

# MCE HOLDINGS BERHAD

Registration No. 201501033021 (1158341-K)  
(Incorporated in Malaysia)

MINUTES of the 9<sup>th</sup> Annual General Meeting (“9<sup>th</sup> AGM”) of the Company duly convened and held at the Diamond 3, Level 10, Holiday Villa Johor Bahru City Centre, No. 260, Jalan Dato’ Sulaiman, Taman Abad, 80250 Johor Bahru, Johor via fully physical mode on Wednesday, the 18<sup>th</sup> day of December 2024 at 9.30 a.m.

PRESENT : Directors  
TAN SRI ABD RAHMAN BIN MAMAT (*Chairman / Independent Non Executive Director*)  
DR GOH KAR CHUN (*Group Managing Director*)  
MR. LAW SANG THIAM (*Independent Non Executive Director*)  
MR. TAILAM SHIN (*Non Independent Non Executive Director*)  
DR. LEE CHUNG WAH @ LEE CHUNG FU (*Independent Non Executive Director*)  
MS. GOH ANNE (*Group Executive Director / Chief Financial Officer*)

Shareholder, Proxy and Corporate Representative

(as per Attendance Report)

ABSENT WITH : MS FONG JED SEE – *Senior Independent Non-Executive Director*  
APOLOGIES

BY INVITATION: MR TAN GUAN SENG (Messrs Crowe Malaysia PLT- External Auditors)  
MS AN YU QING (*Next Secretarialworks Sdn. Bhd. – Scrutineer*)

IN ATTENDANCE: MR LEE WEE HEE AND MS HEW JING SIAN  
(*Secretaries of the Company*)

CHAIRMAN : TAN SRI ABD RAHMAN BIN MAMAT was in the chair and called the meeting to order at 9.30 a.m.

NOTICE : With the assent of all members, the Notice of 9<sup>th</sup> AGM issued on 26 November 2024 were taken as read.

QUORUM : The Secretary reported to the Meeting the number of shareholders and proxies who had signed in their attendance for the Meeting.

The requisite quorum being present, the Chairman declared the Meeting duly convened and constituted.

The Chairman then explained to the shareholders present the rules and protocols to be adhered to in relation to the conduct of procedures for the Meeting.

PROTOCOLS & VOTE PROCESS : In particular the Chairman highlighted that pursuant to Paragraph 8.29A of Bursa Securities Berhad’s Main Market Listing Requirements and in exercise of his power as Chairman, all resolutions set out in the Notice of the 9<sup>th</sup> AGM are to be voted by poll.

All shareholders, corporate representative and proxies present had no objections and assented to the Chairman’s proposal that all business set out in the Agenda would be dealt with by tabling all the motions, followed by a question and answer session and thereafter the conduct of the poll voting under a single poll form for all the motions tabled.

All shareholders and proxies had no objections and assented to the appointment of the Company's Share Registrar, Shareworks Sdn. Bhd. to act as the Poll Administrator for the poll voting to be conducted.

At the same time the Chairman informed the Meeting that the Board had engaged and appointed Ms An Yu Qing from Next Secretarialworks Sdn. Bhd. to act as the Independent Scrutineer for the poll to be conducted.

## **1. AUDITED FINANCIAL STATEMENTS**

The 1<sup>st</sup> item on the Agenda was to receive and consider the Audited Financial Statements for the financial year ended 31 July 2024 together with the Reports of the Directors and Auditors thereon.

The Chairman, then invited the Group Managing Director for an info sharing session with the shareholders on the Group's business.

The Group Managing Director then proceeded to share his observations the full details which is set out in the Summary of Key Matters Discussed during the 9<sup>th</sup> AGM attached to these minutes which forms part of the minutes of this Annual General Meeting.

The Chairman then advised Shareholders that this Agenda was being tabled for discussion and deliberation and the provision under the Companies Act, 2016 and the Company's Constitution did not require a formal approval of shareholders and no formal motion would be put forth for voting.

The Chairman then opened the meeting for a question and answer session which is detailed under Appendix A attached to the Summary of Key Matters Discussed during the 9<sup>th</sup> AGM which forms part of the minutes of this Annual General Meeting.

Following the conclusion of the Question and Answer session, the Chairman directed the Secretary to record in the minutes that the Audited Financial Statements for the year ended 31 July 2024 together with the Reports of the Directors and Auditors thereon had been tabled and received.

## **2. RE-ELECTION OF DATO' DR. LEE CHUNG WAH @ LEE CHUNG FU**

The 2<sup>nd</sup> item on the Agenda was to re-elect Dato' Dr. Lee Chung Wah @ Lee Chung Fu who retired pursuant to Clause 118 of the Company's Constitution and being eligible had offered himself for re-election as a Director.

The following motion was tabled for consideration as Ordinary Resolution 1 :-

“THAT Dato' Dr. Lee Chung Wah @ Lee Chung Fu, who retires pursuant to Clause 118 be hereby re-elected as Director of the Company.”

The Chairman highlighted to the shareholders that both the Board's Nomination and Remuneration Committee and the Board were recommending the re-election of Dato' Dr. Lee Chung Wah @ Lee Chung Fu as Director of the Company.

As there were no queries or questions raised by shareholders, the Chairman directed that the motion be put to the vote by way of a poll to be taken immediately after all motions on the Agenda had been tabled and any questions dealt with.

**3. RE-ELECTION OF MR LAW SANG THIAM**

The 3<sup>rd</sup> item on the Agenda was to re-elect Mr Law Sang Thiam who retired pursuant to Clause 133 of the Company's Constitution and being eligible had offered himself for re-election as a Director.

The following motion was tabled for consideration as Ordinary Resolution 2 :-

“THAT Mr Law Sang Thiam who retires pursuant to Clause 133 be hereby re-elected as Director of the Company.”

The Chairman highlighted to the shareholders that both the Board's Nomination & Remuneration Committee and the Board were recommending the re-election of Mr Law Sang Thiam as a Director of the Company.

As there were no queries or questions raised by shareholders, the Chairman directed that the motion be put to the vote by way of a poll to be taken immediately after all motions on the Agenda had been tabled and any questions dealt with.

**4. RE-ELECTION OF MS GOH ANNE**

The 4<sup>th</sup> item on the Agenda was to re-elect Ms Goh Anne who retired pursuant to Clause 133 of the Company's Constitution and being eligible had offered herself for re-election as a Director.

The following motion was tabled for consideration as Ordinary Resolution 3 :-

“THAT Ms Goh Anne who retires pursuant to Clause 133 be hereby re-elected as Director of the Company.”

The Chairman highlighted to the shareholders that both the Board's Nomination & Remuneration Committee and the Board were recommending the re-election of Ms Goh Anne as a Director of the Company.

As there were no queries or questions raised by shareholders, the Chairman directed that the motion be put to the vote by way of a poll to be taken immediately after all motions on the Agenda had been tabled and any questions dealt with.

**5. DIRECTORS' FEES**

The 5<sup>th</sup> item on the Agenda was to approve the payment of Directors' fees of RM489,535.67 for the financial year ending 31 July 2025 payable quarterly in arrears after each month of completed service of the Directors during the financial year.

The following motion was tabled for consideration as Ordinary Resolution 4:-

“THAT the payment of Directors' Fees of RM489,535.67 for the financial year ending 31 July 2025 payable quarterly in arrears after each month of completed service of the Directors during the financial year be and is hereby approved.”

As there were no queries or questions raised by shareholders, the Chairman directed that the motion be put to the vote by way of a poll to be taken immediately after all motions on the Agenda had been tabled and any questions dealt with.

**6. DIRECTORS' BENEFITS**

The 6<sup>th</sup> item on the Agenda was to approve the payment of Directors' benefits amounting to RM40,000.00 for the period commencing after the date of this Annual General Meeting to the date of the next Annual General Meeting in 2025.

The following motion was tabled for consideration as Ordinary Resolution 5:-

“THAT the payment of Directors' Benefits amounting to RM40,000.00 for the period commencing after the date of this Annual General Meeting to the date of the next Annual General Meeting.”

As there were no queries or questions raised by shareholders, the Chairman directed that the motion be put to the vote by way of a poll to be taken immediately after all motions on the Agenda had been tabled and any questions dealt with.

**7. APPOINTMENT OF AUDITORS**

The 7<sup>th</sup> item on the Agenda was to appoint Auditors and to authorize the Directors to fix their remuneration.

The following motion was tabled for consideration as Ordinary Resolution 6 :-

“THAT MESSRS CROWE MALAYSIA PLT be hereby appointed as Auditors of the Company for the financial year ending 31<sup>st</sup> July 2025 and that the Directors be authorized to fix their remuneration.”

As there were no queries or questions raised by shareholders, the Chairman directed that the motion be put to the vote by way of a poll to be taken immediately after all motions on the Agenda had been tabled and any questions dealt with.

**8. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

The 8<sup>th</sup> item on the Agenda under Special Business is to authorize Directors to allot and issue shares pursuant to Section 75 and 76 of the Companies Act, 2016.

The Chairman highlighted that this Agenda, if passed, will provide flexibility for the Company and empower the Directors of the Company from the date of this Meeting until the next Annual General Meeting unless, earlier revoked or varied at a general meeting, to issue shares in the Company up to an aggregate number not exceeding 10% of the issued share capital of the Company at any point of time for such purposes as they consider would be in the best interest of the Company.

The following motion was tabled for consideration as Ordinary Resolution 7:-

“THAT subject always to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Constitution of the Company and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10 percent of the total number of issued shares of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company (“the Mandate”).

AND THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 64 of the Constitution of the Company, the shareholders of the Company do hereby waive their statutory pre-emptive rights over all new shares to be offered and issued pursuant to the above Mandate, such new shares when issued, to rank pari passu with existing issued shares in the Company.”

As there were no queries or questions raised by shareholders, the Chairman directed that the motion be put to the vote by way of a poll to be taken immediately after all motions on the Agenda had been tabled and any questions dealt with

As all motions for the 9<sup>th</sup> Annual General Meeting had been tabled, the Meeting would proceed with the poll voting on all the resolutions tabled immediately and the Chairman requested a representative from Shareworks Sdn. Bhd., the Poll Administrator to brief the members present on the instructions for completing the poll form and depositing of the forms into the poll box.

After briefing by the Poll Administrator on the instruction and procedure to complete the poll form, the Chairman requested members to cast their votes and to deposit their poll votes into the ballot boxes. Thereafter the Chairman adjourned the meeting at 10.15 a.m. for members to cast their votes and for the poll votes to be counted by the Poll Administrator in the presence of the Scrutineer appointed.

The Chairman then called the Meeting to order at 10.42 a.m. after being informed of the availability of the poll results. The results of the poll voting tabulated were projected and disclosed to the meeting as follows:-

**RESULTS OF THE POLL VOTES ON RESOLUTIONS TABLED AT THE 9<sup>TH</sup> ANNUAL GENERAL MEETING ON 18 DECEMBER 2024**

RESOLUTION	FOR		AGAINST	
	No. of shares	%	No. of shares	%
Ordinary Resolution 1 – Re-election of Dato’ Dr Lee. Chung Wah @ Lee Chung Fu	64,713,380	100.0000	0	0.0000
Ordinary Resolution 2 – Re-election of Mr Law Sang Thiam	64,713,380	100.0000	0	0.0000
Ordinary Resolution 3 – Re-election of Ms Goh Anne	64,713,380	100.0000	0	0.0000
Ordinary Resolution 4 – Approval of Directors’ Fees	64,713,380	100.0000	0	0.0000
Ordinary Resolution 5 – Approval of Directors’ Benefits (for the period from 8 <sup>th</sup> AGM to 9 <sup>th</sup> AGM)	64,713,380	100.0000	0	0.0000
Ordinary Resolution 6 – Appointment of Auditors	64,713,380	100.0000	0	0.0000
Ordinary Resolution 7 – Authority to issue share	64,713,280	99.9998	100	0.0002

Based on the results of the poll, the Chairman declared that all the 7 motions tabled had been carried and passed with the respective majorities as detailed above.

**TERMINATION**

There being no other business the Meeting terminated at 10.45 a.m. with a vote of thanks to the Chair.

***C O N F I R M E D***

*-Signed -*

TAN SRI ABD RAHMAN BIN MAMAT  
*CHAIRMAN*

Dated : 18 December 2024

**Appendix A**

*(which forms part of the Minutes of 9th Annual General Meeting)*

**SUMMARY OF KEY MATTERS DISCUSSED DURING THE 9TH ANNUAL GENERAL MEETING (“AGM”) OF MCE HOLDINGS BERHAD DULY CONVENED AND HELD AT THE DIAMOND 3, LEVEL 10, HOLIDAY VILLA JOHOR BAHRU CITY CENTRE, NO. 260, JALAN DATO’ SULAIMAN, TAMAN ABAD, 80250 JOHOR BAHRU, JOHOR ON WEDNESDAY, THE 18<sup>TH</sup> DAY OF DECEMBER 2024 AT 9.30 A.M.**

The following key matters were transacted:

**UNDER AGENDA 1 - AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2024**

**A. BRIEFING BY GROUP MANAGING DIRECTOR**

- 1. Over the last five years, we achieved a compounded annual growth rate (CAGR) of approximately 18% successfully turning around from a loss position in FY2020 and FY2021 to profitability in recent years. For the financial year ended 31 July 2024, we reported revenue of RM1.55.7 million and profits after tax of RM15.9 million.*
- 2. We recently completed the disposal of a piece of land, raising approximately RM40 million. These proceeds will support our working capital for existing and upcoming projects.*
- 3. In recent months, we secured several contracts which in aggregate exceeds RM100 million in value. This includes a milestone contract to supply electronic and mechatronic components for Perodua’s first electric vehicle (EV). Key components under this contract include multimedia display units, instrument panel clusters, advanced driver assistance systems, functional switches, and interior lighting. This achievement is a testament that we can penetrate the EV market, which holds immense potential, and we are optimistic about further opportunities ahead.*
- 4. MCE, which is mainly involved in the original equipment manufacturer (OEM) business, is diversifying into the replacement market. We have been appointed by Nasdaq-listed Dorman Products Inc for the supply of aftermarket products. For the replacement market, we have picked the US instead of the local market because the replacement market there is huge. This partnership with Dorman came about partly due to geopolitical tensions, which have prompted North American players to look for suppliers outside of China. We expect the China +1 strategy to bring about more opportunities for us.*
- 5. We are continuously refining our engineering and R&D capabilities to stay ahead of evolving customer demands by developing a new range of electronics and mechatronic components alongside our traditional mechanical offerings to drive future growth. Our upcoming state-of-the-art facility in Serendah, the MCE Auto Hub, will double our existing capacity and exemplifies our commitment to innovation and position us to capture new demand in both local and overseas market.*
- 6. We currently have 2 manufacturing facilities; one located in Johor with built up size about 100K square feet and another in Klang with a built trip up of 60K square feet. We employ almost 600 full time employees with over 15% of our workforce being engineers, reflecting our commitment to enhance research and development capabilities. In January, we commenced construction of our new plant in Serendah with a built trip area of 117K Square feet and is expected to commission in the second half of next year. This new plant is earmarked to produce advanced electronics and mechatronics parts as we continue to scale our way up the value chain.*

7. *Our product portfolio encompasses a wide range of automotive parts and systems, including parking sensor system, camera system & DBR, anti-theft keyless entry systems, functional switches, lightings and more. We are now moving up the value chain into-high value systems such as infotainment systems and touchscreen panels, which are pivotal to our growth strategy. Last year, around 39% of our revenue are from electronic components, 55% from mechatronics products and 6% from mechanical products.*
8. *Last year, the domestic market accounted for around 91% of our total revenue. The two local marqueees, PROTON & PERODUA, are our main customers contributing approximately 80% in almost equal proportions. Our key export customer is Toyota and under the global Toyota platform. Apart from that, we have received serious enquiries from the overseas market. We are confident that we will be able to secure some of these contracts in the coming financial year with our increased capacity coming onstream as we ramp up to complete our new Serendah factory in the second half of 2025. The export market for both OEM and REMs also represents a huge opportunity for MCE. We have already secured Dorman as mentioned earlier. We are now at the design stage. We will start supplying to Dorman from 2025. We hope to partner with more players from the export market to boost our revenue and earnings. We will provide updates in the future if we secure any sizeable contracts.*
9. *The slides show our financial performance for the past five years which has been steadily improving, as we focus our efforts into the automotive industry. As mentioned earlier, our revenue grew at a CAGR of approximately 18% over this period. In FY2024, we achieved revenue of RM155.7 million which is slight improvement over the previous year. The Group's PATAMI for FY2024 was RM15.9 million, an increase 3% from the previous year, mainly attributed to lower direct costs from enhanced operational efficiencies, along with an increase in other income. We are almost optimized and awaiting the completion of the Serendah factory which will be our next engine of growth.*
10. *We take pride in consistently being recognized for our efforts to help clients enhance their solutions at an affordable cost. Over the years, we have received numerous accolades, as highlighted on this page. Beyond local recognition, our capabilities have also been acknowledged by international brands like Geely, who named us an outstanding supplier. This demonstrates our ability to compete effectively on the global stage.*
11. *The financial year 2024 has been a very busy and fruitful year for us as we prepare for our growth journey ahead. We have been on the media limelight over the last few months on our various activities and initiatives.*

*On the corporate front, we have also undertaken several proposals starting with the one-for-one Bonus issue with free warrants in October 2023 and the land disposal which was announced in February 2024 to raise proceeds for working capital and capital expenditure as we prepare to undertake new projects. We also secured several key new contracts from national marqueees such as Proton contract in March 2024.*

12. *The media also captured news on the construction commencement of our Serendah factory which was attended by our Minister of Investment, trade and Industry, Tengku Datuk Zafrul. During the event, he said the development of the MCE Auto Hub is a testament to the government and MITI's strategic policy push toward fostering growth and innovation in Malaysia's automotive sector.*

*In July and August, we continued to secure more notable contracts, including a contract for Perodua's upcoming EV and another Proton contract.*

13. *Our activities and prospects captured the media's attention, and we were interviewed by The Edge on our capacity and market expansion plans in October 2024. In November, we announced a JV with Abhishek group to develop, manufacture and market automotive electronic parts in India and an MoU with Nanjing ChuHang Technology for the development of autonomous driving radar solutions.*



14. *As I have touched on in the key highlights section earlier, we secured a contract to supply components for PERODUA's new EV, eMO-II, which will be launched next year. We will be supplying multimedia display units, instrument panel clusters, advanced driver assistance systems, functional switches, and interior lighting. This achievement is a testament that we can penetrate the EV market, which holds immense potential, and we are optimistic about further opportunities ahead. Moving forward, we will continue to scale the value chain to deliver forward, we will continue to scale the value chain to deliver higher-value and technologically sophisticated products to our clients.*
15. *We have identified multiple growth vectors in the coming years in the form of our New Capacity, New Electronics and New Markets. The next few years will be very exciting for MCE. The Serendah plant is advanced industrial facility designed for efficient and large-scale manufacturing. It has a dedicated ESD floor, Class 100k Cleanroom & state-of-art SMT line. Our plan is to use this new plant for the production of high-tech and more technology sophisticated electronics. With this new state of the art facilities, we will also be more ready to compete for export orders in the international arena.*

*In terms of New Electronics or New Products, we are scaling up the value chain by manufacturing products and systems of higher value. Some of these are advanced driver assistance system technologies (ADAS), advanced camera technology, infotainment & meter cluster and touch screen panels. We are also developing new electronics which will be heavily utilized in e-vehicle.*

*Last but not least for New Markets, we are expanding business activities to reach international markets, introducing more products to existing key customer for export market and identifying opportunities arising from manufacturing relocation with overarching OEM and REM strategy. The growing presence of foreign automotive players in Malaysia presents significant opportunities for Our Group. These players will need to engage local vendors like us to increase their local content and support auto localization efforts, further strengthening our business prospects.*

16. *This slide showcases the visual and progress of our Serendah plant. The construction commencement ceremony was graced by Tengku Zafrul, Malaysia's Minister of Investment, Trade, and Industry. The plant is now more than 60% complete and is on track for commissioning in FY2026. Our land size in Serendah is 8.3 acres. We are using one-third of the land to build this factory, with an investment cost of RM50 million. So, we still have two-thirds of the land for future expansion.*
17. *FY2024 was an exceptionally busy year, and these activities of building the foundation for growth will carry into FY2025. In the coming FY2025, we will continue laying the groundwork for transformative growth and exciting opportunities in 2026 and beyond.*

*Looking into 2025, we will be completing our new plant which will be commissioning in FY2026. With this, we will have the capacity and enhanced capability to capitalize on strong demand from key clients as well as other car brands who are not yet our customer but are intending to set base in Malaysia for domestic and regional markets. In addition, Geopolitical tensions have created new opportunities, and we are poised to leverage these shifting dynamics to our advantage. With manufacturing relocations to ASEAN, we are well-positioned to capture emerging growth opportunities in the region's automotive supply chains. Importantly, moving forward, we will be focusing and moving into higher value & better margin products with sophisticated engineering for next-gen vehicles. All these are expected to contribute to better performance in 2026 and the future years.*

18. *We plan to complete the entire Serendah expansion by 2035 with a total built-up area of 500,000 sq ft. Once the plant is ready, we are looking at pulling in RM500 million in annual revenue from it. Combined with the contributions from our revenue from it. Combined with the contributions from our existing plants in Johor Bahru and Klang, which are targeted to deliver RM200 millions, we are setting our sights on achieving a total Group revenue of RM700 million.*

*This plan underscores our confidence in MCE's growth potential and our commitment to driving value for our stakeholders. With a clear roadmap and robust strategies, we are poised to scale greater heights and deliver sustainable, long-term growth.*

**B. UNDER AGENDA 1 - AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2024**

**Questions raised by Minority Shareholder Watch Group**

During the AGM, the Chairman informed the shareholders present that the Company had received a letter dated 12 December 2024 from the Minority Shareholder Watch Group ("MSWG").

The Chairman requested the Group Executive Director cum Chief Financial Officer to present the questions/queries raised by MSWG together with the Board and management's response for the benefit of shareholders present at the AGM as follows:

**Operational & Financial Matters**

1. **MCE, through its wholly-owned subsidiary MCE Ventures Sdn Bhd, has formalised a joint venture (JV) agreement with Abhishek Electronics Manufacturing Private Limited (AEM) to develop, manufacture, and market automotive electronic parts in India. Under the collaboration, MCE and AEM will form the new JV company, Multi-Code Abhishek K Auto Components Pvt. Ltd., to expand automotive component manufacturing capabilities in India. (Source: Bursa, announcement dated 25 November 2024)**

**When does the JV company target to set up a factory and commence setting up production lines in India? What will be the total estimated investment planned for this JV, and how will it be funded?**

**Reply:**

We are currently in the process of establishing the JV company, with MCE investing approximately RM29,100 for a 55% equity stake. This establishment of the JV company will be completed within 90 days from 25 November 2024, being the date of the JV agreement. Together with AEM, we are actively developing a comprehensive strategic business plan for the JV's operations and growth, including the timing for setting up of production facilities. At this stage, no specific timelines has been determine and is dependent on numerous factors of which the main one would be the ability to secure a material contract for products in India. Should additional investment or funding be required, the funding structure will be determined at each point to ensure all decisions are in the best interests of MCE and aligned with our strategic priorities.

Further updates on the JV will be announced or disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia.

2. **The Group's inventories written down increased significantly to RM926,289 (FY2023: RM92,614). While, inventories written off increased substantially to RM358,314 (FY2023: RM146,434) (page 86 or AR2024)**

- a) **What caused the significant rise in the write-down of inventories and were there specific products that contributed to this increase? How much of the written down inventories are still useable or saleable?**

**Reply:**

The increase in inventory write-down in FY2024 was due to a more prudent approach being adopted to reduce the value of inventories that have reached End of Production ("EOP") stage and exhibit low movement. Although certain car models have reached EOP, MCE remains obligated to supply service parts under existing agreements. This prudent approach enhances our inventory management by identifying low-movement items for assessment before they become obsolete.

For inventories written down, our Research & Development, production, and Marketing teams conduct detailed assessments to evaluate whether these items can be salvaged, repurposed, or sold. Only after determining that no feasible options remain do we propose to write them off. We are currently in the process of undertaking this evaluation, and the final value of useable or saleable inventories has not yet been determined.

- b) **What were the inventory issues faced by the Group that have led to the substantial increase in inventories written off?**

**Reply:**

Inventories written off represent items that, following a comprehensive internal evaluation, have been deemed unsalvageable or have reached End of Life ("EOL") with no residual value for reuse or resale. This typically occurs when a car maker ceases production of a car model for more than 10 years, and we no longer have an obligation to supply service parts.

The increase in inventories written off in FY2024 was again due to a prudent approach. We identified and wrote-off items that, while not yet officially at EOL, were assessed as unsellable due to their lack of demand or usability in the current market. This reflects a focus on maintaining accurate inventory records and minimizing the carrying of obsolete stock.

3. **The Group's disclosure of its sustainability performance under Bursa's prescribed format for Bursa (Anti-Corruption), the percentage of operations assessed for corruption-related risks was zero for FY2024. (page 54 of AR2024)?**

**Why were there no operations assessed for corruption-related risks in FY2024? When will the Company start assessing operations for corruption risks?**

**Reply:**

We are still in the process of enhancing our sustainability disclosures, including risks assessments, for future reports. As part of our commitment to transparency and good governance, we plan to conduct corruption risk assessments in the coming years as we continue to strengthen our sustainability framework.

However, it is important to note that we have a robust Anti-Bribery and Anti-Corruption policy, and we maintain a strict zero-tolerance stance toward any forms of corruption, including bribery. We are committed to upholding the highest standards of ethical business conduct and ensuring compliance with all applicable laws and regulations.

Over the past three financial years, we have ensured that 100% of our employees, including directors, have received anti-corruption training/briefing. Our unwavering commitment to anti-bribery and anti-corruption is reflected in our track record of zero incidents of corruption.