

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad has not perused the contents of Part C of this Circular prior to its issuance as it is prescribed as an exempt document. Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular (including the valuation certificate and report), makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

This Circular has been reviewed by TA Securities Holdings Berhad, being the Principal Adviser of Genetec Technology Berhad for the Proposed Disposal (as defined herein).



GENETEC TECHNOLOGY BERHAD

(Registration No. 199701030038 (445537-W))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

PROPOSED DISPOSAL BY GENETEC TECHNOLOGY BERHAD (“GENETEC” OR “COMPANY”) OF 6,183,750 ORDINARY SHARES IN CLT ENGINEERING SDN BHD (“CLT”), REPRESENTING 51% EQUITY INTEREST IN CLT TO TAN MOON TEIK (“TMT” OR “PURCHASER”) FOR A TOTAL DISPOSAL CONSIDERATION OF RM21,627,559 TO BE FULLY SATISFIED VIA CASH (“PROPOSED DISPOSAL”)

PART B

INDEPENDENT ADVICE LETTER FROM MALACCA SECURITIES SDN BHD TO THE NON-INTERESTED SHAREHOLDERS OF GENETEC IN RELATION TO THE PROPOSED DISPOSAL

PART C

STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED AUTHORITY FOR OUR COMPANY TO PURCHASE OUR OWN SHARES OF UP TO TEN PER CENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF OUR COMPANY (“PROPOSED SHARE BUY-BACK”)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Part A

TA SECURITIES

AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD

(Registration No. 197301001467 (14948-M))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for Part B

Malacca Securities
Since 1963

MALACCA SECURITIES SDN BHD

(Registration No. 197301002760 (16121-H))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of our Company (“EGM”) will be conducted fully virtual through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at <https://tiih.online> or <https://tiih.com.my> (Domain Registration No. with MYNIC: D1A282781) on Thursday, 27 February 2025 at 10.00 a.m. or at any adjournment thereof.

The Notice of EGM and the Proxy Form are enclosed in this Circular and are also available at our Company’s website at <https://www.genetec.net>. You are advised to refer to the Administrative Guide for the procedures as set out therein to register and participate in the EGM remotely.

As a shareholder, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you may deposit the completed hardcopy Proxy Form at the office of Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively by electronic submission via TIIH Online website at <https://tiih.online> (kindly refer to the Administrative Guide for the EGM on the procedure for electronic submission of Proxy Form via TIIH Online), not less than 48 hours before the time appointed for our EGM or any adjournment thereof.

Last date and time for lodging the Proxy Form : Tuesday, 25 February 2025 at 10.00 a.m.

Date and time of the EGM : Thursday, 27 February 2025 at 10.00 a.m.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

“Act”	: Companies Act 2016, as amended from time to time and includes any re-enactment thereof
“AGM”	: Annual General Meeting of our Company
“BESS”	: Battery energy storage system
“Board”	: Board of Directors of our Company
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“Circular”	: This circular/statement to the shareholders of our Company dated 17 January 2025 in relation to the Proposed Disposal and Proposed Share Buy-Back
“CLT”	: CLT Engineering Sdn Bhd (Registration No. 200301018790 (621210-H)), a 51%-owned subsidiary of our Company
“CLT Property”	: 1-storey detached factory with a 3-storey office annex built on Lot PT 11734, Mukim of Damansara, District of Petaling, Selangor Darul Ehsan with a land area of approximately 8,093.712 m ² (approximately 87,119.91 sq. ft.), located along Persiaran Subang Indah, Taman Perindustrian Subang, Subang Jaya, Selangor
“CLT Shares”	: Ordinary shares in CLT
“Code”	: Collectively, the Malaysian Code on Take-Overs and Mergers 2016 and the Rules on Take-Overs, Mergers and Compulsory Acquisitions, as amended from time to time and include any re-enactment thereof
“Completion”	: The completion of the sale and purchase of the Sale Shares pursuant to the SSA
“Director(s)”	: Has the meaning given in subsection 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director or a chief executive of our Company, our subsidiary or holding company
“Disposal Consideration”	: Disposal consideration of RM21,627,559 to be fully settled via cash in relation to the Proposed Disposal
“EBITDA”	: Earnings before interest, tax, depreciation and amortisation
“EGM”	: Extraordinary general meeting of our Company
“EPS”	: Earnings per Genetec Share
“ES”	: Energy storage
“EV”	: Electric vehicle
“EV/EBITDA”	: Enterprise value-to-EBITDA multiple
“FPE”	: Financial period ended/ending, as the case may be

DEFINITIONS (CONT'D)

“FYE”	: Financial year ended/ending, as the case may be
“Genetec” or “Company”	: Genetec Technology Berhad (Registration No. 199701030038 (445537-W))
“Genetec Group” or “Group”	: Collectively, our Company and subsidiaries
“Genetec Shares” or “Shares”	: Ordinary shares in our Company
“IAL”	: Independent advice letter to the non-interested shareholders of our Company in relation to the Proposed Disposal as enclosed in Part B of this Circular
“LAT”	: Loss after tax
“LBT”	: Loss before tax
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities
“LPD”	: 31 December 2024, being the latest practicable date prior to the printing of this Circular
“LPS”	: Loss per Genetec Share
“LTD”	: 4 November 2024, being the last full trading day prior to the announcement of the Proposed Disposal
“LTIP”	: Long-term incentive plan in the form of an employees’ share grant scheme with aggregate maximum number of Shares not exceed five per cent (5%) of the total number of issued shares of our Company (excluding treasury shares, if any) at any point in time during the duration of the long-term incentive plan
“m ² ”	: Square meters
“Malacca Securities” or “Independent Adviser”	: Malacca Securities Sdn Bhd (Registration No. 197301002760 (16121-H))
“Market Day(s)”	: A day on which the stock market of Bursa Securities is open for trading in securities
“Minister”	: Minister charged with the responsibility for companies
“NA”	: Net assets
“NBV”	: Net book value
“P/E”	: Price-to-earnings multiple
“PAT”	: Profit after tax
“PBT”	: Profit before tax
“Pledged Shares”	: 15,000,000 Genetec Shares to be placed in our Company’s nominated escrow account maintained with a depository agent designated under Section 40 of the Securities Industry (Central Depositories) Act 1991, as the security for the performance of RM8,127,559, being the post-completion sum to be paid by the Purchaser to our Company on or prior to 30 June 2026 or such other date as may be solely decided by our Company

DEFINITIONS (CONT'D)

“PPE”	: Property, plant and equipment
“Proposed Disposal”	: Proposed disposal by our Company of 6,183,750 CLT Shares, representing 51% equity interest in CLT, to the Purchaser for the Disposal Consideration pursuant to the SSA
“Proposed Share Buy-Back”	: Proposed authority for our Company to purchase our own shares of up to ten per cent (10%) of the total number of issued shares of our Company
“Purchased Shares”	: Shares of our Company purchased under the Proposed Share Buy-Back
“RM” and ‘sen”	: Ringgit Malaysia and sen
“RNAV”	: Revalued net asset valuation
“Sale Shares”	: 6,183,750 CLT Shares, representing 51% equity interest in CLT
“SC”	: Securities Commission Malaysia
“sq. ft.”	: Square feet
“SSA”	: The conditional share sale agreement dated 4 November 2024 entered between our Company and the Purchaser for the Proposed Disposal
“Statement”	: This statement to the shareholders of our Company in relation to the Proposed Share Buy-Back dated 17 January 2025
“Substantial Shareholder(s)”	: A person who has interest or interests in one or more voting shares in our Company and the number or the aggregate number of such shares is not less than five per cent (5%) of the total number of all voting shares in our Company
“TA Securities” or “Principal Adviser”	: TA Securities Holdings Berhad (Registration No. 197301001467 (14948-M))
“TMT” or “Purchaser” or “Interested Shareholder”	: Tan Moon Teik, being the purchaser of the Proposed Disposal
“Treasury Shares”	: Purchased Shares which are or will be retained in treasury and shall have the meaning given under Section 127 of the Act
“VWAMP”	: Volume weighted average market price
“W M Malik” or “Valuer”	: W M Malik & Kamaruzaman Sdn Bhd (Registration No. 199601040070 (412423-T)), being the independent valuer appointed by our Company for the Proposed Disposal

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DEFINITIONS (CONT'D)

All references to “we”, “us”, “our” and “ourselves” in this Circular, if any, shall mean our Company or where the context requires, our Group.

References to “you” or “your” are to the shareholders of our Company, unless the context otherwise requires.

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any statutes, rules, regulations, enactments or rules of the stock exchange is a reference to such statutes, rules, regulations, enactments or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time of day and date, unless otherwise stated.

Any discrepancy in the figures included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding adjustments.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Group’s plans and objectives will be achieved.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY SETS OUT THE SALIENT INFORMATION ON THE PROPOSED DISPOSAL. PLEASE READ THIS CIRCULAR (INCLUDING ITS APPENDICES AND THE INDEPENDENT ADVICE LETTER FROM MALACCA SECURITIES CONTAINED HEREIN) CAREFULLY FOR FURTHER DETAILS ON THE PROPOSED DISPOSAL BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM.

Summary													
Details of the Proposed Disposal	<p>The Proposed Disposal entails the disposal by our Company of 6,183,750 CLT Shares, representing 51% equity interest in CLT, to the Purchaser for a total Disposal Consideration of RM21,627,559, subject to the terms and conditions set forth in the SSA.</p> <p>The Disposal Consideration is to be satisfied entirely in cash by the Purchaser to our Company.</p> <p>Please refer to Part A, Section 2 of this Circular for further information on the Proposed Disposal.</p>												
Basis and justification for the Disposal Consideration	<p><u>Disposal Consideration</u></p> <p>In arriving at the Disposal Consideration, our Board has considered, amongst others, the following:</p> <ul style="list-style-type: none"> (i) the adjusted audited NA of 51% equity interest in CLT as at 30 June 2024 of approximately RM21.63 million, after taking into consideration, amongst others, the market value of the CLT Property of RM24.00 million as appraised by the Valuer as at 10 October 2024; (ii) the deteriorating financial performance of CLT; and (iii) the rationale and benefits of the Proposed Disposal as set out in Part A, Section 4, of this Circular. 												
Utilisation of proceeds	<p>Our Company intends to use the proceeds from the Proposed Disposal in the following manner:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Description</th> <th style="text-align: right;">RM'000</th> <th style="text-align: center;">Estimated timeframe for utilisation of proceeds</th> </tr> </thead> <tbody> <tr> <td>Purchase of raw materials</td> <td style="text-align: right;">21,128</td> <td style="text-align: center;">Within 36 months from completion of the Proposed Disposal</td> </tr> <tr> <td>Estimated expenses for the Proposed Disposal</td> <td style="text-align: right;">500</td> <td style="text-align: center;">Immediately</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">21,628</td> <td></td> </tr> </tbody> </table> <p>Please refer to Part A, Section 3 of this Circular for further information on the utilisation of proceeds from the Proposed Disposal.</p>	Description	RM'000	Estimated timeframe for utilisation of proceeds	Purchase of raw materials	21,128	Within 36 months from completion of the Proposed Disposal	Estimated expenses for the Proposed Disposal	500	Immediately	Total	21,628	
Description	RM'000	Estimated timeframe for utilisation of proceeds											
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Estimated expenses for the Proposed Disposal	500	Immediately											
Total	21,628												

Summary	
Rationale and benefits of the Proposed Disposal	<p>The Proposed Disposal is expected to provide the following benefits:</p> <ul style="list-style-type: none"> • to realise the value of our investments in CLT at the Disposal Consideration in cash; • to use the cash proceeds from the Proposed Disposal in the manner as set out in Part A, Section 3 of this Circular; • to strengthen our Group's financial position; and • to concentrate and capitalise on the development of EV and ES segments. <p>The Proposed Disposal represents an opportunity for our Group to realise the value of our investment in CLT and provide our Group with cash to explore for opportunities which could expand the revenue stream and improve the profitability of our Group without any dilution to the existing shareholders' shareholdings in our Company or disruption to the existing business operations of our Group.</p> <p>Please refer to Part A, Section 4 of this Circular for further information on the rationale and benefits of the Proposed Disposal.</p>
Risk factors	<p>The potential risk factors of the Proposed Disposal are as follows:</p> <ul style="list-style-type: none"> • contractual risk; • non-completion of the Proposed Disposal; • loss of potential higher value of CLT; • downward pressure on our Company's share price pursuant to the disposal of Pledged Shares; and • loss of potential future earnings of CLT. <p>Please refer to Part A, Section 5, of this Circular for further information on the risk factors relating to the Proposed Disposal.</p>
Approvals required and conditionality	<p>The Proposed Disposal is subject to the following being obtained:</p> <p>(i) approval of the non-interested shareholders of our Company at the forthcoming EGM; and</p> <p>(ii) approvals/consents from any other relevant authorities and/or parties, if required.</p> <p>The Proposed Disposal is not conditional upon any other corporate exercise/scheme undertaken or to be undertaken by our Company.</p> <p>Please refer to Part A, Section 8 of this Circular for further information on the approvals required for the Proposed Disposal.</p>
Highest percentage ratio	<p>The highest percentage ratio applicable for the Proposed Disposal pursuant to Paragraph 10.02(g)(vi) of the Listing Requirements is 8.54%.</p> <p>Please refer to Part A, Section 9 of this Circular for further information on the highest percentage ratio in relation to the Proposed Disposal.</p>

EXECUTIVE SUMMARY (CONT'D)

Summary	
Directors' statement and recommendation	<p>Our Board, after having considered all aspects of the Proposed Disposal, including but not limited to the salient terms of the SSA, bases and justifications for the Disposal Consideration, the rationale, benefits and effects of the Proposed Disposal and the market value of the CLT Property as appraised by the Valuer, as well as the views of the Independent Adviser as set out in Part B of this Circular, is of the opinion that the Proposed Disposal is in the best interests of our Company.</p> <p>Accordingly, our Board recommends that you vote in favour of the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.</p>

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PART A**LETTER TO THE SHAREHOLDERS OF OUR COMPANY IN RELATION TO THE PROPOSED DISPOSAL**

1.	INTRODUCTION	1
2.	DETAILS OF THE PROPOSED DISPOSAL	2
3.	UTILISATION OF PROCEEDS	7
4.	RATIONALE AND BENEFITS OF THE PROPOSED DISPOSAL	8
5.	RISK FACTORS	9
6.	EFFECTS OF THE PROPOSED DISPOSAL	11
7.	HISTORICAL SHARE PRICES	13
8.	APPROVALS REQUIRED AND CONDITIONALITY	13
9.	HIGHEST PERCENTAGE RATIO	14
10.	CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION	14
11.	INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM	14
12.	TRANSACTIONS WITH THE SAME RELATED PARTIES FOR THE PRECEDING 12 MONTHS	14
13.	AUDIT COMMITTEE'S STATEMENT	15
14.	DIRECTORS' STATEMENT AND RECOMMENDATION	15
15.	ADVISERS	15
16.	TENTATIVE TIMEFRAME FOR COMPLETION	16
17.	EGM	16
18.	FURTHER INFORMATION	16

PART B

INDEPENDENT ADVICE LETTER FROM MALACCA SECURITIES TO THE NON-INTERESTED SHAREHOLDERS OF GENETEC IN RELATION TO THE PROPOSED DISPOSAL	17
---	-----------

PART C

STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED SHARE BUY-BACK	59
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CONTENTS (CONT'D)

APPENDICES

I	SALIENT TERMS OF SSA	71
II	INFORMATION ON CLT	76
III	AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024	83
IV	VALUATION CERTIFICATE FOR THE CLT PROPERTY	137
V	ADDITIONAL INFORMATION	144

NOTICE OF EGM**ENCLOSED****PROXY FORM****ENCLOSED**

PART A

**LETTER TO THE SHAREHOLDERS OF OUR COMPANY IN RELATION TO THE PROPOSED
DISPOSAL**



GENETEC TECHNOLOGY BERHAD

(Registration No. 199701030038 (445537-W))
(Incorporated in Malaysia)

Registered Office

Lot 7, Jalan P10/11, Seksyen 10
Kawasan Perusahaan Bangi
43650 Bandar Baru Bangi
Selangor Darul Ehsan
Malaysia

17 January 2025

Board of Directors

Allen Lik-Hook Ting (*Chairman and Independent Non-Executive Director*)
Chin Kem Weng (*Managing Director*)
Sow Ewe Lee (*Executive Director*)
Ong Phoe Be (*Independent Non-Executive Director*)
Dato' Jeeventhiran A/L Ramanaidu (*Independent Non-Executive Director*)
Ong Siew Min (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/ Madam,

PROPOSED DISPOSAL BY GENETEC OF 6,183,750 ORDINARY SHARES IN CLT, REPRESENTING 51% OF EQUITY INTEREST IN CLT TO TMT FOR A TOTAL DISPOSAL CONSIDERATION OF RM21,627,559 TO BE FULLY SATISFIED VIA CASH

1. INTRODUCTION

On 4 November 2024, our Board announced that, our Company had on 4 November 2024 entered into the SSA with the Purchaser for the Proposed Disposal.

In view of the interest of the Interested Shareholder as set out in **Part A, Section 11** of this Circular, the Proposed Disposal is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. Accordingly, Malacca Securities has been appointed as the Independent Adviser to advise the non-interested shareholders in relation to the Proposed Disposal on whether the Proposed Disposal is fair and reasonable and whether the transaction is to the detriment to the non-interested shareholders.

The IAL from Malacca Securities in relation to the Proposed Disposal is set out in **Part B** of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED DISPOSAL AND TO SET OUT THE VIEWS AND RECOMMENDATION OF OUR BOARD ON THE PROPOSED DISPOSAL AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES AND INDEPENDENT ADVICE LETTER FROM MALACCA SECURITIES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DISPOSAL

The Proposed Disposal entails the disposal by our Company of 6,183,750 ordinary shares in CLT Shares, representing the 51% equity interest in CLT, to the Purchaser for a total Disposal Consideration of RM21,627,559, subject to the terms and conditions set forth in the SSA, the salient terms of which are set out in **Appendix I** of this Circular.

The Disposal Consideration is to be satisfied entirely in cash by the Purchaser to our Company in the manner as set out in **Appendix I** of this Circular.

Pursuant to the SSA, our Company shall dispose the Sale Shares to the Purchaser free from all liens, charges and encumbrances and with full legal and beneficial title with all rights attaching thereto (including all dividends and distributions (if any) which may be declared, made or paid in respect thereof as at the date of completion of the Proposed Disposal). For the avoidance of doubt, CLT will not declare any dividends or distributions prior to the completion of the Proposed Disposal. Hence, there will not be any changes and/or impact on the valuation/ NA of CLT and the Disposal Consideration.

2.1. Information on CLT

CLT is a private limited company incorporated in Malaysia on 9 July 2003 under the Companies Act 1965. CLT is principally involved in the manufacturing of components parts for all kinds of machinery and engineering works. CLT also specialises in parts fabrication and system assembly for the backend equipment for the manufacturing disc drive lines, semiconductor for the electrical and electronic industry.

As at the LPD, the issued share capital of CLT is RM12,125,000 comprising 12,125,000 CLT Shares and the substantial shareholders of CLT are as follows:

Name	Country of incorporation / Nationality	Direct Interest		Indirect Interest	
		No. of shares	%	No. of shares	%
Genetec	Malaysia	6,183,750	51.00	-	-
TMT	Malaysian	5,456,250	45.00	485,000 ⁽¹⁾	4.00

Note:

(1) Deemed interested by virtue of his spouse's shareholdings in CLT.

As at the LPD, CLT is a 51%-owned subsidiary of our Company.

As at the LPD, the directors of CLT are as follows:

Name	Designation	Nationality
Chin Kem Weng*	Director	Malaysian
TMT	Director	Malaysian
Sow Ewe Lee*	Director	Malaysian

Note:

* Being the nominated directors of our Company who shall resign as directors of CLT upon the Completion.

As at the LPD, CLT does not have any subsidiary or associated company.

For information purposes, the contribution of CLT to our Group in the past 3 financial years/period are as follow:

	FYE 31 March 2022	FYE 31 March 2023	15-month FPE 30 June 2024
PBT/(LBT)	RM'000	RM'000	RM'000
CLT	6,264	5,162	(3,666)
Our Group	83,872	57,819	90,391
CLT's contribution to our Group (%)	7.47	8.93	(4.06)

	FYE 31 March 2022	FYE 31 March 2023	15-month FPE 30 June 2024
Total assets	RM'000	RM'000	RM'000
CLT	54,212	56,316	48,458
Our Group	315,730	505,046	567,709
CLT's contribution to our Group (%)	17.17	11.15	8.54

Premised on the above, CLT is not deemed as a major subsidiary of our Group as CLT did not contribute 70% or more of the PBT or total assets employed of our Group on a consolidated basis pursuant to Paragraph 1.01 of the LR.

In addition, none of the customers of CLT are our Group's major customers contributing equal or more than 10% of our Group's total revenue.

Further details on the information on CLT is set out in **Appendix II** of this Circular.

2.2. Basis and justification of arriving at the Disposal Consideration

The Disposal Consideration was arrived at on a "willing-buyer willing-seller" basis between our Company and the Purchaser. In arriving the Disposal Consideration, our Board has considered, amongst others, the following:

- (i) the adjusted audited NA of CLT as at 30 June 2024 of approximately RM21.63 million as follows:

	RM'000
Audited NA of CLT as at 30 June 2024	31,916
Add: Revaluation surplus ⁽¹⁾	10,491
Adjusted audited NA of CLT as at 30 June 2024	42,407
Share of our Group's 51% equity interest in CLT	21,628

Notes:

- (1) Being the surplus of market value of the CLT Property of RM24.00 million as appraised by the Valuer as at 10 October 2024, over total audited NBV of the CLT Property as at 30 June 2024 of approximately RM13.51 million as detailed below:

Component	(A)	(B)	(C) = (A) – (B)
	Market value (RM'000)	NBV as at 30 June 2024 (RM'000)	Revaluation surplus (RM'000)
(i) Building	13,600	13,509	10,491
(ii) Land	10,400		
Total	24,000	13,509	10,491

The surroundings of CLT Property consist of detached, semi-detached, terrace factories, vacant industrial lands, 3 and 4-storey shop offices, housing areas, hypermarkets and shopping malls. CLT Property is also accessible via public transportation such as the RapidKL Light Railway Transit (“LRT”) Kelana Jaya Line stations located along Persiaran Kewajipan. The nearest station is Taipan LRT Station, which is located approximately 1.5km away to the west of CLT Property.

Based on the Valuer’s opinion, the cost approach is the most suitable valuation method in arriving at the market value of the CLT Property as it is a factory built for specific purpose. In cost approach to valuation, comparison approach was adopted as the valuation method for the land which entails the analysis of sales of similar land use in the surrounding areas. The Valuer has made the necessary adjustments in deriving the market value of the land such as amongst others, time factor, location, land use, size (land area), shape, terrain and tenure. Meanwhile, the factory building is valued based on the current cost depreciated for age, condition and obsolescence.

The aggregate of the land value and the building value is the market value of the CLT Property. The Valuer has adopted only one valuation approach which is the cost approach valuation method as this method has taken into consideration of the differences of the value of the detached factories in the same location varies depending on the land size and factory size.

Further details on the CLT Property are set out in **Part A, Section 2.4** of this Circular.

- (ii) the deteriorating financial performance of CLT as set out in **Appendix II** of this Circular; and
- (iii) the rationale and benefits for the Proposed Disposal which is set out in **Part A, Section 4** of this Circular.

Pursuant to the SSA, the Disposal Consideration shall be paid by the Purchaser to our Company in the following manner:

- (i) RM2,162,756 (“**Deposit**”), being 10.00% of the Disposal Consideration, simultaneously upon execution of the SSA;
- (ii) RM11,337,244 (“**Completion Sum**”), being 52.42% of the Disposal Consideration, on or prior to 31 March 2025 or such other date as may be decided by our Company upon which the Completion is to take place (“**Completion Date**”); and
- (iii) RM8,127,559 (“**Post-Completion Sum**”), being 37.58% of the Disposal Consideration, on or prior to 30 June 2026 or such other date as may be solely decided by our Company upon which Post-Completion Sum shall be paid to our Company (“**Post-Completion Sum Date**”).

For the purposes of securing the due and punctual performance of the Purchaser's obligations on the Post-Completion Sum, the Purchaser shall pledge the 15,000,000 Pledged Shares to our Company's nominated escrow account maintained with a central depository or such depository agent designated under Section 40 of the Securities Industry (Central Depositories) Act 1991 simultaneously with the payment of the Completion Sum. For the avoidance of doubt, the Pledged Shares will not form part of the Disposal Consideration. The Pledged Shares are solely intended to secure the Purchaser's timely fulfillment of his obligations concerning the Post-Completion Sum. If the Purchaser fails to pay the Post-Completion Sum within the stipulated timeframe, our Company retains the right to enforce the pledge by disposing of the Pledged Shares.

The number of 15,000,000 Pledged Shares represents approximately 1.91% of the total issued shares of 784,891,380 in our Company as at the LPD. Based on our Company's closing market share price as at the date of SSA of (RM0.685) and LPD (RM1.38), the 15,000,000 Pledged Shares shall worth RM10,275,000 and RM20,700,000, respectively. As such, the Pledged Shares are sufficient to cover the Post-Completion Sum of RM8,127,559 under the Disposal Consideration, thereby providing adequate security for the Purchaser's obligations.

The relative long timeframe given to the Purchaser to pay the remaining balance of the Post-Completion Sum by 30 June 2026 provides the Purchaser with adequate time to raise the required financing to fulfil his obligations pursuant to the SSA. Nonetheless, our Company understands that the prolonged period to accommodate the Purchaser's financing requirements may pose uncertainty for the receipts of the Post-Completion Sum from the Purchaser. In order to mitigate this risk, our Company has secured the obligation with the Pledged Shares from the Purchaser. In the event the Purchaser fails to meet his obligations within the stipulated timeframe, our Company can enforce our rights over the Pledged Shares as security to recover the outstanding payments.

In addition, the Purchaser further undertakes and covenants that in the event that he shall fail, neglect or refuse to make any of the abovementioned payments to our Company within the stipulated timeframe, the Purchaser shall be liable to pay to our Company a late payment interest at the rate of 8% per annum on the outstanding sum due and payable accruing from the due date until full payment is made, provided always that nothing contained in this paragraph shall prejudice any other rights or remedies which may be available to our Company under the SSA or at law or in equity. In the event that the Purchaser fails to pay the Post-Completion Sum to our Company within 60 days from the Post-Completion Sum Date, our Company shall have the right to enforce the pledge by:

- (i) authorising the stockbroker of the escrow account to sell, transfer, or otherwise dispose of such number of the Pledged Shares necessary to cover the unpaid portion of the Post-Completion Sum and any costs incurred by our Company in enforcing the pledge, with the proceeds to be utilised against the unpaid amount, in accordance with applicable laws;
- (ii) in the event that the proceeds from the sale of the Pledged Shares are insufficient to cover the unpaid balance of the Post-Completion Sum and any costs incurred by our Company in enforcing the pledge, the Purchaser shall top up any shortfall ("**Post-Completion Shortfall**") within 30 days from his receipt of notice from our Company; and
- (iii) in the event the Purchaser fails to top up the Post-Completion Shortfall within the prescribed timeframe, the Purchaser and our Company agree that our Company shall retain all proceeds from the sale of the Pledged Shares as part payment towards the Post-Completion Sum. The remaining balance due (after deducting the proceeds) shall constitute a debt due and owing from the Purchaser to our Company, which shall be payable by the Purchaser to our Company, failing which the Purchaser shall be liable to pay to our Company a late payment interest at the rate of eight percent (8%) per annum on the remaining shortfall due and payable accruing from the due date until full payment is made.

For the avoidance of doubt, the Purchaser shall remain liable to pay to our Company the late payment interest arising from the delay in the payment of the Post-Completion Sum until the full settlement of the Post-Completion Sum, notwithstanding the enforcement of the Pledged Shares.

Our Board is of the view that the Disposal Consideration is reasonable considering the adjusted audited NA of our Group's 51% equity interest in CLT as at 30 June 2024, the deteriorating financial performance of CLT and the pro forma gain on disposal from the Proposed Disposal of approximately RM0.29 million as well as the rationale and benefits of the Proposed Disposal as set out in **Part A, Section 4** of this Circular which are expected to contribute positively to our Group's financial position and performance.

2.3. Information on the Purchaser

TMT, a Malaysian, aged 53, is currently a shareholder of our Company with 37,296,600 Genetec Shares, representing approximately 4.75% of equity interest in our Company as at the LPD.

For information purposes, the Purchaser was the founder and shareholder of CLT and has been managing CLT together with our Company since our Company's acquisition of Sale Shares from the Purchaser in 2010.

As at the LPD, he is a director and also a major shareholder of CLT, through his direct interest of 5,456,250 CLT Shares and indirect interest of 485,000 CLT Shares, which is deemed interested by virtue of his spouse's shareholdings in CLT, representing 45.00% and 4.00% of equity interest in CLT, respectively.

2.4. Information on the CLT Property

A summary of the information on the CLT Property is as follows:

Title No.	: HSM 5505
Lot No.	: Lot PT 11734
Postal address	: Lot PT 11734, Persiaran Subang Indah, Taman Perindustrian Subang, 47610 Subang Jaya, Selangor Darul Ehsan
Registered owner	: CLT
Tenure	: 99 years leasehold expiring on 8 April 2090 (approximately 66 years of unexpired lease period)
Land area	: 8,093.712 m ² (approximately 87,119.91 sq. ft.)
Category of land use	: Industrial
Existing use	: 1-storey detached factory with a 3-storey office annex
Proposed use	: Not applicable
Restriction in interest	: Tanah ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri. (The land shall not be transferred, leased, pledged or charged without the consent of the State Authority)
Express conditions	: For industrial purpose only
Encumbrances	: Charged to HSBC Bank Malaysia Berhad vide presentation number 081SC3609/2011, registered on 15 June 2011
Approximate age of building	: 11 years
Gross floor area	: 73,322 sq. ft.
Valuer	: W M Malik & Kamaruzaman Sdn Bhd
Valuation method	: Cost Approach
Date of valuation	: 10 October 2024
Market value	: RM24,000,000
Audited NBV as at 30 June 2024	: RM13,509,410

For information purposes, the CLT Property is entirely occupied by CLT to provide specialised services in precision parts fabrication, automation system assembly, research and development and machine design.

2.5. Liabilities which will remain with our Group

There is no other liability, including contingent liability, which will remain with our Company and/or our Group in respect of the Proposed Disposal.

In addition, there is no other guarantee given by our Company and/or our Group to the Purchaser in relation to the Proposed Disposal.

2.6. Original cost of investment

The details of our Company's cost of investment in CLT is as follows:

Date	Details of investment (No. of CLT Shares)	Cost of investment (RM)
25 August 2010	637,500	26,656,500 ⁽¹⁾
26 May 2011	956,250 ⁽²⁾	-
23 May 2014	4,590,000	4,590,000 ⁽³⁾
Total	6,183,750	31,246,500

Notes:

- (1) On 25 August 2010, our Company had acquired 51% equity interest in CLT from TMT, for a total consideration of RM26,420,000 satisfied via a combination of the issuance of 96,000,000 Genetec Shares at the issue price of RM0.27 per Genetec Share and RM500,000 in cash as well as RM236,500 of transaction related incidental cost such as the stamp duty payment and legal fees.
- (2) On 26 May 2011, our Company had received 956,250 CLT Shares pursuant to a bonus issue exercise undertaken by CLT.
- (3) On 23 May 2014, our Company had subscribed additional 4,590,000 CLT Shares through the capitalisation of amount owing by CLT to our Company. For information purposes, there is no outstanding amount owing by CLT to our Company as at the LPD.

3. UTILISATION OF PROCEEDS

Our Company intends to use the proceeds from the Proposed Disposal in the following manner:

Description	RM'000	Estimated timeframe for utilisation of proceeds
Purchase of raw materials ⁽¹⁾	21,128	Within 36 months from completion of the Proposed Disposal
Estimated expenses for the Proposed Disposal ⁽²⁾	500	Immediately
Total	21,628	

Notes:

- (1) Include components and consumables such as amongst others, fastener, connector, connector pin and etc for our Group's manufacturing on the EV and ES segments.
- (2) The breakdown of the estimated expenses for the Proposed Disposal of approximately RM0.50 million is as follows:

Description	RM'000
<i>Professional fees^(a)</i>	400
<i>Fees to relevant authorities</i>	30
<i>Other incidental expenses in relation to the Proposed Disposal^(b)</i>	70
Total	500

(a) *Comprising professional fees payable to the adviser, solicitors and Valuer.*

(b) *Comprising expenses to convene the EGM, printing, advertising and other ancillary expenses in relation to the Proposed Disposal.*

Pending the utilisation of the proceeds from the Proposed Disposal as set out above, the unused proceeds may be placed in interest-bearing deposits with financial institutions and/or short-term money market instruments as our Board deems fit. The interest derived from the deposits placed with financial institutions and/or any gains arising from the short-term money market instruments will be used for the working capital requirements of our Group such as, amongst others, payments to suppliers and creditors, professional fees, utilities and other operating expenses for our Group's operations, the allocation of which cannot be determined at this juncture and will be based on our Group's requirements at the relevant time.

4. RATIONALE AND BENEFITS OF THE PROPOSED DISPOSAL

After taking into consideration CLT's declining revenue and unsatisfactory financial performance for the last 3 financial years/period which was mainly due to the lower orders secured from the existing customers as a result of weaker global demand in the hard disc drive and semiconductor related products as well as the LAT of approximately RM3.21 million recorded for the 15-month FPE 30 June 2024. The Proposed Disposal is expected to allow our Group to realise the value of our investment in CLT at the Disposal Consideration in cash and allow our Group to use the cash proceeds from the Proposed Disposal in the manner as set out in **Part A, Section 3** of this Circular, amongst others, to meet our funding requirement to purchase raw materials within the EV and ES segments. Upon completion of the Proposed Disposal, our Group's cash and cash equivalents (excluding CLT) are expected to increase from RM31.07 million to RM52.70 million. The improved liquidity will provide greater flexibility to our Group to seek expansion of our Group's revenue stream and improving our profitability, without relying on financing via bank borrowings which will incur finance costs to our Group.

Our Group believes that the Proposed Disposal provides a good opportunity for our Group to focus our resources on the EV and ES segments which are expected to contribute higher profitability and/or long-term growth as well as development to our Group. Our Company had ventured into the EV and ES segments in 2014 by providing customised factory automation solutions for the EV industry and autonomous driving technologies, marking our Company's entry into these emerging sectors. This strategic move aligned with the growing global demand for the EV and clean energy solutions whereby our Company has continued to expand our capabilities and offerings in these industries.

Before embarking on the Proposed Disposal, our Company has undertaken several measures to improve the business of CLT. These efforts included significant investments in upgrading CLT's equipment, including plant and machinery as well as streamlining operational processes to enhance the operational and cost efficiency. CLT had also explored new markets with the intention of driving revenue growth and improving overall financial performance. Despite these considerable efforts, CLT's performance did not demonstrate significant improvement and failed to meet our Group's strategic objectives. As a result, the decision was made by our Company to proceed with the Proposed Disposal.

Following the disposal of CLT, our Group will continue to retain precision parts fabrication machines, automation system assembly machines as well as the research and development facilities, for the hard disc drive and semiconductor related products. However, our Group plans to strategically reallocate our resources to focus on business segments that offer higher profitability and growth potential, such as the EV and ES segments. This realignment is aimed at supporting the long-term growth and development of our Group, ensuring our continued competitiveness in emerging and high-demand industries.

In addition, as policymakers intensify their efforts to reduce carbon emissions, the Economist Intelligence Unit (“EIU”) has forecasted a 21% expansion in global EV sales, making EVs a promising growth sector. Developments in the charging infrastructure and battery technology are crucial to this expansion in alleviating consumer concerns over range anxiety.

(Source: Annual Report 2024, 28 October 2024, Genetec)

In accordance with the above, our Group is well-positioned to capitalise on this global shift by serving clients in the production of both EVs and hybrid automotive components. Our Group believes that there is enormous room for growth in the EV and ES segments in the near future and these segments are expected to continue to be key drivers for our Group’s growth in revenue. By embracing the transition to renewable energy, our Group aims to seize opportunities within the sector by developing and offering quality, high-tech products such as the BESS. With ongoing business development engagements in both the global and local market for BESS, our Group continues to be optimistic about the progress and development of BESS and has gained strong traction in extending our technology into this new market segment.

In view of the above, our Company intends to streamline our business activities to focus and capitalise on the EV and ES segments. The Proposed Disposal will enable our Group to concentrate on the aforementioned segments and it represents an opportunity for our Group to realise the value of our investment in CLT and provide our Group with cash to explore for opportunities which could expand the revenue stream and improve the profitability of our Group without any dilution to the existing shareholders’ shareholdings in our Company or disruption to the existing business operations of our Group.

Barring any unforeseen circumstances, the monetisation of the Proposed Disposal enables our Group to unlock capital resources from being tied up in the investment of subsidiary company and at the same time allows our Group to optimise the resource allocation, and is expected to place our Group in a better financial footing moving forward.

5. RISK FACTORS

5.1 Contractual risk

Our Company has given representations, warranties and undertakings as set out in the SSA in favour of the Purchaser. In this regard, our Company may be subject to claims in accordance with the terms and conditions of the SSA for the breach of representations, warranties and/or undertakings given by our Company.

Nevertheless, our Board and the management of our Company will endeavour to ensure compliance with its obligations under the SSA in order to minimise the risk of any breach of representations, warranties and/or undertakings committed by our Company.

5.2 Non-completion of the Proposed Disposal

The SSA is conditional upon fulfilment of the conditions precedent set forth in the agreement, as detailed in **Appendix I** of this Circular. There is no assurance that all the conditions precedent can be fulfilled and that the Proposed Disposal can be completed within the time period permitted under the SSA. In the event that any of the conditions precedent is/are not fulfilled and/or waived within the stipulated time period set out in the respective agreement, the Proposed Disposal may be delayed or terminated.

In this regard, our Board shall take reasonable steps to ensure that the conditions precedent are met within the time period stipulated in the SSA in order to complete the Proposed Disposal.

5.3 Loss of potential higher value of CLT

The Disposal Consideration which is largely based on the adjusted audited NA of CLT as at 30 June 2024, which in turn is based on the audited NA of CLT as at 30 June 2024 and the market value of CLT Property as appraised by the Valuer as at 10 October 2024.

As such, our Company will not be able to benefit from any potential increase in values of CLT's NA and CLT Property in the future after the completion of the Proposed Disposal.

Notwithstanding the above, there is no guarantee that our Group will be able to secure purchasers for the CLT Property at higher values and/or the NA of CLT will increase in the future.

5.4 Downward pressure on our Company's share price pursuant to the disposal of Pledged Shares

The risk of downward pressure on our Company's share price arises if the Purchaser unable to fulfil his obligations to repay the remaining balance of the Post-Completion Sum and our Company exercise our rights to sell the Pledged Shares to recover the Post-Completion Sum.

Notwithstanding that our Group and Purchaser has mutually agreed that the Post-Completion Sum to be paid by 30 June 2026, representing approximately 20 months from the date of SSA to enable the Purchaser to arrange for his financing and fulfill his obligations, there is no assurance that the Purchaser is able to settle the Post-Completion Sum on time and for our Group not to exercise our rights to sell the Pledged Shares in the open market.

5.5 Loss of potential future earnings of CLT

Upon completion of the Proposed Disposal, CLT will no longer be a subsidiary of our Group and as such, our Company would lose a source of revenue and potential profit contribution from CLT if CLT is able to turnaround its financial performance in the future despite CLT recorded LAT of approximately RM3.21 million for the 15-month FPE 30 June 2024.

In addition, as the proceeds from the Disposal Consideration will be utilised for, amongst others, purchase of raw materials in the EV and ES segments, there is no assurance that the return arising from the proceeds utilised in the EV and ES segments will be greater than the loss of future earnings of CLT.

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6. EFFECTS OF THE PROPOSED DISPOSAL

The Proposed Disposal will not have any effect on our Company's issued share capital and substantial shareholders' shareholdings as the Proposed Disposal do not involve or result in any change to the total number of issued Genetec Shares.

6.1. NA, NA per Genetec Share and gearing

For illustration purposes only, based on the audited consolidated statement of financial position of our Group as at 30 June 2024 and assuming that the Proposed Disposal had been effected on that date, the pro forma effects of the Proposed Disposal on the NA, NA per Genetec Share and gearing of our Group are as follows:

	(Audited) As at 30 June 2024	After the Proposed Disposal
	RM'000	RM'000
Share capital	269,980	269,980
Share option reserve	266	266
Translation reserve	(1,842)	(1,842)
Retained earnings	219,075	218,866 ⁽¹⁾
NA attributable to the owners of our Company	487,479	487,270
Non-controlling interests	9,249	(6,390)
Total equity	496,728	480,880
No. of Genetec Shares in issue ('000)	776,651	776,651
NA per Genetec Share ⁽²⁾ (RM)	0.63	0.63
Total borrowings ⁽³⁾ (RM'000)	22,478	14,519 ⁽⁴⁾
Gearing ⁽⁵⁾ (times)	0.05	0.03

Notes:

- (1) After taking into consideration:
 - (a) the pro forma gain on disposal arising from the Proposed Disposal of approximately RM0.29 million as set out in **Part A, Section 6.3** of this Circular; and
 - (b) the estimated expenses for the Proposed Disposal of approximately RM0.50 million.
- (2) Computed based on NA attributable to the owners of our Company divided by the number of Genetec Shares in issue.
- (3) Being loans and borrowings.
- (4) After deducting CLT's loans and borrowings of approximately RM7.96 million.
- (5) Computed based on total borrowings divided by total equity.

6.2. Earnings and EPS

For illustration purposes only, based on the audited consolidated financial statements of our Company for the 15-month FPE 30 June 2024 and assuming that the Proposed Disposal had been effected on 1 April 2023, the pro forma effects of the Proposed Disposal on the consolidated earnings of our Company and EPS, as the case may be, are as follows:

	(Audited) 15-month FPE 30 June 2024	After the Proposed Disposal
PAT attributable to owners of our Company for the 15-month FPE 30 June 2024 (RM'000)	86,124	87,553 ⁽¹⁾
Weighted average number of Genetec Shares in issue ('000)	765,777	765,777
Earnings per Share ⁽²⁾ (sen)	11.25	11.43

Notes:

(1) After taking into consideration:

- (a) the share of our Group's 51% equity interest in CLT on the losses attributable to owners of our Company recorded by CLT from 1 April 2023 to 30 June 2024 of approximately RM1.64 million;
- (b) the pro forma gain on disposal arising from the Proposed Disposal of approximately RM0.29 million as set out in **Part A, Section 6.3** of this Circular; and
- (c) the estimated expenses for the Proposed Disposal of approximately RM0.50 million.

(2) Computed based on audited PAT attributable to owners of our Company divided by the weighted average number of Genetec Shares in issue for the 15-month FPE 30 June 2024.

6.3. Expected gain to our Group arising from the Proposed Disposal

Based on the latest audited consolidated financial statements of our Company for the 15-month FPE 30 June 2024, the Proposed Disposal is expected to result in pro forma net gain on disposal as follows:

	RM'000
Disposal Consideration	21,628
Less: Audited NA of 51% equity interest in CLT as at 30 June 2024 ⁽¹⁾	(16,277)
Pro forma gross gain on disposal from the Proposed Disposal	5,351
Less: Goodwill of CLT ⁽²⁾	(5,060)
Pro forma gain on disposal from the Proposed Disposal⁽³⁾	291

Notes:

(1) As at 30 June 2024, the audited NA of CLT is approximately RM31.92 million, the share of our Group's 51% equity interest in CLT is approximately RM16.28 million.

- (2) Goodwill of CLT was recognised upon the acquisition of CLT by our Company due to the premium of purchase consideration over the NA of CLT at the point of the completion of the acquisition. Initially, the goodwill was recognised at approximately RM20.56 million. However, the carrying value of the goodwill has been reduced over time by impairment losses incurred by CLT over the years from the FYE 31 March 2017 to FYE 31 March 2020 amounting to approximately RM15.50 million due to the substantial reduction in sales orders of CLT as a result of the softening global demand in the hard disc drive industry.
- (3) Excluding the estimated expenses in relation to the Proposed Disposal of approximately RM0.50 million.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of Genetec Shares as traded on Bursa Securities for the past 12 months are as follows:

	High (RM)	Low (RM)
<u>2024</u>		
January	2.36	1.88
February	2.33	1.85
March	2.31	1.99
April	2.09	1.83
May	2.38	1.86
June	2.48	2.16
July	2.40	2.12
August	2.17	0.98
September	1.12	0.80
October	0.87	0.68
November	1.27	0.66
December	1.40	1.12

The last transacted market price of the Genetec Shares on 1 November 2024 (being the last trading date prior to the announcement of the Proposed Disposal) was RM0.685.

Last transacted market price on 31 December 2024 (being the LPD prior to the printing of this Circular) was RM1.38 per Genetec Share.

(Source: Bloomberg Finance L.P.)

8. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Disposal is subject to the following being obtained:

- (i) approval of the non-interested shareholders of our Company at an EGM to be convened; and
- (ii) approvals/consents from any other relevant authorities and/or parties, if required.

The Proposed Disposal is not conditional upon any other corporate exercise/scheme undertaken or to be undertaken by our Company.

9. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable for the Proposed Disposal pursuant to Paragraph 10.02(g)(vi) of the Listing Requirements, being the total assets of CLT compared with the total assets of our Group as at 30 June 2024 is approximately 8.54%.

10. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Disposal, there is no other corporate exercise which have been announced by our Company on Bursa Securities but not yet completed as at the LPD.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save for the Interested Shareholder, being a shareholder of our Company as well as a director and a major shareholder of CLT, none of the directors and/or major shareholders of our Company as well as persons connected to them have any interest, direct or indirect, in the Proposed Disposal.

As at the LPD, the shareholdings of the directors of our Company and Interested Shareholder are as follows:

	Direct		Indirect	
	No. of Genetec Shares	% ⁽¹⁾	No. of Genetec Shares	%
<u>Directors</u>				
Chin Kem Weng	59,962,565	7.64	-	-
Sow Ewe Lee	11,700,000	1.49	-	-
Ong Siew Min	-	-	-	-
Ong Phoe Be	868,000	0.11	-	-
Dato' Jeeventhiran a/l Ramanaidu	100,000	0.01	-	-
Allen Lik-Hook Ting	2,027,200	0.26	-	-
<u>Interested Shareholder</u>				
TMT	37,296,600	4.75	-	-

Note:

(1) Based on the total issued Genetec Shares of 784,891,380 as at the LPD.

The Interested Shareholder will abstain from voting in respect of his direct and/or indirect shareholdings in our Company on the resolution approving the Proposed Disposal to be tabled at the forthcoming EGM.

In addition, the Interested Shareholder has undertaken that he will also ensure that persons connected with him will abstain from voting in respect of their direct and/or indirect shareholdings in our Company, if any, on the resolution in relation to the Proposed Disposal to be tabled at the forthcoming EGM.

12. TRANSACTIONS WITH THE SAME RELATED PARTIES FOR THE PRECEDING 12 MONTHS

Save for the Proposed Disposal, our Group has not entered into any transaction with the Interested Shareholder and persons connected to him for the past 12 months preceding the LPD.

13. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of our Company, after having considered all aspects of the Proposed Disposal, including but not limited to the salient terms of the SSA, bases and justifications for the Disposal Consideration, the rationale, benefits and effects of the Proposed Disposal and the market value of the CLT Property as appraised by the Valuer, as well as the preliminary evaluation of the Independent Adviser, is of the view that the Proposed Disposal is:

- (i) in the best interest of our Company;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested shareholders of our Company.

14. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects of the Proposed Disposal, including but not limited to the salient terms of the SSA, bases and justifications for the Disposal Consideration, the rationale, benefits and effects of the Proposed Disposal and the market value of the CLT Property as appraised by the Valuer, as well as the views of the Independent Adviser as set out in **Part B** of this Circular, is of the opinion that the Proposed Disposal is in the best interests of our Company.

Accordingly, our Board recommends that you vote **in favour** of the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.

15. ADVISERS

TA Securities has been appointed as the Principal Adviser to our Company for the Proposed Disposal.

In view of the interests of the Interested Shareholder in the Proposed Disposal as set out in **Part A, Section 11** of this Circular and in compliance with Paragraph 10.08 of the Listing Requirements, Malacca Securities has been appointed to act as Independent Adviser to undertake the following in relation to the Proposed Disposal:

- (i) comment as to whether the Proposed Disposal is:
 - (a) fair and reasonable so far as the non-interested shareholders of our Company are concerned; and
 - (b) to the detriment of the non-interested shareholders of our Company;and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;
- (ii) advise the non-interested shareholders of our Company on whether they should vote in favour of the Proposed Disposal; and
- (iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in relation to items (i) and (ii) above.

The IAL from Malacca Securities to the non-interested shareholders of our Company in relation to the Proposed Disposal is set out in **Part B** of this Circular.

16. TENTATIVE TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals set out in **Part A, Section 8** of this Circular being obtained and the fulfilment of all the conditions precedent set out in the SSA, our Board expects the Proposed Disposal to be completed in the 1st quarter of 2025.

The tentative timeline for implementation of the Proposed Disposal is as follows:

Tentative timeline	Event
27 February 2025	EGM for the Proposed Disposal
End March 2025	Completion of the Proposed Disposal

17. EGM

The notice convening the EGM and the Proxy Form are enclosed in this Circular and are also available at our Company's website at <https://www.genetec.net>. The EGM will be conducted fully virtual through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at <https://tiih.online> or <https://tiih.com.my> (Domain Registration No. with MYNIC: D1A282781) on Thursday, 27 February 2025 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed Disposal.

As a shareholder, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you may deposit the completed hardcopy Proxy Form at the office of Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively by electronic submission via TIIH Online website at <https://tiih.online> (kindly refer to the Administrative Guide for the EGM on the procedure for electronic submission of Proxy Form via TIIH Online), not less than 48 hours before the time appointed for our EGM or any adjournment thereof.

18. FURTHER INFORMATION

You are advised to refer to the enclosed appendices for further information.

Yours faithfully,
For and on behalf of our Board of
GENETEC TECHNOLOGY BERHAD

ALLEN LIK-HOOK TING
Chairman and Independent Non-Executive Director

PART B

INDEPENDENT ADVICE LETTER FROM MALACCA SECURITIES TO THE NON-INTERESTED SHAREHOLDERS OF GENETEC IN RELATION TO THE PROPOSED DISPOSAL

EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meaning as the words and expressions provided in the “Definitions” section of this Document and as defined in the IAL herein, except where the context herein requires otherwise or where otherwise defined herein. All references to “you” are references made to the Non-Interested Shareholders, whilst references to “we”, “us” or “our” are references to Malacca Securities, being the Independent Adviser for the Proposed Disposal.

This Executive Summary is intended to be a brief summary of the IAL to provide you with an independent evaluation of the Proposed Disposal and to express our recommendation thereon.

YOU ARE ADVISED TO READ CAREFULLY AND UNDERSTAND FULLY THE CONTENTS OF THIS IAL, WHICH IS TO BE READ IN CONJUNCTION WITH PART A OF THIS CIRCULAR AND THE ACCOMPANYING APPENDICES FOR OTHER RELEVANT INFORMATION. YOU SHOULD NOT RELY SOLELY ON THIS EXECUTIVE SUMMARY IN FORMING YOUR OPINION ON THE PROPOSED DISPOSAL.

YOU ARE ALSO ADVISED TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED IN BOTH THIS IAL AND PART A OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE COMPANY’S FORTHCOMING EGM.

IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

1. INTRODUCTION

On 4 November 2024, the Board announced that the Company had on even date entered into the SSA with the Purchaser for the Proposed Disposal.

In view of the interest of the Interested Shareholder as set out in Section 11 of Part A of this Circular, the Proposed Disposal is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. Accordingly, the Board had on 1 October 2024, appointed Malacca Securities as the Independent Adviser to advise the non-interested shareholders as to whether the Proposed Disposal is fair and reasonable and whether the Proposed Disposal is to the detriment of the non-interested shareholders.

The purpose of this IAL is to provide the non-interested shareholders of Genetec with an independent evaluation of the fairness and reasonableness of the Proposed Disposal, together with our recommendation thereon, subject to the limitations of our role and evaluation as specified in this IAL.

Please refer to Section 2 of Part A of this Circular for the details of the Proposed Disposal.

2. EVALUATION OF THE PROPOSED DISPOSAL

In evaluating the Proposed Disposal, we have taken into consideration the following factors in forming our opinion:

Area of evaluation	Reference in this IAL	Our evaluation
Rationale of the Proposed Disposal	Section 7.1	(i) Declining financial performance of CLT We note that CLT’s revenue and PAT had trended downward for the last 3 financial years/period.

Area of evaluation	Reference in this IAL	Our evaluation
		<p>Over the last 3 years, Genetec Group had focused on its EV and ES segments and moving forward, will continue to focus its resources on this segment. We note that moving forward, the Group's intention is to focus its resources on its businesses that have higher profitability and/or growth potential such as its EV and ES segments.</p> <p>The recent fluctuations of the United States dollar ("USD") to Malaysian Ringgit ("MYR") exchange rates is expected to create a challenging operating environment for CLT moving forward. We further understand from the Management that any weakening of the USD against the MYR may require CLT to try and increase the value of its USD sales to mitigate the impact of the declining USD. Nevertheless, CLT may receive pushbacks from customers for such price increase.</p> <p>We wish to highlight that whilst CLT has recognised losses in the latest 15-month FPE 30 June 2024 and that CLT's financial performance may be adversely affected by the aforementioned challenges to its operating environment, it may appear beneficial for Genetec to cease consolidating CLT as part of Genetec Group upon completion of the Proposed Disposal.</p> <p>(ii) Streamline the Group's business activities to focus on the EV and ES segments</p> <p>We take cognisance of the Management's view that the EV and ES segments have significant room for growth and are expected to continue to be key drivers for the Group's growth in the near future. In this respect, we note the Group's plan to concentrate and focus its resources on its EV and ES segments.</p> <p>We note that the Proposed Disposal will enable the Group to realise the value of its investment in CLT and utilise the proceeds to amongst others, fund the Group's purchase of raw materials such as fastener, connector and connector pin for the Group's manufacturing in the EV and ES segments.</p> <p>We further understand that Genetec has not received any prior offer or have any present offer for its stake in CLT apart from the offer from TMT. As such, the Proposed Disposal represents an opportunity for Genetec to realise its investment in CLT to a shareholder of CLT, i.e. TMT.</p> <p>Premised on the above, we are of the opinion that the rationale for the Proposed Disposal is reasonable.</p>

EXECUTIVE SUMMARY (Cont'd)

Area of evaluation	Reference in this IAL	Our evaluation
<p>Basis and justification of arriving at the Disposal Consideration</p>	<p>Section 7.2</p>	<p>In evaluating the basis of the Disposal Consideration for the 51.0% equity interest in CLT, we have considered various methodologies commonly used for valuation, inter alia, relative valuation methodology, discounted cash flow methodology and revalued net asset valuation (“RNAV”) methodology. In arriving at the valuation of CLT, we are of the opinion that the RNAV methodology is the most suitable valuation methodology.</p> <p>We note that the CLT Property is a purpose built factory and is being used for CLT’s operations. Accordingly, the Valuer had adopted the cost approach in arriving at the market value of the CLT Property as the sole valuation approach as the value of detached factories in the same location varies depending on land size and factory size.</p> <p>In the cost approach, the land is valued using the comparison method which entails analysis of sales of comparable lands, making adjustments for factors which affect value, namely time, location, land use, size (land area), shape, terrain and tenure. The building is valued based on current cost depreciated for age, condition and obsolescence, if any.</p> <p>The aggregate of the land value and the building value is the market value of the CLT Property. The Valuer had ascribed RM24.00 million to the CLT Property.</p> <p>We are of the view that the market value of RM24.00 million, as ascribed by the Valuer for the CLT Property using the cost approach, is fair and reasonable.</p> <p>Based on the audited NA of CLT as at 30 June 2024, the RNAV of CLT is RM42.41 million and the share of Genetec Group’s 51% equity interest in CLT amount to RM21.63 million.</p> <p>Premised on the above, we are of the opinion that the Disposal Consideration of RM21.63 million is fair and reasonable.</p>
<p>Salient terms of the SSA</p>	<p>Section 7.3</p>	<p>Based on our review of the salient terms of the SSA, we are of the opinion that the salient terms of the SSA are reasonable and not detrimental to the interest of the non-interested shareholders of Genetec.</p>
<p>Effects of the Proposed Disposal</p>	<p>Section 7.4</p>	<p>The Proposed Disposal will not have any effect on the Company’s issued share capital and substantial shareholders’ shareholdings as the Proposed Disposal do not involve or result in any change to the number of issued Genetec Shares.</p>

EXECUTIVE SUMMARY (Cont'd)

Area of evaluation	Reference in this IAL	Our evaluation
		<p>The Proposed Disposal will result in a RM0.21 million decrease in the Group's NA mainly as a result of the net impact from the gain arising from the Proposed Disposal of approximately RM0.29 million and negating the estimated expenses for the Proposed Disposal of approximately RM0.50 million. Accordingly, the NA per Genetec Share will decrease marginally.</p> <p>The gearing of the Group will decrease from 0.05 times to 0.03 times upon the completion of the Proposed Disposal as the Group will cease to consolidate CLT's loans and borrowings of approximately RM7.96 million.</p> <p>For illustration purposes, the earnings of Genetec Group after the Proposed Disposal (based on the Group's audited 15-month FPE 30 June 2024) will increase by approximately RM1.43 million.</p> <p>Based on the above, we are of the view that the financial effects of the Proposed Disposal are not detrimental to the interest of the non-interested shareholders of Genetec.</p>
Risk factors in relation to the Proposed Disposal	Section 7.5	<p>We note that the risks associated with the Proposed Disposal are the typical risks associated with disposal transactions.</p> <p>We wish to highlight that although measures and efforts would be taken by the Group to mitigate the aforementioned risks in relation the Proposed Disposal, no assurance can be given that one or a combination of the risk factors as stated above will not occur and give rise to material adverse impact on the business operations of the Group, its financial performance, financial position or prospects thereon after the Proposed Disposal.</p>

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Disposal after taking into consideration the various factors as discussed above. Based on our evaluation and on the basis of the information available to us, we are of the opinion that the Proposed Disposal is **fair and reasonable** and **not detrimental** to your interest.

Accordingly, we recommend that you **vote in favour** of the resolution pertaining to the Proposed Disposal to be tabled at the Company's forthcoming EGM.

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17 January 2025

To: The non-interested shareholders of Genetec Technology Berhad

Dear Sir/Madam,

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF GENETEC IN
RELATION TO THE PROPOSED DISPOSAL**

This IAL is prepared for the inclusion in the circular to the shareholders of Genetec dated 17 January 2025 in relation to the Proposed Disposal and should be read in conjunction with the same. All definitions used in this IAL shall have the same meaning as the words and expressions provided in the "Definitions" section of the Circular, except where the context otherwise requires or otherwise defined herein.

1. INTRODUCTION

On 4 November 2024, the Board announced that the Company had on even date entered into the SSA with the Purchaser for the Proposed Disposal.

In view of the interest of the Interested Shareholder as set out in Section 11 of Part A of this Circular, the Proposed Disposal is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. Accordingly, the Board had on 1 October 2024, appointed Malacca Securities as the Independent Adviser to advise the non-interested shareholders as to whether the Proposed Disposal is fair and reasonable and whether the Proposed Disposal is to the detriment of the non-interested shareholders.

The purpose of this IAL is to provide the non-interested shareholders of Genetec with an independent evaluation of the fairness and reasonableness of the Proposed Disposal, together with our recommendation thereon, subject to the limitations of our role and evaluation as specified in this IAL.

THE NON-INTERESTED SHAREHOLDERS OF GENETEC ARE ADVISED TO READ BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. SCOPE, LIMITATIONS AND ASSUMPTIONS TO THE EVALUATION AND OPINION

We were not involved in any negotiation, discussion or formulation of the Proposed Disposal and/or any deliberations and negotiations pertaining to the terms and conditions of the Proposed Disposal. Our terms of reference as an Independent Adviser are limited to expressing an independent evaluation of the Proposed Disposal as per the requirements of Paragraph 10.08(3) of the Listing Requirements and the Best Practice Guide in relation to Independent Advice Letters issued by Bursa Securities.

In our evaluation and analysis, and in formulating our recommendation, we have reviewed and relied upon the reasonableness, accuracy and completeness of the following information:

- (i) the information contained in Part A of the Circular and the accompanying appendices in the Circular;

- (ii) the SSA;
- (iii) the information contained in the valuation report and the valuation certificate in relation to CLT Property;
- (iv) the audited financial statements of CLT and Genetec for the FYE 31 March 2022 and FYE 31 March 2023, and 15-months FPE 30 June 2024;
- (v) discussions with the Board and management of Genetec ("**Management**");
- (vi) other relevant information, documents, confirmations and/or representations furnished to us by the Board and the Management; and
- (vii) other publicly available information which we are aware of and deemed relevant.

We have relied on the accuracy of the information and documents furnished to us by the Board, the Management and the Valuer and have not independently verified such information and documents for their validity, reliability, accuracy and/or completeness. In addition, the Board and the Management had undertaken to exercise due care to ensure that all information, data, documents and representations provided to us to facilitate our evaluation are accurate, valid, complete, reasonable and free from any material omission in all material respects. Accordingly, Malacca Securities shall not assume any responsibility or liability whatsoever to any party for any inaccuracies, misstatements or omission of facts and information provided or represented by the Board and the Management. Whilst we make no representation as to the accuracy, validity and completeness of the information provided, we have made enquires as were reasonable in the circumstances and undertook reasonableness checks and corroborated such information with independent sources, where possible and have no reason to believe that the aforesaid information/documents provided to us are inaccurate, invalid, incomplete, unreasonable, unreliable, and/or misleading and we are satisfied with the sufficiency of the documents and information provided by the Company.

The Board confirmed that they had read this IAL and collectively and individually accept full responsibility for the information on the Group, the CLT Property and the Proposed Disposal as disclosed in this IAL and/or documents provided to us, which are essential to our evaluation, and confirmed that after making all reasonable enquiries, and to the best of their knowledge and belief, there is no omission of any fact which would make any information and statement disclosed to us incomplete, inaccurate, false and misleading.

Our evaluation and recommendation set out in this IAL are amongst others, based on prevailing market, economic, industry and other conditions, and the information and/or documents made available to us, as at LPD. Such conditions may change significantly over a short period of time. It is also based on the assumptions that the parties to the SSA are able to fulfil their respective obligations thereto in accordance with the terms and conditions therein. It should be noted that our evaluation and opinions expressed in this IAL do not take into account the information, events or conditions arising after the LPD or such other period as specified herein, as the case may be.

We shall notify the non-interested shareholders of Genetec by way of announcement if, after despatching this IAL and prior to the EGM, we become aware that the information or document previously circulated or provided:

- (i) contains a material statement which is false or misleading;
- (ii) contains a statement from which there is a material omission; or
- (iii) does not contain a statement relating to a material development.

If circumstances require, we shall send a supplementary letter to the non-interested shareholders of Genetec.

It is not within our terms of reference to express any opinion on the commercial benefits of the Proposed Disposal and this remains the responsibility of the Board. We wish to emphasise that our role as Independent Adviser also does not extend to rendering an expert opinion on legal, accounting and tax matters relating to the Proposed Disposal. We have formed our evaluation and recommendation based on the considerations set out in the ensuing sections of this IAL, and where comments or points of consideration are included on matters which may be commercially oriented, these are incidental to our overall evaluation and concern matters which we may deem material for disclosure.

We are not in possession of information relating to, and have not given any consideration to, separate specific investment objectives, financial situations, tax positions and particular needs of any individual non-interested shareholder of Genetec or any specific group of non-interested shareholders of Genetec. We recommend that any individual non-interested shareholder of Genetec or any specific group of non-interested shareholders of Genetec who is in doubt as to the action to be taken or require advice in relation to the Proposed Disposal in the context of their individual objectives, risk profiles, financial and tax situations or particular needs, should consult their respective stockbrokers, bank managers, accountants, solicitors or other professional advisers immediately. We shall not be liable for any damage or loss of any kind sustained or suffered by any individual non-interested shareholder of Genetec or any specific group of non-interested shareholders of Genetec in reliance on our opinion stated herein for any purpose whatsoever which is particular to such individual non-interested shareholder of Genetec or specific group of non-interested shareholders of Genetec.

3. CREDENTIALS, EXPERIENCE AND EXPERTISE OF MALACCA SECURITIES

Malacca Securities is a participating organisation of Bursa Securities and provides a range of services including corporate finance advisory, stockbroking and research. Malacca Securities was approved by the Securities Commission Malaysia on 10 August 2020, as a corporate finance adviser. Our corporate finance team provides a wide range of corporate finance advisory services including initial public offerings, mergers, acquisitions and divestitures, equity fund raisings, corporate restructuring and independent advisory opinions.

The credentials, professional experience and expertise of Malacca Securities, where Malacca Securities had acted and was appointed as an independent adviser prior to the date of this IAL include, amongst others, the following:

- (i) acquisition of Cocoland Holdings Berhad by Fraser & Neave Holdings Bhd which was undertaken by way of scheme, where the independent advice letter was issued on 20 July 2022;
- (ii) exemption to Super Advantage Property Sdn Bhd and persons acting in concert with it from the obligation to undertake a mandatory take-over offer for the remaining ordinary shares in G Neptune Berhad (“**GNB Share(s)**”) not already held by them pursuant to the proposed acquisition of 100% equity interest in Southern Score Sdn Bhd for a purchase consideration of RM252,000,000 which was satisfied via the issuance of 1,680,000,000 new GNB Shares at an issue price of RM0.15 per GNB Share, where the independent advice letter was issued on 22 August 2022;
- (iii) acquisitions by MESB Berhad of the entire equity interests in N.U. Recycle Sdn Bhd, Formidex Sdn Bhd and Waier Trading Sdn Bhd from Datuk Wong Sak Kuan, Lee Wai Fun and Lotus Essential Sdn Bhd for a total cash consideration of RM51,000,000, where the independent advice letter was issued on 17 November 2022;

- (iv) disposals of:
 - (a) 163 Retail Park by D’Kiara Place Sdn Bhd, a wholly-owned subsidiary of YNH Property Bhd. to ALX Asset Berhad for a cash consideration of RM270,500,000.00; and
 - (b) AEON Seri Manjung by YNH Hospitality Sdn Bhd, a wholly-owned subsidiary of YNH Property Bhd. to ALX Asset Berhad for a cash consideration of RM152,000,000.00

satisfied entirely in cash through the issuance of the medium term notes (“**MTN**”) by ALX Asset Berhad pursuant to the asset-backed MTNs programme of up to RM500,000,000.00 in nominal value with a tenure of 20 years, where the independent advice letter was issued on 10 February 2023;

- (v) acquisition by MTrustee Berhad, acting as the trustee for and on behalf of Pavilion Real Estate Investment Trust, of Pavilion Bukit Jalil together with the related assets and rights from Regal Path Sdn Bhd for an aggregate purchase consideration of RM2,200 million, where the independent advise letter was issued on 7 March 2023;
- (vi) unconditional mandatory take-over offer by Lembaga Tabung Angkatan Tentera (“**LTAT**”) through UOB Kay Hian Securities (M) Sdn Bhd and Maybank Investment Bank Berhad to acquire all the ordinary shares in Boustead Plantations Berhad not already held by LTAT for a cash consideration of RM1.55 per offer share, where the independent advice circular was issued on 11 December 2023;
- (vii) acquisition by Urban Reach Sdn Bhd, a 55%-owned subsidiary of FCW Holdings Berhad, from JKB Development Sdn Bhd of a parcel of leasehold industrial land held under Pajakan Mukim 1029, Lot 30487, Jalan Genting Kelang, Mukim of Setapak, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur for a total cash consideration of RM43.08 million, where the independent advice letter was issued on 28 December 2023;
- (viii) renounceable rights issue of new units in Tower Real Estate Investment Trust to raise gross proceeds of up to RM66.00 million and the exemption under subparagraph 4.08(1)(b) of the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia (“**Rules**”), to GLM Equities Sdn Bhd and Guocoland (Malaysia) Berhad together with the persons acting in concert with them from the obligation to undertake a mandatory general offer, where the independent advice letter was issued on 7 March 2024;
- (ix) issuance of 752,057,840 new ordinary shares in Southern Steel Berhad (“**SSB Shares**”) to Green Esteel Pte. Ltd. (“**Esteel**”) at an issue price of RM0.42 per issuance share and the exemption under subparagraph 4.08(1)(b) of the Rules for Esteel and its controlling shareholder, You Zhenhua, from the obligation to undertake a mandatory take-over offer, where the independent advice letter was issued on 19 December 2024; and
- (x) unconditional mandatory take-over offer by Bright Meadow Sdn Bhd (“**BMSB**”) through AmlInvestment Bank Berhad to acquire all the remaining ordinary shares in Mercury Industries Berhad not already owned by BMSB and Dato’ Doh Tee Leong for a cash consideration of RM0.90 per offer share, where the independent advice circular was issued on 19 December 2024.

Premised on the foregoing, we have displayed that we are capable and competent and have the relevant experience in carrying out our role and responsibilities as an Independent Adviser to advise the non-interested Directors and non-interested shareholders of the Company in relation to the Proposed Disposal.

4. DECLARATION OF CONFLICT OF INTEREST

We confirm that:

- (i) there are no existing or potential conflict of interest situations for us to carry out our role as the Independent Adviser in connection with the Proposed Disposal; and
- (ii) save for our role as Independent Adviser for the Proposed Disposal, there is no other professional relationship between us and Genetec in the past 2 years prior to the date of this IAL.

5. DETAILS OF THE PROPOSED DISPOSAL

The Proposed Disposal entails the disposal by Genetec of 6,183,750 CLT Shares, representing all the 51% equity interest in CLT held by Genetec, to the Purchaser for a total Disposal Consideration of RM21,627,559, subject to the terms and conditions set forth in the SSA.

The Disposal Consideration is to be satisfied entirely in cash by the Purchaser to Genetec in the manner as set out in Appendix I of this Circular.

Upon completion of the Proposed Disposal, CLT will no longer be a subsidiary of Genetec.

The details of the Proposed Disposal are set out in Section 2 of Part A of this Circular.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS OF THE COMPANY AND/OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of the Directors, major shareholders and/or chief executive of Genetec as well as persons connected to them have any interest, direct or indirect, in the Proposed Disposal.

As at LPD, the Purchaser, TMT is a 4.75% direct shareholder of the Company as well as the Director and a major shareholder of CLT. Accordingly, TMT is interested in the Proposed Disposal.

7. EVALUATION OF THE PROPOSED DISPOSAL

In evaluating the Proposed Disposal, we have considered the following factors:

	<u>Reference to the IAL</u>
(i) Rationale of the Proposed Disposal	Section 7.1
(ii) Basis and justification of arriving at the Disposal Consideration	Section 7.2
(iii) Salient terms of the SSA	Section 7.3
(iv) Effects of the Proposed Disposal	Section 7.4
(v) Risk factors of the Proposed Disposal	Section 7.5

7.1 Rationale of the Proposed Disposal

We have considered the rationale of the Proposed Disposal as set out in Section 4 of Part A of this Circular:

*“After taking into consideration CLT’s declining revenue and unsatisfactory financial performance for the last 3 financial years/period which was mainly due to the lower orders secured from the existing customers as a result of weaker global demand in the hard disc drive and semiconductor related products as well as the LAT of approximately RM3.21 million recorded for the 15-month FPE 30 June 2024. The Proposed Disposal is expected to allow our Group to realise the value of our investment in CLT at the Disposal Consideration in cash and allow our Group to use the cash proceeds from the Proposed Disposal in the manner as set out in **Part A, Section 3** of this Circular, amongst others, to meet our funding requirement to purchase raw materials within the EV and ES segments. Upon completion of the Proposed Disposal, our Group’s cash and cash equivalents (excluding CLT) are expected to increase from RM31.07 million to RM52.70 million. The improved liquidity will provide greater flexibility to our Group to seek expansion of our Group’s revenue stream and improving our profitability, without relying on financing via bank borrowings which will incur finance costs to our Group.*

Our Group believes that the Proposed Disposal provides a good opportunity for our Group to focus our resources on the EV and ES segments which are expected to contribute higher profitability and/or long-term growth as well as development to our Group. Our Company had ventured into the EV and ES segments in 2014 by providing customised factory automation solutions for the EV industry and autonomous driving technologies, marking our Company’s entry into these emerging sectors. This strategic move aligned with the growing global demand for the EV and clean energy solutions whereby our Company has continued to expand our capabilities and offerings in these industries.

Before embarking on the Proposed Disposal, our Company has undertaken several measures to improve the business of CLT. These efforts included significant investments in upgrading CLT’s equipment, including plant and machinery as well as streamlining operational processes to enhance the operational and cost efficiency. CLT had also explored new markets with the intention of driving revenue growth and improving overall financial performance. Despite these considerable efforts, CLT’s performance did not demonstrate significant improvement and failed to meet our Group’s strategic objectives. As a result, the decision was made by our Company to proceed with the Proposed Disposal.

Following the disposal of CLT, our Group will continue to retain precision parts fabrication machines, automation system assembly machines as well as the research and development facilities, for the hard disc drive and semiconductor related products. However, our Group plans to strategically reallocate our resources to focus on business segments that offer higher profitability and growth potential, such as the EV and ES segments. This realignment is aimed at supporting the long-term growth and development of our Group, ensuring our continued competitiveness in emerging and high-demand industries.

In addition, as policymakers intensify their efforts to reduce carbon emissions, the Economist Intelligence Unit (“EIU”) has forecasted a 21% expansion in global EV sales, making EVs a promising growth sector. Developments in the charging infrastructure and battery technology are crucial to this expansion in alleviating consumer concerns over range anxiety.

(Source: Annual Report 2024, 28 October 2024, Genetec)

In accordance with the above, our Group is well-positioned to capitalise on this global shift by serving clients in the production of both EVs and hybrid automotive components. Our Group believes that there is enormous room for growth in the EV and ES segments in the near future and these segments are expected to continue to be key drivers for our Group's growth in revenue. By embracing the transition to renewable energy, our Group aims to seize opportunities within the sector by developing and offering quality, high-tech products such as the BESS. With ongoing business development engagements in both the global and local market for BESS, our Group continues to be optimistic about the progress and development of BESS and has gained strong traction in extending our technology into this new market segment.

In view of the above, our Company intends to streamline our business activities to focus and capitalise on the EV and ES segments. The Proposed Disposal will enable our Group to concentrate on the aforementioned segments and it represents an opportunity for our Group to realise the value of our investment in CLT and provide our Group with cash to explore for opportunities which could expand the revenue stream and improve the profitability of our Group without any dilution to the existing shareholders' shareholdings in our Company or disruption to the existing business operations of our Group.

Barring any unforeseen circumstances, the monetisation of the Proposed Disposal enables our Group to unlock capital resources from being tied up in the investment of subsidiary company and at the same time allows our Group to optimise the resource allocation, and is expected to place our Group in a better financial footing moving forward."

Our comments:

We take cognisance of the rationale and have considered the following key factors:

(i) Declining financial performance of CLT

We note that CLT's revenue and PAT had trended downward for the last 3 financial years/period as follows:

Audited	FYE 31 March 2022 (Restated)	FYE 31 March 2023 (Restated)	15-month FPE 30 June 2024
	RM'000	RM'000	RM'000
Revenue	49,369	41,597	30,316
PAT/(LAT)	5,559	3,963	(3,212)

As illustrated above, CLT's revenue has been declining from RM49.37 million (FYE 31 March 2022) to RM41.60 million (FYE 31 March 2023) and RM30.32 million (15-month FPE 30 June 2024). Similarly, CLT's PAT has been decreasing from RM5.56 million (FYE 31 March 2022) to RM3.96 million (FYE 31 March 2023) and had subsequently recorded LAT of RM3.21 million (15-month FPE 30 June 2024).

The table below sets out CLT's revenue and PAT/(LAT) contribution to the Genetec Group for the FYE 31 March 2022, FYE 31 March 2023 and 15-month FPE 30 June 2024.

Group's revenue by segments	Audited					
	FYE 31 March 2022 (Restated)		FYE 31 March 2023 (Restated)		15-month FPE 30 June 2024	
	RM'000	%	RM'000	%	RM'000	%
E-mobility & e-storage	247,132	85.3	199,181	82.6	320,726	92.4
Hard disc drive	39,314	13.6	38,596	16.0	7,202	2.1
Consumer goods & healthcare	3,418	1.1	3,227	1.4	19,075	5.5
Total Group's revenue	289,864	100.0	241,004	100.0	347,003	100.0
<u>CLT's contribution</u>						
<i>E-mobility & e-storage</i>	-	-	-	-	-	-
<i>Hard disc drive</i>	37,272	94.8	36,950	95.7	6,843	95.0
<i>Consumer goods & healthcare</i>	1,930	56.5	1,187	36.8	18,619	97.6
Total CLT's contribution	39,202	13.5	38,137	15.8	25,462	7.3

Group's PAT/(LAT) by segments	Audited					
	FYE 31 March 2022 (Restated)		FYE 31 March 2023 (Restated)		15-month FPE 30 June 2024	
	RM'000	%	RM'000	%	RM'000	%
E-mobility & e-storage	73,122	94.1	47,789	92.4	88,022	104.1
Hard disc drive	3,982	5.1	3,334	6.4	(775)	(0.9)
Consumer goods & healthcare	611	0.8	604	1.2	(2,697)	(3.2)
Total Group's PAT/(LAT)	77,715	100.0	51,727	100.0	84,550	100.0
<u>CLT's contribution</u>						
<i>E-mobility & e-storage</i>	-	-	-	-	-	-
<i>Hard disc drive</i>	3,394	85.2	2,948	88.4	(874)	112.8
<i>Consumer goods & healthcare</i>	183	30.0	126	20.9	(2,823)	104.7
Total CLT's contribution	3,577	4.6	3,074	5.9	(3,697)	(4.4)

(Source: Management)

As illustrated above, it is noted that the contribution from Genetec's e-mobility and e-storage segment (i.e. EV and ES segments) have been the primary revenue and profit contributor to the Group. On the contrary, the contribution from hard disc drive segment and consumer goods & healthcare segment have been declining year on year. We take cognisance of the Management's representation that, over the last 3 years, Genetec Group had focused on its EV and ES segments and moving forward, will continue to focus its resources on this segment. It is also noted that the Group's hard disc drive segment and consumer goods and healthcare segment are predominantly contributed by CLT. CLT's contribution to the Group's hard disc drive segment and consumer goods and healthcare segment revenue ranging from 94.8% to 95.7% and 36.8% to 97.6% respectively, over the last 3 financial years/period. In addition to that, it is noted that CLT contributed 85.2% and 88.4% to the Group's profit from the hard disc drive segment for the FYE 31 March 2022 (Restated) and FYE 31 March 2023 (Restated), respectively. In the same financial years, CLT also contributed 30.0% and 20.9% to the Group's profit from the consumer goods and healthcare segment. For the 15-month FPE 30 June 2024, the Group's losses in both the hard disc drive segment and consumer goods and healthcare segment were primarily attributable to CLT's losses which accounted for 112.8% and 104.7% of the Group's losses respectively.

We note that Genetec had acquired its 51% stake in CLT back in 2010 for a total consideration of RM26.66 million, and had then recorded goodwill of RM20.56 million pursuant to the acquisition. We note that in May 2014, CLT had capitalised the amount of owing to Genetec (RM4.59 million), TMT (RM4.05 million) and Koh Toong Chuh (RM0.36 million) by issuing 9,000,000 new CLT shares. Following this capitalisation, Genetec's equity interest in CLT remains at 51%. Genetec had subsequently impaired the aforementioned goodwill in the FYE 31 March 2017 (RM5.00 million), FYE 31 March 2019 (RM5.00 million) and FYE 31 March 2020 (RM5.50 million), due to significant decrease in sales orders of CLT at the material time. As at 30 June 2024, we note that the remaining goodwill relating to Genetec's investment in CLT amounts to RM5.06 million.

We note that moving forward, the Group's intention is to focus its resources on its businesses that have higher profitability and/or growth potential such as its EV and ES segments.

The recent fluctuations of the USD:MYR exchange rates is expected to create a challenging operating environment for CLT moving forward. We understand from the Management that approximately 70.0% of the sales and 20.0% of the purchases of CLT are transacted in USD. We further understand from the Management that any weakening of the USD against the MYR may require CLT to try and increase the value of its USD sales to mitigate the impact of the declining USD. Nevertheless, CLT may receive pushbacks from customers for such price increase. As for its purchases, CLT's suppliers may try to mitigate their positions by raising prices in USD which may further compress CLT's margins. For information, during the 15-month FPE 30 June 2024, CLT recorded unrealised losses and realised gain in foreign currency exchange of RM0.06 million and RM0.82 million, respectively.

Upon completion of the Proposed Disposal, CLT will no longer be a subsidiary of the Group. We wish to highlight that whilst CLT has recognised losses in the latest 15-month FPE 30 June 2024 and that CLT's financial performance may be adversely affected by the aforementioned challenges to its operating environment, it may appear beneficial for Genetec to cease consolidating CLT as part of Genetec Group upon completion of the Proposed Disposal. However, shareholders should note that there is no assurance that CLT will continue to register losses and in the event CLT registers profits post-completion of the Proposed Disposal, the Group will also cease to consolidate such profits moving forward.

(ii) Streamline the Group's business activities to focus on the EV and ES segments

As illustrated above, the Group's revenue from its EV and ES segments have been its largest contributor for the past 3 financial years/period. We take cognisance of the Management's view that the EV and ES segments have significant room for growth and are expected to continue to be key drivers for the Group's growth in the near future. In this respect, we note the Group's plan to concentrate and focus its resources on its EV and ES segments.

We note that the Proposed Disposal will enable the Group to realise the value of its investment in CLT and utilise the proceeds to amongst others, fund the Group's purchase of raw materials such as fastener, connector and connector pin for the Group's manufacturing in the EV and ES segments.

We further understand that Genetec has not received any prior offer or have any present offer for its stake in CLT apart from the offer from TMT. We wish to highlight that the existing terms of the shareholders agreement entered into between TMT, Koh Toong Chuh and Genetec on 15 July 2010 stipulates a first right of refusal by the other parties in the event one party wishes to sell and/or transfer CLT shares. As such, the Proposed Disposal represents an opportunity for Genetec to realise its investment in CLT to a shareholder of CLT, i.e. TMT.

Premised on the above, we are of the opinion that the rationale for the Proposed Disposal is reasonable. Nevertheless, you should note that the potential benefits arising from the Proposed Disposal, are subject to certain risk factors as disclosed in Section 5, Part A of the Circular as well as Section 7.5 of this IAL.

7.2 Basis and justification of arriving at the Disposal Consideration

We have considered the basis and justifications of the Disposal Consideration as set out in Section 2.2 of Part A of this Circular:

“The Disposal Consideration was arrived at on a “willing-buyer willing-seller” basis between our Company and the Purchaser. In arriving the Disposal Consideration, our Board has considered, amongst others, the following:

- (i) *the adjusted audited NA of CLT as at 30 June 2024 of approximately RM21.63 million as follows:*

	RM'000
Audited NA of CLT as at 30 June 2024	31,916
Add: Revaluation surplus ⁽¹⁾	10,491
Adjusted audited NA of CLT as at 30 June 2024	42,407
Share of our Group's 51% equity interest in CLT	21,628

Notes:

- (1) *Being the surplus of market value of the CLT Property of RM24.00 million as appraised by the Valuer as at 10 October 2024, over total audited NBV of the CLT Property as at 30 June 2024 of approximately RM13.51 million as detailed below:*

Component	(A)	(B)	(C) = (A) – (B)
	Market value (RM'000)	NBV as at 30 June 2024 (RM'000)	Revaluation surplus (RM'000)
(i) Building	13,600	13,509	10,491
(ii) Land	10,400		
Total	24,000	13,509	10,491

The surroundings of CLT Property consist of detached, semi-detached, terrace factories, vacant industrial lands, 3 and 4-storey shop offices, housing areas, hypermarkets and shopping malls. CLT Property is also accessible via public transportation such as the RapidKL Light Railway Transit (“LRT”) Kelana Jaya Line stations located along Persiaran Kewajipan. The nearest station is Taipan LRT Station, which is located approximately 1.5km away to the west of CLT Property.

Based on the Valuer's opinion, the cost approach is the most suitable valuation method in arriving at the market value of the CLT Property as it is a factory built for specific purpose. In cost approach to valuation, comparison approach was adopted as the valuation method for the land which entails the analysis of sales of similar land use in the surrounding areas. The Valuer has made the necessary adjustments in deriving the market value of the land such as amongst others, time factor, location, land use, size (land area), shape, terrain and tenure. Meanwhile, the factory building is valued based on the current cost depreciated for age, condition and obsolescence.

The aggregate of the land value and the building value is the market value of the CLT Property. The Valuer has adopted only one valuation approach which is the cost approach valuation method as this method has taken into consideration of the differences of the value of the detached factories in the same location varies depending on the land size and factory size.

Further details on the CLT Property are set out in **Part A, Section 2.4** of this Circular.

- (ii) *the deteriorating financial performance of CLT as set out in **Appendix II** of this Circular; and*
- (iii) *the rationale and benefits for the Proposed Disposal which is set out in **Part A, Section 4** of this Circular.”*

The revaluation surplus of RM10.49 million was derived based on the market value ascribed by the Valuer via its Valuation Report dated 10 October 2024 of which the findings are summarised in the valuation certificate appended as Appendix IV of this Circular.

For the purpose of evaluating the fairness of the Disposal Consideration, we have relied on the Valuation Report. You are advised to read our comments below and refer to the valuation certificate.

Our comments:

In evaluating the basis of the Disposal Consideration for the 51.0% equity interest in CLT, we have considered various methodologies commonly used for valuation, inter alia, relative valuation methodology, discounted cash flow (“**DCF**”) methodology and RNAV methodology. In arriving at the valuation of CLT, we are of the opinion that the RNAV methodology is the most suitable valuation methodology based on the following considerations:

- (i) We have considered relative valuation methodology to benchmark an asset (including companies or shares) based on the valuation of similar companies considered to be comparable to CLT. We have considered if it is appropriate to use an earnings-based valuation such as P/E multiple or EV/EBITDA multiple valuation in assessing the Disposal Consideration.

Nevertheless, an earnings-based valuation approach is appropriate in circumstances where the company is profitable and/or have a positive EBITDA. In this respect, we note that CLT had recorded losses for the trailing 12-months FPE 30 June 2024. Premised on the above, we are of the opinion that the earnings based valuation approach is not suitable to evaluate the Disposal Consideration pursuant to the Proposed Disposal;

- (ii) We have also considered the DCF methodology whereby the time value of money and the projected net cash flow generated from CLT’s business operations are discounted at a specified discount rate to derive at the valuation of CLT. Based on our discussions with the Management, we understand that CLT’s orderbook is primarily based on purchase orders placed by customers and thus the Management is unable to reasonably ascertain the certainty of cashflows over a prescribed period. We further understand that the Management has not prepared cashflow projections for purposes of the Proposed Disposal. Therefore, we are of the opinion that the DCF methodology is not a suitable basis to determine the fair value of CLT; and
- (iii) CLT owns a significant portion of assets in the form of land and buildings, i.e. CLT Property, of which the carrying value constitutes approximately 27.9% of total assets as at 30 June 2024. In addition, we also note that approximately 58.4% of CLT assets comprise current assets such as inventories, contract assets, trade and other receivables, as well as cash and bank balances with licensed financial institutions, of which the carrying amount is reasonably expected to approximate the fair values.

In view of the aforementioned, we are of the opinion that the RNAV methodology is the most appropriate methodology to adopt in assessing the Disposal Consideration. The RNAV methodology is a commonly adopted valuation methodology in approaching valuations of predominantly asset-based companies which seeks to adjust the net asset value of a company by taking into consideration the valuation of assets of the company to determine the adjusted value of a company.

With regards to the assessment of the Disposal Consideration inter alia, the Proposed Disposal, we have adopted the following assumptions in respect of CLT:-

- (i) CLT will continue to operate on a going concern basis;
- (ii) the revalued CLT Property is in good condition;
- (iii) the revalued CLT Property is able to maintain its full revalued value and that there is no evidence and/or factors requiring an impairment on such revalued value;
- (iv) there are no breaches of relevant laws, regulations, rules and requirements on the CLT Property;
- (v) all required licences, certificates of occupancy, legislative or administrative consents or approvals from local and/or state authorities or the government have been or can be obtained for use on which the market value is based on; and
- (vi) there will be no material change in the Malaysian economic conditions and regulatory requirements.

As at 30 June 2024, CLT has an audited NA of RM31.92 million and total assets of RM48.46 million. We set out below the composition of the assets of CLT as at 30 June 2024:

	Note	RM'000	% over total assets
Non-current assets			
Property, plant and equipment ("PPE")	(1)	20,138	41.6
Current assets			
Inventories	(2)	320	0.7
Contract assets	(3)	6,521	13.4
Trade and other receivables	(4)	11,206	23.1
Cash and bank balances	(5)	10,273	21.2
Total Assets		48,458	100.0

Notes:

(1) PPE

The breakdown of CLT's PPE is as follows:

	RM'000	% of total PPE	% of total assets
Right-of-use assets	13,595	67.5	28.1
Plant and machineries	5,512	27.4	11.4
Motor vehicles	575	2.9	1.2
Electrical equipment, renovation, furniture and fittings	456	2.2	0.9
Total	20,138	100.0	41.6

The abovementioned PPE are measured at costs less accumulated depreciation and accumulated impairment loss, if any. The carrying value of the components of the PPE above approximate their fair value except for the CLT Property which is classified as a right-of-use asset with a NBV of RM13.51 million.

On 1 October 2024, the Management had appointed W M Malik as the Valuer to conduct valuation of the CLT Property. Based on the valuation as at 10 October 2024 as appraised by the Valuer, the market value of the CLT Property amounts to RM24.00 million.

We have reviewed the qualifications of the Valuer. The valuation certificate and valuation report were prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and Malaysian Valuation Standard issued by the Board of Valuer, Appraisers, Estate Agents and Property Managers Malaysia with necessary professional responsibility and due diligence. We are of the view that the valuation methodology adopted is reasonable, appropriate and consistent with generally applied valuation methodologies. In addition, we are also satisfied with the reasonableness of the key bases and assumptions adopted by the Valuer.

We note that the CLT Property is a purpose built factory and is being used for CLT's operations. As such, the comparison approach and income approach may not be appropriate to value the CLT Property. Accordingly, the Valuer had adopted the cost approach in arriving at the market value of the CLT Property as the sole valuation approach as the value of detached factories in the same location varies depending on land size and factory size. The cost approach takes into consideration these differences.

In the cost approach, the land is valued using the comparison method which entails analysis of sales of comparable lands, making adjustments for factors which affect value, namely time, location, land use, size (land area), shape, terrain and tenure. The building is valued based on current cost depreciated for age, condition and obsolescence, if any.

The aggregate of the land value and the building value is the market value of the CLT Property. The Valuer had ascribed a market value to the CLT Property as follows:

	<u>Market value</u>
Land value	RM10,400,000.00
Building value	RM13,600,000.00
Total	<u>RM24,000,000.00</u>

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Land Value

We note that the Valuer has used the comparison method to value the land of the CLT Property. The comparison method benchmarks against the sales of similar properties in the open market. The characteristics, merits and demerits of these properties are noted and appropriate adjustments thereof are then made to arrive at the value of the subject property. In assessing the required adjustments to the comparables, consideration is given to differences, such as amongst others, size, tenure, location, timing of transaction and occupancy. Generally, an upward adjustment is made to the comparable in situations the subject property is superior to the comparable and in converse, a downward adjustment is made to the comparable in situations the subject property is less superior to the comparable.

Set out below are information of sale evidences used by the Valuer in the comparison method for valuing the land of the CLT Property and we note that the Valuer had made net adjustments of +30.0% for Comparable 1, -10.0% for Comparable 2 and -5.0% for Comparable 3. A summary of the rationale of the said adjustments is as follows:-

	Comparable 1	Comparable 2	Comparable 3
Address/ Location	Lots PT 870 & 871, Jalan Subang 8, Taman Perindustrian Subang, Subang Jaya, Selangor Darul Ehsan	Lot 549, Jalan Subang 2, Taman Perindustrian Subang, Subang Jaya, Selangor Darul Ehsan	Lot 868, Jalan Subang 8, Taman Perindustrian Subang, Subang Jaya, Selangor Darul Ehsan
Tenure	Leasehold 99 years expiring on 27 August 2068 (about 44 years of unexpired term)	Freehold	Freehold
Transaction date	8 February 2021	2 April 2019	7 February 2018
Land area	319,897 sq. ft.	130,674 sq. ft.	159,629 sq. ft.
Analysis price per sq. ft.	RM82.50 per sq. ft.	RM45.92 per sq. ft.	RM95.00 per sq. ft.
Time	+3.0% Upward adjustment of 1% for each year from the year of date of sale to the date of valuation.	+4.0% Upward adjustment of 1% for each year from the year of date of sale to the date of valuation. No time adjustment made for calendar year 2020 and 2021 as the property market was slow due to Covid-19.	+5.0% Upward adjustment of 1% for each year from the year of date of sale to the date of valuation. No time adjustment made for calendar year 2020 and 2021 as the property market was slow due to Covid-19.
Price per sq. ft. (after time adjustment)	RM91.24 per sq. ft.	RM56.11 per sq. ft.	RM126.84 per sq. ft.

	Comparable 1		Comparable 2		Comparable 3	
Adjustments:						
Location	+5.0%	Upward adjustment as Comparable 1 is located at Jalan Subang 8, Taman Perindustrian Subang, an internal road whereas CLT Property is facing a main road.	+5.0%	Upward adjustment as Comparable 2 is located at Jalan Subang 2, Taman Perindustrian Subang, facing internal road whereas CLT Property is facing a main road.	+5.0%	Upward adjustment as Comparable 3 is located at Jalan Subang 2, Taman Perindustrian Subang, facing internal road whereas CLT Property is facing a main road.
Size	+20.0%	Upward adjustment as Comparable 1 has a bigger land area by 3.68 times as compared to CLT Property.	+5.0%	Upward adjustment as Comparable 2 has a bigger land area by 1.5 times as compared to CLT Property.	+10.0%	Upward adjustment as Comparable 3 has a bigger land area by 1.83 times as compared to CLT Property.
Tenure	+5.0%	Upward adjustment as CLT Property has unexpired term of 66 years as compared to Comparable 1 with 44 years unexpired term.	-20.0%	Downward adjustment as Comparable 2 is a freehold land.	-20.0%	Downward adjustment as Comparable 3 is a freehold land.
Adjusted value	RM118.62 per sq. ft.		RM50.50 per sq. ft.		RM120.49 per sq. ft.	

(Source: Valuation Report)

We have taken note of the adjustments made to the comparables by the Valuer and consider these adjustments reasonable. Based on the Valuer's analysis, the Valuer is of the opinion that Comparable 1 is the best comparable as it is the most recent transaction.

Based on the comparison method, the Valuer had ascribed a market value of RM10.40 million to the land of the CLT Property.

In addition to the Comparable 1, 2 and 3 sets out above, we note that the Valuer has also taken into consideration 3 other recent sales of similar properties within the subject area that occurred in 2022 and 2023. However, these transactions were excluded from the comparables for valuing the land of the CLT Property. This was due to two of the transactions involved much smaller land sizes and one transaction, being a share sale transaction, which transacted at a significantly lower price per sq. ft.

For clarification, there have been no similar transactions in 2024.

We have reviewed and are satisfied with the bases and assumptions used by the Valuer in deriving the valuation for the land. As such, we are of the view that the valuation of the land is fair and reasonable, and have relied upon the valuation of the land conducted by the Valuer.

Building Value

In determining the value of the building, current estimates on construction costs to build similar building were adopted. Adjustments are then made for depreciation, condition and obsolescence, if any.

We note that the Valuer had relied on the Juru Ukur Bahan Malaysia (“**JUBM**”) Construction Cost Handbook Malaysia 2024 (latest available publication) which provides construction data on similar buildings as a basis of determining the CLT Property’s building construction cost.

Construction cost for Kuala Lumpur	Minimum (RM per sq. ft.)	Maximum (RM per sq. ft.)
Industrial		
- Owner operated factories, low rise	183	232
- Light duty flatted factories	152	179
Office/ Commercial		
- Average standard office, high rise	255	337

(Source: JUBM Construction Cost Handbook Malaysia 2024)

The Valuer have adopted the following construction costings for the building:

Buildings	Construction costings (RM per sq. ft.)
1-storey detached factory	240
3-storey office annex	175
Guard house, refuse chamber, water pump room	100

The Valuer had taken into consideration the following:-

Assumption	Our comments
Construction costs	<p><u>1-storey detached factory</u> Based on JUBM Construction Cost Handbook Malaysia 2024, the Valuer has adopted the rate of RM240.00 per sq. ft. after adding approximately 5% to RM232 per sq. ft. to include site formation works, external works and professional fees considering the high loading capacity and power supply design of the detached factory.</p> <p><u>3-storey office annex</u> Based on JUBM Construction Cost Handbook Malaysia 2024, the Valuer has adopted the rate of RM175.00 per sq. ft. after discounting about 30.0% of RM255.00 per sq. ft. considering the standard low rise design of the office annex.</p> <p><u>Guard house, refuse chamber, water pump room</u> Based on JUBM Construction Cost Handbook Malaysia 2024, the Valuer has adopted the rate of RM100.00 per sq. ft. after discounting about 35.0% of RM152.00 per sq. ft. considering the basic simple design and specifications of the buildings.</p> <p>Premised on the above, we are of the opinion that the construction costs adopted are fair and reasonable.</p>

Assumption	Our comments																												
Total depreciation rate of 11.0%	<p>The Valuer has adopted the depreciation rate of 11.0% on the total construction cost to arrive at the value of the building. The depreciation rate in the context carries the meaning of obsolescence allowance to reflect the current condition of the building as opposed to the depreciation rate in accounting practices, where the monetary value of an asset decreases over time due to wear and tear or obsolescence, such decrease is measured as depreciation. Based on the current age of the building of 11 years old, the Valuer adopted 11.0% (i.e. 1.0% per annum) as the physical depreciation rate.</p> <p>Based on our discussion with the Management, the CLT Property's building is depreciated at an annual depreciation rate of 2.0%. Based on the current age of the building of 11 years old and assuming the building's accumulated depreciation rate is 22.0%, the accumulated depreciation of the building may be RM3,361,808 (total development cost of RM15,280,945 * 22.0%). Assuming an additional depreciated value of RM1,680,904 on the CLT Property, the market value of the CLT Property could be RM22,464,526. Accordingly, the Disposal Consideration may represent a net premium of RM1.88 million^(a) or 8.7% over the RNAV of CLT.</p> <p>We opine that the Management's annual depreciation rate of 2.0% is a more reasonable assumption rate, considering that the Management being the party running the operations, will be more familiar with the physical wear as well as functional obsolescence over the building's lifespan given that the factory is for high-intensity use. As disclosed in Appendix II of this Circular, for the past 3 financial years from FYE 31 March 2022 to 15-month FPE 30 June 2024, the utilisation rates of the CLT's industrial factory, i.e. CLT Property ranges from 61% to 84% for parts fabrication machines and 100% for the system assembly machines.</p> <p>Premised on the above, whilst we are of the opinion that the depreciation rate at 1.0% per annum is not reasonable, the impact is beneficial to Genetec.</p> <p>Note (a)</p> <table border="1" data-bbox="592 1305 1353 1442"> <thead> <tr> <th></th> <th>(A)</th> <th>(B)</th> <th>(C) = (A) – (B)</th> </tr> <tr> <th></th> <th>Proforma market value (RM'000)</th> <th>NBV as at 30 June 2024 (RM'000)</th> <th>Revaluation surplus (RM'000)</th> </tr> </thead> <tbody> <tr> <td>CLT Property</td> <td>22,465</td> <td>13,509</td> <td>8,956</td> </tr> </tbody> </table> <table border="1" data-bbox="592 1473 1353 1780"> <thead> <tr> <th></th> <th>RM'000</th> </tr> </thead> <tbody> <tr> <td>Audited NA of CLT as at 30 June 2024</td> <td>31,916</td> </tr> <tr> <td>Add: Revaluation surplus</td> <td>8,956</td> </tr> <tr> <td>Less: Deferred tax liabilities at the rate of 24%⁽¹⁾</td> <td>(2,149)</td> </tr> <tr> <td>Adjusted audited NA of CLT as at 30 June 2024</td> <td>38,723</td> </tr> <tr> <td>Share of our Group's 51% equity interest in CLT</td> <td>19,749</td> </tr> <tr> <td>(Less) Disposal Consideration</td> <td>21,628</td> </tr> <tr> <td>Proforma premium</td> <td>1,879 (8.7%)</td> </tr> </tbody> </table> <p>Note:- (1) Assuming the revaluation surplus of the CLT Property is subject to a deferred tax liability of 24%.</p>		(A)	(B)	(C) = (A) – (B)		Proforma market value (RM'000)	NBV as at 30 June 2024 (RM'000)	Revaluation surplus (RM'000)	CLT Property	22,465	13,509	8,956		RM'000	Audited NA of CLT as at 30 June 2024	31,916	Add: Revaluation surplus	8,956	Less: Deferred tax liabilities at the rate of 24% ⁽¹⁾	(2,149)	Adjusted audited NA of CLT as at 30 June 2024	38,723	Share of our Group's 51% equity interest in CLT	19,749	(Less) Disposal Consideration	21,628	Proforma premium	1,879 (8.7%)
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A summary of the cost approach is tabulated below:

Description	Size	RM per sq. ft.	RM	RM
Buildings				
- 1-storey detached factory	38,068.00	240	9,136,320	
- 3-storey office annex	34,923.00	175	6,111,525	
- Guard house	64.00	100	6,400	
- Refuse chamber	150.00	100	15,000	
- Water pump room	117.00	100	11,700	
Total development cost				15,280,945
Less: Depreciation @ 11.0%				(1,680,904)
Add: Land Value	87,119.91	120		10,454,389
Market value				24,145,430
Rounding				24,000,000

Despite that the depreciation rate at 1.0% per annum is not reasonable based on our assessment, we note the impact is favourable to Genetec. Accordingly, we are of the view that the market value of RM24.00 million, as ascribed by the Valuer for the CLT Property using the cost approach, is fair and reasonable. Further details of the valuation of CLT Property are set out in the valuation certificate in Appendix IV of this Circular.

(2) Inventories

Inventories consist of raw materials of which the carrying amount approximates the fair value.

(3) Contract Assets

Contract assets relating to construction service contract, of which the carrying amount approximated the fair value.

(4) Trade and other receivables

The trade and other receivables mainly consist of trade receivables and other receivables (comprises sundry receivables, refundable deposits and prepayments), of which the carrying amount approximates the fair value.

(5) Cash and bank balances

The cash and bank balances consist of cash balances and deposits with licensed financial institutions, of which the carrying values approximate their fair value as they are short-term and liquid in nature.

Based on discussion with the Management, as at 30 June 2024, there are no further assets, liabilities and/or contingent liabilities which needs to be recognised which will materially affect the net assets of CLT.

Based on the audited NA of CLT as at 30 June 2024, the RNAV of CLT is as follows:

Description	RM'000
Audited NA of CLT as at 30 June 2024	31,916
Add: Revaluation surplus	10,491
RNAV of CLT as at 30 June 2024	42,407
Share of Genetec Group's 51% equity interest in CLT	21,628

We note that Genetec Group recognises the CLT Property at cost less accumulated depreciation and any accumulated impairment losses. We further note that the purpose of valuing the CLT Property is solely for the Proposed Disposal. We understand that the revaluation surplus of the CLT Property of RM10.49 million derived based on the market value shall not be recognised and thus will not give rise to deferred tax impact.

We note that in the event the CLT Property is revalued in the books, the revaluation surplus may be subject to a deferred tax liability of 24%. The net revaluation surplus would amount to RM7.97 million after accounting for the deferred tax impact. Accordingly, the RNAV of CLT and the share of Genetec Group's 51% equity interest in CLT may amount to RM39.89 million and RM20.34 million respectively. In such circumstances, the Disposal Consideration of RM21.63 million may thus represent a net premium of RM1.29 million or 6.34% over the RNAV of CLT of RM20.34 million.

Premised on the above, we are of the opinion that the Disposal Consideration of RM21.63 million is fair and reasonable.

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7.3 Salient terms of the SSA

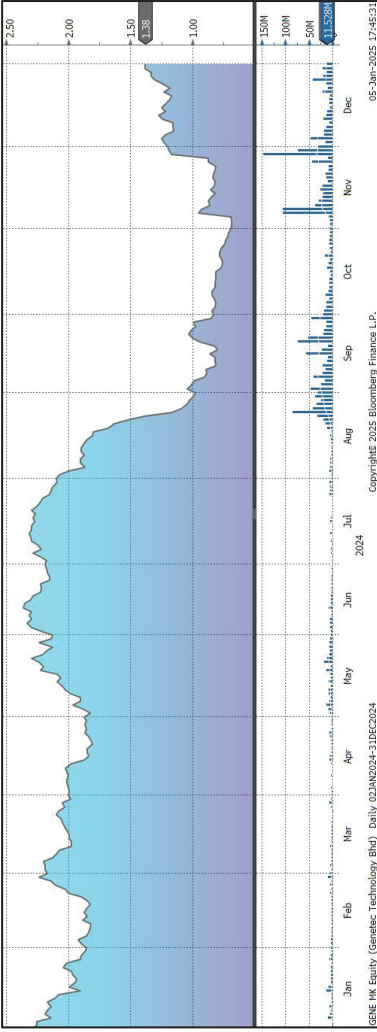
No.	Salient terms	Our comments
1.	<p>Sale and Purchase of the Sale Shares</p> <p><i>Subject to and upon the terms and conditions set forth in the SSA, our Company, as registered and beneficial owner, shall sell, and the Purchaser shall purchase, the Sale Shares.</i></p>	<p>This term is reasonable as it sets out the obligation of both parties to complete the Proposed Disposal.</p>
2.	<p>Conditions Precedent</p> <p>2.1 <i>The obligations of our Company and the Purchaser (collectively, the “Parties”) contemplated in the SSA are conditional upon the following being fulfilled or obtained by 28 February 2025, or such later date as may be decided upon by our Company at our sole discretion:-</i></p> <ul style="list-style-type: none"> (i) <i>our Company having obtained the approval of our Board to dispose the Sale Shares to the Purchaser upon the terms of the SSA and to execute the SSA and other ancillary documents;</i> (ii) <i>the approval of the federal, state or local government, statutory or other quasi-government or regulatory authority or body having jurisdiction or authority to grant such approval (“Relevant Authorities”) for the disposal of the Sale Shares by our Company to the Purchaser, if any;</i> (iii) <i>the clearance from Bursa Securities in relation to the issuance of circular to our shareholders;</i> 	<p>We note that the Parties have until 28 February 2025 (unless extended by Genetec) to fulfil the Conditions Precedent. This clause sets a timeline for the parties to secure the necessary approvals and confirmations to facilitate the Proposed Disposal. In the event the Conditions Precedent are not met within the prescribed timeline, either party can terminate the SSA.</p> <p>The Conditions Precedent generally relates to customary approvals required from relevant parties and/or authorities to give effect of the Proposed Disposal.</p> <p>Premised on the above, we are of the opinion that this term is reasonable.</p>

No.	Salient terms	Our comments
	<p>(iv) the approval of existing lenders of CLT on the disposal of the Sale Shares by our Company to the Purchaser or change of shareholding. For the avoidance of doubt, the Parties shall procure CLT to attend to the fulfilment of this condition precedent;</p> <p>(v) our Company having obtained the approval of our shareholders to dispose the Sale Shares to the Purchaser upon the terms of the SSA;</p> <p>(vi) the waiver of the pre-emptive rights by Koh Toong Chuh pursuant to the shareholders agreement dated 15 July 2010 entered between our Company, the Purchaser, Koh Toong Chuh and CLT; and</p> <p>(vii) the approval of any other parties or persons mutually agreed in writing to be deemed necessary by the Parties mutually, if any.</p> <p>For information purposes, as at the LPD, the conditions set out in Sections 2.1(i), 2.1(ii), 2.1(iii) and 2.1(vii) of this Appendix I have been deemed fulfilled. The SSA is pending the fulfilment of the conditions set out in Sections 2.1(iv), 2.1(v) and 2.1(vi) of this Appendix I.</p> <p>Note: Condition precedent Section 2.1(vi) has been included in the SSA because all the shareholders of CLT have been accorded a pre-emptive right to any sale of CLT's existing shares pursuant to the shareholders agreement dated 15 July 2010 (between the shareholders of CLT). Pursuant to the</p>	

No.	Salient terms	Our comments
	<p>pre-emptive rights, the transfer of the Sale Shares by our Company to the Purchaser shall also be offered to Koh Toong Chuh (the other shareholder of CLT), hence our Company is procuring Koh Toong Chuh to waive her pre-emptive rights in order for us to sell the entire Sale Shares to the Purchaser in accordance with the terms of the shareholders agreement dated 15 July 2010.</p> <p>2.2 If on the expiry of the 28 February 2025, or such later date as may be decided upon by our Company at our sole discretion, any of the conditions precedent referred to in Section 2.1 of this Appendix I have not been fulfilled, obtained or waived, then either party shall be entitled to terminate the SSA by giving a notice of termination to the other party, and thereafter, the Parties shall not have any further rights under the SSA except in respect of –</p> <p>(i) any obligation under the SSA which is expressed to apply after the termination of the SSA; and</p> <p>(ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SSA to a party prior to such termination.</p> <p>2.3 In the event all the conditions precedent referred to in Section 2.1 of this Appendix I have not been fulfilled by 28 February 2025, our Company has the sole discretion to extend the period for the fulfilment of all the conditions precedent. However, no penalty will be</p>	

No.	Salient terms	Our comments
3.	<p data-bbox="161 1256 217 1827">imposed on our Company for any such extension.</p> <p data-bbox="248 1585 280 1888">Disposal Consideration</p> <p data-bbox="312 1256 400 1888"><i>The Disposal Consideration shall be paid by the Purchaser to our Company in cash in the following manner:</i></p> <ul style="list-style-type: none"> <li data-bbox="432 1256 520 1888"><i>(i) Simultaneously upon execution of the SSA, the Purchaser shall pay the Deposit to our Company's bank account as set out therein.</i> <li data-bbox="552 1256 919 1888"><i>(ii) The Purchaser shall pay the Completion Sum to our Company's bank account, on or prior to the Completion Date. Simultaneously with the payment of the Completion Sum, the Purchaser shall pledge the Pledged Shares to our Company's nominated escrow account maintained with a central depository or such depository agent designated under Section 40 of the Securities Industry (Central Depositories) Act 1991 in accordance with Section 4 of this Appendix I, as security for repayment of the Post-Completion Sum.</i> <li data-bbox="951 1256 1038 1888"><i>(iii) The Purchaser shall pay the Post-Completion Sum to our Company's bank account, on or prior to the Post-Completion Sum Date.</i> <li data-bbox="1070 1256 1321 1888"><i>(iv) In addition, the Purchaser further undertakes and covenants that in the event that the Purchaser shall fail, neglect or refuse to make any of the abovementioned payments to our Company within the stipulated timeframe, the Purchaser shall be liable to pay to our Company a late payment interest at the rate of 8% per annum on the outstanding sum due and</i> 	<p data-bbox="312 199 368 1245">This clause details the timing, steps and obligations of TMT's payment terms to complete the Proposed Disposal.</p> <p data-bbox="432 248 464 1245">We note that the Disposal Consideration will be paid by TMT to Genetec as follows:-</p> <ul style="list-style-type: none"> <li data-bbox="496 248 528 1245">(i) 10.0% equivalent to RM2,162,756 simultaneously upon execution of the SSA; <li data-bbox="560 248 592 1245">(ii) 52.4% equivalent to RM11,337,244 upon completion of the Proposed Disposal; and <li data-bbox="624 248 711 1245">(iii) 37.6% equivalent to RM8,127,559 on or prior to 30 June 2026 or such other date as may be solely decided by the Company after the completion of the Proposed Disposal. <p data-bbox="743 199 799 1245">The payment of approximately 10.0% deposit upon the signing of the SSA is common for such transactions.</p> <p data-bbox="831 199 887 1245">We note that Genetec would have received 62.4% of the Disposal Consideration at the point the Proposed Disposal is completed.</p> <p data-bbox="919 199 1134 1245">We note that the balance Disposal Consideration of RM8.13 million is to be settled by TMT on or prior to 30 June 2026 (or such other date as may be solely decided by the Company) post completion of the Proposed Disposal. Nevertheless, we note that the balance Disposal Consideration of RM8.13 million is secured via the Pledged Shares and any potential shortfall shall be claimable from TMT. Our assessment on the deferred Disposal Consideration and the Pledged Shares are set out in item 4 of this Section 7.3 below.</p> <p data-bbox="1166 199 1321 1245">In addition, TMT further undertakes and covenants that in the event that he shall fail, neglect or refuse to make any of the payments to Genetec within the stipulated timeframe, he shall be liable to pay to Genetec a late payment interest at the rate of 8% per annum on the outstanding sum due and payable accruing from the due date until full payment is made, notwithstanding Genetec's rights on the Pledged Shares.</p>

No.	Salient terms	Our comments
	<p>payable accruing from the due date until full payment is made, provided always that nothing contained in this paragraph shall prejudice any other rights or remedies which may be available to our Company under the SSA or at law or in equity (including the right to call upon the Pledged Shares and to deal with the same in accordance with Section 4 of this Appendix I).</p> <p>In the event that the Purchaser fails to pay the Post-Completion Sum to our Company within 60 days from the Post-Completion Sum Date ("Post-Completion Sum Payment Appendix I Deadline"), Section 4(iv) of this Appendix I shall be applicable.</p> <p>(v) For the avoidance of doubt, the Purchaser shall remain liable to pay to our Company the late payment interest arising from the delay in the payment of the Post-Completion Sum until the full settlement of the Post-Completion Sum, notwithstanding the enforcement of the Pledged Shares in accordance with Section 4(iv) of this Appendix I.</p>	<p>We are of the view that the late payment interest at the rate of 8.0% per annum on the outstanding sum due is reasonable for transactions of such nature. The interest rate of 8.0% is considered favourable to Genetec as compared against the prevailing interest rates of 3.0% to 4.0% per annum for deposits placements of up to 12 months with financial institutions.</p> <p>We further note as stated in item 6.1 and 6.2 below of this Section 7.3, the Parties shall be entitled to terminate the SSA at any time prior to the SSA becoming unconditional. Nevertheless, we wish to highlight that the SSA does not provide for termination or rescission of the Proposed Disposal upon all the Conditions Precedent are fulfilled or waived. We understand that this arrangement is intended to reaffirm the Parties' commitment to ensuring the completion of the Proposed Disposal.</p> <p>Premised on the above, we are of the opinion that this term is reasonable.</p>
4.	<p>Pledge of Shares</p> <p>(i) Upon payment of the Completion Sum, the Purchaser shall simultaneously pledge the Pledged Shares as security for the payment of the Post-Completion Sum. For the avoidance of doubt, the Parties agree that the pledge of the Pledged Shares is solely for security purposes and does not transfer any ownership or beneficial rights. All rights attached to the Pledged Shares (including but not limited to all dividends and distributions (whether declared or undeclared), voting rights and any other rights), shall remain fully vested in the</p>	<p>We note that the balance Disposal Consideration of RM8,127,559 payable by TMT on or prior to 30 June 2026 but after the completion of the Proposed Disposal is interest free. We understand that this is a negotiated term between the Parties.</p> <p>We take cognisance that for the purposes of securing the due and punctual payment by TMT for the remaining RM8.13 million Disposal Consideration within the prescribed timeframe, TMT shall pledge a total of 15.0 million Genetec Shares owned by him to the Company in an escrow account until the balance payment is made. In addition, TMT further undertakes to pay to Genetec a late payment interest of 8.0% per annum on the outstanding sum due and payable accruing from the due date (i.e. 30 June 2026) until full payment is made, notwithstanding Genetec's rights on the Pledged Shares.</p>

No.	Salient terms	Our comments
	<p>Purchaser, except to the extent required to enforce the security as further provided in the SSA.</p> <p>(ii) In this respect, the Purchaser shall execute all documents or security documents deemed required by our Company and take all necessary actions to effect the pledge of the Pledged Shares, including but not limited to, if deemed necessary by our Company, transferring the Pledged Shares to our Company's nominated escrow account, wherein all trading of the Pledged Shares shall be conducted through the stockbrokers appointed by our Company in the event of the security being called upon.</p> <p>(iii) Until full payment of the Post-Completion Sum is received by our Company, the Purchaser shall not, without the prior written consent of our Company, grant or agree to grant any third party right in respect of the Pledged Shares or assign or agree to assign or dispose or agree to dispose of or grant any option in respect of the Pledged Shares or any part of the Pledged Shares or otherwise encumber, deal or dispose of the same in any manner whatsoever.</p> <p>(iv) In the event that the Purchaser fails to pay the Post-Completion Sum by the Post-Completion Sum Payment Deadline pursuant to Section 3(iv) of this Appendix I, our Company shall have the right to enforce the pledge by:</p> <p>(a) authorising the stockbroker of the escrow account to sell, transfer, or otherwise dispose of such number of Pledged Shares necessary to cover the unpaid</p>	<p>We note that based on the last transacted price of a Genetec Share of RM1.38 on LPD, the Pledged Shares have a value of RM20.70 million. As such the Pledged Shares have a buffer (i.e. excess value) of RM12.57 million or approximately 154.7% over the value of the RM8.13 million balance Disposal Consideration.</p> <p>We have evaluated the historical traded share prices and liquidity of Genetec Shares since for the last 1 year up to LPD.</p> <p><u>Historical Traded Share Prices of Genetec Shares</u></p>  <p>(Source: Bloomberg)</p> <p>For the past 1 year up to LPD, Genetec Shares traded between RM0.660 (1 November 2024) to RM2.421 (12 June 2024).</p>

No.	Salient terms	Our comments																																
	<p>portion of the Post-Completion Sum and any costs incurred by our Company in enforcing the pledge, with the proceeds to be utilised against the unpaid amount, in accordance with applicable laws;</p> <p>(b) in the event that the proceeds from the sale of the Pledged Shares are insufficient to cover the unpaid balance of the Post-Completion Sum and any costs incurred by our Company in enforcing the pledge, the Purchaser shall top up the Post-Completion Shortfall within 30 days from his receipt of notice from our Company; and</p> <p>(c) in the event the Purchaser fails to top up the Post-Completion Shortfall within the prescribed timeframe, our Company shall retain all proceeds from the sale of the Pledged Shares as part payment towards the Post-Completion Sum. The remaining balance due (after deducting the proceeds) shall constitute a debt due and owing from the Purchaser to our Company, which shall be payable by the Purchaser to our Company, failing which the Purchaser shall be liable to pay to our Company a late payment interest at the rate of 8% per annum on the remaining shortfall due and payable accruing from the due date until full payment is made.</p> <p>(v) Upon our Company's receipt of the Post-Completion Sum in our bank account within the stipulated timeframe, the Pledged Shares shall be released to the Purchaser immediately. Our Company shall:</p>	<p>The historical volume weighted average market price ("VWAMP") up to 4 November 2024, being the last full trading day prior to the announcement of the Proposed Disposal ("LTD") and LPD of Genetec Shares are as follows:</p> <table border="1" data-bbox="279 616 587 1243"> <thead> <tr> <th></th> <th>Share Price RM</th> </tr> </thead> <tbody> <tr> <td>Up to and including LTD</td> <td></td> </tr> <tr> <td>Closing market price</td> <td>0.6850</td> </tr> <tr> <td>5-day VWAMP</td> <td>0.6913</td> </tr> <tr> <td>1-month VWAMP</td> <td>0.7742</td> </tr> <tr> <td>3-month VWAMP</td> <td>1.0120</td> </tr> <tr> <td>6-month VWAMP</td> <td>1.2246</td> </tr> <tr> <td>12-month VWAMP</td> <td>1.3744</td> </tr> </tbody> </table> <table border="1" data-bbox="619 616 927 1243"> <thead> <tr> <th></th> <th>Share Price RM</th> </tr> </thead> <tbody> <tr> <td>Up to and including LPD</td> <td></td> </tr> <tr> <td>Closing market price</td> <td>1.3800</td> </tr> <tr> <td>5-day VWAMP</td> <td>1.3412</td> </tr> <tr> <td>1-month VWAMP</td> <td>1.2603</td> </tr> <tr> <td>3-month VWAMP</td> <td>1.0102</td> </tr> <tr> <td>6-month VWAMP</td> <td>1.0664</td> </tr> <tr> <td>12-month VWAMP</td> <td>1.2341</td> </tr> </tbody> </table> <p>(Source: Bloomberg)</p>		Share Price RM	Up to and including LTD		Closing market price	0.6850	5-day VWAMP	0.6913	1-month VWAMP	0.7742	3-month VWAMP	1.0120	6-month VWAMP	1.2246	12-month VWAMP	1.3744		Share Price RM	Up to and including LPD		Closing market price	1.3800	5-day VWAMP	1.3412	1-month VWAMP	1.2603	3-month VWAMP	1.0102	6-month VWAMP	1.0664	12-month VWAMP	1.2341
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	<p>(a) procure the stockbroker to release the pledge over the Pledged Shares to the Purchaser; and</p> <p>(b) execute any necessary documentation to effect the release of the pledge, including notifying Relevant Authorities to reflect the release of the pledge.</p>	<p>Historical volatility of Genetec Shares</p> <table border="1" data-bbox="215 257 933 1243"> <thead> <tr> <th data-bbox="215 801 279 1243"></th> <th data-bbox="215 577 279 801">Total monthly volume traded No. of shares</th> <th data-bbox="215 257 279 577">Monthly volume traded over free float⁽ⁱ⁾ %</th> </tr> </thead> <tbody> <tr> <td data-bbox="279 801 311 1243">2024</td> <td data-bbox="279 577 311 801"></td> <td data-bbox="279 257 311 577"></td> </tr> <tr> <td data-bbox="311 801 343 1243">January</td> <td data-bbox="311 577 343 801">91,030,000</td> <td data-bbox="311 257 343 577">14.86</td> </tr> <tr> <td data-bbox="343 801 375 1243">February</td> <td data-bbox="343 577 375 801">63,640,000</td> <td data-bbox="343 257 375 577">10.39</td> </tr> <tr> <td data-bbox="375 801 406 1243">March</td> <td data-bbox="375 577 406 801">48,220,000</td> <td data-bbox="375 257 406 577">7.87</td> </tr> <tr> <td data-bbox="406 801 438 1243">April</td> <td data-bbox="406 577 438 801">59,050,000</td> <td data-bbox="406 257 438 577">9.64</td> </tr> <tr> <td data-bbox="438 801 470 1243">May</td> <td data-bbox="438 577 470 801">148,350,000</td> <td data-bbox="438 257 470 577">24.22</td> </tr> <tr> <td data-bbox="470 801 502 1243">June</td> <td data-bbox="470 577 502 801">48,040,000</td> <td data-bbox="470 257 502 577">7.84</td> </tr> <tr> <td data-bbox="502 801 534 1243">July</td> <td data-bbox="502 577 534 801">59,830,000</td> <td data-bbox="502 257 534 577">9.77</td> </tr> <tr> <td data-bbox="534 801 566 1243">August</td> <td data-bbox="534 577 566 801">369,190,000</td> <td data-bbox="534 257 566 577">60.28</td> </tr> <tr> <td data-bbox="566 801 598 1243">September</td> <td data-bbox="566 577 598 801">543,600,000</td> <td data-bbox="566 257 598 577">88.76</td> </tr> <tr> <td data-bbox="598 801 630 1243">October</td> <td data-bbox="598 577 630 801">182,550,000</td> <td data-bbox="598 257 630 577">29.81</td> </tr> <tr> <td data-bbox="630 801 662 1243">November</td> <td data-bbox="630 577 662 801">736,510,000</td> <td data-bbox="630 257 662 577">120.26</td> </tr> <tr> <td data-bbox="662 801 694 1243">December</td> <td data-bbox="662 577 694 801">331,020,000</td> <td data-bbox="662 257 694 577">54.05</td> </tr> <tr> <td data-bbox="694 801 726 1243">Simple average⁽ⁱⁱ⁾</td> <td data-bbox="694 577 726 801">223,419,167</td> <td data-bbox="694 257 726 577">36.48</td> </tr> <tr> <td data-bbox="726 801 758 1243">Average monthly trading liquidity of Kuala Lumpur Industrial Production Index ("KLPI") for the past 12 months up to December 2024⁽ⁱⁱⁱ⁾</td> <td data-bbox="726 577 758 801"></td> <td data-bbox="726 257 758 577">11.85</td> </tr> </tbody> </table> <p>(Source: Bloomberg)</p> <p>Notes:-</p> <p>(i) Free float estimated based on 612,420,745 Genetec Shares in issue as at the LPD after excluding Genetec Shares held by Directors, Directors of Genetec's subsidiaries, substantial shareholders of Genetec, and persons connected and associated to the Directors and substantial shareholders of Genetec.</p> <p>(ii) Computed based on the simple average of the monthly volume traded over the free float of Genetec Shares from January 2024 to December 2024.</p>		Total monthly volume traded No. of shares	Monthly volume traded over free float ⁽ⁱ⁾ %	2024			January	91,030,000	14.86	February	63,640,000	10.39	March	48,220,000	7.87	April	59,050,000	9.64	May	148,350,000	24.22	June	48,040,000	7.84	July	59,830,000	9.77	August	369,190,000	60.28	September	543,600,000	88.76	October	182,550,000	29.81	November	736,510,000	120.26	December	331,020,000	54.05	Simple average ⁽ⁱⁱ⁾	223,419,167	36.48	Average monthly trading liquidity of Kuala Lumpur Industrial Production Index ("KLPI") for the past 12 months up to December 2024 ⁽ⁱⁱⁱ⁾		11.85
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No.	Salient terms	Our comments
		<p>(iii) Computed based on a simple average of the index's total value traded per month divided by the aggregate market value of the free float of all companies within the index at the end of the respective months.</p> <p>Over the last 12 months up to December 2024, Genetec Shares were more liquid as compared to the KLIPI. We note that the monthly trading volume of Genetec Shares is higher than the total Pledged Shares.</p> <p>In the event that TMT fails to pay the remaining RM8.13 million within 60 days from 30 June 2024 (or such other date as may be solely decided by the Company), Genetec has the right to enforce the pledge by authorising the stockbroker of the escrow account to sell the Pledged Shares in the open market.</p> <p>We note that the SSA does not cater for a top-up mechanism should the value of the Pledged Shares falls below RM8.13 million. Nonetheless, Genetec is entitled to claim from TMT any balance Disposal Consideration not settled via the disposal of the Pledged Shares.</p> <p>Nevertheless, the Company should be mindful of possible downward pressure on Genetec Share prices as a result of disposing a large quantum of shares within a short timeframe.</p> <p>Premised on the above, we are of the opinion that this term is reasonable.</p>
5.	<p>Completion</p> <p>5.1 <i>Our Company shall, 14 days prior to the Completion Date, prepare and deliver to our Company's solicitors, amongst others, the original share certificates relating to the Sale Shares and the duly signed (but undated) share transfer form in respect of all of the Sale Shares in favour of the Purchaser. The Purchaser (via its company secretary) shall, 14 days prior to the Completion Date, prepare and deliver to our Company's solicitors, amongst others, the duly executed (but undated) resolution of the board</i></p>	<p>This term is reasonable for transactions of similar nature.</p>

No.	Salient terms	Our comments
	<p>of directors of CLT approving the transfer of the Sale Shares from our Company to Purchaser.</p> <p>5.2 The Completion shall take place at the registered office of CLT or at any other venue to be decided by our Company on the Completion Date.</p> <p>5.3 On the Completion Date, subject to the Purchaser having complied with his obligations under Section 3(ii) of this Appendix I by settling the Completion Sum in full and in accordance with the provisions thereof:-</p> <p>(i) our Company's solicitors shall deliver to the Purchaser's Solicitors or the company secretary of CLT (for the purpose of completing the transfer of the Sale Shares), amongst others, duly completed and signed share transfer form in favour of the Purchaser, in respect of the Sale Shares, together with the duly sealed original share certificates in relation thereto;</p> <p>(ii) the Parties shall procure a board of directors' resolution by CLT approving, amongst others, resignation of Chin Kem Weng and Sow Ewe Lee as directors of CLT, mandates given by CLT to its bankers are revised wherein the signatory shall be the Purchaser or any person(s) nominated by the Purchaser; and</p> <p>(iii) in the period between the date of the SSA and Completion, no facts or circumstances arising, which have caused or are likely to cause a material adverse effect in</p>	

No.	Salient terms	Our comments
	<p>accordance with the terms and conditions set out in the SSA in relation to CLT or our Company, as applicable.</p> <p>5.4 Upon Completion, the Purchaser shall immediately procure the release of our Company from any guarantees given on behalf of or for the benefit of CLT (including but not limited to the corporate guarantees provided by our Company to the existing lenders) in respect of the banking facilities granted for the benefit of CLT) and to discharge all third party charges granted by our Company for the benefit of CLT and shall indemnify our Company against all liabilities arising after Completion in respect of any such guarantees; and pending the release of any such guarantees, the Purchaser shall indemnify and keep our Company fully and effectively indemnified from and against all claims, costs, damages, or penalties which may be brought, suffered or levied against CLT arising under such guarantee (if any) as a result of any default by CLT after the Completion.</p> <p>5.5 Notwithstanding the above, the Parties agree that non-payment of the Post-Completion Sum shall not constitute an event of termination. In such an event, the following shall occur:</p> <ul style="list-style-type: none"> (i) Completion shall not be affected, and all monies paid in respect of the Sale Shares shall not be refunded; and (ii) our Company shall be entitled to deal with the Pledged Shares in accordance with Section 4(iv) of this Appendix I. The proceeds from the disposal of the Pledged Shares shall be treated as part payment of 	

No.	Salient terms	Our comments
	<p>the Post-Completion Sum, and any remaining balance shall constitute a debt owing from the Purchaser to our Company, secured by the Pledged Shares, including any Post-Completion Shortfall after such proceeds are applied. For the avoidance of doubt, the obligation of the Purchaser to pay the Post-Completion Sum shall remain enforceable in such event.</p>	
6.	<p>Default and termination</p> <p>6.1 The Purchaser shall be entitled to issue a notice of termination to our Company if, at any time prior to the date upon which the SSA becomes unconditional:-</p> <p>(i) our Company commits any continuing or material breach of any of our obligations under the SSA which is incapable of remedy or if capable of remedy, is not remedied within 14 days of it being given notice so to do; or</p> <p>(ii) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made for the winding up of our Company; or</p> <p>(iii) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of CLT or our Company.</p>	<p>We note that TMT shall be entitled to issue a Notice of Termination to Genetec, and vice versa, at any time prior to the Unconditional Date. Following the issuance of a Notice of Termination by any of the Parties, Genetec shall refund and repay to TMT any and all other moneys received by Genetec pursuant to the SSA, failing which Genetec shall pay TMT late payment interest at the rate of 8% per annum on the outstanding sum due and payable accruing from the due date until full payment is made. The late payment interest payable by Genetec in the event of delay in payment due is similar to the 8% interest payable by TMT in the event of delay of any payment due as set out in item 4(iv)(c) above. As both Parties are subject to similar terms, this term is reasonable.</p> <p>We also note that in the event a Notice of Termination was given by Genetec to TMT due to the non-payment of Post-Completion Sum, the Completion shall not be effected, of which all monies paid in respect of the Sale Shares shall not be refunded; and Genetec shall be entitled to deal with the Pledged Shares, including but not limited to forfeiting all proceeds arising from the disposal of the Pledged Shares as liquidated ascertained damages.</p> <p>As mentioned above, the SSA does not provide for termination or rescission of the proposal upon all the Conditions Precedent are fulfilled or waived. We understand that this arrangement is intended to reaffirm the Parties' commitment to ensuring the completion of the Proposed Disposal.</p> <p>Premised on the above, we are of the opinion that the term is reasonable.</p>

No.	Salient terms	Our comments
	<p>6.2 Our Company shall be entitled to issue a notice of termination to the Purchaser if, at any time prior to the date upon which the SSA becomes unconditional:-</p> <p>(i) the Purchaser commits any breach of any of his obligations under the SSA which is incapable of remedy or if capable of remedy, is not remedied within 14 days of him being given notice so to do;</p> <p>(ii) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made for the bankruptcy of the purchaser;</p> <p>(iii) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of the Purchaser; or</p> <p>(iv) any of the warranties given by the Purchaser is found at any time to be untrue or inconsistent;</p> <p>of which the Deposit paid to our Company shall be forfeited as liquidated ascertained damages.</p> <p>6.3 Following the giving of a notice of termination under Section 6.1 and 6.2 of this Appendix I, the Purchaser shall, within 14 days from the date of the notice of termination, return to our Company all documents delivered to him by or on behalf of our Company and in exchange, our Company shall return to the Purchaser all documents delivered to them by or on behalf of</p>	

No.	Salient terms	Our comments
	<p>the Purchaser and procure that CLT shall return to the Purchaser all such documents.</p> <p>6.4 Our Company and the Purchaser shall be entitled to issue a notice of termination to the other party if, at any time prior to Completion, the due completion of the sale, purchase or transfer of the Sale Shares pursuant to the SSA is prohibited by any applicable law or regulation or in consequence of any order or directive of any court (other than arising from breach on the part of any party of the terms of the SSA). Following the giving of a notice of termination by reason of the aforementioned, the Purchaser shall, within 14 days from the date of the notice of termination, return to our Company all documents delivered to him by or on behalf of our Company. In exchange, our Company shall return to the Purchaser all documents delivered to them by or on behalf of the Purchaser, procure that CLT shall return to the Purchaser all such documents, and refund and repay to the Purchaser any and all other moneys received by or on behalf of our Company.</p> <p>6.5 Following the giving of a notice of termination under any of the provisions of the SSA, neither of the Parties shall thereafter have any further rights or obligations under the SSA to the other party, except in respect of their respective obligations under Section 6.3 and 6.4 of this Appendix I, any rights or obligations under the SSA which are expressed to apply after the termination of the SSA, and any rights or obligations which have accrued in respect of any breach of any of the provisions of the SSA to any party prior to such termination.</p>	

No.	Salient terms	Our comments
6.6	<p>Notwithstanding the foregoing provisions of Section 6 of this Appendix I, the Parties shall be at liberty to take such action in law as may be necessary to compel the defaulting party by way of specific performance to complete the transaction contemplated in the SSA (in which respect the alternative remedy of monetary compensation shall not be regarded as compensation or sufficient compensation for any default of a party in the performance of the terms and conditions herein) or to claim damages for the breach of the defaulting party.</p>	
7.	<p>Governing Laws</p> <p>The SSA is governed by and construed in accordance with the laws of Malaysia.</p>	-

Premised on the above, we are of the opinion that the salient terms of the SSA are reasonable and not detrimental to the interest of the non-interested shareholders of Genetec.

7.4 Effects of the Proposed Disposal

In our evaluation, we have also considered the financial effects arising from the Proposed Disposal as set out in Section 6 of Part A of this Circular:

(i) Share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the Company's issued share capital and substantial shareholders' shareholdings as the Proposed Disposal do not involve or result in any change to the number of issued Genetec Shares.

(ii) NA, NA per Genetec Share and gearing

We note that the Proposed Disposal will result in a RM0.21 million decrease in the Group's NA mainly as a result of the of the net impact from the gain arising from the Proposed Disposal of approximately RM0.29 million and negating the estimated expenses for the Proposed Disposal of approximately RM0.50 million. Accordingly, the NA per Genetec Share will decrease marginally.

The gearing of the Group will decrease from 0.05 times to 0.03 times upon the completion of the Proposed Disposal as the Group will cease to consolidate CLT's loans and borrowings of approximately RM7.96 million.

(iii) Earnings and EPS

PAT attributable to owners of our Company for the 15-month FPE 30 June 2024	RM'000
Audited 15-month FPE 30 June 2024	86,124
<u>Add/(Less):-</u>	
- Losses attributable to owners of the Company recorded by CLT from 1 April 2023 to 30 June 2024	1,638
- Proforma gain on disposal	291
- Estimated expenses for the Proposed Disposal	(500)
After the Proposed Disposal	87,553

As set out above, we note that the illustrative effects to the earnings of Genetec Group after the Proposed Disposal (based on the Group's audited 15-month FPE 30 June 2024) will result in an increase in earnings by approximately RM1.43 million.

Based on the above, we are of the view that the financial effects of the Proposed Disposal are not detrimental to the interest of the non-interested shareholders of Genetec.

7.5 Risk factors of the Proposed Disposal

In evaluating the Proposed Disposal, you should carefully consider the potential risk factors as set out in Section 5 of Part A of this Circular before voting on the resolution pertaining to the Proposed Disposal at the Company's forthcoming EGM.

We note that the risks associated with the Proposed Disposal are the typical risks associated with disposal transactions.

(i) Contractual risk

The Company has given representations, warranties and undertakings as set out in the SSA in favour of the Purchaser. In this regard, the Company may be subject to claims in accordance with the terms and conditions of the SSA for the breach of representations, warranties and/or undertakings given by the Company.

Nevertheless, the Board and the Management will endeavour to ensure compliance with its obligations under the SSA in order to minimise the risk of any breach of representations, warranties and/or undertakings committed by the Company.

(ii) Non-completion of the Proposed Disposal

The SSA is conditional upon fulfilment of the conditions precedent set forth therein, as detailed in Appendix I of this Circular. There is no assurance that all the conditions precedent can be fulfilled and that the Proposed Disposal can be completed within the time period permitted under the SSA. In the event that any of the conditions precedent is/are not fulfilled and/or waived within the stipulated time period set out in the respective agreement, the Proposed Disposal may be delayed or terminated.

In this regard, the Board shall take reasonable steps to ensure that the conditions precedent are met within the time period stipulated in the SSA in order to complete the Proposed Disposal.

(iii) Loss of potential higher value of CLT

The Disposal Consideration is based on the adjusted audited NA of CLT as at 30 June 2024, which in turn is based on the audited NA of CLT as at 30 June 2024 and the market value of CLT Property as appraised by the Valuer as at 10 October 2024.

As such, the Company will not be able to benefit from any potential increase in values of CLT's NA and CLT Property in the future after the completion of the Proposed Disposal.

Notwithstanding the above, there is no guarantee that the Group will be able to secure purchasers for the CLT Property at higher values and/or the NA of CLT will increase in the future.

(iv) Downward pressure on the Company's share price pursuant to the disposal of Pledged Shares

The risk of downward pressure on the Company's share price arises if the Purchaser unable to fulfil his obligations to repay the remaining balance of the Post-Completion Sum and the Company exercises its rights to sell the Pledged Shares to recover the Post-Completion Sum.

Notwithstanding that the Group and Purchaser has mutually agreed that the Post-Completion Sum to be paid by 30 June 2026, representing approximately 20 months from the date of SSA to enable the Purchaser to arrange for his financing and fulfill his obligations, there is no assurance that the Purchaser is able to settle the Post-Completion Sum on time and for the Group not to exercise its rights to sell the Pledged Shares in the open market.

(v) Loss of potential future earnings of CLT

Upon completion of the Proposed Disposal, CLT will no longer be a subsidiary of the Group and as such, the Company would lose a source of revenue and potential profit contribution from CLT if CLT is able to turnaround its financial performance in the future despite CLT recorded LAT of approximately RM3.21 million for the 15-month FPE 30 June 2024.

In addition, as the proceeds from the Disposal Consideration will be utilised for, amongst others, purchase of raw materials in the EV and ES segments, there is no assurance that the return arising from the proceeds utilised in the EV and ES segments will be greater than the loss of future earnings of CLT.

We wish to highlight that although measures and efforts would be taken by the Group to mitigate the aforementioned risks in relation the Proposed Disposal, no assurance can be given that one or a combination of the risk factors as stated above will not occur and give rise to material adverse impact on the business operations of the Group, its financial performance, financial position or prospects thereon after the Proposed Disposal.

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8. EVALUATION OF THE PROPOSED DISPOSAL

Our opinion and recommendation contained in this IAL are addressed to the non-interested shareholders of Genetec at large and not to any particular shareholder. Accordingly, we have not taken into consideration any specific investment objectives of any individual or any specific group of shareholder(s). We recommend that any individual shareholder or any specific group of shareholder who may require advice in the context of their objectives, financial situation and particular needs should consult their respective professional advisers immediately.

We have assessed and evaluated the Proposed Disposal after taking into consideration the various factors set out below and you should also carefully consider these factors before voting on the resolutions pertaining to the Proposed Disposal at the Company's forthcoming EGM:

- (i) rationale for the Proposed Disposal;
- (ii) basis and justification for the Disposal Consideration;
- (iii) salient terms of the SSA;
- (iv) effects of the Proposed Disposal; and
- (v) risk factors in relation to the Proposed Disposal.

Based on our overall assessment and evaluation of the information available to us up to the LPD of the Proposed Disposal, we are of the opinion that the Proposed Disposal is **fair and reasonable** and **not detrimental** to your interest.

Accordingly, we recommend that you to **vote in favour** of the ordinary resolution pertaining to the Proposed Disposal to be tabled at the Company's forthcoming EGM.

Yours faithfully,
for and on behalf of
Malacca Securities Sdn. Bhd.

JASON CHAN
Co-Head
Corporate Finance

DARREN KOH
Vice President
Corporate Finance

PART C

**STATEMENT TO SHAREHOLDERS IN RELATION TO
THE PROPOSED SHARE BUY-BACK**

PART C**STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED SHARE BUY-BACK**

1.	INTRODUCTION	60
2.	DETAILS OF THE PROPOSED SHARE BUY-BACK	61
3.	RATIONALE	64
4.	POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK	64
5.	EFFECTS OF THE PROPOSED SHARE BUY-BACK	65
6.	CONVERTIBLE SECURITIES	69
7.	OUTSTANDING CORPORATE EXERCISES	69
8.	APPROVALS REQUIRED AND CONDITIONALITY	69
9.	HISTORICAL SHARE PRICES	69
10.	INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM	69
11.	DIRECTORS' RECOMMENDATION	70
12.	EGM	70
13.	FURTHER INFORMATION	70



GENETEC TECHNOLOGY BERHAD
(Registration No. 199701030038 (445537-W))
(Incorporated in Malaysia)

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Lot 7, Jalan P10/11, Seksyen 10
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43650 Bandar Baru Bangi
Selangor Darul Ehsan
Malaysia

17 January 2025

Board of Directors

Allen Lik-Hook Ting (*Chairman and Independent Non-Executive Director*)
Chin Kem Weng (*Managing Director*)
Sow Ewe Lee (*Executive Director*)
Ong Phoe Be (*Independent Non-Executive Director*)
Dato' Jeeventhiran A/L Ramanaidu (*Independent Non-Executive Director*)
Ong Siew Min (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/Madam,

PROPOSED SHARE BUY-BACK

1.0 INTRODUCTION

1.1 On 26 November 2024, the Board announced to Bursa Securities that our Company proposed to seek our shareholders' approval for the Proposed Share Buy-Back.

The purpose of this Statement is to provide you with the details of the Proposed Share Buy-Back together with the recommendation of the Board and to seek your approval on the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming EGM.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS STATEMENT BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK.

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2.0 DETAILS OF THE PROPOSED SHARE BUY-BACK

2.1 Details of the Proposed Share Buy-Back

The Board proposes to seek the shareholders' approval for the authority and mandate for our Company to purchase our own Shares for an aggregate amount of up to ten per cent (10%) of the total number of issued shares of our Company at any point in time during the period the authority is granted. The Proposed Share Buy-Back is subject to compliance with Sections 112, 113 and 127 of the Act, Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines and requirements governing the same at the time of purchase.

The Proposed Share Buy-Back and/or resale of its Treasury Shares shall only be effected on the market of Bursa Securities via its Automated Trading System and shall exclude any Direct Business Transactions and On-Market Married Transactions as defined in accordance with the Listing Requirements. Our Company shall ensure that all dealing(s) in our own Shares/Purchased Shares are made through stockbroker(s) appointed by our Company.

The mandate from our shareholders for the Proposed Share Buy-Back, if granted, will be effective immediately after the passing of the ordinary resolution pertaining thereto at the forthcoming EGM of our Company and shall continue to be in force until:

- (a) the conclusion of the next AGM of our Company following the general meeting at which such resolution was passed at which time the said authority will lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of our Company after that date is required by law to be held; or
- (c) the authority is revoked or varied by ordinary resolution passed by our shareholders in a general meeting,

whichever occurs first.

The approval from our shareholders for the Proposed Share Buy-Back does not impose an obligation on our Company to purchase our own Shares. Rather, it will allow the Board to exercise the power of our Company to purchase our own Shares at any time within the abovementioned time period.

The purchase of such Shares will be carried out through Bursa Securities via stockbrokers appointed by our Company.

2.2 Quantum

As at LPD, the total number of issued shares of our Company was 784,891,380. The Proposed Share Buy-Back will enable our Company to purchase not more than ten per cent (10%) of the issued shares of our Company at any point in time.

The actual number of the Shares to be purchased by our Company pursuant to the Proposed Share Buy-Back, will depend on the total amount of funds involved for each purchase and the timing of the purchase(s) will depend on inter-alia, the market conditions and sentiments of the stock market as well as the availability of financial resources of our Company and the availability of the retained profits of our Company. Nevertheless, our Company is required to comply with the Listing Requirements to maintain at least 25% public shareholding spread.

2.3 Funding

The maximum amount of funds to be utilised by our Company for the purchase of our own Shares shall not exceed the total amount of its retained profits at the Company level. Our Company will ensure that there are sufficient retained profits at any time of purchase of our own Shares and will not result in insolvent or its capital being impaired. Based on the latest audited financial statements, our Company's retained profits were approximately RM215.3 million as of 30 June 2024, while the unaudited financial results as of 30 September 2024 reported retained profits of approximately RM205.1 million.

The funding for the Proposed Share Buy-Back will be sourced from internally generated funds and/or bank borrowings. The proportion of the funding will depend on the quantum of purchase consideration as well as the availability of internally generated funds and borrowings and repayment capabilities of our Company at the time of purchase. In the event the Proposed Share Buy-Back is to be partly or wholly financed by bank borrowings, the Board will ensure that our Company will have sufficient funds to repay such borrowings and that the repayment would not have any material effect on the cash flow of our Company. Our Company shall satisfy the solvency test before execution of the Proposed Share Buy-Back pursuant to Section 112(2) of the Act.

2.4 Treatment of Purchased Shares

In accordance with Section 127(4) of the Act, the Board may deal with the Purchased Shares, at their discretion, in the following manner:-

- (a) cancel the Purchased Shares;
- (b) retain the Purchased Shares as Treasury Shares; or
- (c) retain part of the Purchased Shares as Treasury Shares and cancel the remainder.

Accordingly, based on Section 127(7) of the Act, where such Purchased Shares are held as Treasury Shares, the Board may, at their discretion:-

- (a) distribute the Purchased Shares as dividends to our shareholders, such dividends to be known as “share dividends”;
- (b) resell the Purchased Shares or any of the Purchased Shares in accordance with the relevant rules of Bursa Securities;
- (c) transfer the Purchased Shares or any of the Purchased Shares for the purposes of or under an employees’ share scheme;
- (d) transfer the Purchased Shares or any of the Purchased Shares as purchase consideration;
- (e) cancel the Purchased Shares or any of the Purchased Shares; or
- (f) sell, transfer or otherwise use the Purchased Shares for such other purposes as the Minister may by order prescribe.

As at the date of this Statement, the Board has yet to make any decision with regard to the treatment of the Purchased Shares and will take into consideration the effects of such treatment on our Group in arriving at its decision. An immediate announcement will be made to Bursa Securities and relevant authorities in respect of the Board’s decision on the treatment of the Purchased Shares in compliance with the Listing Requirements and the Act.

Pursuant to Section 127(8) of the Act, in the event the Purchased Shares are held as Treasury Shares, the rights attached to them in relation to voting, dividends and participation in any other distribution, whether cash or otherwise, of our Company’s assets (including any distribution of assets upon winding-up of our Company) would be suspended. In accordance with Section 127(9) of the Act, the Treasury Shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in our Company for any purposes including the determination of substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution(s) at shareholders’ meetings.

2.5 Purchase/Resale Price

Pursuant to Paragraph 12.17 of the Listing Requirements, our Company may only purchase our own Shares on Bursa Securities at a price which is not more than 15% above the VWAMP of the Shares for the five (5) Market Days immediately before the purchase(s).

Pursuant to Paragraph 12.18 of the Listing Requirements, our Company may only resell or transfer the Treasury Shares on Bursa Securities at:-

- (a) a price which is not less than the VWAMP for the Shares for the five (5) Market Days immediately before the resale or transfer; or
- (b) a discounted price of not more than 5% to the VWAMP for the Shares for the five (5) Market Days immediately before the resale or transfer provided that:-
 - (i) the resale or transfer takes place no earlier than thirty (30) days from the date of purchase; and
 - (ii) the resale or transfer price is not less than the cost of purchase of the Purchased Shares being resold or transferred.

2.6 Public Shareholding Spread

The Proposed Share Buy-Back will be carried out in accordance with Section 127 of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of purchase including compliance with the 25% public shareholding spread requirement as set out under Paragraph 8.02(1) of the Listing Requirements.

As at the LPD, the public shareholding spread of our Company based on 784,891,380 Shares was approximately 78.03%.

The Board undertakes that the Proposed Share Buy-Back will be implemented in a manner that will not result in a breach of Paragraph 12.14 of the Listing Requirements, which states that a listed corporation must not purchase its own shares on Bursa Securities if that purchase(s) will result in the listed corporation being in breach of the public shareholding spread requirement as required by the Listing Requirements.

2.7 Implication of the Code

Pursuant to the Code, a person and any parties acting in concert with him/her/them will be required to make a mandatory offer for the remaining Shares not already owned by him/her/them if his/her/their stake in the Company is increased to beyond thirty three percent (33.0%) or if his/her/their shareholdings is between thirty three percent (33.0%) and fifty percent (50.0%) and increases by another two percent (2.0%) in any six (6) months period.

However, an exemption from mandatory offer obligation may be granted by the SC under the Code subject to the parties acting in concert complying with the conditions stipulated in the Code.

As it is not intended for the Proposed Share Buy-Back to trigger the obligation to undertake a mandatory offer under the Code by any of our Company's Substantial Shareholders and/or parties acting in concert with them, the Board will ensure that only such number of Shares to be purchased, retained as Treasury Shares, cancelled or distributed pursuant to the Proposed Share Buy-Back, would not result in triggering any mandatory offer obligation on the part of our Company's Substantial Shareholders and/or parties acting in concert with them. In this connection, the Board is mindful of the Listing Requirements when making any purchase of the Shares pursuant to the Proposed Share Buy-Back.

Based on the shareholdings of the Substantial Shareholders of our Company as at LPD and assuming the Proposed Share Buy-Back is carried out in full, none of the Substantial Shareholders together with any person acting in concert with them will trigger a mandatory general offer under the Code.

2.8 Previous Purchase, Resale, Transfer and Cancellation of Treasury Shares

Our Company does not have an existing authority to purchase our own Shares. Hence, our Company does not undertake any share buy-back and there was no purchase, resale, transfer or cancellation of Treasury Shares for the past twelve (12) months preceding the LPD.

3.0 RATIONALE

The implementation of the Proposed Share Buy-Back, if and when our Company deems appropriate, would enable our Company to utilise its surplus financial resources not immediately required for use, to purchase our own Shares at prices which the Board views as favourable. Depending on the funding cost for the purchase of such Shares, the Proposed Share Buy-Back may strengthen the EPS of our Company and if so, it is expected to benefit our shareholders. With the Purchased Shares to be held as Treasury Shares, such shares may potentially be resold on Bursa Securities at a higher price and therefore realising a potential gain in reserves. The Treasury Shares may also be distributed to our shareholders as share dividends, this would serve as a reward to our shareholders.

4.0 POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

The potential advantages of the Proposed Share Buy-Back are as follows:-

- (a) allow our Company to take preventive measures against speculation particularly when the Shares are undervalued, which would, in turn, stabilise the market price of the Shares and hence investors' confidence;
- (b) enable our Company to utilise its financial resources more efficiently especially where there is no immediate use and it may strengthen the consolidated EPS of our Group;
- (c) if the Purchased Shares are retained as Treasury Shares, it will provide the Board with an option to sell the Purchased Shares at a higher price and therefore make a gain for our Company; and
- (d) the Treasury Shares may be distributed as share dividends to shareholders as a reward to our shareholders.

The potential disadvantages of the Proposed Share Buy-Back are as follows:-

- (a) reduction of the financial resources of our Company available for distribution to our shareholders in the foreseeable future;
- (b) resultant opportunity costs for our Company as better investment opportunities may be foregone in the future with the reduction in financial resources of our Group available upon implementation of the Proposed Share Buy-Back; and
- (c) deprive our Group of interest income that can be derived from the funds utilised for the Proposed Share Buy-Back. Further, if the Proposed Share Buy-Back is financed via bank borrowings, our Group would have to service interest obligations.

The Proposed Share Buy-Back, however, is not expected to have any potential material disadvantages to our Company and our shareholders, as it will be exercised only after in-depth consideration of the financial resources of our Company which need to be balanced against investment opportunities and other proposals that can enhance the value to our shareholders. The Board is mindful of the interest of our Company and our shareholders in undertaking the Proposed Share Buy-Back and will be prudent with respect to the above exercise.

5.0 EFFECTS OF THE PROPOSED SHARE BUY-BACK

The effects of the Proposed Share Buy-Back on the share capital, earnings and EPS, NA and gearing, working capital, dividends, shareholdings of Directors and Substantial Shareholders of our Company and convertible securities are set out below.

5.1 Share capital

The effect of the Proposed Share Buy-Back on the issued shares of our Company will depend on whether the Purchased Shares are cancelled or retained as Treasury Shares. The Proposed Share Buy-Back will result in a reduction of the issued shares of our Company if the Purchased Shares are cancelled.

On the assumption that the Proposed Share Buy-Back is carried out in full and all the Shares so acquired are subsequently cancelled, the Proposed Share Buy-Back will result in the total number of issued shares of our Company as at the LPD to be reduced as follows:-

Minimum Scenario: Assuming that none of the Shares is granted under the LTIP

Maximum Scenario: Assuming that the Shares are fully granted under the LTIP

	Minimum Scenario	Maximum Scenario
	No. of Shares	No. of Shares
Issued Shares as at LPD	784,891,380	784,891,380
Total number of Shares granted under the LTIP	-	39,244,569
Enlarged issued shares	784,891,380	824,135,949
Less: Maximum number of Shares that could be purchased and cancelled pursuant to the Proposed Share Buy-Back	(78,489,138)	(82,413,594)
Resultant number of issued shares after the cancellation of Purchased Shares	706,402,242	741,722,355

In the event the Purchased Shares are retained as Treasury Shares, resold, distributed to shareholders or transferred under an employees' share scheme or as purchase consideration, the Proposed Share Buy-Back will not have any effect on the total number of issued shares of our Company.

5.2 Earnings and EPS

The effects of the Proposed Share Buy-Back on the consolidated earnings of our Company would depend on the purchase price and number of Shares purchased as well as the effective funding cost to our Company in implementing the Proposed Share Buy-Back. The reduction in the number of Shares applied in the computation of the consolidated EPS pursuant to the Proposed Share Buy-Back may generally, all else being equal, have a positive impact on the consolidated EPS for the financial year when the Proposed Share Buy-Back is implemented. Should the Shares purchased be resold, the extent of the impact to the earnings of our Group will depend on the actual selling price, the number of Treasury Shares resold, the effective funding cost and the gain or loss on the disposal, if any.

5.3 NA and gearing

The effects of the Proposed Share Buy-Back on the NA per share of our Company will depend on the purchase price of the Shares and the effective funding cost or loss in interest income of our Company. If the Shares purchased are cancelled, the Proposed Share Buy-Back would reduce the NA per share of our Company if the purchase price exceeds the NA per share at the time of purchase. Conversely, the NA per share of our Company would be increased if the purchase price is less than the NA per share at the time of purchase. Should the Shares purchased be resold, the consolidated NA per share will increase if our Company realises a gain from the resale and vice versa.

The effect of the Proposed Share Buy-Back on the gearing of our Group will depend on the proportion of borrowings utilised to fund any purchase of Shares. The utilisation of any borrowings to fund the purchase of any Shares will increase the gearing of our Group.

5.4 Working capital

The Proposed Share Buy-Back, as and when implemented, will reduce the working capital and cash flow of our Group, the quantum of which depends on, amongst others, the number of Shares purchased and the purchase price(s) of the Shares. For Shares, so purchased which are kept as Treasury Shares, upon their resale, the working capital and the cash flow of our Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the Treasury Shares and the number of Treasury Shares resold.

5.5 Dividends

The Proposed Share Buy-Back will have an effect of increasing the dividend rate per Share of our Company as a result of the reduction in the issued shares of our Company.

5.6 Directors/Substantial Shareholders' shareholdings

Shares purchased by our Company under the Proposed Share Buy-Back that are retained as Treasury Shares and subsequently cancelled will result in a proportionate increase in the percentage shareholdings of our Directors and Substantial Shareholders.

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6.0 CONVERTIBLE SECURITIES

As at the LPD, our Company does not have any outstanding convertible securities in issue.

7.0 OUTSTANDING CORPORATE EXERCISES

Save for the Proposed Disposal, there are no other corporate exercises/schemes which have been announced but yet to be completed by our Group prior to the printing of this Statement.

8.0 APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Share Buy-Back is subject to the approval being obtained from the shareholders of Genetec at the forthcoming EGM to be convened and any other relevant authorities, if required.

The Proposed Share Buy-Back is not conditional upon any other proposal undertaken or to be undertaken by our Company.

9.0 HISTORICAL SHARE PRICES

The monthly highest and lowest prices of the Shares as traded on Bursa Securities for the past twelve (12) months from January to December 2024 are as follows:-

	Highest (RM)	Lowest (RM)
2024		
January	2.36	1.88
February	2.33	1.85
March	2.31	1.99
April	2.09	1.83
May	2.38	1.86
June	2.48	2.16
July	2.40	2.12
August	2.17	0.98
September	1.12	0.80
October	0.87	0.68
November	1.27	0.66
December	1.40	1.12

The last transacted market price of the Shares on LPD was RM1.38 per Share.

(Source: Bloomberg)

10.0 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save for the proportionate increase in the percentage shareholdings and/or voting rights of the shareholdings as a consequence of the Proposed Share Buy-Back, none of the Directors and Major Shareholders of Genetec and/or persons connected with them have any interest, direct or indirect, in the Proposed Share Buy-Back.

11.0 DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Share Buy-Back, is of the opinion that the Proposed Share Buy-Back is fair, reasonable and in the best interest of our Company and accordingly, on the basis above, recommends you to vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming EGM.

12.0 EGM

The notice convening the EGM and the Proxy Form are enclosed in this Circular and are also available at our Company's website at <https://www.genetec.net>. The EGM will be conducted fully virtual through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at <https://tiih.online> or <https://tiih.com.my> (Domain Registration No. with MYNIC: D1A282781) on Thursday, 27 February 2025 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed Share Buy-Back.

As a shareholder, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you may deposit the completed hardcopy Proxy Form at the office of Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively by electronic submission via TIIH Online website at <https://tiih.online> (kindly refer to the Administrative Guide for the EGM on the procedure for electronic submission of Proxy Form via TIIH Online), not less than 48 hours before the time appointed for our EGM or any adjournment thereof.

13.0 FURTHER INFORMATION

13.1 Responsibility Statement

This Statement has been seen and approved by the Board who collectively and individually accept full responsibility for the accuracy, completeness and correctness of the information given herein and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Statement false or misleading.

13.2 Documents available for inspection

Copies of the following documents will be made available for inspection at the registered office of our Company at Lot 7, Jalan P10/11, Seksyen 10, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan, Malaysia during normal business hours on Mondays to Fridays (except public holidays) from the date of this Statement up to and including the date of the forthcoming EGM:-

- (i) the Constitution of our Company; and
- (ii) the audited consolidated financial statements of our Company for the past FYE 31 March 2023 and 15-month FPE 30 June 2024 as well as the latest unaudited financial results of our Company for the 3-month FPE 30 September 2024

Yours faithfully,
For and on behalf of the Board
GENETEC TECHNOLOGY BERHAD

ALLEN LIK-HOOK TING
Chairman and Independent Non-Executive Director

SALIENT TERMS OF SSA

The salient terms of the SSA are as follows:

1. Sale and Purchase of the Sale Shares

Subject to and upon the terms and conditions set forth in the SSA, our Company, as registered and beneficial owner, shall sell, and the Purchaser shall purchase, the Sale Shares.

2. Conditions Precedent

2.1 The obligations of our Company and the Purchaser (collectively, the “**Parties**”) contemplated in the SSA are conditional upon the following being fulfilled or obtained by 28 February 2025, or such later date as may be decided upon by our Company at our sole discretion:-

- (i) our Company having obtained the approval of our Board to dispose the Sale Shares to the Purchaser upon the terms of the SSA and to execute the SSA and other ancillary documents;
- (ii) the approval of the federal, state or local government, statutory or other quasi-government or regulatory authority or body having jurisdiction or authority to grant such approval (“**Relevant Authorities**”) for the disposal of the Sale Shares by our Company to the Purchaser, if any;
- (iii) the clearance from Bursa Securities in relation to the issuance of circular to our shareholders;
- (iv) the approval of existing lenders of CLT on the disposal of the Sale Shares by our Company to the Purchaser or change of shareholding. For the avoidance of doubt, the Parties shall procure CLT to attend to the fulfilment of this condition precedent;
- (v) our Company having obtained the approval of our shareholders to dispose the Sale Shares to the Purchaser upon the terms of the SSA;
- (vi) the waiver of the pre-emptive rights by Koh Toong Chuh pursuant to the shareholders agreement dated 15 July 2010 entered between our Company, the Purchaser, Koh Toong Chuh and CLT; and
- (vii) the approval of any other parties or persons mutually agreed in writing to be deemed necessary by the Parties mutually, if any.

For information purposes, as at the LPD, the conditions set out in Sections 2.1(i), 2.1(ii), 2.1(iii) and 2.1(vii) of this **Appendix I** have been deemed fulfilled. The SSA is pending the fulfilment of the conditions set out in Sections 2.1(iv), 2.1(v) and 2.1(vi) of this **Appendix I**.

Note: Condition precedent Section 2.1(vi) has been included in the SSA because all the shareholders of CLT have been accorded a pre-emptive right to any sale of CLT’s existing shares pursuant to the shareholders agreement dated 15 July 2010 (between the shareholders of CLT). Pursuant to the pre-emptive rights, the transfer of the Sale Shares by our Company to the Purchaser shall also be offered to Koh Toong Chuh (the other shareholder of CLT), hence our Company is procuring Koh Toong Chuh to waive her pre-emptive rights in order for us to sell the entire Sale Shares to the Purchaser in accordance with the terms of the shareholders agreement dated 15 July 2010.

2.2 If on the expiry of the 28 February 2025, or such later date as may be decided upon by our Company at our sole discretion, any of the conditions precedent referred to in Section 2.1 of this **Appendix I** have not been fulfilled, obtained or waived, then either party shall be entitled to terminate the SSA by giving a notice of termination to the other party, and thereafter, the Parties shall not have any further rights under the SSA except in respect of –

- (i) any obligation under the SSA which is expressed to apply after the termination of the SSA; and
- (ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SSA to a party prior to such termination.

SALIENT TERMS OF SSA (CONT'D)

- 2.3 In the event all the conditions precedent referred to in Section 2.1 of this **Appendix I** have not been fulfilled by 28 February 2025, our Company has the sole discretion to extend the period for the fulfilment of all the conditions precedent. However, no penalty will be imposed on our Company for any such extension.

3. Disposal Consideration

The Disposal Consideration shall be paid by the Purchaser to our Company in cash in the following manner:

- (i) Simultaneously upon execution of the SSA, the Purchaser shall pay the Deposit to our Company's bank account as set out therein.
- (ii) The Purchaser shall pay the Completion Sum to our Company's bank account, on or prior to the Completion Date. Simultaneously with the payment of the Completion Sum, the Purchaser shall pledge the Pledged Shares to our Company's nominated escrow account maintained with a central depository or such depository agent designated under Section 40 of the Securities Industry (Central Depositories) Act 1991 in accordance with Section 4 of this **Appendix I**, as security for repayment of the Post-Completion Sum.
- (iii) The Purchaser shall pay the Post-Completion Sum to our Company's bank account, on or prior to the Post-Completion Sum Date.
- (iv) In addition, the Purchaser further undertakes and covenants that in the event that the Purchaser shall fail, neglect or refuse to make any of the abovementioned payments to our Company within the stipulated timeframe, the Purchaser shall be liable to pay to our Company a late payment interest at the rate of 8% per annum on the outstanding sum due and payable accruing from the due date until full payment is made, provided always that nothing contained in this paragraph shall prejudice any other rights or remedies which may be available to our Company under the SSA or at law or in equity (including the right to call upon the Pledged Shares and to deal with the same in accordance with Section 4 of this **Appendix I**). In the event that the Purchaser fails to pay the Post-Completion Sum to our Company within 60 days from the Post-Completion Sum Date ("**Post-Completion Sum Payment Deadline**"), Section 4(iv) of this **Appendix I** shall be applicable.
- (v) For the avoidance of doubt, the Purchaser shall remain liable to pay to our Company the late payment interest arising from the delay in the payment of the Post-Completion Sum until the full settlement of the Post-Completion Sum, notwithstanding the enforcement of the Pledged Shares in accordance with Section 4(iv) of this **Appendix I**.

4. Pledge of Shares

- (i) Upon payment of the Completion Sum, the Purchaser shall simultaneously pledge the Pledged Shares as security for the payment of the Post-Completion Sum. For the avoidance of doubt, the Parties agree that the pledge of the Pledged Shares is solely for security purposes and does not transfer any ownership or beneficial rights. All rights attached to the Pledged Shares (including but not limited to all dividends and distributions (whether declared or undeclared), voting rights and any other rights), shall remain fully vested in the Purchaser, except to the extent required to enforce the security as further provided in the SSA.
- (ii) In this respect, the Purchaser shall execute all documents or security documents deemed required by our Company and take all necessary actions to effect the pledge of the Pledged Shares, including but not limited to, if deemed necessary by our Company, transferring the Pledged Shares to our Company's nominated escrow account, wherein all trading of the Pledged Shares shall be conducted through the stockbrokers appointed by our Company in the event of the security being called upon.
- (iii) Until full payment of the Post-Completion Sum is received by our Company, the Purchaser shall not, without the prior written consent of our Company, grant or agree to grant any third party right in respect of the Pledged Shares or assign or agree to assign or dispose or agree to dispose of or grant any option in respect of the Pledged Shares or any part of the Pledged Shares or otherwise encumber, deal or dispose of the same in any manner whatsoever.

SALIENT TERMS OF SSA (CONT'D)

- (iv) In the event that the Purchaser fails to pay the Post-Completion Sum by the Post-Completion Sum Payment Deadline pursuant to Section 3(iv) of this **Appendix I**, our Company shall have the right to enforce the pledge by:
 - (a) authorising the stockbroker of the escrow account to sell, transfer, or otherwise dispose of such number of Pledged Shares necessary to cover the unpaid portion of the Post-Completion Sum and any costs incurred by our Company in enforcing the pledge, with the proceeds to be utilised against the unpaid amount, in accordance with applicable laws;
 - (b) in the event that the proceeds from the sale of the Pledged Shares are insufficient to cover the unpaid balance of the Post-Completion Sum and any costs incurred by our Company in enforcing the pledge, the Purchaser shall top up the Post-Completion Shortfall within 30 days from his receipt of notice from our Company; and
 - (c) in the event the Purchaser fails to top up the Post-Completion Shortfall within the prescribed timeframe, our Company shall retain all proceeds from the sale of the Pledged Shares as part payment towards the Post-Completion Sum. The remaining balance due (after deducting the proceeds) shall constitute a debt due and owing from the Purchaser to our Company, which shall be payable by the Purchaser to our Company, failing which the Purchaser shall be liable to pay to our Company a late payment interest at the rate of 8% per annum on the remaining shortfall due and payable accruing from the due date until full payment is made.
- (v) Upon our Company's receipt of the Post-Completion Sum in our bank account within the stipulated timeframe, the Pledged Shares shall be released to the Purchaser immediately. Our Company shall:
 - (a) procure the stockbroker to release the pledge over the Pledged Shares to the Purchaser; and
 - (b) execute any necessary documentation to effect the release of the pledge, including notifying Relevant Authorities to reflect the release of the pledge.

5. Completion

- 5.1 Our Company shall, 14 days prior to the Completion Date, prepare and deliver to our Company's solicitors, amongst others, the original share certificates relating to the Sale Shares and the duly signed (but undated) share transfer form in respect of all of the Sale Shares in favour of the Purchaser. The Purchaser (via its company secretary) shall, 14 days prior to the Completion Date, prepare and deliver to our Company's solicitors, amongst others, the duly executed (but undated) resolution of the board of directors of CLT approving the transfer of the Sale Shares from our Company to Purchaser.
- 5.2 The Completion shall take place at the registered office of CLT or at any other venue to be decided by our Company on the Completion Date.
- 5.3 On the Completion Date, subject to the Purchaser having complied with his obligations under Section 3(ii) of this **Appendix I** by settling the Completion Sum in full and in accordance with the provisions thereof:-
 - (i) our Company's solicitors shall deliver to the Purchaser's Solicitors or the company secretary of CLT (for the purpose of completing the transfer of the Sale Shares), amongst others, duly completed and signed share transfer form in favour of the Purchaser, in respect of the Sale Shares, together with the duly sealed original share certificates in relation thereto;
 - (ii) the Parties shall procure a board of directors' resolution by CLT approving, amongst others, resignation of Chin Kem Weng and Sow Ewe Lee as directors of CLT, mandates given by CLT to its bankers are revised wherein the signatory shall be the Purchaser or any person(s) nominated by the Purchaser; and
 - (ii) in the period between the date of the SSA and Completion, no facts or circumstances arising, which have caused or are likely to cause a material adverse effect in accordance with the terms and conditions set out in the SSA in relation to CLT or our Company, as applicable.

SALIENT TERMS OF SSA (CONT'D)

- 5.4 Upon Completion, the Purchaser shall immediately procure the release of our Company from any guarantees given on behalf of or for the benefit of CLT (including but not limited to the corporate guarantees provided by our Company to the existing lenders) in respect of the banking facilities granted for the benefit of CLT) and to discharge all third party charges granted by our Company for the benefit of CLT and shall indemnify our Company against all liabilities arising after Completion in respect of any such guarantees; and pending the release of any such guarantees, the Purchaser shall indemnify and keep our Company fully and effectively indemnified from and against all claims, costs, damages, or penalties which may be brought, suffered or levied against CLT arising under such guarantee (if any) as a result of any default by CLT after the Completion.
- 5.5 Notwithstanding the above, the Parties agree that non-payment of the Post-Completion Sum shall not constitute an event of termination. In such an event, the following shall occur:
- (i) Completion shall not be affected, and all monies paid in respect of the Sale Shares shall not be refunded; and
 - (ii) our Company shall be entitled to deal with the Pledged Shares in accordance with Section 4(iv) of this **Appendix I**. The proceeds from the disposal of the Pledged Shares shall be treated as part payment of the Post-Completion Sum, and any remaining balance shall constitute a debt owing from the Purchaser to our Company, secured by the Pledged Shares, including any Post-Completion Shortfall after such proceeds are applied. For the avoidance of doubt, the obligation of the Purchaser to pay the Post-Completion Sum shall remain enforceable in such event.

6. Default and Termination

- 6.1 The Purchaser shall be entitled to issue a notice of termination to our Company if, at any time prior to the date upon which the SSA becomes unconditional:-
- (i) our Company commits any continuing or material breach of any of our obligations under the SSA which is incapable of remedy or if capable of remedy, is not remedied within 14 days of it being given notice so to do; or
 - (ii) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made for the winding up of our Company; or
 - (iii) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of CLT or our Company.
- 6.2 Our Company shall be entitled to issue a notice of termination to the Purchaser if, at any time prior to the date upon which the SSA becomes unconditional:-
- (i) the Purchaser commits any breach of any of his obligations under the SSA which is incapable of remedy or if capable of remedy, is not remedied within 14 days of him being given notice so to do;
 - (ii) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made for the bankruptcy of the purchaser;
 - (iii) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of the Purchaser; or
 - (iv) any of the warranties given by the Purchaser is found at any time to be untrue or inconsistent;
- of which the Deposit paid to our Company shall be forfeited as liquidated ascertained damages.
- 6.3 Following the giving of a notice of termination under Section 6.1 and 6.2 of this **Appendix I**, the Purchaser shall, within 14 days from the date of the notice of termination, return to our Company all documents delivered to him by or on behalf of our Company and in exchange, our Company shall return to the Purchaser all documents delivered to them by or on behalf of the Purchaser and procure that CLT shall return to the Purchaser all such documents.

SALIENT TERMS OF SSA (CONT'D)

- 6.4 Our Company and the Purchaser shall be entitled to issue a notice of termination to the other party if, at any time prior to Completion, the due completion of the sale, purchase or transfer of the Sale Shares pursuant to the SSA is prohibited by any applicable law or regulation or in consequence of any order or directive of any court (other than arising from breach on the part of any party of the terms of the SSA). Following the giving of a notice of termination by reason of the aforementioned, the Purchaser shall, within 14 days from the date of the notice of termination, return to our Company all documents delivered to him by or on behalf of our Company. In exchange, our Company shall return to the Purchaser all documents delivered to them by or on behalf of the Purchaser, procure that CLT shall return to the Purchaser all such documents, and refund and repay to the Purchaser any and all other moneys received by or on behalf of our Company.
- 6.5 Following the giving of a notice of termination under any of the provisions of the SSA, neither of the Parties shall thereafter have any further rights or obligations under the SSA to the other party, except in respect of their respective obligations under Section 6.3 and 6.4 of this **Appendix I**, any rights or obligations under the SSA which are expressed to apply after the termination of the SSA, and any rights or obligations which have accrued in respect of any breach of any of the provisions of the SSA to any party prior to such termination.
- 6.6 Notwithstanding the foregoing provisions of Section 6 of this **Appendix I**, the Parties shall be at liberty to take such action in law as may be necessary to compel the defaulting party by way of specific performance to complete the transaction contemplated in the SSA (in which respect the alternative remedy of monetary compensation shall not be regarded as compensation or sufficient compensation for any default of a party in the performance of the terms and conditions herein) or to claim damages for the breach of the defaulting party.

7. Governing Laws

The SSA is governed by and construed in accordance with the laws of Malaysia.

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INFORMATION ON CLT

1. HISTORY AND BUSINESS

CLT is a private limited company incorporated in Malaysia on 9 July 2003 under the Companies Act 1965. On 25 August 2010, CLT became a 51%-owned subsidiary of our Company upon completion of our Company's acquisition of the 51% equity interest of CLT.

CLT commenced its operation since 9 July 2003 and is principally involved in the manufacturing of components parts for all kinds of machinery and engineering works. CLT also specialises in parts fabrication, system assembly for the backend equipment such as disc drive lines, semiconductor as well as the electronic and electrical industries. CLT serves a wide range of customers originating from Thailand, Singapore, the United States of America, United Kingdom, Netherlands and Malaysia.

CLT's principal place of business is located at Lot 11734, Persiaran Subang Indah, Taman Perindustrian Subang, 47610 Subang Jaya, Selangor Darul Ehsan, i.e., the CLT Property.

As at the LPD, CLT has secured order book of approximately RM9.20 million. For information purposes, the order book of CLT is not more than 10.00% of our Group's total secured order book.

The breakdown of CLT's revenue from FYE 31 March 2022 to 15-month FPE 30 June 2024 are as follows:

	FYE 31 March 2022		FYE 31 March 2023		15-month FPE 30 June 2024	
	RM'000	%	RM'000	%	RM'000	%
Domestic	16,977	34.39	10,619	25.53	10,546	34.79
Foreign	32,392	65.61	30,978	74.47	19,770	65.21
Total	49,369	100.00	41,597	100.00	30,316	100.00

Assets owned by CLT

Based on the unaudited financial statement of CLT for the 3-month FPE 30 September 2024, the total assets of CLT amount to approximately RM46.12 million, comprise of the following:

Type of assets	As at 30 September 2024 (RM'000)
Property, plant and equipment	19,748
Inventories	309
Contract assets	7,813
Trade and other receivables	6,813
Cash and bank balances	11,439
Total assets	46,122

Further information on the CLT Property is set out in **Part A, Section 2.4** of this Circular.

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INFORMATION ON CLT (CONT'D)

The breakdown on the revenue, PAT/(LAT) contributions and total assets of CLT in comparison to our Group from FYE 31 March 2022 to 15-month FPE 30 June 2024 are as follows:

	FYE 31 March 2022	FYE 31 March 2023	15-month FPE 30 June 2024
Revenue	RM'000	RM'000	RM'000
CLT	39,202	38,137	25,462
Our Group	289,864	241,004	347,003
CLT's contribution to our Group (%)	13.52	15.82	7.34

	FYE 31 March 2022	FYE 31 March 2023	15-month FPE 30 June 2024
PBT/(LBT)	RM'000	RM'000	RM'000
CLT	3,577	3,074	(3,697)
Our Group	77,715	51,727	84,550
CLT's contribution to our Group (%)	4.60	5.94	(4.37)

	FYE 31 March 2022	FYE 31 March 2023	15-month FPE 30 June 2024
Total assets	RM'000	RM'000	RM'000
CLT	54,212	56,316	48,458
Our Group	315,730	505,046	567,709
CLT's contribution to our Group (%)	17.17	11.15	8.54

The annual production capacity and output of the CLT's industrial factory, i.e., CLT Property, for the past 3 financial years/period from FYE 31 March 2022 to 15-month FPE 30 June 2024 are as follows:

Parts fabrication machines:

CLT utilises a number of machines and equipments to fabricate mechanical equipment/module such as amongst others, base plates, structural components and feeders in accordance with CLT customers' designs and specifications.

	FYE 31 March 2022	FYE 31 March 2023	15-month FPE 30 June 2024
Annual production capacity (units) ⁽¹⁾	14,128	17,501	13,128
Annual production output (units) ⁽²⁾	8,666	14,694	10,940
Utilisation rate (%)	61	84	83

Notes:

- (1) Computed based on the estimated maximum number of units of equipment/module that can be produced in the year based on the orders of its customers as well as the complexity of the design provided by clients.

For information purposes, CLT had also in the last quarter of FYE 31 March 2023 disposed 4 fabrication machineries which contributed to the reduction in annual production capacity for the 15-month FPE 30 June 2024.

- (2) Computed based on the actual number of equipment/module produced in the year.

INFORMATION ON CLT (CONT'D)

System assembly machines:

As the assembly of automated equipment is dependent on availability of floor space, CLT has used existing floor space to provide an indication of production capacity, output and utilisation rate.

	FYE 31 March 2022	FYE 31 March 2023	15-month FPE 30 June 2024
Maximum total space capacity available (sq. ft.) ⁽¹⁾	5,200	5,200	5,200
Actual space occupied (sq. ft.) ⁽²⁾	5,200	5,200	5,200
Utilisation rate (%)	100	100	100

Notes:

- (1) Computed based on total available floor space for assembly of automated equipment. CLT's production capacity is not set out in terms of production lines as the assembly of automated equipment is dependent on the availability of floor space and the space required for the assembly of automated equipment varies depending on the size and complexity of the automated equipment.
- (2) Computed based on the actual floor space required for assembly of automated equipment that occupied the space.

As at the LPD, CLT has a total of 71 employees in the following divisions:

Division	Number of employees
Business development	4
Engineer/Technician/Machinist	47
Human resource and finance	5
Management	6
Purchasing and logistic	9
Total	71

2. SHARE CAPITAL

As at the LPD, the issued share capital of CLT is RM12,125,000 comprising 12,125,000 CLT Shares.

3. SUBSTANTIAL SHAREHOLDERS

As at LPD, the substantial shareholders of CLT are as follows:

Name	Country of incorporation / Nationality	Direct Interest		Indirect Interest	
		No. of shares	%	No. of shares	%
Genetec	Malaysia	6,183,750	51.00	-	-
TMT	Malaysian	5,456,250	45.00	485,000 ⁽¹⁾	4.00

Note:

- (1) Deemed interested by virtue of his spouse's shareholdings in CLT.

INFORMATION ON CLT (CONT'D)

4. DIRECTORS

As at the LPD, the directors of CLT are as follows:

Name	Nationality	Direct Interest		Indirect Interest	
		No. of shares	%	No. of shares	%
Chin Kem Weng*	Malaysian	-	-	-	-
TMT	Malaysian	5,456,250	45.00	485,000 ⁽¹⁾	4.00
Sow Ewe Lee*	Malaysian	-	-	-	-

Notes:

* *Being the nominated directors of our Company who shall resign as directors of CLT upon the Completion.*

(1) *Deemed interested by virtue of his spouse's shareholdings in CLT.*

5. SUBSIDIARY AND ASSOCIATED COMPANY

As at the LPD, CLT does not have any subsidiary or associated company.

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INFORMATION ON CLT (CONT'D)

6. FINANCIAL INFORMATION

A summary of the financial information of CLT based on its audited financial statements for the FYE 31 March 2022, 31 March 2023 and 15-month FPE 30 June 2024 as well as unaudited financial statements for the 3 month-FPE 30 September 2023 and 30 September 2024 are set out below:

	Audited			Unaudited	
	FYE 31 March 2022 (Restated) ⁽¹⁾	FYE 31 March 2023 (Restated) ⁽¹⁾	15-month FPE 30 June 2024 ⁽²⁾	3-month FPE 30 September 2023	3-month FPE 30 September 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	49,369	41,597	30,316	7,153	3,208
Gross profit/ (loss)	8,414	6,670	(1,433)	(1,539)	(525)
PBT/(LBT)	6,264	5,162	(3,666)	(2,054)	(1,301)
PAT/(LAT)	5,559	3,963	(3,212)	(2,054)	(1,301)
Total equity / NA	31,166	35,128	31,916	32,526	30,615
Share capital	12,125	12,125	12,125	12,125	12,125
Current assets	32,755	35,448	28,320	31,120	26,374
Current liabilities	13,919	13,497	10,562	14,577	11,419
Current ratio (times) ⁽³⁾	2.35	2.63	2.68	2.13	2.31
No. of CLT Shares in issue ('000)	12,125	12,125	12,125	12,125	12,125
Basic earnings / (loss) per CLT Share ⁽⁴⁾ (sen)	45.85	32.68	(26.49)	(16.94)	(10.73)
NA per share ⁽⁵⁾ (RM)	2.57	2.90	2.63	2.68	2.52
Total borrowings ⁽⁶⁾	13,154	9,371	7,959	8,982	7,154
Gearing ⁽⁷⁾ (times)	0.42	0.27	0.25	0.28	0.23

Notes:

- (1) Retrospective adjustments to the prior year financial statements as to reflect the adjustments on revenue recognition in accordance to Malaysian Financial Reporting Standard 15.
- (2) CLT had changed its financial year end accordingly after our Group had changed its financial year end from 31 March to 30 June as announced on 1 November 2023.
- (3) Computed based on current assets divided by current liabilities.
- (4) Computed based on PAT/LAT divided by the number of CLT Shares in issue.
- (5) Computed based on NA divided by the number of CLT Shares in issue.
- (6) Comprises loans and borrowings.
- (7) Computed based on total borrowings divided by total equity.

INFORMATION ON CLT (CONT'D)

Commentaries:**3-month FPE 30 September 2024 vs 3-month FPE 30 September 2023**

CLT's revenue decreased by approximately RM3.95 million or 55.15% from RM7.15 million in the 3-month FPE 30 September 2023 to RM3.21 million in the 3-month FPE 30 September 2024 mainly due to the lower orders secured from the existing customers as a result of weaker global demand in the hard disc drive and semiconductor related products.

CLT's LAT decreased by RM0.75 million or 36.66% in the 3-month FPE 30 September 2024 as compared to a LAT of approximately RM2.05 million in the 3-month FPE 30 September 2023 mainly due to cost cutting measurement (i.e., reducing its overhead costs such as the marketing and administrative costs) implemented by CLT.

15-month FPE 30 June 2024 vs FYE 31 March 2023

CLT's revenue decreased by approximately RM11.28 million or 27.12% from RM41.60 million in the FYE 31 March 2023 to RM30.32 million in the 15-month FPE 30 June 2024 (the annualised revenue for the 15-month FPE 30 June 2024 was RM24.25 million, representing a decrease of RM17.35 million or 41.71% on an annualised basis) mainly due to the lower orders secured from the existing customers as a result of weaker global demand in the hard disc drive and semiconductor related products.

CLT recorded a LAT of approximately RM3.21 million in the 15-month FPE 30 June 2024 as compared to a PAT of approximately RM3.96 million in the FYE 31 March 2023 (the annualised LAT for the 15-month FPE 30 June 2024 was RM2.57 million, representing a decrease of RM6.53 million or 164.90% on an annualised basis) due to the decrease in revenue contributed from the hard disc drive segment which have higher gross profit margin as compared to the consumer goods and healthcare segment in the 15-month FPE 30 June 2024.

FYE 31 March 2023 vs FYE 31 March 2022

CLT's revenue decreased by approximately RM7.77 million or 15.74% from RM49.37 million in the FYE 31 March 2022 to RM41.60 million in the FYE 31 March 2023 mainly due to the lower orders secured from the existing customers as a result of weaker global demand in the hard disc drive and semiconductor related products.

CLT's PAT decreased by RM1.60 million or 28.71% from PAT of RM5.56 million in FYE 31 March 2022 to PAT of RM3.96 million in FYE 31 March 2023 which was mainly due to the the lower revenue recorded with consistent overhead costs incurred in the FYE 31 March 2023.

7. MATERIAL CONTRACTS

CLT has not entered into any material contracts (not being contract entered into in the ordinary course of business) within the past 2 years up to the LPD.

8. MATERIAL LITIGATIONS, CLAIMS AND ARBITRATION

As at the LPD, CLT is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board of Directors of CLT is not aware of any proceedings, pending or threatened against CLT, or of any facts likely to give rise to any proceedings which may materially and adversely affect the business or financial position of CLT.

9. MATERIAL COMMITMENTS

As at the LPD, there is no material commitments incurred or known to be incurred by CLT, which may have a material impact on the profits and/or NA of CLT.

INFORMATION ON CLT (CONT'D)

10. CONTINGENT LIABILITIES

As at the LPD, there is no material contingent liabilities incurred or known to be incurred by CLT, which may have a substantial impact on the financial position of CLT.

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AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024

CLT ENGINEERING SDN. BHD.
200301018790 (621210-H)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024**

CONTENTS	Page
DIRECTORS' REPORT	1 – 5
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF COMPREHENSIVE INCOME	7
STATEMENT OF CHANGES IN EQUITY	8
STATEMENT OF CASH FLOWS	9 – 11
NOTES TO THE FINANCIAL STATEMENTS	12 – 46
STATEMENT BY DIRECTORS	47
STATUTORY DECLARATION	48
INDEPENDENT AUDITORS' REPORT	49 – 52

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Company for the financial period ended 30 June 2024.

PRINCIPAL ACTIVITY

The principal activity of the Company is engaged in the manufacturing of component parts for all kinds of machinery and engineering works.

There have been no significant changes in the nature of this activity during the financial period.

CHANGE OF FINANCIAL YEAR END

During the financial period, the Company changed its financial year end from 31 March to 30 June and made up their financial statements for the 15 months period from 1 April 2023 to 30 June 2024. Accordingly, comparative figures for the statement of comprehensive income, statement of changes in equity, statement of cash flows and the related notes are not entirely comparable with those for the current financial period.

RESULTS

	RM
Loss for the financial period, net of tax	<u>(3,211,996)</u>

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 period ended 30 June 2024.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period.

BAD AND DOUBTFUL DEBTS

Before the financial statements 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 no allowance for doubtful debts was required.

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 to make any allowance for doubtful debts in the financial statements of the Company.

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)**CURRENT ASSETS**

Before the financial statements 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 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 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 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 Company which has arisen since the end of the financial period which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Company which has arisen since the end of the financial period.

In the opinion of the directors, no contingent or other liability of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial period which will or may affect the ability of the Company to meet its 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 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 Company for the financial period 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 period and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial period in which this report is made.

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)**AUDITORS' REMUNERATION AND INDEMNITY**

The auditors' remuneration of the Company during the financial period was RM66,000.

To the extent permitted by law, the Company has agreed to indemnify the auditor, Baker Tilly Monteiro Heng PLT, as part of the terms of its audit engagement against any claims arising from the audit for an unspecified amount. No payment has been made to indemnify Baker Tilly Monteiro Heng PLT during the financial period and up to the date of this report.

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The directors in office during the financial period and up to the date of the report are:

Chin Kem Weng
Tan Moon Teik
Sow Ewe Lee

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 period in shares in the Company and its holding company during the financial period were as follows:

	Number of ordinary shares			At 30.6.2024
	At 1.4.2023	Bought	Sold	
Interests in the Holding Company				
- Genetec Technology Berhad				
Direct interests:				
Chin Kem Weng	52,682,565	-	-	52,682,565
Sow Ewe Lee	5,200,000	6,500,000	-	11,700,000
Tan Moon Teik	39,081,800	6,500,000	(6,500,000)	39,081,800
Interests in the Company				
Direct interests:				
Tan Moon Teik	5,456,250	-	-	5,456,250
Indirect interests:				
Tan Moon Teik ^	485,000	-	-	485,000

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS (CONTINUED)

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 period in shares in the Company and its holding company during the financial period were as follows: (continued)

	Number of ordinary shares			At 30.6.2024
	At 1.4.2023	Bought	Sold	
Interests in the Company				
Deemed interests:				
Chin Kem Weng	6,183,750	-	-	6,183,750
Sow Ewe Lee	6,183,750	-	-	6,183,750

^ In accordance with the Companies Act, the interests of the spouse of Tan Moon Teik in the Shares of the Company shall be treated as the interests of Tan Moon Teik.

	Number of options over ordinary shares			At 30.6.2024
	At 1.4.2023	Granted	Exercised	
Interests in the Holding Company				
- Genetec Technology Berhad				
Chin Kem Weng	7,280,000	-	-	7,280,000
Sow Ewe Lee	6,500,000	-	(6,500,000)	-
Tan Moon Teik ^	6,500,000	-	(6,500,000)	-

^ Tan Moon Teik has resigned as Director from the holding company on 2 October 2023.

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 the 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.

The directors' benefits of the Company were as follows:

	30.6.2024
	RM
Directors of the Company	
Directors' emoluments	593,250
Other short term benefits	81,698
	<u>674,948</u>

Neither during, nor at the end of the financial period, 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.

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)**INDEMNITY TO DIRECTORS AND OFFICERS**

The indemnity to directors and officers of the Company are covered under the insurance policy of its holding company, which are disclosed in the directors' report of the holding company.

INTERESTS IN HOLDING COMPANY AND OTHER RELATED CORPORATIONS

Other than as disclosed elsewhere in this report, the Company does not have any interests in shares in the holding company and its other related corporations during the financial period.

HOLDING COMPANY

The directors regard Genetec Technology Berhad, a company which is incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad as the holding company of the Company.

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.

CHIN KEM WENG
Director

TAN MOON TEIK
Director

Date: 21 October 2024

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Note	30.6.2024 RM	31.3.2023 RM (Restated)	31.3.2022 RM (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	5	20,138,373	20,867,670	21,456,541
Current assets				
Inventories	6	320,011	329,186	363,665
Contract assets	7	6,521,178	12,716,771	9,972,795
Derivative financial assets		-	-	4,120
Trade and other receivables	8	11,206,249	13,483,799	19,108,673
Cash and bank balances	9	10,272,394	8,918,630	3,305,974
Total current assets		28,319,832	35,448,386	32,755,227
TOTAL ASSETS		48,458,205	56,316,056	54,211,768
EQUITY AND LIABILITIES				
Equity attributable to the owners of the Company				
Share capital	10	12,125,000	12,125,000	12,125,000
Retained earnings		19,791,389	23,003,385	19,040,863
TOTAL EQUITY		31,916,389	35,128,385	31,165,863
Non-current liabilities				
Loans and borrowings	11	5,608,987	6,860,563	8,233,139
Lease liabilities	12	27,849	23,813	82,947
Deferred tax liabilities	13	343,289	806,170	810,895
Total non-current liabilities		5,980,125	7,690,546	9,126,981
Current liabilities				
Loans and borrowings	11	2,349,810	2,510,733	4,921,196
Lease liabilities	12	59,294	85,183	166,719
Trade and other payables	14	7,149,378	9,462,092	8,051,568
Contract liabilities	7	393,867	-	-
Current tax liabilities		609,342	1,439,117	779,441
Total current liabilities		10,561,691	13,497,125	13,918,924
TOTAL LIABILITIES		16,541,816	21,187,671	23,045,905
TOTAL EQUITY AND LIABILITIES		48,458,205	56,316,056	54,211,768

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

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.

(Incorporated in Malaysia)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024**

		1.4.2023 to 30.6.2024 (15 months) RM	1.4.2022 to 31.3.2023 (12 months) RM (Restated)
Revenue	15	30,315,540	41,596,957
Cost of sales		<u>(31,748,235)</u>	<u>(34,926,840)</u>
Gross (loss)/profit		(1,432,695)	6,670,117
Other income	16	1,368,776	1,791,113
Administrative expenses		(3,158,573)	(2,636,003)
Other operating expenses		<u>(68,373)</u>	<u>(206,532)</u>
Operating (loss)/profit		(3,290,865)	5,618,695
Finance income	17	215,358	62,056
Finance costs	18	<u>(590,206)</u>	<u>(518,911)</u>
(Loss)/Profit before tax	19	(3,665,713)	5,161,840
Tax credit/(expense)	21	<u>453,717</u>	<u>(1,199,318)</u>
(Loss)/Profit for the financial period/year, representing total comprehensive (loss)/income for the financial period/year		<u>(3,211,996)</u>	<u>3,962,522</u>

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

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024**

	Note	Share capital RM	Retained earnings RM	Total equity RM
At 1 April 2022				
- As previously reported		12,125,000	17,025,311	29,150,311
- Effects of retrospective adjustments	25	-	2,015,552	2,015,552
Restated balance at 1 April 2022		12,125,000	19,040,863	31,165,863
Total comprehensive income for the financial year				
Profit for the financial year, representing total comprehensive income for the financial year		-	3,962,522	3,962,522
At 31 March 2023 (Restated)		12,125,000	23,003,385	35,128,385
Total comprehensive loss for the financial period				
Loss for the financial period, representing total comprehensive income for the financial period		-	(3,211,996)	(3,211,996)
At 30 June 2024		12,125,000	19,791,389	31,916,389

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

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024**

	1.4.2023 to 30.6.2024 (15 months)	1.4.2022 to 31.3.2023 (12 months)
Note	RM	RM (Restated)
Cash flows from operating activities		
(Loss)/Profit before tax	(3,665,713)	5,161,840
Adjustments for:		
Depreciation of plant and equipment	5 2,113,415	1,886,997
Gain on disposal of plant and equipment	-	(18,584)
Unrealised foreign exchange loss	60,872	59,912
Finance costs	590,206	518,911
Finance income	<u>(215,358)</u>	<u>(62,056)</u>
Operating (loss)/profit before changes in working capital	(1,116,578)	7,547,020
Changes in working capital:		
Inventories	9,175	34,479
Contract assets/liabilities	6,589,460	(2,743,976)
Trade and other receivables	2,297,341	5,578,592
Trade and other payables	<u>(1,423,802)</u>	<u>1,401,014</u>
Cash generated from operations	6,355,596	11,817,129
Income tax paid	<u>(838,939)</u>	<u>(544,367)</u>
Net cash from operating activities	5,516,657	11,272,762
Cash flows from investing activities		
Interest received	215,358	62,056
Acquisition of property, plant and equipment	(a) (327,105)	(792,916)
Sale proceeds from disposal of plant and equipment	-	93,021
Net cash used in investing activities	<u>(111,747)</u>	<u>(637,839)</u>

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024 (CONTINUED)**

	1.4.2023 to 30.6.2024 (15 months) RM	1.4.2022 to 31.3.2023 (12 months) RM (Restated)
Cash flows from financing activities	(b)	
Interest paid	(590,206)	(518,911)
Payments of lease liabilities	(178,866)	(170,317)
Repayments of bank acceptance	(569,868)	(2,473,565)
Net repayment of term loans	(515,953)	(748,991)
Repayment of hire purchase obligations	(1,487,540)	(1,110,483)
Repayment to holding company	(969,575)	-
Net cash used in financing activities	<u>(4,312,008)</u>	<u>(5,022,267)</u>
Net increase in cash and cash equivalents	1,092,902	5,612,656
Cash and cash equivalents at the beginning of the financial period/year	<u>8,918,630</u>	<u>3,305,974</u>
Cash and cash equivalents at the end of the financial period/year	9 <u>10,011,532</u>	<u>8,918,630</u>

(a) Acquisition of property, plant and equipment:

	30.6.2024 RM	31.3.2023 RM
Acquisition of property, plant and equipment (Note 5)	1,384,118	1,372,563
Acquisition of lease arrangements	(157,013)	(29,647)
Acquisition by hire purchase	(900,000)	(550,000)
Cash payments on acquisition of property, plant and equipment	<u>327,105</u>	<u>792,916</u>

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024 (CONTINUED)**

(b) Reconciliation of liabilities arising from financing activities:

		At 1.04.2023	Cash flows	Non-cash Acquisition	At 30.06.2024
	Note	RM	RM	RM	RM
Amount owing to					
holding company	14	969,575	(969,575)	-	-
Bankers' acceptance	11	569,868	(569,868)	-	-
Hire purchase payables	11	3,453,262	(1,487,540)	900,000	2,865,722
Lease liabilities	12	108,996	(178,866)	157,013	87,143
Term loans	11	5,348,166	(515,953)	-	4,832,213
		<u>10,449,867</u>	<u>(3,721,802)</u>	<u>1,057,013</u>	<u>7,785,078</u>

		At 1.04.2022	Cash flows	Non-cash Addition	At 31.03.2023
	Note	RM	RM	RM	RM
Amount owing to					
holding company	14	969,575	-	-	969,575
Bankers' acceptance	11	3,043,433	(2,473,565)	-	569,868
Hire purchase payables	11	4,013,745	(1,110,483)	550,000	3,453,262
Lease liabilities	12	249,666	(170,317)	29,647	108,996
Term loans	11	6,097,157	(748,991)	-	5,348,166
		<u>14,373,576</u>	<u>(4,503,356)</u>	<u>579,647</u>	<u>10,449,867</u>

(c) Total cash outflows for leases as a lessee:

	Note	30.06.2024 RM	31.03.2023 RM
Included in net cash from operating activities:			
Payment relation to leases of:			
- low value assets	19	103,150	16,099
- short-term lease	19	78,500	-
Included in net cash used in financing activities:			
Interest paid in relation to lease liabilities	18	7,198	8,454
Payments of lease liabilities		<u>178,866</u>	<u>170,317</u>
Total cash outflows for leases		<u><u>367,714</u></u>	<u><u>194,870</u></u>

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

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

CLT Engineering Sdn. Bhd. ("the Company") is a private limited company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at Lot 7, Jalan P10/11, Seksyen 10, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan. The principal place of business of the Company is located at Lot 11734 Persiaran Subang Indah, Taman Perindustrian Subang, 47610 Subang Jaya, Selangor Darul Ehsan.

The principal activity of the Company is engaged in the fabrication of machine parts and toolings for equipment and replications of systems and equipment.

There has been no significant change in nature of this principal activities during the financial period.

During the financial period, the Company changed its financial year end from 31 March to 30 June and made up its financial statements for the 15 months period from 1 April 2023 to 30 June 2024. Accordingly, comparative figures for the statement of comprehensive income, statement of changes in equity, statement of cash flows and the related notes are not entirely comparable with those for the current financial period.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 October 2024.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), 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 Company have adopted the following applicable new MFRS and amendments to MFRSs for the current financial period:

New MFRS

MFRS 17	Insurance Contracts
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Amendments to MFRSs

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

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS and amendments to MFRSs (continued)

The adoption of the above new MFRS and amendments to MFRSs did not have any significant effect on the financial statements of the Company and did not result in significant changes to 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 accounting 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 Company disclosed its material accounting policy information in these financial statements. However, the amendments did not result in changes to the accounting policies of the Company.

2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective

- (a) The Company has not adopted the following new MFRS and amendments to MFRSs that have been issued, but yet to be effective:

<u>New MFRS</u>		Effective for financial periods beginning on or after
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
<u>Amendments to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7	Financial Instruments: Disclosures	1 January 2024/ 1 January 2026
MFRS 10	Consolidated Financial Statements	1 January 2026/ Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2024/ 1 January 2026
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. BASIS OF PREPARATION (CONTINUED)****2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective (continued)**

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

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 replaces MFRS 101 Presentation and Financial Statements. It retains many requirements from MFRS 101 without modification.

MFRS 18 introduces two subtotals which are to be presented in the statement of profit or loss – including “operating profit”, which has been specifically defined. Income and expenses shall be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

MFRS 18 requires disclosure of explanations of the entity’s company-specific measures that are related to the statement of profit or loss, referred to as management-defined performance measures (“MPMs”). The entity is required to reconcile MPMs to a total or subtotal required by MFRS 18 or another MFRS Accounting Standards. MFRS 18 also requires other disclosures, including how each MPM is calculated, what the MPM communication about the entity’s financial performance, and any changes made to the MPMs in the year.

MFRS 18 adds new principles for aggregation and disaggregation of information. It requires the entity to classify the expenses in the “operating” category in the profit or loss by nature or function, or both. The entity that classifies operating expenses by functions are required to disclose in the notes to the financial statements, the amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line in the operating category. Subject to materiality, MFRS 18 requires items presented or disclosed as “other” to be labelled and/or described in as faithfully representative and precise a way as possible.

2.4 Functional and presentation currency

The financial statements of the Company are measured using the currency of the Primary economic environment in which the Company operates (“the functional currency”). The financial statements of the Company are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency.

2.5 Basis of measurement

The financial statements of the Company have been prepared on the historical cost basis, except as otherwise disclosed.

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 Company.

3.1 Financial instruments

Financial assets - subsequent measurement and gains and losses

Debt instruments at amortised cost

The Company subsequently measures 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.

Financial liabilities – subsequent measurement and gains and losses

Financial liabilities are classified at amortised cost.

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

3.2 Property, plant and equipment

Property, plant and equipment (other than right-of-use assets) are measured at cost less accumulated depreciation and any accumulated impairment losses.

All property, plant and equipment (other than right-of-use assets as disclosed in Note 5(c)) are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Electrical equipment, renovation, furniture and fittings	5 - 13 years
Plant and machineries	10 years
Motor vehicles	5 years

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****3.3 Leases****Lessee accounting**

The Company presents right-of-use assets that do not meet the definition of investment property as plant and equipment in Note 5 and lease liabilities in Note 12.

Short-term leases and leases of low value assets

The Company has 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 Company recognises 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 earlier of the end of the useful life of the right-of-use asset or 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.

The Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

3.4 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: purchase costs on a first-in first-out basis.
- finished goods: cost of appropriate share of production overheads based on normal operating capacity. These costs are assigned on a first-in-first-out basis.

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****3.5 Revenue and other income****(a) Construction contracts**

The Company constructs industrial automation products under long-term contracts with customers. Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the works performed is transferred over time as the Company does not create an asset with an alternative use and the Company have an enforceable right to payment for performance completed to date. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Billings are made with a credit term ranging from 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Company become entitled to invoice customers for construction of commercial and industrial properties based on achieving a series of performance-related milestones.

The Company recognises a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Company recognises a contract liability for the difference.

Product warranty period is usually 12 months from the date of delivery as provided in the contracts with customers.

(b) Rental income

Rental income from sub-leased plant and machinery is recognised as other income in profit or loss.

(c) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

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 disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue during the reporting period. It also requires directors to exercise their judgement in the process of applying 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 that have most significant effect on the Company's financial statements, or areas where assumptions and estimates that are significant to risk of resulting in a material adjustment to the Company's financial statements within the next financial year are disclosed as follows:

Construction revenue (Note 7 and 15)

The Company recognised revenue in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the recognition of revenue either over time or at point in time recognition, depending on the timing when the control of the products is passed to the customers based on the terms on the customer's orders. Significant judgement is also required to determine the progress towards satisfaction of a performance obligation, the extent of the contract costs incurred, the estimated total contracts revenue and costs, as well as the recoverability of the projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT

2024	Electrical equipment, renovation, furniture and fittings RM	Plant and machineries RM	Motor vehicles RM	Right-of-use assets RM	Total RM
Cost					
At 1 April 2023	3,332,990	11,656,724	1,728,061	18,229,526	34,947,301
Additions	64,855	1,162,250	-	157,013	1,384,118
At 30 June 2024	3,397,845	12,818,974	1,728,061	18,386,539	36,331,419
Accumulated depreciation					
At 1 April 2023	2,815,303	6,188,533	893,941	4,181,854	14,079,631
Charges for the financial year	126,221	1,117,894	259,525	609,775	2,113,415
At 30 June 2024	2,941,524	7,306,427	1,153,466	4,791,629	16,193,046
Net carrying amount					
At 30 June 2024	456,321	5,512,547	574,595	13,594,910	20,138,373

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Electrical equipment, renovation, furniture and fittings RM	Plant and machineries RM	Motor vehicles RM	Right-of-use assets RM	Total RM
2023					
Cost					
At 1 April 2022	3,301,544	11,426,754	807,061	18,199,879	33,735,238
Additions	69,946	351,970	921,000	29,647	1,372,563
Disposals	(38,500)	(122,000)	-	-	(160,500)
At 31 March 2023	3,332,990	11,656,724	1,728,061	18,229,526	34,947,301
Accumulated depreciation					
At 1 April 2022	2,650,437	5,356,802	606,207	3,665,251	12,278,697
Charges for the financial year	183,346	899,314	287,734	516,603	1,886,997
Disposals	(18,480)	(67,583)	-	-	(86,063)
At 31 March 2023	2,815,303	6,188,533	893,941	4,181,854	14,079,631
Net carrying amount					
At 31 March 2023	517,687	5,468,191	834,120	14,047,672	20,867,670

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)**Registration No. 200301018790 (621210-H)****CLT ENGINEERING SDN. BHD.**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

(a) Assets pledged as security

Leasehold buildings with carrying amount of RM13,509,410 (31.3.2023: RM13,948,027) have been pledged as security to secure term loans of the Company as disclosed in Note 11.

(a) The carrying amount of property, plant and equipment pledged as security for hire purchase arrangements (Note 11) are as follows:

	30.6.2024	31.3.2023
	RM	RM
Plant and machineries	3,954,900	3,706,025
Motor vehicles	574,595	834,120
	<u>4,529,495</u>	<u>4,540,145</u>

(c) Right-of-use assets

The Company leases several buildings.

Information about leases for which the Company are lessees is presented below:

	Leasehold buildings RM	Hostels RM	Total RM
Carrying amount			
At 1 April 2022	14,298,920	235,708	14,534,628
Additions	-	29,647	29,647
Depreciation	<u>(350,893)</u>	<u>(165,710)</u>	<u>(516,603)</u>
At 31 March 2023	13,948,027	99,645	14,047,672
Additions	-	157,013	157,013
Depreciation	<u>(438,617)</u>	<u>(171,158)</u>	<u>(609,775)</u>
At 30 June 2024	<u>13,509,410</u>	<u>85,500</u>	<u>13,594,910</u>

The Company lease buildings for its office space and operation side. The leases for office space and operation site generally have useful life of 50 years.

The Company also lease hostels with lease term from 1 to 3 years.

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)**Registration No. 200301018790 (621210-H)****CLT ENGINEERING SDN. BHD.**
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

(c) Right-of-use assets (continued)

Extension and termination options

The Company have several lease contracts that include extension and termination options. These options are negotiated by the Company to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs.

The undiscounted potential future rental payments relating to periods following the exercise date of extension and terminate options that are not included in the lease term are as follows:

	Within five years RM	More than five years RM	Total RM
Extension options expected not to be exercised	106,800	-	106,800

6. INVENTORIES

	30.6.2024 RM	31.3.2023 RM (Restated)	31.3.2022 RM (Restated)
At lower of cost and net realisable value			
Raw materials	248,134	256,841	289,868
Consumables	71,877	72,345	73,797
	<u>320,011</u>	<u>329,186</u>	<u>363,665</u>

The cost of inventories the Company recognised as an expense in cost of sales during the financial period was RM17,160,607 (31.3.2023: RM22,537,067).

7. CONTRACT ASSETS/(LIABILITIES)

	30.6.2024 RM	31.3.2023 RM (Restated)	31.3.2022 RM (Restated)
Contract assets relating to construction service contracts	6,521,178	12,716,771	9,972,795
Contract liabilities relating to construction service contracts	<u>(393,867)</u>	<u>-</u>	<u>-</u>

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)**Registration No. 200301018790 (621210-H)****CLT ENGINEERING SDN. BHD.**
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****7. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)**

(a) Significant changes in contract balances

	30.6.2024		31.3.2023	
	Contract assets Increase/ (decrease) RM	Contract liabilities Increase/ (decrease) RM	Contract assets Increase/ (decrease) RM	Contract liabilities Increase/ (decrease) RM
Cash received/receivable (billed)	(12,272,104)			
Increase due to consideration received from customers, but revenue not recognised	-	(393,867)	-	-
Transfer from contract assets recognised at the beginning of the period to receivables	(12,716,771)	-	(9,972,795)	-
Increase as a result of changes in the measure of progress	18,793,282	-	47,567,852	-
			(Restated)	

8. TRADE AND OTHER RECEIVABLES

	30.6.2024 RM	31.3.2023 RM
Trade		
Third parties	8,954,752	10,871,637
Amount due from holding company	501,603	1,135,816
	<u>9,456,355</u>	<u>12,007,453</u>
Non-trade		
Other receivables	1,350,950	1,098,000
Deposits	133,820	195,853
Prepayments	265,124	182,493
	<u>1,749,894</u>	<u>1,476,346</u>
Total trade and other receivables	<u>11,206,249</u>	<u>13,483,799</u>

Trade receivables are non-interest bearing and normal credit terms offered by the Company ranging from 30 to 90 days (31.3.2023: 30 to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)**Registration No. 200301018790 (621210-H)****CLT ENGINEERING SDN. BHD.**
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****9. CASH AND BANK BALANCES**

	30.6.2024	31.3.2023
	RM	RM
Cash on hand	6,627	4,672
Cash at bank	10,265,767	8,913,958
	<u>10,272,394</u>	<u>8,918,630</u>

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	30.6.2024	31.3.2023
	RM	RM
Cash and bank balances	10,272,394	8,918,630
Less: Bank overdrafts (Note 11)	(260,862)	-
	<u>10,011,532</u>	<u>8,918,630</u>

10. SHARE CAPITAL

	Number of ordinary shares		<----- Amounts ----->	
	30.6.2024	31.3.2023	30.6.2024	31.3.2023
	Unit	Unit	RM	RM
Issued and fully paid up (no par value):				
At beginning/end of the financial period/year	<u>12,125,000</u>	<u>12,125,000</u>	<u>12,125,000</u>	<u>12,125,000</u>

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

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****11. LOANS AND BORROWINGS**

	Note	30.6.2024 RM	31.3.2023 RM
Non-current:			
Secured			
Term loans	(a)	3,954,476	4,496,321
Hire purchase payables	(b)	1,654,511	2,364,242
		<u>5,608,987</u>	<u>6,860,563</u>
Current:			
Secured			
Bankers' acceptance	(a)	-	569,868
Bank overdraft (Note 9)	(a)	260,862	-
Term loans	(a)	877,737	851,845
Hire purchase payables	(b)	1,211,211	1,089,020
		<u>2,349,810</u>	<u>2,510,733</u>
Total loan and borrowings:			
Bankers' acceptance	(a)	-	569,868
Bank overdraft	(a)	260,862	-
Term loans	(a)	4,832,213	5,348,166
Hire purchase payables	(b)	2,865,722	3,453,262
		<u>7,958,797</u>	<u>9,371,296</u>

- (a) Term loans, bank overdraft and bankers' acceptance of the Company are secured and supported by the following:
- corporate guarantee by holding company; and
 - legal charge over the Company's property as disclosed in Note 5.

- (b) Hire purchase payables

Hire purchase payables of the Company of RM345,835 (31.3.2023: RM520,324) are secured by the Company's motor vehicles under hire purchase arrangements as disclosed in Note 5.

Future minimum hire purchase payables payments together with the present value of net minimum hire purchase payables payments are as follows:

	30.6.2024 RM	31.3.2023 RM
Minimum hire purchases payables payments:		
Not later than 1 year	1,340,294	1,253,111
Later than 1 year and not later than 5 years	1,757,755	2,498,037
More than 5 years	-	20,156
	<u>3,098,049</u>	<u>3,771,304</u>
Less: Future finance charges	<u>(232,327)</u>	<u>(318,042)</u>
Present value of minimum hire purchase payables payments	<u>2,865,722</u>	<u>3,453,262</u>

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. LOANS AND BORROWINGS (CONTINUED)

(b) Hire purchase payables (continued)

Future minimum hire purchase payables payments together with the present value of net minimum hire purchase payables payments are as follows:

	30.6.2024	31.3.2023
	RM	RM
Present value of minimum hire purchase payables payments:		
Not later than 1 year	1,211,211	1,098,020
Later than 1 year and not later than 5 years	1,654,511	2,344,177
More than 5 years	-	20,065
	<u>2,865,722</u>	<u>3,462,262</u>
Less: Amounts due within 12 months	<u>(1,211,211)</u>	<u>(1,098,020)</u>
Amounts due after 12 months	<u>1,654,511</u>	<u>2,364,242</u>

(c) The interest rates of the loans and borrowings at the reporting date are as follows:

	30.6.2024	31.3.2023
	% per annum	% per annum
Term loans	2.45 - 4.64	2.45 - 4.64
Hire purchase payables	2.02 - 3.35	2.02 - 3.02
Bankers' acceptance	-	4.47
Bank overdraft	<u>6.99</u>	<u>-</u>

12. LEASE LIABILITIES

	30.6.2024	31.3.2023
	RM	RM
Non-current:		
Lease liabilities	27,849	23,813
Current:		
Lease liabilities	<u>59,294</u>	<u>85,183</u>
	<u>87,143</u>	<u>108,996</u>

The incremental borrowing rate applied to lease liabilities ranging from 3.36% to 5.33% (31.3.2023: 3.36% to 5.33%) per annum.

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)**Registration No. 200301018790 (621210-H)****CLT ENGINEERING SDN. BHD.**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**12. LEASE LIABILITIES (CONTINUED)**

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

	30.6.2024	31.3.2023
	RM	RM
Minimum lease payments:		
Not later than one year	61,074	87,644
Later than one year and not later than five years	28,300	24,093
	<u>89,374</u>	<u>111,737</u>
Less: Future finance charges	(2,231)	(2,741)
Total present value of minimum lease payments	<u>87,143</u>	<u>108,996</u>
Present value of minimum lease payments:		
Not later than one year	59,294	85,183
Later than one year and not later than five years	27,849	23,812
	<u>87,143</u>	<u>108,995</u>
Less: Amount due within 12 months	(59,294)	(85,183)
Amount due after 12 months	<u>27,849</u>	<u>23,812</u>

13. DEFERRED TAX LIABILITIES

	30.6.2024	31.3.2023
	RM	RM
Deferred tax assets/(liabilities)		
At beginning of the financial period/year	806,170	810,895
Recognised in profit or loss (Note 21)	(462,881)	(4,725)
At end of the financial period/year	<u>343,289</u>	<u>806,170</u>
	30.6.2024	31.3.2023
	RM	RM
Presented after appropriate offsetting as follows:		
Deferred tax assets	835,753	16,623
Deferred tax liabilities	(1,179,042)	(822,793)
	<u>(343,289)</u>	<u>(806,170)</u>

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. DEFERRED TAX LIABILITIES (CONTINUED)

Deferred tax relates to the following:

	At beginning of the financial period/year RM	Recognised in profit or or loss (Note 21) RM	At end of the financial period/year
30.6.2024			
Deferred tax assets:			
Unused tax losses	-	402,868	402,868
Others	12,163	420,722	432,885
	<u>12,163</u>	<u>823,590</u>	<u>835,753</u>
Deferred tax liabilities:			
Property, plant and equipment	(818,333)	(360,709)	(1,179,042)
	<u>(818,333)</u>	<u>(360,709)</u>	<u>(1,179,042)</u>
	<u>(806,170)</u>	<u>462,881</u>	<u>(343,289)</u>
31.3.2023			
Deferred tax assets:			
Provisions	36,000	(36,000)	-
Others	-	12,163	12,163
	<u>36,000</u>	<u>(23,837)</u>	<u>12,163</u>
Deferred tax liabilities:			
Property, plant and equipment	(831,948)	13,615	(818,333)
Others	(14,947)	14,947	-
	<u>(846,895)</u>	<u>28,562</u>	<u>(818,333)</u>
	<u>(810,895)</u>	<u>4,725</u>	<u>(806,170)</u>

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)**Registration No. 200301018790 (621210-H)****CLT ENGINEERING SDN. BHD.**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**14. TRADE AND OTHER PAYABLES**

	Note	30.6.2024	31.3.2023
		RM	RM
Trade			
Trade payables	(a)	6,815,537	7,824,341
Amount due to related parties	(b)	24,068	31,799
		<u>6,839,605</u>	<u>7,856,140</u>
Non-trade			
Other payables		187,773	561,862
Amount due to holding company	(b)	-	969,575
Deposits received		42,000	42,000
Accruals		80,000	32,515
		<u>309,773</u>	<u>1,605,952</u>
Total trade and other payables		<u>7,149,378</u>	<u>9,462,092</u>

(a) The normal trade credit term granted to the Company by the trade creditors is 30 days (31.3.2023: 30 days).

(b) Amounts owing to related parties and holding company are unsecured, non-interest bearing repayable upon demand and is expected to be settled in cash.

For explanations on the Company's liquidity risk management processes, refer to Note 22(b)(ii).

15. REVENUE

	1.4.2023 to	1.4.2022 to
	30.6.2024	31.3.2023
	(15 months)	(12 months)
	RM	RM
		(Restated)
Revenue from contract customers		
Industrial automation products	<u>30,315,540</u>	<u>41,596,957</u>
Timing of recognition		
At a point in time	11,522,257	10,048,302
Over time	<u>18,793,283</u>	<u>31,548,655</u>
	<u>30,315,540</u>	<u>41,596,957</u>

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. OTHER INCOME

	1.4.2023 to 30.6.2024 (15 months) RM	1.4.2022 to 31.3.2023 (12 months) RM
Gain on disposal of property, plant and equipment	-	18,584
Gain on realised foreign exchange	817,387	989,122
Rental income	544,500	726,000
Sales of scrap	6,589	5,567
Others	300	51,840
	<u>1,368,776</u>	<u>1,791,113</u>

17. FINANCE INCOME

	1.4.2023 to 30.6.2024 (15 months) RM	1.4.2022 to 31.3.2023 (12 months) RM
Interest income on:		
- bank interest	203,858	62,056
- others	11,500	-
	<u>215,358</u>	<u>62,056</u>

18. FINANCE COSTS

	1.4.2023 to 30.6.2024 (15 months) RM	1.4.2022 to 31.3.2023 (12 months) RM
Interest expense on:		
- Term loan	329,296	240,887
- Hire purchase	236,467	227,857
- Bankers' acceptances	11,117	35,163
- Bank overdraft	6,128	6,550
- Lease liabilities	7,198	8,454
	<u>590,206</u>	<u>518,911</u>

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. (LOSS)/PROFIT BEFORE TAX

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

		1.4.2023 to 30.6.2024 (15 months) RM	1.4.2022 to 31.3.2023 (12 months) RM (Restated)
Auditors' remuneration - statutory audit		66,000	50,000
Depreciation of property, plant and equipment	5	2,113,415	1,886,997
Employee benefits expenses	20	7,642,671	6,024,882
Expenses relating to low value assets		103,150	16,099
Expenses relating to short-term lease		78,500	-
Loss on unrealised foreign exchange:		60,872	59,912
		<u>60,872</u>	<u>59,912</u>

20. EMPLOYEE BENEFITS EXPENSE

		1.4.2023 to 30.6.2024 (15 months) RM	1.4.2022 to 31.3.2023 (12 months) RM
Salaries, bonuses, allowances and others		6,950,347	5,453,748
Defined contribution plan		692,324	571,134
		<u>7,642,671</u>	<u>6,024,882</u>

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)**Registration No. 200301018790 (621210-H)****CLT ENGINEERING SDN. BHD.**
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****21. TAX (CREDIT)/EXPENSE**

	1.4.2023 to 30.6.2024 (15 months) RM	1.4.2022 to 31.3.2023 (12 months) RM (Restated)
Statement of comprehensive income		
Current income tax:		
- Current income tax charge	-	1,213,064
- Adjustment in respect of prior years	9,164	(9,021)
	9,164	1,204,043
Deferred tax (Note 13):		
- Origination of temporary differences	(638,604)	8,990
- Adjustment in respect of prior years	175,723	(13,715)
	(462,881)	(4,725)
Tax (credit)/expense recognised in profit or loss	<u>(453,717)</u>	<u>1,199,318</u>

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (31.3.2023: 24%) of the estimated assessable (loss)/profit for the financial period/year.

The reconciliation from the tax amount at the statutory income tax rate to the Company's tax (credit)/expense is as follows:

	1.4.2023 to 30.6.2024 (15 months) RM	1.4.2022 to 31.3.2023 (12 months) RM (Restated)
(Loss)/Profit before tax	<u>(3,665,713)</u>	<u>5,161,840</u>
Tax at the Malaysian statutory income tax rate of 24%	(879,771)	1,238,842
Tax effect on:		
- non-deductible expenses	255,546	33,896
- non-taxable income	(14,379)	(50,684)
Adjustment in respect of prior years:		
- income tax	9,164	(9,021)
- deferred tax	175,723	(13,715)
Tax (credit)/expense	<u>(453,717)</u>	<u>1,199,318</u>

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

	Carrying amount RM	Amortised cost RM
30 June 2024		
Financial assets		
Contract assets	6,521,178	6,521,178
Trade and other receivables, excluding prepayments	10,941,125	10,941,125
Cash and bank balances	<u>10,272,394</u>	<u>10,272,394</u>
	<u>27,734,697</u>	<u>27,734,697</u>
Financial liabilities		
Contract liabilities	393,867	393,867
Loans and borrowings	7,958,797	7,958,797
Lease liabilities	87,143	87,143
Trade and other payables	<u>7,149,378</u>	<u>7,149,378</u>
	<u>15,589,185</u>	<u>15,589,185</u>
31 March 2023 (Restated)		
Financial assets		
Contract assets	12,716,771	12,716,771
Trade and other receivables, excluding prepayments	13,301,306	13,301,306
Cash and bank balances	<u>8,918,630</u>	<u>8,918,630</u>
	<u>34,936,707</u>	<u>34,936,707</u>
Financial liabilities		
Loans and borrowings	9,371,296	9,371,296
Lease liabilities	108,996	108,996
Trade and other payables	<u>9,462,092</u>	<u>9,462,092</u>
	<u>18,942,384</u>	<u>18,942,384</u>

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

The Company's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks included credit risk, liquidity risk and foreign currency risk. The Company's overall financial risk management objective is to optimise value for its shareholders. The Company does not trade in financial instruments.

The Board of Directors review and agree to policies and procedures for the management of the risks, which are executed by the Company's senior management.

(i) Credit risk

Credit risk is the risk of financial loss to the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company is exposed to credit risk from their operating activities (primarily trade receivables), foreign exchange transactions and other financial instruments. The Company also provides loans for advances to holding company. The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on certain customers requiring credit over a certain amount.

The Company considers a financial asset to be in default when:

- the debtor is unable to pay its credit obligations to the Company in full, without taking into account any credit enhancements held by the Company; or
- the contractual payment of the financial asset is more than 30 days past due unless the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

At the end of the reporting date, the the Company assesses whether financial assets carried at amortised cost 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. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the debtor;
- a breach of contract, such as a default of past due event;
- a concession or restructuring of loans granted bt the lender of the counterpart 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 Company determines 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 Company's procedure for recovery of amounts due.

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by its carrying amounts in the statement 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. The Company has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company uses ageing analysis to monitor the credit quality of trade receivables. In managing credit risks of trade receivables, the Company also take appropriate actions to recover long past due balances.

Credit risk concentration profile

The Company determine the credit risk concentration of its trade receivables and contract assets by geographic region on an ongoing basis. The credit risk concentration profile of the Company's trade receivables and contract assets at the reporting date are as follows:

Trade receivables:

	30.6.2024		31.3.2023	
	RM	%	RM	%
Malaysia	2,238,963	24%	5,251,959	44%
Asia	3,455,625	37%	6,736,924	56%
USA	3,761,767	40%	18,570	0%
	9,456,355	100%	12,007,453	100%

Contract assets

	30.6.2024		31.3.2023	
	RM	%	RM	%
Malaysia	589,875	9%	124,800	1%
Asia	1,145,744	18%	12,385,252	97%
USA	4,785,560	73%	206,719	2%
	6,521,179	100%	12,716,771	100%

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

Credit risk concentration profile (continued)

The Company applies 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. The Company assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable.

The information about the credit risk exposure on the Company's trade receivables and contract assets using provision matrix are as follows:

	Contract assets RM	Current RM	Trade receivables ----->			Total RM
			1-30 days past due RM	31-60 days past due RM	> 61 days past due RM	
30 June 2024						
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Gross carrying amount at default	6,521,178	2,634,091	-	3,078,350	3,743,914	9,456,355
Impairment losses	-	-	-	-	-	-
31 March 2023						
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Gross carrying amount at default	12,716,771	6,162,730	-	1,739,199	4,105,524	12,007,453
Impairment losses	-	-	-	-	-	-

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**22. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(i) Credit risk (continued)****Other receivables and other financial assets**

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

The Company considers 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 Company compares the risk of a 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.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between entities within the Company comprise loans or advances which are repayable on demand. The Company regularly monitors the financial performance and position of these entities on an individual basis. When these entities' financial performance and position deteriorates significantly, the Company assumes that there is a significant increase in credit risk, and thereby a lifetime expected credit loss assessment is necessary. As the Company is able to determine the timing of repayment of the loans or advances, the Company will consider the loans or advances to be default when these entities are unable to pay based on the expected manner of recovery and recovery period. The Company determines the probability of default for these loans or advances using internally available information. The Company considers the loans or advances to be credit-impaired when the entities are unlikely to repay their debts.

As at the end of the reporting date, the Company considers the other receivables and other financial assets as low credit risk and any loss allowance would be negligible.

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**22. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(ii) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Company maintains sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Company uses a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis

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

	<-----Contractual cash flows----->				Total RM
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	
30.6.2024					
Trade and other payables	7,149,378	7,149,378	-	-	7,149,378
Hire purchase payables	2,865,722	1,340,294	1,757,755	-	3,098,049
Lease liabilities	87,143	61,074	28,300	-	89,374
Term loans	4,832,213	1,094,055	3,111,316	1,424,401	5,629,772
Bank overdraft	260,862	260,862	-	-	260,862
	15,195,318	9,905,663	4,897,371	1,424,401	16,227,435

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis (continued)

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

	Carrying amount RM	Contractual cash flows			Total RM
		On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	
31.3.2023					
Trade and other payables	9,462,092	9,462,092	-	-	9,462,092
Hire purchase payables	3,453,262	1,253,111	2,498,037	20,156	3,771,304
Lease liabilities	108,996	87,644	24,093	-	111,737
Term loans	5,348,166	1,080,960	2,979,687	2,298,508	6,359,155
Banker acceptances	569,868	575,165	-	-	575,165
	18,942,384	12,458,972	5,501,817	2,318,664	20,279,453

(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. Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when sales, and purchases that are denominated in a foreign currency).

Management has set up a policy that requires all companies within the Company to manage their treasury activities and exposures. The Company's policy is to hedge all material foreign currency exposures arising from its transactions and balance using derivative instruments that have maturity periods that match the corresponding maturity periods of the hedged items. In addition, the Company also take advantage of any natural effects of its foreign currencies revenue and expenses by maintaining current accounts in foreign currencies.

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

The Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	Functional currencies					Total RM
	USD RM	SGD RM	THB RM	RMB RM		
30.6.2024						
Balances recognised in the statement of financial position						
Trade and other receivables	7,166,943	50,449	-	-	-	7,217,392
Cash and bank balances	6,699,462	-	-	-	-	6,699,462
Trade and other payable	(4,304,595)	(128,210)	-	(528)	(528)	(4,433,333)
Total	9,561,810	(77,761)	-	(528)	(528)	9,483,521
31.3.2023						
Balances recognised in the statement of financial position						
Trade and other receivables	6,701,092	54,402	-	-	-	6,755,494
Cash and bank balances	5,601,132	-	4,176	-	-	5,605,308
Trade and other payable	(474,993)	(640,201)	-	-	-	(1,115,194)
Total	11,827,231	(585,799)	4,176	-	-	11,245,608

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)**Registration No. 200301018790 (621210-H)****CLT ENGINEERING SDN. BHD.**
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****22. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iii) Foreign currency risk (continued)**Sensitivity analysis for foreign currency risk

The Company principal foreign currency exposure mainly relates to United State Dollar ("USD"), Singapore Dollar ("SGD"), Thai Baht ("THB") and Renminbi ("RMB").

The following table demonstrates the sensitivity to a reasonably possible change in the USD, SDG, THB and RMB with all other variables held constant on the Company's total equity and (loss)/profit for the financial period/year.

	Changes in rate	Effect on (loss)/profit for the financial period/year RM	Effect on equity RM
30.6.2024			
USD	10%	726,698	726,698
	-10%	(726,698)	(726,698)
SGD	10%	(5,910)	(5,910)
	-10%	5,910	5,910
RMB	10%	(40)	(40)
	-10%	40	40
31.3.2023			
USD	10%	898,870	898,870
	-10%	(898,870)	(898,870)
SGD	10%	(44,521)	(44,521)
	-10%	44,521	44,521
THB	10%	317	317
	-10%	(317)	(317)

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement

The carrying amount of cash and cash equivalents, short-term receivables, short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The fair value of long-term financial liabilities is determined by the present value of future cash flows estimated and discounted using the current interest rates for similar instruments at the end of the reporting period.

There have been no transfers between levels during the current and previous financial period/year.

The following table provides the fair value measurement hierarchy of the Company's financial instruments:

Carrying amount	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	
RM	RM	RM	RM	RM	RM	RM	RM
30.6.2024							
Financial liabilities							
Term loans	-	-	-	-	-	(4,832,213)	(4,832,213)
Hire purchase payables	-	-	-	-	-	(2,910,011)	(2,910,011)
31.3.2023							
Financial liabilities							
Term loans	-	-	-	-	-	(5,348,166)	(5,348,166)
Hire purchase payables	-	-	-	-	-	(3,453,262)	(3,453,262)

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)**Registration No. 200301018790 (621210-H)****CLT ENGINEERING SDN. BHD.**
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****22. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Fair value measurement (continued)****Level 3 fair value****Fair value of financial instruments not carried at fair value**

The fair value of term loans and hire purchase are estimated based on discounted cash flows, method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

23. RELATED PARTIES**(a) Identity of related parties**

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Company include:

- (i) Holding company
- (ii) Entities in which directors have substantial financial interests;
- (iii) Key management personnel of the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

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

	1.4.2023 to 30.6.2024 (15 months) RM	1.4.2022 to 31.3.2023 (12 months) RM
Sales of goods		
Holding company	(4,853,318)	(3,459,861)
Subsidiaries of an affiliate company	<u>(4,200)</u>	<u>-</u>
Purchase of goods		
Subsidiaries of an affiliate company	166,851	265,217
Entities in which directors have substantial financial interests	<u>646,866</u>	<u>587,669</u>

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)**Registration No. 200301018790 (621210-H)****CLT ENGINEERING SDN. BHD.**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**23. RELATED PARTIES****(c) Compensation of key management personnel**

	1.4.2023 to 30.6.2024 (15 months) RM	1.4.2022 to 31.3.2023 (12 months) RM
Directors' emoluments	593,250	514,150
Other short-term employee benefits	81,698	60,000
	<u>674,948</u>	<u>574,150</u>

24. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that they maintain a strong capital base and safeguard the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Company monitors capital using debt-to-equity ratio. The debt-to-equity ratio is calculated as total debts divided by total equity. The debt-to-equity ratio at 30 June 2024 and 31 March 2023 are as follows:

	Note	30.6.2024 RM	31.3.2023 RM (Restated)
Loan and borrowings	11	7,958,797	9,371,296
Less: Cash and bank balances	9	<u>(10,272,394)</u>	<u>(8,918,630)</u>
Net cash		<u>(2,313,597)</u>	<u>452,666</u>
Total equity		<u>31,916,389</u>	<u>35,128,385</u>
Debt to equity ratio		<u>*</u>	<u>*</u>

* Not meaningful as the Company is in net cash position.

There was no breach of covenants during the financial year.

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)**Registration No. 200301018790 (621210-H)****CLT ENGINEERING SDN. BHD.**
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****25. COMPARATIVE FIGURES**

(a) Retrospective adjustments and reclassifications

During the current financial period, the Company made retrospective adjustments and reclassification to the prior year financial statements as to reflect the adjustments on revenue recognition in accordance to MFRS 15.

Certain comparative figures have been restated to confirm with current period presentation.

The effects of the adjustments and reclassifications are as follows:

	As previously reported RM	Adjustments RM	Reclassifications RM	As restated RM
31 March 2023				
Statement of Financial Position				
Current assets				
Inventories	8,547,658	(8,218,472)	-	329,186
Contract assets	-	12,716,771	-	12,716,771
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Equity attributable to the owners of the Company				
Retained earnings	19,584,678	3,418,707	-	23,003,385
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Current liabilities				
Current tax liabilities	359,525	1,079,592	-	1,439,117
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Statement of Comprehensive Income				
Revenue	38,852,981	2,743,976	-	41,596,957
Cost of sales	(33,865,349)	(897,719)	(163,772)	(34,926,840)
Other income	2,715,709	-	(924,596)	1,791,113
Administrative expenses	(2,187,811)	-	(448,192)	(2,636,003)
Distribution expenses	(514,931)	-	514,931	-
Other operating expenses	(1,194,918)	-	988,386	(206,532)
Finance costs	(552,154)	-	33,243	(518,911)
Tax expense	(756,216)	(443,102)	-	(1,199,318)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)**Registration No. 200301018790 (621210-H)****CLT ENGINEERING SDN. BHD.**
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****25. COMPARATIVE FIGURES (COTINUED)**

- (a) Retrospective adjustments and reclassifications (continued)

The effects of the adjustments and reclassifications are as follows: (continued)

	As previously reported RM	Adjustments RM	Reclassifications RM	As restated RM
31 March 2023				
Statement of Cash Flows				
Cash flow from operating activities				
Net cash from operating activities	11,306,005	(33,243)	-	11,272,762
Net cash used in investing activities	(1,187,839)	550,000	-	(637,839)
Net cash used in financing activities	(4,505,510)	(516,757)	-	(5,022,267)
31 March 2022				
Statement of Financial Position				
Current assets				
Inventories	7,684,418	(7,320,753)	-	363,665
Contract assets	-	9,972,795	-	9,972,795
Equity attributable to the owners of the Company				
Retained earnings	17,025,311	2,015,552	-	19,040,863
Current liabilities				
Current tax liabilities	142,951	636,490	-	779,441

- (b) The financial statement of the Company for the financial year ended 31 March 2023 were audited by another firm of Chartered Accountants who expressed an unmodified opinion on those financial statement on 20 July 2023.

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, **CHIN KEM WENG** and **TAN MOON TEIK**, being two of the directors of CLT Engineering Sdn. Bhd., do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 6 to 46 are drawn up in accordance with the 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 Company as at 30 June 2024 and of its financial performance and cash flows for the financial period then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of directors:

CHIN KEM WENG

Director

TAN MOON TEIK

Director

Date: 21 October 2024

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

CLT ENGINEERING SDN. BHD.
(Incorporated in Malaysia)

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, **TAN MOON TEIK**, being the director primarily responsible for the financial management of CLT Engineering Sdn. Bhd., do solemnly and sincerely declare to the best of my knowledge and belief, the accompanying financial statements set out on pages 6 to 46 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.

TAN MOON TEIK

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 21 October 2024.

Before me,

Hadinur Mohd Syarif
No. W761
Commissioner for Oaths

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CLT ENGINEERING SDN. BHD.**
(Incorporated in Malaysia)

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of CLT Engineering Sdn. Bhd., which comprise the statements of financial position as at 30 June 2024 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 6 to 46.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2024, and of its financial performance and its cash flows for the financial period then ended in accordance with the 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 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.

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CLT ENGINEERING SDN. BHD. (CONTINUED)**
(Incorporated in Malaysia)

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 Directors' Report but does not include the financial statements the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements 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 Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the 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 are necessary to enable the preparation of financial statements the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CLT ENGINEERING SDN. BHD. (CONTINUED)**
(Incorporated in Malaysia)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 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 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 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 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

AUDITED FINANCIAL STATEMENTS OF CLT FOR THE 15-MONTH FPE 30 JUNE 2024 (CONT'D)

Registration No. 200301018790 (621210-H)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CLT ENGINEERING SDN. BHD. (CONTINUED)**
(Incorporated in Malaysia)

Other Matters

1. The financial statements of the Company for the financial year ended 31 March 2023 were audited by another firm of Chartered Accountants whose report dated 20 July 2023 expressed an unmodified opinion on those financial statements.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

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

Kuala Lumpur

Date: 21 October 2024

Kenny Yeoh Khi Khen
No. 03229/09/2026 J
Chartered Accountant

VALUATION CERTIFICATE FOR THE CLT PROPERTY

W M Malik & Kamaruzaman Sdn. Bhd. (412423-T)

PROPERTY SURVEYORS • VALUERS • PROPERTY MANAGERS • ESTATE AGENTS

(formerly W. M. Malik & Kamaruzaman - estd 1969)
 3rd Floor, Wisma Yakin, Jalan Melayu, 50100 Kuala Lumpur, Malaysia.
 Tel: 03-2698 5522 Fax: 03-2692 5202
 email: wmmkj@wmmkj.com website: www.wmmkj.com
 Reg. No: VE(1) 0379

Directors:
 Wan Malik Mohamed, FRICS, MRISM
 Sr Kamaruzaman Jamil, BSc, (Hons) (London), FRISM, FPEPS
 Johann Wan Malik, BSc. (Hons) Est. Mgt. (UK), MRISM
 Sr Muhammad Zulfadli Kamaruzaman, BSc. (Hons) Est. Mgt. (UK), MRISM

(Valuation Certificate)4th November 2024

Our Ref: GEN/V2-1/24

Genetec Technology Berhad
 Lot 7, Jalan P10/11, Seksyen 10,
 Kawasan Perusahaan Bangi,
 43650 Bandar Baru Bangi,
 Selangor Darul Ehsan

Dear Sir

RE: VALUATION CERTIFICATE OF 1-STOREY DETACHED FACTORY WITH A 3-STOREY OFFICE ANNEX ON LOT PT 11734 HSM 5505, MUKIM OF DAMANSARA, DISTRICT OF PETALING, SELANGOR DARUL EHSAN (“SUBJECT PROPERTY”)

In accordance with the letter of instructions dated 19th September 2024 from Genetec Technology Berhad (“Genetec” or the “Company”), we are pleased to submit herein our opinion of the Market Value of the leasehold interest in the above-mentioned property. This valuation certificate is prepared for the purpose of submission to Bursa Malaysia Securities Berhad and inclusion in the circular to shareholders of Genetec in relation to the proposed disposal of 51% equity interest in CLT Engineering Sdn Bhd (“CLT Engineering”) to a related party.

This Valuation Certificate should be read in the context of the full valuation report bearing Reference No. GEN/V2-1/24 dated 28th October 2024 which has been prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia (revised on 19th January 2017) and the Malaysian Valuation Standards (6th Edition - 2019) issued by the Board of Valuers, Appraisers, Estate Agents & Property Managers Malaysia.

The basis of valuation is Market Value which is defined in the Malaysian Valuation Standards (6th Edition 2019) as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

The date of valuation is 10th October 2024.

BRANCHES

Klang : 1st Floor, No. 32, Jalan Tengku Diauddin, 41000 Klang. Tel: 603-3372 1932, 3373 0698 Fax: 603-3372 5945 Reg. No: VE(1) 0379/1
Petaling Jaya : No. 19, Jalan 227-A, 46100 Petaling Jaya. Tel: 603-7955 6454, 7958 8854 Fax: 603-7956 2049 Reg. No: VE(1) 0379/2

VALUATION CERTIFICATE FOR THE CLT PROPERTY (CONT'D)

W M Malik & Kamaruzaman Sdn. Bhd. (412423-T)

 PROPERTY SURVEYORS • VALUERS • PROPERTY MANAGERS • ESTATE AGENTS

IDENTIFICATION OF SUBJECT PROPERTY

Subject Property	: Lot PT 11734 HSM 5505
Address/Location	: Lot PT 11734, Persiaran Subang Indah, Taman Perindustrian Subang, 47610 Subang Jaya, Selangor Darul Ehsan
Property Description/Type	: 1-storey detached factory with a 3-storey office annex
Lot No	: Lot PT 11734 Mukim of Damansara, District of Petaling, Selangor Darul Ehsan
Title No	: HSM 5505
Tenure	: Leasehold 99 years expiring on 8/4/2090 (about 66 years unexpired term)
Title Land Area	: 8,093.712 square meters (about 87,119.91 square feet ("sq. ft.") or about 2.000 acres)
Category of Land Use	: Industry
Express Condition	: Perusahaan
Restrictions in Interest	: Tanah ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri.
Registered Proprietor	: CLT Engineering Sdn Bhd
Encumbrances	: Charged to HSBC Bank Malaysia Berhad vide Presentation No. 081SC3609/2011 dated 15 June 2011.
Gross Floor Area (GFA)	: 73,322 sq. ft.
Occupancy	: Owner-occupied by CLT Engineering Sdn Bhd which provides specialised services in precision parts fabrication, automation system assembly, research & design and machine design.
Date of Inspection	: 10 th October 2024
Date of Valuation	: 10 th October 2024

GENERAL DESCRIPTION

The Subject Property is a 1-storey detached factory with a 3-storey office annex bearing address Lot PT 11734, Persiaran Subang Indah, Taman Perindustrian Subang, 47610 Subang Jaya, Selangor Darul Ehsan. It is located within Taman Perindustrian Subang, Subang Jaya, Selangor about 25 km south-west of Kuala Lumpur city centre and about 2 km east of USJ Taipan Business Centre. It is accessible via Persiaran Kewajipan, a main thoroughfare in Subang Jaya, thence turn left into Persiaran Mulia and continue straight to Persiaran Subang Indah onto which the Subject Property fronts.

VALUATION CERTIFICATE FOR THE CLT PROPERTY (CONT'D)

W M Malik & Kamaruzaman Sdn. Bhd. (412423-T)

PROPERTY SURVEYORS • VALUERS • PROPERTY MANAGERS • ESTATE AGENTS

Land

The land is legally known as Lot PT 11734 held under HSM 5505, in the Mukim of Damansara, District of Petaling, Selangor Darul Ehsan which conveys a 99-year leasehold interest expiring on 8/4/2090 (about 66 years unexpired term). Lot PT 11734 is rectangular in shape, flat in terrain and at the same level with the frontage metal road, Persiaran Subang Indah. It has an area of 8,093.712 square meters (about 87,119.91 square feet or 2.000 acres). The land has frontage of about 130 feet and a depth of about 640 feet.

Buildings

The building is a 1-storey detached factory with a 3-storey office annex and ancillary buildings built within the compound, namely a guard house, a refuse chamber and a water pump room. The factory, the first and second floor of the office annex are fitted with split unit air-conditioners.

The buildings are briefly described as follows:

1-storey detached factory

The detached factory is basically constructed of steel truss framework with reinforced concrete walls and columns, metal deck roofing, plastered brick walls topped with metal claddings, and reinforced concrete floors. The floor finish is mainly cement render and ceramic tiles at toilets.

3-storey office annex

The building is basically constructed of reinforced concrete framework structure, concrete flat roof, plastered brick walls and reinforced concrete floors. Floor finishes comprise ceramic tiles, carpet and cement render.

Guard House, Refuse Chamber and Water Pump Room

These buildings are basically constructed of reinforced concrete framework structure, concrete flat roof, plastered brick walls and concrete floors. The floor is cement rendered.

The gross floor area (GFA) of the building is 73,322 sq. ft. (6,811.84 square meters ("sq. m.")). There is a total of 48 car park bays located the around the building and within the compound.

The building is issued with the Certificate of Completion and Compliance (CCC) bearing reference number LAM / S / No. 7704 dated 22/10/2013 (refer Schedule 2), aging it at about 11 years old and is in a good state of repair and maintenance.

TOWN PLANNING

The Subject Property is zoned and approved for an industrial building consistent with the express conditions stated in the land title.

VALUATION CERTIFICATE FOR THE CLT PROPERTY (CONT'D)

W M Malik & Kamaruzaman Sdn. Bhd. (412423-T)

PROPERTY SURVEYORS • VALUERS • PROPERTY MANAGERS • ESTATE AGENTS

PROPERTY MARKET OVERVIEW

The Central Region property market performance improved in H1 2024, as indicated by the increase in market activities. The region registered 47,763 transactions worth RM46.09 billion, which increased by 11.6% and 35.8% in volume and value, respectively as compared to H1 2023. Combined, these three states formed 24.0% and 43.6% of the national volume and value of transactions.

The industrial sub-sector contributed a marginal portion of 2.9% to the overall market activity in the Central Region. The region's market performance recorded an increase of 13.4% in volume to 1,392 transactions (H1 2023: 1,228 transactions) and 27.9% in value to RM7.20 billion (H1 2023: RM5.63 billion). In terms of transaction value, Kuala Lumpur and Selangor increased by 38.5% and 12.0%, respectively, while in Putrajaya, no activities were recorded.

Within Petaling district, the overall industrial sub-sector recorded an increase of 14.0% in volume transactions in H1 2024 to 334 transactions (H1 2023: 293 transactions) whilst the value transactions indicated an increase of 60.7% in H1 2024 to RM2.29 billion (H1 2023: RM1.43 billion). Detached factories/warehouse within the Petaling district also recorded an increase of 57.5% in volume in H1 2024 to 63 transactions (H1 2023: 40 transactions) and increase of 127.2% in value transactions in H1 2024 to RM1.44 billion (H1 2023: RM635 million). As for vacant industrial plots within Petaling district, it recorded an increase of 6.7% in volume transactions in H1 2024 to 16 transactions (H1 2023: 15 transactions). The value transactions indicate an increase of 100.4% in H1 2024 to RM185.9 million (H1 2023: RM92.75 million).

(Extracts from JPPH's Property Market Report H1 2024, Central Region)

The Covid-19 pandemic and the economic slowdown have affected most sectors of the economy including the property market including the manufacturing sector although less affected as the sector was allowed to partially open to operate. Despite the slight upturn of market activity since the economic activities resumed in September 2021 and the economic stimulus packages introduced by the government, the property market is expected to remain in recovery path in following years ahead. The outlook for 2024 and 2025 is positive as reflected by increased volume and value of transactions in 2024.

VALUATION

The valuation is on the basis of Market Value as defined herein. In assessing the Market Value of the leasehold interest in the Subject Property, we have adopted the Cost Approach.

In Cost Approach to valuation, the land is valued (using the Comparison Method), which entails analysis of sales of comparable lands, making adjustments for factors which affect value, namely time, location, land use, size (land area), shape, terrain and tenure. The building is valued based on current cost depreciated for age, condition and obsolescence, if any. The aggregate of the land value and the building value is the Market Value of the Subject Property.

We have adopted only one valuation approach because the value of detached factories in the same location varies depending on land size and factory size. The reason only one valuation approach is adopted i.e. Cost Approach is because prices of purpose-built detached factories in the area vary substantially depending on land size and factory size. Analysis solely based on unit price per sq. ft. of land area or floor area would not be appropriate and not suitable for use as basis to value.

VALUATION CERTIFICATE FOR THE CLT PROPERTY (CONT'D)

W M Malik & Kamaruzaman Sdn. Bhd. (412423-T)

PROPERTY SURVEYORS • VALUERS • PROPERTY MANAGERS • ESTATE AGENTS

Other valuation approaches such as the Income Approach (Investment Method) is not adopted because the subject property is not an income-generating property as it is wholly owner-occupied.

Land Value (Comparison Method)

Transactions of vacant industrial lands located in the surrounding area are considered.

Comparable (for Land):	Comparable 1	Comparable 2	Comparable 3
Address/Location	Lots PT 870 & 871, Jalan Subang 8, Taman Perindustrian Subang, Subang Jaya, Selangor Darul Ehsan	Lot 549, Jalan Subang 2, Taman Perindustrian Subang, Subang Jaya, Selangor Darul Ehsan	Lot 868, Jalan Subang 8, Taman Perindustrian Subang, Subang Jaya, Selangor Darul Ehsan
Property Type	Two Plots of Vacant Industrial Lands	Vacant Industrial Land	Vacant Industrial Land
Title/Lot No	Lots PT 870 & PT 871, HSM 227 & HSM 226, Mukim of Damansara, District of Petaling, Selangor	Lot 549, GM 189, Mukim of Damansara, District of Petaling, Selangor	Lot 868, GM 132, Mukim of Damansara, District of Petaling, Selangor
Tenure	Leasehold 99 Years expiring on 27 August 2068 (about 44 years of unexpired term)	Freehold	Freehold
Transaction Date	8 February 2021	2 April 2019	7 February 2018
Land Area	319,897 sq. ft. (7.344 acres)	130,674 sq. ft. (3.000 acres)	159,629 sq. ft. (3.665 acres)
Consideration	RM26,391,490.00	RM6,000,000.00	RM15,164,735.00
Analysis Price per sq. ft.	RM82.50 per sq. ft.	RM45.92 per sq. ft.	RM95.00 per sq. ft.
Source	JPPH*	JPPH*	JPPH*
Adjustment Factors	Time, location, land use, size (land area), shape, terrain, tenure	Time, location, land use, size (land area), shape, terrain, tenure	Time, location, land use, size (land area), shape, terrain, tenure
Adjusted Value per sq. ft.	RM118.62 per sq. ft.	RM50.50 per sq. ft.	RM120.49 per sq. ft.

* JPPH - Jabatan Penilaian dan Perkhidmatan Harta, Treasury Malaysia

The above transactions are used as comparisons to derive the land value. The adjusted value per sq. ft. ranges from about RM50.50 to RM120.49 per sq. ft. The Subject Property has a land area of 87,119.91 sq. ft. or about 2.000 acres. Based on the analyses and adjustments, we are of the opinion, Comparable 1 is the best comparable as it is the most recent. We therefore value the land component of the Subject Property using the Comparison Method (for land) at RM120.00 per sq. ft. to arrive at the land value of RM10,400,000.00.

There are three transactions of vacant industrial land within the subject area in 2022 and 2023 (see below). There were no transactions in 2024. However, these recent transactions are not considered for the purpose of this valuation due to the land size for transaction 1 and 2 is small. For transaction 3, the transacted price per sq ft, which is way below the range of market price as it is only a share sale transaction.

Below is the recent transaction vacant industrial land that were not considered (Source: JPPH Data Sales):

VALUATION CERTIFICATE FOR THE CLT PROPERTY (CONT'D)

W M Malik & Kamaruzaman Sdn. Bhd. (412423-T)

PROPERTY SURVEYORS • VALUERS • PROPERTY MANAGERS • ESTATE AGENTS

- 1) Lot 91951 GM 1192, Jalan Subang 4, Taman Perindustrian Subang, land area 4,111.81 sq. ft. (0.0944 acres), freehold interest, transacted on 31/7/2023 at RM1,000,000.00 (equivalent to RM243.20 per sq. ft.).
- 2) Lot PT 32718 HSD Pajakan 255035, Jalan Industri USJ1/19, Taman Perindustrian Subang, land area 1,743.75 sq. ft. (0.0400 acres), held on 99 years leasehold interest, transacted on 17/4/2023 at RM350,000.00 (equivalent to RM200.72 per sq. ft.).
- 3) Lot 763 GM 121, Jalan Subang 4, Taman Perindustrian Subang, land area 130,684.63 sq. ft. (3.0001 acres), freehold interest, transacted on 1/9/2022 by share for RM110,000.00 (for 1/48 share). For full share equivalent to RM5,280,000.00 (equivalent to RM40.40 per sq. ft.).

Asking prices are few, as follows (Source: PropertyGuru):

- 1) Subang Jaya Industrial Land, land area 4,000.00 sq. ft. (0.0918 acres), freehold, asking at RM1,290,000.00 (equivalent to RM322.50 per sq. ft.), listed on 21 Oct 2024. (Note: This is not suitable for comparison due to its small area)
- 2) Taman Perindustrian Subang Land for Sale, land area 319,730.40 sq. ft. (7.3400 acres), freehold, asking at RM58,800,000.00 (equivalent to RM183.90 per sq. ft.), listed on 29 Sep 2024. (Note: This asking price is too high to use as comparison)

The asking prices above show prices for industrial lands are on the high side, indicating an increasing price trend although the sales evidence considered showed lower prices. We consider the sales evidence to be more reflective of prices and in line with market trends.

Building Value

The building is valued based on the current building construction cost depreciated for age, condition and obsolescence.

We have relied on JUBM Construction Cost Handbook Malaysia 2024 (latest available publication) which provides construction data of similar buildings, as basis for the current building construction cost. The building construction costs for similar buildings are as follows:

JUBM Construction Cost Handbook Malaysia 2024	
CONSTRUCTION COST FOR KUALA LUMPUR	RM Per Sq. Ft.
INDUSTRIAL	
Owner operated factories, low rise	183 - 232
Light duty flatted factories	152 - 179
OFFICE / COMMERCIAL	
Average standard office, high rise	255 - 337

Source: JUBM Construction Cost Handbook Malaysia 2024/WMMK Research (exclude site formation works, external works, professional fees, finance and legal expenses)

VALUATION CERTIFICATE FOR THE CLT PROPERTY (CONT'D)

W M Malik & Kamaruzaman Sdn. Bhd. (412423-T)

PROPERTY SURVEYORS • VALUERS • PROPERTY MANAGERS • ESTATE AGENTS

We have adopted the current building construction cost below taking into consideration the design, specifications and condition of the subject building.

Buildings	Cost (RM per sq. ft.)
1-Storey Detached Factory	240.00
3-Storey Office Annex	175.00
Guard House, Refuse Chamber, Water Pump Room	100.00

We have allowed depreciation rate of 1% per annum for age, condition and obsolescence which we consider appropriate for the subject building and consistent with industry practice for building depreciation treatment.

Considering the above, the building component of the Subject Property is valued at RM13,600,000.00.

We therefore assess the market value of the Subject Property using the Cost Approach as follows:

1) Land Value (RM120.00 per sq. ft.)	-	RM10,400,000.00
2) Building Value	-	<u>RM13,600,000.00</u>
Market Value		<u>RM24,000,000.00</u>

Market Value

Considering all the above, we are of the opinion the Market Value of the leasehold interest in the Subject Property, Lot PT 11734 HSM 5505 in the Mukim of Damansara, District of Petaling, Selangor Darul Ehsan, built upon a 1-storey detached factory with a 3-storey office annex bearing postal address, Lot PT 11734, Persiaran Subang Indah, Taman Perindustrian Subang, 47610 Subang Jaya, Selangor Darul Ehsan, subject to the land title being good, free from encumbrances and with vacant possession is RM24,000,000.00 (Ringgit Malaysia Twenty-Four Million Only).

Yours faithfully
for and on behalf of
W M Malik & Kamaruzaman Sdn. Bhd.
Property Surveyors • Valuers • Property Managers • Estate Agents



Sr Muhammad Zulfadli Kamaruzaman, BSc (Hons) Estate Management (UK), MRISM
Executive Director
Registered Valuer V-1146
Ref. No.: GEN/V2-1/24
MZK/wz

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

Our Board has seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular misleading.

All statements and information in relation to the Purchaser contained in this Circular were obtained from and confirmed by the Purchaser. The sole responsibility of our Board is limited to ensuring that such information is accurately reproduced in this Circular.

2. CONSENTS AND CONFLICT OF INTERESTS**2.1 TA Securities**

TA Securities, being the Principal Adviser to our Company for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

TA Securities confirms that it is not aware of any circumstance that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as the Principal Adviser to our Company for the Proposed Disposal.

2.2 Malacca Securities

Malacca Securities, being the Independent Adviser for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the IAL as set out in **Part B** of this Circular and all references thereto in the form and context in which it appears in this Circular.

Malacca Securities confirms that it is not aware of any circumstance that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as the Independent Adviser for the Proposed Disposal.

2.3 W M Malik

W M Malik, being the independent valuer for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the valuation certificate for the CLT Property and all references thereto in the form and context in which it appears in this Circular.

W M Malik confirms that it is not aware of any circumstance that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as the independent valuer for the Proposed Disposal.

3. MATERIAL CONTRACTS

Our Group has not entered into any material contracts (not being contract entered into in the ordinary course of business) within the past 2 years up to the LPD.

4. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, our Group is not engaged in any material litigation, claims, or arbitration, either as plaintiff or defendant and our Board confirmed that there are no proceeding pending or threatened against our Group or of any fact likely to give rise to any proceeding which may materially affect the financial position or business of our Group.

ADDITIONAL INFORMATION (CONT'D)

5. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**5.1 Material commitments**

Saved as disclosed below, as at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group, which may have a material impact on the profits and/or NA of our Group.

Capital commitments	RM'000
Contracted but not provided for:	
Property, plant and equipment	27,304

5.2 Contingent liabilities

As at the LPD, our Board is not aware of any material contingent liabilities incurred by us which may have a substantial impact on the financial position of our Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the registered office of our Company at Lot 7, Jalan P10/11, Seksyen 10, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan, Malaysia during normal business hours on Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Constitutions of our Company and CLT;
- (ii) the audited consolidated financial statements of our Company for the past FYE 31 March 2023 and 15-month FPE 30 June 2024 as well as the latest unaudited financial results of our Company for the 3-month FPE 30 September 2024;
- (iii) the audited financial statements of CLT for the past FYE 31 March 2023 and 15-month FPE 30 June 2024 as well as the latest unaudited financial results of CLT for the 3-month FPE 30 September 2024;
- (iv) the SSA;
- (v) the valuation certificate (as set out in **Appendix IV** of this Circular) for the CLT Property, together with the valuation report; and
- (vi) the letters of consent and declaration of conflict of interest referred to in **Section 2** of this Appendix.

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GENETEC TECHNOLOGY BERHAD

(Registration No. 199701030038 (445537-W))

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of Genetec Technology Berhad (“Genetec” or “Company”) will be conducted fully virtual through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at <https://tiih.online> or <https://tiih.com.my> (Domain Registration No. with MYNIC: D1A282781) on Thursday, 27 February 2025 at 10.00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing the following resolutions, with or without modifications:

ORDINARY RESOLUTION 1

PROPOSED DISPOSAL BY GENETEC OF 6,183,750 ORDINARY SHARES IN CLT ENGINEERING SDN BHD (“CLT”), REPRESENTING 51% EQUITY INTEREST IN CLT TO TAN MOON TEIK FOR A TOTAL DISPOSAL CONSIDERATION OF RM21,627,559 TO BE FULLY SATISFIED VIA CASH (“PROPOSED DISPOSAL”)

“THAT subject to the approvals of all relevant regulatory authorities and/or parties being obtained (where applicable), approval be and is hereby given to the Board of Directors of the Company (“Board”) to dispose of 6,183,750 ordinary shares in CLT, representing 51% equity interest in CLT, to Tan Moon Teik (“Purchaser”) for a total disposal consideration of RM21,627,559 to be satisfied entirely in cash in accordance with the terms and conditions of the conditional share sale agreement dated 4 November 2024 (“SSA”) entered between the Company and the Purchaser.

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things, and take all such decisions as they may in their absolute discretion deem fit, necessary, expedient and/or appropriate in the best interest of the Company and to take all such steps and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or agreements (including but not limited to any deed, undertaking and/or covenant) as may be necessary or expedient in order to implement, finalise, give effect and complete the Proposed Disposal under the terms and conditions of the SSA with full powers to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities including to enter into any supplemental agreement(s), if any, in connection with the Proposed Disposal, and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner or as the Board may deem necessary or expedient in the best interest of the Company.”

ORDINARY RESOLUTION 2

PROPOSED AUTHORITY FOR GENETEC TO PURCHASE ITS OWN SHARES OF UP TO TEN PER CENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (“PROPOSED SHARE BUY-BACK”)

“THAT, subject to the Companies Act 2016 (“Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and the approvals of any relevant governmental and/or regulatory authorities, where such approval is required, the Company be and is hereby authorised to purchase such number of issued ordinary shares of the Company (“Shares”) as may be determined by the Board from time to time through Bursa Securities upon such terms and conditions as the Board may deem fit, necessary and expedient in the best interest of the Company, provided that:

- (a) the maximum aggregate number of Shares which may be purchased by the Company and/or held as treasury shares shall not exceed 10% of the total number of issued shares of the Company at any point of time;
- (b) the maximum amount of funds to be allocated by the Company for the purpose of purchasing its own Shares shall not exceed the total amount of retained profits of the Company; and

- (c) the authority conferred by this resolution will be effective immediately upon the passing of this resolution and shall continue to be in force until:
- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the general meeting at which such resolution was passed at which time the said authority will lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
 - (ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
 - (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) made by the Company of its own Shares before the aforesaid expiry date and in any event, in accordance with the provisions of the Listing Requirements and/or any applicable laws, rules, regulations, orders, guidelines and/or requirements issued by Bursa Securities and/or any other relevant authorities.

THAT, upon completion of the purchase(s) by the Company of its own Shares, the Board be and is hereby authorised to deal with the Shares so purchased (“**Purchased Shares**”), in their absolute discretion in the following manner:

- (a) cancel all or part of the Purchased Shares; and/or
- (b) retain all or part of the Purchased Shares as treasury shares; and/or
- (c) retain part of the Purchased Shares as treasury shares and cancel the remainder of the Purchased Shares; and/or
- (d) deal with the treasury shares in such other manner as permitted under the Act, Listing Requirements and/or applicable laws, rules, regulations, orders, guidelines and/or requirements of any relevant authorities for the time being in force.

AND THAT the Board be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things (including the opening and maintaining depository account(s) under the Securities Industry (Central Depositories) Act, 1991) and to execute, sign, deliver and cause to be delivered for and on behalf of the Company all such documents and/or agreements (including, without limitation, the affixing of the Company’s common seal, where necessary), as the Board may consider necessary, expedient and/or relevant to finalise, implement, give full effect to and complete the Proposed Share Buy-Back with full powers to assent to any conditions, terms, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities and to do all such acts and things thereafter as the Board may consider necessary and expedient in the best interest of the Company.”

BY ORDER OF THE BOARD

LOW SOOK KUAN (MAICSA 7047833)
(SSM PC No. 202008001384)
Company Secretary

Selangor Darul Ehsan
17 January 2025

Notes:

1. *For the purpose of determining a member who shall be entitled to participate at the EGM, the Company shall be requesting the Record of Depositors as at 17 February 2025. Only a depositor whose name appears on such Record of Depositors shall be regarded as a member and entitled to participate at the EGM as well as for appointment of proxy(ies) or authorised representative to participate at the EGM on his/her stead.*
2. *A member of the Company entitled to participate at the EGM shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless the member specifies the proportion of the member’s shareholdings to be represented by each proxy.*

3. *Where a member of the Company is an Exempt Authorised Nominee (“EAN”) 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 (“SICDA”), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.*
4. *Where a member of the Company is an authorised nominee as defined under the SICDA, it may appoint more than one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or if the appointer is a corporation, shall either under its common seal (if any) or under the hand of an officer or attorney of the corporation duly authorised.*
6. *A member who has appointed a proxy or attorney or corporate representative to participate at the EGM must request his/her proxy or attorney or corporate representative to register himself/herself at TIIH Online website at <https://tiih.online>. Please follow the procedures for Remote Participation and Voting (RPV) facilities in the Administrative Guide for the EGM.*
7. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited as follows, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in case of a poll, not less than 24 hours before the time appointed for the taking of the poll at the EGM. The resolutions set out in this Notice of EGM will be put to vote by poll.*

(i) *Deposit hardcopy of Proxy Form*

To the Company’s Share Registrar’s office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

(ii) *Deposit of Proxy Form electronically*

To the Company’s Share Registrar via TIIH Online website at <https://tiih.online>. Kindly refer to the Administrative Guide for the EGM on the procedure for electronic submission of Proxy Form via TIIH Online.



GENETEC TECHNOLOGY BERHAD

(Registration No. 199701030038 (445537-W))
(Incorporated in Malaysia)

CDS Account No.	No. of ordinary shares

Form of Proxy

I/We* _____
(Full name in block) _____ NRIC/Passport/Registration No.* _____

of _____
(Address)

with email address: _____ mobile phone no.: _____
being *a member/members of Genetec Technology Berhad (the “Company”) hereby appoint:

Full name (in block letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			

and (if more than (1) proxy)

Full name (in block letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			

or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company (“EGM”) to be conducted fully virtual through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at <https://tiih.online> or <https://tiih.com.my> (Domain Registration No. with MYNIC: D1A282781) on Thursday, 27 February 2025 at 10.00 a.m. or any adjournment thereof as indicated below:

ORDINARY RESOLUTION		FOR	AGAINST
1	Proposed Disposal		
2	Proposed Share Buy-Back		

(Please indicate with an “X” in the appropriate spaces as to how you wish your vote to be cast. In the absence of specific directions, the proxy will vote or abstain from voting as his/her discretion.)

* Delete whichever is not applicable.

Signature of Shareholder(s)/Common Seal

Date :

Notes:

- For the purpose of determining a member who shall be entitled to participate at this EGM, the Company shall be requesting the Record of Depositors as at 17 February 2025. Only a depositor whose name appears on such Record of Depositors shall be regarded as a member and entitled to participate at the EGM as well as for appointment of proxy(ies) or authorised representative to participate at the EGM on his/her stead.
- A member of the Company entitled to participate at the EGM shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless the member specifies the proportion of the member’s shareholdings to be represented by each proxy.



3. *Where a member of the Company is an Exempt Authorised Nominee (“EAN”) 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 (“SICDA”), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.*
4. *Where a member of the Company is an authorised nominee as defined under the SICDA, it may appoint more than one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or if the appointer is a corporation, shall either under its common seal (if any) or under the hand of an officer or attorney of the corporation duly authorised.*
6. *A member who has appointed a proxy or attorney or corporate representative to participate at the EGM must request his/her proxy or attorney or corporate representative to register himself/herself via TIIH Online website at <https://tiih.online>. Please follow the procedures for Remote Participation and Voting (RPV) facilities in the Administrative Guide for the EGM.*
7. *The instrument appointing a proxy and the power of attorney or other uthority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited as follows, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in case of a poll, not less than 24 hours before the time appointed for the taking of the poll at the EGM. The resolutions set out in this Notice of EGM will be put to vote by poll.*

(i) Deposit hardcopy of Proxy Form

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To the Company’s Share Registrar via TIIH Online website at <https://tiih.online>. Kindly refer to the Administrative Guide for the EGM on the procedure for electronic submission of Proxy Form via TIIH Online.

Fold this flap for sealing

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AFFIX
STAMP

The Share Registrar
GENETEC TECHNOLOGY BERHAD
(Registration No. 199701030038 (445537-W))
c/o: Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan

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