outsourced to an independent professional firm which specialised in internal audit and risk management. The Internal Auditors report directly to the ARMC. They assist the Board by reviewing the adequacy and the effectiveness of the internal control system, set up by the management based on scopes approved by the ARMC.

During the financial year under review, Internal Auditors had conducted review on conversion and production and inventory management of Usmeta Manufacturing Sdn. Bhd..

The Internal Auditors had reported that they have discussed with the Management on each of the audit findings raised in their report together with recommendations, and on overall, they are satisfied with the Management's comments and proposed corrective actions towards their audit findings and recommendations.

The total amount of expenses incurred for the internal audit function for the financial year under review is RM5,000.

Risk Management Function

The Board had engaged the service of independent consultant to assist the ARMC to provide assurance to the Board as to whether the Company's risk management is operating adequately and effectively. This is in accordance to Bursa Malaysia Securities Berhad's guidelines on the status of the Group's compliance with the principles and best practices relating to risk management and internal control as stipulated in the Malaysian Code of Corporate Governance.

The scope of work undertaken was to assess the current state of the Risk Management Framework adopted by the Group and encompasses the assessment of the Group's principal risks, as well as the potential losses. The key features and state of internal control and risk management of the Group are furnished in the Statement on Risk Management and Internal Control in this Annual Report.

This statement was approved by the Board of Directors on 14 April 2025.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of ARKA BERHAD (“Company”) recognises the importance of good corporate governance and the need to ensure that the principles and best practices on corporate governance are observed and practiced throughout the Company and its subsidiaries (“Group”). The Board is committed to continue improving and enhancing the Group’s procedures from time to time to ensure that the principles and best practices in corporate governance recommended in the Malaysian Code on Corporate Governance (“the Code”) are applied within the Group to protect and enhance shareholders’ value.

The Board presents this Corporate Governance Overview Statement (“Statement”) to provide shareholders an overview of the corporate governance practices of the Company during the financial year ended 31 December 2024 and up to the latest practicable date of 3 April 2025. This statement should be read in conjunction with the Corporate Governance Report (“CG Report”) of the Company, which provided the details on how the Company has applied each practice as set out in the Code. The CG Report is available for reference at the Company’s website at www.arka.com.my.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD ROLES AND RESPONSIBILITIES

1. Clear Roles of Responsibilities

The Board, comprising the Executive, Non-Independent Non-Executive and Independent Non-Executive Directors takes full responsibility for the overall governance of the Group by ensuring the strategic direction, control and succession plan of the Group, the effective monitoring of performance goals and accountability, the shareholders and all other stakeholders, as well as formalising documentation on matters specifically reserved for its decision and ensuring that the Group’s internal controls, risk management and reporting procedures are well in place. The Management is responsible for the day to day operations of the business and effective implementation of the Board decisions.

The Board recognises the importance of reviewing and adopting strategic business plans and overseeing the conduct of the business in order to ensure that the business is being properly managed.

All the directors are to act in the best interest of the Company and shall disclose to the Board of any interest or potential interest as soon as he becomes aware of such interest. The Company Secretary shall keep a record of such declarations.

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions: -

- a) Reviewing and adopting a strategic plan for the Company;
- b) Approving Business Plan and Annual budgets presented by the Management;
- c) Overseeing the conduct of the Group’s business;
- d) Identifying business risks and the implementation of appropriate internal controls;
- e) Overseeing the development and implementation of a shareholder communication policy;
- f) Reviewing the adequacy and integrity of the Group’s internal control and management information systems; and
- g) Succession planning.

Overall, the internal organisation structure is designed to have clear lines of authority and responsibility for the business and operation strategy, promote fast and accurate decisions, and enhance management transparency and efficiency. The Board regularly reviews the operational and financial reports which are tabled at the Board meetings held at least 4 times a year.

2. Board Meetings & Attendance

Board meetings are scheduled in advance to enable Directors to plan ahead and maximise their attendance. All Directors are provided with agenda together with the Board papers at least 5 working days in advance. This is to enable the Directors to have ample time to review, consider and to deliberate knowledgeably on all issues and to facilitate informed decision making. The Board papers circulated include quarterly reports and annual financial statements, minutes of meetings, management reports, update from regulatory authorities, related party transactions, internal and external audit reports. The Directors have access to all information within the Group to enable them to discharge their responsibilities.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD ROLES AND RESPONSIBILITIES (CONT'D)

2. Board Meetings & Attendance (Cont'd)

During the financial year ended 31 December 2024, the Board held a total of six (6) Board meetings. Details of the attendance record of the Board for the financial year ended 31 December 2024 is set out below: -

Name	Attendance
Non-Independent Non-Executive Chairman	
Y.M. Dato' Syed Budriz Putra	6 of 6
Managing Director ("MD")	
Encik Ibrahim Aiman Bin Mohd Nadzmi	6 of 6
Independent Non-Executive Directors ("INED")	
Mr. Lee Chin Chuan	6 of 6
Ms. Tung Shao Yin	6 of 6
Mr. Rajagopal A/L Ramadhass (<i>Retired on 26 June 2024</i>)	2 of 4
Ms. Au Foong Yee (<i>Appointed on 26 June 2024</i>)	1 of 2

Senior Management staffs are invited to attend Board Meetings. The Board also notes the decisions and salient issues deliberated by the Audit and Risk Management Committee.

All Directors whether as a full Board or in their individual capacity, have full and unrestricted access to the advice and services of the Company Secretaries and Senior Management staff and if necessary, may seek independent professional advice at the Company's expense, to assist them in forming their opinion and findings in the lead up to Board's decision.

3. Supported by Qualified and Competent Company Secretaries

The Board is supported by qualified and competent Company Secretaries who satisfy the qualification prescribed under Section 235 (2) of the Companies Act 2016 and have the requisite experience and competency in company secretarial services.

Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors. The Company Secretaries promptly disseminates communications received from the relevant regulatory and/or governmental authorities.

The Company Secretaries organise and attend all Board meetings and is responsible to ensure that meetings are properly convened and proper records of the proceedings and resolutions passed are taken accurately and maintained at the Registered Office of the Company.

4. Board Charter

The Board has established clear function to provide guidance for Directors regarding the responsibilities of the Board, its Committees, the requirement of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities and which is publicly available, on the Company's website at www.arka.com.my. The Board Charter is subject to periodic review by the Board as and when required.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD ROLES AND RESPONSIBILITIES (CONT'D)

4. Board Charter (Cont'd)

There is a clear division of responsibilities between the Chairman and the MD. Y.M. Dato' Syed Budriz Putra, the Non-Independent Non-Executive Chairman of the Company is primarily responsible for matters pertaining to the Board and overall conduct of the Group. The Chairman is responsible for leading the Board to ensure its effectiveness and the entrenchment of good corporate governance practices within the Group. While, the MD is responsible for the implementation of the Board's decision and policies, overseeing of day to day management and coordination of business and strategic decisions. The Independent Non-Executive Directors ("INED") play a significant role in bringing objectivity and scrutiny to the Board's deliberations and decision making. Any material and important proposals that will significantly affect the policies, strategies, directions and assets of the Group will be subject to approval by the Board. None of the members of the Board has unfettered powers of decision.

5. Code of Conduct and Ethics

The Board strongly believes in applying good working ethics and code of conduct in all business dealings. The Directors of the Group are guided by the Code of Ethics issued by the Companies Commission of Malaysia for Company Directors. The Code of Ethics sets out the principles in relation to sincerity, integrity, responsibility and corporate social responsibility.

Any person who wishes to report a suspected impropriety may submit his/her report to the Chairman of the Audit and Risk Management Committee. The Board will address the disclosure in an appropriate and timely manner and give fair treatment to the alleged wrongdoer.

6. Whistle-blower and Anti-Corruption Policy

The Board has adopted a Whistle-blower Policy and is committed to conduct its business and working with all stakeholders including employees, suppliers, customers, and shareholders in a manner that is lawful and ethically responsible. It expects wrongdoings such as fraud, corruption, serious financial impropriety and gross mismanagement to be reported and actions to be taken where appropriate. The Board will address the disclosure in an appropriate and timely manner and give fair treatment to the alleged wrongdoer.

Pursuant to the amendments to the Malaysian Anti-Corruption Commission Act 2009, the Company has established and adopted an Anti-Corruption and Bribery Policy to prevent corrupt practices. The said Anti-Corruption and Bribery Policy was adopted on 17 June 2020 and is available on the Company's website at www.arka.com.my.

7. Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact of the Group's business on the economic, environmental, and social ("EES") aspects is taken into consideration. Whilst the Group embraces sustainability in its operations and supply chain, the Board has formalised a Sustainability Policy, addressing the EES aspects to be incorporated in the Group's strategy.

II. BOARD COMPOSITION

1. Board Composition and Balance

The Board consists of five (5) Board members, comprising one (1) Non-Independent Non-Executive Chairman, one (1) MD and three (3) INED. During the financial year, Mr Rajagopal A/L Ramadhass had retired and Ms. Au Foong Yee was subsequently appointed.

The Company takes serious effort to have a balance Board which comprises members with suitable academic and professional qualifications, skills, expertise and wide exposure to drive the Group forward. The Board has more than 1/3 Independent Directors as its members. A brief profile of each Director is presented in the Profile of Directors section of this Annual Report. The composition of the members of the Board reflects a good mix of experience, backgrounds, skills and qualifications which are vital to the sustainability and growth of the Group.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

1. Board Composition and Balance (Cont'd)

The Group is led by a strong and experienced Board under the Chairman. The role of Chairman is assumed by Y.M. Dato' Syed Budriz Putra in recognition of his entrepreneurial leadership. Y.M. Dato' Syed Budriz Putra is assisted by 3 INED and 1 MD.

The Board is of the opinion that the 3 INED will provide the necessary check and balance and such composition will be assessed annually.

2. Board Committee

In discharging its fiduciary duties, the Board has delegated specific responsibilities to the following three (3) Board Committees, which operate within the approved Terms of Reference ("TOR"). Notwithstanding the above, all Board Committees do not have executive powers but only the power to make recommendations to the Board. The ultimate responsibility for the final decision lies with the entire Board. These committees are: -

- Nomination Committee ("NC");
- Remuneration Committee ("RC"); and
- Audit and Risk Management Committee ("ARMC")

a. Nomination Committee ("NC") – Selection and Assessment of Directors

The NC currently comprises entirely of INED as follows: -

CHAIRMAN

Ms. Tung Shao Yin

COMMITTEE MEMBERS

Mr. Lee Chin Chuan

Mr. Rajagopal A/L Ramadhass (*Retired on 26 June 2024*)

Ms. Au Foong Yee (*Appointed on 26 June 2024*)

The Board had in May 2022 established a Directors' Fit and Proper Policy which sets out the approach, guidelines and procedures to ensure a formal, rigorous and transparent process is being adhered to for the appointment, re-appointment and re-election of Directors. The said policy is published on the Company's website at www.arka.com.my.

The Board has specific TOR for the NC which cover, inter-alia, to oversee the selection and assessment of Directors to ensure that the board composition meets the needs of the Company. During the year, the NC carried out the following activities: -

- a) Assessed and recommended the re-election and re-appointment of the Directors at the Annual General Meeting ("AGM");
- b) Reviewed the independence of the Independent Directors of the Company;
- c) Reviewed the required mix of skills, experience, composition, size of the Board, contribution of each Director, the effectiveness of the Board Committees and Board as whole;
- d) Recommended the retention of an Independent Director as an Independent Director pursuant to recommendation of the Code;
- e) Reviewed the performance of key officers of the Company;
- f) Reviewed the term of office and performance of ARMC.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

2. Board Committee (Cont'd)

a. Nomination Committee ("NC") – Selection and Assessment of Directors (Cont'd)

The TOR of the NC is available on the Company's website.

In recommending suitable candidates for directorships and Board committees to the Board, the NC takes into consideration the candidate's experience, competency, character, time commitment and potential contribution to the Group. Any new nomination received is recommended to the Board after a comprehensive assessment and the NC's endorsement.

The process of assessing the directors is an on-going responsibility of the entire Board. The Board has put in place a formal evaluation process to annually assess the effectiveness of the Board as a whole and the Board Committees, as well as the contribution and performance of each individual director. The criteria used, amongst others, for the annual assessment of individual director includes the assessment of their roles, duties, responsibilities, competency, expertise and contribution (fit and proper criteria). Whereas, the criteria for the assessment of the performance of the Board and Board Committees cover composition, processes, accountability, responsibilities as well as the fulfillment of duties. Overall, it was concluded that the Board and Board Committees have met the fit and proper criteria in discharging their duties and responsibilities adequately during the financial year 2024.

The Board is mindful of the recommendation of the Code on the establishment of a gender diversity policy for the Board and senior management. Two women Directors, Ms. Tung Shao Yin and Ms. Au Foong Yee were appointed to the Board. The NC shall ensure that women candidates are sought during the recruitment exercise and would consider the requirement of gender diversity in its recommendation to the Board.

b. Remuneration Committee ("RC")

The RC comprises the following members and all of whom are INED: -

CHAIRMAN

Ms. Au Foong Yee (*Appointed on 26 June 2024*)

Mr. Rajagopal A/L Ramadhass (*Retired on 26 June 2024*)

COMMITTEE MEMBERS

Mr. Lee Chin Chuan

Ms. Tung Shao Yin

The RC carries out the annual review of the overall remuneration for Directors and Key Senior Management Personnel whereupon recommendations are submitted to the Board for approval.

The Board has not formulated a remuneration policy for the Directors, but the RC decides on the suitable remuneration package which is linked to performance, responsibility levels and is comparable with the market norm.

The RC ensures that the Senior Management Personnel's remuneration package is fair and able to attract and retain talent.

The remuneration package for the Non-Executive Directors is determined by the Board which comprises the following:

Director's Fees

The fees are payable to the Non-Executive Directors and are recommended by the Board for approval of the shareholders at each AGM.

Meeting allowances

The allowances are payable to the Non-Executive Directors and the MD for attendance of the Board and Committee meetings which shall subject to shareholders' approval pursuant to Section 230(1)(b) of the Companies Act, 2016.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

3. Directors' Remuneration

The details of the Directors' remuneration paid/payable to all Directors of the Company for the financial year ended 31 December 2024 are set out as below: -

	Salaries RM	Allowances RM	Fees RM	EPF RM	Others RM	Total RM
MD	360,000	3,000	-	43,200	121,217	527,417
Non-Executive Directors	-	10,500	168,000	-	-	178,500

Company

Managing Directors

Encik Ibrahim Aiman Bin Mohd Nadzmi	360,000	3,000	-	43,200	121,217	527,417
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Non- Executive Directors

Y.M. Dato' Syed Budriz Putra	-	3,000	60,000	-	-	63,000
Mr. Lee Chin Chuan	-	3,000	36,000	-	-	39,000
Ms. Tung Shao Yin	-	3,000	36,000	-	-	39,000
Mr. Rajagopal A/L Ramadhass (Retired on 26 June 2024)	-	1,000	18,000	-	-	19,000
Ms. Au Foong Yee (Appointed on 26 June 2024)	-	500	18,000	-	-	18,500

Directors Training

The Group recognises the need to upgrade and enhance the skills of the Board members. All existing Directors of the Company have successfully completed the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad ("Bursa Securities") for all Directors of listed companies. They are in the process of attending the Mandatory Accreditation Programme Part II as required by Bursa Malaysia Securities Berhad ("Bursa Securities") for all Directors of listed companies.

The Directors will continue to undergo other relevant training programmes to keep themselves abreast with the relevant changes in laws, regulation and the business development. In addition, the Directors are kept informed with the relevant updates on statutory and regulatory requirements from time to time by the Company Secretaries during Board meetings.

The training programme attended by the existing Directors during the financial year under review among others, were as follows: -

Name Of Directors	Title Of Seminar/Course	Organiser
Ms. Au Foong Yee (Appointed on 26 June 2024)	Conflict of Interest and Governance of Conflict of Interest Board Ethics: Stakeholder Interests, Conflict of Interests & Growing Concerns from New Technology	Bursa Malaysia and Asia School of Business Bursa Malaysia

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit and Risk Management Committee (“ARMC”)

The ARMC comprises three members, all of whom are INED, as follows: -

CHAIRMAN

Mr. Lee Chin Chuan

COMMITTEE MEMBERS

Ms. Tung Shao Yin

Mr. Rajagopal A/L Ramadhass (*Retired on 26 June 2024*)

Ms. Au Foong Yee (*Appointed on 26 June 2024*)

The principal function of the ARMC is to assist the Board in the effective discharge of its fiduciary responsibilities in relation to corporate governance, ensure timely and accurate financial reporting, proper implementation of risk management policies and strategies in relation to the Group’s business strategies and the development of sound internal control system and effective risk management framework.

The Company outsourced the risk management and internal audit functions to independent consultants to identify the principal or potential risks exposed to the Group in pursuing its business objectives and strategies.

In accordance with the best practices of corporate governance, the ARMC presents its report contained in this Annual Report.

All ARMC members are financially literate and the ARMC’s composition and performance are reviewed by the NC annually and tabled to the Board for its notation.

2. Relationship with External Auditors

The Board has established a transparent and appropriate relationship with the external auditors through the ARMC, which has been accorded with the power to communicate directly with the external auditors towards ensuring compliance with the accounting standards and other related regulatory requirements. The role of the ARMC in relation to the external auditors is described in the ARMC Report.

The ARMC performed an annual assessment on the performances, suitability and independence of the external auditors as well as reviewing the non-audit services provided by the external auditors, if any, based on the four keys areas: -

- Quality of services;
- Sufficiency of resources;
- Communication and interaction; and
- Independence and objectivity.

During the financial year ended 31 December 2024, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively were as follows: -

	Group	Company
Statutory audit fees paid/payable to: -		
Grant Thornton Malaysia PLT	RM164,000	RM70,000
Non-audit fees paid/payable to: -		
Grant Thornton Malaysia PLT	RM6,000	RM6,000
Grant Thornton Tax Consultants Sdn. Bhd.	RM24,000	RM5,500
Grant Thornton Taxation Sdn. Bhd.	RM3,500	-

The ARMC is satisfied with the competence and independence of the external auditors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

3. Risk Management and Internal Control Framework

The ARMC together with Internal Audit function, oversees the Enterprise Risk Management (“ERM”) Framework of the Group. The ARMC reviews and identifies areas of potential high risk faced by the Group and advises the Management, makes recommendations to the Board to establish adequate compliance and control over the organisation. The ARMC also reviews risk management policies and makes recommendations to the Board for approval.

The Statement on Risk Management and Internal Control which has been reviewed by the external auditors and included in the Annual Report provides an overview of the state of risk management and internal control within the Group by Risk Management and Internal Control Framework.

4. Internal Audit Function

The internal audit function of the Group is outsourced to an independent professional services firm to provide the ARMC and the Board with the assurance they require pertaining to the adequacy and effectiveness of internal audit control and risk management. The audit personnel are free from any relationships or conflicts of interest, which could impair the objectivity and independence.

The internal audit function is effective and remains independent all the time. The internal audit function is set out in the Statement on Risk Management and Internal Control and ARMC report.

The internal auditors report functionally to the ARMC and has unrestricted access to them. Its function is independent of the activities or operations of other operating units.

PRINCIPLE C : INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Communication with stakeholders

The Group believes in, and emphasizes, the importance of communication among shareholders, stakeholders and the Company. Adequate communication generates and builds public confidence towards the Company. The Board endeavors to ensure that pertinent information such as annual reports, quarterly reports, and announcements are released on a timely basis via: -

- i. Electronic facilities provided by Bursa Securities; and
- ii. Corporate website.

Shareholders, investors and members of the public who wish to contact the Group on any enquiry, comment or proposal can channel them through e-mail to the following person: -

Name	Position	Email Address
Chung Chee Khuen	Chief Financial Officer	info@arka.com.my

Shareholders and investors can obtain the Group's latest announcements such as quarterly financial results at Bursa Securities' website (www.bursamalaysia.com) and the Group's website (www.arka.com.my).

2. Shareholders' Participation at General Meeting

In addition to communicating and engaging shareholders through annual reports, Annual General Meeting (“AGM”), continuing and timely disclosures of information, the Group welcomes dialogues with shareholders and investors at general meeting of the Company.

At each AGM, the Directors of the Company would be present to answer any questions from the shareholders. The Chairman of the meeting provided time for the shareholders to ask questions for each agenda in the notice of the AGM. The external auditors are also present to answer any questions from the shareholders relating to their audit. The shareholders and proxies are also able to engage with the Directors after the meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C : INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

2. Shareholders' Participation at General Meeting (Cont'd)

Notices of AGM are dispatched at least 28 days before the AGM to accord sufficient time for the shareholders to make the necessary arrangements to attend and participate in person or by proxy. In conjunction with this, Annual Reports are dispatched together with all relevant information supporting each proposed resolution to enable the shareholders to evaluate and vote accordingly.

This Corporate Governance statement was approved by the Board of Directors of Arka Berhad on 14 April 2025.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors is pleased to present the Statement on Risk Management and Internal Control for the financial year ended 31 December 2024, which has been prepared pursuant to paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and the Malaysian Code on Corporate Governance ("the Code").

Pursuant to the Guidelines and the Code, the Board is committed to establish a sound risk management framework and internal control system. The internal control is designed to manage rather than to eliminate the risk of failure to meet the Group's business objectives. Therefore it can only provide reasonable but not absolute assurance against material misstatement, operational failure, fraud or loss and this is achieved through a combination of directive, preventive, detective and corrective measures.

THE BOARD RESPONSIBILITIES

The Board recognises the importance of sound risk management practices and internal controls to safeguard shareholders interest and assets of the Group. The Board has undertaken the appropriate initiatives to strengthen the transparency, accountability, and efficiency of the operations. The Board acknowledges its responsibility for the adequacy and the integrity of the Group's system of risk management and internal control which includes the establishment of the appropriate control environment and risk framework, as well as reviewing its adequacy and effectiveness. By virtue of the nature of its business activities, the Board considers its strategic risk appetite and seeks to minimise risks at operational level.

The risk management and internal control system have been in place for the financial year under review and up to the date of approval of this statement. The Board is of the opinion that risk management and internal control system were adequate to address the risk of the Group.

GROUP RISK MANAGEMENT OBJECTIVES

- Ensure the continuity of business and quality services to customers.
- Safeguard the assets of the Group and the interest of all shareholders.
- Provide a happy working environment and taking care of the safety and health of employees.
- Ensure compliance of applicable laws, regulations and the code.

RISK MANAGEMENT FRAMEWORK

The Board has established a risk management framework with the objective of setting clear guidelines in relation to the levels of risk acceptance to the Group. The system of Risk Management and Internal Control is designed to meet the Group's objectives and strategies, and the risks to which it is exposed. The key aspects of our risk management framework are as follows:

- **Identification of specific risk areas**
Annual risk survey is carried out with the involvement of Head of Department for identifying risks posed to the Group. Risks identified are assessed and discussed by the Audit and Risk Management Committee ("ARMC") based on the Group's business environment, incident analysis, findings of internal audits and analysis of the Group's performance relative to the business growth and strategy.
- **Evaluation of the causes and consequences**
Risk analysis and evaluation is carried out using scenario based assessments to assess the potential impact to the Group.
- **Managing and rating of risk**
Risks identified are assessed based on their likelihood of occurrence and their impact to the Group.
- **Risk mitigation and action plan**
Implementation of tactical solutions to soften or mitigate risks, including preventive and detective controls and measures.

In providing oversight of risk management framework and policies of the Group, the Board is assisted by the ARMC which had identified the following risks that are significant to the business operations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK (CONT'D)

Market Risks

- Loss of key customers – due to macroeconomic downturn, other market conditions and stiff competition.
- Escalating cost of services – depreciation of Ringgits and other cost escalations.

Operation Risks

- Warehouse management – the risk of fire, theft & burglary.
- Road accidents - road accident and rough handling causing damage to customers' cargo.

Financial Risks

- Credit risk – close monitoring on the performance of customers to avoid bad debts.

The Management has come out with the appropriate internal controls to mitigate the above identified risks and the Board is satisfied with the results of the controls in place.

INTERNAL CONTROL STRUCTURE

The Board acknowledges the importance of maintaining a sound internal control system. The Group's system of internal control is embedded in the day to day operational and management process as follows:

- **Credit policies and control** – new customers must go through the credit evaluation process before customers' profiles, credit terms and limits are keyed into the master database to kick start the trading process.

The Credit Control Committee reviews the performance of the customers and status of credit on weekly basis. Exceptions are highlighted to senior management for the necessary actions on debts recovery.

- **Billing and documents** – the Group operates with cloud based Enterprise Resource Planning System (ERP) with live data connectivity for cross border activities. Warehousing, haulage and manufacturing sectors are operated with server based system. Delivery orders, invoices and custom declaration forms are generated from the system. Monitoring on mileage and fuel consumption is managed from Prai control room.
- **Protection on customers' cargo** – the warehouse is covered with fire and warehouse liabilities insurance. Goods in transit are covered by transporters liabilities insurance and also goods in transit Insurance.
- **Road Safety** – drivers are given continuous training on safer ways to drive truck, handling of goods and trucking documents.

The Board has engaged an independent professional firm, which reports to the ARMC to provide internal audit services to assist the Board in providing the assurance it requires on the effectiveness as well as the adequacy and integrity of the Group's system of internal control.

The Board recognises that the internal audit function is an important and integral component of the governance process. The principal responsibility of the internal audit function is to assist the ARMC in monitoring compliance with policies and procedures and the effectiveness and adequacy of the risk management and internal control systems in operation.

Assurance from Management

The Board has obtained assurance from senior management that the risk management and internal control system of the Group are operating adequately and effectively in all material aspects, based on the risk management framework adopted by the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Board's Statement on Risk Management and Internal Control

The Board of Directors is of the view that the risk management and internal control system are satisfactory and have not resulted in any material losses that would require disclosure in the Annual Report for the year ended 31 December 2024 up to the date of this statement.

The external auditors have reviewed this statement pursuant to the scope set out in Audit and Assurance Practice Guide 3 (AAPG 3) - Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Company for the year ended 31 December 2024. Based on the procedures performed, the external auditors have reported to the Board that nothing has come to their attention that cause them to believe that the statement is not prepared in all material respects, in accordance with the disclosures required by paragraphs 41 to 42 of the Guidelines, nor is this statement factually incorrect.

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

This statement was approved by the Board on 14 April 2025.

STATEMENT OF DIRECTORS' RESPONSIBILITY

In Relation to Audited Financial Statements for the Financial Year Ended 31 December 2024

This statement is prepared pursuant to Paragraph 15.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board of Directors is responsible for ensuring that the financial statements for the financial year under reviewed are prepared in accordance with Malaysian Financial Reporting Standards (MFRS), IFRS Accounting Standards and the requirements of the Companies Act 2016 so as to 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 cash flows for the financial year then ended.

In preparing the financial statements, the Directors have ensured that appropriate accounting policies have been consistently applied, take reasonable and prudent judgements and estimates and that all applicable MFRS and IFRS Accounting Standards and the requirements of the Companies Act 2016 are complied with.

The Directors have also ensured that the Group and the Company have kept proper accounting records which disclose with reasonable accuracy, the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the MFRS, IFRS Accounting Standards and the requirements of the Companies Act 2016.

The Directors have also taken such steps as are reasonable to safeguard the assets of the Group and of the Company, to prevent and to detect fraud and other irregularities.

This statement is made in accordance with the resolution of the Board of Directors passed on 14 April 2025.

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, provision of management services and letting of properties. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Loss for the financial year	<u>8,268,094</u>	<u>14,469,113</u>
Attributable to:		
Owners of the Company	7,012,846	
Non-controlling interests	<u>1,255,248</u>	
	<u>8,268,094</u>	

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The Company is not in a position to pay any dividend in view of the accumulated losses as at the reporting date.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued share capital from 65,098,350 ordinary shares to 65,499,250 ordinary shares through the issuance of 400,900 new ordinary shares, granted for free to employees under the Company's Employee Share Grant Plan ("ESGP"). The new ordinary shares issued rank pari passu with the existing ordinary shares of the Company.

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

DIRECTORS

The Directors of the Company in office since the end of the previous financial year to the date of this report are:

Directors of the Company:

Dato' Syed Budriz Putra Jamalullail
Ibrahim Aiman Bin Mohd Nadzmi*
Lee Chin Chuan
Tung Shao Yin
Au Foong Yee (Appointed on 26 June 2024)
Rajagopal A/L Ramadhass (Retired on 26 June 2024)

*Director of the Company and subsidiaries

The names of the Directors of certain subsidiaries other than those named above are as follows:

Ahmad Izwan Bin Ibrahim
Chung Chee Khuen
Dushyanthan A/L Vaithiyanathan
Ismail Bin Ibrahim
Khairuddin Bin Abdul Rahman
Melvin Tjahaja Hai Yang
Muhammad Hariz Bin Mohd Nadzmi
Omar Fakhruddin Bin Mohd Nadzmi
Tay Eu Jin
Theresa A/P Micheal (Appointed on 16 July 2024)
Muhammad Aznan Bin Abdul Rahman (Resigned on 16 July 2024)

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests and deemed interests in the shares of the Company and its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at the end of the financial year (including their spouses or children) are as follows:-

	<u>Number of ordinary shares</u>			
	At <u>1.1.2024</u>	<u>Bought</u>	<u>Sold</u>	At <u>31.12.2024</u>
Indirect interests				
Dato’ Syed Budriz Putra Jamalullail#	21,000,000	-	-	21,000,000

Deemed to have an interest in the shares pursuant to Section 8(4) of the Companies Act 2016 because Digital Planners Sdn. Bhd., which is his associate within the meaning of Section 8(5)(e) of the Companies Act 2016, has a direct interest of 32.06% in the Company and is a major shareholder of the Company.

By virtue of Dato' Syed Budriz Putra Jamalullail's substantial interests in the shares of the Company, he is also deemed to have interests in the shares of all the subsidiaries to the extent that the Company has an interest under Section 8 of the Companies Act 2016.

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

DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the remuneration and other benefits received and receivable by the Directors of the Company are as follows:

	Group and Company RM
Salaries and allowance	488,500
Defined contribution plan	43,200
Social security contribution	1,217
Directors' fee	<u>168,000</u>
	<u><u>700,917</u></u>

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REMUNERATION AND BENEFITS (CONT'D)

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed above and Note 28 to the financial statements) 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, other than those related party transactions disclosed in the notes to the financial statements.

OPTIONS AND GRANTS OVER UNISSUED SHARES

At an Extraordinary General Meeting held on 26 February 2024, the Company obtained its shareholders' approval for the establishment and implementation for a Long Term Incentive Plan ("LTIP") comprising an Employee Share Option Scheme ("ESOS") and an Employee Share Grant Plan ("ESGP").

The salient features of the LTIP are, inter alia, as follows:

- (a) Maximum number of ordinary shares ("Arka Shares" or "Shares") available under the LTIP

The maximum number of Arka Shares which may be made available under the LTIP shall not in aggregate exceed 15% of the total number of issued Arka Shares (excluding treasury Shares, if any) at any point of time during the duration of the LTIP ("Maximum Shares").

In the event the aggregate number of Shares which may be awarded under the LTIP exceeds the Maximum Shares at any point in time as a result of the Company purchasing or cancelling Shares in accordance with the requirements of the Companies Act 2016 and/or undertaking any corporate proposal(s) resulting in the reduction of the Company's total number of issued Shares, no further LTIP Awards shall be granted by the LTIP Committee until such aggregate number of Shares already awarded under LTIP Awards falls below the Maximum Shares. During this period, entitlement to the Shares arising from LTIP Awards which have already been granted at that point in time shall remain valid and exercisable in accordance with the provisions of the By-Laws.

- (b) Eligibility to participate in the LTIP

Subject to the discretion of the LTIP Committee, only employees and Directors of the Company and its subsidiaries (excluding subsidiaries of the Company which are dormant) ("Eligible Person") who fulfil the conditions prescribed by the LTIP Committee as at the date of the LTIP Awards shall be eligible to participate in the LTIP.

The LTIP Committee may, in its absolute discretion, waive any of the conditions of eligibility in accordance with the By-Laws. There are no performance targets to be achieved by the LTIP Participants before the ESOS Options can be exercised into Arka Shares and ESGP Awards can be vested. Notwithstanding this, the LTIP Committee may from time to time at its own discretion decide on the performance targets in the future prior to granting of the LTIP Awards.

OPTIONS AND GRANTS OVER UNISSUED SHARES (CONT'D)

The salient features of the LTIP are, inter alia, as follows (cont'd):

(c) Maximum allowable allotment and basis of allocation

The allocation of Arka Shares to be made available for the LTIP Awards shall be determined by the LTIP Committee from time to time during the duration of the LTIP as determined by the LTIP Committee.

Subject to the By-Laws, the maximum number of Arka Shares awarded to any one Eligible Person under the LTIP at any point of time in each LTIP Award shall be at the sole and absolute discretion of the LTIP Committee after taking into consideration, amongst other factors, the Eligible Person's designation, role, function, length of service, contribution to the relevant company within the Group and/or such other factors as the LTIP Committee deems fit, and subject to the following conditions:

- (i) the total number of Arka Shares made available under the LTIP shall not exceed the amount in Section (a) above;
- (ii) not more than 10% of the total number of issued Shares made available under the LTIP shall be allocated to any Eligible Person, who either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the total number of issued Shares of the Company (excluding treasury shares, if any);
- (iii) not more than 75% of the total ESOS Awards shall be allocated to the Directors and senior management of the Group (excluding subsidiaries of the Company which are dormant) who are Eligible Persons whilst 100% of the ESGP Awards shall be allocated to the Directors and senior management of the Group (excluding subsidiaries of the Company which are dormant), who are Eligible Persons. The maximum allowable allocation to the Directors and senior management of the Group is determined after taking into consideration, amongst other factors, the designation, role, function, length of service, contribution of the Directors and senior management towards the growth and performance of the Group; and
- (iv) the Directors and senior management of the Group shall not participate in the deliberation or discussion of their respective allocations as well as to persons connected with them, if any.

(d) Duration of the LTIP

The LTIP was implemented on 15 May 2024 and is in force for a period of five years from the date of implementation.

OPTIONS AND GRANTS OVER UNISSUED SHARES (CONT'D)

The salient features of the LTIP are, inter alia, as follows (cont'd):

(e) Basis of determining the exercise price

For the ESOS, subject to any adjustments made in accordance with the By-Laws and the Listing Requirements, the exercise price which will be payable by the ESOS Participants upon the exercise of the ESOS Options shall be based on the five day volume-weighted average market price of Arka Shares at the ESOS Award Date, with a discount of not more than 10% during the duration of the LTIP, as determined by the Directors upon recommendation of the LTIP Committee.

The new Shares pursuant to the ESGP will vest with the ESGP Participants at no cost to the ESGP Participants. The reference price of the ESGP Awards to be awarded will be determined based on the fair value of the ESGP Awards, which will take into account, amongst others, the market price of the Shares as at or prior to the award date of the ESGP Awards.

On 6 August 2024, the Company issued 400,900 new ordinary shares to Eligible Person pursuant to the ESGP. The closing share price on the vesting date of 6 August 2024 was RM1.90 per share. The vesting of the shares under the ESGP was subject to the Eligible Person remain in employment with the Group as at the vesting date.

The ESOS has not been granted since the implementation date.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There was no indemnity given to or insurance effected for any of the Directors, officers or auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, 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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate provision 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 their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D)

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 provision 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) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

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

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; and
- (ii) 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 current financial year in which this report is made.

DIRECTORS’
REPORT

AUDITORS

The Auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

The amount of audit and other fees paid or payable to the auditors and its member firms by the Group and the Company for the financial year ended 31 December 2024 amounted to RM197,500 and RM81,500 respectively. Further details are disclosed in Note 25 to the financial statements.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT to the extent permissible under the requirements of the Companies Act 2016 in Malaysia. However, no payment has been made arising from this indemnity for the financial year.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 April 2024.

.....)	
DATO’ SYED BUDRIZ PUTRA JAMALULLAIL)	
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)	DIRECTORS
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.....)	
IBRAHIM AIMAAN BIN MOHD NADZMI)	

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 69 to 129 are properly drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 April 2025.

DATO' SYED BUDRIZ PUTRA JAMALULLAIL

IBRAHIM AIMAN BIN MOHD NADZMI

STATUTORY DECLARATION

I, Chung Chee Khuen, the Officer primarily responsible for the financial management of Arka Berhad, do solemnly and sincerely declare that the financial statements set out on pages 69 to 129 are to the best of my knowledge and belief, 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 this day of)
29 April 2025)

.....

CHUNG CHEE KHUEN
(MIA NO. 12584)
CHIEF FINANCIAL OFFICER

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Arka 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 69 to 129.

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 cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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.

Report on the Audit of Financial Statements (cont'd)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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 Matter	How our audit addressed the Key Audit Matter
Impairment of trade receivables (Note 9 to the financial statements) The Group has significant trade receivables as at the reporting date and is subject to credit risk exposures. We focus on this area as the assessment of the expected credit losses of trade receivables involves management's judgement and estimation uncertainty in determining the probability of default occurring by considering the ageing of trade receivables, historical loss experience and forward-looking information.	Our audit procedures in relation to the impairment of trade receivables included, amongst others, the following: • Obtaining an understanding of: - the Group's internal control over the trade receivables' collection process; - how the Group identifies and assesses the impairment of trade receivables; and - how the Group makes the accounting estimates for impairment of trade receivables. • Reviewing the application of the Group's policy for calculating the expected credit losses and whether it complies with MFRS 9; • Reviewing the ageing analysis of the trade receivables and testing the reliability thereon; • Reviewing subsequent collections for major customers and overdue amounts; • Making inquiries of management regarding the action plans to recover overdue balances; • Examining other relevant evidence; and • Assessing the recoverability of balances and the adequacy of impairment loss for significant outstanding balances based on the expected credit loss model applied by the Group.

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

Report on the Audit of Financial Statements (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover 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 this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities 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, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Report on the Audit of Financial Statements (cont'd)

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 misstatements, 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 the 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements 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 or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

Report on the Audit of Financial Statements (cont'd)

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

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

- 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 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 units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

INDEPENDENT AUDITORS' REPORT

Other Matter

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

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

LUI LEE PING
(NO: 03334/11/2025 (J))
CHARTERED ACCOUNTANT

Kuala Lumpur
29 April 2025

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	5,395,548	3,045,404	-	8,375
Right-of-use assets	4	14,018,294	21,937,130	-	-
Investment in subsidiaries	5	-	-	5,910,605	7,776,870
Investment in an associate	6	31,248,247	25,019,729	20,000,000	20,000,000
Deferred tax assets	7	105,513	3,507	-	-
Total non-current assets		50,767,602	50,005,770	25,910,605	27,785,245
Current assets					
Inventories	8	721,713	574,022	-	-
Trade receivables	9	7,982,241	11,095,471	-	-
Contract assets	10	52,840	-	-	-
Other receivables	11	2,591,717	2,760,495	11,631	11,631
Amount due from subsidiaries	12	-	-	2,057,072	695,006
Tax recoverable		377,033	146,764	-	93,095
Fixed deposits with licensed banks	13	13,488,133	3,851	12,277,500	-
Cash and bank balances		2,598,574	1,654,126	1,714,953	494,611
Total current assets		27,812,251	16,234,729	16,061,156	1,294,343
Assets held-for-sale	14	-	30,000,000	-	30,000,000
		27,812,251	46,234,729	16,061,156	31,294,343
TOTAL ASSETS		78,579,853	96,240,499	41,971,761	59,079,588
EQUITY AND LIABILITIES					
Share capital	15	65,551,213	64,718,664	65,551,213	64,718,664
Other reserves	16	1,152,640	13,806,809	497,041	13,050,000
Accumulated losses		(9,620,743)	(15,657,897)	(24,983,133)	(23,564,020)
		57,083,110	62,867,576	41,065,121	54,204,644
Non-controlling interests		(1,986,603)	(731,355)	-	-
Total equity		55,096,507	62,136,221	41,065,121	54,204,644
Non-current liabilities					
Deferred tax liabilities	7	-	1,825,801	-	1,783,000
Lease liabilities	4	6,382,916	13,738,474	-	-
Borrowings	17	1,651,018	398,333	-	-
Total non-current liabilities		8,033,934	15,962,608	-	1,783,000
Current liabilities					
Trade payables	18	4,284,048	6,097,167	-	-
Other payables	19	2,963,211	4,728,059	546,145	2,977,274
Lease liabilities	4	7,081,127	6,960,764	-	-
Borrowings	17	875,187	355,680	-	-
Amount due to subsidiaries	12	-	-	114,669	114,670
Tax payable		245,839	-	245,826	-
Total current liabilities		15,449,412	18,141,670	906,640	3,091,944
Total liabilities		23,483,346	34,104,278	906,640	4,874,944
TOTAL EQUITY AND LIABILITIES		78,579,853	96,240,499	41,971,761	59,079,588

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2024

		Group		Company	
	Note	2024	2023	2024	2023
		RM	RM	RM	RM
Revenue	20	31,558,330	38,647,370	1,350,000	5,100,000
Other income	21	628,050	498,916	150,513	6,589
Finance income		103,694	-	103,694	-
Share of profit of an associate		7,228,518	2,542,711	-	-
Cost of inventories consumed		(4,388,355)	(5,765,631)	-	-
Crane and forklift charges		(3,041,036)	(4,167,170)	-	-
Depreciation of property, plant and equipment		(916,523)	(1,022,911)	-	(196,754)
Depreciation of right-of-use assets		(7,450,990)	(2,036,799)	-	-
Impairment loss on property, plant and equipment		-	(391,066)	-	(391,066)
Allowance for expected credit losses on receivables					
- additions		(264,128)	(222,187)	(9,038,966)	(1,450,247)
- reversal		-	-	-	60,665
Employee benefits expense	22	(14,791,939)	(10,891,803)	(3,779,036)	(1,413,130)
Fuel and freight expenses		(3,235,191)	(1,952,453)	-	-
Levies		(715,127)	(705,449)	-	-
Repairs and maintenance of premises		(138,345)	(183,380)	-	-
Repairs and maintenance of motor vehicles		(1,603,959)	(2,115,816)	-	-
Expenses relating to short-term leases		(1,335,718)	(5,210,523)	-	-
Expenses relating to lease of low-value assets		(9,906)	(7,295)	-	-
Other operating expenses		(8,683,502)	(7,981,874)	(3,723,648)	(3,288,659)
Operating loss		(7,056,127)	(965,360)	(14,937,443)	(1,572,602)
Finance costs	24	(1,685,584)	(415,587)	-	-
Loss before tax	25	(8,741,711)	(1,380,947)	(14,937,443)	(1,572,602)
Tax income/(expense)	26	473,617	(235,126)	468,330	303,661
Loss for the financial year		(8,268,094)	(1,616,073)	(14,469,113)	(1,268,941)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM	<u>2024</u> RM	<u>2023</u> RM
		Group		Company	
Other comprehensive (loss)/income, net of tax					
Item that will not be reclassified					
subsequently to profit or loss:					
Revaluation of freehold land and buildings, net		-	2,540,944	-	2,540,944
Item that will be reclassified					
subsequently to profit or loss:					
Foreign currency translation					
differences for foreign operation		(101,210)	142,868	-	-
Total other comprehensive (loss)/income, net of tax		(101,210)	2,683,812	-	2,540,944
Total comprehensive (loss)/income for the financial year		(8,369,304)	1,067,739	(14,469,113)	1,272,003
Loss attributable to:					
Owners of the Company		(7,012,846)	(1,153,183)	(14,469,113)	(1,268,941)
Non-controlling interests		(1,255,248)	(462,890)	-	-
		(8,268,094)	(1,616,073)	(14,469,113)	(1,268,941)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(7,114,056)	1,530,629	(14,469,113)	1,272,003
Non-controlling interests		(1,255,248)	(462,890)	-	-
		(8,369,304)	1,067,739	(14,469,113)	1,272,003
Loss per share attributable to owners of the Company (sen)					
- Basic	27	(10.75)	(1.77)		
- Diluted	27	(10.68)	(1.77)		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2024

	----- Attributable to Owners of the Company -----					
	Share capital	Non-distributable Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM
2024						
Balance at beginning	64,718,664	13,806,809	(15,657,897)	62,867,576	(731,355)	62,136,221
Transactions with owners:-						
Issuance of shares pursuant to the ESGP	832,549	(832,549)	-	-	-	-
Employee share grant expenses	-	1,329,590	-	1,329,590	-	1,329,590
Total transactions with owners	832,549	497,041	-	1,329,590	-	1,329,590
Realisation of revaluation reserve upon disposal	-	(13,050,000)	13,050,000	-	-	-
Total comprehensive loss for the financial year	-	(101,210)	(7,012,846)	(7,114,056)	(1,255,248)	(8,369,304)
Balance at end	65,551,213	1,152,640	(9,620,743)	57,083,110	(1,986,603)	55,096,507
2023						
Balance at beginning	64,718,664	11,191,591	(14,841,774)	61,068,481	-	61,068,481
Transaction with owners:-						
Disposal of partial interest in a subsidiary	-	-	268,466	268,466	(268,465)	1
Realisation of revaluation reserve upon depreciation	-	(68,594)	68,594	-	-	-
Total comprehensive income/ (loss) for the financial year	-	2,683,812	(1,153,183)	1,530,629	(462,890)	1,067,739
Balance at end	64,718,664	13,806,809	(15,657,897)	62,867,576	(731,355)	62,136,221

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

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2024

	Share capital RM	Non- distributable Other reserves RM	Accumulated losses RM	Total equity RM
2024				
Balance at beginning	64,718,664	13,050,000	(23,564,020)	54,204,644
Transactions with owners:-				
Issuance of shares pursuant to the ESGP	832,549	(832,549)	-	-
Employee share grant expenses	-	1,329,590	-	1,329,590
Total transactions with owners	832,549	497,041	-	1,329,590
Realisation of revaluation reserve upon disposal	-	(13,050,000)	13,050,000	-
Total comprehensive loss for the financial year	-	-	(14,469,113)	(14,469,113)
Balance at end	<u>65,551,213</u>	<u>497,041</u>	<u>(24,983,133)</u>	<u>41,065,121</u>
2023				
Balance at beginning	64,718,664	10,577,650	(22,363,673)	52,932,641
Realisation of revaluation reserve upon depreciation	-	(68,594)	68,594	-
Total comprehensive income/(loss) for the financial year	-	2,540,944	(1,268,941)	1,272,003
Balance at end	<u>64,718,664</u>	<u>13,050,000</u>	<u>(23,564,020)</u>	<u>54,204,644</u>

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2024

		Group	Company		
	Note	2024 RM	2023 RM	2024 RM	2023 RM
OPERATING ACTIVITIES					
Loss before tax		(8,741,711)	(1,380,947)	(14,937,443)	(1,572,602)
Adjustments for:					
Allowance for expected credit losses on receivables					
- additions		264,128	222,187	9,038,966	1,450,247
- reversal		-	-	-	(60,665)
Deposits written off		24,000	-	-	-
Depreciation of property, plant and equipment		916,523	1,022,911	-	196,754
Depreciation of right-of-use assets		7,450,990	2,036,799	-	-
Dividend income		-	-	(1,000,000)	(4,500,000)
Loss on disposal of investment in subsidiaries		-	-	-	1,960
Property, plant and equipment written off		133,092	-	8,375	-
Impairment loss on property, plant and equipment		-	391,066	-	391,066
Impairment loss on investment in subsidiaries		-	-	2,606,885	2,624,430
Loss on disposal of property, plant and equipment		83,127	34,124	-	-
Gain on disposal of assets held-for-sale		(150,000)	-	(150,000)	-
Interest expense		1,685,584	415,587	-	-
Interest income		(103,694)	-	(103,694)	-
Investment in a subsidiary written off		-	-	-	1
Rent concessions		-	(164,150)	-	-
Unrealised gain on foreign exchange		(166,381)	-	-	-
Share of profit of an associate		(7,228,518)	(2,542,711)	-	-
Employee share grant expenses		1,329,590	-	864,548	-
Operating (loss)/profit before working capital changes		(4,503,270)	34,866	(3,672,363)	(1,468,809)
Changes in:					
Inventories		(147,691)	(235,191)	-	-
Receivables		4,061,154	(4,696,260)	-	599
Contract assets		(52,840)	73,086	-	-
Payables		(3,537,113)	5,013,972	(2,431,129)	2,412,428
Cash (used in)/generated from operations		(4,179,760)	190,473	(6,103,492)	944,218
Income tax paid		(542,158)	(96,012)	(14,094)	(13,296)
Income tax refunded		146,015	157,511	81,015	-
Interest paid		(123,116)	(50,849)	-	-
Net cash (used in)/from operating activities		(4,699,019)	201,123	(6,036,571)	930,922
INVESTING ACTIVITIES					
Acquisition of shares in new subsidiary		-	-	-	(1)
Advances to subsidiaries		-	-	(10,676,610)	(2,084,588)
Advances to a related party		(4,877)	-	-	-
Net change in fixed deposits pledged with licensed bank		(1,456,782)	(306)	(250,000)	-
Dividend received		-	-	1,000,000	4,500,000
Interest received		103,694	-	103,694	-
Purchase of property, plant and equipment	A	(1,052,385)	(600,690)	-	-
Proceeds from disposal of a subsidiary		-	-	-	1
Proceeds from disposal of property, plant and equipment		28,499	70,000	-	-
Proceeds from disposal of assets held-for-sale, net of RPGT		29,107,330	-	29,107,330	-
Net cash from/(used in) investing activities		26,725,479	(530,996)	19,284,414	2,415,412
Balance carried forward		22,026,460	(329,873)	13,247,843	3,346,334

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2024

		Group		Company	
	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM	<u>2024</u> RM	<u>2023</u> RM
Balance brought forward		22,026,460	(329,873)	13,247,843	3,346,334
FINANCING ACTIVITIES					
Proceeds from disposal of partial interest in subsidiary that does not involve loss of control		-	1	-	-
Repayment to subsidiaries	B	-	-	(1)	(3,047,538)
Repayment to related parties	B	(21,538)	(33,034)	-	-
Repayment of lease liabilities	B	(6,765,605)	(1,806,905)	-	-
Interest paid	B	(1,562,468)	(326,585)	-	-
Repayment of borrowings	B	(686,808)	(305,647)	-	-
Net cash used in financing activities		<u>(9,036,419)</u>	<u>(2,472,170)</u>	<u>(1)</u>	<u>(3,047,538)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		12,990,041	(2,802,043)	13,247,842	298,796
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(18,093)	15,167	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING		<u>1,654,126</u>	<u>4,441,002</u>	<u>494,611</u>	<u>195,815</u>
CASH AND CASH EQUIVALENTS AT END		<u>14,626,074</u>	<u>1,654,126</u>	<u>13,742,453</u>	<u>494,611</u>
Represented by:					
Fixed deposits with licensed banks		13,488,133	3,851	12,277,500	-
Cash and bank balances		<u>2,598,574</u>	<u>1,654,126</u>	<u>1,714,953</u>	<u>494,611</u>
		16,086,707	1,657,977	13,992,453	494,611
Less: Fixed deposits pledged with a licensed bank		<u>(1,460,633)</u>	<u>(3,851)</u>	<u>(250,000)</u>	<u>-</u>
		<u>14,626,074</u>	<u>1,654,126</u>	<u>13,742,453</u>	<u>494,611</u>

NOTES TO THE STATEMENTS OF CASH FLOWS

A. Purchase of property, plant and equipment

	Group	
	<u>2024</u> RM	<u>2023</u> RM
Total purchase of property, plant and equipment	3,511,385	915,690
Acquired under finance lease arrangements	<u>(2,459,000)</u>	<u>(315,000)</u>
Total cash acquisitions	<u>1,052,385</u>	<u>600,690</u>

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2024

NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

B. Liabilities arising from financing activities

Reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities is as follows:

	Balance at <u>beginning</u> RM	Net cash <u>flows</u> RM	Rent <u>concessions</u> RM	<u>Others</u> RM	Balance at <u>end</u> RM
Group					
<u>2024</u>					
Lease liabilities	20,699,238	(8,328,073)	-	1,092,878	13,464,043
Borrowings excluding bank overdrafts	754,013	(686,808)	-	2,459,000	2,526,205
Other payables - related parties	41,538	(21,538)	-	-	20,000
	<u>21,494,789</u>	<u>(9,036,419)</u>	<u>-</u>	<u>3,551,878</u>	<u>16,010,248</u>
<u>2023</u>					
Lease liabilities	923,443	(2,133,490)	(164,150)	22,073,435	20,699,238
Borrowings excluding bank overdrafts	744,660	(305,647)	-	315,000	754,013
Other payables - related parties	74,572	(33,034)	-	-	41,538
	<u>1,742,675</u>	<u>(2,472,171)</u>	<u>(164,150)</u>	<u>22,388,435</u>	<u>21,494,789</u>
			Balance at <u>beginning</u> RM	Net cash <u>flows</u> RM	Balance at <u>end</u> RM
Company					
<u>2024</u>					
Amount due to subsidiaries			<u>114,670</u>	<u>(1)</u>	<u>114,669</u>
<u>2023</u>					
Amount due to subsidiaries			<u>3,162,208</u>	<u>(3,047,538)</u>	<u>114,670</u>

¹ Others consist of non-cash movement as follows:

	Group	
	<u>2024</u> RM	<u>2023</u> RM
Accretion of interest	1,562,468	364,738
Addition of lease liabilities	-	21,658,093
Foreign currency translation	(45,367)	50,604
Lease modification	(424,223)	-
Property, plant and equipment acquired by finance lease arrangements	<u>2,459,000</u>	<u>315,000</u>
	<u>3,551,878</u>	<u>22,388,435</u>

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2024

NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

C. Cash outflows for leases as lessee

	Group	
	<u>2024</u>	<u>2023</u>
	RM	RM
Payments relating to short term leases	1,335,718	5,210,523
Payment relating to lease of low-value assets	9,906	7,295
Payment of lease liabilities	6,765,605	1,806,905
Interest paid in relation to lease liabilities	<u>1,562,468</u>	<u>326,585</u>
	<u>9,673,697</u>	<u>7,351,308</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

1. GENERAL INFORMATION

The Company is a public limited 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 Suite 18.05, MWE Plaza, No. 8, Lebuhr Farquhar, 10200 George Town, Pulau Pinang, Malaysia.

The principal place of business of the Company is located at Tingkat 5F - 08, Kompleks Sempilai, Jalan Sempilai, 13700 Seberang Jaya, Pulau Pinang, Malaysia.

The principal activities of the Company are investment holding, provision of management services and letting of properties. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 April 2025.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and by the Company.

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of measurement (cont'd)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and presentation currency

Ringgit Malaysia ("RM") is the presentation currency of the Group and of the Company and all values are rounded to the nearest RM except when otherwise stated.

Ringgit Malaysia is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operation has different functional currency.

2.4 Basis of consolidation

The Group's financial statements consolidate those of the parent company and all of its subsidiaries as at 31 December 2024. All subsidiaries have a reporting date of 31 December.

2.5 Adoption of new standards/amendments/improvements to MFRSs

At the beginning of the current financial year, the Group and Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2024.

2. BASIS OF PREPARATION (CONT'D)

2.5 Adoption of new standards/amendments/improvements to MFRSs (cont'd)

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements of the Group and the Company.

2.6 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability
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Amendments to MFRSs effective for annual periods beginning on or after 1 January 2026

Amendments to MFRS 1*, MFRS 7, MFRS 9, MFRS 10 and MFRS 107	First-time Adoption of Malaysian Financial Reporting Standards, Financial Instruments: Disclosures, Financial Instruments, Consolidated Financial Statements and Statement of Cash Flows
Amendments to MFRS 9 and MFRS 7	Financial Instruments and Financial Instruments: Disclosures: Amendments to the Classification and Measurement of Financial Instruments
Amendments to MFRS 9 and MFRS 7	Financial Instruments and Financial Instruments: Disclosures: Contracts Referencing Nature-dependent Electricity

MFRSs effective for annual periods beginning on or after 1 January 2027

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

Amendments to MFRSs effective for a date yet to be confirmed

Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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* Not applicable to the Group's and the Company's operation

The initial application of the above applicable standards and amendments are not expected to have any material impacts to the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION (CONT'D)

2.7 Significant accounting estimates and judgements

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

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

2.7.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options

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 it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers 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 the option to renew or to terminate.

The Group has not included the extension options period as part of the lease term for lease of warehouse, office premise and motor vehicles as it is not reasonably certain that the extension options will be exercised. The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

2. BASIS OF PREPARATION (CONT'D)

2.7 Significant accounting estimates and judgements (cont'd)

2.7.2 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 financial year are discussed below:

Useful lives of depreciable assets

Property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of the depreciable assets to be within 3 to 50 years and reviews the useful lives of depreciable assets at each reporting date. At the reporting date, management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. Actual results, however, may vary due to change in the expected level of usage, physical wear and tear and technological developments, which may result in adjustments to the Group's and the Company's assets.

Revaluation of property, plant and equipment

The Group and the Company measure their land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income. The Group and the Company engaged independent valuation specialists to determine fair value upon revaluation.

Provision for expected credit losses of receivables and contract assets

The Group uses a provision matrix to calculate expected credit losses for receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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

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

2. BASIS OF PREPARATION (CONT'D)

2.7 Significant accounting estimates and judgements (cont'd)

2.7.2 Key sources of estimation uncertainty (cont'd)

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 financial year are discussed below (cont'd):

Impairment of non-financial assets

Non-financial assets are tested for impairment whenever there is objective evidence or indication that these assets may be impaired. Judgement is required to determine if any such indication exists, based on the evaluation of both internal and external sources of information. If any such indication exists, management assesses the recoverable amount of the non-financial assets based on the fair value less cost to sell which approximates the extent of the net assets held by the non-financial assets at the reporting date. If the recoverable amount of the non-financial assets is less than its carrying amount, an impairment loss is recognised in profit or loss to reduce the carrying amount of the non-financial assets.

Leases - estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation 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 IBR using observable inputs when available and is required to make certain entity-specific estimates.

Income taxes/Deferred tax liabilities

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the Group's and Company's provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities 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 recorded, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

2. BASIS OF PREPARATION (CONT'D)

2.7 Significant accounting estimates and judgements (cont'd)

2.7.2 Key sources of estimation uncertainty (cont'd)

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 financial year are discussed below (cont'd):

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits will be available against which all they 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.

Assumptions about generation of future taxable profits depend on estimation of future sales, operating costs, capital expenditure, dividends and other capital management transactions which are highly judgemental. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainties, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised unused tax losses, unrecognised unabsorbed capital allowances and unrecognised temporary differences.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

3. PROPERTY, PLANT AND EQUIPMENT

Group

	At valuation	At cost				
	Buildings RM	Warehouse machinery and equipment RM	Office renovation RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
<u>2024</u>						
At valuation/cost						
Balance at beginning	63,490	1,213,627	1,066,739	841,563	14,564,098	17,749,517
Additions	-	-	-	618,233	2,893,152	3,511,385
Disposal	-	-	-	-	(187,533)	(187,533)
Written off	-	-	(525,321)	(142,195)	-	(667,516)
Reclassification	(63,490)	-	63,490	-	-	-
Balance at end	-	1,213,627	604,908	1,317,601	17,269,717	20,405,853
Accumulated depreciation						
Balance at beginning	-	1,115,285	906,034	670,211	12,012,583	14,704,113
Current charge	-	9,953	71,262	87,449	747,859	916,523
Disposal	-	-	-	-	(75,907)	(75,907)
Written off	-	-	(392,230)	(142,194)	-	(534,424)
Balance at end	-	1,125,238	585,066	615,466	12,684,535	15,010,305
Carrying amount	-	88,389	19,842	702,135	4,585,182	5,395,548

	At valuation		At cost				
	Freehold land RM	Buildings RM	Warehouse machinery and equipment RM	Office renovation RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
<u>2023</u>							
At valuation/cost							
Balance at beginning	17,500,000	11,063,490	1,210,747	1,066,739	734,296	15,649,433	47,224,705
Additions	-	-	2,880	-	107,267	805,543	915,690
Disposal	-	-	-	-	-	(1,890,878)	(1,890,878)
Revaluation	4,500,000	(2,608,934)	-	-	-	-	1,891,066
Transfer to assets held-for-sale	(22,000,000)	(8,391,066)	-	-	-	-	(30,391,066)
Balance at end	-	63,490	1,213,627	1,066,739	841,563	14,564,098	17,749,517
Accumulated depreciation							
Balance at beginning	-	440,000	1,098,458	816,538	622,273	13,114,021	16,091,290
Current charge	-	183,334	16,827	89,496	47,938	685,316	1,022,911
Disposal	-	-	-	-	-	(1,786,754)	(1,786,754)
Revaluation	-	(623,334)	-	-	-	-	(623,334)
Balance at end	-	-	1,115,285	906,034	670,211	12,012,583	14,704,113
Accumulated impairment							
Balance at beginning	-	-	-	-	-	-	-
Current charge	-	391,066	-	-	-	-	391,066
Transfer to assets held-for-sale	-	(391,066)	-	-	-	-	(391,066)
Balance at end	-	-	-	-	-	-	-
Carrying amount	-	63,490	98,342	160,705	171,352	2,551,515	3,045,404

Leased assets which are included in the property, plant and equipment of the Group are motor vehicles with carrying amount of RM3,504,062 (2023: RM1,094,033), have been pledged as securities for the finance lease liabilities as disclosed in Note 17 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company

	----- At valuation -----		----- At cost -----		
	Freehold <u>land</u> RM	<u>Buildings</u> RM	Office <u>renovation</u> RM	Furniture, fittings and <u>equipment</u> RM	<u>Total</u> RM
<u>2024</u>					
At valuation/cost					
Balance at beginning	-	-	150,438	142,195	292,633
Written off	-	-	(150,438)	(142,195)	(292,633)
Balance at end	-	-	-	-	-
Accumulated depreciation					
Balance at beginning	-	-	142,064	142,194	284,258
Written off	-	-	(142,064)	(142,194)	(284,258)
Balance at end	-	-	-	-	-
Carrying amount	-	-	-	-	-
<u>2023</u>					
At valuation/cost					
Balance at beginning	17,500,000	11,000,000	150,438	142,195	28,792,633
Revaluation	4,500,000	(2,608,934)	-	-	1,891,066
Transfer to assets held-for-sale	(22,000,000)	(8,391,066)	-	-	(30,391,066)
Balance at end	-	-	150,438	142,195	292,633
Accumulated depreciation					
Balance at beginning	-	440,000	128,644	142,194	710,838
Current charge	-	183,334	13,420	-	196,754
Revaluation	-	(623,334)	-	-	(623,334)
Balance at end	-	-	142,064	142,194	284,258
Accumulated impairment					
Balance at beginning	-	-	-	-	-
Current charge	-	391,066	-	-	391,066
Transfer to assets held-for-sale	-	(391,066)	-	-	(391,066)
Balance at end	-	-	-	-	-
Carrying amount	-	-	8,374	1	8,375

3. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Impairment loss

In the prior financial year, management has performed an impairment assessment on the freehold land and buildings based on the latest developments and information. The recoverable amount was determined by an independent professional valuer using the market comparison approach and the cost replacement approach and are within Level 2 and Level 3 of the fair value hierarchy respectively.

Level 2 Fair Value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1, that are observable for the freehold land, either directly or indirectly.

Level 2 fair value of freehold land has been generally derived using the market comparison approach. Selling prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is price per square foot of comparable properties (Please refer to Note 2.2 for definition of Level 1 to 3 fair value hierarchy).

Level 3 Fair Value

Level 3 fair value is estimated using unobservable inputs for the buildings. The buildings have been derived using replacement cost approach, i.e. the cost to replace a similar building giving equivalent utility at current construction costs, including the finance charges, professional fees, builder's profit and overheads and other incidental expenses. This cost will be based on a similar building erected according to present day materials, construction technology standards, design and layout.

The depreciation value of the existing building is obtained after making allowance for physical deterioration, functional obsolescence affecting the building, when compared to a new and similar building.

Accordingly, impairment loss on buildings of the Group and of the Company amounted to RM391,066 was recognised within impairment loss on property, plant and equipment in the statements of profit or loss and other comprehensive income in the prior financial year.

Material accounting policy information

(a) Recognition and measurement

All property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably.

3. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Material accounting policy information (cont'd)

(b) Depreciation

Depreciation is recognised on the straight-line method in order to write off the cost or valuation of each asset over its estimated useful life.

Property, plant and equipment are depreciated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful lives, at the following annual rates:

Buildings	2% - 10%
Warehouse machinery and equipment	10% - 20%
Office renovation	10% - 20%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	14.28% - 20%

Freehold land with an infinite life is not depreciated.

4. **RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

Group as a lessee

The Group has lease contracts for land, warehouse and office premise and motor vehicles used in its operations that have lease terms of between 3 to 42 years (2023: 3 to 42 years). The lease contracts restrict the Group from assigning and subleasing the leased assets.

4. **RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)**

Group

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the financial year:

	<u>Land</u> RM	<u>Warehouse and office premise</u> RM	<u>Motor vehicles</u> RM	<u>Total</u> RM
2024				
Balance at beginning	15,829,124	6,034,707	73,299	21,937,130
Depreciation	(5,065,173)	(2,222,941)	(162,876)	(7,450,990)
Lease modification	(424,223)	-	-	(424,223)
Reclassification	-	(258,468)	258,468	-
Foreign currency translation difference	-	(31,190)	(12,433)	(43,623)
Balance at end	<u>10,339,728</u>	<u>3,522,108</u>	<u>156,458</u>	<u>14,018,294</u>
2023				
Balance at beginning	1,760,413	324,137	183,936	2,268,486
Addition	15,232,036	6,426,057	-	21,658,093
Depreciation	(1,163,325)	(748,223)	(125,251)	(2,036,799)
Foreign currency translation difference	-	32,736	14,614	47,350
Balance at end	<u>15,829,124</u>	<u>6,034,707</u>	<u>73,299</u>	<u>21,937,130</u>

Lease liabilities

Set out below are the carrying amounts of lease liabilities recognised and the movements during the financial year:

	<u>2024</u> RM	<u>2023</u> RM
Balance at beginning	20,699,238	923,443
Addition	-	21,658,093
Lease modification	(424,223)	-
Accretion of interest	1,562,468	364,738
Payments		
- Principal	(6,765,605)	(1,806,905)
- Interest	(1,562,468)	(326,585)
Rent concessions *	-	(164,150)
Foreign currency translation	(45,367)	50,604
Balance at end	<u>13,464,043</u>	<u>20,699,238</u>

4. **RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)**

Group (cont'd)

Lease liabilities (cont'd)

Set out below are the carrying amounts of lease liabilities recognised and the movements during the financial year (cont'd):

* Rent concessions is in relation to the rental expenses waived by the landlord

	<u>2024</u> RM	<u>2023</u> RM
Analysed as:		
Current	7,081,127	6,960,764
Non-current	<u>6,382,916</u>	<u>13,738,474</u>
Balance at end	<u><u>13,464,043</u></u>	<u><u>20,699,238</u></u>

The maturity analysis of lease liabilities is disclosed in Note 32.2.2 to the financial statements.

Material accounting policy information

(a) Recognition and measurement

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

(b) Depreciation

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Land	3 to 42 years
Warehouse and office premise	3 to 4 years
Motor vehicles	3 years

(c) Recognition exemption

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

5. INVESTMENT IN SUBSIDIARIES

		Company	
	Note	2024 RM	2023 RM
Unquoted shares, at cost		19,515,405	19,515,405
ESGP granted to subsidiaries' employee	(a)	465,042	-
Irredeemable convertible preference shares	(b)	275,578	-
Less: Accumulated impairment losses			
Balance at beginning		(11,738,535)	(9,195,795)
Addition		(2,606,885)	(2,624,430)
Disposal		-	75,591
Written off		-	6,099
Balance at end		(14,345,420)	(11,738,535)
		<u>5,910,605</u>	<u>7,776,870</u>

- (a) The Company issued shares as disclosed in Note 16 to the financial statements to the employees of the subsidiary. The shares issued to the employees of the subsidiary is a deemed investment in this subsidiary which had paid the employees in lieu of their services in shares of the Company.
- (b) During the financial year, an amount of RM275,578 (2023: Nil) due from a subsidiary was capitalised by way of investment in irredeemable convertible preference shares upon the allotment of 275,578 units (2023: Nil) of irredeemable convertible preference shares by the subsidiary to the Company at an issue price of RM1.00 each.

The impairment losses were recognised to adjust the carrying amount of investment in subsidiaries as the recoverable amounts were lower than the carrying amount due to continuous losses incurred by the subsidiaries.

Impairment losses on investment in subsidiaries is included in other operating expenses.

The recoverable amount was estimated to be at RM5,311,543 (2023: RM7,177,808). The recoverable amount of the investment in subsidiaries are assessed by reference to the fair value less cost to sell of the respective subsidiaries.

Details of the Level 3 fair value method used in obtaining the recoverable amounts are as follows:-

Valuation method and key inputs	Significant unobservable inputs	Relationship of unobservable inputs and fair value
Adjusted net asset method which derives the fair value of an investee's equity instruments by reference to the fair value of its assets and liabilities	Fair value of individual assets and liabilities	The higher the net assets, the higher the fair value

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries, all of which are incorporated and whose principal places of business are in Malaysia, except where indicated, are as follows:

Name of subsidiaries	Effective equity interest		Principal activities
	<u>2024</u> %	<u>2023</u> %	
Arka Edge Sdn. Bhd.	80	80	Providing solutions and platforms in digital services related to Edge Technologies.
Arka Data Sdn. Bhd.	100	100	Providing data management, analytics and artificial intelligence related services.
Transocean Distribution Hub Sdn. Bhd.	100	100	Provision of warehousing and trucking related services.
Usmeta Manufacturing Sdn. Bhd.	100	100	Manufacturing and trading of tyres.
Gerak Intensif Sdn. Bhd.	100	100	Provision of container haulage services.
Transocean Freight Services Pte. Ltd. (Incorporated and principal place of business in Singapore)*	100	100	Provision of freight forwarding and trucking related services.
Transocean Logistics Sdn. Bhd.	100	100	Provision of custom brokerage, freight forwarding, trucking, international air and ocean freight services, warehousing and depot services.
Transocean Haulage Services Sdn. Bhd.	35	35	Temporarily ceased operations.
Indirect - held through Arka Edge Sdn. Bhd.			
Speedload Transport (KL) Sdn. Bhd.	100	100	Temporarily ceased operations.
Transocean Haulage Services Sdn. Bhd.	^	^	Temporarily ceased operations.
Indirect - held through Transocean Logistics Sdn. Bhd.			
Transocean Haulage Services Sdn. Bhd.	65	65	Temporarily ceased operations.

* Not audited by Grant Thornton Malaysia PLT

^ Less than 1% equity interest

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

In prior financial year, the Company incorporated and subscribed 100% of the equity interest in Arka Data Sdn. Bhd., comprising 1 ordinary share at RM1 each, for a total cash consideration of RM1.

5.1 Disposal of interest in a subsidiary without loss of control

On 19 June 2023, the Company completed the disposal of 20% of equity interest in AESB to a non-controlling interest for a cash consideration of RM1. As a result of this disposal, the Company decrease its ownership in AESB from 100% to 80%.

The carrying amount of AESB net liabilities in the Group's financial statements at the date of disposal was RM1,342,324. The Group recognised a decrease in non-controlling interest of RM268,465 and an increase in retained earnings of RM268,466. The net cash inflow arising from the disposal amounted to RM1.

5.2 Subsidiary with material non-controlling interests

The Group's subsidiary, Arka Edge Sdn. Bhd. has material non-controlling interests ("NCI") are as follows:-

	<u>2024</u>	<u>2023</u>
	RM	RM
NCI percentage of ownership interest and voting interest	20%	20%
Carrying amount of NCI	<u>(1,986,603)</u>	<u>(731,355)</u>
Loss/Total comprehensive loss allocated to NCI	<u>(1,255,248)</u>	<u>(462,890)</u>

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

5.2 Subsidiary with material non-controlling interests (cont'd)

The summary of financial information before intra-group elimination for the Arka Edge Sdn. Bhd. that has material NCI are as follows:-

	<u>2024</u> RM	<u>2023</u> RM
<u>Financial position</u>		
Non-current assets	630,589	80,715
Current assets	425,185	430,516
Current liabilities	(10,248,169)	(4,168,006)
Net liabilities	(9,192,395)	(3,656,775)
ESGP granted by holding company	(465,042)	-
Irredeemable convertible preference shares	(275,578)	-
	<u>(9,933,015)</u>	<u>(3,656,775)</u>
<u>Financial performance</u>		
Revenue	9,921	204,500
Loss/Total comprehensive loss for the financial year	(6,276,240)	(2,314,451)
<u>Cash flows for the financial year</u>		
Net cash used in operating activities	(7,917,394)	(1,240,926)
Net cash used in investing activities	(594,998)	(89,988)
Net cash from financing activities	8,732,002	1,533,913
Cash inflow	<u>219,610</u>	<u>202,999</u>

5.3 Material accounting policy information

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

6. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	<u>2024</u> RM	<u>2023</u> RM	<u>2024</u> RM	<u>2023</u> RM
At cost				
Unquoted shares, at cost	20,000,000	20,000,000	20,000,000	20,000,000
Share of post-acquisition reserve	<u>11,248,247</u>	<u>5,019,729</u>	<u>-</u>	<u>-</u>
	<u>31,248,247</u>	<u>25,019,729</u>	<u>20,000,000</u>	<u>20,000,000</u>

6. **INVESTMENT IN AN ASSOCIATE (CONT'D)**

This investee is engaged in the system integration and software engineering industry to provide Microsoft licensing services.

Name	Principal place of business	Effective interest (%)		Principal activities
		2024	2023	
Enfrasys Solutions Sdn Bhd*	Malaysia	40	40	Business of providing training and consultancy services in the field of information technology including without limitation software development, system integration, programming, change management and strategic planning and any other information technology related activities.

** Not audited by Grant Thornton Malaysia PLT*

6. INVESTMENT IN AN ASSOCIATE (CONT'D)

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

	Group	
	<u>2024</u>	<u>2023</u>
	RM	RM
<u>Enfrasys Solutions Sdn. Bhd.</u>		
Financial position		
Non-current assets	3,469,391	2,974,740
Current assets	90,579,926	80,311,700
Non-current liabilities	(34,458)	(293,960)
Current liabilities	<u>(54,278,302)</u>	<u>(58,827,217)</u>
Net assets	<u>39,736,557</u>	<u>24,165,263</u>
Summary of financial performance for the financial year		
Profit/Total comprehensive income for the financial year	<u>18,071,294</u>	<u>6,356,776</u>
Group's share of results for the financial year	<u>7,228,518</u>	<u>2,542,711</u>
Reconciliation of net assets to carrying amount		
Group's share of net assets	15,894,623	9,666,105
Goodwill	<u>15,353,624</u>	<u>15,353,624</u>
Carrying amount	<u>31,248,247</u>	<u>25,019,729</u>
Other information		
Dividend received	<u>1,000,000</u>	<u>-</u>

Contingent liabilities and capital commitments

The associate had no contingent liabilities and capital commitments as at the reporting date.

Material accounting policy information

Investment in associate is measured in the Company's statement of financial position at cost less any impairment losses.

7. **DEFERRED TAX ASSETS/LIABILITIES**

Deferred tax assets

	Group	
	<u>2024</u> RM	<u>2023</u> RM
Balance at beginning	3,507	59,111
Recognised in profit or loss	102,199	(56,148)
Foreign currency translation difference	(193)	544
Balance at end	<u>105,513</u>	<u>3,507</u>

The deferred tax assets as at the reporting date are represented by temporary differences arising from property, plant and equipment.

Deferred tax liabilities

	Group		Company	
	<u>2024</u> RM	<u>2023</u> RM	<u>2024</u> RM	<u>2023</u> RM
Balance at beginning	1,825,801	2,011,006	1,783,000	2,113,205
Recognised in profit or loss	(1,825,801)	(158,661)	(1,783,000)	(303,661)
Recognised in other comprehensive income	-	(26,544)	-	(26,544)
Balance at end	<u>-</u>	<u>1,825,801</u>	<u>-</u>	<u>1,783,000</u>

The deferred tax liabilities as at the reporting date are represented by temporary differences arising from:

	Group		Company	
	<u>2024</u> RM	<u>2023</u> RM	<u>2024</u> RM	<u>2023</u> RM
Property, plant and equipment	-	73,801	-	-
Assets held-for-sale	-	972,000	-	972,000
Right-of-use assets	-	4,638,000	-	-
Lease liabilities	-	(4,669,000)	-	-
Revaluation surplus	-	1,450,000	-	1,450,000
Unused tax losses	-	(399,000)	-	(399,000)
Unabsorbed capital allowances	-	(240,000)	-	(240,000)
Balance at end	<u>-</u>	<u>1,825,801</u>	<u>-</u>	<u>1,783,000</u>

8. INVENTORIES

	Group	
	<u>2024</u>	<u>2023</u>
	RM	RM
At cost:		
Raw materials	39,691	29,908
Work-in-progress	123,228	147,887
Finished goods	537,684	380,633
Consumables	<u>21,110</u>	<u>15,594</u>
	<u>721,713</u>	<u>574,022</u>
Cost of inventories recognised in profit or loss:		
Inventories recognised as cost of sales	<u>4,388,355</u>	<u>5,765,631</u>

Material accounting policy information

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

9. TRADE RECEIVABLES

	Group	
	<u>2024</u>	<u>2023</u>
	RM	RM
Third parties	8,101,484	11,656,019
Related parties	488,152	257,390
An associate	1,401	204,500
	8,591,037	12,117,909
Less: Allowance for expected credit losses		
Balance at beginning	(1,022,438)	(800,251)
Current year	(277,364)	(222,187)
Reversal	13,236	-
Write off	675,509	-
Foreign currency translation difference	<u>2,261</u>	<u>-</u>
Balance at end	<u>(608,796)</u>	<u>(1,022,438)</u>
Total trade receivables	<u>7,982,241</u>	<u>11,095,471</u>

9. **TRADE RECEIVABLES (CONT'D)**

The currency profile of trade receivables which are denominated in currencies other than the respective functional currencies is as follows:

	Group	
	<u>2024</u> RM	<u>2023</u> RM
Singapore Dollar	<u>59,256</u>	<u>77,160</u>

The trade receivables are generally on 30 to 90 days (2023: 30 to 60 days) credit terms. They are recognised at their original invoice amounts which represent the fair values on initial recognition.

The amount due from related parties and an associate are unsecured, non-interest bearing and subject to normal trade terms.

10. **CONTRACT ASSETS**

Contract assets primarily relate to the Group's rights to considerations for services rendered but not yet billed as at the reporting date.

11. **OTHER RECEIVABLES**

	Group		Company	
	<u>2024</u> RM	<u>2023</u> RM	<u>2024</u> RM	<u>2023</u> RM
Non-trade receivables				
- third parties	134,324	181,815	1	1
- related parties	4,877	-	-	-
Deposits	2,104,944	2,072,951	11,630	11,630
Prepayment	259,603	395,449	-	-
Staff advances	55,764	59,573	-	-
SST recoverable	10,197	8,667	-	-
GST recoverable	<u>22,008</u>	<u>42,040</u>	<u>-</u>	<u>-</u>
	<u>2,591,717</u>	<u>2,760,495</u>	<u>11,631</u>	<u>11,631</u>

The amount due from related parties are unsecured, non-interest bearing and repayable on demand.

12. AMOUNT DUE FROM/TO SUBSIDIARIES

	Company	
	<u>2024</u>	<u>2023</u>
	RM	RM
Amount due from subsidiaries	15,874,642	5,473,610
Less: Allowance for 12-month expected credit losses		
Balance at beginning	(4,778,604)	(3,389,022)
Current charge	(9,038,966)	(1,450,247)
Reversal	-	60,665
Balance at end	<u>(13,817,570)</u>	<u>(4,778,604)</u>
	<u>2,057,072</u>	<u>695,006</u>
Amount due to subsidiaries	<u>114,669</u>	<u>114,670</u>

The amount due from subsidiaries is non-trade related, unsecured, non-interest bearing and classified based on the expected timing of realisation.

The amount due to subsidiaries is non-trade related, unsecured, non-interest bearing and repayable on demand.

13. FIXED DEPOSITS WITH LICENSED BANKS

Group

Included in the fixed deposits with licensed banks is an amount of RM1,460,633 (2023: RM3,851) pledged as securities for bank guarantee facilities granted to the Group and the Company. The effective interest rate as at the reporting date ranging from 1.30% to 2.55% (2023: Nil) per annum.

Company

Included in the fixed deposits with licensed banks is an amount of RM250,000 (2023: Nil) pledged as securities for bank guarantee facilities granted to the Company. The effective interest rate as at the reporting date ranging from 1.30% to 2.55% (2023: Nil) per annum.

14. **ASSETS HELD-FOR-SALE**

	Group and Company	
	<u>2024</u>	<u>2023</u>
	RM	RM
Balance at beginning	30,000,000	-
Transfer from property, plant and equipment	-	30,000,000
Disposal	<u>(30,000,000)</u>	<u>-</u>
Balance at end	<u>-</u>	<u>30,000,000</u>

On 28 November 2023, the Board of Directors approved the disposal of the freehold land and buildings, for which a purchaser had been identified. On the same date, the Company entered into Sale and Purchase Agreement with the purchaser for a total consideration of RM30,150,000. The transaction was completed on 6 August 2024.

The freehold land and buildings of the Company are pledged to a licensed bank as securities for banking facilities granted to certain subsidiaries as disclosed in Note 17 to financial statements.

15. **SHARE CAPITAL**

	Group and Company			
	Number of ordinary shares		Amount	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	Unit	Unit	RM	RM
Issued and fully paid with no par value:-				
Balance at beginning	65,098,350	65,098,350	64,718,664	64,718,664
Issued pursuant to the ESGP	<u>400,900</u>	<u>-</u>	<u>832,549</u>	<u>-</u>
Balance at end	<u>65,499,250</u>	<u>65,098,350</u>	<u>65,551,213</u>	<u>64,718,664</u>

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

16. OTHER RESERVES

	Group		Company	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RM	RM	RM	RM
Foreign currency translation reserve	655,599	756,809	-	-
Asset revaluation reserve	-	13,050,000	-	13,050,000
Share grant reserve	<u>497,041</u>	<u>-</u>	<u>497,041</u>	<u>-</u>
	<u>1,152,640</u>	<u>13,806,809</u>	<u>497,041</u>	<u>13,050,000</u>

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of the foreign subsidiary whose functional currency is different from that of the Group's presentation currency.

Asset revaluation reserve

	Group and Company	
	<u>2024</u>	<u>2023</u>
	RM	RM
Balance at beginning	13,050,000	10,577,650
Revaluation of freehold land and buildings	-	2,514,400
Deferred tax impact on revaluation surplus	-	26,544
Realisation of revaluation surplus upon depreciation	-	(68,594)
Realisation of revaluation surplus upon disposal	<u>(13,050,000)</u>	<u>-</u>
Balance at end	<u>-</u>	<u>13,050,000</u>

The asset revaluation reserve represents the surplus net of deferred tax from the revaluation of the Group's and the Company's freehold land and buildings.

Share grant reserve

The share grant reserve represents the cumulative value of share-based payments granted to eligible employees of the Group. When share, pursuant to the share grant, are issued to eligible employees, the value of such shares is transferred from share grant reserve to share capital.

16. **OTHER RESERVES (CONT'D)**

Share grant reserve (cont'd)

On 2 February 2024, the Company announced the proposed establishment of a Long Term Incentive Plan ("LTIP") comprising an Employee Share Option Scheme ("ESOS") and an Employee Share Grant Plan ("ESGP") involving up to 15% of the issued ordinary shares in the Company (excluding treasury shares, if any). The shareholders of the Company approved the LTIP at the Extraordinary General Meeting held on 26 February 2024 and the effective date for the implementation of the ESGP was on 15 May 2024.

The salient features of the LTIP are, inter alia, as follows:

- (a) Maximum number of ordinary shares ("Arka Shares" or "Shares") available under the LTIP

The maximum number of Arka Shares which may be made available under the LTIP shall not in aggregate exceed 15% of the total number of issued Arka Shares (excluding treasury Shares, if any) at any point of time during the duration of the LTIP ("Maximum Shares").

In the event the aggregate number of Shares which may be awarded under the LTIP exceeds the Maximum Shares at any point in time as a result of the Company purchasing or cancelling Shares in accordance with the requirements of the Companies Act 2016 and/or undertaking any corporate proposal(s) resulting in the reduction of the Company's total number of issued Shares, no further LTIP Awards shall be granted by the LTIP Committee until such aggregate number of Shares already awarded under LTIP Awards falls below the Maximum Shares. During this period, entitlement to the Shares arising from LTIP Awards which have already been granted at that point in time shall remain valid and exercisable in accordance with the provisions of the By-Laws.

- (b) Eligibility to participate in the LTIP

Subject to the discretion of the LTIP Committee, only employees and Directors of the Company and its subsidiaries (excluding subsidiaries of the Company which are dormant) ("Eligible Person") who fulfil the conditions prescribed by the LTIP Committee as at the date of the LTIP Awards shall be eligible to participate in the LTIP.

The LTIP Committee may, in its absolute discretion, waive any of the conditions of eligibility in accordance with the By-Laws. There are no performance targets to be achieved by the LTIP Participants before the ESOS Options can be exercised into Arka Shares and ESGP Awards can be vested. Notwithstanding this, the LTIP Committee may from time to time at its own discretion decide on the performance targets in the future prior to granting of the LTIP Awards.

16. OTHER RESERVES (CONT'D)

Share grant reserve (cont'd)

The salient features of the LTIP are, inter alia, as follows (cont'd):

(c) Maximum allowable allotment and basis of allocation

The allocation of Arka Shares to be made available for the LTIP Awards shall be determined by the LTIP Committee from time to time during the duration of the LTIP as determined by the LTIP Committee.

Subject to the By-Laws, the maximum number of Arka Shares awarded to any one Eligible Person under the LTIP at any point of time in each LTIP Award shall be at the sole and absolute discretion of the LTIP Committee after taking into consideration, amongst other factors, the Eligible Person's designation, role, function, length of service, contribution to the relevant company within the Group and/or such other factors as the LTIP Committee deems fit, and subject to the following conditions:

- (i) the total number of Arka Shares made available under the LTIP shall not exceed the amount in Section (a) above;
- (ii) not more than 10% of the total number of issued Shares made available under the LTIP shall be allocated to any Eligible Person, who either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the total number of issued Shares of the Company (excluding treasury shares, if any);
- (iii) not more than 75% of the total ESOS Awards shall be allocated to the Directors and senior management of the Group (excluding subsidiaries of the Company which are dormant) who are Eligible Persons whilst 100% of the ESGP Awards shall be allocated to the Directors and senior management of the Group (excluding subsidiaries of the Company which are dormant), who are Eligible Persons. The maximum allowable allocation to the Directors and senior management of the Group is determined after taking into consideration, amongst other factors, the designation, role, function, length of service, contribution of the Directors and senior management towards the growth and performance of the Group; and
- (iv) the Directors and senior management of the Group shall not participate in the deliberation or discussion of their respective allocations as well as to persons connected with them, if any.

(d) Duration of the LTIP

The LTIP was implemented on 15 May 2024 and is in force for a period of five years from the date of implementation.

16. OTHER RESERVES (CONT'D)

Share grant reserve (cont'd)

On 6 June 2024, the Company made an offer and grant of ordinary shares of the Company to the Eligible Person under the ESGP Awards. The ESGP Awards will vest in 2 tranches over the financial years ending 31 December 2024 and 2025 and the fair value of shares granted has taken into account the share price volatility.

Details of the share grant plan are as follows:

	Fair value at <u>grant date</u>	At 1 <u>January</u> <u>2024</u>	Granted but not vested during the <u>year</u>	Vested and <u>issued</u>	At 31 <u>December</u> <u>2024</u>
Tranche 1	RM2.07	-	400,900	(400,900)	-
Tranche 2	RM2.07	-	410,300	-	410,300

Share granted will vest only upon the fulfilment of vesting conditions which the entitled employee must not be serving out any resignation or termination notice, or be subject to any disciplinary proceeding for any misconduct or breach of company rules or terms and conditions of service during the performance period.

The vesting period for each tranche of grant under the ESGP is 2 months and 12 months respectively.

The Group and the Company recognised share grant expenses in profit or loss totalling to RM1,329,590 (2023: Nil) and RM864,548 (2023: Nil) respectively during the financial year.

On 6 August 2024, the Company issued 400,900 new ordinary shares to Eligible Person pursuant to the ESGP. The closing share price on the vesting date of 6 August 2024 was RM1.90 per share.

The ESOS has not been granted since the implementation date.

17. BORROWINGS

	Group	
	<u>2024</u> RM	<u>2023</u> RM
Non-current liabilities		
Secured:		
<u>Finance lease liabilities</u>		
Minimum payments:		
Within one year	1,020,424	395,622
More than one year and less than two years	809,718	287,403
More than two years and less than five years	1,000,256	132,054
	2,830,398	815,079
Future finance charges	(304,193)	(61,066)
	2,526,205	754,013
Amount due within one year included under current liabilities	(875,187)	(355,680)
	1,651,018	398,333
Current liabilities		
Secured:		
Finance lease liabilities	875,187	355,680
Total borrowings	<u>2,526,205</u>	<u>754,013</u>

The borrowings are secured by way of:

- (i) Joint and several guarantees by a director and a former director of the subsidiary; and
- (ii) Leased assets as disclosed in Note 3 to the financial statements.

The effective interest rates of the borrowings is charged at rate ranging from 2.24% to 3.68% (2023: 2.24% to 3.68%) per annum.

18. TRADE PAYABLES

	Group	
	<u>2024</u> RM	<u>2023</u> RM
Third parties	4,050,199	4,500,057
Related party	216,000	1,597,110
An associate	17,849	-
	4,284,048	6,097,167

18. **TRADE PAYABLES (CONT'D)**

The currency profile of trade payables which are denominated in currencies other than the respective functional currencies is as follows:

	Group	
	<u>2024</u> RM	<u>2023</u> RM
Thai Baht	<u>1,283,684</u>	<u>869,570</u>

The trade payables are non-interest bearing and are normally settled within cash term to 90 days (2023: cash term to 90 days) terms.

The amount due to related party and an associate are unsecured, non-interest bearing and subject to normal trade terms.

19. **OTHER PAYABLES**

	Group		Company	
	<u>2024</u> RM	<u>2023</u> RM	<u>2024</u> RM	<u>2023</u> RM
Non-trade payables				
- third parties	760,858	947,714	78,820	289,657
- related parties	<u>20,000</u>	<u>41,538</u>	<u>-</u>	<u>-</u>
	780,858	989,252	78,820	289,657
Accruals	1,901,508	1,256,983	317,325	305,117
Deposit received	71,700	2,263,900	-	2,195,500
SST payable	59,145	30,924	-	-
Amount due to Directors	<u>150,000</u>	<u>187,000</u>	<u>150,000</u>	<u>187,000</u>
	<u>2,963,211</u>	<u>4,728,059</u>	<u>546,145</u>	<u>2,977,274</u>

In prior financial year, included in the Group's and the Company's deposit received is an amount of RM2,110,500 related to deposit received for disposal of assets held-for-sale.

The amount due to Directors and related parties balances are unsecured, non-interest bearing and repayable on demand.

20. REVENUE

	Group		Company	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RM	RM	RM	RM
<u>Revenue from contracts</u>				
<u>with customers:-</u>				
Logistic services	15,061,393	14,043,130	-	-
Custom brokerage	9,682,040	15,188,036	-	-
Sale of goods	5,012,776	6,905,501	-	-
Breakdown services	820,640	702,403	-	-
Digital services	9,921	204,500	-	-
	<u>30,586,770</u>	<u>37,043,570</u>	<u>-</u>	<u>-</u>
<u>Revenue from other</u>				
<u>sources:-</u>				
Rental income	971,560	1,603,800	350,000	600,000
Dividend income	-	-	1,000,000	4,500,000
	<u>31,558,330</u>	<u>38,647,370</u>	<u>1,350,000</u>	<u>5,100,000</u>

20.1 Disaggregated revenue information

	Group		Company	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RM	RM	RM	RM
Geographical markets				
Malaysia	26,019,452	32,412,751	-	-
Singapore	4,567,318	4,630,819	-	-
	<u>30,586,770</u>	<u>37,043,570</u>	<u>-</u>	<u>-</u>
Timing of revenue				
recognition of revenue				
from contracts with				
customers				
At a point in time	15,515,456	22,795,940	-	-
Over time	15,071,314	14,247,630	-	-
	<u>30,586,770</u>	<u>37,043,570</u>	<u>-</u>	<u>-</u>

- (a) Revenue from logistic services and digital services are recognised over time as and when the services performed.
- (b) Revenue from custom brokerage, sale of goods and breakdown services are recognised at a point in time upon the acceptance of those products by the customers.

20. **REVENUE (CONT'D)**

- (c) The payment terms for billings arising from revenue are disclosed in Note 9 to the financial statements.
- (d) The revenue of the Group and the Company contain no elements of variable consideration, obligations for returns or refund or warranties.

21. **OTHER INCOME**

	Group		Company	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RM	RM	RM	RM
Bad debts recovered	2,645	61,438	-	-
Gain on disposal of assets held-for-sale	150,000	-	150,000	-
Unrealised gain on foreign exchange	166,381	-	-	-
Sundry income	129,024	93,328	513	6,589
Rental income	180,000	180,000	-	-
Rent concessions	-	164,150	-	-
	<u>628,050</u>	<u>498,916</u>	<u>150,513</u>	<u>6,589</u>

22. **EMPLOYEE BENEFITS EXPENSE**

	Group		Company	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RM	RM	RM	RM
Salaries, wages, and other staff related expenses	12,262,633	9,834,531	2,747,363	1,280,936
Defined contribution plan	1,199,716	1,057,272	167,125	132,194
Share grant expenses	1,329,590	-	864,548	-
	<u>14,791,939</u>	<u>10,891,803</u>	<u>3,779,036</u>	<u>1,413,130</u>

Included in employee benefits expense of the Group and of the Company is Directors' remuneration as disclosed in Note 23 to the financial statements.

23. DIRECTORS' REMUNERATION

	Group		Company	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RM	RM	RM	RM
Directors of the Company:				
Executive:				
- Salaries and allowance	482,000	421,000	482,000	421,000
- Defined contribution plan	43,200	38,400	43,200	38,400
- Social security contribution	1,217	1,159	1,217	1,159
	<u>526,417</u>	<u>460,559</u>	<u>526,417</u>	<u>460,559</u>
Non-executive:				
- Allowance	6,500	3,000	6,500	3,000
	<u>532,917</u>	<u>463,559</u>	<u>532,917</u>	<u>463,559</u>
Directors of subsidiaries:				
Executive:				
- Salaries and allowance	2,901,658	1,236,634	2,346,000	719,214
- Defined contribution plan	196,119	159,607	120,480	87,266
- Social security contribution	8,256	7,051	4,283	3,575
- Share grant expenses	864,548	-	864,548	-
	<u>3,970,581</u>	<u>1,403,292</u>	<u>3,335,311</u>	<u>810,055</u>
Total Directors' remuneration	<u>4,503,498</u>	<u>1,866,851</u>	<u>3,868,228</u>	<u>1,273,614</u>

24. FINANCE COSTS

	Group	
	<u>2024</u>	<u>2023</u>
	RM	RM
Finance lease liabilities interest	123,116	50,849
Accretion of interest on lease liabilities	<u>1,562,468</u>	<u>364,738</u>
	<u>1,685,584</u>	<u>415,587</u>

25. **LOSS BEFORE TAX**

Loss before tax has been determined after charging amongst others, the following items:

	Group		Company	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RM	RM	RM	RM
Auditors' remuneration				
- Statutory audits	164,000	154,000	70,000	66,000
- Other services	33,500	27,700	11,500	10,500
- Other auditors:				
- Statutory audit	44,312	47,113	-	-
Realised loss on foreign exchange	35,645	11,124	-	-
Directors' fees	<u>168,000</u>	<u>168,000</u>	<u>168,000</u>	<u>168,000</u>

26. **TAX (INCOME)/EXPENSE**

	Group		Company	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RM	RM	RM	RM
Recognised in profit or loss				
Current tax:				
Current year provision	272,000	305,303	272,000	-
Real property gains tax	<u>1,042,670</u>	<u>-</u>	<u>1,042,670</u>	<u>-</u>
	<u>1,314,670</u>	<u>305,303</u>	<u>1,314,670</u>	<u>-</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(2,269,000)</u>	<u>(182,661)</u>	<u>(2,126,000)</u>	<u>(297,661)</u>
Under/(Over) provision in prior year				
- Current tax	139,713	32,336	-	-
- Deferred tax	<u>341,000</u>	<u>80,148</u>	<u>343,000</u>	<u>(6,000)</u>
	<u>480,713</u>	<u>112,484</u>	<u>343,000</u>	<u>(6,000)</u>
Tax (income)/expense recognised in profit or loss	<u>(473,617)</u>	<u>235,126</u>	<u>(468,330)</u>	<u>(303,661)</u>

26. TAX (INCOME)/EXPENSE (CONT'D)

The reconciliation of tax (income)/expense of the Group and of the Company is as follows:

	Group		Company	
	<u>2024</u> RM	<u>2023</u> RM	<u>2024</u> RM	<u>2023</u> RM
Loss before tax	(8,741,711)	(1,380,947)	(14,937,443)	(1,572,602)
Share of profit of an associate	<u>(7,228,518)</u>	<u>(2,542,711)</u>	<u>-</u>	<u>-</u>
	<u>(15,970,229)</u>	<u>(3,923,658)</u>	<u>(14,937,443)</u>	<u>(1,572,602)</u>
Income tax at Malaysian statutory tax rate of 24%	(3,832,855)	(941,678)	(3,584,986)	(377,424)
Effects of different tax rate in other country	38,537	24,255	-	-
Income not subject to tax	(39,931)	-	(240,000)	(1,080,000)
Expenses not deductible for tax purpose	445,071	1,030,915	3,013,656	1,181,424
Movement of deferred tax assets not recognised	2,434,848	30,811	-	-
Annual crystallisation of deferred tax on revaluation	<u>-</u>	<u>(21,661)</u>	<u>-</u>	<u>(21,661)</u>
	(954,330)	122,642	(811,330)	(297,661)
Under/(Over) provision in prior year	<u>480,713</u>	<u>112,484</u>	<u>343,000</u>	<u>(6,000)</u>
	<u>(473,617)</u>	<u>235,126</u>	<u>(468,330)</u>	<u>(303,661)</u>
	Group		Company	
	<u>2024</u> RM	<u>2023</u> RM	<u>2024</u> RM	<u>2023</u> RM
Recognised in other comprehensive income				
Revaluation of freehold land and buildings	<u>-</u>	<u>(26,544)</u>	<u>-</u>	<u>(26,544)</u>

26. **TAX (INCOME)/EXPENSE (CONT'D)**

Deferred tax assets not recognised

The following deferred tax assets (gross amount) have not been recognised as at the end of the reporting period as it is not probable that future taxable profit will be available against which they may be utilised:

	Group	
	<u>2024</u>	<u>2023</u>
	RM	RM
Unused tax losses		
- Expires by year of assessment 2028	7,314,506	7,314,506
- Expires by year of assessment 2029	514,869	514,869
- Expires by year of assessment 2033	2,526,127	2,526,127
- Expires by year of assessment 2034	8,589,035	-
- No expiry period	284,750	175,079
Unabsorbed capital allowances	6,311,553	5,814,030
Property, plant and equipment	-	363
Lease liabilities	749,000	-
Provisions	380,733	180,400
	<u>26,670,573</u>	<u>16,525,374</u>

The unused tax losses and unabsorbed capital allowances are available to be carried forward for set-off against future taxable income.

For subsidiaries incorporated in Malaysia, the unused tax losses can be carried forward for ten consecutive years of assessment immediately following that year of assessment of which tax losses was incurred and this is effective from year of assessment 2019. However unabsorbed capital allowances can be carried forward indefinitely.

27. **LOSS PER SHARE**

(a) **Basic loss per share**

Basic loss per share is calculated by dividing the loss attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	<u>2024</u>	<u>2023</u>
Loss attributable to owners of the Company (RM)	<u>(7,012,846)</u>	<u>(1,153,183)</u>
Weighted average number of ordinary shares (units)	<u>65,260,463</u>	<u>65,098,350</u>
Basic loss per share (sen)	<u>(10.75)</u>	<u>(1.77)</u>

27. LOSS PER SHARE (CONT'D)

(b) Diluted loss per share

The diluted loss per share is calculated based on the loss attributable to owners of the Company over the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:-

	Group	
	<u>2024</u>	<u>2023</u>
Loss attributable to owners of the Company (RM)	<u>(7,012,846)</u>	<u>(1,153,183)</u>
Weighted average number of ordinary shares as above (units)	65,260,463	65,098,350
Effect of outstanding ESGP (units)	<u>410,300</u>	<u>-</u>
Weighted average number of ordinary shares assumed to be in issued	<u>65,670,763</u>	<u>65,098,350</u>
Diluted loss per share (sen)	<u>(10.68)</u>	<u>(1.77)</u>

28. RELATED PARTY DISCLOSURES

(i) Identity of related parties

The Group has related party relationship with its holding company, associate, subsidiaries, key management personnel and the following parties:

Related parties

Badanbas Sdn. Bhd.	}	Companies connected to a parent of a major shareholder of the Company.
Cityliner Sdn. Bhd.*		
Plusliner Sdn. Bhd.		
Puspamara Sdn. Bhd.		
Transnasional Express Sdn. Bhd.		
Epicon Berhad (formerly known as Konsortium Transnasional Berhad)*		
Nadi Insurance Services Sdn. Bhd.		
Perkhidmatan Teguh Sdn. Bhd.		
Ibroni Sdn. Bhd.		
Trisilco Equity Sdn. Bhd.		
Nadi Corporation Sdn. Bhd.		
CLH Sdn. Bhd.		
Enfrasys Consulting Sdn. Bhd.	}	Major shareholders
Lengkap Suci Sdn. Bhd.		
Kumpulan Kendaraan Malaysia Berhad		
Nadicorp Holdings Sdn. Bhd.		A parent of a major shareholder

* No longer related party as at current financial year ended 31 December 2024

28. **RELATED PARTY DISCLOSURES (CONT'D)**

(i) **Identity of related parties (cont'd)**

In prior financial year, all related parties are companies connected to certain Directors of the Company.

(ii) **Related party transactions**

Related party transactions have been entered into at terms agreed between the parties during the financial year.

	Amount	
	<u>2024</u>	<u>2023</u>
	RM	RM
Group		
<u>Consultancy of services charged to an associate</u>		
- Enfrasys Solutions Sdn. Bhd.	8,520	204,500
<u>Purchase of equipment servicing from an associate</u>		
- Enfrasys Solutions Sdn. Bhd.	39,947	5,235
<u>Sales to related parties</u>		
- Badanbas Sdn. Bhd.	20,021	7,493
- Plusliner Sdn. Bhd.	313,892	277,020
- Transnasional Express Sdn. Bhd.	465,830	307,186
<u>Security charges charged by a related party</u>		
- Perkhidmatan Teguh Sdn. Bhd.	63,341	74,357
<u>Purchases from related parties</u>		
- Plusliner Sdn. Bhd.	7,150	7,830
- Transnasional Express Sdn. Bhd.	7,917	7,390
<u>Short term leases charged by a related party</u>		
- CLH Sdn. Bhd.	40,000	120,000
<u>Consultancy of services charged by a related party</u>		
- Enfrasys Consulting Sdn. Bhd.	2,584,000	1,590,000
<u>Consultancy of services charged to a related party</u>		
- Enfrasys Consulting Sdn. Bhd.	1,401	-
<u>Utilities expense charged by a related party</u>		
- Nadicorp Holdings Sdn. Bhd.	26,355	-
<u>Insurance expense charged by a related party</u>		
- Nadi Insurance Services Sdn. Bhd.	5,762	-

28. RELATED PARTY DISCLOSURES (CONT'D)

(ii) Related party transactions (cont'd)

Company	Amount	
	<u>2024</u> RM	<u>2023</u> RM
<u>Dividend income from a subsidiary</u>		
- Usmeta Manufacturing Sdn. Bhd.	-	4,500,000
<u>Dividend income from an associate</u>		
- Enfrasys Solutions Sdn. Bhd.	1,000,000	-
<u>Rental income from a subsidiary</u>		
- Transocean Logistics Sdn. Bhd.	<u>350,000</u>	<u>600,000</u>

(iii) Related party balances

The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 9, 11, 12, 18 and 19 to the financial statements.

(iv) Compensation of key management personnel

There were no transactions with any key management personnel during the year other than the Directors' remuneration as disclosed in Notes 23 and 25 to the financial statements.

Key management personnel are those persons including Directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

29. SEGMENTAL INFORMATION

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

Business segment

The reportable business segments of the Group comprise the following:

Logistic solutions	: Provision of custom brokerage, freight forwarding, trucking, international air, ocean freight services, warehousing and depot services.
Tyre products	: Manufacturing and trading of tyres.
Investment holdings	: Investment holding, provision of management services and letting of properties.
Technology division	: Engaged in technology service activities, activities of providing infrastructure for hosting, data processing services and related activities.

Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment revenue is eliminated in the consolidated financial statements.

Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The total segment assets are measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Managing Director. Segment total assets are used to measure the return of assets of each segment.

The total segment liabilities are measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Managing Director.

NOTES TO
THE FINANCIAL STATEMENTS
31 December 2024

29. SEGMENTAL INFORMATION (CONT'D)

	Logistic solutions RM	Tyre products RM	Investment holdings RM	Technology division RM	Elimination RM	Total RM
2024						
Revenue						
External revenues	25,714,993	5,833,416	-	9,921	-	31,558,330
Inter-segments	(a) 3,693,991	24,977	1,350,000	-	(5,068,968)	-
Total revenue	<u>29,408,984</u>	<u>5,858,393</u>	<u>1,350,000</u>	<u>9,921</u>	<u>(5,068,968)</u>	<u>31,558,330</u>
Results						
Segment results	(3,359,732)	(348,534)	3,833,232	(7,284,787)	-	(7,159,821)
Finance income						103,694
Operating loss						(7,056,127)
Finance costs						(1,685,584)
Loss before tax						(8,741,711)
Tax income						473,617
Net loss for the financial year						<u>(8,268,094)</u>
Assets						
Segment assets	28,279,000	5,694,409	43,068,124	1,055,774	-	78,097,307
Deferred tax assets						105,513
Tax recoverable						377,033
Total assets						<u>78,579,853</u>
Liabilities						
Segment liabilities	21,684,006	605,427	585,434	362,640	-	23,237,507
Tax payable						245,839
Total liabilities						<u>23,483,346</u>
Other segment information						
Additions to non-current assets	(b) 2,916,437	-	-	594,948	-	3,511,385
Allowance for expected credit losses on receivables						
- additions	63,795	200,333	-	-	-	264,128
Depreciation of property, plant and equipment	851,147	20,302	-	45,074	-	916,523
Depreciation of right-of-use assets	7,398,609	52,381	-	-	-	7,450,990
Other non-cash (income)/ expenses	(c) (17,664)	-	872,923	465,042	-	1,320,301
Share of profit of an associate	-	-	-	-	(7,228,518)	(7,228,518)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

29. SEGMENTAL INFORMATION (CONT'D)

	<u>Logistic solutions</u> RM	<u>Tyre products</u> RM	<u>Investment holdings</u> RM	<u>Technology division</u> RM	<u>Elimination</u> RM	<u>Total</u> RM
2023						
Revenue						
External revenues	30,834,966	7,607,904	-	204,500	-	38,647,370
Inter-segments	(a) 3,923,162	73,246	5,100,000	-	(9,096,408)	-
Total revenue	<u>34,758,128</u>	<u>7,681,150</u>	<u>5,100,000</u>	<u>204,500</u>	<u>(9,096,408)</u>	<u>38,647,370</u>
Results						
Segment results	1,549,719	(87,258)	546,747	(2,974,568)	-	(965,360)
Finance income						-
Operating loss						(965,360)
Finance costs						(415,587)
Loss before tax						(1,380,947)
Tax expense						(235,126)
Net loss for the financial year						<u>(1,616,073)</u>
Assets						
Segment assets	36,620,954	6,321,091	52,636,951	511,232	-	96,090,228
Deferred tax assets						3,507
Tax recoverable						146,764
Total assets						<u>96,240,499</u>
Liabilities						
Segment liabilities	25,659,109	854,487	3,026,655	2,738,226	-	32,278,477
Deferred tax liabilities						1,825,801
Total liabilities						<u>34,104,278</u>
Other segment information						
Additions to non-current assets	(b) 22,480,915	2,880	-	89,988	-	22,573,783
Allowance for expected credit losses on receivables						
- additions	64,845	157,342	-	-	-	222,187
Depreciation of property, plant and equipment	789,708	27,176	196,754	9,273	-	1,022,911
Depreciation of right-of-use assets	1,984,418	52,381	-	-	-	2,036,799
Other non-cash expenses	(c) -	-	391,066	-	-	391,066
Share of profit of an associate	-	-	-	-	(2,542,711)	(2,542,711)

29. SEGMENTAL INFORMATION (CONT'D)

All the inter-segment transactions were carried out on normal commercial basis and in the ordinary course of business.

(a) Inter-segment revenue is eliminated on consolidation

(b) Additions to non-current assets

	<u>2024</u> RM	<u>2023</u> RM
Property, plant and equipment	3,511,385	915,690
Right-of-use assets	-	21,658,093
	<u>3,511,385</u>	<u>22,573,783</u>

(c) Other non-cash (income)/expenses consist of the following items as presented in the respective notes to the financial statements:-

	<u>2024</u> RM	<u>2023</u> RM
Deposits written off	24,000	-
Employee share grant expenses	1,329,590	-
Impairment loss on property, plant and equipment	-	391,066
Property, plant and equipment written off	133,092	-
Unrealised gain on foreign exchange	(166,381)	-
	<u>1,320,301</u>	<u>391,066</u>

(d) Information about major customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:

	Revenue		
	<u>2024</u> RM	<u>2023</u> RM	<u>Segment</u>
Customer A	<u>7,386,765</u>	<u>11,566,066</u>	Logistics solutions

29. **SEGMENTAL INFORMATION (CONT'D)**

(e) Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.

	Revenue		Non-current assets	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RM	RM	RM	RM
Malaysia	26,991,012	34,016,551	50,145,010	48,780,192
Singapore	<u>4,567,318</u>	<u>4,630,819</u>	<u>517,079</u>	<u>1,222,071</u>
	<u>31,558,330</u>	<u>38,647,370</u>	<u>50,662,089</u>	<u>50,002,263</u>

30. **OPERATING LEASE**

Group as a lessor

The Group leases certain properties. The following table sets out the maturity analysis of the total undiscounted lease payments to be received after the reporting date:-

	Group	
	<u>2024</u>	<u>2023</u>
	RM	RM
Not later than 1 year	45,000	180,000
Later than 1 year but not later than 5 years	<u>-</u>	<u>45,000</u>
	<u>45,000</u>	<u>225,000</u>

31. **CAPITAL COMMITMENTS**

	Group	
	<u>2024</u>	<u>2023</u>
	RM	RM
Capital expenditure		
- Authorised and contracted for		
- Property, plant and equipment	<u>-</u>	<u>1,789,524</u>

32. FINANCIAL INSTRUMENTS

32.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost.

	Group		Company	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RM	RM	RM	RM
Financial assets				
Trade receivables	7,982,241	11,095,471	-	-
Other receivables	2,299,909	2,314,339	11,631	11,631
Amount due from subsidiaries	-	-	2,057,072	695,006
Fixed deposits with licensed banks	13,488,133	3,851	12,277,500	-
Cash and bank balances	<u>2,598,574</u>	<u>1,654,126</u>	<u>1,714,953</u>	<u>494,611</u>
	<u>26,368,857</u>	<u>15,067,787</u>	<u>16,061,156</u>	<u>1,201,248</u>
Financial liabilities				
Trade payables	4,284,048	6,097,167	-	-
Other payables	2,904,066	4,697,135	546,145	2,977,274
Borrowings	2,526,205	754,013	-	-
Amount due to subsidiaries	<u>-</u>	<u>-</u>	<u>114,669</u>	<u>114,670</u>
	<u>9,714,319</u>	<u>11,548,315</u>	<u>660,814</u>	<u>3,091,944</u>

32.2 Financial risk management

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. 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 is not to engage in speculative activities.

32.2.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's and the Company's exposure to credit risk arises principally from its receivables.

Trade receivables and contract assets

The Group gives its customers credit terms. In deciding whether credit shall be extended, the Group will take into consideration factors such as relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, receivables balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 Financial risk management (cont'd)

32.2.1 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statements of financial position.

The ageing analysis of trade receivables of the Group as at the reporting date is as follows:

	<u>Gross</u> RM	<u>Allowance for expected credit losses</u> RM	<u>Net</u> RM
2024			
Not past due	3,017,210	-	3,017,210
1 to 30 days past due	1,650,426	(38,786)	1,611,640
31 to 120 days past due	2,977,043	(108,951)	2,868,092
More than 120 days past due	827,659	(342,360)	485,299
	5,455,128	(490,097)	4,965,031
Credit impaired	118,699	(118,699)	-
	<u>8,591,037</u>	<u>(608,796)</u>	<u>7,982,241</u>
2023			
Not past due	4,534,782	-	4,534,782
1 to 30 days past due	2,883,389	(19,261)	2,864,128
31 to 120 days past due	2,109,029	(52,207)	2,056,822
More than 120 days past due	1,786,354	(146,615)	1,639,739
	6,778,772	(218,083)	6,560,689
Credit impaired	804,355	(804,355)	-
	<u>12,117,909</u>	<u>(1,022,438)</u>	<u>11,095,471</u>

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Company. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group has trade receivables amounting to RM4,965,031 (2023: RM6,560,689) that are past due but not impaired at the reporting date as the management is of the view that these past due amounts will be collected in due course.

32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 Financial risk management (cont'd)

32.2.1 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The Group has significant concentration of credit risk in the form of outstanding balance due from 1 (2023: 1) customer representing 10% (2023: 26%) of the total trade receivables of the Group.

Receivables that are individually determined to be credit impaired at the reporting date relate to debtors who are in significant financial difficulties and have defaulted on payments.

In managing the credit risk of the trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group measures the allowance for expected credit losses of trade receivables at an amount equal to lifetime ECL using a simplified approach. The expected credit losses on trade receivables are estimated based on past default experience and an analysis of the trade receivables' current financial position, adjusted for factors that are specific to the trade receivables such as liquidation and bankruptcy. Forward looking information has been incorporated in determining the expected credit losses.

There are circumstances where the settlement of trade receivables will take longer than the credit terms given to the customers. The delay in settlement is mainly due to disagreement of pricing and quality issue or administrative matter. No expected credit losses is provided during the financial year based on the above assessment as the impact to the Group's financial statements is not material.

Other receivables

The maximum exposure to credit risk is represented by the carrying amount in the statements of financial position.

Intercompany balances

The Company provides advances to its subsidiaries and monitor the results of the subsidiaries regularly.

The maximum exposure to credit risk is represented by the carrying amount in the statements of financial position.

As at the reporting date, there was no indication that the carrying amount due from subsidiaries are not recoverable other than disclosed in the note to the financial statements.

32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 Financial risk management (cont'd)

32.2.1 Credit risk (cont'd)

Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable financial institutions with high quality external credit ratings and have no history of default. Consequently, the Group and the Company are of the view that the allowance is not material and hence, it is not provided for.

Financial guarantees

The Group obtained bank guarantees from financial institutions in favour of certain third parties amounting to RM670,000 (2023: RM702,500).

The Company provides unsecured financial guarantees to a licensed bank for banking facilities granted to subsidiaries. The maximum exposure to credit risk of the Group and the Company as at the reporting date is RM670,000 (2023: RM702,500) and RM170,000 (2023: RM202,500), representing the bank guarantees in favour of certain third parties and outstanding banking facilities utilised by the said subsidiaries as at the reporting date.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the reporting date, there was no indication that the said subsidiaries would default on repayment. The Directors considered that the fair value of the financial guarantee contracts on initial recognition is insignificant.

32.2.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 Financial risk management (cont'd)

32.2.2 Liquidity risk (cont'd)

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

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than five years RM
Group				
2024				
<i>Non-derivative financial liabilities</i>				
Trade payables	4,284,048	4,284,048	4,284,048	-
Other payables	2,904,066	2,904,066	2,904,066	-
Lease liabilities	13,464,043	14,647,071	7,996,996	6,650,075
Borrowings	2,526,205	2,830,398	1,020,424	1,809,974
Financial guarantees*	-	670,000	670,000	-
	<u>23,178,362</u>	<u>25,335,583</u>	<u>16,875,534</u>	<u>8,460,049</u>
2023				
<i>Non-derivative financial liabilities</i>				
Trade payables	6,097,167	6,097,167	6,097,167	-
Other payables	4,697,135	4,697,135	4,697,135	-
Lease liabilities	20,699,238	23,460,683	8,534,139	14,926,544
Borrowings	754,013	815,079	395,622	419,457
Financial guarantees*	-	702,500	702,500	-
	<u>32,247,553</u>	<u>35,772,564</u>	<u>20,426,563</u>	<u>15,346,001</u>
Company				
2024				
<i>Non-derivative financial liabilities</i>				
Other payables	546,145	546,145	546,145	-
Amount due to subsidiaries	114,669	114,669	114,669	-
Financial guarantees*	-	170,000	170,000	-
	<u>660,814</u>	<u>830,814</u>	<u>830,814</u>	<u>-</u>

32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 Financial risk management (cont'd)

32.2.2 Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at reporting date based on the undiscounted contractual payments (cont'd):

	Carrying <u>amount</u> RM	Contractual <u>cash flows</u> RM	Within one <u>year</u> RM	More than one year and less than five <u>years</u> RM
Company (cont'd)				
2023				
<i>Non-derivative financial liabilities</i>				
Other payables	2,977,274	2,977,274	2,977,274	-
Amount due to subsidiaries	114,670	114,670	114,670	-
Financial guarantees*	-	202,500	202,500	-
	<u>3,091,944</u>	<u>3,294,444</u>	<u>3,294,444</u>	<u>-</u>

* This has been included for illustration purpose only as the related financial guarantees have not crystallised as at the reporting date.

32.2.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's fixed rate instruments are exposed to a risk of change in its fair value due to changes in interest rates. The Group's and the Company's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 Financial risk management (cont'd)

32.2.3 Interest rate risk (cont'd)

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on their carrying amounts as at the reporting date are as follows:

	Group		Company	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RM	RM	RM	RM
Fixed rate instruments				
Financial assets	13,488,133	3,851	12,277,500	-
Financial liabilities	<u>15,990,248</u>	<u>21,453,251</u>	<u>-</u>	<u>-</u>

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial instruments at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates of the reporting date would not affect profit or loss.

32.2.4 Foreign currency risk

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

The objective of the Group's foreign exchange policy is to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group does not have significant foreign currency exchange risk on financial assets and liabilities held in non-functional currency. Therefore, foreign currency risk sensitivity analysis is not presented.

33. FAIR VALUE MEASUREMENT

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company as at the reporting date approximate their fair values due to their short-term nature and insignificant impact of discounting.

34. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management policy is to maintain a strong capital base to support their business and to maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it in the light of changes in economic conditions or expansion of the Group and of the Company. The Group and the Company may adjust the capital structure by issuing new shares, returning capital to shareholders or selling assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

The Group considers its total equity and total borrowings and lease liabilities to be the key components of their capital structure. The Group and the Company monitor capital using a debt-to-equity ratio, which is calculated as total borrowings and lease liabilities, less cash and cash equivalents divided by total equity as follows:

	Group	
	<u>2024</u> RM	<u>2023</u> RM
Total borrowings and lease liabilities	15,990,248	21,453,251
Less: Cash and bank balances	(2,598,574)	(1,654,126)
Fixed deposits with licensed banks	<u>(13,488,133)</u>	<u>(3,851)</u>
Net debt	<u>(96,459)</u>	<u>19,795,274</u>
Total equity	<u>55,096,507</u>	<u>62,136,221</u>
Gearing ratio	<u>N/A ¹</u>	<u>32%</u>

¹ N/A – Not applicable as net cash position

LIST OF
PROPERTY

As at 31 December 2024

Owner	Location	Description	Tenure	Land Area (Built-Up Area)	Existing Use	Age	Year of Purchase	Carrying Amount @ 31/12/24 RM'000
1 Usmeta Manufacturing Sdn Bhd	Lot PT 101677, HS (D) 52977, Mukim of Hulu Kinta, Perak and Lot PT 80060, HS (D) 10137, Mukim of Hulu Kinta, Perak	Commercial land with factory building	Leasehold expiring 2 June 2046 and 2 January 2051	12,569.56m ² and 8,129.00m ²	Factory	18	2006	1,338
Total Value								1,338

ANALYSIS OF SHAREHOLDINGS

As at 3 April 2025

Issued Shares	:	65,499,250 ordinary shares
Class of Equity Securities	:	Ordinary share ("Share")
Voting Rights	:	One vote per Share

Distribution Schedule of Shareholders as at 3 April 2025

No. of Holders	Holdings	Total Shareholdings	%
279	Less than 99	11,209	0.02
359	100 to 1,000	249,331	0.38
929	1,001 to 10,000	2,721,550	4.16
119	10,001 to 100,000	3,278,300	5.00
30	100,001 to less than 5% of issued shares	23,138,700	35.33
3	5% and above of issued shares	36,100,160	55.11
1,719		65,499,250	100.00

30 Largest Securities Account Holders as at 3 April 2025

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

No.	Name	No. of Shares held	%
1	DIGITAL PLANNERS SDN BHD	21,000,000	32.06
2	LENGKAP SUCI SDN BHD	11,600,360	17.71
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR ARECA DYNAMIC GROWTH FUND 7.0 (430341)	3,499,800	5.34
4	CEKAP TEROKA SDN BHD	3,000,000	4.58
5	GAGAH NUSANTARA SDN BHD	3,000,000	4.58
6	MICROPLUS ELITE SDN BHD	3,000,000	4.58
7	EDISI BIMBINGAN SDN BHD	2,420,100	3.69
8	KUMPULAN KENDERAAN MALAYSIA BERHAD	2,272,800	3.47
9	CIMSEC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CIMB INVESTMENT BANK BERHAD (88008208-PB)	1,900,000	2.90
10	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR AHAM ASSET MANAGEMENT BERHAD (TSTAC/CLNTT)	1,500,000	2.29
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR ARECA PROGRESSIVE INCOME FUND 2.0	1,500,000	2.29
12	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD MAYBANK SECURITIES PTE LTD FOR TAN CHUN KEE	829,700	1.27
13	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOW SOO HIANG	433,000	0.66
14	LEMBAGA TABUNG AMANAH WARISAN NEGERI TERENGGANU	338,700	0.52
15	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN FEI PING	330,000	0.50
16	DUSHYANTHAN A/L VAITHIYANATHAN	210,100	0.32
17	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK SECURITIES PTE LTD FOR NG GIAK PIN	188,900	0.29

ANALYSIS OF SHAREHOLDINGS

As at 3 April 2025

30 Largest Securities Account Holders as at 3 April 2025 (Cont'd)

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

No.	Name	No. of Shares held	%
18	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW JU LIP (CEB)	183,800	0.28
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHIN SOON YEE	179,200	0.27
20	TAN CHUN KEE	173,000	0.26
21	LAI THIAM POH	165,400	0.25
22	LEOW KEAN TECK	163,400	0.25
23	CHUAH LAY KUAN	146,400	0.22
24	NIK ALIEZA MELINEE BINTI NIK MOHAMED	142,300	0.22
25	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KOK KUAN	140,700	0.21
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR FOONG KUOK JIAN (PW-M00088) (197120)	138,000	0.21
27	TEY LIAW LIEN	123,900	0.19
28	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHEW SIEW	122,200	0.19
29	H.R.H SULTAN SHARAFUDDIN IDRIS SHAH	114,000	0.17
30	TEY ENG JOO	110,000	0.17

Substantial Shareholders as at 3 April 2025

(excluding those who are bare trustees pursuant to Section 130 of the Companies Act, 2016 ("the Act"))

Name of Substantial Shareholders	No. of Shares held					
	Direct Interest	%	Indirect Interest	Note	%	
Digital Planners Sdn Bhd (“DPSB”)	21,000,000	32.06				
Y.M. Dato’ Syed Budriz Putra			21,000,000	1	32.06	
H.R.H Sultan Sharafuddin Idris Shah	114,000	0.17	21,000,000	2	32.06	
Lengkap Suci Sdn Bhd (“LSSB”)	11,600,360	17.71				
Kumpulan Kendaraan Malaysia Berhad (“KKMB”)	2,272,800	3.47	11,600,360	3	17.71	
Nadicorp Holdings Sdn Bhd (“NHSB”)			13,873,160	4	21.18	
Nadi Corporation Sdn Bhd (“NCSB”)			13,873,160	5	21.18	
Trisilco Equity Sdn Bhd (“TESB”)			13,873,160	6	21.18	
Ibroni Sdn Bhd			13,873,160	6	21.18	
Muhammad Hariz Bin Mohd Nadzmi			13,873,160	7	21.18	
RHB Trustees Berhad For Areca Dynamic Growth Fund 7.0	3,499,800	5.34				

Notes

- Deemed interested pursuant to Section 8(4) of the Companies Act 2016 ("the Act") because DPSB, which is his associate within the meaning of Section 8(5)(e) of the Act, has a direct interest of 32.06% in the Company and is a major shareholder of the Company.

ANALYSIS OF SHAREHOLDINGS

As at 3 April 2025

Notes (Cont'd)

2. Deemed interested pursuant to Section 8(4) of the Act because DPSB, which is his associate within the meaning of Section 8(5)(d) of the Act, has a direct interest of 32.06% in the Company and is a major shareholder of the Company.
3. Deemed interest pursuant to Section 8 of the Act by virtue of its shareholdings held through LSSB.
4. Deemed interest pursuant to Section 8 of the Act by virtue of its shareholdings in KKMB.
5. Deemed interest pursuant to Section 8 of the Act by virtue of its 100% shareholdings in NHSB which in turn is the holding company of KKMB.
6. Deemed interest pursuant to Section 8 of the Act by virtue of its shareholdings in NCSB.
7. Deemed interest pursuant to Section 8 of the Act by virtue of his shareholding in TESB which is the ultimate holding company of KKMB and LSSB.

Directors' Shareholdings (Direct & Indirect) as at 3 April 2025

Name of Directors	No. of Shares held				
	Direct Interest	%	Indirect Interest	Note	%
Y.M. Dato' Syed Budriz Putra	-	-	21,000,000	1	32.06
Ibrahim Aiman Bin Mohd Nadzmi	-	-	-	-	-
Lee Chin Chuan	-	-	-	-	-
Tung Shao Yin	-	-	-	-	-
Au Foong Yee	-	-	-	-	-

Notes

- 1) Deemed interested pursuant to Section 8(4) of the Act because DPSB, which is his associate within the meaning of Section 8(5)(e) of the Act, has a direct interest of 32.06% in the Company and is a major shareholder of the Company.

Interest in the related corporation

Y.M. Dato' Syed Budriz Putra by virtue of his interest in shares in the Company, is deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

Save as disclosed above, none of the other Directors in office have any interest in shares in its related corporations.

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ARKA BERHAD
Registration No. 197701005709 (36747-U)

Proxy Form

No. of Ordinary Shares held

*I/We _____ NRIC/ Passport/ Registration No. _____
(Full Name in Capital Letters)

of _____
(Full address in capital letters and telephone number)

being a member/members of **ARKA BERHAD ("the Company")** hereby appoint the following person(s): -

First Proxy	NRIC / Passport No.	No. of shares or % of shares to be presented
Name		

*and/or failing him/her/them,

Second Proxy	NRIC / Passport No.	No. of shares or % of shares to be presented
Name		

or failing him/her/them, the Chairman of the meeting, as *my/our proxy to vote in *my/our name(s) on *my/our behalf at the Forty-seventh ("47th") Annual General Meeting of the Company to be held at Dewan Bungaraya, Level 2, WP Hotel, 362, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur on Wednesday, 4 June 2025 at 10.00 a.m. and at any adjournment thereof.

Please indicate with an 'X' in the space provided below how you wish your vote to be casted. In the absence of specific directions, your proxy will vote or abstain from voting at his/her discretion.

		For	Against
ORDINARY BUSINESS			
Ordinary Resolution 1	To approve the payment of Directors' fees for the financial year ended 31 December 2024.		
Ordinary Resolution 2	To approve the payment of benefits to Directors under Section 230(1)(b) of the Companies Act 2016.		
Ordinary Resolution 3	To re-elect Y.M. Dato' Syed Budriz Putra Jamalullail as Director of the Company.		
Ordinary Resolution 4	To re-elect Ms. Au Foong Yee as Director of the Company.		
Ordinary Resolution 5	To re-appoint Grant Thornton Malaysia PLT as Auditors.		
SPECIAL BUSINESS			
Ordinary Resolution 6	Authority for Directors to issue and allot shares.		
Ordinary Resolution 7	Proposed New and Renewal of Shareholders' Mandate.		

* strike out whichever not applicable.

Signature(s) / Common Seal of Shareholder(s)

Signed this _____ day of _____, 2025.

Notes:

1. In respect of deposited securities, only members whose name appears on the Record of Depositors as at 27 May 2025 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxies to attend and vote in his or her stead.
3. A proxy may but need not to be a member of the Company. There shall be no restriction as to the qualification of the proxy. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
5. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") 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 a member is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. The appointment of two (2) or more proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
6. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Registered office at Suite 18.05, MWE Plaza, No. 8, Lebuhr Farquhar, 10200 George Town, Pulau Pinang not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.
7. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy.
8. The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so.
9. Any alteration in this form must be initialed.

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AFFIX
STAMP

The Company Secretaries

ARKA BERHAD

Company Registration No. 197701005709 (36747-U)

Suite 18.05, MWE Plaza

No. 8, Lebuhr Farquhar

10200 George Town

Pulau Pinang

Malaysia

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ARKA BERHAD

Registration No.: 197701005709 (36747-U)

Tingkat 5F-08,
Kompleks Sempilai, Jalan Sempilai,
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