K-One
innovate

EMS • CLOUD COMPUTING • HEALTHCARE

ANNUAL REPORT 2023

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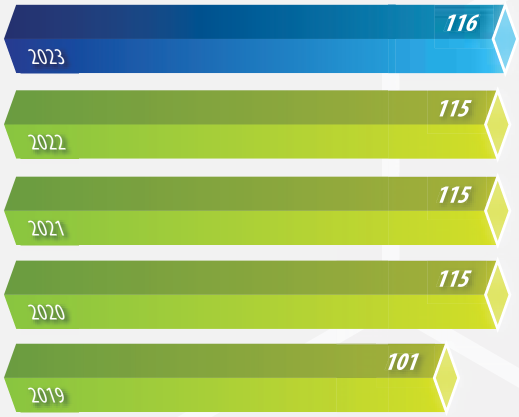
PAST FINANCIAL INFORMATION SUMMARY

SALES
(RM MILLION)

PROFIT
(RM MILLION)

TOTAL ASSETS
(RM MILLION)

SHAREHOLDER EQUITY
(RM MILLION)



EARNINGS PER SHARE
(SEN)

HUMAN RESOURCES
(NO. OF EMPLOYEES)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ir. Edwin Lim Beng Fook
(Executive Chairman)

Dato' Martin Lim Soon Seng
(Chief Executive Officer)

Bjørn Bråten
(Non-Independent Non-Executive Director)

Anita Chew Cheng Im
(Independent Non-Executive Director)

Dato' Azlam Shah bin Alias
(Independent Non-Executive Director)

Edward Ka Yen Chee
(Independent Non-Executive Director)

COMPANY SECRETARY

Wong Youn Kim (MAICSA 7018778)
Lim Li Heong (MAICSA 7054716)
Wong Mee Kiat (MAICSA 7058813)

AUDITORS

Messrs Baker Tilly Monteiro Heng PLT
Chartered Accountants

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No.5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor
Tel : +603 7890 4700
Fax : +603 7890 4670
Email : bsr.helpdesk@boardroomlimited.com

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
(Listed since 5 January 2006)

STOCK SHORT NAME & CODE

K1 (0111)

REGISTERED OFFICE

Acclime Corporate Services Sdn Bhd
Level 5, Tower 8, Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur
Tel : +603 2280 6388
Fax : +603 2280 6399
Email : listcomalaysia@acclime.com

HEAD OFFICE

66 & 68, Jalan SS 22/21
Damansara Jaya
47400 Petaling Jaya
Selangor
Tel : +603 7728 1111
Email : investor@k-one.com

GROUP PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
CIMB Bank Berhad

WEBSITE

www.k-one.com

CORPORATE STRUCTURE

DIRECTORS' PROFILE

IR. EDWIN LIM BENG FOOK
Executive Chairman

Malaysian
Age 66

Ir. Edwin Lim Beng Fook co-founded K-One Technology Berhad in 2001. He was appointed as an Executive Director on 20 February 2001 and has been the Executive Chairman since its inception in 2001.

He holds a Bachelor of Science (Hons) in Engineering with Business Studies from Sheffield Hallam University, United Kingdom and a Master of Science in Mechanical Engineering from the University of Alberta, Canada. He is a professional engineer registered with the Board of Engineers, Malaysia and a corporate member of the Institution of Engineers, Malaysia. He is also a Chartered Engineer registered with the Institution of Engineering & Technology, United Kingdom.

Ir. Edwin Lim Beng Fook was awarded the Entrepreneur of the Year Award by the Malaysia-Canada Business Council in 2004 and the Alumni Award of Excellence by the University of Alberta in 2005. He was also the winner of the EY Entrepreneur of the Year Malaysia 2016 (Technology Category) organised by Ernst & Young.

His career spanned almost 20 years with three multinationals, namely; Mobil Oil (Malaysia) Sdn Bhd, Renold (Malaysia) Sdn Bhd and AMP Products (Malaysia) Sdn Bhd (now known as TE Connectivity).

His global experience in the electronics industry stems from him leading AMP as its Country General Manager in 1992, building up the Malaysian operation from a sales outfit to establishing from greenfield AMP's manufacturing facility and Research & Development Centre. In addition to his Country General Manager's role, he also held the dual role of being the Director, Automotive Industry responsible for the ASEAN region for a period of time.

His directorships in other companies in the K-One Group are K2 Meta Sdn Bhd (fka K2 Cloud Sdn Bhd), K-One Industry Sdn Bhd, K-One Wellness Sdn Bhd, K-One MediTech Sdn Bhd, K-One Manufacturing Sdn Bhd, K-One Electronics Sdn Bhd, K-One Venture Sdn Bhd, G-AsiaPacific Sdn Bhd and G-AsiaPacific (Vietnam) Company Limited.

DATO' MARTIN LIM SOON SENG
Chief Executive Officer

Malaysian
Age 61

Dato' Martin Lim Soon Seng, a co-founder was appointed as the Chief Executive Officer in 2001 and Executive Director of K-One Technology Berhad on 29 July 2002.

He holds both the Bachelor of Engineering (Hons) in Electronics Engineering and Master of Engineering in Electronics Engineering from the University of Hull, United Kingdom. He also holds a Master of Business Administration from the University of Coventry, United Kingdom. He is a registered Chartered Engineer of the Institution of Engineering & Technology, United Kingdom.

He is a member of the Remuneration Committee.

He worked in the UK as an engineer in a precision plastic moulding company after graduation, followed by career progression as an engineer, manager and finally Chief Executive Officer of TFP Precision Industries Sdn Bhd (a local/European joint venture) spanning a period of about 14 years.

His directorships in other companies in the K-One Group are K2 Meta Sdn Bhd (fka K2 Cloud Sdn Bhd), K-One Industry Sdn Bhd, K-One Wellness Sdn Bhd, K-One MediTech Sdn Bhd, K-One Manufacturing Sdn Bhd, K-One Venture Sdn Bhd, K-One Electronics Sdn Bhd, K-One International Ltd, G-AsiaPacific Sdn Bhd, P.T. Gasia Pasific Indo and G-AsiaPacific (Vietnam) Company Limited.

BJØRN BRÅTEN
Non-Independent Non-Executive Director

Norwegian
Age 66

Bjørn Bråten co-founded K-One Technology Berhad in 2001 and was appointed as an Executive Director on 20 February 2001. He became a Non-Independent Non-Executive Director on 19 December 2008.

He has a Diploma in Engineering from the Telecom College, Norway and Bachelor of Economics and Master in Management from the Norwegian School of Management, Norway.

He is a member of the Audit & Risk Management Committee and Nomination Committee.

He has been involved in the global communications business for more than 20 years and has served in a variety of leadership roles including Director of Marketing, Vice President and President/CEO for various international companies. He has worked closely with senior executives on projects worldwide including establishing greenfield and joint venture operations globally.

DIRECTORS' PROFILE
Cont'd

ANITA CHEW CHENG IM
Independent Non-Executive Director

Malaysian
Age 57

Anita Chew Cheng Im was appointed as an Independent Non-Executive Director of K-One Technology Berhad on 11 April 2016.

She holds a Bachelor of Economics, majoring in Accounting from Monash University, Australia.

She is the Chairman of the Remuneration Committee and a member of the Audit & Risk Management Committee and Nomination Committee.

She started her career as an audit assistant at KPMG, Melbourne in 1990. While in KPMG, she was engaged in the audit of the media, retail and mining industries.

In 1992, she joined the Corporate Finance Department of Bumiputra Merchant Bankers Berhad (now known as Alliance Investment Bank Berhad after merging with Amanah Bank Berhad) and was with the investment bank for approximately 5 years. Subsequently, she held the position of Director, Corporate Finance at Alliance Investment Bank Berhad from 1997 to 2003. From 2003 to 2007, she worked at HwangDBS Investment Bank Berhad as the Senior Vice President, Equity Capital Market.

She was mainly involved in corporate finance and related matters during her 15 year tenure in the various investment banks, having advised clients on numerous IPOs, fund raising and corporate and debt restructuring exercises.

She is currently an Independent Non-Executive Director of SKP Resources Berhad, Kimlun Corporation Berhad, Plytec Holding Berhad, Kuchai Development Berhad and an Independent Non-Executive Director of Fortress Minerals Limited, a company listed on the Catalist Board of the Singapore Exchange Trading Limited (SGX Ltd).

DATO' AZLAM SHAH BIN ALIAS
Independent Non-Executive Director

Malaysian
Age 63

Dato' Azlam Shah bin Alias was appointed as an Independent Non-Executive Director of K-One Technology Berhad on 2 February 2017.

He holds a Bachelor of Business Administration, majoring in Finance from the Eastern Michigan University, United States of America.

He is the chairman of the Nomination Committee and a member of the Audit & Risk Management Committee.

He first joined Mobil Oil Malaysia Sdn. Bhd. as a Retail Development Officer in 1987 and moved on to assume the position of Real Estate Outsourcing Manager for ExxonMobil Asia Pacific PLC based in Singapore.

In 2001, he joined Tesco Malaysia as its Regional Property Director and was concurrently an Alternate Director of Tesco Malaysia's Board and a key member of the Senior Leadership Board. He was previously the Senior Advisor reporting to the President of Lotus Stores Malaysia.

He is currently the Chairman of MR DIY Berhad.

Besides work matters, he is a member of the Board of Trustee of PPUMCare Fund of University Malaya Medical Center and advisor for UMCares, a Community and Sustainability Center of University Malaya.

He was previously actively involved in industry advocacy work representing the Malaysian International Chambers of Commerce and Industry (MICCI), British-Malaysia Chambers of Commerce and Malaysian Retailers Association (MRA) in various dialogues with the authorities. He was on the Boards of the European Union-Malaysia Chambers of Commerce and Industry (EU-MCCI) and MRA.

DIRECTORS' PROFILE
Cont'd

EDWARD KA YEN CHEE
Independent Non-Executive Director

Malaysian
Age 36

Edward Ka Yen Chee was appointed as an Independent Non-Executive Director of K-One Technology Berhad on 1 August 2022.

He holds a Bachelor of Commerce (Hons), majoring in Accounting from University Tunku Abdul Rahman. He is a member of the Malaysian Institute of Accountants and Association of Chartered Certified Accountants. He is also registered with the Malaysian Financial Planning Council as a Financial Planner.

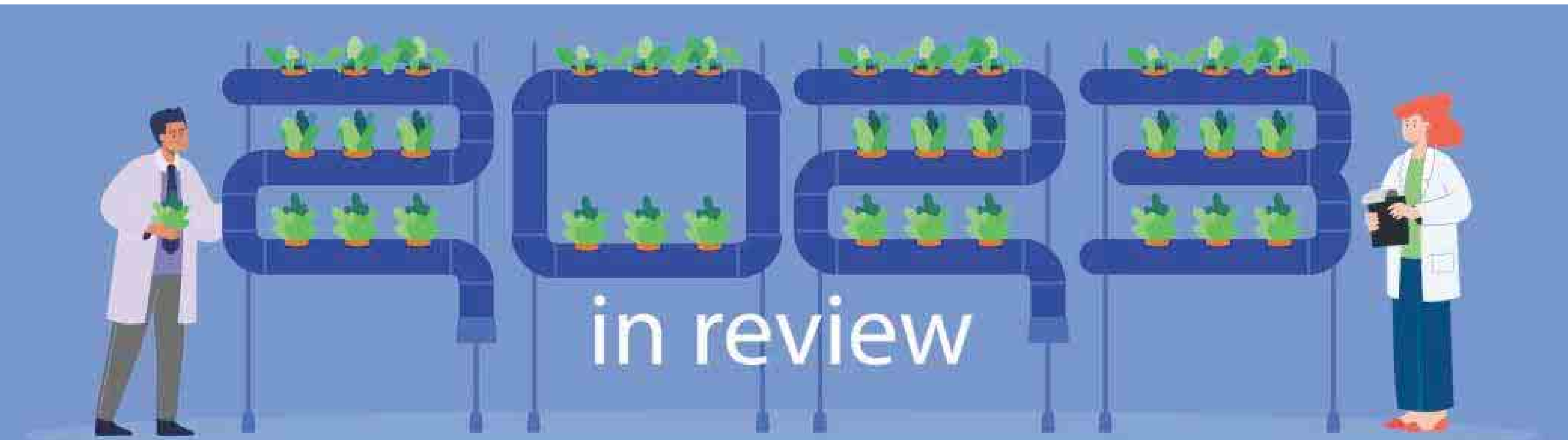
He is the chairman of the Audit & Risk Management Committee and a member of the Remuneration Committee.

He is a partner and co-founder of Messrs Chia, Ka & Partners PLT and co-founder of Numetric Cloud Sdn. Bhd.. Prior to co-founding the preceding companies, he was the Senior Managing Partner of ACMF Corporate Services Sdn. Bhd. (2019 to 2021) and the Chief Executive Officer of Projalma Sdn. Bhd. (2016 to 2018). In his earlier career, he was an Accountant and in related functions in various companies, including SG Global Support Services Sdn. Bhd., Amcorp Properties Bhd. and IOI Corporation Bhd..

In his current practice, he plays a key role in pioneering and developing the cloud accounting and business process outsourcing service in Malaysia. Additionally, he specializes in indirect tax advisory, business process outsourcing and corporate finance wherein he manages a portfolio of corporate clients in a board range of industries which encompass manufacturing, electrical and electronics, healthcare, construction and property development, plantations, amongst others.

None of the Directors, except Ir. Edwin Lim Beng Fook and Dato' Martin Lim Soon Seng who are brothers, has any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. None of the Directors had any convictions for offences within the past 10 years, except for traffic offences.

EXECUTIVE CHAIRMAN'S STATEMENT



"On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of K-One Technology Berhad for the financial year ended 31 December 2023."

BUSINESS PERFORMANCE FOR 2023

The Group's sales revenue increased to RM167.2 million in 2023 from RM164.8 million in 2022, inching up by 1%.

EMS Business

The EMS business registered sales of RM92.1 million in 2023 versus RM97.1 million in 2022, marking a decline of 5%. The slowdown in the production of electronic headlamps to cater for reworks following an engineering change coupled with the demand normalization of new products launched last year, sluggish sales of industrial equipment and waning demand of COVID-19 Antigen saliva self-test kits as the COVID-19 pandemic transitioned to endemic caused the sales contraction. However, the spare parts and sub-assemblies supply business for maintenance purpose with K-One acting as the Asia Hub for a specific customer, medical/healthcare devices and floorcare products all recorded sales gains, but insufficient to make up for the demand decline experienced in the consumer electronics, industrial and healthcare/medical supplies distribution segments.

Cloud Business

The Cloud business generated sales of RM75.1 million in 2023 versus RM67.7 million in 2022, representing an increase of 11%. The Cloud business continued its robust growth driven by sturdy recurring revenue, streaming of new customers and the post-acquisition consolidation of sales revenue of P.T. Gasia Pasific Indo (GAP Indo) which became a subsidiary of the K-One Group on 19 June 2023. The New Normal whereby virtual meeting, e-learning and e-commerce are the trend and widely adopted during the COVID-19 pandemic lingered on to spur Cloud usage. The incessant support in granting financial and marketing incentives from the global Cloud principals provided the impetus to boost sales.

The Group turned around with profit attributable to equity holders of the parent company of RM0.3 million in 2023 from a loss of RM0.1 million in 2022. The turnaround was achieved by improved profitability in the Cloud business and reduction in loss in the EMS business to yield overall Group profitability.

EMS Earnings

Despite lower sales and unfavourable foreign exchange movements, the EMS business reduced its loss to RM2.8 million in 2023 from a loss of RM3.1 million in 2022, as the recognition of deferred tax income for unused losses defrayed some of the losses.

Cloud Earnings

The Cloud business made a profit of RM3.1 million in 2023 as compared to RM3.0 million in 2022, representing an increase of 3% due mainly to uptick in sales, financial incentives given by the principal for targets achievement and the profit contribution from GAP Indo based on 51% equity interest effective 19 June 2023.

PROSPECTIVE BUSINESS OUTLOOK

Although the COVID-19 had turned endemic in 2023, the year was still a bumpy ride with the Federal Reserve in US unveiling escalating interest rates almost throughout the year, rampant inflation, the intensification of the Russia-Ukraine war, the unabated China-US rivalry and the onset of the Israel-Palestine conflict towards the end of 2023. These geopolitical conflicts shall continue to rattle in 2024. Nevertheless, the K-One Group is cautiously looking forward to brighter prospects in 2024 as it will use its experience, wisdom and resources to navigate through the volatile and uncertain global economy.

For the EMS business, the Group believes the diversion of US business out of China will exacerbate, irrespective of who wins the US Presidency at the end of 2024. Towards this end, it is constantly availing itself as the EMS of choice for such potential manufacturing relocations by reaching out to potential customers via digital means or showcasing in trade exhibitions in US.

On the same EMS front, it will follow through its 2-prong strategy to focus on the medical/healthcare business while nurturing the fairly stable consumer electronics, IoT and industrial segments. As one of the notable achievements in 2023, it managed to break into the solar energy industry (renewable energy) with potential follow through production of solar energy ancillary products in 2024 which may provide an upside.

On the emerging healthcare/medical supplies (OBM/AR) business, it is making headways, in particular, the NASA-JPL licensed ventilator to be rebranded as Medkaire is expected to roll out towards year end 2024 once the relevant outstanding clinical tests and reports are submitted to MDA for approval.

For the Cloud business, it is expected to follow through with positive contributions in both the top and bottom lines in 2024, generally driven by the insatiable appetite of the markets in ASEAN in embracing Cloud to stay technologically competitive and relevant. Cloud is the new oil for digital transformation. With subsidiaries established in Indonesia and Vietnam respectively in the second half of 2023, it is poised to take advantage of local presence to give competition a run for the money in these markets which have immense Cloud market potential. The Group's expertise and competency excellence as endorsed by the numerous accolades such as Migration Competency Partner badge and Public Sector Partner badge affirmed by AWS and Exceptional Partnership Award and All-Star (Sales) Award bestowed by Google puts it in good position to expeditiously penetrate the fast-expanding ASEAN market.

The Group will not pay any dividend for 2023 as it prefers to conserve its cash to grow its business. Further, the surplus cash would come in handy to acquire synergistic business when the opportunity is presented.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our deepest appreciation to all our customers, business associates, financiers and shareholders for their continued support, understanding and confidence in the Group. I also wish to express my sincere appreciation to the Management and staff for their perseverance, dedication and contribution in 2023.

Ir. Edwin Lim Beng Fook
Executive Chairman

CEO'S OPERATIONS REVIEW

"I would like to take this opportunity to report key aspects and performance of our operations for the financial year ended 31 December 2023."

SALES AND FINANCIALS

The Group registered sales revenue of RM167.2 million in 2023, as compared to RM164.8 million in 2022, representing an increase of 1% on the backdrop of a challenging global economy.

EMS Business

EMS's sales slipped to RM92.1 million in 2023 from RM97.1 million a year ago, denoting a decline of 5%. The decrease was mainly attributed to the slowdown in production of electronic headlamps to accommodate reworks due to an engineering change, demand normalization of new models of electronic headlamps launched last year, soft demand of industrial equipment and weak uptake of COVID-19 Antigen saliva self-test kits as the COVID-19 pandemic was waning. On the other hand, the spare parts and sub-assemblies supply business for maintenance purpose with K-One acting as the Asia Hub for a specific customer, medical/healthcare devices and floorcare products all had upturns but still short of making up for the sales downturn in the consumer electronics, industrial and healthcare/medical supplies distribution segments.

Cloud Business

Cloud broke a new high in sales revenue of RM75.1 million in 2023 as compared to RM67.7 million in 2022, marking an increase of 11%; propped up by sturdy recurring revenue, onboarding of new customers and the consolidation of the sales revenue of P.T. Gasia Pasific Indo (GAP Indo) on becoming a 51% subsidiary of the Group effective 19 June 2023. The New Normal; a by-product of the COVID-19 pandemic which encapsulates virtual meeting, e-learning and e-commerce is providing the catalyst to drive Cloud usage. Certainly, the relentless backing of the global Cloud principals helped to boost sales.

The Group recorded profit attributable to equity holders of the parent company of RM0.3 million in 2023 versus a loss of RM0.1 million in 2022 to reflect a turnaround which was crystallized by improved Cloud profit and reduced EMS loss.

EMS Earnings

The EMS business registered a loss of RM2.8 million in 2023 against RM3.1 million loss in 2022. The recognition of deferred tax income for unused losses eased the loss.

Cloud Earnings

The Cloud business chalked up a profit of RM3.1 million in 2023 versus RM3.0 million in 2022 due mainly to an uptick in sales, financial incentives granted by principal for targets achievement and consolidation of GAP Indo's profit subsequent to becoming a 51% subsidiary effective 19 June 2023

DESIGN AND DEVELOPMENT

The Group's R&D engineers continued to spend much efforts and time in testing and industrializing the NASA-JPL designed ventilator licensed to the Group for manufacturing. Being categorized as a Class C medical device (with high moderate risks), considered as semi-invasive in use, it is required to undergo stringent clinical tests before it can be approved by the health authorities. In Malaysia, the approving authority is the Medical Device Authority (MDA) under the Ministry of Health, Malaysia. It has done some enhancements to make it more user friendly and also to suit the local market. The Group is collaborating with top-notch local public university hospitals on clinical testing to produce the required clinical test reports for submission to MDA for their evaluation and approval. Safety is of utmost importance in the application of medical devices and the Group will not compromise in this respect. As such, it has taken longer than expected in the approval process for launching the said NASA-JPL licensed ventilator branded as Medkaire in the local market. Furthermore, the Group is taking the Medkaire ventilator through the full approval process which is more stringent and comprehensive and not under the emergency use authorization (EUA) route allowable during the COVID-19 pandemic which is simpler. It expects to secure MDA approval before year end 2024, afterwhich it will go through the process of securing FDA approval so that it can be marketed in US and other parts of the world.

For a change, in 2023, the Group's R&D engineers were excited to work on the development of solar energy ancillary products which was a diversification from its normal product development portfolios which usually encompassed consumer electronic products, medical devices, industrial equipment and IoT gadgets.

MANUFACTURING

The shortage of production employees in 2022 eased in 2023 as manufacturers found it easier to hire foreign workers in conjunction with the government relaxing its intake into Malaysia. Although the sufficient supply of foreign workers does not benefit the Group directly as it only hires locals in support of neighbouring communities as its policy, it did help indirectly as manufacturers in the vicinity of the Group's factories did not have to resort to production employee pinching as there were enough supply of foreign workers to meet their needs.

There was steady progress in advancing Industry 4.0 on the shopfloors. The implementation of automation and Industry 4.0 is taking traction gradually to counter the increased production wages. Specific customers are looking over the Group's shoulders in pushing for increased automation and robotics implementation.

The refurbishment of the plant purchased in January 2021 was completed in 2023 to expand manufacturing capacity to cater for the anticipated business growth in the medical/healthcare, industrial and floorcare market segments.

CEO'S OPERATIONS REVIEW
Cont'd

HUMAN RESOURCE

The headcount on the production floors was reduced in tandem with the sales slide in the EMS business in 2023. As automation in certain processes were progressively implemented, it also helped to trim production headcount.

On the contrary, the Cloud business increased its headcount to cope with its sales growth and geographical expansion to Indonesia and Vietnam.

The Group spent much time, efforts and money to ensure the safety and health of its employees even though the COVID-19 pandemic was at its tail-end. Its employees were regularly COVID-19 tested using its own MDA approved COVID-19 Antigen self-test kits as a precautionary measure to curb the spread of infections.

Human assets being a prized asset, the Group engaged reputable external parties to conduct leadership development and sales training for its management and business development staff respectively towards the end of 2023. It might be a refresher course for some and new for others but it was money well spent to rejuvenate and align everyone with the Group's corporate goals.

The Group was elated to honour many employees who have served diligently for more than 10, 15 and 20 years respectively in a recent gala dinner. In this day and age, it is rare to witness long service and in this respect, the Group is certainly proud of having many long service staff.

CORPORATE DEVELOPMENT

The K-One Group's wholly-owned subsidiary, G-AsiaPacific Sdn Bhd (GAP M'sia) had on 19 June 2023 completed the acquisition of 36% equity in P.T. Gasia Pasific Indo to make it a 51% subsidiary for RM4.6 million.

GAP M'sia had also managed to form a joint-venture (JV) in the name of G-AsiaPacific (Vietnam) Company Limited with Vietnet Distribution Joint Stock Company on 20 July 2023 to conduct cloud computing business in Vietnam. The JV is a 51% subsidiary of GAP M'sia.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express our appreciation to the Management, staff, valued customers, vendors, business partners and shareholders for their trust, support and working together to navigate through 2023 with much success.

Dato' Martin Lim Soon Seng
CEO

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

1. OVERVIEW

The Group's sales revenue for 2023 increased to RM167.2 million from RM164.8 million in 2022, registering an upturn of 1% attributed entirely to the continued growth momentum of the Cloud Computing (Cloud) business.

The Electronic Manufacturing Services (EMS) business closed at RM92.1 million for 2023 as compared with RM97.1 million in the preceding year, denoting a decrease of 5% on sluggish sales of electronic headlamps and industrial equipment, in addition to the tapering of pandemic-induced demand for COVID-19 Antigen saliva self-test kits amid falling COVID-19 cases which were also less life-threatening. The preceding sales slide was however partially cushioned by the increased supply of spare parts and sub-assemblies for maintenance purpose to a specific customer and the stronger performance of medical/healthcare devices and floorcare products.

The Cloud business achieved a new record annual sales revenue of RM75.1 million in 2023 as compared to RM67.7 million in 2022, marking an increase of 11% on vibrant recurring revenue and the consolidation of the post-acquisition top line of P.T. Gasia Pasific Indo (GAP Indo) following the completion of the acquisition of additional shareholdings in making it a subsidiary effective June 2023.

The Group delivered a net profit of RM0.3 million in 2023, turning around from a net loss of RM0.1 million in the preceding year. The EMS business recorded a loss of RM2.8 million in 2023, a loss reduction from RM3.1 million loss a year ago despite lower sales and adverse foreign exchange movements as the recognition of deferred tax income for unused losses defrayed some of the losses. The Cloud business locked in a higher profit of RM3.1 million in 2023 as compared to RM3.0 million in the previous year on sales surge, profit contribution from P.T. Gasia Pasific Indo (GAP Indo) based on 51% equity interest and the granting of specific financial incentives by the principal for targets achievement.

The Group continued to be debt free and with cash surplus of RM48.6 million as at end 2023.

2. BUSINESS OBJECTIVES

Since inception in 2001, the K-One Group has traditionally focused on being an OEM/ODM to multinationals and technology conglomerates worldwide. It specializes in providing both design/development and EMS to the medical/healthcare, IoT, industrial and consumer electronic industries. Although its forte lies in design/development, its sales revenue is largely generated from its EMS activities.

The onslaught of the COVID-19 pandemic in early 2020 accelerated the Group's foray into the medical/healthcare industry which it had been pursuing since 2016 to fill the void created following its exit from the mobile phone accessories's market in its EMS business. The OEM/ODM sales derived from both the medical/healthcare devices and non-medical/healthcare products (consumer electronics/IoT/industrial) remains the bedrock of the EMS business.

Spurred by the COVID-19 pandemic, it took the opportunity to invest into developing and manufacturing its own brand medical devices in the like of ventilators and act as authorised representatives for various healthcare and hygiene-care products to fulfil the pent-up demand from a more health-conscious population. Much groundwork has been done to go-to market and the Group is in position to seek shareholders' approval in the proposed diversification into the Healthcare Products Business in the upcoming Extraordinary General Meeting (EGM).

Since March 2019, the K-One Group has diversified into the Cloud business via the acquisition of G-AsiaPacific Sdn Bhd (GAP) which presently is a wholly-owned subsidiary. The Cloud business is principally involved in the specialities of advanced Cloud technology which encompasses infrastructure as a service (IaaS), platform as a service (PaaS), software development, IT consultancy and other professional services such as cybersecurity in relation to Cloud solutions.

It is envisaged that the Cloud business will be a forceful counterbalance to the EMS business moving forward as the Group extends its coverage to all facets of business in Malaysia, be it private or public, large or small and concurrently reaches out to ASEAN countries, which include Indonesia and Vietnam where growth opportunities are aplenty.

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE
Cont'd

3. BUSINESS AND FINANCIAL REVIEW

Business Performance

Group Business

The Group's sales revenue increased to RM167.2 million in 2023 from RM164.8 million in 2022, a rise of 1% attributed entirely to the uptick of Cloud sales.

EMS Business

EMS sales logged RM92.1 million in 2023 as compared with RM97.1 million in the preceding year, representing a decrease of 5%. The sales retraction was due mainly to:- a) dip in performance of electronic headlamps in 2H'23 on production volume contraction to cater for rework orders following an engineering change and demand normalisation after new model launches by a specific major customer a year ago, b) slowdown in demand for industrial equipment and sales of medical supplies viz-a-viz the COVID-19 Antigen saliva self-test kits for the local market took a dive in 2023 as the push to do self-test waned with COVID-19 infections becoming less life-threatening.

On the other hand, improved sales of medical/ healthcare devices and floorcare products, besides the increasing supply of spare parts and sub-assemblies for maintenance purpose to a specific customer since the end of last year, with the Group acting as its Asia Hub cushioned the decelerating sales in the market sectors indicated but insufficient to make up for their shortfall.

Cloud Business

The Cloud business generated sales revenue of RM75.1 million in 2023 as compared with RM67.7 million in the previous year, marking a growth rate of 11%, driven by:- a) sturdy performance in recurring sales from existing customers and onboarding of new customers in the Malaysia and Singapore markets and b) inclusion of the top line of GAP Indo in the consolidated financial statements following the completion of the acquisition of 36% shareholdings in the said company on 19 June 2023 thus making it a 51% subsidiary of the Group. The JV in Vietnam; G-Asia Pacific (Vietnam) Company Limited (GAP Vietnam) established at the later part of 2023 and undergoing the start-up phase is expected to make business contributions the years ahead.

Financial Performance

Group Earnings

The Group recorded profit attributable to equity holders of RM0.3 million for 2023, turning around from a loss of RM0.1 million in 2022 as the EMS business reduced its loss while the Cloud business increased its profit to generate overall positive earnings for the Group.

EMS Earnings

Despite lower sales and adverse foreign exchange movements (foreign exchange loss of RM0.2 million in 2023 versus a gain of RM0.5 million a year earlier), the EMS business recorded a smaller loss of RM2.8 million in 2023 as compared with RM3.1 million loss in the preceding year as the recognition of deferred tax income of RM1.7 million for unused losses defrayed some of the losses. Additionally, the Group's concerted efforts on materials cost-down and pass-through of portions of increased costs to customers managed to improve the gross profit margin during the year. The cost-down exercise and implementation of automation in the Group's manufacturing processes while working towards smart manufacturing as part of its Industry 4.0 attainment will be intensified in 2024 to strengthen its competitiveness moving forward.

Cloud Earnings

On the Cloud business, profit jumped from RM3.0 million in 2022 to RM3.1 million in the reporting year on stronger sales, profit contribution from GAP Indo based on 51% equity interest and financial incentives granted by the principal for achieving the various milestones. Nevertheless, the jump in operating expenses due to increasing headcount to drive the next stage of business expansion curtailed the profit growth.

Capital Resources and Liquidity

The Group's total assets for 2023 rose from RM162.7 million to RM172.0 million, representing an increase of 6% due in part to the consolidation of the financial results of GAP Indo on becoming a subsidiary of the Group, following the completion of the acquisition of 36% shareholdings in the said company.

In addition, cash and cash equivalents in the form of time deposits and short-term cash funds of the Group, which stood at RM48.6 million as at end 2023 registered an increase of 14% from RM42.5 million as of the preceding year end. The increase was attributed to cash generated from operating activities of RM16.5 million, but partially offset by the net cash payout of approximately RM4.6 million for the above-said acquisition of 36% shareholdings in GAP Indo, purchase of fixed assets of RM4.4 million and the continuous development of the ventilator project of RM2.0 million. The Group's healthy cash position will enable it to support organic growth besides undertaking further potential merger and acquisition (M&A).

Inventory dropped 1% to RM33.0 million from RM33.5 million year-over-year (YoY) as buffer stock of critical components was right-sized while inventory management was further improved. However, the ongoing Red Sea crisis and Panama Canal drought, which threaten to bring fresh global supply chain challenges restricted the Group from implementing drastic inventory-reducing actions.

Gearing

The Group does not have any borrowings as at end 2023.

Dividend

No dividend would be paid or declared for the year (2023) as the Group needed to preserve cash to fuel expected impending organic growth, taking on strategic M&A opportunities and diversification into synergistic business.

4. BUSINESS STRATEGY

The Group's strategic focus in building resilience with strong growth drivers and durable competitive advantage serve as the compass in guiding the Group in going through various calamities, which include the recent COVID-19 pandemic and global financial crisis in 2008. The key strategic business drivers of the Group are illustrated as below:

BUILD RESILIENCE	DRIVE GROWTH	NURTURE CAPABILITIES
■ Maintain zero gearing and ample liquidity across all business units. ■ Enhance balance sheet strength with proper capital expenditure planning and working capital management. ■ Practise cost optimization. ■ Monitise low-yielding assets.	■ Product diversification into "sunrise" markets. ■ Focus on key growth areas. ■ Develop new ventures complementary to the Group's core businesses. ■ Enhance growth through strategic M&A.	■ Speed up digital transformation by embracing innovation and Industry 4.0. ■ Implement sustainability best practices across the Group. ■ Foster workforce agility and build future-ready competencies that are responsive to market changes. ■ Adhere to high standards of risk management. ■ Enhance accountability and performance-based reward system.

Build Resilience

The business environment remained challenging in 2023 despite the gradual recovery of the global economy from the lingering effects of the Covid-19 pandemic. However, the Group managed to strengthen its balance sheet to support the entity's business goals and maximise financial performance.

The Group stayed agile and ensured that it had ample cash and cash equivalent at all times. It generated RM16.5 million net cash from operating activities, turning around from negative cashflow of RM0.9 million in the preceding year. In addition, the Group placed firm emphasis on capital expenditure management and working capital efficiencies to enhance its balance sheet strength. Cash and cash equivalent increased to RM48.6 million as at end 2023 from RM42.5 million a year ago, with zero gearing.

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE
Cont'd

The global EMS supply chains are growing increasingly complex as suppliers are spread around the world, while changes in manufacturing processes, consumer demands and disruptive new trends will recalibrate the supply chain for better or worse. However, the global supply chain lacks resilience and is vulnerable of breaking down, driven by recent events such as the Panama Canal drought and Red Sea crisis, which resulted in the need for inventory buffer that could give rise to excess safety stock, operational waste and revenue loss. The Group is continuously repurposing and reshaping its supply chain to further enhance resilience and emerge stronger in face of future disruptions. The improvement includes right-sizing inventory of critical components/materials, diversifying its supply bases by leveraging on digital capabilities of its cutting-edge back office system with inbuilt real-time order monitoring, end-to-end inventory visibility and advanced analytical capabilities. Consequently, the Group's inventory was progressively reduced to RM33.0 million as at end 2023 from RM33.5 million a year ago, despite expansion into new business segments, which include the supply of spare parts and sub-assemblies.

Following the relocation of the Cloud business's office from Puchong to Sunway in January 2024, the Group has intention to dispose its vacant office building in Puchong to improve Return of Capital (ROC) and further enlarge its cash pile on the lookout for M&A opportunities.

Drive Growth

The global business environment these days is rapidly changing, unpredictable and volatile. Lingering inflation, high interest rate, geopolitical tensions such as the Middle East conflict, Russia-Ukraine war and US-China rivalry are still simmering with consequential impact on the Group's business depending on the outcome of geopolitical negotiations. Direct and full mitigation of such macro risks is near impossible and beyond the Group's control.

Against such a challenging economic backdrop, the Group's EMS business made the right and timely decision to embark on product diversification into "sunrise" markets in the likes of medical/healthcare devices, IoT gadgets and industrial products. In addition, the Group's ongoing expansion into the development, manufacturing and distribution of medical devices/healthcare products under its own brand name (OBM) or as authorized representative is taking traction following its successful launch of COVID-19 Antigen saliva self-test kits in the domestic market in 2022. On its OBM business, it is targeting to launch the Medkaire ventilator (NASA-JPL licensed ventilator) in the local market upon receiving approval from MDA, which is anticipated to be towards end 2024.

US and Chinese policymakers seem determined to dilute the two countries' economic interdependence amid tensions heightening. Therefore, US businesses will continue to divert manufacturing out of China. This presents ample opportunities to the K-One Group, which has been relentlessly tapping on such potentials by continuously marketing its capabilities and competencies directly in the US markets through exhibitions and laser-focussed marketing blitz to identified companies based in US. Meanwhile, Malaysia unveiled its New Industrial Master Plan (NIMP 2030) on 1 September 2023 which outlined 21 sectors, with electrical and electronics (E&E) as one of the said sectors that the government is eyeing for further positive intervention. In this regard, the K-One Group is poised to take advantage of the recent initiative from the government to win new customers from the said business transfer.

Besides, the Group's diversification into the Cloud business through the acquisition of GAP, which is complementary to its existing principal activities is providing another stream of income. The recently concluded M&A exercises to increase its stake in GAP Indo from 15% to 51% and the forming of GAP Vietnam, a joint venture which is 51% owned by the Group are strategic moves to enhance the Cloud business. The Cloud business in ASEAN is still at its adolescence stage with abundant market potential.

Nurture Capabilities

The Group is persistent in its efforts to nurture capabilities and build business competitive advantage. Its digital transformation journey includes efforts to upgrade the Oracle system as its digital backbone and considerable efforts are underway towards installation of automation in its manufacturing processes as work-in-progress in the direction of smart manufacturing as part of its Industry 4.0 attainment. The progressive conversion to smart manufacturing will improve operational efficiency and mitigate production labour shortages. The Group is confident that it is flexible enough to adapt to new technologies in view of its agile staff, industry knowledge and technical know-how, particularly in R&D capabilities and engineering excellence.

The Group is cognizant that its future success depends to a large extent the talent, hard work and value created by its directors, key management, technical personnel, supporting staff and production employees. The Group's efforts in building the capabilities of its people involve driving a performance-based culture via the Group's performance management system and business strategic focus that align rewards with performance.

Concurrently, robust assessments are undertaken to ensure that its leadership pipelines, including senior management and strategic staff are identified and talents groomed or prepared accordingly as part of its succession planning program.

5. BUSINESS & MARKET OUTLOOK

The business outlook for 2024 remains cautious amid the headwinds of elevated inflation, high interest rates and widening geopolitical rifts. Global economic growth is forecasted to decelerate or stagnate in 2024.

Against this lacklustre backdrop, the Group is nevertheless cautiously optimistic on its prospects for the coming year underpinned by expected growth of its EMS and Cloud businesses as they are well-positioned to benefit from the recession-proof demand of medical/healthcare devices, IoT gadgets and industrial equipment and escalating adoption of Cloud in ASEAN which is still at its adolescence growth phase. To be noted, its emerging healthcare/medical supplies business has ample opportunities for expansion as it is in a sweet spot supported by rising health consciousness and an ageing population. With anticipated business growth, it expects its earnings to improve in tandem for the year ahead.

EMS Business

Sales of consumer electronics is projected to be stronger in 2024, given the recovery of production of electronic headlamps following the clearance of reworks in 2H'23. The industrial and IoT sectors are also anticipated to trend higher, driven by the running of new product lines for specific customers who continued to enjoy pockets of growth in spite of the fragile global economic environment. Furthermore, the Group is expecting to manufacture new medical devices for certain new customers. It managed to break into a new market segment, that is, the solar energy industry (renewable energy) at the end of 2023 by developing solar power system ancillary products which is expected to commence production in mid-2024.

The cost-down exercise and implementation of automation in the Group's manufacturing processes while working towards smart manufacturing as part of its Industry 4.0 attainment will be intensified in 2024 to strengthen its competitiveness moving forward. Meanwhile, the Group is engaging in new business opportunities, in particular to divert US manufacturing from China to Malaysia against the backdrop of Sino-American great power confrontation.

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE
Cont'd

Cloud Business

It is anticipated that the Cloud market will continue growing in 2024 undeterred by the mounting global macroeconomic uncertainties. Cloud is still in an early stage of growth in the developing world and the shift to Cloud has only been accelerated since the outbreak of the COVID-19 pandemic in early 2020 as organizations responded to a new business and social dynamics. Cloud is undoubtedly a key driver in digital transformation which businesses could hardly ignore for long term sustainability. The rapid global rollout of 5G and the increasing adoption of IoT, AI and machine learning which enable more data and new types of data to be streamed from the Cloud will boost Cloud spending in the longer term.

Cloud is one of the Group's core business strategies to spur high growth in the future. As one of the pioneers in the Cloud space in Malaysia, the Group will leverage on its credentials, staff strength and expertise to continue growing the recurring revenue from the significant pool of its existing Cloud customers in Malaysia, Singapore, Indonesia and Vietnam. Meanwhile, the Group is envisioned to expand into other ASEAN countries, with priority given to Philippines, Thailand and Cambodia in the near future. It is also eyeing the Australian market which has immense potential.

It is the Group's strategy to deliver new collaborative Cloud offerings. As such, it is extending out to tap into other specialized cloud services such as cybersecurity, AI and machine learning which are witnessing significant business potential. The Group places great emphasis on workforce management to ensure that it increases headcount with the right skill to drive the next stage of business expansion. GAP, the Cloud arm of the Group has recently moved to a more spacious single floor-plate office located in Sunway to cater for operational efficiency and future expansion.

The Group is still open to additional M&A opportunities to acquire companies in the Cloud space or those that are cybersecurity-based, as the latter is seen to be complementary to the Cloud business. The M&A route of Cloud business growth is ongoing as the Group wishes to take advantage of its debt-free position and cash surplus of RM48.6 million as at end of 2023.

The Group has achieved numerous significant milestones since its humble beginnings as an OEM/ODM in 2001. Nevertheless, it has a vision to accomplish much more via the building up of the medical/healthcare segment in the EMS business, the emerging OBM/AR healthcare/medical supplies portfolio and catching of the abundant opportunities in the Cloud business in ASEAN and Oceania. With the unwavering support of every internal and external stakeholders, the Group looks forward to reaching far greater heights as it moves forward together as one.

INTRODUCTION

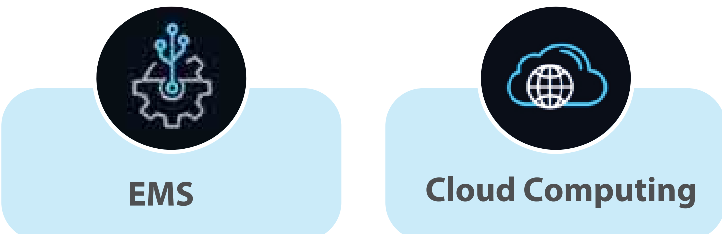
As a leading Electronics Manufacturing Services ("EMS") and Cloud Computing ("Cloud") provider listed on the ACE Market of Bursa Malaysia Securities Berhad (Bursa), the K-One Group ("Group" or "K-One") is committed to delivering sustainable economic growth whilst contributing to the governance, environment and social well-being of the communities it operates in. The Group fully recognises the importance of sustainability and how it creates positive impact in delivering long term value to all its stakeholders. Sustainability efforts carried out by the Group during the financial year reflecting the Group's steadfast belief to operate in a sustainable manner are reported in this Sustainability Statement ("Statement").

Since 2011, the Group has been registered as a participant of the UN Global Compact which is a United Nations' initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies. Through sustainability management, the Group believes that it can create economic value, uphold good governance, protect the environment and pursue social development.

For better understanding on how sustainability drives value creation across the Group, this Statement is prepared to be read in tandem with the Group's Annual Report and Corporate Governance Report 2023.

SCOPE AND REPORTING STANDARDS

This Statement covers the Group's core businesses - EMS, Cloud and the emerging healthcare/medical supplies (Healthcare Products) portfolio.



The Statement is prepared in accordance with the Listing Requirements of Bursa for the ACE Market ("AMLR") and guided by the Sustainability Reporting Guide issued by Bursa as well as the United Nations Sustainable Development Goals ("UNSDGs").

Given the meticulous internal validation and review process in place over the preparation of the Sustainability Statement, the Group has not sought any independent assurance on the information disclosed in this Statement.

SUSTAINABILITY STATEMENT
Cont'd

KEY SUSTAINABILITY HIGHLIGHTS

- **32%** Representation of women at Managerial level
- **0** Fatalities and injuries at working premises
- **0** Incidents of human rights violations

- **0** Complaints of breaches to customer privacy or loss of data
- **100%** Employees trained on anti-corruption
- **0** Incidents of bribery and corruption
- **√** Baselining on water and energy consumption
- **√** Tracking on Scope 1 and 2 emissions

ROAD TO SUSTAINABILITY

2001
- Incorporation of K-One

2002
- Awarded MSC-Status
- Commenced manufacturing operations

2003
- ISO 9001 certified

2004
- Awarded Deloitte Asia Pacific Technology Fast 500 Award for 4th consecutive year

2006
- Listed on MESDAQ Market

2008
- ISO 14001 certified

2011
- Participant of UN Global Compact

2013
- ISO/TS 16949 certified

2014
- Fully implemented ERP system

2017
- ISO 13485 certified
- OSHAS 18001 certified

2018
- ATEX certified
- FDA registered

2019
- Acquisition of 60% stake in G-AsiaPacific Sdn Bhd
- Establishment of P.T. Gasia Pasific Indo with 15% stake
- Awarded Amazon Web Services Country Partner of the Year (Malaysia)

2020
- GDPMD certified
- SEDEX Members Ethical Trade Audit
- Complete 100% acquisition of G-AsiaPacific Sdn Bhd by buying remaining 40%
- Establishment of wholly-owned Cloud subsidiary in Singapore
- MDA Establishment License

2021
- Customs Trade Partnership Against Terrorism (CTPAT)
- ISO 45001 certified
- Google Premier Partner
- Awarded Amazon Web Services Consulting Partner (Malaysia) 2021

2022
- Appointed exclusive distributorship of Diversey's hygiene solutions

2023
- NPRA Import License
- Acquisition of 36% stake in P.T.Gasia Pasific Indo to make it 51% subsidiary
- Establishment of 51% ownership JV in Vietnam to conduct Cloud business

SUSTAINABILITY MANAGEMENT

The Group has in place a Sustainability Governance Structure (SGC) that involves all relevant senior personnel, specifically the Board of Directors (BOD or Board), CEO and Sustainability Working Committee (SWC) through to functional staff tasked with execution.

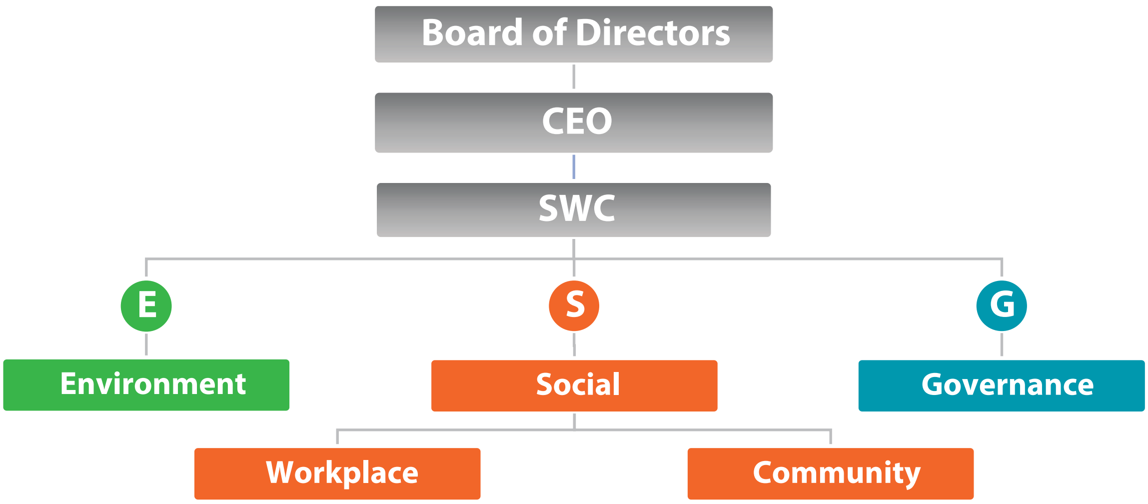
The SGC oversees the formulation of sustainability policies and execution of sustainability initiatives to realise the Group's sustainability commitments. In the process, the Group will also be leveraging cost optimisation and operational efficiency opportunities, in addition to ensuring that sustainability is and remains an integral part of the Group's business and operations. The SGC ensures smooth communication, active monitoring, reporting and decision making across all levels to facilitate effective and expeditious implementation of sustainability initiatives enabling the Group to deliver on its sustainability commitments.

Components of the SGC and their respective roles and responsibilities are described below.

a. **BOD**
The BOD has the overall responsibility for formulating sustainability strategies and oversight over sustainability matters which include exercising governance over execution and providing guidance and advice. The Board is supported by the Sustainability Working Committee, subject matter experts and functional expertise from the relevant departments.

b. **CEO**
The CEO provides leadership, supports the development of sustainability policies, offers insights and monitors progress of execution to ensure that goals and objectives are achieved.

c. **SWC**
The CEO, together with the SWC members, evaluate the overall risks and opportunities in the quarterly Environmental, Social & Governance (ESG) and Risk Management meetings based on reports from the respective departments. The SWC supports the CEO in the development of strategies to meet sustainability goals, monitors the implementation of sustainability initiatives across all businesses and provides guidance throughout the implementation. Departments are responsible to execute the required activities to realise the goals and objectives of the sustainability initiatives.



MATERIALITY ASSESSMENT

A structured materiality assessment is integral to the Group's sustainability reporting journey as it accurately identifies, assesses and prioritizes material sustainability matters, which encompasses environmental, social and governance initiatives that significantly influence the Group's ability to create value for its stakeholders.

The Group conducts annual materiality assessment to identify and assess the materiality of environmental, social and governance risks impacting its business and operations. Concurrently, the materiality assessment formulates responses to mitigate existing and anticipated risks that are significant to the business and operations.

SUSTAINABILITY STATEMENT
Cont'd

STAKEHOLDERS ENGAGEMENT

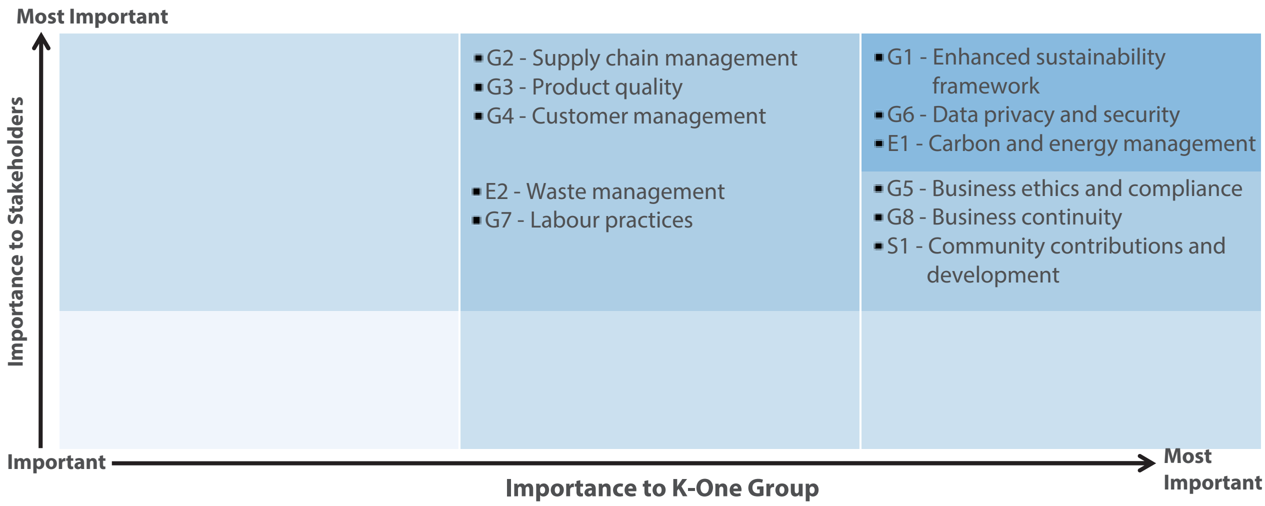
The Group continuously reaches out to its stakeholders in order to appreciate their concerns in relation to the Group's operating environment. Such engagements also provide opportunities for potential future collaborations. The sustainability concerns of the stakeholders are summarised below:-

Stakeholder	Sustainability Concern	Engagement Approach
Shareholders	• Business performance and growth • Return on investment • Financial performance	• Annual and extraordinary general meetings • Financial and corporate announcements
Board	• Corporate governance • Business strategy • Continuous business and operational improvements • Risk management and compliance with laws and regulations • Financial results • Interests of stakeholders and shareholders	• Board meetings • Annual and extraordinary general meetings • Corporate organised events
Employees	• Occupational health and safety • Fair remuneration • Fair employment practices • Career development opportunities	• Quarterly forums • Employee performance appraisal • Group organised events
Customers	• Manufacturing quality • Manufacturing capacity • Research and development • Product quality and safety • Supply chain disruption • Labour practices	• Plant audits • Virtual meetings • Ad hoc meetings
Suppliers	• Fair tender practices • Sustainable prices • Business continuity	• Supplier audits • Ad hoc meetings
Government/ Regulatory Authorities	• Manufacturing standards and policies • Compliance with applicable laws • Economic, environmental, social and governance impacts • Collaborative programmes related to national agenda	• Continuous interaction • Formal and informal meetings • Participation in government programmes and initiatives
Non-Governmental Organisations and Local Communities	• Working conditions • Labour rights • Job creation for local communities • Support for community development	• Public events • Face-to-face interaction • Donations and financial aids • Company website and social media platforms

MATERIALITY MATRIX

Material Sustainability Matters for 2022 were re-assessed in 2023 to determine if they remained relevant while material matters which emerged in the reporting year were added to the said matrix. The assessment also considered matters which were deliberated and feedback received during the Group's stakeholder engagements to ensure that the Material Sustainability Matters were complete and balanced.

The materiality assessment is guided by the Group's Risk Management and Bursa's Sustainability Reporting Guide. Below is the Group's Materiality Matrix for 2023:



ENVIRONMENT, SOCIAL AND GOVERNANCE SUSTAINABLE PRACTICES

1. Environment

The Group is cognizant of its role in joining responsible corporations worldwide to combat climate change. It is committed to promote energy savings, improving energy efficiency and minimising greenhouse gas (GHG) emissions.

One of the visions of the Group is to leverage on its Cloud services arm to accelerate businesses to transition to a sustainable environment platform by cutting down on paper usage via digitalisation. Cloud is becoming a crucial component in the acceleration of environmental preservation process.

Furthermore, the adoption of Cloud can help enterprises to save energy. Cloud is a key to greener IT as it enables server virtualization which reduces total physical server footprints. The pay-as-you-use business model of Cloud encourages organisations to consume only as required, which in turn will drive energy and resource efficiencies simultaneously.

The Group is committed to comply with legal and regulatory requirements of the relevant authorities such as the Department of Environment to minimise the impact of human footprint on the environment and ensure that its businesses are operating in an environmentally responsible manner.

E1. Carbon And Energy Management

The EMS business is operating locally in Malaysia, while the jurisdictions where the Cloud business operates are Malaysia, Singapore, Indonesia and Vietnam. Due to the nature of the Group's businesses, it has minimal GHG emissions. The Group started tracking Scope 1 and 2 emissions in 2023 to facilitate the estimation of GHG emissions and reduce the expected emissions by implementing mitigation action. The main source of Scope 1 and 2 emissions identified is electricity usage.

GHG Emissions by Scope		Tonnes CO2e
Scope 1	Direct GHG emissions from sources that are owned and controlled by the Group (eg diesel, etc).	5.12
Scope 2	Indirect GHG emissions from the generation of electricity purchased by the Group.	799.5
Total GHG emissions for 2023		804.62

In 2023, the Group's total GHG Emissions (Scope 1 and Scope 2) was 804.62 Tonnes CO2e. Nevertheless, it has attempted to reduce GHG emissions by executing responsible energy consumption in the business processes to reduce carbon footprint. As far as practical and feasible, it consolidates shipment of materials from suppliers and finished goods to customers to minimize trip frequency. Shipment mode has been changed from air to sea whenever possible to minimise fuel usage.

Other arrangements to reduce GHG emissions and energy consumption include carpooling, replacing incandescent bulbs with LEDs and installing occupancy sensors to reduce electricity consumption and lighting costs.

Energy Consumption for 2023				
Premise	**Ipoh**	**PJ**	**Puchong**	**Total**
Baseline (KwH)	952,226	65,717	49,155	1,067,098
Usage (KwH)	915,250	63,165	47,246	1,025,661

GHG Emissions in respect of certain aspects of Scope 3, namely Business Travel and Employee Commuting are tabulated as below:

Scope 3 GHG Emissions	Tonnes CO2e
Business Travel	62.25
Employee Commuting	0.7

The Group is in the process of working towards addressing Other Indirect (Scope 3) GHG emissions in relation to the processing of materials purchased from suppliers and outsourced logistics for reporting in the subsequent years' Sustainability Statement.

Looking Ahead:

The Group will require key suppliers to compute GHG emissions to enable it to calculate supply chain carbon footprint and tracking of Scope 3 emissions (ie emissions beyond the Group's direct operations or purchased energy).

E2. Waste Management

The most effective way to reduce waste is not to create it in the first place. The Group is committed to green chemistry and will endeavour to minimize waste at the source, including minimizing the use of hazardous materials that can often become hazardous waste at the end of the manufacturing process.

The EMS business has consistently strived to improve its waste management and water consumption through the practice of 3Rs (Reduce, Reuse and Recycle) in all possible aspects of its business.

Due to the nature of the Group's businesses, the waste generated is mainly non-hazardous, which includes domestic trash, such as paper, plastic, cardboard boxes, etc. Some of these wastes are recoverable or recyclable. The use of sustainable packaging materials is encouraged to minimise the impact on the environment and resources. Data on the recycled waste collection is indicated as below:

Recycle Waste Collection (kg)						
	Carton Boxes	**Plastic Bags**	**Rubber Parts**	**Metal Parts**	**Plastic Parts**	**Packaging Parts**
2023	32,272	1,962	228	676	8,414	757

The Group considers the ability of the licensed waste contractor(s) to perform high recovery or recycling rates before engaging them to handle its waste. The appointed licensed waste contractor(s) will process and recycle the waste offsite.

Last but not least, it uses water responsibly, considering a balance between operational and cost efficiency. Opportunities to reduce, recycle or reuse water in the operations are identified on an ongoing basis.

Water Consumption

Premise	Ipoh	PJ	Puchong	Total
Baseline (m^3)	5,180	269	342	5,791
2023 (m^3)	4,979	259	329	5,567

Looking Ahead:

There are significant environmental and business benefits in going paperless or paper-light as it is an effective practice to save the environment. The Group will launch paper-light initiative and incorporate best records management practices into its operations.

2. Social

Apart from "Environment" and "Governance", "Social" ranks of equal importance to the Group. It strives to do what it takes to be a "socially" responsible corporate citizen.

Caring for our Community

The Group is always reaching out to the local communities and the general society where it operates with the aim of promoting goodwill in the neighbourhood and "giving back" through various means to benefit the public at large.

*** K-One MyJanji Program**

Keeping to its tradition of helping the needy, underprivileged and disadvantaged individuals or families, the Group continued to extend financial assistance to various deserving cases under its K-One MyJanji program. The individuals or families sponsored by the K-One MyJanji program are grateful to the financial assistance provided which are used to buy essential needs necessary for daily living. The Group is humbled to be able to help those in dire straits.

*** Providing internships to university students and contribution to a reputable school to provide financial assistance to poor students**

Education is a basic necessity and a key ingredient for the young to build a better world. With this belief, the Group has always supported the education fraternity by providing internships to university and polytechnic students throughout the year since its inception. In 2023, the Group accommodated quite a number of interns in the engineering and business disciplines to undergo structured training to prepare them for the real world upon their graduation.

At the same time, the Group also contributed financially to a reputable school which would utilize the funds to aid poor students. It is important that poor students are given an equal opportunity to learn without having to worry over financial issues.

Caring for our Employees

Employees are one of the key prized assets of the Group, particularly in the Cloud business which is mainly human capital driven. Hence, the Group spends much time and financial resources in upgrading the skill sets of its staff. Besides, it also sees the importance of a highly motivated workforce. In this regard, the Group takes the staff for motivational courses to revitalize their energy.

* ESG Training

On 24-25 July 2023, the ESG Working Committee organized a 2-day ESG training for 15 selected participants in its Ipoh plant.

The training was conducted by Ir. Associate Professor Ts Dr. Leong Kah Hon who is the Deputy Dean of the Faculty of Engineering and Green Technology in Universiti Tunku Abdul Rahman. The selected attendees comprised of Heads and representatives from the relevant departments. The said training serves as a refresher in reinforcing our role in addressing climate change, social inequality and strict governance for long term sustainability.

The key learning subjects of the ESG training were as follows:

Day 1 – ESG and the Way Forward

- 17 SDG Goals, Evolution of ESG and Latest Bursa's Requirements
- Benefits of Implementing ESG in a Company
- ESG Implementation and ESG Reporting
- Case Study – ESG Framework

Day 2 – Strategies for Effective GHG Emissions Management

- ESG Reporting and ESG Rating
- Corporate Sustainability Report and GRI Standards
- GHG Emissions – Scope 1, 2 and 3
- GHG Emissions – GHG Protocol, GHG Inventory and Carbon Assessment

The two-day training was certainly invigorating and informative with the staff feeling recharged in undertaking its commitment to drive and achieve all ESG goals set. The Group is committed to do its best for the benefit of our future generations; not just living for today but giving the future a chance.

* Leadership Development

The Group held a two-day training pertaining to Leadership Development & Managing Performance for its "Leadership" team on 15-16 November 2023 to keep its leaders apprised on the most effective ways to engage employees. The training sessions were held at the MU Hotel in Ipoh. It was attended by 28 team leaders from different departments and business divisions. The training covered various crucial topics:- a)Employee Engagement b)Sexual Harassment c) Managing Different Personalities and d) Performance Management.

The training turned out to be an excellent event. The leaders went home with renewed confidence in leading and managing their team members, better understanding of the Group's SOPs, employment law and most importantly, the setting of KPIs and consequential performance appraisal of staff.

* Motivational Course

To "refuel" the spirit, the Group took some of its staff to Port Dickson for a 2-day motivational course – "Team with Passion" on 12-13 January 2024. It was conducted by a renowned trainer who was able to unlock the hidden secrets and potential of each participant. The attendees were noticeably rekindled with vigour and positive energy at the end of the 2-day course. It is hopeful that the positive vibes, improved communication skills and team spirit will carry through in 2024 to produce the desired results for the Group.

* Gala Dinner

After having been cocooned for the last 4 years in our fight against the Covid-19 pandemic, the Group on 19 January 2024 took the opportunity to gather its staff together in a gala dinner to mark a new beginning with renewed vitality and looking forward to a brighter future. The gala dinner was held at the Royal Perak Golf Club in Ipoh. The theme of the evening was "Vintage" and everyone could be seen dressed in their best retro outfits. It was not just a night of celebration, music and dance but a fitting platform for K-One to recognize its employees' service, efforts and achievements in 2023.

Both Dato' Martin Lim, CEO and Edwin Lim, Executive Chairman expressed gratitude to the staff for their dedication and extra efforts put in to overcome the many challenges posed during the Covid-19 pandemic and endemic periods. Although 2023 was seen as a year where most companies bounced back to normality, it was no doubt that the effects of the pandemic were too damaging to be turned around overnight.

Everyone had a good time with sumptuous food, music and dance. The live band serenading all present with evergreen oldies matching the theme of the night was nostalgic. The evening was interspersed with Talent Show contest where staff showcased their talent and creativity, Best Dress Award, Long Service Award presentation to honor loyal employees who have dedicated their career with the Group for 10, 15 and 20 years respectively and Best Employee Award for the most productive employee in the factory who demonstrated outstanding productivity, positive attitude and good attendance throughout 2023.

Last but not least, it was the finale - the Lucky Draw where everyone had a chance to win amazing prizes to be taken home. It was indeed a touching and memorable evening with staff enjoying the camaraderie, bonding, unity and sharing.

SUSTAINABILITY STATEMENT
Cont'd

3. Governance

The Group acknowledges that effective Board leadership and strong governance serve as the pillars to instil a culture of sustainability and deliver value to all its stakeholders. All Board members have completed Part I of the Mandatory Accreditation Programme ("MAP") prescribed by Bursa and will attend Part II of MAP – ESG before 1 August 2025.

The Vision Statement, Mission Statement and Core Values on ESG are available on K-One's website at https://k-one.com/about-us/. In addition, the Group has established the following policies, frameworks and procedures:

- ✓ Code of Conduct and Ethics
- ✓ Anti-Corruption Policy
- ✓ Whistle Blowing Policy
- ✓ Risk Management Policy
- ✓ Company Handbook
- ✓ IT Policy: Computer and Network Usage
- ✓ Purchasing Process and Control Policy
- ✓ Personal Data Protection Policy
- ✓ Occupational Health and Safety Policy

G1 - Enhanced Sustainability Framework

The Group enhanced its Sustainability Reporting Framework in 2023 with the aim of improving the Sustainability Blueprint (Blueprint) as well as the quality of Environmental, Social and Governance ("ESG") disclosures including the provision of data for reported indicators. These enhancements were in line with the ACE Market Listing Requirements in relation to Enhanced Sustainability Reporting Framework issued by Bursa on 26 September 2022.

The Blueprint is a framework that charts the Group's path forward and future-proofs operations. Developed through deep engagement with its leadership teams and other stakeholders, the Blueprint embeds sustainability into its organisation by aligning business strategy and decision-making with sustainability practices. It also accounts for ESG requirements of the Group's customers, investors and principals.

Furthermore, it reinforces the Group's commitment to environmental standards, social responsibility and corporate governance. This commitment enables the Group the ability to operate its business efficiently and competitively into the future and allows it to continue delivering sustainable value to its stakeholders.

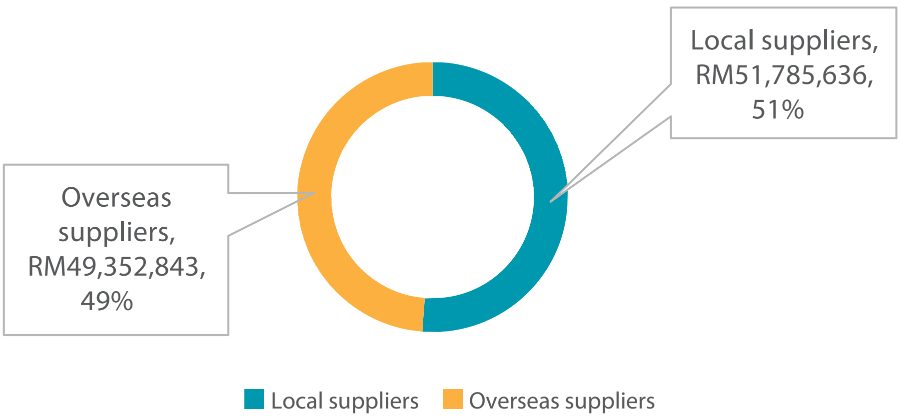
G2 - Supply Chain Management

There has been an increased focus around the world on integrating sustainability practices into the supply chain. The Group has considered the environmental and human impact of its products' journey through the supply chain, from raw materials sourcing to production, storage, delivery and every transportation link in between. In addition, the Group is committed to ensure that sustainable supply chain management and procurement practices are embedded into its culture. This would be achieved through the guidance of the principles and standards set out in the Group's Code of Conduct & Ethics and Whistle Blowing Policies. These policies define how its employees should conduct business with suppliers and how to deal with other stakeholders.

It is the practice of the Group to source from local suppliers to optimise cost savings and fulfil the Group's pledge to support the local economy by providing employment opportunities to the local community.

Moving forward to 2024, the Group will continue to fully optimize the use of local resources while engaging key international vendors of high standing where expertise/capabilities cannot be met locally.

Proportion of Spending on Local and Overseas Suppliers



Looking Ahead:

Supplier Assessment Questionnaire will be implemented to better assess the key suppliers' performance and their ESG practices, with the objective of encouraging them to improve their sustainability and that of their suppliers throughout the supply chain. The questionnaire will cover aspects which include consistent ethical practices and environmental improvement in the supply chain. The information obtained is critical to the Group's customers and stakeholders as it is required for the accurate reporting of the Group's carbon footprint and annual environmental objectives' performance.

SUSTAINABILITY STATEMENT
Cont'd

G3 - Product Quality

The Group is of the view that maintaining product quality including safety aspects and good service are essential in contributing to business success. The Board places intense focus on continuous efforts in maintaining the preceding standards through rigorous quality control measures.

Being ISO 9001, ISO 13485, ISO 14001, ISO 45001, IATF 16949 and ATEX certified coupled with FDA and MDA registered, the EMS and emerging Healthcare Products business segments strictly complies with standard operating procedures in performing specific tasks to uphold the certifications and registrations which are subject to annual review. Quality Assurance (QA) testing is performed to ensure that its customers receive high quality products that meet their requirements and expectations. Customers feedback or complain will be attended by the project designee along with QA personnel. Corrective and preventive actions will be carried out and monitored by the QA function to prevent recurrence of complaints.

The Cloud business invests in various training and certification programs, in particular those provided by its principals such as AWS, Google and Microsoft to constantly update its staff's IT knowledge to keep abreast with industry trends. As a result, the business unit is able to maintain valuable Cloud talent with deep product knowledge. The Group leverages on its multiple accolades which includes amongst other partnership awards, the Google Premier Partner award, AWS Public Sector Partner badge and AWS Migration Competency badge in conjunction with its market leadership in the Cloud space in Malaysia to put it in a competitive position to innovate and help its clients to transform their businesses.

The proportion of staff with foundational, associate, professional and/or specialty certifications accredited by the principals in 2023 was on the rise and significant. As the Cloud business is increasing its headcount to drive the next stage of business expansion, the number of staff with accreditation will be on an upward trend year-over-year.

Looking Ahead:

The EMS business is taking steps towards becoming a smart factory through the utilisation of IoT applications and integration of all systems into one centralised digital platform. The Group will continue to push forward into automated production processes backed by advanced Cloud solutions in its assembly lines. The final goal is to establish a digitalised production shopfloor which is green, highly productive and efficient in manufacturing products of superb quality.

G4 - Customer Management

The Group has a laser focus on its customers. It continuously strives to be responsive to their changing needs. Accordingly, the Group adopts a customer-centric approach in meeting their needs, understanding the inevitable price sensitivities, quality requirements and service expectations. It recognises that customer satisfaction is the key to customer retention and the door to increasing market share in a competitive business environment.

The Group's dedicated customer account managers and auxiliary teams provide the undivided attention and advice to its clients. These personnel engage in long-term collaborative business partnership with key customers and the supply chain as well. Adequate project management and technical training are accorded to the customer account management team to ensure that they can deliver the Group's aim as a one stop solution provider.

Protecting customers' proprietary information, intellectual assets and data is a fundamental commitment to the Group's customer relationship management. The Group has specific IT Policy to govern the responsible use of data including data access, data transfer and data management. The key internal controls governing customer privacy and data protection are summarised below:

a. Protecting the confidentiality of information of all parties through the signing of Non-Disclosure Agreements between the Group and its contractors, suppliers and service providers.

b. Ensuring that the disposal of defective products and e-waste complies with the Group's internal scrap procedures.

c. Securing all computers, laptops, and workstations with password-protected screensaver, anti-virus software, firewall and other relevant IT controls.

The Group was not aware of any cases of leaks, theft, or loss of customer data in 2023.

	Baseline (case)	2023 (case)
Number of substantiated complaints concerning breaches of customers privacy/losses of customers data	-	-

Looking Ahead:

To alleviate customer service and meet expanding demand, the Cloud business will extend its foray into other specialized services such as cybersecurity, artificial intelligence and machine learning which are witnessing significant business potential. The Group is actively sourcing for suitable talents to take on such expansion.

G5 - Business Ethics And Compliance

Given that good governance and ethical conduct are critical for building trust, the Group strictly adheres to its Code of Conduct & Ethics and Whistle Blowing Policies. The Group is committed to maintaining the highest standards of integrity in all business interactions and adopts a zero-tolerance policy in prohibiting any forms of bribery, corruption, extortion and embezzlement (covering promising, offering, giving or accepting any bribes).

The Code of Conduct & Ethics is to be complied with by all levels of the organization; from the Board to all employees. The Code of Conduct & Ethics is also extended to the Group's supply chain comprising of suppliers, customers and business associates. Every employee is required to comply with local laws and maintain a high standard of personal conduct while dealing with various stakeholders. Proper channels are established to instil confidence in employees and third parties to raise concerns about any irregular behaviour or practice and to mitigate risks and losses through the early discovery of such activities.

All Directors and employees of the Group had received communication and/or training on anti-corruption and there was no instance of bribery or corruption in 2023.

	2023 (case)
Anti-Corruption – Number of reported cases	-

Conflict of interest may occur when Directors or employees have conflicting interests with the Group and/or employees have a close personal relationship with the Group's suppliers or customers. Towards this end, the Group has voluntarily adopted the Electronic Industry Citizenship Coalition (EICC) Code of Conduct. The Group's Code of Conduct and Ethics' policies and procedures stipulate the principles and processes in governing and managing conflict of interests.

The Group has also established a Whistle Blowing Policy for internal and external stakeholders to report unethical or unlawful behaviour in confidence. The said policy provides guidance on how a report can be made and how it should be handled and resolved while ensuring protection to the whistle-blower against retaliation. There was no whistle-blower case reported in 2023.

	2023 (case)
Whistle blowing – Number of reported cases	-

Looking Ahead:

Actions have been taken to cascade the implementation of Vendor Code of Conduct to suppliers. To augment the implementation of the said code of conduct, the Group will require all new suppliers to sign the declaration on anti-corruption.

G6 - Data Privacy And Security

The use of information technology (IT) is ubiquitous and indispensable in business with significant reliance placed on IT to facilitate automation and data processing. Similarly, the Group places significant reliance on IT to reap operational efficiencies and cost effectiveness. Consequently, a crucial need arises to ensure the Group's systems and data are secured and protected against intrusions, malicious attacks and unauthorised access. In this regard, the Group employs and complies with good practices for establishing, implementing, maintaining and continually improving its information security management system.

Confidentiality, privacy and integrity of personal data are fundamental principles stipulated in the Group's Personal Data Protection Policy which concurrently complies with the provisions of the Personal Data Protection Act 2010 (PDPA) in relation to the use and management of customer data.

The Group vigilantly upgrades its systems and protects its data at all times. The IT Department strives to ensure that the cyber security mechanisms and processes are always sufficiently resilient to protect its systems against malicious cyberattacks through constant enhancements. In 2023, the Group engaged an external consultant to review the integrity and security of its IT systems, including performing assessment, enhancement, monitoring and pro-active detection of cyber/virus attacks.

There were no complaints concerning breaches of privacy/losses of data in 2023.

	Baseline (case)	2023 (case)
Number of cyber-attack incident in company network which resulted in production/operation interruption	-	-
Number of customer complaint caused by software failure	-	-
Number of in-house process interruption caused by software failure	-	-

Looking Ahead:

The Cloud business is in the process of implementing a new back office system and targets to complete the implementation in 2024. The new system will enhance its efficiency and security to cater for its accelerated growth moving forward.

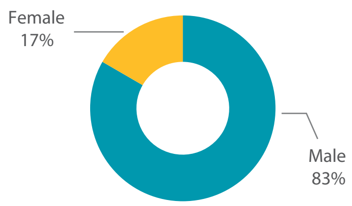
G7 - Labour Practices

The Group does not discriminate against any person on the basis of gender, ethnicity, disability, national origin, religion, pregnancy, marital status or age. The non-discrimination and equal employment opportunity stance shall be practised consistently in its hiring and employment practices. Ensuring fair and equal opportunities in employees' career development, remuneration, benefits and welfare is also an integrated focus of the Group.

Certain aspects of boardroom and employment diversity (excluded headcounts from cloud computing subsidiaries in Indonesia and Vietnam) are detailed below:

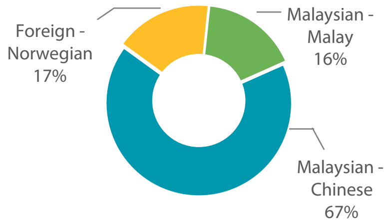
BOARDROOM DIVERSITY

Boardroom Diversity by Gender



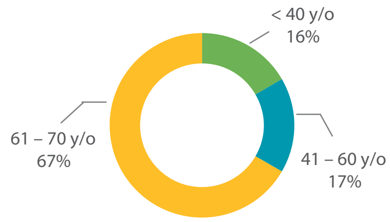
Total	**6**
Male	5
Female	1

Boardroom Diversity by Ethnicity and Nationality



Total	**6**
Malaysian - Malay	1
Malaysian -Chinese	4
Foreign - Norwegian	1

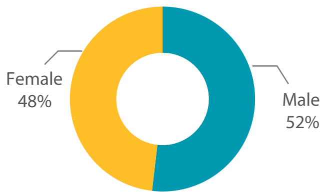
Boardroom Diversity by Age Group



Total	**6**
< 40 y/o	1
41 - 60 y/o	1
61 - 70 y/o	4

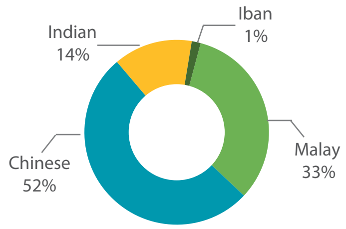
EMPLOYMENT DIVERSITY

*Employment Diversity by Gender



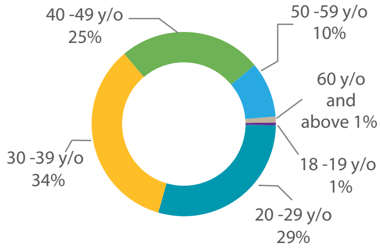
Total	**195**
Male	101
Female	94

*Employment Diversity by Ethnicity and Nationality



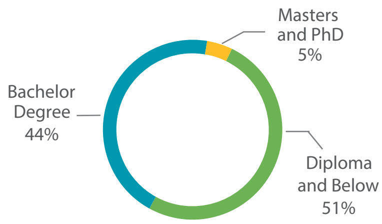
Total	**195**
Malay	64
Chinese	101
Indian	27
Iban	3

*Employment Diversity by Age Group



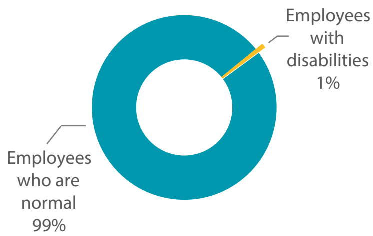
Total	**195**
18 - 19 y/o	1
20 - 29 y/o	57
30 - 39 y/o	67
40 - 49 y/o	49
50 - 59 y/o	19
60 y/o and above	2

*Employment Diversity by Education Level



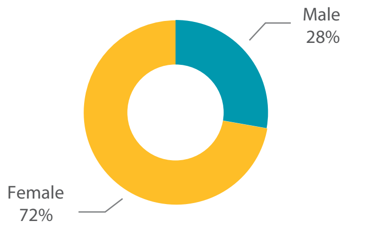
Total	**195**
Diploma and below	99
Bachelor Degree	87
Masters and PhD	9

*Proportion of Normal/ Disabled Employees



Total	**195**
Employees who are normal	193
Employees with disabilities	2

**Number of Contract Workers



Total	**114**
Male	32
Female	82

* Permanent ** Contract

Job Category by Gender	Male	Female	Total
Directors and Managers	39	18	57
Executives	47	30	77
Non-Executives	15	46	61
Total	**101**	**94**	**195**

The Group's workforce is purely made up of local employees with no foreign workers.

It is the commitment of the Group in providing a safe and healthy working environment which is emphasised in its Occupational Health And Safety Policy. The Group's occupational health and safety management systems are certified with ISO 45001.

The Group is supportive of promoting occupational and non-occupational health and safety awareness amongst its employees. As regards to non-occupational health and safety, it collaborated with Perkeso's Health Screening Program in conducting health screening at K-One's premises on 26 October 2023.

The key performance highlights on labour practices are as below:

a. No incident of significant human rights or labour standards violation.

	Baseline (case)	2023 (case)
Number of substantiated complaints concerning human rights violations	-	-

b. No major work-related accidents during 2023.

	2023 (case)
Accident Reports - Fatality	-
Accident Reports - Injuries	-

Looking Ahead:

The appointment of more female Directors on the Board is an ongoing process which the Group hopes to achieve the target of 30% women directors within the next 3 years.

G8 - Business Continuity

The Group implements, maintains and continuously improves its management system to protect against, reduce the likelihood of the occurrence of, prepare for, respond to and recover from disruptions when they arise. Business continuity is triggered upon the occurrence of any uncontrollable incidents involving external or state infrastructure failure, natural disasters, internal asset failure or IT system failure or sabotage.

Key initiatives on business continuity include Cloud-based business continuity plan to protect data and workloads and having a succession plan in place to enable the Group to continue seamlessly in the event of key or strategic staff resignation(s).

Looking Ahead:

The new back office system for the Cloud business when fully implemented will eliminate certain daily routines and back-up, which will simplify and further enhance the Cloud business's continuity plan.

MOVING FORWARD: STRENGTHENIG SUSTAINABILITY

In alignment with business growth, the Group will progressively enhance operational processes that embrace sustainable business practices which reinforces its ESG's commitments.

K-ONE'S SUSTAINABILITY BLUEPRINT		
SHORT-TERM (1-2 years)	**MEDIUM-TERM (3-5 years)**	**LONG-TERM (> 5 years)**
✓ Automation on specific manufacturing process. ✓ Installation of rainwater harvesting system.	✓ Installation of solar power system on plants' rooftops.	✓ Adoption of sustainable materials in product design and the manufacturing process such as recycled, organic or biodegradable materials. ✓ Optimisation of supply chain to reduce greenhouse gas emissions by maximising local sourcing.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Corporate Governance Overview Statement is prepared in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market ('AMLR') and Malaysian Code on Corporate Governance ("MCCG") issued by the Securities Commission Malaysia. This statement gives the shareholders an overview of the corporate governance practices of the Group during the financial year 2023.

The Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance ("CG") Report which provides a detailed application for each practice as set out in the MCCG. The CG Report is available for reference on the Group's website: https://www.k-one.com/About Us/Investor Relations/Corporate Governance Report/, as well as on Bursa Malaysia Berhad's website at www.bursamalaysia.com.

The Board of Directors (the "Board") is committed to practise the highest standards of corporate governance throughout the Group. The Board believes that good governance supports long-term value creation. The Group has in place a set of well-defined polices to uphold good corporate governance to protect the interest of stakeholders.

PRINCIPLES OF CORPORATE GOVERNANCE

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

Board Leadership

The Board is actively overseeing the Group's conduct and provides direction to the Management on the business and affairs of the Group towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value and safeguarding the interests of stakeholders.

The Board sets corporate values and clear lines of responsibility and accountability, including governance systems and processes that are communicated throughout the Group. It works closely with the Senior Management to ensure that the operations of the Group are conducted prudently and within the framework of relevant laws and regulations.

The roles and responsibilities of the Executive Chairman and Chief Executive Officer are separated and clearly defined, with each position being held by two (2) different individuals. Although the Executive Chairman and the Chief Executive Officer are brothers, they are both professional engineers registered with the Institution of Engineering & Technology, UK who are expected to exercise a high degree of independence, integrity and professionalism in the conduct of their business. They both hold Masters' degrees in their respective fields from reputable universities overseas which further substantiate their independence of thoughts, objective judgement and maturity.

Board Administration

The Board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures and advocate adoption of corporate governance best practices. The Directors have access to the advice and services of the Company Secretary and other professionals so as to ensure that Board meeting procedures are followed and that applicable rules and regulations are complied with. The Company Secretary regularly updates the Board on new statutes and directives issued by the regulatory authorities and keep the Board informed of their responsibilities.

Ethical Business Conduct

The K-One Group is against the use of corrupt practices in relation to its activities and promotes a culture of integrity within the organisation by ensuring that there are adequate policies and procedures to that effect which are implemented professionally. In this respect, the Board has put in place a comprehensive Code of Conduct & Ethics (COCE) which sets out acceptable practices and guide pertaining to the behaviour of Directors and employees of the Group. The COCE can be found at the Group's website: https://www.k-one.com/About Us/Investor Relations/ Code of Conduct & Ethics/.

The Group has zero tolerance on any conduct that constitutes a wrongdoing or malpractice which includes any breach of ethics or conflict of interest and/or any fraudulent act as described in the Anti-Corruption Policy and Procedures (ACPP). The ACPP is published on the Group's website: https://www.k-one.com/About Us/Investor Relations/ Anti- Corruption Policy and Procedures/.

The Board has also put in place the Whistle Blowing Policy (WBP) for Directors and employees, which could be used for reporting any individual personnel's improper conduct or organisational malpractice within the organisation. The WBP is available for reference on the Group's website: https://www.k-one.com/About Us/Investor Relations/ Whistle Blowing Policy/.

PRINCIPLES OF CORPORATE GOVERNANCE (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. Board Responsibilities (Continued)

Ethical Business Conduct (Continued)

The above mentioned policies and procedures serve as control measures to address and manage the risks of fraud, bribery, corruption, misconduct and unethical practices for the long-term success of the Group.

Last but not least, the Board has established the Directors' Fit and Proper Policy (FPP) to ensure that any person to be appointed or elected/re-elected as a Director of the Group shall possess the necessary quality and character as well as integrity, competency and commitment to enable the discharge of the responsibilities required of the position in the most effective manner. The Directors' FPP is available on the Group's website: https://www.k-one.com/About Us/Investor Relations/ Fit and Proper Policy/.

Governing Sustainability

The Board is ultimately accountable for ensuring that sustainability is integrated into the strategic direction of the Group and its operations. To achieve this, the Board continuously ensures that there is an effective governance framework for sustainability within the Group.

In view of the above mentioned accountability, the Risk Management Committee ("RMC"), which is tasked to oversee the Group's various risks is required to supervise the Group's sustainability and climate related risks. The CEO, through the Management Committee, continues to be responsible for the strategic management of material sustainability matters of the Group.

In order to ensure that the Board is kept abreast on sustainability issues which are relevant to the Group's business and operations, the Chief Operating Officer provides quarterly updates to the Board on Environmental, Sustainability, Social and Governance (ESG) matters such as the Group's sustainability strategies, priorities and targets, in addition to news, articles or reports to ensure that the Board is kept abreast on the latest developments of the Group and trends, in the local and global scene.

2. Board Composition

Balanced Board

Currently, there are six (6) Board members comprising of three (3) Independent Non-Executive Directors ("INEDs"), one (1) Non-Independent Non-Executive Director and two (2) Executive Directors. The Board is of the view that its composition, with an appropriate mix of INEDs and Executive Directors is adequate for the effective discharge of its functions and responsibilities. In addition, the members of the Board possess a wealth of experience in the Electronic Manufacturing Services (EMS), Cloud Computing and other relevant industries. The profiles of the Directors are provided in pages 5 to 7 of the Annual Report. All these skills and experience enable the Board to effectively lead and control the Group.

Board Independence

Half the Board of Directors are Independent Directors as the Group recognises that the composition of the Board should have a minimum of one third (1/3) as Independent Directors in promoting objectivity during boardroom deliberations and impartiality in the decision-making process. This is especially important in areas where the interests of management, the Group, the shareholders and other stakeholders diverge, such as executive performance and remuneration, related party transactions, environmental issues and audit.

The Board Charter defines the policy on independence of Directors, which is available on the Company's website: https://www.k-one.com/About Us/Investor Relations/Board Charter/. The policy specifies the considerations taken into account by the Board to assess the independence of each Independent Director. In addition, it sets out the test of independence that will be used to determine the independence of Directors and the disclosure of information in the Company's Annual Report. Independent Directors will provide the Board with an annual confirmation of their independence based on the criteria set out in the policy. The Board through the Nomination Committee will assess the independence of Directors upon appointment, annually and when any new interests or relationships are disclosed by Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
Cont'd

PRINCIPLES OF CORPORATE GOVERNANCE (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. Board Composition (Continued)

Appointment of Directors and Board Diversity

The Nomination Committee ("NC") is guided by the "Terms of Reference of the Nomination Committee" in carrying out its responsibilities in respect of the nomination, selection and appointment process of Directors for the Group and its subsidiaries. In this respect, the Board would establish a pool of potential Directors for its reference when considering new appointments, in line with the sourcing process and criteria for potential candidates as set out in the Terms of Reference. The Board and the Nomination Committee ("NC") conscientiously take into account the current diversity in the skills, experience, age, ethnicity (cultural background) and nationality of the existing Board in seeking potential candidate(s). This is to ensure an appropriate balance between the experience of the existing Directors and new perspectives of the incoming Directors. The Board also acknowledges the importance of gender diversity as an important element of a well-functioning board. Currently, the Board has a female Director, contributing 17% representation of women on the Board. The Board will endeavour to achieve 30% women representation on the Board in the next few years.

Tenure of Independent Directors

The tenure of an Independent Director shall not exceed a cumulative term limit of nine (9) years to comply with the prescribed Practice of the MCCG pertaining to Board independence. However, if the Board continues to retain the Independent Director after the ninth year, the Board will seek annual shareholders' approval through a two-tier voting process. Upon completion of the twelfth year, an Independent Director may continue to serve on the Board as a Non-Independent Director.

Review of Board Performance

The Nomination Committee annually performs an assessment of the effectiveness and performance of the Board, Board Committees and individual Directors in order to verify that the Board is functioning proficiently as a whole.

Each Director would complete detailed questionnaires, covering among other things; contribution to interaction, quality of input, understanding of role and personal developments with the aim of enhancing Board performance. An evaluation of each Board Committee would also be done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its Terms of Reference.

Assessments and evaluations were conducted for 2023 and the Board was satisfied with the overall performance of its Directors and the respective Committees.

Re-election of Directors

The Constitution of the Company provides that at least one-third of the Directors are subject to retirement by rotation at every AGM such that each Director shall retire from office once in every three (3) years and are eligible to offer themselves for re-election. The Constitution also provides that a Director who is appointed during the year shall be subject to re-election at the next AGM to be held following his/her appointment.

3. Remuneration

The Board has established a formal and transparent process for approving the remuneration of the Board and the Senior Management. The remuneration adjustments are reviewed by the Remuneration Committee ("RC") on an annual basis prior to making its recommendations to the Board for approval. In its review, the RC considers various factors which includes, amongst others, the Group's financial performance and the individual's achievements against the goals set. As for the Non-Executive Directors' ("NEDs"), they would be measured based on execution of fiduciary duties, time commitments expected of them and the Group's financial performance. The Board is mindful that fair remuneration is critical to attract, retain and motivate the Directors. The benefits payable to the said Directors shall from time to time be determined by an Ordinary Resolution of the Company in a general meeting in accordance with Section 230 of the Companies Act 2016.

The RC is also responsible to approve the annual salary increments and performance bonuses of the Senior Management in respect of each financial year.

PRINCIPLES OF CORPORATE GOVERNANCE (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

3. Remuneration (Continued)

The details of the Directors' remuneration for the financial year ended 31 December 2023 are as follows:

	Salaries and Other Emoluments* RM'000	Fees RM'000	Meeting Allowances RM'000	Benefits-In-Kind RM'000	Total RM'000
Executive Directors					
Ir. Edwin Lim Beng Fook	1,087	-	-	-	1,087
Dato' Martin Lim Soon Seng	1,087	-	-	-	1,087
Non-Executive Directors					
Bjørn Bråten	-	-	-	-	-
Goh Chong Chuang**	-	26	3	-	29
Loi Kim Fah**	-	26	3	-	29
Anita Chew Cheng Im	-	62	5	-	67
Dato' Azlam Shah bin Alias	-	62	5	-	67
Edward Ka Yen Chee	-	62	5	-	67
Total	**2,174**	**238**	**21**	**-**	**2, 433**

Notes:
*	*Salaries and other emoluments comprise basic salary, bonus and EPF.*
**	*Retired on 29 May 2023.*

4. Board Committees

To assist the Board in discharging its duties, the Board has established a number of Board Committees whose compositions and Terms of Reference are in accordance with the AMLR and consistent with the recommendations of the MCCG. These Board Committees are:-

a) Audit & Risk Management Committee ("ARMC");
b) Nomination Committee ("NC"); and
c) Remuneration Committee ("RC").

PRINCIPLES OF CORPORATE GOVERNANCE (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

4. Board Committees (Continued)

The composition of the Board Committees and the attendance of members at Board Committees meeting held in 2023 are as follows:

Director	Board	ARMC	NC	RC
Ir. Edwin Lim Beng Fook *(Executive Chairman)*	4/4*			
Dato' Martin Lim Soon Seng *(Chief Executive Officer)*	4/4			4/4
Bjørn Bråten *(Non-Independent Non-Executive Director)*	4/4	4/4	4/4	
Goh Chong Chuang**	1/1	1/1	1/1	1/1
Loi Kim Fah**	1/1	1/1	1/1	1/1
Anita Chew Cheng Im *(Independent Non-Executive Director)*	4/4	4/4	3/3	3/3*
Dato' Azlam Shah bin Alias *(Independent Non-Executive Director)*	4/4	4/4	3/3*	
Edward Ka Yen Chee *(Independent Non-Executive Director)*	4/4	4/4*		3/3

Note:
* *Chairman of the Board/Committee.*
** *Retired on 29 May 2023.*

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit & Risk Management Committee

The ARMC comprises of three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. It is chaired by Edward Ka Yen Chee, who is an Independent Non-Executive Director and not the Chairman of the Board.

The composition of the ARMC is reviewed annually to ensure that the Chairman and members are financially literate and are able to carry out their duties in accordance with the Terms of Reference of the ARMC. The ARMC members are expected to continuously update their knowledge and enhance their skills. Based on the performance evaluation of the ARMC for the financial year ended 31 December 2023, the Board is satisfied that the Chairman and members of the ARMC have discharged their responsibilities effectively.

Please refer to the Audit & Risk Management Committee Report on pages 42 to 44 for further information on our Audit & Risk Management Committee.

2. Risk Management and Internal Control Framework

The Group has established a Risk Management Committee ("RMC") since end 2012. The RMC oversees the risk management matters of the Group. It supports the ARMC and Board in fulfilling its responsibility in identifying significant risks and ensuring the implementation of appropriate systems to manage the overall risk exposure of the Group.

With regards to the internal control framework, the Group's internal control is designed to manage the Group's risk within acceptable risk profile and provides reasonable assurance against material errors, misstatement or irregularities. In view of the limitations inherent in any system of internal control, such a system is designed to mitigate rather than eliminate risks of failure to achieve corporate objectives. Accordingly, the system provides reasonable and not absolute assurance against material error, misstatement or loss. The system of internal control covers, inter alia, risks management, financial, operational and compliance controls.

The Statement on Risk Management and Internal Control is set out on pages 45 to 47 of the Annual Report 2023.

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

1. Effective Communication with Shareholders and Investors

The Group is dedicated in maintaining good communications with shareholders and investors through communication channels such as the Annual Report, announcements through Bursa Malaysia and AGM/EGMs. The Group continues to fulfil its duty on the required disclosure obligation according to the guidelines and regulation of Bursa Malaysia's Corporate Governance Guidelines. All disclosures of material corporate information will be disseminated in an accurate, clear and timely manner via announcements on Bursa Malaysia.

The Group values dialogues with its shareholders, potential investors, institutional investors and analysts and is available as appropriate to explain or further clarify any information already disclosed in its Annual Report or announcements through Bursa Malaysia. The Board has designated Ir. Lim Beng Fook and Edward Ka Yen Chee, as Board Chairman and Audit & Risk Committee Chairman respectively to answer any queries or clarify any matters concerning the Group. Both Directors can be reached by email at corp@k-one.com.

2. AGM

The AGM is another avenue for shareholders to interact with the Senior Management of the Group. Shareholders will be notified of the meeting date and time together with a copy of the Company's abridged Annual Report at least 28 days before the meeting is held. On 29 May 2023, the Company conducted its 22nd AGM through live streaming and online remote voting (fully virtual) using Virtual Meeting Facilities provided by Acclime Corporate Services Sdn Bhd. The Chairman of the meeting was present at the broadcasting venue of Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur. All Board members, including the Chairperson of ARMC, NC and RC, attended and participated in the 22nd Virtual AGM. The remote poll voting results were scrutinised by an independent scrutineer.

3. Professional Development of Directors

During the year, the Directors were accorded with opportunities to continue to professionally develop and maintain their skills and knowledge. The Directors attended a range of training programmes to keep themselves abreast of legislative changes and industry practices. The Board was satisfied with the type of training programmes the Directors attended throughout the year.

The list of training programmes that were attended by the Board members are outlined below:

Date of Training	Programme	Organised by	Attended by
7.3.23	Keeping The Board Out Of Trouble	Asia School of Business	Dato' Azlam Shah bin Alias
21.3.23	2023 MIA Budget Seminar	Malaysian Institute of Accountants	Edward Ka Yen Chee
26.4.23	Driving the Digital Transformation of AML/CFT Compliance	My AML Advisory PLT	Edward Ka Yen Chee
13-14.6.23	MIA International Accountants Conference 2023	Malaysian Institute of Accountants	Edward Ka Yen Chee
21.6.23	Task Force Climate-Related Financial Disclosures (TCFD) Awareness Session	PwC Malaysia	Dato' Azlam Shah bin Alias
23-24.8.23	Xerocon Sydney 2023	Xero	Edward Ka Yen Chee
12.9.23	Advocacy Sessions For Directors And CEOs Of Main Market Listed Issuers	Bursa Malaysia	Dato' Azlam Shah bin Alias
14.9.23	Sustainability In The Digital Age	Asia School of Business	Dato' Azlam Shah bin Alias
17.10.23	ESG Matters@ACCA: GHG Accounting Essentials - Measuring Your Carbon Footprint	Association of Chartered Certified Accountants	Edward Ka Yen Chee
21.11.23	What Amount To A Conflict Of Interest By Directors	Asia School of Business	Dato' Azlam Shah bin Alias
4-5.12.23	Mandatory Accreditation Programme Part II: Leading For Impact (LIP)	Institute Of Corporate Directors Malaysia	Dato' Azlam Shah bin Alias
14.12.23	Digitalising Corporate Governance: A Path to Excellence	Malaysian Institute of Accountants	Edward Ka Yen Chee

This Corporate Governance Overview Statement was approved by the Board of Directors on 26 February 2024.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Company established an Audit Committee on 3 February 2005 and it was restructured as the Audit & Risk Management Committee in 2018. The Audit & Risk Management Committee comprises of four (4) directors who are as follows:

Chairman	**Edward Ka Yen Chee**	**Independent Non-Executive Director**
Members	Anita Chew Cheng Im	*Independent Non-Executive Director*
	Dato' Azlam Shah bin Alias	*Independent Non-Executive Director*
	Bjørn Bråten	*Non-Independent Non-Executive Director*

TERMS OF REFERENCE

The terms of reference which include Composition, Authority, Responsibilities, Meetings and Functions of the Audit & Risk Management Committee are disclosed and published on the Group's website. During the financial year, the Board had reviewed the performance and effectiveness of the Committee and its members in discharging their functions, duties and responsibilities under the aforesaid terms of reference.

MEETINGS

There were four (4) Audit & Risk Management Committee meetings held during the financial year ended 31 December 2023. The details of the attendance of each member of the Audit Committee are as follows:

		TOTAL MEETINGS ATTENDED BY COMMITTEE MEMBERS	PERCENTAGE OF ATTENDANCE
Edward Ka Yen Chee	Chairman/Independent Non-Executive Director	4/4	100%
Loh Kim Fah*	Chairman/Independent Non-Executive Director	1/1	100%
Goh Chong Chuang*	Member/Independent Non-Executive Director	1/1	100%
Anita Chew Cheng Im	Member/Independent Non-Executive Director	4/4	100%
Dato' Azlam Shah bin Alias	Member/Independent Non-Executive Director	4/4	100%
Bjørn Bråten	Member/Non-Independent Non-Executive Director	4/4	100%

* *Retired on 29 May 2023.*

SUMMARY OF WORK

During the financial year, the main activities undertaken by the Audit & Risk Management Committee include:

(a) Financial Reporting

- Reviewed with the appropriate Officers of the Group, the quarterly financial results and annual audited financial statements, including the announcements pertaining thereto, before recommending them for the Board's approval;

- Reviewed and ensured corporate disclosure policies and procedures of the Group pertaining to accounting, audit and financial matters complied with the disclosure requirements as set out in the AMLR;

- Reviewed the related/interested party transactions (if any) that may arise within the Company and the Group to ensure compliance with the Malaysian Accounting Standards Board, AMLR and other relevant authorities and to ensure that such transactions were (if any):

  - undertaken in the ordinary course of business;
  - carried out at arm's length and based on normal commercial terms consistent with the Group's usual business practices and policies;
  - on terms not more favourable to the related parties than those generally available to the public; and
  - not detrimental to the minority shareholders of the Company.

SUMMARY OF WORK (CONTINUED)

(b) External Audit

- Reviewed with the External Auditors their terms of engagement, proposed audit remuneration and the audit plan for the financial year to ensure that their scope of work adequately covers the activities of the Group;

- Reviewed the results and issues arising from the External Auditors' review of the financial statements and the resolution of issues highlighted in their report to the Committee;

- Reviewed the presentation of the financial statements of the Group with the External Auditors to ensure adequacy of disclosure of information essential to a fair and full presentation of the financial affairs of the Group for recommendation to the Board for approval;

- Reviewed the independence, suitability, objectivity and cost effectiveness of the External Auditors before recommending their re-appointment and remuneration to the Board; and

- Obtained written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement.

(c) Internal Audit

- Reviewed with the internal auditors their audit plan for the financial year, ensuring that principal risk areas and key processes were adequately identified and covered in the plan;

- Reviewed the Internal Audit Reports on findings in conjunction with recommendations and Management's response thereto to ensure adequate remedial actions have been taken;

- Reviewed the results of ad hoc investigations performed by the internal auditors and the actions taken relating to those investigations;

- Reviewed the adequacy of resources and the competencies of staff within the Internal Audit Department to execute the audit plan, as well as the audit programmes used in the execution of the internal auditors' work and the results of their work;

- Reviewed the results of the internal assessment performed on the Internal Audit function;

- Reviewed the performance of internal audit staff; and

- Reviewed the adequacy of the charter of the Internal Audit function.

(d) Others

- Reviewed the Executive Chairman's Statement, CEO's Operations Review, Sustainability Statement, Management Discussion and Analysis of Business Operations and Financial Performance, Audit & Risk Management Committee Report, Statement on Risk Management and Internal Control and Corporate Governance Overview Statement prior to their inclusion in the Company's Annual Report 2023; and

- Reviewed the adequacy of the terms of reference of the Committee.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
Cont'd

INTERNAL AUDIT FUNCTION

An Internal Audit Department under the Senior Internal Audit Manager which stands independent of the activities or operations was set up on 3 January 2007 to support the Audit & Risk Management Committee in the discharge of its duties.

The Internal Audit function focuses mainly on the key risk areas based on the approved internal audit plan by the Audit & Risk Management Committee. The primary objectives of the Internal Audit function include reviewing the adequacy, integrity and effectiveness of the system of internal controls, compliance with the established policies and procedures, guidelines, laws and regulations and reliability and integrity of information.

The Internal Audit function adopts a risk-based approach in determining the audit areas and execution of its audits. In addition, special reviews may be made at the request of the Audit & Risk Management Committee and Senior Management on specific areas of concern, particularly, in relation to high risk areas identified during the course of business. These reviews would provide additional assurance and comfort on the integrity and robustness of the internal control systems.

Areas for improvement and audit recommendations are forwarded to the Management for attention and further actions. The Management is responsible to ensure that corrective actions are implemented within the required time frame. The audit reports which provide the results of the audit conducted are submitted to the Audit & Risk Management Committee for review. Key control issues and recommendations are highlighted to enable the Committee to execute its oversight function.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance requires the Board of Directors to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Board is pleased to include a statement on the state of the Group's risk management and internal control.

BOARD RESPONSIBILITIES

The Board affirms its responsibility in maintaining the Group's system of internal control and risk management and in seeking regular assurance on the adequacy and integrity of the internal controls and risk management systems and processes to safeguard shareholders' value and the Group's assets.

The identification, evaluation and management of significant risks faced by the Group is an ongoing process during the financial year and up to the date of approval of this statement for inclusion in the Annual Report.

RISK MANAGEMENT

To further strengthen the risk management process, the Group has formed a Risk Management Committee since end 2012, comprising Heads of Divisions with the objective of reviewing, minimising or avoiding major risks. The Risk Management Committee is tasked with assessing risks arising from the external environment, internal operations and the financial aspects. During the year under review, the Risk Management Committee presented key business risks which included external, operational and financial risks to the Audit & Risk Management Committee and the Board.

The Group consciously covers and transfers certain risks by securing adequate insurance indemnity against product and public liabilities, goods in-transit damage/loss and fire mishap. As for risks which cannot be covered by insurance, the Group would find ways to mitigate them as much as possible.

The Board regards the risk management and internal control system as an integral part of the overall management processes. The Audit & Risk Management Committee is supported by the Internal Audit Department which provides an independent assessment and evaluation of the effectiveness of the Group's risk management on a quarterly basis.

KEY ELEMENTS OF INTERNAL CONTROLS

Key elements of the Group's internal controls that have been in place include the following:

i. Formal Organisation Structure

The Group has in place a well-defined organisational structure with well-defined lines of reporting, responsibilities and level of authority to ensure quick response to changes in an ever changing and challenging business environment and to ensure effective supervision of day-to-day operations.

ii. Regular Performance Reporting

- Quarterly management reports are generated to facilitate the Board and the Senior Management in performing financial and operational reviews on the various operating units of the companies within the Group. The reports comprise comparison of results of current period with prior period and variances between budget and operating results.

- Monthly management meetings are chaired by the Chief Executive Officer to discuss the Group's operations and performance, including the tracking of sales opportunities. Other matters being discussed are collections, marketing strategy for new product launches, feedback on progress of product design and development, highlights on shortcomings or problems in conjunction with the proposed corrective actions and potential risks that may affect the achievements of the Group's business objectives together with the proposed mitigating plans.

iii. Documented Policies And Procedures

The Group has in place documented policies and procedures which form an integral part of the internal control system to safeguard shareholders' investment and the Group's assets against material losses.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL
Cont'd

KEY ELEMENTS OF INTERNAL CONTROLS (CONTINUED)

iv. Code of Business Conduct

The Group's formalised business ethics through a Code of Conduct & Ethics has been further strengthened in line with Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act which was enforced with effect from 1 June 2020. Staff are briefed upon joining and subsequently reminded to adhere to the Code of Conduct & Ethics which is available on the Company's website. Actions have also been taken to cascade the implementation of the enhanced Code of Conduct & Ethics to third parties which includes suppliers and business partners.

v. Quality Control

The Group emphasises continuous scrutiny in maintaining the quality of products. Being ISO 9001, ISO 13485, ISO 14001, ISO 45001, IATF 16949, ATEX certified, in addition to FDA and MDA registered, it strictly complies with standard operating procedures in performing specific tasks to uphold the certifications and registration which are subject to annual review.

vi. Internal Audit

The Internal Audit Department ("IAD") was established by the Board to undertake continuous testing and assessments on the adequacy and effectiveness of the risk management, internal control and governance processes so as to provide reasonable assurance that such systems continue to operate efficiently and effectively. A risk-based approach is used to establish the Annual Audit Plan and approved by the Audit & Risk Management Committee of the Board. The internal audit reports, including significant findings, recommendations for improvements and management response to the recommendations are shared with the Management and reported to the Audit & Risk Management Committee on a quarterly basis. Follow-up reviews are performed and the status of the implementation of action plans by the Management are monitored and reported to the Audit & Risk Management Committee.

Based on the internal audit reviews carried out in 2023, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

The IAD is placed under the direct supervision and authority of the Audit & Risk Management Committee of the Board to ensure its independence. The IAD reports functionally to the Audit & Risk Management Committee Chairman and administratively to the Chief Executive Officer. The IAD's activities are guided by the Internal Audit Charter approved by the Audit & Risk Committee and the latest requirements of the International Professional Practice Framework ("IPPF") of the Institute of Internal Auditors.

vii. Audit & Risk Management Committee

The Audit & Risk Management Committee was set up with the view to assist and provide the Board with added focus in discharging its duties. For 2023, the Audit & Risk Management Committee met four (4) times to review the financial performance and operations relating to business performance, productivity, internal controls and risk management of the Group, following which had reported its deliberations and recommendations to the Board. Henceforth, the Audit & Risk Management Committee will continue to convene quarterly meetings to advise the Board on findings and in particular, improvements of the risk management and internal controls of the Group.

ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROLS

For the financial year under review, the Board is satisfied with the adequacy and effectiveness of the Group's system of risk management and internal control to safeguard shareholders' interest and the Group's assets. There have been no material control weaknesses or failures that would result in material misstatements, losses or fraud to the Group.

Towards this end, the Board has received assurance from the Chief Executive Officer and the Finance Director that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects based on the risk management and internal control systems of the Group.

The Board is of the view that the risk management and internal control systems in place for the year under review and up to the date of this report are sound and adequate to safeguard the shareholders' investment, the interests of various stakeholders, regulators and the employees at large.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL
Cont'd

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed by conducting a limited assurance engagement on this Statement on Risk Management and Internal Control in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) and AAPG 3, Guidance for Auditors on Engagements to Report on the Statement of Risk Management and Internal Control included in the Annual Report. Assurance engagement other than audits or reviews of historic financial information and reported to the Board that are based on the procedures performed, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out nor is factually inaccurate.

The Statement on Risk Management and Internal Control has been approved by the Board of K-One Technology Berhad on 26 February 2024.

ADDITIONAL COMPLIANCE INFORMATION

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 2016 ("Act") to invoke the Management to prepare the financial statements for each financial year in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and the International Financial Reporting Standards ("IFRSs") to give a true and fair view of the financial position and cash flows of the Group and the Company for the financial year as per the requirements of the Act. Where there are new accounting standards or policies that become effective during the year, the impact of these new requirements will be stated in the notes to the financial statements accordingly.

In the preparation of the financial statements, the Board is satisfied that the Management has:

- adopted the appropriate accounting policies and applied them consistently;
- ensure compliance with MFRSs, IFRSs and the requirements of the Act;
- made estimates and judgements which are reasonable and prudent; and
- use the going concern basis for the preparation of the financial statements.

The Directors have undertaken the responsibility to ensure that the Group and the Company kept accounting records which disclosed with reasonable accuracy the financial position of the Group and the Company, to enable them to ensure that financial statements comply with the provisions of the Act. The Directors have also taken such steps as were reasonably available to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

MATERIAL CONTRACT INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Company and its subsidiaries involving Directors and Major Shareholders' interest.

REVALUATION OF LANDED PROPERTIES

The Group did not revalue its landed properties during the financial year.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Group and of the Company are in research, design and development, manufacturing and supply of healthcare, medical, Internet of Things ("IoT"), industrial and consumer electronics end products and sub-systems, provision of cloud computing service and investment holding.

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

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year, net of tax	231,553	(7,217,483)
Attributable to:		
Owners of the Company	349,916	(7,217,483)
Non-controlling interests	(118,363)	-
	231,553	(7,217,483)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2023.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps 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 had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

In the opinion of the directors, no contingent or other liability of the Group or of the Company 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 or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) 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; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION

The remuneration paid or payable to the auditors of the Group and of the Company during the financial year were RM318,719 and RM85,400 respectively.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

DIRECTORS

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

Ir. Lim Beng Fook *	
Dato' Lim Soon Seng *	
Bjørn Bråten	
Anita Chew Cheng Im	
Dato' Azlam Shah bin Alias	
Ka Yen Chee	
Loi Kim Fah	(Retired on 29 May 2023)
Goh Chong Chuang	(Retired on 29 May 2023)

* Directors of the Company and certain subsidiaries

DIRECTORS' REPORT
Cont'd

DIRECTORS (CONTINUED)

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Goh Kiang Kiat	
Goh Kiang Kian	
Chen Kak Toong	
Goo Kok Khian	
Ian Frederick	
Choi Keng Mun	
Toh Zhen Ning	
Nguyen Minh Hung	(Appointed on 7 October 2023)
Mew Toong Shum	(Appointed on 7 October 2023)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

Interests in the Company

	Number of Ordinary Shares			
	At 1.1.2023	Bought	Sold	At 31.12.2023
Direct interest				
Ir. Lim Beng Fook	126,772,273	-	-	126,772,273
Dato' Lim Soon Seng	108,618,078	-	-	108,618,078
Bjørn Bråten	31,492,432	-	-	31,492,432
Anita Chew Cheng Im	600,000	-	-	600,000

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any deemed benefits which may arise from transactions entered into in the ordinary course of business as disclosed in Note 31 to the financial statements.

DIRECTORS' BENEFITS (CONTINUED)

The directors' benefits of the Group and of the Company were as follows:

	Group RM	Company RM
Directors of the Company		
Executive:		
Salary and other emoluments	2,172,800	-
Non-executive:		
Fees	239,200	239,200
Allowances	21,000	21,000
	2,433,000	260,200
Directors of the subsidiaries		
Executive:		
Fees	20,374	-
Salary and other emoluments	1,203,921	-
	1,224,295	-
	3,657,295	260,200

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

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the directors and officers of the Company and subsidiaries were RM8,000,000 and RM13,010 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements, which also serve for the purpose of this report.

The auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

....
IR. LIM BENG FOOK
Director

....
DATO' LIM SOON SENG
Director

Date: 17 April 2024

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	19,329,779	16,959,464	3,556,766	3,614,857
Investment property	6	4,536,000	4,632,000	4,536,000	4,632,000
Goodwill on business combination	7	22,675,946	18,561,563	-	-
Other intangible assets	8	2,067,742	65,356	-	-
Investment in subsidiaries	9	-	-	86,616,029	97,090,784
Deferred tax assets	10	3,301,600	2,226,200	463,000	-
Other investment	11	-	115,171	-	-
Total non-current assets		51,911,067	42,559,754	95,171,795	105,337,641
Current assets					
Inventories	12	33,048,859	33,531,664	-	-
Receivables, deposits and prepayments	13	33,784,666	38,644,692	241,045	79,548
Contract costs	14	857,668	382,418	257,986	4,500
Contract assets	15	3,085,061	3,548,508	-	-
Current tax assets		743,967	1,589,185	167,253	218,544
Short-term cash investment	16	8,634,064	5,074,531	2,134,064	2,074,531
Cash and cash equivalents	17	39,923,781	37,375,998	17,482,580	7,687,781
Total current assets		120,078,066	120,146,996	20,282,928	10,064,904
TOTAL ASSETS		171,989,133	162,706,750	115,454,723	115,402,545
EQUITY AND LIABILITIES					
Share capital	18	123,643,978	123,643,978	123,643,978	123,643,978
Foreign exchange reserve	19	(2,121)	(40,008)	-	-
Accumulated losses		(8,639,700)	(8,993,926)	(15,732,728)	(8,515,245)
		115,002,157	114,610,044	107,911,250	115,128,733
Non-controlling interests		1,454,080	-	-	-
Total equity		116,456,237	114,610,044	107,911,250	115,128,733
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	10	-	566,700	-	-
Trade and other payables	20	33,098	105,912	-	-
Lease liabilities	21	446,977	-	-	-
Total non-current liabilities		480,075	672,612	-	-
Current liabilities					
Trade and other payables	20	41,681,899	37,681,430	7,174,922	264,433
Contract liabilities	15	13,023,798	9,585,056	368,551	9,379
Current tax liabilities		136,045	157,608	-	-
Lease liabilities	21	211,079	-	-	-
Total current liabilities		55,052,821	47,424,094	7,543,473	273,812
Total liabilities		55,532,896	48,096,706	7,543,473	273,812
TOTAL EQUITY AND LIABILITIES		171,989,133	162,706,750	115,454,723	115,402,545

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
		2023	**2022**	**2023**	**2022**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	22	167,250,299	164,845,452	1,439,297	1,521,548
Cost of sales	23	(144,354,416)	(144,679,333)	(250,744)	(19,674)
Gross profit		22,895,883	20,166,119	1,188,553	1,501,874
Other income		819,182	1,127,244	181,406	115,004
Administrative expenses		(21,946,883)	(19,383,118)	(1,422,428)	(1,311,529)
Sales and distribution costs		(661,441)	(584,918)	(72,856)	(97,103)
Net impairment losses on trade receivables		(290,616)	(5,240)	-	-
Other operating expenses		(1,451,678)	(1,072,720)	(7,888,000)	(2,192,482)
		(24,350,618)	(21,045,996)	(9,383,284)	(3,601,114)
Operating (loss)/profit		(635,553)	247,367	(8,013,325)	(1,984,236)
Finance income		783,383	490,128	332,842	202,023
Profit/(Loss) before tax	24	147,830	737,495	(7,680,483)	(1,782,213)
Tax credit/(expense)	27	83,723	(837,510)	463,000	-
Profit/(Loss) for the financial year		231,553	(100,015)	(7,217,483)	(1,782,213)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation		37,887	37,605	-	-
Total comprehensive income/(loss) for the financial year		269,440	(62,410)	(7,217,483)	(1,782,213)
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		349,916	(100,015)	(7,217,483)	(1,782,213)
Non-controlling interests		(118,363)	-	-	-
		231,553	(100,015)	(7,217,483)	(1,782,213)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		387,803	(62,410)	(7,217,483)	(1,782,213)
Non-controlling interests		(118,363)	-	-	-
		269,440	(62,410)	(7,217,483)	(1,782,213)
Earnings/(Loss) per ordinary share attributable to owners of the Company					
Basic (sen)	28	0.04	(0.01)		
Diluted (sen)	28	0.04	(0.01)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	← Attributable to Owners of the Company →				
	Share capital	Share option reserve	Foreign exchange reserve	Accumulated losses	Total equity
Group	**RM**	**RM**	**RM**	**RM**	**RM**
At 1 January 2022	123,643,978	322,939	(77,613)	(9,216,850)	114,672,454
Total comprehensive loss for the financial year					
Loss for the financial year	-	-	-	(100,015)	(100,015)
Other comprehensive income					
Foreign currency translation difference	-	-	37,605	-	37,605
Total comprehensive loss	-	-	37,605	(100,015)	(62,410)
Transactions with owners					
ESOS lapsed	-	(322,939)	-	322,939	-
At 31 December 2022	123,643,978	-	(40,008)	(8,993,926)	114,610,044

	← Attributable to Owners of the Company →					
	Share capital	Foreign exchange reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Group	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
At 1 January 2023	123,643,978	(40,008)	(8,993,926)	114,610,044	-	114,610,044
Total comprehensive income for the financial year						
Profit for the financial year	-	-	349,916	349,916	(118,363)	231,553
Other comprehensive income						
Foreign currency translation difference	-	37,887	-	37,887	-	37,887
Total comprehensive income	-	37,887	349,916	387,803	(118,363)	269,440
Transaction with owners						
Non-controlling interests arising from acquisition of a subsidiary	-	-	4,310	4,310	1,572,443	1,576,753
At 31 December 2023	123,643,978	(2,121)	(8,639,700)	115,002,157	1,454,080	116,456,237

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
Cont'd

	← Attributable to Owners of the Company		→	
	Share capital	**Share option reserve**	**Accumulated losses**	**Total equity**
Company	**RM**	**RM**	**RM**	**RM**
At 1 January 2022	123,643,978	322,939	(7,055,971)	116,910,946
Total comprehensive loss for the financial year				
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(1,782,213)	(1,782,213)
Transactions with owners				
ESOS lapsed	-	(322,939)	322,939	-
At 31 December 2022	123,643,978	-	(8,515,245)	115,128,733
Total comprehensive loss for the financial year				
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(7,217,483)	(7,217,483)
At 31 December 2023	123,643,978	-	(15,732,728)	107,911,250

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash flows from operating activities					
Profit/(Loss) before tax		147,830	737,495	(7,680,483)	(1,782,213)
Adjustments for:					
Impairment loss on trade receivables		290,616	5,240	-	-
Impairment loss on investment in subsidiaries		-	-	7,888,000	2,192,482
Amortisation of computer software		16,214	8,773	-	-
Depreciation of:					
- property, plant and equipment		2,780,423	2,476,595	58,091	58,786
- investment property		96,000	168,000	96,000	168,000
Property, plant and equipment written off		-	1,637,330	-	-
Inventories written down		-	191,079	-	-
Inventories written off		507,880	-	-	-
Fair value gain on short-term cash investment		(59,533)	(36,524)	(59,533)	(36,524)
Interest expense on lease liabilities		3,719	-	-	-
Interest income		(783,383)	(490,128)	(332,842)	(202,023)
Net unrealised (gain)/loss on foreign exchange		(583,301)	20,349	(8,274)	(2,714)
Operating profit/(loss) before changes in working capital		2,416,465	4,718,209	(39,041)	395,794
Changes in working capital:					
Contract costs		(475,250)	(382,418)	(253,486)	(4,500)
Contract assets/(liabilities)		3,782,867	1,621,699	359,172	9,379
Inventories		(25,075)	(6,054,959)	-	-
Receivables		8,108,309	(9,262,929)	(161,497)	(22,387)
Payables		2,651,645	8,714,133	239,574	(4,174)
Net cash generated from/(used in) operations		16,458,961	(646,265)	144,722	374,112
Interest received		783,383	490,128	332,842	202,023
Tax paid		(2,016,777)	(1,591,920)	(39,138)	(42,705)
Tax refunded		1,268,513	818,194	90,429	-
Net cash from/(used in) operating activities		16,494,080	(929,863)	528,855	533,430

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
Cont'd

		Group		Company	
		2023	**2022**	**2023**	**2022**
	Note	**RM**	**RM**	**RM**	**RM**
Cash flows from investing activities					
Purchase of property, plant and equipment	(a)	(4,405,237)	(3,302,086)	-	(1,600)
Purchase of intangible assets		(2,018,600)	(44,652)	-	-
Advances from/(Repayment to) subsidiaries		-	-	2,586,755	(4,726,547)
Acquisition of a subsidiary		(4,587,374)	-	-	-
(Placement)/Redemption of short-term cash investment		(3,500,000)	11,500,001	-	5,000,001
Dividend received		-	-	-	1,500,000
Placement of deposits with maturity of more than 3 months		(8,000,000)	-	(8,000,000)	-
Net cash (used in)/from investing activities		(22,511,211)	8,153,263	(5,413,245)	1,771,854
Cash flows from financing activities	(b)				
Advances from/(Repayment to) subsidiaries		-	-	6,670,915	(1,270,771)
Interest paid on lease liabilities		(3,719)	-	-	-
Payment of lease liabilities		(16,950)	-	-	-
Net cash from/(used in) financing activities		(20,669)	-	6,670,915	(1,270,771)
Net (decrease)/increase in cash and cash equivalents		(6,037,800)	7,223,400	1,786,525	1,034,513
Cash and cash equivalents at the beginning of financial year		37,375,998	29,870,977	7,687,781	6,650,554
Effect of exchange rate fluctuations on cash and cash equivalents		585,583	281,621	8,274	2,714
Cash and cash equivalents at the end of financial year		31,923,781	37,375,998	9,482,580	7,687,781

(a) Purchase of property, plant and equipment:

		Group	
		2023	**2022**
	Note	**RM**	**RM**
Purchase of property, plant and equipment	5	5,080,243	3,487,432
Less: Owing to other payable		-	(185,346)
Less: Financed by lease arrangement		(675,006)	-
Cash payments on purchase of property, plant and equipment		4,405,237	3,302,086

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
Cont'd

(b) Reconciliation of liabilities arising from financing activities:

	At 1 January 2023 RM	Cash flows RM	Non-cash Addition RM	At 31 December 2023 RM
Group				
Lease liabilities	-	(16,950)	675,006	658,056

Company

Changes in liabilities arising from financing activities are changes arising from cash flows.

(c) Total cash outflows for leases

During the financial year, the Group and the Company had total cash outflows for leases amounting to RM223,875 (2022: RM183,861) and RM5,686 (2022: RM5,916) respectively.

1. CORPORATE INFORMATION

K-One Technology Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur. The principal place of business of the Company is located at 66 & 68, Jalan SS 22/21, Damansara Jaya, 47400 Petaling Jaya, Selangor.

The Group and the Company are principally engaged in research, design and development, manufacturing and supply of healthcare, medical, Internet of Things ("IoT"), industrial and consumer electronics end products and sub-systems, provision of cloud computing service and investment holding.

There have been no significant changes in the nature of these 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 17 April 2024.

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"), the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of new MFRS and amendments to MFRSs

The Group and the Company have adopted the following applicable new MFRS and amendments to MFRSs for the current financial year:

<u>New MFRS</u>

MFRS 17	Insurance Contracts

<u>Amendments to MFRSs</u>

MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 112	Income Taxes

The adoption of the above new MFRS and amendments to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies, except as discussed below:

Amendments to MFRS 101 Presentation of Financial Statements

The amendments require an entity to disclose its material accounting policy information rather than significant policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements.

Accordingly, the Group and the Company disclosed their material accounting policy information in these financial statements. However, the amendments did not result in changes to the accounting policies of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

2. BASIS OF PREPARATION (CONTINUED)

2.3 Amendments to MFRSs that have been issued, but are yet to be effective

(a) The Group and the Company have not adopted the following amendments to MFRSs that have been issued, but are yet to be effective:

		Effective for financial periods beginning on or after
Amendments to MFRSs		
MFRS 7	Financial Instruments: Disclosures	1 January 2024
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2024
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

The Company plans to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Company are summarised below.

Amendments to MFRS 16 Leases

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 of MFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of MFRS 16 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities of an entity will or may settle by issuing its own equity instruments.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates

Amendments to MFRS 121 respond to stakeholder feedback and concerns about diversity in practice in accounting for a lack of exchangeability between currencies.

2. BASIS OF PREPARATION (CONTINUED)

2.3 Amendments to MFRSs that have been issued, but are yet to be effective (Continued)

***Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates* (Continued)**

Applying the Amendments, entities will be applying a consistent approach in determining if a currency can be exchanged into another currency. These amendments provide guidance on the spot exchange rate to use when a currency is not exchangeable into another currency and the disclosure entities need to provide the said information to enable users of financial statements to understand the impact on the entities' financial performance, financial position and cash flows as a result of a currency being not exchangeable into another currency.

The initial application of the above applicable amendments to MFRSs is not expected to have material impact to the current and prior years financial statements of the Group and of the Company.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of measurement

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

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 4.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following material accounting policy information have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

(a) Subsidiaries and business combination

The Group applies the acquisition method to account for business combinations from the acquisition date.

(b) Non-controlling interests

At the acquisition date, components of non-controlling interests of the Group are measured at their fair values on the acquisition date.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses.

Contributions to subsidiaries are amounts in which the settlement is neither planned nor likely to occur in the foreseeable future and it is, in substance, considered as part of the Company's investment in the subsidiaries.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Financial instruments

Financial assets – subsequent measurement and gains and losses

Financial assets at fair value through profit or loss

The Group and the Company subsequently measure these assets at fair value. Net gains and losses, including any interest and dividend income, are recognised in profit or loss.

Debt instruments at amortised cost

The Group and the Company subsequently measure these assets at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest Income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt instruments at fair value through other comprehensive income

The Group and the Company subsequently measure these assets at fair value. Interest income calculated under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity instruments at fair value through other comprehensive income

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that are not held for trading as equity instruments designated at fair value through other comprehensive income. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial liabilities – subsequent measurement and gains and losses

The Group and the Company classify the financial liabilities at amortised cost or fair value through profit or loss. Financial liabilities are classified as fair value through profit or loss if it is classified as held for trading, derivative, contingent consideration of an acquirer in a business combination or designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

The Group and the Company subsequently measure other financial liabilities at amortised cost under the effective interest method. Interest expense and foreign exchange gains or losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.4 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.4 Property, plant and equipment (Continued)

All other property, plant and equipment (other than right-of-use assets as disclosed in Note 3.5) are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

Leasehold land	25 to 38 years
Buildings	25 to 50 years
Furniture and fittings, office equipment and renovation	15% to 40%
Motor vehicles	20%
Plant and machinery and testing equipment	20%

3.5 Leases

(a) Lessee accounting

The Group presents right-of-use assets that do not meet the definition of investment property as property, plant and equipment in Note 5 and lease liabilities in Note 21.

Short-term leases and leases of low value assets

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

Right-of-use assets

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the end of the lease term.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

(b) Lessor accounting

The Group recognises lease payments received from investment properties under operating leases as income on a straight-line basis over the lease term as other income. Rental income from sublease properties is recognised as other income.

3.6 Investment properties

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Investment properties are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives at the following annual rate:

Buildings	2 %

3.7 Other intangible assets

Other intangible assets of the Group and of the Company include development costs and computer software. Development costs which fulfil commercial and technical feasibility criteria are capitalised at cost.

The other intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line basis over their estimated useful lives and commences from the date of commercial production of the product to which the development costs relate or when the intangible assts are ready for use.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.7 Other intangible assets (Continued)

The estimated useful lives are as follows:

	Useful lives (years)
Development costs	5 years
Computer software	5 years

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: costs is based on weighted average basis.
- finished goods and work-in-progress: costs of direct materials, labour and a proportion of manufacturing overheads are assigned on a weighted average cost basis based on normal operating capacity.

3.9 Revenue and other income

Financing components

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing component if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(i) Sale of goods - manufacturing

The Group manufactures and sells a range of products to local and overseas customers. Revenue from sale of manufactured goods are recognised at a point in time when control of the products has been transferred, being when the goods are delivered to the customer's premises (local sales) or on board the vessel (export sales).

Sales are made with a credit term of 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

A right to recover goods from customer on settling the refund liability is recognised as an asset and included as part of inventories for the goods expected to be returned.

Where consideration is collected from customer in advance for sale of goods, a contract liability is recognised for the customer deposits. Contract liability will be recognised as revenue upon sale of goods to the customer.

(ii) Rendering of services

Revenue from rendering of services includes cloud computing, support services, application of domain name, training, software development and product design and development.

Revenue from provision of cloud computing and support services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method).

Revenue from provision of application of domain name and training services are recognised upon completion of performance of service agreed upon with customer.

Revenue from software development and product design and development are recognised over time based on work performed by reference to the milestones indicated in the contract.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.9 Revenue and other income (Continued)

Financing components (Continued)

(iii) Interest income

Interest income is recognised on effective interest method.

(iv) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

(v) Income from short term cash investment

Income from short term cash investment is recognised when the right to receive payment is established.

(vi) Dividend income

Dividend income is recognised when the right to receive payment is established.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

4.1 Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to determine the discount rate to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, forecast growth rates, operating expenses and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount are disclosed in Note 7.

4.2 Impairment of investment in subsidiaries

As at the reporting date, the Company determines whether there is any indication of impairment on its investment in subsidiaries. Where there is indication of impairment, the Company carries out the impairment test based on value-in-use of the cash- generating unit. Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Company's tests for impairment of investment in subsidiaries.

The carrying amount of the Company's investment in subsidiaries is disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Motor vehicles RM	Furniture and fittings, office equipment and renovation RM	Plant and machinery and testing equipment RM	Equipment in-transit RM	Right-of-use assets RM	Total RM
Cost								
At 1 January 2023	1,433,333	6,900,626	918,480	7,131,940	5,367,500	232,967	3,244,926	25,229,772
Acquisition of subsidiary (Note 9)	-	-	-	74,023	-	-	-	74,023
Additions	-	-	1,015,632	2,648,524	610,655	130,426	675,006	5,080,243
Exchange difference	-	-	-	(4,185)	-	-	-	(4,185)
At 31 December 2023	1,433,333	6,900,626	1,934,112	9,850,302	5,978,155	363,393	3,919,932	30,379,853
Accumulated depreciation and impairment loss								
At 1 January 2023								
Accumulated depreciation	-	1,431,331	703,501	4,023,175	1,274,982	-	765,536	8,198,525
Accumulated impairment loss	-	-	-	71,783	-	-	-	71,783
	-	1,431,331	703,501	4,094,958	1,274,982	-	765,536	8,270,308
Charge for the financial year	-	140,388	214,872	1,139,766	1,165,267	-	120,130	2,780,423
Exchange difference	-	-	-	(657)	-	-	-	(657)
	-	140,388	214,872	1,139,109	1,165,267	-	120,130	2,779,766
At 31 December 2023								
Accumulated depreciation	-	1,571,719	918,373	5,162,284	2,440,249	-	885,666	10,978,291
Accumulated impairment loss	-	-	-	71,783	-	-	-	71,783
	-	1,571,719	918,373	5,234,067	2,440,249	-	885,666	11,050,074
Carrying amount								
At 31 December 2023	1,433,333	5,328,907	1,015,739	4,616,235	3,537,906	363,393	3,034,266	19,329,779

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM	Buildings RM	Motor vehicles RM	Furniture and fittings, office equipment and renovation RM	Plant and machinery and testing equipment RM	Equipment in-transit RM	Right-of-use assets RM	Total RM
Cost								
At 1 January 2022	1,433,333	6,900,626	918,480	6,458,171	6,994,883	-	3,244,926	25,950,419
Additions	-	-	-	673,769	2,580,696	232,967	-	3,487,432
Written off	-	-	-	-	(4,208,079)	-	-	(4,208,079)
At 31 December 2022	1,433,333	6,900,626	918,480	7,131,940	5,367,500	232,967	3,244,926	25,229,772
Accumulated depreciation and impairment loss								
At 1 January 2022								
Accumulated depreciation	-	1,290,944	519,805	3,067,097	2,750,678	-	664,155	8,292,679
Accumulated impairment loss	-	-	-	71,783	-	-	-	71,783
	-	1,290,944	519,805	3,138,880	2,750,678	-	664,155	8,364,462
Charge for the financial year	-	140,387	183,696	956,078	1,095,053	-	101,381	2,476,595
Written off	-	-	-	-	(2,570,749)	-	-	(2,570,749)
	-	140,387	183,696	956,078	(1,475,696)	-	101,381	(94,154)
At 31 December 2022								
Accumulated depreciation	-	1,431,331	703,501	4,023,175	1,274,982	-	765,536	8,198,525
Accumulated impairment loss	-	-	-	71,783	-	-	-	71,783
	-	1,431,331	703,501	4,094,958	1,274,982	-	765,536	8,270,308
Carrying amount								
At 31 December 2022	1,433,333	5,469,295	214,979	3,036,982	4,092,518	232,967	2,479,390	16,959,464

Company	Freehold land RM	Buildings RM	Furniture and fittings, office equipment and renovation RM	Total RM
2023				
Cost				
At 1 January/31 December	1,433,333	2,866,667	9,820	4,309,820
Accumulated depreciation				
At 1 January	-	688,000	6,963	694,963
Charge for the financial year	-	57,334	757	58,091
At 31 December	-	745,334	7,720	753,054
Carrying amount				
At 31 December	1,433,333	2,121,333	2,100	3,556,766

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM	Buildings RM	Furniture and fittings, office equipment and renovation RM	Total RM
2022				
Cost				
At 1 January	1,433,333	2,866,667	8,220	4,308,220
Addition	-	-	1,600	1,600
At 31 December	1,433,333	2,866,667	9,820	4,309,820
Accumulated depreciation				
At 1 January	-	630,667	5,510	636,177
Charge for the financial year	-	57,333	1,453	58,786
At 31 December	-	688,000	6,963	694,963
Carrying amount				
At 31 December	1,433,333	2,178,667	2,857	3,614,857

Included in the above property, plant and equipment are:

(a) Freehold land and buildings of the Group and of the Company charged to a financial institution for unutilised credit facilities granted to the Group. The carrying amount of assets pledged for bank facilities are as follows:

	Group and Company 2023 RM	2022 RM
Freehold land	1,433,333	1,433,333
Office buildings	2,121,333	2,178,667
	3,554,666	3,612,000

(b) Right-of-use assets

The Group leases land and building for its operation site and office space.

Information about leases for which the Group is lessees is presented below:

	Leasehold land RM	Building RM	Total RM
Carrying amount			
At 1 January 2022	2,580,771	-	2,580,771
Depreciation	(101,381)	-	(101,381)
At 31 December 2022	2,479,390	-	2,479,390
Additions	-	675,006	675,006
Depreciation	(101,380)	(18,750)	(120,130)
At 31 December 2023	2,378,010	656,256	3,034,266

The leases generally have lease terms between 3 and 60 years (2022: 60 years).

6. INVESTMENT PROPERTY

	Group and Company	
	2023	**2022**
	RM	**RM**
Cost		
At 1 January/31 December	4,800,000	4,800,000
Accumulated depreciation		
At 1 January	168,000	-
Charge for the financial year	96,000	168,000
At 31 December	264,000	168,000
Carrying amount		
At 31 December	4,536,000	4,632,000

The Group's and the Company's investment property comprises a two-storey bungalow that arose from debt settlement agreements entered into by the Company and its vendor via contra of properties against the amounts owing from the vendor.

Fair value information

Fair value of investment property is categorised as follows:

	Group and Company
	Level 2
	RM
2023	
Bungalow	4,800,000
2022	
Bungalow	5,000,000

Level 2 fair value

Level 2 fair value of building has been derived using the sales comparison approach. Sales prices of comparable buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable buildings.

The fair value of investment property is determined by an external independent property valuer with appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

7. GOODWILL ON BUSINESS COMBINATION

		Group	
		2023	**2022**
	Note	**RM**	**RM**
At 1 January		18,561,563	18,561,563
Acquisition of subsidiary	9	4,114,383	-
At 31 December		22,675,946	18,561,563

7. GOODWILL ON BUSINESS COMBINATION (CONTINUED)

The carrying amount of goodwill allocated to the Group's cash generating unit ("CGU") is based on the CGU's excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets and liabilities. The goodwill was allocated to the Group's cloud computing business segment.

The recoverable amount of the CGU is determined based on value-in-use calculation using pre-tax cash flows projection based on financial budgets and projection approved by management covering a 4-year period. Cash flows beyond the 4-year period are extrapolated.

The following describes the key assumptions for which management has based its cash flows projection to undertake the impairment testing of goodwill:

31.12.2023	**CGU 1**	**CGU 2**
Average gross margin	11%	11%
Average annual sales growth	20%	16%
Discount rate	14%	11%
31.12.2022		
Average gross margin	15%	-
Average annual sales growth	17%	-
Discount rate	15%	-

(i) Average gross margin – based on historical achieved margins and assumes no significant changes in cost structure or input prices.
(ii) Average annual sales growth – based on management's estimation and industry growth rates.
(iii) Discount rate – based on the industry weighted average cost of capital of the CGU. The discount rate applied to the cash flows projection is pre-tax and reflects estimate of the risk specific to the CGU at the date of assessment.

Based on the sensitivity analysis performed, the directors believe that there is no reasonably possible change in key assumptions that would cause the carrying amount of the CGU to exceed its recoverable amount.

8. OTHER INTANGIBLE ASSETS

Group	**Development costs RM**	**Computer software RM**	**Total RM**
2023			
Cost			
At 1 January	-	337,549	337,549
Additions	2,018,600	-	2,018,600
At 31 December	2,018,600	337,549	2,356,149
Accumulated amortisation			
At 1 January	-	272,193	272,193
Charge for financial year	-	16,214	16,214
At 31 December	-	288,407	288,407
Carrying amount			
At 31 December	2,018,600	49,142	2,067,742

8. OTHER INTANGIBLE ASSETS (CONTINUED)

Group	Computer software RM
2022	
Cost	
At 1 January	292,897
Additions	44,652
At 31 December	337,549
Accumulated amortisation	
At 1 January	263,420
Charge for financial year	8,773
At 31 December	272,193
Carrying amount	
At 31 December	65,356
Company	
2023	
Cost	
At 1 January/31 December	230,480
Accumulated amortisation	
At 1 January/31 December	230,480
Carrying amount	
At 31 December	-
2022	
Cost	
At 1 January/31 December	230,480
Accumulated amortisation	
At 1 January/31 December	230,480
Carrying amount	
At 31 December	-

Development costs are associated with the development of ventilator project which is in the final development stage and therefore not amortised during the financial year.

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9. INVESTMENT IN SUBSIDIARIES

	Note	Company 2023 RM	Company 2022 RM
Unquoted shares, at cost			
In Malaysia		48,814,658	48,814,658
Outside Malaysia		1	1
		48,814,659	48,814,659
ESOS granted to employees of subsidiaries		15,146,479	15,146,479
		63,961,138	63,961,138
Less: Impairment losses	(a)		
At 1 January		(6,004,232)	(5,334,232)
Charge for the financial year		(4,650,000)	(670,000)
At 31 December		(10,654,232)	(6,004,232)
		53,306,906	57,956,906
Quasi loans	(b)	42,591,792	45,178,547
Less: Impairment losses	(a)		
At 1 January		(6,044,669)	(3,695,515)
Transferred from other receivables		-	(826,672)
Charge for the financial year		(3,238,000)	(1,522,482)
At 31 December		(9,282,669)	(6,044,669)
		33,309,123	39,133,878
		86,616,029	97,090,784

(a) Impairment loss has been provided for investment in certain subsidiaries and quasi loans when the subsidiary has become inactive or when recoverable amount is less than its carrying amount. The recoverable amount is determined using value-in-use of the subsidiaries.

(b) Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest/ Voting right 2023	Effective ownership interest/ Voting right 2022
K2 Meta Sdn. Bhd. (formerly known as K2 Cloud Sdn. Bhd.)	Malaysia	Investment holding	100%	100%
K-One Wellness Sdn. Bhd.	Malaysia	Design, development, manufacture, trading, distribution, supply and provision of medical and healthcare consumables, devices, sub-systems and services through distribution network, online platforms or direct to hospitals, pharmacies and healthcare institutions	100%	100%

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (Continued)

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest/ Voting right 2023	Effective ownership interest/ Voting right 2022
K-One Electronics Sdn. Bhd.	Malaysia	Development, manufacturing, supply and trading of consumer electronic products, healthcare equipment, digital devices and associated accessories via distribution network and/or online platforms and design, development and manufacturing of production tools	100%	100%
K-One Venture Sdn. Bhd.	Malaysia	Provision of co-working space, investment in business by capital funding and business advisory services	100%	100%
K-One International Limited *	Hong Kong	Dormant	100%	100%
G-AsiaPacific Sdn. Bhd. ("GAP") ^	Malaysia	Provision of cloud computing and its related services	100%	100%
Subsidiary of K2 Meta Sdn. Bhd. (formerly known as K2 Cloud Sdn. Bhd.)				
K-One Industry Sdn. Bhd.	Malaysia	Design and development of manufacturing process/tools and manufacturing of electronic end products and sub-systems	100%	100%
Subsidiaries of K-One Industry Sdn. Bhd.				
K-One Manufacturing Sdn. Bhd.	Malaysia	Design and development of manufacturing process/tools and manufacturing of electronic end products and sub-systems	100%	100%
K-One MediTech Sdn. Bhd.	Malaysia	Design, development, manufacturing and distribution of medical/healthcare devices and consumables	100%	100%
Subsidiaries of G-AsiaPacific Sdn. Bhd.				
G-AsiaPacific (S) Pte. Ltd. #	Singapore	Provision of cloud computing and its related services	100%	100%
P.T. GasiaPasific Indo ("GAP Indo")*	Indonesia	Provision of cloud computing and its related services	51%	-
G-AsiaPacific (Vietnam) Company Limited ("GAP Vietnam")*	Vietnam	Provision of cloud computing and its related services	51%	-

* Audited by auditors other than Baker Tilly Monteiro Heng PLT.

^ G-AsiaPacific Sdn. Bhd.'s shares are held in trust by K2 Meta Sdn. Bhd. (formerly known as K2 Cloud Sdn. Bhd.) as a trustee for the Company.

Audited by an independent member firm of Baker Tilly International.

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Incorporation of GAP Vietnam

On 21 July 2023, GAP established GAP Vietnam with a 51% equity interest for a total cash consideration of approximately RM0.7 million. Consequently, GAP Vietnam becomes an indirect subsidiary of the Company.

(b) Acquisition of additional interest in GAP Indo

On 19 June 2023, GAP acquired an additional 36% equity interest in GAP Indo for a total cash consideration of approximately RM4.9 million. Consequently, GAP Indo becomes an indirect subsidiary of the Company.

(i) Fair value of consideration transferred:

	2023 RM
Cash consideration	4,932,036

(ii) Fair value of the identifiable assets acquired and liabilities recognised:

	2023 RM
Non-current asset	
Plant and equipment	74,023
Current assets	
Receivables, deposits and prepayments	2,837,313
Cash and cash equivalents	344,662
	3,181,975
Total assets	3,255,998
Current liabilities	
Trade and other payables	1,276,010
Contract liability	119,322
Current tax liabilities	13,542
Total liabilities	1,408,874
Total identifiable net assets acquired	1,847,124
Goodwill arising on acquisition (Note 7)	4,114,383
Non-controlling interest	(896,243)
Foreign exchange reserve	(133,228)
Fair value of consideration transferred	4,932,036

(iii) Effects of acquisition on cash flows:

	2023 RM
Consideration paid in cash	4,932,036
Less: Cash and cash equivalents of subsidiary acquired	(344,662)
Net cash outflows on acquisition	4,587,374

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Acquisition of additional interest in GAP Indo (Continued)

(iv) Effects of acquisition in statements of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and loss net of tax are as follows:

	2023 RM
Revenue	6,932,401
Loss for the financial year	(54,627)

If the acquisition had occurred on 1 January 2023, the consolidated results for the financial year ended 31 December 2023 would have been as follows:

	2023 RM
Revenue	11,104,417
Profit for the financial year	19,530

(c) Non-controlling interest ("NCI") in subsidiaries

The financial information of the Group's subsidiaries that have material non-controlling interests are as follows:

	GAP Indo RM	GAP Vietnam RM	Total RM
2023			
NCI percentage of ownership interest and voting interest	49%	49%	
Carrying amount of NCI	886,828	567,252	1,454,080
Loss allocated to NCI	(26,767)	(91,596)	(118,363)
Total other comprehensive loss allocated to NCI	(26,767)	(91,596)	(118,363)

(d) Summarised financial information of material non-controlling interests

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows:

	GAP Indo RM	GAP Vietnam RM
Summarised statements of financial position as at 31 December 2023		
Non-current assets	68,138	-
Current assets	3,541,541	1,280,125
Current liabilities	(1,799,826)	(122,468)
Net assets	1,809,853	1,157,657

NOTES TO THE FINANCIAL STATEMENTS
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9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Summarised financial information of material non-controlling interests (Continued)

	GAP Indo RM	GAP Vietnam RM
Summarised statements of comprehensive income for the financial year ended 31 December 2023		
Revenue	6,932,401	95,051
Loss for the financial year	(54,627)	(186,930)
Total comprehensive loss	(54,627)	(186,930)
Summarised cash flows information for the financial year ended 31 December 2023		
Cash flows from operating activities	1,447,815	110,105
Cash flows (used in)/from investing activities	(73,185)	274
Cash flows from financing activities	-	1,340,944
Net increase in cash and cash equivalents	1,374,630	1,451,323

10. DEFERRED TAX ASSETS/(LIABILITIES)

The components of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	At 1 January 2023 RM	Recognised in profit or loss (Note 27) RM	At 31 December 2023 RM
Group			
Deferred tax assets			
Contract liabilities	2,193,600	496,900	2,690,500
Deductible temporary differences in respect of expenses	32,600	1,900	34,500
Lease liabilities	-	157,900	157,900
Unabsorbed tax losses and unutilised capital allowance	-	1,458,500	1,458,500
Right-of-use assets	-	(157,500)	(157,500)
Property, plant and equipment	(566,700)	(315,600)	(882,300)
	1,659,500	1,642,100	3,301,600

	At 1 January 2022 RM	Recognised in profit or loss (Note 27) RM	At 31 December 2022 RM
Group			
Deferred tax assets			
Contract liabilities	1,753,356	440,244	2,193,600
Deductible temporary differences in respect of expenses	-	32,600	32,600
Unutilised capital allowance	176,500	(176,500)	-
	1,929,856	296,344	2,226,200
Deferred tax liability			
Property, plant and equipment	(386,600)	(180,100)	(566,700)
	(386,600)	(180,100)	(566,700)
	1,543,256	116,244	1,659,500

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The components of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (Continued)

	At 1 January 2023 RM	Recognised in profit or loss (Note 27) RM	At 31 December 2023 RM
Company			
Deferred tax assets			
Unabsorbed tax losses	-	465,000	465,000
Taxable temporary differences in respect of income	-	(2,000)	(2,000)
	-	463,000	463,000

Presented after appropriate offsetting as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax assets	3,301,600	2,226,200	463,000	-
Deferred tax liabilities	-	(566,700)	-	-
	3,301,600	1,659,500	463,000	-

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Differences between the carrying amounts of property, plant and equipment and their tax base	1,900	(1,457,700)	-	(2,000)
Taxable temporary difference	5,800	149,200	-	(3,000)
Unutilised capital allowance	19,400	2,930,400	-	130,000
Unabsorbed tax losses	4,427,000	11,404,300	-	2,570,000
Right-of-use assets	(24,600)	-	-	-
Lease liabilities	25,200	-	-	-
	4,454,700	13,026,200	-	2,695,000
Potential deferred tax at 24% (2022: 24%)	1,069,100	3,126,300	-	646,800

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The unutilised tax losses which are available for offset against future taxable profits of the Group and of the Company will expire in the following financial years:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Year of assessments				
2028	1,466,600	2,724,800	-	1,248,000
2029	42,600	436,400	-	-
2030	741,800	2,588,400	-	437,000
2031	2,138,400	2,818,400	-	150,000
2032	22,200	2,836,300	-	735,000
2033	15,400	-	-	-
	4,427,000	11,404,300	-	2,570,000

11. OTHER INVESTMENT

	Group	
	2023	2022
	RM	RM
Financial assets designated at fair value through other comprehensive income ("DFVOCI")		
- Unquoted equity securities		
P.T. GasiaPasific Indo	-	115,171

12. INVENTORIES

	Group	
	2023	2022
	RM	RM
At cost		
Raw materials	27,760,245	30,679,868
Finished goods	5,288,614	2,399,444
	33,048,859	33,079,312
At net realisable value		
Finished goods	-	452,352
	33,048,859	33,531,664

(a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM81,248,110 (2022: RM85,473,724).

(b) During the financial year, the cost of inventories of the Group recognised as cost of sales in respect of write-off of inventories was RM507,880. In the previous year, the Group write-down of inventories to net realisable value was RM191,079.

13. RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
Current					
Trade					
Trade receivables	(a)	29,549,587	34,662,160	163,647	30,313
Less: Allowance for impairment losses		(364,182)	(74,285)	-	-
		29,185,405	34,587,875	163,647	30,313
Non-trade					
Other receivables	(b)	6,085,140	6,815,757	5,863,591	5,840,243
Less: Allowance for impairment losses		(5,820,235)	(5,820,235)	(5,820,235)	(5,820,235)
		264,905	995,522	43,356	20,008
GST/SST/VAT refundable		154,032	12,426	-	-
Deposits		289,557	278,136	2,070	17,070
Prepayments	(c)	3,086,081	1,940,900	31,972	12,157
Advances to suppliers		804,686	829,833	-	-
Total trade and other receivables		33,784,666	38,644,692	241,045	79,548

(a) The normal credit terms extended to customers range from 30 to 90 days (2022: 30 to 90 days).

(b) Included in other receivables of the Group and of the Company is an amount of RM5,820,235 (2022: RM5,820,235) relating to cash consideration receivable pursuant to the disposal of an associate, AHM Consultancy Services Sdn. Bhd. to the former vendors. Part of the consideration was settled through the sale of properties owned by the former vendors. The former vendors have unconditionally and irrevocably granted the Company the option to sell the properties for or on behalf of them until sufficient properties have been sold to fulfil the consideration.

(c) Included in prepayment of the Group is an amount of RM Nil (2022: RM192,500) deposits paid in relation to acquisition of a machine. The balance purchase price is disclosed in Note 30.

14. CONTRACT COSTS

Costs to fulfil a contract

Costs to fulfil a contract are costs incurred for contracts that are yet to be approved as at the reporting date. These costs will be used in satisfying the performance obligation in the future and expected to be recovered.

These costs are amortised in accordance with the pattern of transfer of goods or services to which the asset relates.

15. CONTRACT ASSETS/(LIABILITIES)

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Contract assets	3,085,061	3,548,508	-	-
Contract liabilties	(13,023,798)	(9,585,056)	(368,551)	(9,379)
	(9,938,737)	(6,036,548)	(368,551)	(9,379)

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15. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

Significant changes in contract balances

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
At 1 January	(6,036,548)	(4,414,849)	(9,379)	-
Revenue recognised during the year	70,316,539	61,809,215	9,379	-
Billings during the year	(74,218,728)	(63,430,914)	(368,551)	(9,379)
At 31 December	(9,938,737)	(6,036,548)	(368,551)	(9,379)

The contract assets relate to the Group's right to consideration for services rendered but not yet billed as at the reporting date.

The contract liabilities relate to advance considerations received from customers for services of which the revenue will be recognised over the remaining contract of the specific contract it relates to, ranging from 1 to 30 months (2022: 1 to 30 months).

16. SHORT-TERM CASH INVESTMENT

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash management fund with investment management companies	8,634,064	5,074,531	2,134,064	2,074,531

The investment is redeemable upon 1 day (2022: 1 day) in notice.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash and bank balances	17,949,781	17,875,998	482,580	687,781
Deposits placed with licensed banks	21,974,000	19,500,000	17,000,000	7,000,000
	39,923,781	37,375,998	17,482,580	7,687,781
Less: Non-short term deposits	(8,000,000)	-	(8,000,000)	-
	31,923,781	37,375,998	9,482,580	7,687,781

The deposits placed with licensed banks of the Group and of the Company at the end of the financial year bear effective interest at rates ranging from 3.20% to 6.00% (2022: 2.78% to 3.30%) and 3.80% to 4.05% (2022: 2.93% to 3.30%) respectively per annum and with maturity period ranging from 1 to 12 months (2022: 1 to 3 months) and 3 to 12 months (2022: 3 months) respectively.

18. SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of shares	Amount	Number of shares	Amount
	Units	RM	Units	RM
Issued and fully paid up (no par value):				
At 1 January/31 December	832,006,928	123,643,978	832,006,928	123,643,978

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

19. FOREIGN EXCHANGE RESERVE

The foreign exchange reserve comprises all foreign currency differences arising from translation of the financial statements of the entities within the Group with functional currencies other than RM.

20. TRADE AND OTHER PAYABLES

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
Non-current:					
Non-trade					
Other payable	(a)	33,098	105,912	-	-
Current:					
Trade					
Trade payables	(b)	30,122,199	29,884,985	19,036	13,378
Accruals		5,246,220	4,263,905	95,268	8,506
		35,368,419	34,148,890	114,304	21,884
Non-trade					
Other payables		343,224	534,032	243,175	122,892
GST/SST/VAT payables		58,316	33,539	-	-
Amount due to directors	(c)	10,982	9,140	-	-
Amount due to subsidiaries	(d)	-	-	6,725,243	54,328
Advances from customers		2,389,350	233,182	-	-
Accruals		2,801,526	1,995,290	84,758	44,887
Deposits received		710,082	727,357	7,442	20,442
		6,313,480	3,532,540	7,060,618	242,549
Total trade and other payables (current)		41,681,899	37,681,430	7,174,922	264,433
Total trade and other payables (non-current and current)		41,714,997	37,787,342	7,174,922	264,433

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20. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Other payable of the Group represents the acquisition cost of equipment payable to a third party. This amount is non-interest bearing and is not expected to be settled within the twelve months after the reporting date.

(b) The normal trade credit terms granted to the Group range from 30 to 90 days (2022: 30 to 90 days).

(c) The amount due to directors is non-trade in nature, unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

(d) The amount due to subsidiaries is non-trade in nature, unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

21. LEASE LIABILITIES

	Group	
	2023	**2022**
	RM	**RM**
Non-current		
Lease liabilities	446,977	-
Current		
Lease liabilities	211,079	-
	658,056	-

The weighted average incremental borrowing rate applied to the lease liabilities was 6.82% (2022: Nil) per annum.

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group	
	2023	**2022**
	RM	**RM**
Minimum lease payments:		
- not later than one year	248,031	-
- later than one year but not later than five years	475,393	-
	723,424	-
Less: Future finance charges	(65,368)	-
Present value of minimum lease payments	658,056	-
Present value of minimum lease payments:		
- not later than one year	211,079	-
- later than one year but not later than five years	446,977	-
	658,056	-
Less: Amount due within 12 months	(211,079)	-
Amount due after 12 months	446,977	-

22. REVENUE

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Revenue from contract customers:				
Research, design and development of electronic end products and sub-systems	900,860	785,135	689,297	21,548
Manufacturing of electronic end products and sub-systems	76,746,859	77,355,804	-	-
Cloud computing services	75,115,565	67,708,698	-	-
Sale and manufacturing of medical and healthcare devices and consumables	14,487,015	18,995,815	-	-
	167,250,299	164,845,452	689,297	21,548
Revenue from other source:				
Dividend income from a subsidiary	-	-	750,000	1,500,000
	167,250,299	164,845,452	1,439,297	1,521,548

(a) Disaggregation of revenue

The Group reports the following major segments: research, design, development and sales, manufacturing and cloud computing in accordance with MFRS 8 Operating Segments. For the purpose of disclosure for the disaggregation of revenue, it disaggregates revenue into primary geographical markets, major goods or services, timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Research, design, development and sales	**Manufacturing**	**Cloud computing**	**Total**
	RM	**RM**	**RM**	**RM**
Group - 2023				
Primary geographical markets:				
Malaysia	42,261	3,166,990	42,146,917	45,356,168
Asia (excluding Malaysia)	103,153	23,396,161	32,768,005	56,267,319
Europe	663,308	50,401,476	111,035	51,175,819
Oceania	-	1,678,055	78,297	1,756,352
United States of America	92,138	12,591,192	11,311	12,694,641
	900,860	91,233,874	75,115,565	167,250,299
Major goods or services:				
Electronic products	-	76,746,859	-	76,746,859
Research, design and development	900,860	-	-	900,860
Cloud computing	-	-	75,115,565	75,115,565
Medical and healthcare devices and consumables	-	14,487,015	-	14,487,015
	900,860	91,233,874	75,115,565	167,250,299
Timing of revenue recognition:				
At a point in time	900,860	91,233,874	21,494,505	113,629,239
Over time	-	-	53,621,060	53,621,060
	900,860	91,233,874	75,115,565	167,250,299

22. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

	Research, design, development and sales RM	Manufacturing RM	Cloud computing RM	Total RM
Group - 2022				
Primary geographical markets:				
Malaysia	3,952	7,456,680	43,426,356	50,886,988
Asia (excluding Malaysia)	-	14,886,958	15,524,977	30,411,935
Europe	701,107	62,564,195	265,882	63,531,184
Oceania	-	187,652	45,212	232,864
United States of America	80,076	11,256,134	8,446,271	19,782,481
	785,135	96,351,619	67,708,698	164,845,452
Major goods or services:				
Electronic products	-	77,355,804	-	77,355,804
Research, design and development	785,135	-	-	785,135
Cloud computing	-	-	67,708,698	67,708,698
Medical and healthcare devices and consumables	-	18,995,815	-	18,995,815
	785,135	96,351,619	67,708,698	164,845,452
Timing of revenue recognition:				
At a point in time	785,135	96,351,619	1,876,770	99,013,524
Over time	-	-	65,831,928	65,831,928
	785,135	96,351,619	67,708,698	164,845,452

	Research, design, development and sales RM	Total RM
Company - 2023		
Primary geographical markets:		
Europe	663,308	663,308
United States of America	25,989	25,989
	689,297	689,297
Major goods or services:		
Research, design and development	689,297	689,297
Timing of revenue recognition:		
At a point in time	689,297	689,297

22. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

	Research, design, development and sales RM	Total RM
Company - 2022		
Primary geographical market:		
United States of America	21,548	21,548
Major goods or services:		
Research, design and development	21,548	21,548
Timing of revenue recognition:		
At a point in time	21,548	21,548

(b) Transaction price allocated to the remaining performance obligations

Group	Within 1 year RM	Between 1 to 3 years RM	Total RM
As at 31 December 2023			
Revenue expected to be recognised on:			
- Cloud computing	13,023,798	-	13,023,798
As at 31 December 2022			
Revenue expected to be recognised on:			
- Cloud computing	9,584,653	403	9,585,056

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

23. COST OF SALES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Research, design and development of electronic end products and sub-systems	359,435	107,946	250,744	19,674
Cost of manufacturing of electronic end products and sub-systems	68,558,578	66,804,406	-	-
Cloud computing services	62,347,681	58,906,584	-	-
Cost of sale and manufacturing of medical and healthcare devices and consumables	13,088,722	18,860,397	-	-
	144,354,416	144,679,333	250,744	19,674

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24. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration				
(i) Statutory audit:				
- Baker Tilly Monteiro Heng PLT	239,000	220,243	79,400	79,400
- Member firms of Baker Tilly International	42,529	40,145	-	-
- Other auditors	31,190	-	-	-
(ii) Other services:				
- Baker Tilly Monteiro Heng PLT	6,000	6,000	6,000	6,000
Amortisation of computer software	16,214	8,773	-	-
Depreciation of:				
- property, plant and equipment	2,780,423	2,476,595	58,091	58,786
- investment property	96,000	168,000	96,000	168,000
Property, plant and equipment written off	-	1,637,330	-	-
Directors' fees	239,200	254,400	239,200	254,400
Directors' other emoluments	2,193,800	2,068,400	21,000	30,000
Expenses relating to short-term lease	187,984	169,225	-	-
Expenses relating to lease of low value assets	15,223	14,636	5,686	5,916
Inventories written down	-	191,079	-	-
Inventories written off	507,880	-	-	-
Interest expense on lease liabilities	3,719	-	-	-
Impairment losses on trade receivables	290,616	5,240	-	-
Impairment loss on investment in subsidiaries	-	-	7,888,000	2,192,482
Foreign exchange loss/(gain)				
- realised	762,063	(529,271)	(5,833)	333
- unrealised	(583,301)	30,912	(8,274)	(2,714)
Fair value gain on short-term cash investment	(59,533)	(36,524)	(59,533)	(36,524)
Interest income	(783,383)	(490,128)	(332,842)	(202,023)
Rental income of:				
- premises	(74,766)	(65,766)	(38,766)	(29,766)
- investment property	(69,000)	(46,000)	(69,000)	(46,000)

25. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive directors' fees	20,374	19,150	-	-
Executive directors' salary and other emoluments	3,376,721	3,395,720	-	-
Wages, salaries and bonus	13,587,539	13,321,732	724,145	632,125
Employees Provident Fund	1,697,179	1,538,819	38,982	39,662
SOCSO	180,197	166,773	3,475	3,770
Other personnel costs	694,051	569,521	18,550	9,155
	19,556,061	19,011,715	785,152	684,712

26. DIRECTORS' REMUNERATION

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Directors of the Company				
Executive:				
Salary and other emoluments	2,172,800	2,038,400	-	-
Non-executive:				
Fees	239,200	254,400	239,200	254,400
Allowances	21,000	30,000	21,000	30,000
	2,433,000	2,322,800	260,200	284,400
Directors of the subsidiaries				
Executive:				
Fees	20,374	19,150	-	-
Salary and other emoluments	1,203,921	1,357,320	-	-
	1,224,295	1,376,470	-	-
Total directors' remuneration	3,657,295	3,699,270	260,200	284,400

27. TAX (CREDIT)/EXPENSE

The major components of income tax expense for the financial years ended 31 December 2023 and 31 December 2022 are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Current tax:				
Malaysian income tax:				
Current financial year	1,528,260	1,559,220	-	-
Over provision in prior financial years	(68,001)	(642,816)	-	-
	1,460,259	916,404	-	-
Foreign income tax:				
Current financial year	98,118	37,350	-	-
Deferred tax (Note 10):				
Origination/(Reversal) of temporary differences	47,136	(345,748)	183,600	-
Recognition of deferred tax assets previously not recognised	(1,691,900)	-	(646,600)	-
Under provision in prior financial years	2,664	229,504	-	-
	(1,642,100)	(116,244)	(463,000)	-
Tax (credit)/expense	(83,723)	837,510	(463,000)	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2022: 24%) of the estimated assessable profit/(loss) for the financial year. Taxation for other jurisdictions is calculated at the rate prevailing in the respective jurisdictions.

27. TAX (CREDIT)/EXPENSE (CONTINUED)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expenses are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit/(Loss) before tax	147,830	737,495	(7,680,483)	(1,782,213)
Tax at Malaysian statutory income tax rate of 24% (2022: 24%)	35,500	177,000	(1,843,300)	(427,700)
Effect of lower tax rate in foreign jurisdiction	(31,914)	(31,729)	-	-
Tax effect on non-deductible expenses	816,419	473,890	2,221,200	641,800
Tax effect on non-taxable income	(16,460)	(8,766)	(194,300)	(368,800)
Deemed interest income	17,295	46,763	-	-
Recognition of deferred tax liability previously not recognised	1,266,400	-	-	-
Deferred tax assets not recognised	6,400	1,058,400	-	154,700
Utilisation of previously unrecognised tax losses	(371,700)	(425,700)	-	-
Recognition of deferred tax assets previously not recognised	(1,691,900)	-	(646,600)	-
Tax exemptions	(48,426)	(39,036)	-	-
(Over)/Under provision in prior years				
- current tax	(68,001)	(642,816)	-	-
- deferred tax	2,664	229,504	-	-
	(83,723)	837,510	(463,000)	-

28. EARNINGS/(LOSS) PER ORDINARY SHARE

(a) Basic

Basic earnings/(loss) per ordinary share is based on the profit/(loss) for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2023	2022
	RM	RM
Profit/(Loss) for the financial year attributable to owners of the Company	349,916	(100,015)
Weighted average number of ordinary shares outstanding during the financial year	818,577,759	818,577,759
Basic earnings/(loss) per ordinary share (sen)	0.04	(0.01)

(b) Diluted

The diluted earnings/(loss) per share of the Company for the financial year ended 2023 and 2022 is same as the basic earnings/(loss) per ordinary share of the Company as there were no potential dilutive ordinary shares.

29. CORPORATE GUARANTEE

	Company	
	2023	**2022**
	RM	**RM**
Corporate guarantee for credit facilities granted to subsidiary:		
- K-One Industry Sdn. Bhd.	22,576,000	22,576,000

30. CAPITAL COMMITMENTS

The Group has made commitments for the following:

	Group	
	2023	**2022**
	RM	**RM**
Approved and contracted for:		
Acquisition of plant and equipment	-	192,500

31. RELATED PARTIES

(a) Identify of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has related party relationship with its subsidiaries and key management personnel.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Paid or payable to certain directors of the Company				
Rental of factory	90,000	90,000	-	-
Received and receivable from a subsidiary				
Dividend income	-	-	(750,000)	(1,500,000)

Significant outstanding balances with related parties at the end of the reporting period are disclosed in Note 20 to the financial statements.

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31. RELATED PARTIES (CONTINUED)

(c) Compensation of key management personnel

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Directors of the Company and subsidiaries				
Fees	259,574	273,550	239,200	254,400
Salaries and other emoluments	3,018,304	3,031,043	21,000	30,000
Post-employment benefits	379,417	394,677	-	-
	3,657,295	3,699,270	260,200	284,400

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Fair value through profit or loss ("FVPL")
(ii) Amortised cost ("AC")
(iii) Designated fair value through other comprehensive income ("DFVOCI")

	FVPL	AC	DFVOCI	Total
	RM	RM	RM	RM
2023				
Group				
Financial assets				
Receivables and deposits *	-	29,739,867	-	29,739,867
Short-term cash investment	8,634,064	-	-	8,634,064
Cash and cash equivalents	-	39,923,781	-	39,923,781
	8,634,064	69,663,648	-	78,297,712
Financial liabilities				
Trade and other payables #	-	39,267,331	-	39,267,331
2022				
Group				
Financial assets				
Other investment	-	-	115,171	115,171
Receivables and deposits *	-	35,861,533	-	35,861,533
Short-term cash investment	5,074,531	-	-	5,074,531
Cash and cash equivalents	-	37,375,998	-	37,375,998
	5,074,531	73,237,531	115,171	78,427,233
Financial liabilities				
Trade and other payables #	-	37,520,621	-	37,520,621

* *Exclude GST/SST/VAT refundable, prepayments and advances to suppliers.*
\# *Exclude GST/SST/VAT payables and advances from customers.*

32. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

	FVPL RM	AC RM	Total RM
2023			
Company			
Financial assets			
Receivables and deposits *	-	209,073	209,073
Short-term cash investment	2,134,064	-	2,134,064
Cash and bank balances	-	17,482,580	17,482,580
	2,134,064	17,691,653	19,825,717
Financial liabilities			
Trade and other payables	-	7,174,922	7,174,922
2022			
Company			
Financial assets			
Receivables and deposits *	-	67,391	67,391
Short-term cash investment	2,074,531	-	2,074,531
Cash and bank balances	-	7,687,781	7,687,781
	2,074,531	7,755,172	9,829,703
Financial liabilities			
Trade and other payables	-	264,433	264,433

* *Exclude GST/SST/VAT refundable, prepayments and advances to suppliers.*

(b) Financial risk management

The Group's and the Company's activities 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 and foreign currency risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Executive Director and Head of Finance. The Audit and Risk Management Committee provides independent oversight on the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

At the end of the reporting period, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Those events evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, including a default event;
- a concession or restructuring of loans granted by the lender of the counterparty relating to the counterparty's financial difficulty; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation.

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

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

<u>Credit risk concentration profile</u>

The exposure of credit risk for trade receivables as at the end of the financial year by geographic region are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Malaysia	5,919,742	8,044,545	-	-
Asia (excluding Malaysia)	12,345,952	7,711,959	-	-
Europe	10,986,806	18,342,097	163,647	30,313
United States of America	297,087	563,559	-	-
	29,549,587	34,662,160	163,647	30,313

The Group and the Company apply the simplified approach to provide for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit losses provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Credit risk concentration profile (Continued)

The information about the credit risk exposure on the Group's and the Company's trade receivables as at 31 December 2023 and 2022 respectively are as follows:

	Gross carrying amount RM	Expected credit loss allowance RM	Net balance RM
Group			
At 31 December 2023			
Contract assets			
Current (not past due)	3,085,061	-	3,085,061
Trade receivables			
Current (not past due)	19,258,154	-	19,258,154
1 to 30 days past due	5,915,625	-	5,915,625
31 to 60 days past due	1,726,507	-	1,726,507
61 to 90 days past due	1,204,028	-	1,204,028
91 to 120 days past due	678,839	-	678,839
More than 120 days past due	766,434	(364,182)	402,252
	32,634,648	(364,182)	32,270,466
At 31 December 2022			
Contract assets			
Current (not past due)	3,548,508	-	3,548,508
Trade receivables			
Current (not past due)	24,083,376	-	24,083,376
1 to 30 days past due	6,843,837	-	6,843,837
31 to 60 days past due	2,188,315	-	2,188,315
61 to 90 days past due	445,178	-	445,178
91 to 120 days past due	257,966	-	257,966
More than 120 days past due	843,488	(74,285)	769,203
	38,210,668	(74,285)	38,136,383

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Credit risk concentration profile (Continued)

The information about the credit risk exposure on the Group's and the Company's trade receivables as at 31 December 2023 and 2022 respectively are as follows (Continued):

	Gross carrying amount	Expected credit loss allowance	Net balance
	RM	RM	RM
Company			
At 31 December 2023			
Current (not past due)	6,883	-	6,883
1 to 30 days past due	97,585	-	97,585
31 to 60 days past due	16,446	-	16,446
More than 120 days past due	42,733	-	42,733
	163,647	-	163,647
At 31 December 2022			
Current (not past due)	27,346	-	27,346
1 to 30 days past due	2,967	-	2,967
	30,313	-	30,313

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movements in the impairment of trade receivables are as follows:

	Group	
	2023	2022
	RM	RM
At 1 January	74,285	69,045
Additions - individually assessed	290,616	5,240
Acquisition of a subsidiary	2,395	-
Exchange differences	(3,114)	-
At 31 December	364,182	74,285

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets are represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Other receivables and other financial assets (Continued)

The Group's and the Company's other receivables that are impaired at the reporting date and the reconciliation of movements in the impairment of other receivables are as follows:

	Group/Company	
	2023	2022
	RM	RM
At 1 January/31 December	5,820,235	5,820,235

Amounts due from subsidiaries

Intercompany loans between entities within the Group are repayable on demand. The Group monitors the results of the subsidiaries in determining the recoverability of intercompany balances. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient liquid reserves when the loan is demanded, the Group will consider the expected manner of recovery and recovery period of the advances.

As at the end of the reporting date, the Group and the Company consider these financial assets to be of low credit risk, for which no material loss allowance for impairment is required.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade, other payables and lease liabilities.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities.

<u>Maturity analysis</u>

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

	Carrying amount	Contractual undiscounted cash flows	On demand or within one year	One to five years
	RM	RM	RM	RM
Group				
2023				
Financial liabilities				
Trade and other payables	39,267,331	39,267,331	39,234,233	33,098
Lease liabilities	658,056	723,424	248,031	475,393
	39,925,387	39,990,755	39,482,264	508,491
2022				
Financial liabilities				
Trade and other payables	37,520,621	37,520,621	37,414,709	105,912

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

Maturity analysis (Continued)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows (Continued):

	Carrying amount	Contractual undiscounted cash flows	On demand or within one year	One to five years
	RM	RM	RM	RM
Company				
2023				
Financial liabilities				
Trade and other payables	7,174,922	7,174,922	7,174,922	-
2022				
Financial liabilities				
Trade and other payables	264,433	264,433	264,433	-

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales, purchases and borrowings that are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group has transactional currency exposures arising on sales and purchases that are denominated in currencies other than the functional currency of the Group's entities, primarily RM. The foreign currencies in which these transactions are denominated mainly include United States Dollar ("USD"), Euro ("Euro"), Sterling Pound ("GBP"), Singapore Dollar ("SGD"), Indonesian Rupiah ("IDR") and Vietnamese Dong ("VND").

The Group's and the Company's exposure to foreign currency risk based on the carrying amounts as at the end of the financial year are as follows:

	Trade and other receivables	Cash and bank balances	Trade and other payables	Total
	RM	RM	RM	RM
Group				
2023				
USD	14,544,516	3,869,760	(6,369,370)	12,044,906
Euro	8,546,606	502,409	(10,235,124)	(1,186,109)
GBP	-	931	(72,307)	(71,376)
SGD	555,476	751,582	(477,934)	829,124
IDR	604,445	1,840,457	(578,181)	1,866,721
VND	34,014	862,931	(27,593)	869,352
	24,285,057	7,828,070	(17,760,509)	14,352,618

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Foreign currency risk (Continued)

The Group's and the Company's exposure to foreign currency risk based on the carrying amounts as at the end of the financial year are as follows (Continued):

	Trade and other receivables RM	Cash and bank balances RM	Trade and other payables RM	Total RM
Group				
2022				
USD	24,794,796	3,972,485	(6,318,675)	22,448,606
Euro	2,811,515	1,784,277	(1,752,607)	2,843,185
GBP	-	842	(35,834)	(34,992)
SGD	263,720	348,026	(119,929)	491,817
	27,870,031	6,105,630	(8,227,045)	25,748,616
Company				
2023				
USD	163,647	163,520	(1,878)	325,289
2022				
USD	30,313	53,551	(8,878)	74,986

<u>Sensitivity analysis for foreign currency risk</u>

The following table demonstrates the sensitivity of the Group's and the Company's profit net of tax to a reasonably possible change in the major currencies; United States Dollar ("USD"), Euro ("Euro"), Sterling Pound ("GBP"), Singapore Dollar ("SGD"), Indonesian Rupiah ("IDR") and Vietnamese Dong ("VND") exchange rates against the functional currency of the Group's entities, RM, with all other variables held constant.

		← Effect on	→
	Change in rate %	Profit for the year RM	Equity RM
Group			
2023			
USD/RM	+ 1%	91,500	91,500
	- 1%	(91,500)	(91,500)
Euro/RM	+ 5%	(45,100)	(45,100)
	- 5%	45,100	45,100
GBP/RM	+ 5%	(2,700)	(2,700)
	- 5%	2,700	2,700
SGD/RM	+ 1%	6,300	6,300
	- 1%	(6,300)	(6,300)
IDR/RM	+ 1%	14,200	14,200
	- 1%	(14,200)	(14,200)
VND/RM	+ 1%	6,600	6,600
	- 1%	(6,600)	(6,600)

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk (Continued)

	Change in rate	Effect on Profit for the year	Effect on Equity
	%	RM	RM
Group			
2022			
USD/RM	+ 1%	170,600	170,600
	- 1%	(170,600)	(170,600)
Euro/RM	+ 5%	108,000	108,000
	- 5%	(108,000)	(108,000)
GBP/RM	+ 5%	(1,300)	(1,300)
	- 5%	1,300	1,300
SGD/RM	+ 1%	3,700	3,700
	- 1%	(3,700)	(3,700)
Company			
2023			
USD/RM	+ 1%	2,500	2,500
	- 1%	(2,500)	(2,500)
2022			
USD/RM	+ 1%	600	600
	- 1%	(600)	(600)

(c) Fair value measurement

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(i) Deposits, cash and bank balances, trade and other receivables and payables

The carrying amounts of deposits, cash and bank balances, trade and other receivables and payables are reasonable approximation of fair values due to the short-term nature of these financial instruments.

(ii) Short-term cash investment

The fair value of these financial assets is determined by reference to the redemption price at the reporting date.

The carrying amounts of financial assets and liabilities recognised in the financial statements are reasonable approximation of their fair values.

32. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

Fair value hierarchy

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, the lowest level input that is significant to the fair value measurement as whole:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides the fair value measurement hierarchy of the Group's assets:

	Fair Value Measurement			
	Level 1	**Level 2**	**Level 3**	**Total**
	RM	**RM**	**RM**	**RM**
Group				
Financial assets at fair value				
2023				
- Short-term cash investment	8,634,064	-	-	8,634,064
2022				
- Other investment	-	-	115,171	115,171
- Short-term cash investment	5,074,531	-	-	5,074,531

33. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their products and services. The Group's chief operation decision maker reviews the information of each business segment on a monthly basis for the purposes of resource allocation and assessment of segment performance. Therefore, the Group's reportable segments under MFRS 8 are as follows:

Research, design, development and sales	Research, design and development of healthcare, medical, Internet of Things ("IoT"), industrial, consumer electronics end products and sub-systems and service sales.
Manufacturing	Manufacturing of electronic end products, sub-systems, medical/healthcare devices and consumables.
Cloud computing	Provision of advanced cloud technology comprising of infrastructure as a service (IAAS), platform as a service (PAAS), cloud design, consulting and management services and mobile application and development.
Investment holding	Investment holding and dormant companies.

Performance is measured based on segment loss before tax and interest, as included in the internal management reports that are reviewed by the Group's chief operation decision maker. Segment (loss)/profit is used to measure performance as the 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.

33. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment results represent profit or loss before interest and tax of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment excluding tax assets, as included in the internal management reports that are reviewed by the Group's and Company's executive directors. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

The total of segment liability is measured based on all liabilities of a segment excluding deferred tax liabilities, borrowings, current tax liabilities and amount due to directors, as included in the internal management reports that are reviewed by the Group's and Company's executive directors.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and intangible assets other than goodwill.

	Research, design and development and sales RM	Manufacturing RM	Cloud computing RM	Investment holding RM	Consolidated RM
2023					
Total external revenue	900,860	91,233,874	75,115,565	-	167,250,299
Segment profit/(loss)	312,890	(1,012,182)	4,245,689	(3,398,567)	147,830
Tax credit/(expense)	418,785	797,295	(1,131,645)	(712)	83,723
Profit for the financial year					231,553
Other information					
Segment assets	1,038,357	76,756,436	61,891,834	28,256,939	167,943,566
Unallocated corporate assets					4,045,567
Consolidated total assets					171,989,133
Other information					
Segment liabilities	1,037,277	27,723,642	25,797,967	826,983	55,385,869
Unallocated corporate liabilities					147,027
Consolidated total liabilities					55,532,896
Capital expenditure	-	5,076,155	2,022,688	-	7,098,843
Amortisation of computer software	-	16,214	-	-	16,214
Depreciation of property, plant and equipment	58,091	2,508,626	205,513	8,193	2,780,423
Depreciation of investment property	-	-	-	96,000	96,000
Impairment losses on trade and other receivables	-	-	288,096	2,520	290,616

33. SEGMENT INFORMATION (CONTINUED)

	Research, design and development and sales	Manufacturing	Cloud computing	Investment holding	Consolidated
	RM	RM	RM	RM	RM
2022					
Total external revenue	785,135	96,351,619	67,708,698	-	164,845,452
Segment profit/(loss)	819,223	(2,176,456)	3,218,871	(1,124,143)	737,495
Tax (expense)/credit	(225,014)	(408,228)	(199,450)	(4,818)	(837,510)
Loss for the financial year					(100,015)
Other information					
Segment assets	11,304,197	77,499,833	51,940,024	18,147,311	158,891,365
Unallocated corporate assets					3,815,385
Consolidated total assets					162,706,750
Segment liabilities	747,641	26,312,250	20,071,650	231,717	47,363,258
Unallocated corporate liabilities					733,448
Consolidated total liabilities					48,096,706
Capital expenditure	-	3,441,649	88,835	1,600	3,532,084
Amortisation of computer software	-	8,773	-	-	8,773
Depreciation of property, plant and equipment	-	2,347,592	67,725	61,278	2,476,595
Depreciation of investment property	-	-	-	168,000	168,000
Impairment loss on plant and equipment	-	1,637,330	-	-	1,637,330
Impairment losses on trade and other receivables	-	-	5,240	-	5,240

Geographical information

The Group's Electronic Manufacturing Service ("EMS") business is derived mainly from three geographical areas. About 97% (2022: 95%) of the business activities are derived from outside Malaysia. The Group primarily exports design and development services and finished goods of electronic end products/sub-systems and medical/healthcare devices to Europe, United States of America and Asia (excluding Malaysia). The manufacturing activities are mainly conducted in Malaysia.

The operating activities of the cloud computing segment is mainly conducted in Malaysia and specific ASEAN countries.

Revenue and non-current assets (excluding deferred tax assets and financial instruments) and information is presented based on the segment's country of domicile. Non-current assets do not include financial instruments and deferred tax assets.

33. SEGMENT INFORMATION (CONTINUED)

	Revenue		Non-current assets	
	2023	2022	2023	2022
	RM	RM	RM	RM
Malaysia **	45,356,168	50,886,988	48,541,329	40,218,383
Asia (excluding Malaysia)	56,267,319	30,411,935	68,138	-
Europe	51,175,819	63,531,184	-	-
Oceania	1,756,352	232,864	-	-
United States of America	12,694,641	19,782,481	-	-
	167,250,299	164,845,452	48,609,467	40,218,383

*** Includes RM42,146,917 (2022: RM43,426,356) from Cloud business.*

Information about major customer in EMS business

The Group has 1 (2022: 1) major international customer contributing more than 22% of the Group revenue which amounted to RM36,895,874 (2022: RM48,105,057).

34. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit and healthy capital ratios in order to support its business and maximise shareholder value.

The Group and the Company manage its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 2022.

The Group and the Company do not have any borrowings as at the financial years ended 31 December 2023 and 2022. As such, no disclosure of the gearing ratio is shown as it is not meaningful.

The Group is not subject to any externally imposed capital requirements.

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

We, **IR. LIM BENG FOOK** and **DATO' LIM SOON SENG**, being two of the directors of K-ONE TECHNOLOGY BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 54 to 104 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 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:

....
IR. LIM BENG FOOK
Director

....
DATO' LIM SOON SENG
Director

Date: 17 April 2024

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

I, **CHOI KENG MUN**, being the person primarily responsible for the financial management of K-ONE TECHNOLOGY BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 54 to 104 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

....

CHOI KENG MUN
(MIA Membership No.: 11309)

Subscribed and solemnly declared by the abovenamed at Petaling Jaya in the state of Selangor Darul Ehsan on 17 April 2024.

Before me,

....

LOH PEI XUAN (B 669)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF K-ONE TECHNOLOGY BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of K-One Technology Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of 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 54 to 104.

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 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

Group

Goodwill on business combination (Notes 4.1 and 7 to the financial statements)

The Group recorded goodwill on business combination amounting to RM22,675,946 arising from the acquisition of its subsidiaries. The Group is required to assess the recoverable amount of goodwill annually.

We focused on this area because the determination of the recoverable amount of goodwill requires significant judgements by the Group on the discount rate applied and the assumptions supporting the underlying cash flow projections, including forecast growth rates, operating expenses and gross profit margin.

Our response:

Our audit procedures included, among others:

- understanding the methodology and method adopted by the directors in measuring the recoverable amount;
- comparing the cash flow projections to available business plan;
- comparing the actual results with previous budget to understand the performance of the business;
- comparing the directors' key assumptions in cash flow forecast to externally derived data, if any;
- discussing with the Group on their assessment and consideration of the current economic and business environment in relation to key inputs such as discount rates, forecast growth rates, inflation rates and gross profit margin;
- testing the mathematical computation of the impairment assessment; and
- performing the sensitivity analysis of key assumptions and the impacts of these key assumptions and inputs that are expected to be most sensitive to the recoverable amount.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF K-ONE TECHNOLOGY BERHAD (INCORPORATED IN MALAYSIA)
Cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Company

Investment in subsidiaries (Notes 4.2 and 9 to the financial statements)

The Company has a significant balance of investment in subsidiaries. At the end of the financial year, the directors are required to determine if there is any indication of impairment in investment in subsidiaries. If such an indication of impairment exists, the directors are required to determine the recoverable amount of this investment.

We focused on this area because the Company's determination of the recoverable amount requires significant judgement to be made by the directors, especially in determining the assumptions to be applied in supporting the underlying cash flow projections in the recoverable amount calculation. These judgements and assumptions are inherently uncertain.

Our response:

Our audit procedures included, among others:

- comparing the actual results with previous results to understand the performance of the business;
- comparing the directors' key assumptions in cash flow forecast which include the directors' assessment and consideration in relation to key assumptions;
- testing the mathematical computation of the impairment assessment; and
- performing the sensitivity analysis of key assumptions and the impacts of these key assumptions and inputs that are expected to be most sensitive to the recoverable amount.

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.

Responsibilities of the Directors for the Financial Statements

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

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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF K-ONE TECHNOLOGY BERHAD (INCORPORATED IN MALAYSIA)
Cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF K-ONE TECHNOLOGY BERHAD (INCORPORATED IN MALAYSIA)
Cont'd

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 contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Andrew Choong Tuck Kuan
No. 03264/04/2025 J
Chartered Accountant

Kuala Lumpur

Date: 17 April 2024

LIST OF PROPERTIES
AS AT 31 DECEMBER 2023

LOCATION	DESCRIPTION	TENURE/ DATE OF EXPIRY	APPROXIMATE AGE OF BUILDINGS (YEARS)	APPROXIMATE BUILT-UP AREA (SQ. FEET)	DATE OF ACQUISITION	NET CARRYING AMOUNT AS AT 31/12/2023 (RM '000)
66, Jalan SS 22/21 Damansara Jaya 47400 Petaling Jaya Selangor	4-storey shoplot: Office	Freehold	34	6,000	4.7.2006	1,777
68, Jalan SS 22/21 Damansara Jaya 47400 Petaling Jaya Selangor	4-storey shoplot: Office	Freehold	34	6,000	4.7.2006	1,777
5, 7, 9, 11, 15 & 17 Persiaran Rishah 7 Kawasan Perindustrian Silibin 30100 Ipoh Perak	6 units of factory building cum office	Leasehold – 60 years expiring in 2045	34	45,000	9.8.2007	2,614
19, Lengkok Rishah 1 Kawasan Perindustrian Silibin 30100 Ipoh Perak	Single storey detached factory	Leasehold – 60 years expiring in 2045	34	10,721	21.8.2020	592
Lot 128249 Lengkok Rishah 1 Kawasan Perindustrian Silibin 30100 Ipoh Perak	Single storey detached factory	Leasehold – 60 years expiring in 2045	34	10,721	21.8.2020	592
Plot 24, Jalan Industri 3 Zon Perdagangan Bebas Jelapang 2 30020 Ipoh Perak	Industrial land measuring approximately 7,693 square meters (approximately 2 acres)	Leasehold – 60 years expiring in 2051	Not applicable	Not applicable	18.12.2017	797
Block I-7-5 Setiawalk Persiaran Wawasan Pusat Bandar Puchong 47160 Puchong Selangor	Multi-storey retail-office lot	Freehold	13	2,457	9.5.2014	991
3, Jalan PJU 1A/35 Ara Damansara 47301, Petaling Jaya Selangor	2-storey detached house	Freehold	15	8,450	7.4.2021	4,536

ANALYSIS OF SHAREHOLDINGS
AS AT 1 APRIL 2024

Issued and Fully Paid-Up Share Capital	:	RM123,643,978
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per share on a poll

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 1 APRIL 2024

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	173	1.50	7,164	0.00
100 to 1,000	839	7.29	501,683	0.06
1,001 to 10,000	4,579	39.78	28,055,757	3.37
10,001 to 100,000	4,961	43.09	181,111,141	21.77
100,001 to less than 5% of issued shares	958	8.32	386,940,832	46.51
5% and above of issued shares	2	0.02	235,390,351	28.29
Total	**11,512**	**100.00**	**832,006,928**	**100.00**

DIRECTORS' SHAREHOLDINGS AS AT 1 APRIL 2024

	DIRECT		INDIRECT	
Name	No. of Shares	%	No. of Shares	%
Lim Beng Fook	126,772,273	15.24	-	-
Lim Soon Seng	108,618,078	13.05	-	-
Bjørn Bråten	31,492,432	3.79	-	-
Anita Chew Cheng Im	600,000	0.07	-	-
Azlam Shah bin Alias	-	-	-	-
Edward Ka Yen Chee	-	-	-	-

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 1 APRIL 2024

	DIRECT		INDIRECT	
Name	No. of Shares	%	No. of Shares	%
Lim Beng Fook	126,772,273	15.24	-	-
Lim Soon Seng	108,618,078	13.05	-	-

ANALYSIS OF SHAREHOLDINGS
AS AT 1 APRIL 2024
Cont'd

LIST OF THIRTHY (30) LARGEST SHAREHOLDERS AS AT 1 APRIL 2024

No.	Names	No. of Shares	% of Issued Capital
1.	Lim Beng Fook	101,248,885	12.17
2.	Lim Soon Seng	88,006,878	10.58
3.	Bjørn Bråten	31,492,432	3.79
4.	Lim Beng Fook	25,523,388	3.07
5.	Lim Soon Seng	20,611,200	2.48
6.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Chin Hooi*	6,650,000	0.80
7.	CGS International Nominees Malaysia (Asing) Sdn Bhd *Exempt an for CGS International Securities Singapore Pte Ltd (retail clients)*	4,877,520	0.59
8.	Lam Khuan Ying	4,113,700	0.49
9.	Lim Moi Moi	3,805,600	0.46
10.	Lee Quee Siong	3,730,000	0.45
11.	Ooi Siew Looi	3,600,000	0.43
12.	Tey Kim Lay	2,994,500	0.36
13.	Liew Thau Sen	2,993,000	0.36
14.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Khoon Beng (E-KLG)*	2,990,000	0.36
15.	New Jen Kok @ Nio Jen Kok	2,961,600	0.36
16.	Lim Weng Hoov	2,900,000	0.35
17.	Wong Ah Yong	2,520,000	0.30
18.	Ooi Leh Hong	2,475,920	0.30
19.	Maybank Nominees (Tempatan) Sdn Bhd *Cheng Chee Wai*	2,179,000	0.26
20.	Eugene Ang Choon Kit	2,000,000	0.24
21.	Lee Tick Wah	2,000,000	0.24
22.	Ng Chin Heng	2,000,000	0.24
23.	Tey Kim Lay	1,870,000	0.23
24.	Law Chin Chiang	1,830,700	0.22
25.	Goo Kok Khian	1,800,025	0.22
26.	Ong Ai Leng	1,800,000	0.22
27.	Sam Mooi	1,710,078	0.21
28.	Goh Chong Chuang	1,689,864	0.20
29.	Foong Chee Wai	1,600,000	0.19
30.	Goh Hoe Zhe	1,600,000	0.19

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Third Annual General Meeting ("23rd AGM") of the Company will be conducted on a fully virtual basis from the Broadcast Venue at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur on Wednesday, 19 June 2024 at 9.00 a.m. for the following purposes:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Directors' and Auditors' Reports thereon. **Please refer to Explanatory Note 1**

2. To approve the payment of Directors' fees to the Non-Executive Directors of up to RM240,000 from 19 June 2024 until the next Annual General Meeting of the Company, to be paid monthly in arrears after each month of completed service. **Ordinary Resolution 1**

3. To approve the payment of Directors' allowances to the Non-Executive Directors of up to RM20,000 from 19 June 2024 until the next Annual General Meeting of the Company. **Ordinary Resolution 2**

4. To re-elect the following Directors who retire in accordance with Clause 106 of the Company's Constitution:-

   (a) Dato' Lim Soon Seng **Ordinary Resolution 3**

   (b) Ms Anita Chew Cheng Im **Ordinary Resolution 4**

5. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as the Company's Auditors for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolution:

6. **Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** **Ordinary Resolution 6**

   "THAT subject always to the Companies Act 2016 ("Act"), Constitution of the Company, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and approvals of the relevant governmental/regulatory bodies (if applicable), the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue new shares in the Company from time to time and upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued during the preceding twelve (12) months pursuant to this resolution, does not exceed 10% of the total number of the issued shares (excluding treasury shares) of the Company for the time being AND THAT 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 Annual General Meeting ("AGM") of the Company, or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, unless revoked or varied by an ordinary resolution of the Company at a general meeting, whichever is the earlier."

7. To transact any other business of the Company of which due notice shall be given in accordance with the Company's Constitution and the Companies Act 2016.

By Order of the Board
K-ONE TECHNOLOGY BERHAD

WONG YOUN KIM
(MAICSA 7018778)/SSM PC No. 201908000410
LIM LI HEONG
(MAICSA 7054716) (SSM PC No. 202008001981)
WONG MEE KIAT
(MAICSA 7058813) (SSM PC No. 202008001958)
Company Secretaries

Kuala Lumpur

26 April 2024

REMOTE PARTICIPATION AND VOTING

The Broadcast Venue of the 23rd AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be physically present at the main venue in Malaysia. No shareholders/proxies/corporate representatives shall be physically present at the Broadcast Venue on the day of the 23rd AGM. Members are advised to refer to the Administrative Guide for remote participation and voting at the 23rd AGM using the Virtual Meeting Facilities.

NOTES:

1. A member of the Company entitled to be present and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote instead of him. A proxy may but need not be a member of the Company.

2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.

3. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

4. If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its attorney and supported by a notarially certified copy of that power or authority.

5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

6. A proxy appointed to attend and vote in a meeting of the Company shall have the same rights as the member to speak at the meeting.

7. The duly completed Form of Proxy must be deposited at the registered office of the Company at Acclime Corporate Services Sdn Bhd, Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

8. Only members whose names appear on the Record of Depositors as at 12 June 2024 ("General Meeting Record of Depositors") shall be entitled to attend, speak or vote at this meeting or appoint proxy/proxies to attend and/or vote on his/her behalf.

9. All the Ordinary Resolutions set out in this Notice will be put to vote by poll.

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING
Cont'd

EXPLANATORY NOTES TO THE AGENDA

1. **Item 1 of the Agenda**

   The Audited Financial Statements are for discussion only as the approval of the shareholders is not required pursuant to the provisions of Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda is not put forward for voting by the shareholders of the Company.

2. **Ordinary Resolutions 3 and 4 - Re-election of Directors**

   The Nomination Committee ("NC") has considered the performance and contribution of each of the retiring Directors and has also assessed the independence of the Independent Non-Executive Director standing for re-election.

   Based on the results of the evaluation on the effectiveness of the Board conducted for the financial year ended 31 December 2023, the retiring Directors were found to possess the character, required mix of skills, experience, expertise, integrity, competence and time to effectively discharge their role as directors as well as the right business knowledge to contribute towards the growth of the Company, and that the retiring Independent Non-Executive Director has provided independent, impartial and unbiased views in ensuring the interest of the Company is protected.

   The Board has endorsed the NC's recommendation to seek shareholders' approval for the re-election of the retiring Directors, who had abstained from deliberations and decisions on their respective re-election at the NC and Board meetings.

   The profiles of the Directors who are standing for re-election are set out in the Profile of the Board of Directors on pages 5 to 7 of this Annual Report. Details of their interests in the securities of Company are set out on page 52 of this Annual Report.

EXPLANATORY NOTES ON SPECIAL BUSINESS

3. **Ordinary Resolution 6 - Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016**

   The proposed Ordinary Resolution 6 is a renewal of the previous year's general mandate and if passed, will empower the Directors of the Company from the date of the 23rd AGM, to issue and allot new shares in the Company for such purposes as the Directors considered would be in the best interests of the Company up to an aggregate not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company without convening a general meeting.

   This authority unless revoked or varied at a general meeting will expire at the next AGM.

   The mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purposes of funding investments, projects, working capital and/or acquisition as deemed necessary.

   As at the date of this notice of meeting, no shares have been issued pursuant to the general mandate granted at the last AGM of the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purpose"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) for the Purpose, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a results of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-election at the 23rd AGM

Other than the re-election of the retiring Directors as set out in Item 2 of the Explanatory Notes to the Agenda, no individual is seeking election as a Director at the forthcoming 23rd AGM.

2. Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

Details on the authority to issue and allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are provided under the Explanatory Notes on Special Business in the Notice of the 23rd AGM.

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PROXY FORM

K-ONE TECHNOLOGY BERHAD
[Registration No. 200101004001 (539757-K)]
(Incorporated in Malaysia)

I/We ______________________________________(NRIC No./Company No.)____________________
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

____

being a member/members of **K-ONE TECHNOLOGY BERHAD**, hereby appoint the following person(s) or failing whom, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf, at the Twenty-Third Annual General Meeting ("23rd AGM") of the Company to be conducted on a fully virtual basis from the Broadcast Venue at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur on Wednesday, 19 June 2024 at 9.00 a.m. and any adjournment thereof:-

Name of Proxy, NRIC No. & Address — **No. of Shares to be represented by Proxy**

1. Name:
   NRIC No.:
   Mobile No.: email:
   Address: ____________________

2. Name:
   NRIC No.:
   Mobile No.: email:
   Address: ____________________

NO.	RESOLUTIONS		FOR	AGAINST
1.	Approval of payment of Directors' fees to the Non-Executive Directors of up to RM240,000 from 19 June 2024 until the next Annual General Meeting of the Company, to be paid monthly in arrears after each month of completed service.	**Ordinary Resolution 1**		
2.	Approval of payment of Directors' allowances to the Non-Executive Directors of up to RM20,000 from 19 June 2024 until the next Annual General Meeting of the Company.	**Ordinary Resolution 2**		
3.	Re-election of Dato' Lim Soon Seng.	**Ordinary Resolution 3**		
4.	Re-election of Ms Anita Chew Cheng Im.	**Ordinary Resolution 4**		
5.	Re-appointment of Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company.	**Ordinary Resolution 5**		
6.	Approval for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.	**Ordinary Resolution 6**		

Please indicate with an "X" in the appropriate boxes on how you wish your vote to be casted on the Resolutions specified in the Notice of Meeting. Unless voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.

Number of shares	

CDS A/C No.	
Mobile No.	
email	

____________________ Date

____________________ Signature of Shareholder

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NOTES:

1. *A member of the Company entitled to be present and vote at the meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company.*
2. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.*
3. *Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
4. *If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its attorney and supported by a notarially certified copy of that power or authority.*
5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *A proxy appointed to attend and vote in a meeting of the Company shall have the same rights as the member to speak at the meeting.*
7. *The duly completed Form of Proxy must be deposited at the registered office of the Company at Acclime Corporate Services Sdn Bhd, Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*
8. *Only members whose names appear on the Record of Depositors as at 12 June 2024 ("General Meeting Record of Depositors") shall be entitled to attend, speak or vote at this meeting or appoint proxy/proxies to attend and/or vote on his/her behalf.*
9. *All the Ordinary Resolutions set out in this Notice will be put to vote by poll.*

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K-ONE TECHNOLOGY BERHAD
[Registration No. 200101004001 (539757-K)]
Level 5, Tower 8, Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur
Malaysia

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PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purpose"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) for the Purpose, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a results of the member's breach of warranty.

www.k-one.com

K-One Technology Berhad
[Registration No. 200101004001 (539757-K)]

66 & 68 Jalan SS 22/21, Damansara Jaya
47400 Petaling Jaya, Selangor, Malaysia
Tel : +603 7728 1111 Email : investor@k-one.com