



DUFU TECHNOLOGY CORP. BERHAD  
200201013949 (581612-A)

# EMPOWERING TECHNOLOGY, ENABLING THE FUTURE



**ANNUAL  
REPORT 2024**

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## 23<sup>RD</sup> ANNUAL GENERAL MEETING

Date : Tuesday, 6 May 2025

Time : 9.00 a.m.

Venue : Function Room 7, Spice Convention Centre, SPICE, No. 108, Jalan Tun Awang, 11900 Penang

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#### EMPOWERING TECHNOLOGY, ENABLING THE FUTURE

The design centers around the ships in motion atop a globe, symbolising remarkable progress, ongoing global partnerships, and a boundless commitment to growth. These ships sailing forward in one direction represent Dufu Technology Corp. Berhad's synergy toward unlocking greater opportunities as a team and embarking on the route ahead with an open and unified mindset.

With a red ship leading the fleet on the globe, it not only signifies how Dufu is built to be a world-class leading precision engineering solutions provider, it also reflects the effective company culture of successful delegation and collaboration of the interconnected roles in the corporate chain, aiming toward a shared goal.

Illustrating Dufu's expertise and strength to propel forward as one, the globe is designed in an ocean blue colour to depict the open sea where the ships are positioned on, symbolising Dufu's ability to embrace all challenges that come their way as they move against the current.

The strong usage of blue also ties in to Dufu's branding and suggests a spirit of openness and clarity. This overall design historically reflects the organisation's steadfast dedication to paving a way towards excellence, steering confidently into a future limitless possibilities as a whole.

## VISION, MISSION & CORE VALUES



### VISION

To be a leading-edge technology provider for micro precision products globally, and be the supplier of choice on delivering excellent product quality and service on time every time.



### MISSION

To continually creating value for customers with engineering innovation and solutions to their supply chain by fostering an eco-friendly operating environment whilst striving for long term business sustainability and maintaining high integrity in corporate social responsibility practices that benefits customers, employees and stakeholders.

## CORE VALUES



### DETERMINATION



### UNITY



### FOCUS



### UNDERSTANDING

Our Core Values are the beliefs and principles we share to create a *unity* of purpose across the Group – to enable us to treat each other with mutual respect, to gain *understanding* and help us to work harmoniously together at Dufu. They reflect our common aspiration to foster a unifying performance-based culture to promote every team member to stay *focus* and *determined*, and remain resolute in pursuit of Dufu’s goals. These are the elements that best describe who we are and continue to strive to be in an ever-changing world.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**DATO' LEE, HUI-TA**  
also known as Li Hui Ta  
Executive Chairman

**WU, MAO-YUAN**  
Executive Director

**YIN, CHIH-CHU**  
also known as  
Laurence Yin  
Independent Non-Executive Director

**TSAI, KUN-CHANG**  
Independent Non-Executive Director

**NG PHAIK LEE**  
Independent Non-Executive Director

**KHAW MUI SUAN**  
Independent Non-Executive Director

#### AUDIT COMMITTEE

Chairman  
**Ng Phaik Lee**

Members  
**Yin, Chih-Chu also known as  
Laurence Yin**  
**Tsai, Kun-Chang**  
**Khaw Mui Suan**

#### NOMINATING COMMITTEE

Chairman  
**Khaw Mui Suan**

Members  
**Yin, Chih-Chu also known as  
Laurence Yin**  
**Tsai, Kun-Chang**  
**Ng Phaik Lee**

#### REMUNERATION COMMITTEE

Chairman  
**Khaw Mui Suan**

Members  
**Yin, Chih-Chu also known as  
Laurence Yin**  
**Tsai, Kun-Chang**  
**Ng Phaik Lee**

#### INVESTMENT COMMITTEE

Chairman  
**Yin, Chih-Chu also known as  
Laurence Yin**

Members  
**Wu, Mao-Yuan**  
**Tsai, Kun-Chang**  
**Ng Phaik Lee**  
**Khaw Mui Suan**

#### EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Chairman  
**Dato' Lee, Hui-Ta also known as  
Li Hui Ta**

Members  
**Teoh Chiew Hong**  
**David Khoo Chong Beng**  
**Nah Ren Howe**

#### RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

Chairman  
**Ng Phaik Lee**

Members  
**Yin, Chih-Chu also known as  
Laurence Yin**  
**Tsai, Kun-Chang**  
**Khaw Mui Suan**  
**Teoh Chiew Hong**  
**David Khoo Chong Beng**

#### COMPANY SECRETARIES

How Wee Ling  
(MAICSA 7033850)  
(SSM PC No: 202008000869)  
Ooi Ean Hoon  
(MAICSA 7057078)  
(SSM PC No: 202008000734)

#### AUDITORS

Crowe Malaysia PLT  
Chartered Accountants  
Level 6, Wisma Penang Garden  
42, Jalan Sultan Ahmad Shah  
10050 Penang  
Tel : 604-2277061  
Fax : 604-2278011

#### HEAD OFFICE

19, Hilir Sungai Keluang 2  
Taman Perindustrian Bayan Lepas  
Phase IV, 11900 Penang, Malaysia  
Tel : 604-6161300  
Fax : 604-6161372  
Website : www.dufutechnology.com

#### REGISTERED OFFICE

57-G Persiaran Bayan Indah  
Bayan Bay, Sungai Nibong  
11900 Penang  
Tel : 604-6408932  
Fax : 604-6438911  
Email : sec@rtalliance.com

#### SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel : 603-20849000  
Fax : 603-20949940  
Email : info@sshshb.com.my

#### PRINCIPAL BANKERS

AmBank (M) Berhad  
Malayan Banking Berhad  
Public Bank Berhad  
Standard Chartered Bank Berhad  
United Overseas Bank (Malaysia) Bhd

#### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
Sector : Industrial Products & Services  
Sub-Sector : Industrial Materials,  
Components & Equipment  
Stock Name: DUFU  
Stock Code : 7233

## CORPORATE MILESTONES

### 1987

Incorporation of Dufu Industries Sdn Bhd (DISB).

### 1990

Secured a key customer for 5.25-inch disk spacers, marking the official launch of DISB's precision machining for HDD components in the HDD business.

### 1994

DISB relocated its operations to its own facility at Plot 19, Free Industrial Zone, Phase IV, Bayan Lepas, Penang.

### 2002

Incorporation of Dufu Technology Corp. Berhad (Dufu) and establishment of Dufu Industries Services Pte. Ltd. (DISPL) in Singapore to enhance the Group's regional presence.

### 2007

Dufu was listed on the Second Board of Bursa Malaysia.

### 2008

Dufu's listing was transferred to the Main Board of Bursa Malaysia. Acquisition of Guangzhou Futron Technology Co. Ltd. (Futron) to diversify the Group's manufacturing base in China.

### 2022

Dufu was added to the FTSE4Good Bursa Malaysia ("F4GBM") Index and the FTSE4Good Bursa Malaysia Shariah ("F4GBMS") Index.

DFS entered into an agreement to purchase two freehold properties covering 21,732 square meters in Mukim 12, Daerah Seberang Perai Selatan, Penang for RM45.4 million.

### 2021

Dufu was recognized by Forbes as one of the 200 Asia-Pacific public companies with less than US\$1 billion in revenue, demonstrating consistent growth and won THE EDGE's BRC Award 2021 for the second consecutive year for "Highest Returns to Shareholders Over Three Years."

### 2020

Dufu was honored with THE EDGE's Billion Ringgit Club (BRC) Award 2020 for "Highest Returns to Shareholders Over Three Years."

### 2019

Dufu received THE EDGE's Centurion Club Corporate Award 2019 for "Highest Growth in Profit After Tax Over Three Years."

### 2018

DISB acquired a 70,000 sq. ft. property in Taman Perindustrian Bukit Minyak, Simpang Ampat, Penang for RM11.4 million to strengthen capabilities in sheet metal fabrication and assembly.

Incorporation of a second subsidiary in China, Guangzhou Futron Precision Industries Co., Ltd. (Futron PI), which acquired 216,000 sq. ft. of land use rights in Conghua Industrial Park for RM7.1 million.

### 2011

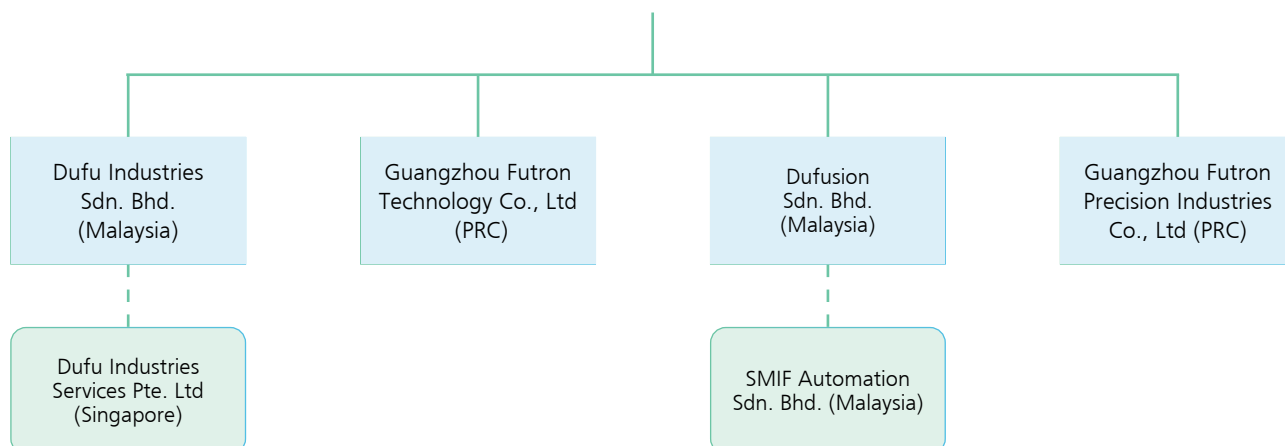
Incorporation of Dufusion Sdn Bhd (DFS). DFS acquired a 62,000 sq. ft. property in Bayan Lepas Free Industrial Zone, Phase I, Penang for RM9 million.



## GROUP STRUCTURE



### DUFU TECHNOLOGY CORP. BERHAD



### Principal Activities

Dufu Technology Corp. Berhad (Registration No. 200201013949 (581612-A)) is principally involved in investment holding. The subsidiaries of Dufu as at 31 December 2024 are as follows: -

Subsidiary	Country of Incorporation	Ownership Interest	Principal Activity
Dufu Industries Sdn. Bhd. Registration No. 198701006751 (165467-T)	Malaysia	100%	Design, development, manufacture, assembly and trading of die components and precision machining of vice, computer peripherals and parts for hard disk drive.
Guangzhou Futron Technology Co., Ltd (914401017371887143)	People's Republic of China (PRC)	100%	Manufacturing and trading of optics and magnetism driver and parts.
Guangzhou Futron Precision Industries Co., Ltd (91440101MA5CC6TT0A)	People's Republic of China (PRC)	100%	Engaging in metal precision manufacturing and processing parts such as metal components for special equipment for electronics industry, air conditioning compressor accessories, auto parts, etc.
Dufusion Sdn. Bhd. Registration No. 201101020016 (948150-U)	Malaysia	100%	Design, develop, manufacture, fabricate, assembly and trading of precision steel mould, metal products and steel parts, medical industry's chairs and instrument tables, etc.
* Dufu Industries Services Pte. Ltd (200204589D)	Singapore	100%	Processing and trading of high quality computer disk-drive related components.
© SMIF Automation Sdn. Bhd. Registration No. 202201030817 (14766514-D)	Malaysia	51%	Engaging in trading and dealing in relation to the automation and fabrication of semiconductors and semiconductor devices and their accessories.

\* A wholly-owned subsidiary of Dufu Industries Sdn. Bhd.

© A subsidiary of Dufusion Sdn. Bhd.

## BOARD OF DIRECTORS' PROFILE



### DATO' LEE, HUI-TA also known as Li Hui Ta

Executive Chairman

• Taiwanese • Male • 66 years

Dato' Lee, Hui-Ta also known as Li Hui Ta was appointed as the Executive Director and Chief Financial Officer of Dufu Technology Corp. Berhad ("Dufu" or "Company") on 1 September 2006. On 18 June 2015, he was appointed as Executive Chairman of the Group and subsequently, he relinquished his position as the Chief Financial Officer on 4 November 2016. He is the Chairman of the Employees' Share Option Scheme Committee. He graduated with a Diploma in Mechanical Engineering from St. John's & St. Mary's Institute of Technology Taiwan in 1979. He also obtained a degree in Business Administration from National Taipei University in 1988 and a Master of Business Administration from American California Miramar University in 2009.

Dato' Lee commenced his career as an engineering supervisor with He Li Ying Precision Industry, Taiwan in 1981 dealing with precision components and was promoted to Managing Director in 1983 where he was responsible for their entire operation. In 1984, he co-set up Lee Bai Corp. Ltd. in Taiwan to manufacture precision quick die change systems for stamping and tooling of component parts.

In 1990, Dato' Lee co-set up Dufu Industries Sdn Bhd ("DISB") to manufacture precision tooling and precision machining parts for computer-related components. He has more than forty (40) years of experience in the precision tooling industry and in the CNC precision machining industry. He also sits on the board of several other private limited companies.

On 9 July 2022, he was granted the title of "Dato" after being conferred the Darjah Setia Pangkuan Negeri ("DSPN") award. Previously, on 25 July 2017, he was conferred the Darjah Johan Negeri ("DJN") award. These awards were presented in recognition of his exceptional contributions to society, particularly in reinforcing a strong investor stance to support the business community in the northern region.

### WU, MAO-YUAN

Executive Director

• Taiwanese • Male • 68 years

Mr. Wu Mao-Yuan was appointed as a Non-Independent Non-Executive Director of Dufu on 19 December 2012 and was re-designated as an Executive Director on 27 August 2015. Mr. Wu currently serves as Managing Director of Guangzhou Futron Technology Co., Ltd ("Futron"), a subsidiary of the Group. He is a member of the Investment Committee of the Company.

Mr. Wu graduated from Taiwan Zhen Xin University in 1977 with a Diploma in Mechanical Engineering. Upon graduation, he started his career in 1979 as an Engineering Assistant responsible for the design and manufacturing of production jig and fixture with Da Di Ling Company. Subsequently, he joined Jin Feng Corp. in 1981 as a supervisor where he led the production team to manufacture motorcycle components. From 1988 to 1992, he was with Lee Bai Corp Ltd. as a Production Manager where he successfully commercialized a new precision machining project for the company. In 1993, Mr. Wu worked in DISB where he was responsible for overseeing its operation in line with technology evolution within the industry. He left Malaysia in 2002 to set-up and established Futron plant in China. He is also a Compliance Officer of Superior Plating Technology Co. Ltd., a company listed in Taipei Exchange.

## BOARD OF DIRECTORS' PROFILE (CONT'D)



### YIN, CHIH-CHU

also known as Laurence Yin

Independent Non-Executive Director  
 • Taiwanese • Male • 63 years

Mr. Yin, Chih-Chu also known as Laurence Yin was appointed as an Independent Non-Executive Director of Dufu on 11 November 2016. He is the Chairman of the Investment Committee and a member of the Audit Committee, Nominating Committee, Remuneration Committee, Risk Management and Sustainability Committee of the Company.

Mr. Yin graduated with a Diploma in Accounts from National Taipei College of Business in Taiwan in 1982 and later obtained his Executive Master of Business Administration from National Chengchi University in 2012. He began his career in 1987 as an Executive Staff member at Chailease Finance Co., Ltd. in Taiwan, focusing on financing and accounts. In 1991, he was transferred to Malaysia as an Administrative and Financial Manager, overseeing the company's daily administrative and financial operations.

In 1997, he was promoted to Executive Manager, responsible for the operations of two plastic compounding factories, a label sticker factory, and a trading company in Kuala Lumpur. In 2001, Mr. Yin played a key role in establishing CITC Enterprise (Thai) Co., Ltd. in Thailand, focusing on plastic coloring and compounding, but concluded his involvement with the company on 28 February 2014. He has more than twenty (20) years of working experience in the plastic compounding and label sticker industries. He sits on the board of SMIF Automation Sdn Bhd and several private limited companies.

### TSAI, KUN-CHANG

Independent Non-Executive Director  
 • Taiwanese • Male • 61 years

Mr. Tsai, Kun-Chang was appointed as an Independent Non-Executive Director of Dufu on 30 July 2024. He is a member of the Audit Committee, Risk Management and Sustainability Committee, Remuneration Committee, Nominating Committee, and Investment Committee of the Company.

Mr. Tsai graduated from Asia Eastern University of Science and Technology (formerly known as Oriental Institute of Technology) in Taiwan with a diploma in Textile Engineering. He has an extensive experience in the textile industry and was actively involved in managing, research, production and marketing aspects over his 40 year span in the industry.

He began his career in 1986 as a Quality Control Supervisor at Chung Shin Textile Co., Ltd. in Taiwan, where he focused on maintaining product quality and ensuring compliance with industry standards. After three years, he joined Hakers Enterprise Co., Ltd. ("Hakers") as their Assistant Factory Manager, where he played a crucial role in overseeing daily operations and optimizing production processes. In 1993, Mr. Tsai was seconded to Malaysia to lead the company's operations there, eventually advancing to the position of Managing Director. In this capacity, he was responsible for setting the strategic direction and overall performance of Hakers' Malaysian operations, implementing best practices, and driving growth in a competitive market. In 2005, he was relocated to manage the company's plant in China for three years, before returning to the Malaysian facility, where he continued to enhance operational efficiencies and expand market reach. In 2021, Mr. Tsai took on the leadership of Hakers' plant in Vietnam, further demonstrating his expertise in managing diverse teams across different cultural contexts and navigating the complexities of the global textile market.

After retiring from Hakers in 2021, Mr. Tsai established his own company, Dongpo Garments Sdn Bhd, where he continues to leverage his extensive knowledge and experience to build industry relationships and drive new business initiatives.



## BOARD OF DIRECTORS' PROFILE (CONT'D)



### NG PHAIK LEE

Independent Non-Executive Director  
 • Malaysian • Female • 58 years

Ms. Ng Phaik Lee (Carine) was appointed as an Independent Non-Executive Director of Dufu on 8 October 2024. She serves as the Chairman of both the Audit Committee and the Risk Management and Sustainability Committee, and is also a member of the Remuneration Committee, Nominating Committee, and Investment Committee of the Company.

Carine holds a Master of Business Administration from Nottingham Trent University in the United Kingdom. She is a qualified accountant with a professional designation from the Association of Chartered Certified Accountants (ACCA) and has been a Chartered Accountant registered with the Malaysian Institute of Accountants (MIA) since 2001.

She has extensive experience in corporate exercises, compliance with various regulations, stakeholder relations, accounting, costing, customer networking, market research and penetration, as well as manufacturing operations.

Carine began her career in 1989 as an Accounts Officer at SDKM Sdn. Bhd. By 1995, she was promoted to Accounts Manager, and in 2001, she advanced to Corporate Finance Manager. She played a pivotal role in the company's listing on Bursa Malaysia in 2001, which resulted in its transformation into a public company under the name SDKM Fibres, Wires & Cables Berhad. After the listing, she was responsible for managing the operations of overseas branches and was promoted to General Manager in 2006. In 2007, she participated in a reverse takeover that changed SDKM back into a private entity. In 2008, as the company restructured its operations, Carine became the Managing Director of SDKM Technologies Sdn. Bhd., a position she continues to hold today.

### KHAW MUI SUAN

Independent Non-Executive Director  
 • Malaysian • Female • 55 years

Ms. Khaw Mui Suan (Katherine) was appointed as an Independent Non-Executive Director of Dufu on 17 February 2025. She currently serves as the Chairman of the Nominating Committee and Remuneration Committee and is a member of the Audit Committee, Risk Management and Sustainability Committee, and Investment Committee.

Katherine graduated with a Bachelor of Laws (LL.B) (Honours) degree from the University of London in 1993. She subsequently obtained her Certificate of Legal Practice (CLP) in 1995 and was admitted to the Malaysian Bar as an Advocate and Solicitor on 26 October 1996.

Katherine began her career as a chambering student at Chew, Tan & Lim, a legal firm in Penang, in January 1996 and was retained by the same firm as a Legal Assistant in October 1996 after being called to the Malaysian Bar. In April 1997, she relocated to Kuala Lumpur, where she practised at Cheong Kee Fong & Co before joining Khaw & Partners in April 2000. In August 2000, she returned to Penang and rejoined Chew, Tan & Lim as a Senior Legal Assistant. In January 2002, she became a Partner in the Corporate Division of Salina, Lim Kim Chuan & Co. in Penang. In September 2015, Katherine established her own legal practice, Katherine Khaw & Associates, in Penang, where she remains the owner and continues to serve clients.

With 29 years of experience as a lawyer, Katherine has extensive expertise in corporate law, equity corporate finance and commercial law. She renders legal advisory services on a broad spectrum of matters, including mergers and acquisitions and joint ventures, initial public offerings (IPOs), corporate exercises and restructuring, corporate governance and compliances, banking and finance, land/property acquisitions and development projects.

#### ADDITIONAL INFORMATION:

None of the Directors has:

- (i) any family relationship with other Directors and/or major shareholders of the Company or its subsidiaries except for Dato' Lee, Hui-Ta also known as Li Hui Ta is the spouse of Mdm Wang, Kuei-Hua, a major shareholder of the Company;
- (ii) any conflict of interest or potential conflict of interest, including interest in competing business with the Company or its subsidiaries;
- (iii) been convicted of any offence, other than traffic offences (if applicable) within the past five (5) years; and
- (iv) been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2024.

## KEY SENIOR MANAGEMENT TEAM

### TEOH CHIEW HONG Chief Executive Officer

- Malaysian
- Male
- 49 years

Mr. Teoh Chiew Hong holds a degree in Science (Mathematics) from Universiti Sains Malaysia. Mr. Teoh commenced his career with DISB in 2000 as a Production Control Officer and ascended to the position of Material Planning Manager in 2006. In this role, he played a crucial role in spearheading the implementation of the Group's integrated application for its logistics and manufacturing system. He is also responsible for overseeing the Group's capacity planning, material, and inventory management.

In 2007, Mr. Teoh expanded his responsibilities to include overseeing the Computer Numerical Control ("CNC") Auto Lathe Manufacturing Division. Subsequently, in 2011, he was promoted to the position of Senior Manager in the Planning & Logistics Department. His dedication and leadership skills led to another promotion in 2016, where he assumed the role of General Manager effective 1 September 2016. In this capacity, his primary focus was driving and optimizing the entire CNC manufacturing division and other supporting business operations to enhance operational excellence. The success of running the CNC department, which flourished under his leadership, led to his appointment as Chief Operating Officer on 1 March 2019.

On 1 March 2023, Mr. Teoh's promotion to Deputy Chief Executive Officer reflected his noteworthy contributions. Subsequently, on 1 March 2024, he assumed the role of Chief Executive Officer of the Group.

### DAVID KHOO CHONG BENG Chief Financial Officer

- Malaysian
- Male
- 52 years

Mr. David Khoo Chong Beng joined DISB on 1 March 2017 as a Senior Financial Controller. He holds a professional accountancy qualification from Association of Chartered Certified Accountants ("ACCA") and is a Chartered Accountant registered with the Malaysian Institute of Accountants ("MIA") since September 2002. In June 2012, he obtained a Commonwealth Executive Masters of Business Administration from Wawasan Open University. On 13 November 2023, Mr David is a Certified Sustainability Practitioner after having obtained the professional certification of Certified Sustainability Reporting Specialist ("CSRS") issued by Institute of Certified Sustainability Practitioners.

Mr. David Khoo started his career in BDO Binder Penang, an audit firm in June 1995 before moving to KPMG Penang in July 1997. He joined NTPM Holdings Berhad ("NTPM") as an Accountant in April 2000 and worked his way to be the Financial Controller of NTPM in January 2009. He left NTPM in February 2017. On 1 March 2019, he was appointed as Chief Financial Officer where he is entrusted to lead the finance, corporate and management information functions of the Group.

### WONG SER YIAN Director of DISPL

- Singaporean
- Male
- 67 years

Mr. Wong Ser Yian graduated with a Bachelor of Engineering from Nanyang Technology University of Singapore in 1985. He started his career with Seagate Technology International, Singapore in 1986 as Supplier Quality Engineer and was promoted to Senior Engineer in 1988. Subsequently in 1990, he joined Microplis Limited, Singapore as Senior Quality Engineer where he was responsible for developing and improving the aspects of suppliers' quality. In the same year, he moved to X Factor Pte Ltd as their Chief Executive Officer. On 2 September 2002, he joined Dufu Industries Services Pte. Ltd. ("DISPL") and took up the position of General Manager and his primary responsibilities are sales, marketing and customers service support and subsequently, on 27 August 2015, Mr. Wong was appointed as Director of DISPL.

### NAH REN HOWE Managing Director of Dufusion Sdn Bhd

- Malaysian
- Male
- 59 years

Mr. Nah Ren Howe joined Dufu Group on 1 September 2019 as Managing Director of Dufusion Sdn Bhd where he is managing the metal stamping and sheet metal division of the Group. After completing his studies at Confucian Secondary School, he continued his tertiary education at Meiji University in Tokyo, Japan. He graduated with a degree in management studies in 1989.

During his stay in Japan, Mr. Nah was fascinated by the precision tooling business. Upon completion of his studies, he found employment with a company supplying precision tools and stamped metal parts to Sony, NEC and other Japan MNCs. Mr. Nah returned to Malaysia in 1994 after spending 10 years in Japan. He took over the management of Rehon Industries, and he steered the company towards precision stamped parts with his acquired experience in the field.

#### ADDITIONAL INFORMATION:

None of the Key Senior Management has:

- any family relationship with other Directors and/or major shareholders of the Company;
- any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries;
- been convicted of any offence, other than traffic offences (if applicable) within the past five (5) years; and
- been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2024.

## GROUP FINANCIAL HIGHLIGHTS

### Ten-Year Financial Summary

FINANCIAL YEAR ENDED 31 DECEMBER	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>RESULTS</b>										
Revenue	178,271	170,310	181,212	241,451	249,069	298,000	352,736	304,029	227,811	259,599
Earnings Before Interest, Depreciation & Taxation ("EBITA")	30,528	47,110	43,505	75,373	65,944	78,248	102,869	95,138	45,015	43,731
Amortisation and Depreciation	(12,867)	(10,968)	(10,194)	(7,809)	(10,344)	(9,319)	(10,643)	(11,426)	(10,882)	(12,117)
Operating Profit Before Interest and Taxation	17,661	36,142	33,311	67,564	55,600	68,929	92,226	83,712	34,133	31,614
Finance Costs	(1,679)	(884)	(523)	(421)	(956)	(705)	(329)	(234)	(255)	(2,052)
Share of results of associate, net of tax	-	-	-	(2,078)	(877)	1,052	2,072	1,068	(324)	72
Profit Before Taxation ("PBT")	15,982	35,258	32,788	65,065	53,767	69,276	93,969	84,546	33,554	29,634
Taxation	(5,039)	(8,225)	(6,746)	(13,239)	(9,662)	(17,705)	(20,283)	(17,533)	(9,206)	(7,088)
Profit For the Year	10,943	27,033	26,042	51,826	44,105	51,571	73,686	67,013	24,348	22,546
Non-controlling Interest	-	-	-	29	417	241	-	-	-	19
Profit Attributable to Owners of Company	10,943	27,033	26,042	51,855	44,522	51,812	73,686	67,013	24,348	22,565
<b>ASSETS</b>										
Property, Plant & Equipment@	63,514	53,433	46,213	61,764	76,811	78,883	101,809	139,620	148,101	180,988
Investment in Associate	-	-	6,144	3,783	3,599	4,452	7,755	8,767	8,568	8,530
Other Non-current Assets	590	582	1,257	454	1,244	616	737	1,069	806	1,042
Cash and Cash Equivalents	25,255	46,562	37,976	41,513	43,680	80,083	85,010	107,905	103,201	101,595
Other Current Assets	79,150	75,433	84,783	112,679	143,346	146,993	190,815	167,038	156,698	155,143
Total Assets	168,509	176,010	176,373	220,193	268,680	311,027	386,126	424,399	417,374	447,298
<b>EQUITY AND LIABILITIES</b>										
Shareholders' Equity	115,442	129,465	141,728	173,635	214,367	255,832	312,080	340,698	340,424	343,748
Non-controlling Interest	-	-	-	846	429	-	-	-	-	828
Total Equity	115,442	129,465	141,728	174,481	214,796	255,832	312,080	340,698	340,424	344,576
Loans and Borrowings	24,005	12,995	6,368	10,682	17,520	17,546	18,052	57,145	47,342	63,961
Other Non-current Liabilities	243	1,331	15	321	1	1	1,188	1,711	2,456	3,280
Other Current Liabilities	28,819	32,219	28,262	34,709	36,363	37,648	54,806	24,845	27,152	35,481
Total Liabilities	53,067	46,545	34,645	45,712	53,884	55,195	74,046	83,701	76,950	102,722
Total Equity and Liabilities	168,509	176,010	176,373	220,193	268,680	311,027	386,126	424,399	417,374	447,298
<b>FINANCIAL RATIOS</b>										
Basic Earnings per Share (sen) #	2.1	5.3	5.2	10.3	8.9	10.0	14.0	12.7	4.6	4.2
Diluted Earnings per Share (sen) #	2.1	5.3	5.2	10.3	8.8	9.8	13.9	12.6	4.6	4.2
Interest cover (times)	11	41	64	160	58	98	280	358	134	15
Net Assets per Share (sen) #	22	26	28	36	42	49	59	64	64	65
Profit Before Taxation Margin (%)	9%	21%	18%	27%	22%	23%	27%	28%	15%	11%
Profit After Taxation Margin (%)	6%	16%	14%	21%	18%	17%	21%	22%	11%	9%
Return on Shareholders Equity (%)	9%	21%	18%	30%	21%	20%	24%	20%	7%	7%
Dividend per Share (sen) # ^	1.03	1.50	2.17	3.55	4.00	5.00	7.00	6.50	3.50	3.50
Dividend Payout ratio (%)	50%	28%	41%	46%	46%	50%	50%	51%	76%	83%

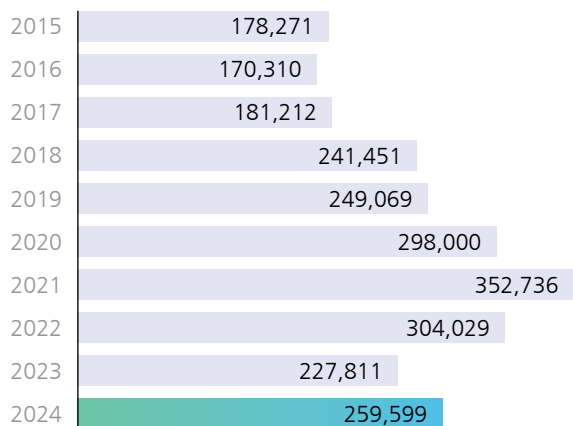
# Computed based on enlarged number of ordinary shares in issue after bonus issue exercise which was completed on 29 November 2018 & 4 August 2020

^ The Single Tier Final Dividend for FY2018 by way of one treasury share for every twenty shares held is deemed to be worth 8.15 sen per share based on the closing price at the date of announcement on 26 February 2019

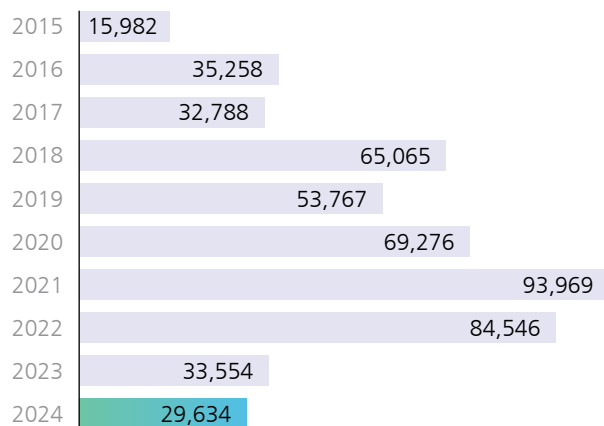
@Property, plant and equipment includes Investment properties and right-of-use assets

## GROUP FINANCIAL HIGHLIGHTS (CONT'D)

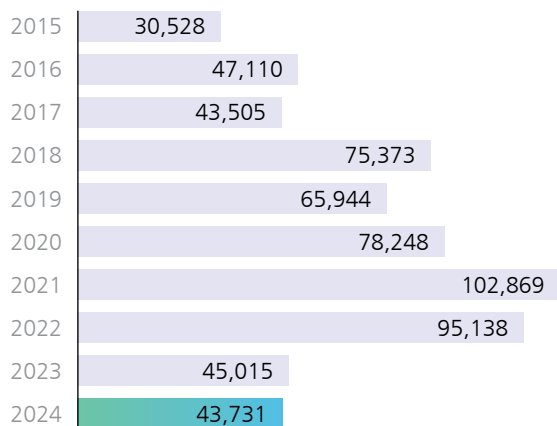
Revenue (RM'000)



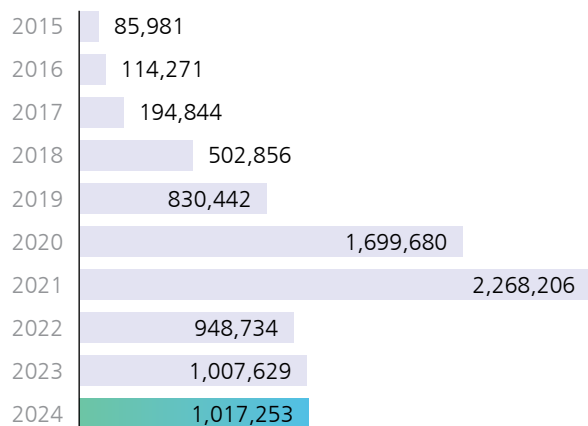
Profit Before Taxation (RM' 000)



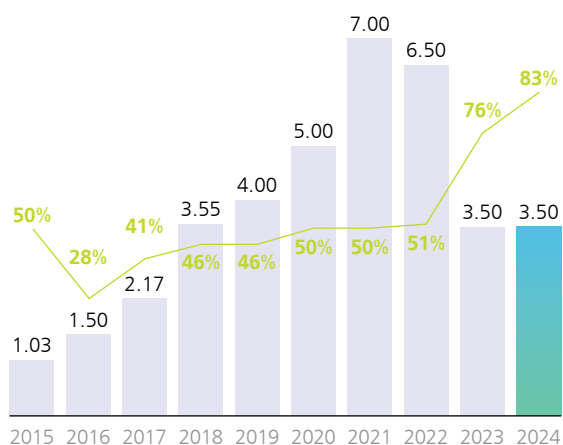
Earning Before Interest, Depreciation and Taxation (RM'000)



Market Capitalisation (RM' 000)

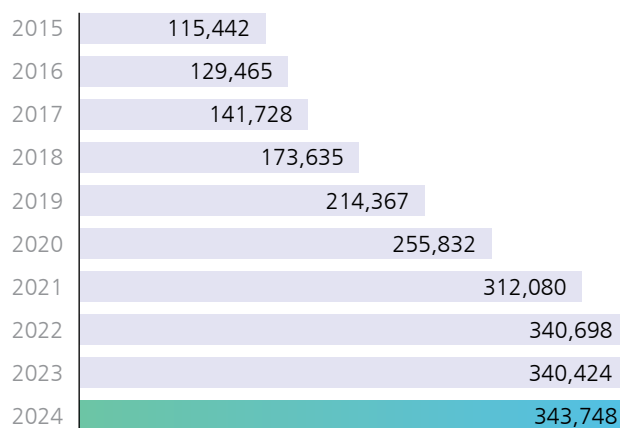


Dividend per Share (sen) / Dividend Payout Ratio (%)



■ Dividend per Share (sen) #^  
 — Dividend Payout ratio (%)

Shareholders' Equity (RM' 000)



## CHAIRMAN'S STATEMENT



### DEAR FELLOW SHAREHOLDERS,

On behalf of the Board of Directors of Dufu Technology Corp. Berhad (“Dufu”), I am pleased to present the Annual Report and the Financial Statements for the financial year ended 31 December 2024 (“FY2024”).

**DATO' LEE, HUI-TA**  
also known as Li Hui Ta  
Executive Chairman

### Financial and Operating Environment

The global semiconductor industry saw a modest recovery in 2024, largely driven by strong demand for Artificial Intelligence (AI) chips. However, this growth was offset by continued weak performance in other sectors. The broader economic environment, characterized by high interest rates, persistent inflation, and ongoing geopolitical instability, has dampened consumer spending and slowed overall economic growth. Additionally, challenges such as shifting trade patterns, labour shortages, and price pressures from sluggish demand have impacted our operations in Malaysia and China, particularly during the first half of the year. Although demand improved in the second half, the volatility of exchange rates affected the Group’s profitability, especially during the third-quarter reporting period.

To tackle these challenges, the Group has adopted rigorous cost-control measures, enhanced operational efficiencies, and strengthened research and development efforts. These strategies, which include close collaboration with our supply chain management, have positioned us to capitalize on emerging opportunities. This approach enables us to deliver a diverse range of technological solutions rooted in our core expertise in machining precision metal components, fabrication, and sub-assembly services.

I am pleased to report that the Group’s revenue for FY2024 increased by 14%, rising to RM259.60 million from RM227.8 million in the financial year ended 31 December 2023 (“FY2023”). This growth was primarily driven by higher contributions from the Hard Disk Drive (“HDD”), telecommunication, semiconductor and automation segments, while the control and sensor, as well as the industrial instruments and equipment segments, continued to experience weaknesses. The overall improvement in the HDD market in 2024 is being supported by a normalized inventory environment among cloud service providers, along with stronger demand for content storage.

The Group reported a decline in pre-tax profit, primarily due to cost pressures and increased operating expenses. This was further impacted by the completion of the underutilized plant in China, amid the current challenging business environment and weak sentiment across the region. Dufu achieved basic and diluted earnings per share of 4.2 sen each, with a return on equity of 6.5%. Despite facing a challenging operating environment, the Group upheld a robust financial position as of 31 December 2024, with cash and cash equivalents amounting to RM101.6 million. Over the past two years, we distributed more than RM47.8 million in dividends while preserving a net cash position of RM37.6 million. This underscores our prudent spending practices and the solid financial foundation we have built over the years.

Our healthy cash position ensures that Dufu is strategically positioned to confidently execute its growth plans, including expanding into new business opportunities, capitalizing on the anticipated recovery in the semiconductor market, and meeting the sustained demand in the HDD sector.

### Rewarding Shareholders

An interim single-tier dividend of 1.5 sen per ordinary share was paid on 20 September 2024 for FY2024. Additionally, the Board proposed a final dividend of 2 sen per ordinary share on 26 February 2025, bringing the total annual dividend to 3.5 sen per ordinary share, consistent with the previous financial year.

The dividend payout amounts to an estimated RM18.63 million from the Group's attributable profit, exceeding our dividend policy, which aims to allocate approximately 50% of net profit, excluding other income, to shareholders. This deviation represents a payout ratio of 153.9%, offering shareholders a higher return than initially outlined in our policy.



## CHAIRMAN'S STATEMENT (CONT'D)

### Continuing our Sustainability Journey

Dufu remains steadfast in its unwavering commitment to cultivating a culture rooted in integrity, accountability, and compassion, guiding the company toward a future of lasting sustainability. We are dedicated to building a solid foundation for growth by harmoniously blending economic success, environmental stewardship, and social responsibility into the very heart of our business strategy, exemplified by the launch of Dufu's 5-year Sustainability Plan last year. Our vision is to craft products that not only deliver exceptional value to our customers but also enrich lives, elevate communities, and make a profound, positive impact on society. In doing so, we aim to create enduring value for our stakeholders and the communities we serve. Dufu will continue to advance its ESG journey with unwavering resolve, nurturing a path of sustainable, inclusive growth that benefits all.

Climate action has become a top priority in Dufu's Sustainability Agenda. In line with our steadfast dedication to tackling climate change risks and capitalizing on emerging opportunities, we successfully completed the second phase of our rooftop Solar Photovoltaic System at the Bayan Lepas manufacturing site in June 2024. This phase added 432.6 kWp, bringing the total capacity to 1,245.81 kWp. With this expansion, the renewable energy generated by the system is expected to account for approximately 20% of the site's monthly electricity consumption. In FY2024, our renewable energy generated a total of 1,419 MWh, leading to a reduction of 1,414 tonnes of CO<sub>2</sub> emissions—equivalent to planting 76,585 trees annually to absorb that amount of CO<sub>2</sub>. This progress highlights our commitment to advancing sustainable energy solutions and minimizing our environmental footprint. But our efforts do not end there. We have developed a further plan to enhance our sustainability initiatives, including future plan to install solar panels atop the car park structure, along with the addition of a solar inverter to support the expanded capacity.

In addition, we have engaged a professional firm to conduct an independent energy audit for Dufu Industries Sdn Bhd where several shortfalls and potential improvements from current set-up were highlighted. We have successfully resolved the air leakage issues and is now in the process of installing power meters at key points to improve energy monitoring. Furthermore, the feasibility of implementing additional improvements suggested

in the energy audit is being assessed. This ongoing commitment underscores our dedication to driving environmental progress and reducing our carbon footprint.

In the spirit of community empowerment, Dufu remains resolutely committed to uplifting and supporting communities, as demonstrated by our generous donation of RM100,000 to Yayasan Amal Tuan Yang Terutama Yang Dipertua Negeri Pulau Pinang. This contribution supports their inspiring initiative to plant over one million trees across the state. Additionally, for the fifth consecutive year, Dufu's "Pledge a Library" initiative has made a lasting impact, distributing 1,200 books and monthly educational magazines to secondary school students across 10 schools, thereby enriching their libraries and expanding their access to knowledge. This unwavering dedication underscores our deep passion for nurturing education and fostering a brighter, more sustainable future for all.

By the close of 2023, Dufu has set clear and measurable targets within our Sustainability Plan for 2024, designed to guide the management of our material matters. These carefully crafted objectives aim to drive accountability and enhance our sustainability performance in the short term, while also laying the groundwork for a 5-year medium-term strategy focused on environmental performance indicators. Dufu has successfully met the majority of the sustainability KPIs established in the previous year and is on track to fulfil our long-term environmental goals over the next five years. This accomplishment underscores our unwavering commitment to sustainability and reflects the high value we place on achieving our environmental aspirations. Dufu has successfully retained its position in the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index for the third consecutive year. These indices are designed to spotlight companies that excel in managing ESG risks. Widely recognized by leading institutional investors pursuing ESG-driven investment strategies, these indices serve as a benchmark of excellence. In addition, the Group's ESG rating has been upgraded from 3 stars to an impressive 4 stars, positioning Dufu within the top 25% of publicly listed companies on Bursa Malaysia. This remarkable achievement is a testament to the company's unwavering dedication to advancing and strengthening its ESG initiatives.



## CHAIRMAN'S STATEMENT (CONT'D)

### Looking Ahead

The outlook for 2025 is expected to be another year filled with challenges as we anticipate continued economic and geo-political challenges. The recent transition in United States ("U.S.") leadership may signal the onset of a transformative phase in American policy toward Asia and the rest of the world, particularly in its approach to China and regional alliances. With a renewed emphasis on strengthening U.S. influence, the administration is anticipated to prioritize economic decoupling, the modernization of military assets, and the equitable distribution of responsibilities among allies in the Indo-Pacific.

The U.S.-China trade war, in particular, has the potential to escalate beyond tariffs, expanding into a broader set of policies aimed at reducing economic interdependence between the two countries. The rising political tensions further threaten businesses operating internationally. In particular, the trade war and tariffs have resulted in significant collateral damage, far exceeding their intended impact. Multinational corporations have grown increasingly cautious about China, as the cycle of retaliatory actions tied to rising geopolitical tensions has negatively impacted our operations in the country. Meanwhile, Malaysia has emerged in recent years as a neutral hub, attracting investments from around the world. However, a significant challenge remains: both China and the U.S. have steadily introduced more intrusive trade measures within the semiconductor supply chain.

Beyond its actions toward China, recent U.S. policies have included the threat of imposing 25 percent tariffs on trade with Canada and Mexico unless stricter border security measures are implemented. Another contentious proposal called for Denmark, a NATO member and longstanding U.S. ally, to sell Greenland, a part of its sovereign territory, to the United States. Additionally, its president did not rule out the use of force or economic pressure to pursue these goals, including a renewed push for U.S. control over the Panama Canal. These developments highlight the need for a fundamental reassessment of how the U.S. is perceived by its traditional allies, potentially igniting a trade war with far-reaching economic consequences globally.

In the context of Dufu's HDD business segment, data centers have emerged as a global phenomenon, with Southeast Asia experiencing particularly rapid growth. The expansion of data centers across the Asia-Pacific ("APAC") region has been further accelerated by the pandemic in recent years. Key markets, including Japan, Indonesia, Malaysia, and India, continue to attract significant investments from data center operators. While growth rates may vary across countries, the APAC data center sector is expected to grow at a compound annual growth rate ("CAGR") of approximately 12%. This growth is driven by factors such as the increasing adoption of cloud services and national digitization initiatives.

For data storage, HDDs remain the most cost-effective solution. With innovations such as continual advancements in areal density, HDDs are able to store more data while enhancing performance. These improvements make HDDs a highly competitive option for data centers, providing the necessary performance at the lowest cost per terabyte. This trend presents a crucial opportunity for Dufu to adapt and position itself effectively in the evolving market landscape.

I am confident in the Group's ability to navigate ongoing challenges and adapt accordingly. We are determined to reinvent ourselves, rebuild, and continue growing. Our key priorities include leveraging our technical expertise to expand into rapidly expanding sectors such as semiconductor and automation, while also strengthening our position in the HDD segment with compelling value propositions. We are focused on expanding our customer base, particularly in the semiconductor and automotive industries, where we see significant growth potential. Recent investments by multi-conglomerates and multinational corporations (MNCs) in Penang have further bolstered the opportunities in these sectors.

Taking into account of the aforesaid, and barring any unforeseen circumstances, the Directors are cautiously optimistic about the Group's performance for the financial year ending 31 December 2025 will be better than FY2024.

### Appreciation

On behalf of the Board, I extend my deepest gratitude to our loyal shareholders, business partners, customers, financiers, and regulatory authorities for your continued trust and support. Your unwavering commitment has been instrumental to our success.

To the Management and staff across the various operating companies within the Group, we offer our heartfelt thanks for your dedication and hard work. Your perseverance over the years have been the backbone of our achievements, and we deeply appreciate all that you do.

To my fellow Board members, I would like to express my sincere appreciation for your active participation and invaluable insights. We are deeply saddened by the passing of our esteemed Independent Non-Executive Director, Mr. Lee Yoke Khay on 22 April 2024. His loss is profoundly felt.

I also wish to bid farewell to our esteemed colleagues, Sung Cheng-Hsi and Joyce Wong Ai May, who are retiring after nine years of dedicated service. They have demonstrated exemplary leadership and played a crucial role in shaping our corporate governance, making decisions that have significantly contributed to the Company's success and well-being.

It is with great pleasure that I welcome Tsai, Kun-Chang, Ng Phaik Lee (Carine), and Khaw Mui Suan (Katherine) to our Board. They bring a wealth of corporate expertise and industry experience to our team. Carine currently serves as Chairman of the Audit Committee and the Risk Management and Sustainability Committee, while Katherine leads the Nominating Committee and Remuneration Committee. I am confident that their contributions will further strengthen our governance framework and enhance operational effectiveness. Together, we will steer the Group towards greater achievements and long-term successes.

**DATO' LEE, HUI-TA ALSO KNOWN AS LI HUI TA**  
**Executive Chairman**

20 March 2025

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Overview

Dufu Technology Corp. Berhad (“Dufu” or “the Group”), headquartered in Penang, Malaysia, stands as a prominent precision machining manufacturer. Our journey began in 1990 with the acquisition of a leading Hard Disk Drive (HDD) maker, enabling us to specialize in crafting 5.25-inch HDD disk spacers. Over the past 30 years, we’ve amassed extensive expertise in designing, developing, and manufacturing high-precision components. Our focus extends across various industries, including HDD, industry safety and sensors, telecommunications, consumer electronics, medical devices, automotive, and office equipment. Today, we take pride in serving as a strategic partner to numerous multinational corporations renowned in their respective domains.

Beyond precision machining, our services encompass fabrication, assembly, prototyping, and more. We offer engineering and turnkey solutions, ranging from tool manufacturing to delivering finished parts tailored to our customers’ precise requirements. Our products reach over 10 countries worldwide, spanning Asia Pacific, Europe, Oceania, and North America.

Presently, Dufu operates four manufacturing sites. The Bayan Lepas Phase IV plant in Penang and the Guangzhou plant in China specialize in precision machining. Meanwhile, the Bukit Minyak plant caters to customized sheet metal and stamped components as per customer specifications. Our assembly plant is situated at Bayan Lepas Phase I in Penang.

### Manufacturing Divisions

Category	Processes/Equipment
<b>CNC Machining</b>	<ul style="list-style-type: none"> <li>- CNC Auto Lathe</li> <li>- CNC Lathe</li> <li>- Escomatic Machine</li> <li>- NC Machine</li> <li>- CNC Milling (3 Axis, 5 Axis)</li> <li>- CNC Turn Mill (5 Axis, 8 Axis)</li> </ul>
<b>Metal Fabrication</b>	<ul style="list-style-type: none"> <li>- Laser Cut Machine</li> <li>- Turret Punch</li> <li>- Stamping Press</li> <li>- Hydraulic Press</li> <li>- NC, CNC Bender</li> <li>- CNC Vertical Machine Center</li> <li>- Metal Grinding</li> <li>- MIG, TIG Welding</li> <li>- Spot Welding</li> <li>- PEM Inserter</li> <li>- Sand Blasting</li> <li>- Precision Grinding               <ul style="list-style-type: none"> <li>• Double Disc Grinding</li> <li>• Centerless/Cylindrical Grinding</li> <li>• In-Feed Grinding</li> <li>• OD Honing</li> </ul> </li> <li>- Tumbling               <ul style="list-style-type: none"> <li>• Vibratory Tumbling</li> <li>• Rotary Tumbling</li> <li>• Magnetic Tumbling</li> </ul> </li> </ul>
<b>Secondary Process Operation</b>	<ul style="list-style-type: none"> <li>- Thread Rolling</li> <li>- Laser Marking</li> <li>- Tempo Printing</li> <li>- Oven</li> <li>- Aqueous Ultrasonic Precision Clean</li> <li>- Wet Painting</li> <li>- Powder Coating</li> <li>- Tool and Die Making</li> <li>- Fabrication of jigs, fixtures and gages</li> </ul>

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### Business Strategies

The Group business strategy rests upon the principle of delivering customers' needs at all time. A key priority is to keep our customers satisfied with our solution and to help them navigate their supply chain effortlessly within their own competitive operating landscape. The Group's journey throughout the Financial Year Ended 31 December 2024 ("FY2024") was braced with challenges, namely the evolving strategies by the HDD makers in the aftermath of Covid-19, the USA and China conflict, the prolonging Russia and Ukraine war, the persistently high interest rates, the property market crisis and slumping growth in China economy has resulted in uncertainties in customer demand and higher operating expense environment. We are focusing on developing resilience in our own supply chains, revenue protection, and managing our margins and profitability. Against this backdrop, the Group's long-term business strategies to sustain and expand its business are as follows: -

- Embarking on business growth diversification strategy by strengthening Dufu's presence in key industries which we have identified. Specifically, broadening our turnover base by focusing on customers engaging in the semiconductor, automotive and medical industries are our key priorities. While demand for components related to enterprise HDD is expected to be strong, it is imperative for Dufu to capture new customers as part of the Group's risk mitigation strategy and to solidify its presence in these segments. The Group has established a manufacturing hub at Bukit Minyak in 2019 to support the sheet metal fabrication products in domestic market. In December 2022, the Group acquired two units of Single Storey Detached Factory with a Double Storey Office Buildings in Seberang Perai Selatan with build-up and land area of 12,040 and 21,732 square metres respectively which is scheduled for completion at the end of 2025, to expand its existing business activities in metal fabrication, machining and assembly.
- Focus on production efficiency improvement and in return, provide competitive products and services that will enhance overall value chain to customers.
- Continue our R&D investment to drive innovation and process automation by embracing on leading manufacturing technologies that will meet changing market requirements and achieve product competitiveness with optimum quality.
- Recognising that the Group's performance is dependent on the talent, commitment, expertise and value created by our employees, Dufu will continue to strengthen employee value proposition and emphasize human capital development by providing broader skill training program, improve remuneration packages and staff welfare as to foster a motivational and spiritual team.

### Overview of Performance

#### a) Revenue

The Group recorded a revenue of RM259.60 million for the financial year ended 31 December 2024, compared to RM227.81 million for the previous financial year ended 31 December 2023 ("FY2023"). This represents a notable increase of approximately 13.9%, driven by higher demand across key sectors, including the HDD-related business, telecommunications, semiconductor, and automation industries.

Specifically, the Group's revenue from the HDD segment rose to RM189.08 million in FY2024, up from RM163.79 million in FY2023, reflecting an improvement of 15.4% year-on-year ("YoY"). This growth was primarily fuelled by an increase in volume loading from our key HDD customers. The resurgence in demand for hard disk drives was largely driven by higher order volumes from cloud service providers, supported by stock replenishments and the rapid expansion of artificial intelligence ("AI") applications, which heightened the need for data storage solutions.

In the non-HDD business segment, Dufu achieved a revenue of RM70.52 million, reflecting a growth of 10.2% compared to RM64.02 million in 2023. This increase was primarily driven by higher demand from customers in the telecommunications, semiconductor, and automation sectors, which collectively experienced impressive growth of nearly 100%.

However, this overall growth was somewhat offset by a slowdown in the sensor and control segment, which comprises approximately 50% of the non-HDD business. The sensor and control segment saw a contraction of 8.6% year-on-year, which impacted the overall performance of the non-HDD segment. Despite these challenges, the positive contributions from other sectors have positioned Dufu for continued growth in this area.

In 2024, our sheet metal and stamping business saw a significant upturn, driven by the establishment of multiple multinational corporations ("MNCs") in Penang. These strategic investments are focused on producing fabrication equipment for the semiconductor industry, positioning us to meet the increasing demand for data processing and communication applications, particularly as Industry 4.0 technologies continue to evolve.

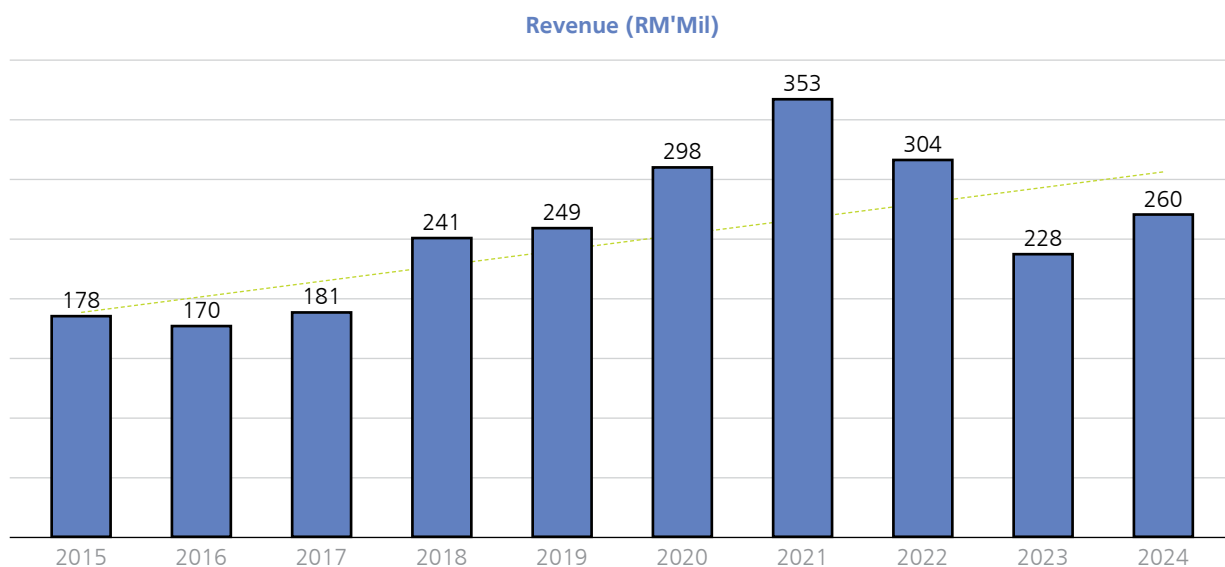
## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### Overview of Performance (cont'd)

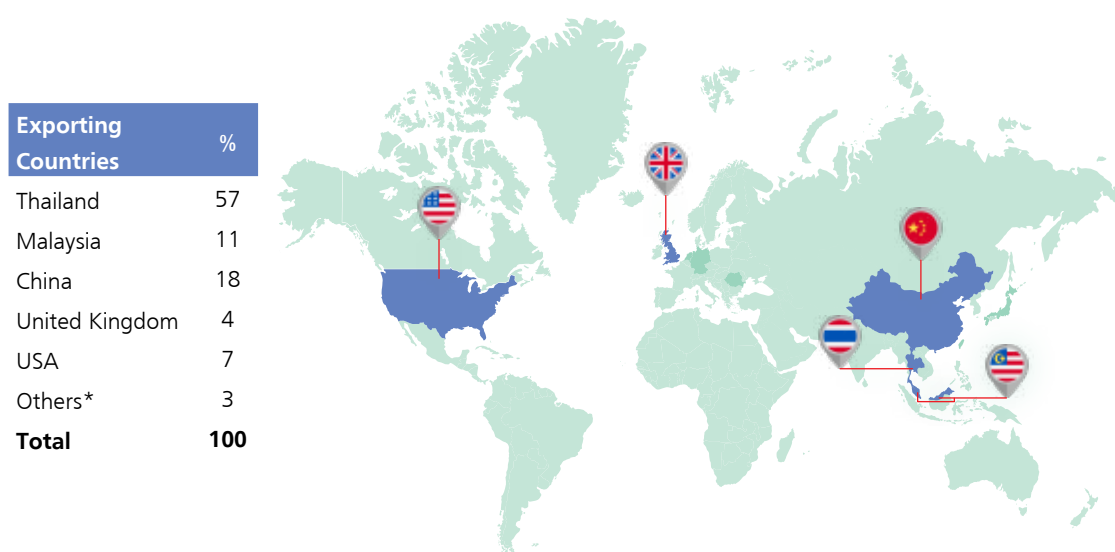
#### a) Revenue (cont'd)

At the same time, the telecommunications sector experienced substantial growth, fuelled by government initiatives and businesses' efforts to strengthen security measures and enhance communication infrastructure. These measures are aimed at reducing the potential risk of war, cyberattacks and ensuring smooth, uninterrupted operations. This focus on building robust and secure systems has positively impacted the sector, and reflects our ongoing commitment to staying at the forefront of technological advancements and addressing the growing need for high-precision manufacturing solutions.

The following chart illustrates the Group's revenue since FY2015.



Our export market accounted for approximately 89% of the Group's revenue. Thailand remains our top export destination considering that most of the HDD producers and their supply chain are clustered in that country. The geographical breakdown of the Group's revenue for FY2024 is depicted below.



\*Others include Hong Kong, Singapore, Taiwan, Romania, Germany, India, Mexico, Philippines, Australia and Japan



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

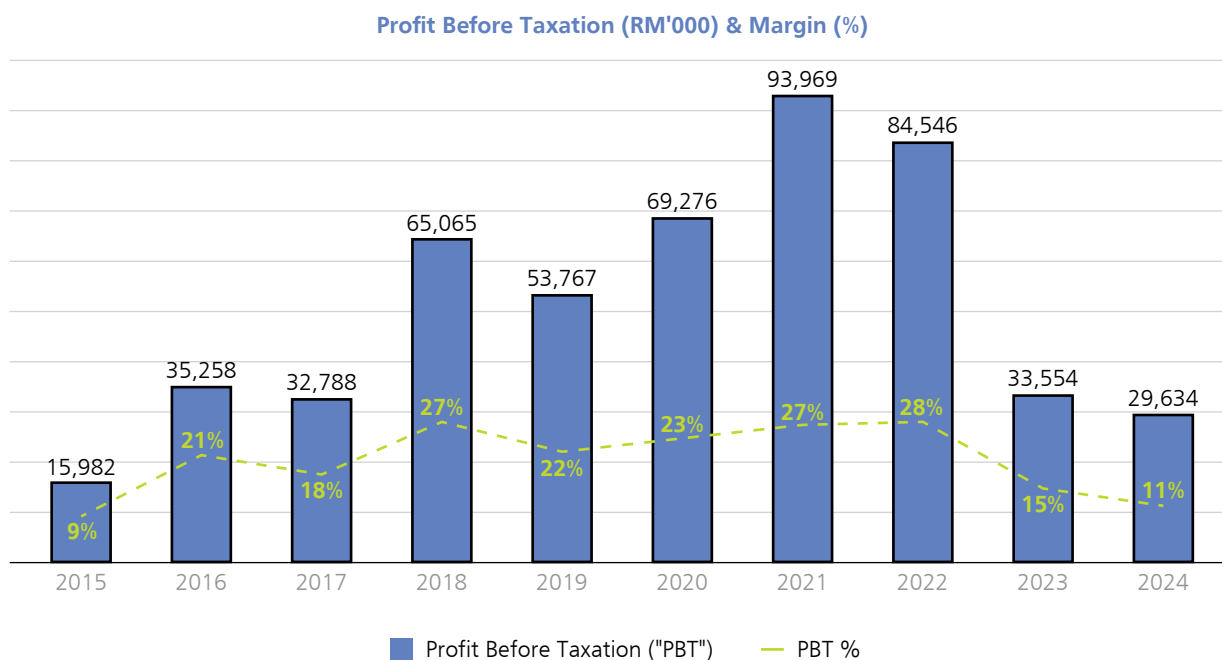
### Overview of Performance (cont'd)

#### b) Profit Before Taxation ("PBT")

Despite the increase in revenue, the Group reported a Profit Before Taxation ("PBT") of RM29.63 million for FY2024, reflecting a 11.7% decrease from RM33.55 million in FY2023. This decline was primarily attributable to several factors.

The volatility of the US Dollar against the Malaysian Ringgit led to a net foreign exchange loss of RM3.07 million in FY2024, compared to an exchange gain of RM4.86 million in FY2023. Additionally, the Group incurred interest expense of RM2.05 million mainly due to a term loan taken for the financing of our new plant in China, which was completed toward the end of 2023. The new plant located at Conghua District in Guangzhou city, which has not yet commenced commercial production due to softening demand in China, also contributed to an increase in depreciation and amortization expenses, amounting to RM1.24 million in FY2024. These factors collectively impacted the Group's profitability for the year.

The following chart illustrates the Group's PBT and PBT margin since FY2015.



#### c) Other Income

Other income decreased to RM10.46 million in FY2024 from RM12.03 million in FY2023. This decline was primarily due to a realized foreign exchange gain of RM6.37 million in FY2023, compared to a realized foreign exchange loss of RM5.72 million recorded in the current year. The Group was exposed to significant volatility in the exchange rate between the United States Dollar (USD) and the Malaysian Ringgit (MYR) throughout 2024.

#### d) Employees Benefits Expense

The Group's employee benefits expense increased from RM60.22 million in FY2023 to RM75.23 million in FY2024. This rise was driven by an increase in overall headcount over the past two years, as well as enhancements made to improve staff welfare.

#### e) Profit for the Year

The Group's Profit for FY2024 was RM22.55 million compared to RM24.35 million recorded in FY2023. The decrease was attributed to the reasons outlined above.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### Financial Position and Cash Flow

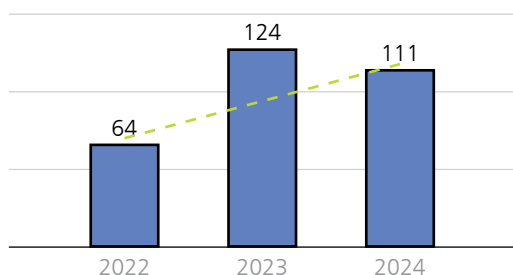
As of 31 December 2024, the Group's Equity Attributable to Owners of the Company stood at RM343.75 million, compared to RM340.42 million as at the end of 2023. This increase was primarily driven by the total comprehensive income for the year of RM17.44 million and the issuance of additional shares amounting to RM4.42 million under the Employee's Share Option Scheme. These were offset by the dividend payout of RM18.60 million during FY2024.

The Group's total assets rose to RM447.30 million as of 31 December 2024, compared to RM417.37 million at the end of 2023. This increase was primarily driven by the addition of RM46.17 million in property, plant, and equipment. Of this amount, RM31.76 million was related to capital work-in-progress for the acquisition of two single-storey detached factories with double-storey office buildings. These facilities, intended to support the expansion of the Group's sheet metal and stamping division, are located in Valdor, Seberang Perai Selatan, and feature a combined built-up area of 12,040 square meters on a land area of 21,732 square meters.

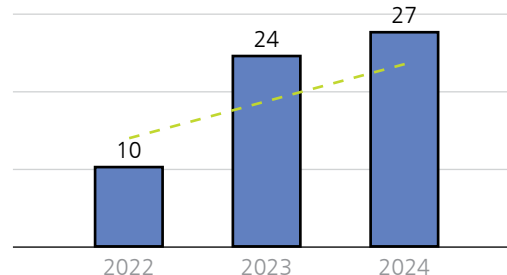
Total borrowings increased by RM16.62 million, reaching RM63.96 million as at the end of 2024, compared to RM47.34 million in the prior year. This rise was mainly due to the drawdown of term loans and banker's acceptances to support working capital requirements.

Receivables and Prepayments as of 31 December 2024 reduced slightly to RM82.39 million, with the trade debtors' turnover ratio improving from 124 days in FY2023 to 111 days in FY2024. This improvement reflects better overall working capital management and successful recovery of overdue debts. The Group's inventory balance as at 31 December 2024 stood at RM70.90 million, compared to RM68.43 million in FY2023, representing an increase of RM2.47 million. The Group's working capital cycle remained steady at 184 days in FY2024, supported by the improvement in trade receivables and inventories turnover. This demonstrates the Group's continued efforts to optimize its working capital and strengthen financial efficiency. Diagrams below provide further insights into these financial trends.

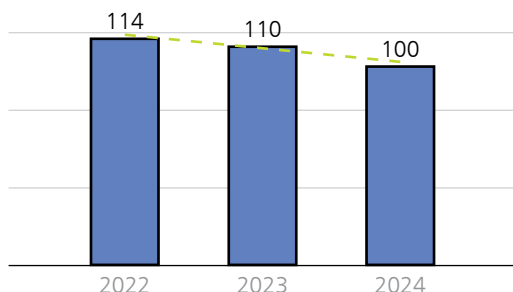
Trade Receivables turnover (days)



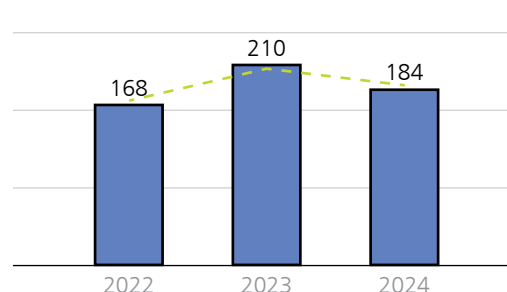
Trade Payables turnover (days)



Inventories turnover (days)



Working Capital cycle (days)



The above charts are based on Revenue generated from their respective year ends

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### Capital Expenditure, Capital Structure and Capital Resources

The Group adheres to a policy of prudent capital expenditure to support its business growth plans and upgrade existing machinery. However, it is important to note that our capital expenditure has been substantial over the past four years. In FY2024, we invested RM46.17 million, adding to the RM101.30 million spent during FY2021-2023. This significant investment was primarily directed towards expanding our infrastructure, with RM74.88 million allocated for the construction of four 4-storey factory buildings in Guangzhou, People's Republic of China, and the acquisition of two single-storey detached factories with double-storey office buildings in Valdor, Seberang Perai Selatan. As of 31 December 2024, 85% of Valdor's factories acquisition costs, amounting to RM38.6 million, have been paid in progress payments.

The capital expenditure undertaken by the Group is not only essential but also fully aligned with our long-term strategic vision. The lease for our existing China plant is set to expire in July 2032, seven years from now, underscoring the critical importance of the new plant in ensuring the continuity and growth of our operations in China. Regarding the Valdor factories, we anticipate robust demand for the Group's products, particularly in the fabrication of electrical and electronics equipment. This optimism is fueled by the substantial foreign direct investment ("FDI") flowing into Penang, which is expected to drive significant growth in the region. These strategic investments are pivotal to sustaining and enhancing our market position, ensuring we remain competitive and well-positioned for long-term success.

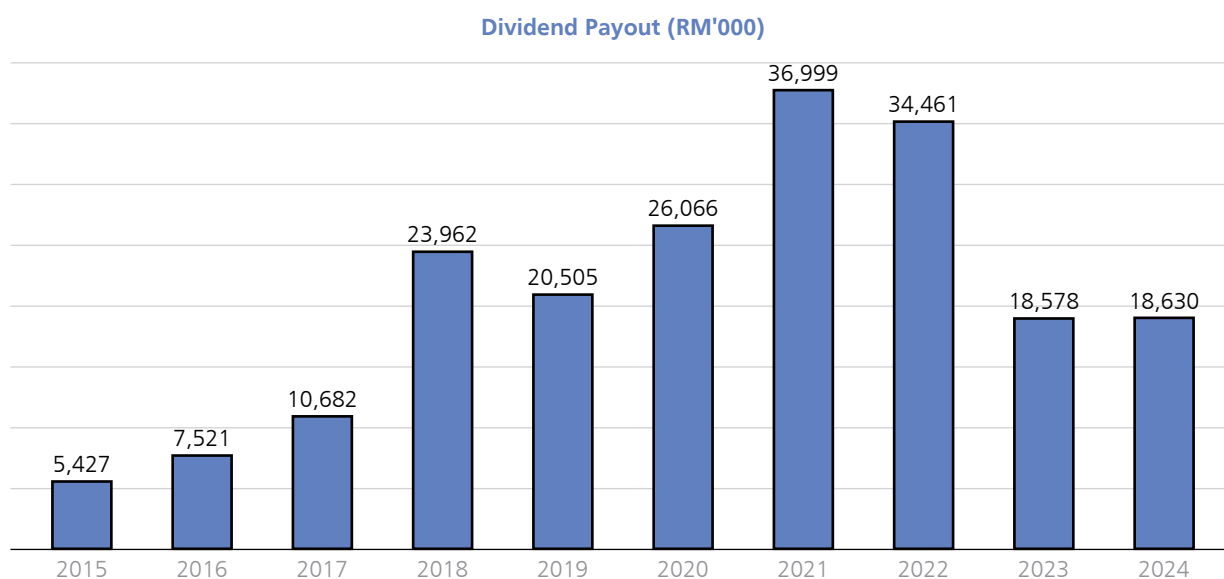
Despite significant capital expenditures over the past four financial years, we have remained steadfast in our commitment to rewarding shareholders with dividends that reflect the Group's profitability. This commitment is reinforced by our dividend policy, which aims to distribute 50% of net profit (excluding other income), while carefully considering the Group's cash flow, working capital needs, and capital expenditure requirements.

In line with this policy, the total dividend declared or paid for FY2024 represents a 154% payout, exceeding the 151% payout in FY2023. Shareholders were issued two dividend tranches, amounting to 83% of the Group's net profit for FY2024 (compared to 76% in FY2023), as follows:

1. An interim cash dividend of 1.5 sen per share, totaling RM7.98 million, was paid on 20 September 2024; and
2. A final dividend of 2.0 sen per share has been proposed and is subject to shareholders' approval at the upcoming Annual General Meeting.

In total, Dufu has returned close to RM202.83 million to shareholders over a period of 10 years.

The following chart illustrates the Group's dividend payout since FY2015.



We maintain prudent debt levels by carefully evaluating a range of factors, including projected cash flows, cash requirements for ongoing operations, strategic investments, financing plans, and the overall cost of capital. This disciplined approach ensures that the Group remains financially resilient while supporting its growth objectives.

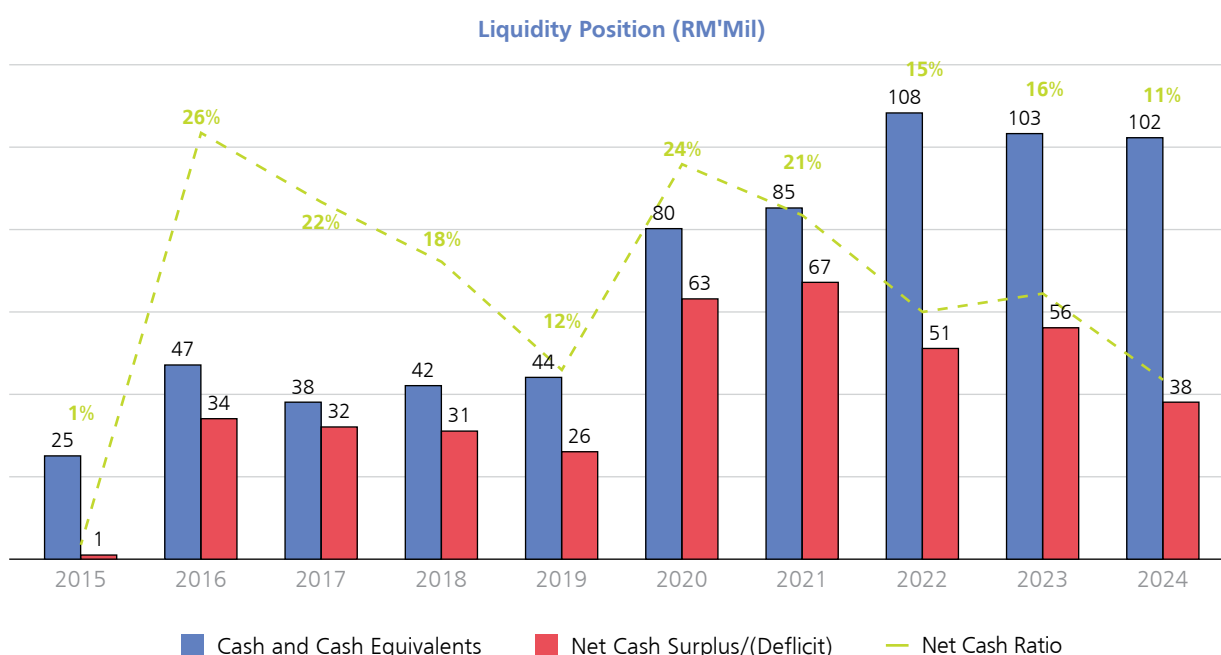
## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### Capital Expenditure, Capital Structure and Capital Resources (cont'd)

As of 31 December 2024, the Dufu Group held cash and cash equivalents of RM101.60 million (FY2023: RM103.20 million) and total borrowings (including lease liabilities) of RM63.96 million (FY2023: RM47.34 million). This positions the Group in a strong net cash position of RM37.64 million, reflecting a healthy working capital and robust liquidity.

The Group's retained cash flow, combined with its existing banking facilities, provides ample financial flexibility to support both organic and inorganic growth initiatives for the financial year ending 31 December 2025 ("FY2025"). Our cash strategy is designed to ensure sufficient liquidity for operational needs, capital expenditures, and strategic investments, while maintaining a buffer to navigate potential market uncertainties. With a strong net cash position, we are well-positioned to leverage our financial resources effectively, enabling us to capitalize on growth opportunities and deliver sustainable long-term performance.

The following chart illustrates the Group's liquidity position since FY2015.



### Key Risks relating to the Business and Mitigation

#### a) Foreign Currency Risk

The exposure to foreign currency risk arises from fluctuations between the currency used in sales or purchases and the currency involved in receipt or settlement, from the issuance or acquisition of invoices to the actual receipt or payment. In our industry, fixed pricing strategies usually prevail, maintaining price points for extended periods or even throughout a product's lifecycle.

Dufu Group derives 91% of its revenue from international sources, with 88% of this revenue denominated in US Dollars ("USD"). The majority of our expenses, barring specific raw materials, machineries, tools and components are settled in local currencies. The Group generally benefits from a favorable profit margin when the USD strengthens against the Ringgit. Conversely, a weakened USD can reduce profitability due to lower profit margins.

To manage our reliance on USD, Dufu employs a natural cash flow hedging strategy. To this end, the majority of our raw materials are sourced in USD, and we maintain a USD foreign currency account to receive revenues denominated in USD, enabling payment for USD-denominated purchases. This practice naturally mitigates exposure to adverse foreign exchange fluctuations.

Furthermore, the Group has sufficient working facilities to engage in foreign exchange forward contracts with multiple financial institutions. These forward contracts can be utilized, if necessary, to secure exchange rates between the Ringgit and USD, factoring in the exposure period and associated transaction costs.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### Key Risks relating to the Business and Mitigation (cont'd)

#### b) High Business Concentration Risk

The Group faces a significant business concentration risk, with over 73% of its FY2024 revenue (FY2023: 72%) derived from the HDD segment. This heavy reliance poses potential risks, including the loss of key customers or a decline in HDD component sales. While our long-standing relationships with HDD customers spanning over 30 years provide stability, evolving HDD hardware designs driven by technological advancements necessitate continuous adaptation to remain competitive in the digital data storage market.

To mitigate this risk, we are actively diversifying our product portfolio to reduce dependence on the HDD sector. A key step in this strategy was the establishment and relocation of a comprehensive solutions center specializing in sheet metal and structural fabrication for equipment manufacturers to Bukit Minyak Industrial Park, completed on 1 July 2019. This investment has been instrumental in driving revenue growth and achieving a more balanced product mix, reinforcing our strategic vision to expand beyond HDD-related offerings.

Building on this momentum, the Group recently acquired two Single-Storey Detached Factories with Double-Storey Office Buildings in Seberang Perai Selatan, with built-up and land areas of 12,040 and 21,732 square meters, respectively. Scheduled for completion by the end of 2025, this acquisition is intended to diversify revenue streams, strengthen market resilience, and support long-term growth, aligning with the Group's strategic initiatives for sustainable business expansion beyond the HDD market.

#### c) Labour Market Risk

Penang's industrial sector is currently facing a significant shortage of both skilled and unskilled labour, a challenge exacerbated by the state's rapid industrialization and substantial foreign direct investments, particularly in the electrical and electronics ("E&E") sector. This labour shortage has resulted in a heavy reliance on migrant workers to meet workforce demands.

This situation is further compounded by recent policy changes introduced by the Malaysian government aimed at reducing dependence on migrant labour. A key development is the implementation of a multi-tiered foreign worker levy system, which imposes varying levy rates based on sector, demand, and skill level. While this policy aims to encourage the hiring of local workers, it also increases costs for Dufu's Penang plant, which is heavily reliant on migrant labour. Additionally, a mandatory revised minimum wage for migrant workers has been enforced, and the requirement for compulsory Employees Provident Fund ("EPF") contributions for foreign workers, which was previously optional, will soon be obligatory. While these changes enhance financial security for migrant employees, they also further increase hiring costs for businesses like Dufu.

Beyond the financial implications, we also face increased administrative responsibilities, including payroll documentation and compliance with requirements from stakeholders such as the Responsible Business Alliance ("RBA"). These ongoing policy changes reflect the commitment of various stakeholders to fair labour practices and workforce localization. However, they also present financial and operational challenges for Dufu, necessitating strategic adjustments to maintain competitiveness.

As a proactive response, we continue to focus on our worker retention programs and are committed to attracting new talent by offering competitive remuneration, comprehensive benefits packages, and enhancing staff welfare. We are also investing in skill development initiatives to create career advancement opportunities for our employees. Simultaneously, our engineering team is conducting continuous feasibility studies to identify opportunities for reducing labour dependency by integrating automated equipment and machinery into our manufacturing processes. This will help mitigate labour shortages while enhancing operational efficiency.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### Trends, Outlook, Future Challenges & Strategy

One of the key challenges faced by the Group is the volatility of the USD-MYR exchange rate. In 2024, the USD-MYR exchange rate experienced significant fluctuations, with the MYR strengthening sharply against the USD. The exchange rate stood at 4.79 MYR per USD on 17 April 2024, but the MYR gained substantial ground thereafter, reaching its peak strength on 30 September 2024, when the rate fell to 4.11 MYR per USD.

Given that 88% of the Group's revenue is USD-denominated, these fluctuations had a pronounced impact on profitability. The sharp appreciation of the MYR against the USD eroded the value of USD-denominated revenue when converted to MYR, significantly affecting the Group's financial performance. This adverse currency movement was particularly evident in the Group's third-quarter results, which recorded a loss for the first time in over a decade. The MYR has softened in recent months, primarily due to concerns surrounding the new U.S. administration's proposed tariff increases on imports. These developments have heightened vulnerability for the MYR and other emerging market currencies. Concurrently, the USD has strengthened, driven by expectations of pro-growth policies under the new U.S. government and a reduced likelihood of significant interest rate cuts by the Federal Reserve.

For the Group, which maintains significant exposure to USD-MYR exchange rate fluctuations, these dynamics present both financial opportunities and risks. While a stronger USD may benefit USD-denominated revenue, the volatility underscores the importance of proactive risk management strategies to navigate potential challenges and capitalize on favourable conditions.

The outlook for the Group's HDD business appears promising as we move into 2025. The HDD market, once seen as mature, is now experiencing a resurgence fueled by the global surge in data storage demand. The growth of cloud computing, artificial intelligence ("AI"), and big data analytics has reinforced the role of HDDs as a cost-effective and reliable solution for large-scale data storage. In 2024, key trends such as the adoption of advanced technologies like Heat-Assisted Magnetic Recording ("HAMR") and the evolving demands of cloud storage infrastructure are shaping the market's future.

A key driver of this resurgence is the growing demand for nearline HDDs, which are specifically designed for bulk storage. These drives are seeing strong growth, particularly as cloud service providers and AI applications require increasingly larger capacities to manage and process data. Leading HDD players are optimistic about this opportunity, confident that the exponential growth of AI-driven data will create new avenues for HDD adoption.

For the Group, this resurgence represents a significant opportunity to align with the evolving demands of the data storage industry. By leveraging our long-standing investments, deep industry knowledge, and commitment to staying abreast of technological advancements and market trends, we are well-positioned to capitalize on the renewed growth of the HDD market. This positions us to not only benefit from this growth but also to play a meaningful role in shaping the next chapter of the industry's evolution.

Looking ahead to 2025, the Group's sheet metal and stamping division is set for stronger growth, driven by increased demand for key products due to large-scale commercialization by our principal customer. Meanwhile, Penang's economic outlook remains positive, supported by rising FDI in its manufacturing sector, particularly in the E&E industry. The ongoing US-China trade tensions and the "China Plus One" strategy have further enhanced Penang's appeal, especially in semiconductor and chip manufacturing. This trend is expected to persist, with potential policy shifts under the new US administration further driving demand for Penang's E&E components and manufacturing services. Penang's external trade volume saw substantial growth in 2024, a trend likely to continue. As a key player in the global semiconductor market, Penang is well-positioned to capitalize on rising demand for AI and advanced packaging technologies, reinforcing its role as a critical hub in the global supply chain. Additionally, deeper regional economic integration, particularly with Singapore through initiatives like the Johor-Singapore Special Economic Zone (JSSEZ), is fostering growth in advanced sectors such as AI and quantum computing, which could drive future demand for our services.

Overall, the Group's business environment in 2025 presented a blend of opportunities and challenges, shaped by technological advancements, evolving US policies that may impact regional cooperation, and a strong commitment to sustainability.

This statement is made in accordance with the resolution of Board of Directors dated 20 March 2025.

# SUSTAINABILITY STATEMENT

## SUSTAINABILITY AND OUR BUSINESS

Dufu Technology Corp. Berhad (“Dufu” or the “Group”) recognizes that the stability and growth of its business are closely linked to the sustainability of economies, the natural environment, workplaces, and the communities in which we operate. As a result, we are committed to being a responsible company that makes a positive impact on society and the environment.

At the core of Dufu’s sustainable business approach is a dedication to ethical practices and effective governance. We pledge to collaborate with customers and suppliers to operate responsibly while fostering an engaging workplace for our employees. This commitment allows us to build trust in our products and services, strengthen relationships with our stakeholders, and create lasting value for both society and our business.

Sustainability is a fundamental pillar of our business priorities. We continuously address ongoing challenges, engage with our stakeholders to understand their perspectives, and stay updated on the latest legislative and regulatory developments.

### Basis of Preparation

Our Sustainability Statement covers the period from 1 January 2024 to 31 December 2024, primarily focusing on our operations in Malaysia. Unless otherwise specified, Dufu’s activities in China and Singapore are not included in this report.

This report complies with the guidelines established by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) for Sustainability Statements in Annual Reports and aligns with the Malaysian Code on Corporate Governance (“MCCG”). Our disclosures and reporting are benchmarked against the Global Reporting Initiative Standards (“GRI”) 2021, the Task Force on Climate-related Financial Disclosures (“TCFD”) Recommendations, and the FTSE4Good Bursa Malaysia Index. We aim to address key issues significant to the Dufu Group and our stakeholders, emphasizing value creation and alignment with the United Nations Sustainable Development Goals (“UNSDGs”).

Eco Asia Advisory Sdn Bhd conducted a limited independent verification of Dufu’s Sustainability Report for FY2024. Following this, the report was reviewed by the Risk Management and Sustainability Committee (“RMSC”) and received approval from the Board on 20 March 2025.

### Sustainability Governance

Our commitment to sustainability starts at the highest levels of our organization. The Board of Directors (“Board”) is crucial in providing strategic direction and addressing sustainability issues, including managing significant concerns during the formulation of the Group’s strategies and policies.

The Board oversees the integration of sustainability into the Group’s overall business strategy, ensuring adequate resources, systems, and processes for effective management. Its oversight extends to evaluating economic impacts, supply chain management, and social and environmental considerations covering climate change, labour practices, health and safety, and environmental risks and opportunities.

In addition to assessing material impacts and discussing risks with Management, the Board actively reviews stakeholder feedback on sustainability topics. It also oversees human capital management initiatives, focusing on diversity and inclusion.

The Risk Management and Sustainability Committee (“RMSC”) is a vital component of Dufu’s corporate governance framework. It consists of four Independent Directors, the CEO, and the CFO. Independent Director Ms. Ng Phaik Lee took over as Chairperson from Ms. Joyce Wong Ai May, who retired on 2 March 2025. The RMSC plays a crucial role in guiding and reporting on the Group’s sustainability practices, and having an Independent Director as Chair ensures an objective approach to managing sustainability issues.

The Group CEO leads the execution of key strategic sustainability initiatives, supported by a working group of Department Heads. This collaboration highlights Dufu’s commitment to embedding sustainability into its strategic agenda and effectively communicating it to stakeholders.

## SUSTAINABILITY STATEMENT (CONT'D)

### Sustainability Governance (cont'd)

The table below provides an overview of our governance structure for sustainability:

#### BOARD OF DIRECTORS

- Provides strategic direction and evaluates sustainability matters, risks, and opportunities, incorporating significant sustainability concerns into the Group's strategies and policies.
- Oversees the business sustainability strategy and monitors performance.
- Ensures the availability of sufficient resources, systems, and processes to effectively manage sustainability matters.

#### RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE ("RMSC")

- Comprises four Independent Directors, the Group CEO, and the CFO.
- Assists the Board in establishing direction and overseeing risk, internal controls, and sustainability matters.
- Reviews and approves the annual risk and sustainability work plan.
- Supervises the implementation of the Group's strategic sustainability initiatives.

#### RISK MANAGEMENT AND SUSTAINABILITY WORKING GROUP ("RMSWG")

##### Group CEO:

- Chairs and leads the RMSWG, reporting sustainability matters to the RMSC.
- Reviews sustainability issues alongside RMSWG members.

##### CFO:

- Assists the Group CEO in managing sustainability matters and coordinates RMSWG meetings.

##### Other members:

- Comprise Business Unit Directors, Managers, and representatives from various departments, including Business Development, Production Control and Operations, Quality Assurance, Human Resources and Administration, Finance, Risk Assurance & Internal Control, and Purchasing.
- Responsible for conducting materiality assessments, identifying and monitoring initiatives, executing these initiatives, and reporting on progress.
- Report on sustainability matters and risk management (including threats and opportunities) to the Group CEO.
- Compile their respective ESG data and information for reporting, and present any significant ESG findings and proposed actions to the RMSWG for deliberation and guidance.
- Tasked with executing and integrating the Group's sustainability initiatives into daily operations.

### Stakeholder Engagement








We firmly believe that establishing and nurturing open lines of communication with both internal and external stakeholders is essential for maintaining strong corporate governance and upholding our reputation as a sustainable and responsible business. At Dufu, we recognize the crucial role of ongoing engagement with our stakeholders as a fundamental part of our organizational processes, including business development, daily operations, and financial performance.

We are committed to addressing stakeholder concerns in a timely, effective, and transparent manner. We encourage any stakeholders with questions, suggestions, or concerns related to sustainability to reach out via email at [corporateaffairs@dufu.com](mailto:corporateaffairs@dufu.com). Our goal is to create a platform where all relevant parties can engage in meaningful discussions, gain insights, and incorporate each project milestone or process improvement into their understanding. This inclusive approach highlights our dedication to collaboration and ensures that the perspectives and input of all stakeholders are valued in our decision-making processes.

Throughout 2024, we held regular formal and informal meetings with our key stakeholders. The table below summarizes our key stakeholders, sustainability topics, and engagement channels. These engagements revealed no significant concerns or issues regarding our operations.

## SUSTAINABILITY STATEMENT (CONT'D)

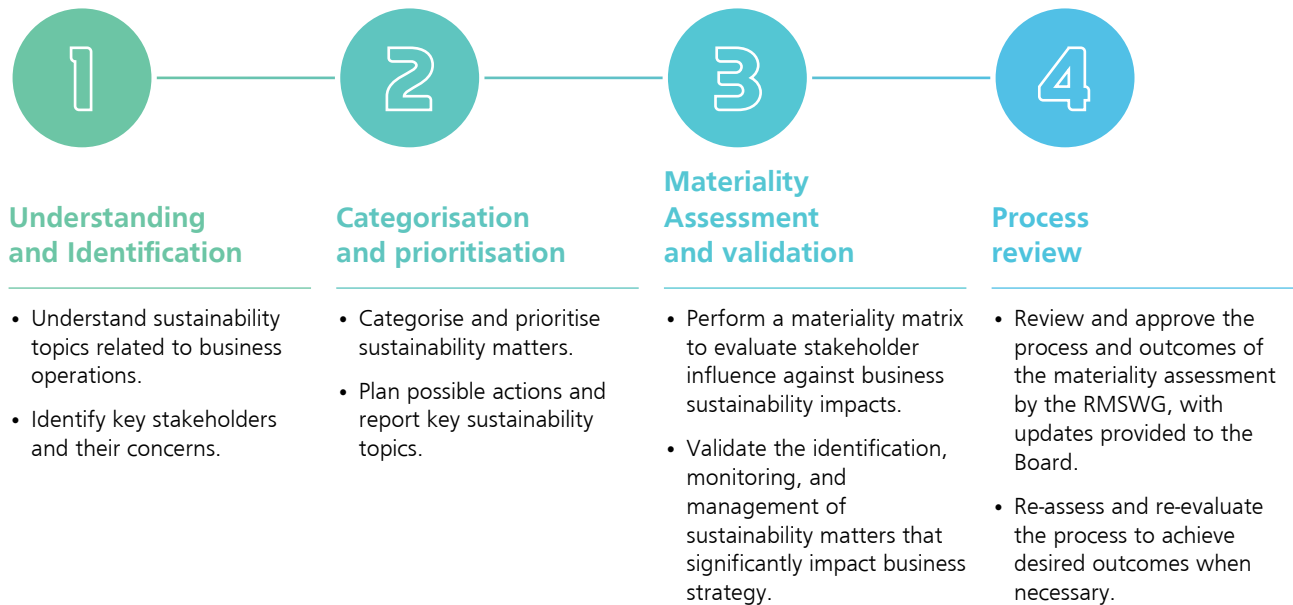
### Stakeholder Engagement (cont'd)

Stakeholders	Sustainability Topics	Type of Engagement	Frequency
<b>Customers</b> 	<ul style="list-style-type: none"> <li>Production quality, productivity and improvement</li> <li>Product quality, timely delivery and efficiency</li> <li>Sustaining long term relationship</li> <li>Compliance with applicable laws and standards</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction survey</li> <li>On-site visits at Dufu's premises</li> <li>Customer audits</li> <li>Early supplier involvement</li> <li>Business Reviews</li> </ul>	Annually Ongoing Ongoing Ongoing As required
<b>Employees</b> 	<ul style="list-style-type: none"> <li>Health and safety</li> <li>Communication and engagement</li> <li>Working condition and welfare</li> <li>Employee satisfaction</li> <li>Career development and training</li> <li>Business performance review</li> <li>Compliance with applicable laws and standards</li> </ul>	<ul style="list-style-type: none"> <li>Social events</li> <li>Appraisals and performance reviews</li> <li>Training and development</li> <li>Employee engagement surveys</li> <li>Formal meeting and discussion</li> <li>Feedback boxes</li> </ul>	Ongoing Semi-Annually Ongoing As required Ongoing Ongoing
<b>Investors/ Shareholders</b> 	<ul style="list-style-type: none"> <li>Business performance</li> <li>Compliance with applicable laws and regulations</li> <li>Strategic plans</li> <li>Good corporate social responsibility and practices</li> </ul>	<ul style="list-style-type: none"> <li>Interim results</li> <li>Regular meetings and correspondence</li> <li>Annual Report</li> <li>Media inquiries feedback</li> <li>Corporate website and investor relations channel</li> </ul>	Quarterly Ongoing Annually As required Ongoing
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>Forging strategic partnerships</li> <li>Supplier performance reviews</li> <li>Product quality</li> <li>Ethical practices and compliance</li> </ul>	<ul style="list-style-type: none"> <li>Key supplier audits</li> <li>Supplier selection via pre-qualification</li> <li>Regular meetings and correspondence</li> <li>Supplier ratings</li> <li>Supplier training</li> </ul>	Ongoing As required Ongoing Quarterly As required
<b>Media</b> 	<ul style="list-style-type: none"> <li>Timely and accurate information</li> </ul>	<ul style="list-style-type: none"> <li>Press release</li> <li>Meetings and correspondence</li> </ul>	As required As required
<b>Government and Regulators</b> 	<ul style="list-style-type: none"> <li>Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>Site visits and meetings</li> <li>Participating in government programs</li> </ul>	As required Ongoing
<b>Community</b> 	<ul style="list-style-type: none"> <li>Environment protection</li> <li>Compliance with applicable laws and regulations</li> <li>Local community involvement</li> </ul>	<ul style="list-style-type: none"> <li>Participation in local activities</li> <li>Sponsorships and donations</li> <li>Communication via email and phone</li> </ul>	Ongoing Ongoing Ongoing

## SUSTAINABILITY STATEMENT (CONT'D)

### Materiality Assessment

We identify our sustainability matters by assessing the significance and materiality of each concern based on its level of impact and influence on the Group, while considering current economic, environmental, and social trends both locally and globally. Our materiality assessment process is summarized as follows:

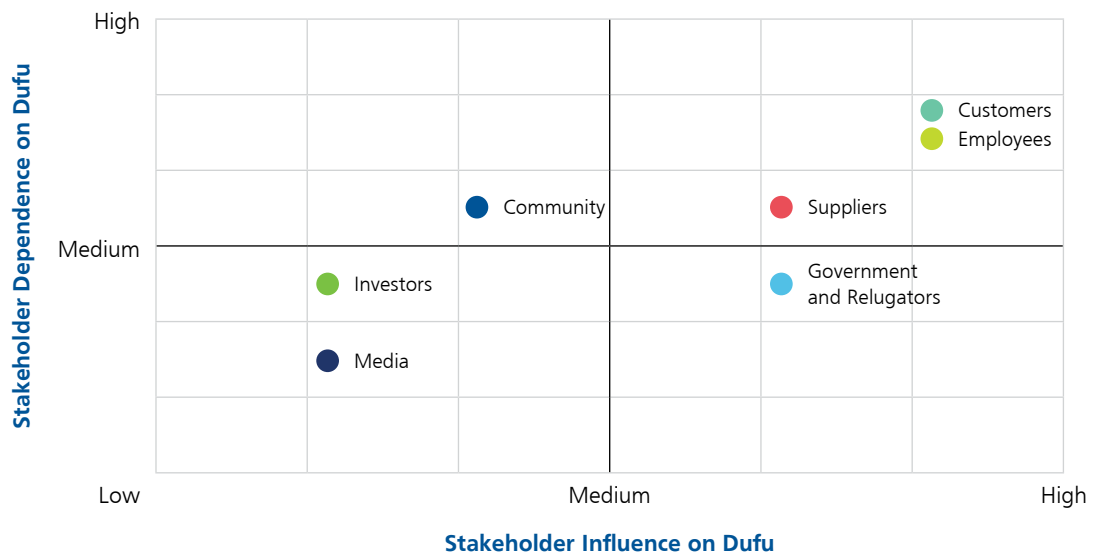


### Stakeholder Prioritization

We recognize the importance of balancing our strategy for sustainable growth with the diverse expectations of our stakeholders. To align with this principle, we have established a series of informal engagement initiatives across the Group’s business and support units. These initiatives involve engaging stakeholders through various channels on a periodic basis to gather their feedback and meet their expectations.

In our most recent stakeholder prioritization exercise conducted in May 2024, members of the RMSWG identified multiple stakeholders with varying degrees of influence and dependence on Dufu. As a result, Customers and Employees emerged as the most critical groups in Dufu’s Stakeholder Prioritization Matrix, as illustrated in the diagram below.

**Stakeholder Prioritisation Matrix**





## SUSTAINABILITY STATEMENT (CONT'D)

### Materiality Matrix Assessment

We conduct an annual assessment of our material issues to continuously enhance our approach to managing sustainability risks and opportunities that affect our business. This process prioritizes issues with the greatest impact on the economy, society, and the environment. Our materiality analysis is informed by dialogues with internal stakeholders, including employees and RMSWG representatives from various functional groups. While external stakeholders are not directly engaged in the materiality process, their perspectives are captured through these ongoing internal dialogues.

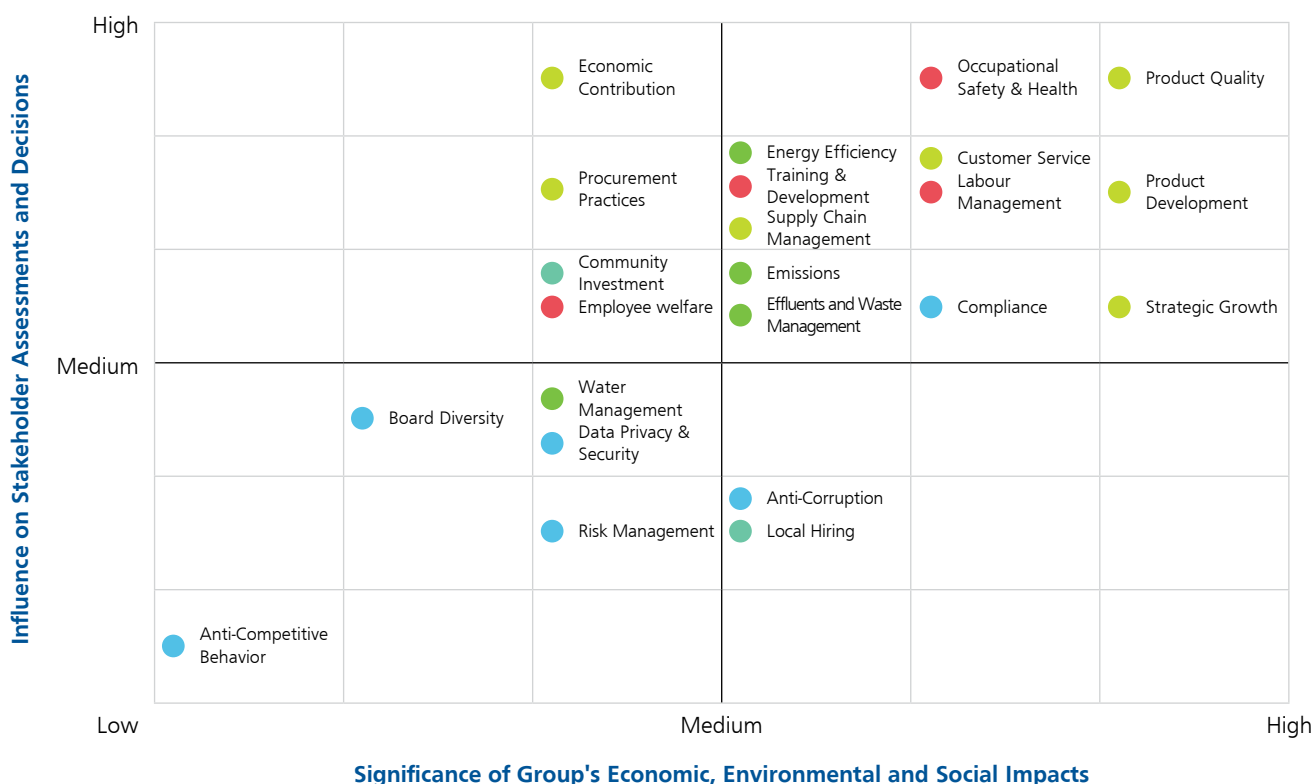
The identification of a material sustainability matter is based on two criteria:

- It significantly reflects Dufu’s economic, environmental, and social impact.
- It substantially influences the assessments and decisions of Dufu’s stakeholders.

On 24 April 2024, the RMSWG revised the materiality matrix to encompass all sustainability matters. The outcomes of this assessment, illustrated in the diagram below, were presented to and validated by the RMSC and the Board on 30 July 2024. There were no major changes compared to the previous year’s materiality matrix. Notably, Product Quality, Product Development, Occupational Safety and Health, Customer Service, and Labour Management retained their status as top material sustainability matters, which are significantly important to both Dufu’s stakeholders and the Company.

### Prioritisation of Sustainability Matters

Materiality Matrix



### Sustainability Approach

Our approach to sustainability starts with operating a safe, efficient, responsible, and profitable business. We believe sustainability is closely tied to our ability to deliver long-term value and growth to all stakeholders. Our sustainability strategies are built on five guiding pillars, which provide a foundation for addressing the material risks and opportunities identified across twenty-three sustainability matters that may impact our customers, employees, shareholders, suppliers, and the communities in which we operate.



# SUSTAINABILITY STATEMENT (CONT'D)

## Sustainability Approach (cont'd)

Each of these five pillars establishes a set of objectives that guide our efforts in implementing our strategy with clarity and purpose. Our sustainability goals within these pillars—Economic, Corporate Governance, People, Environment, and Communities—are outlined as follows:

### Economic

- Enhance shareholder value by pursuing sustainable growth strategies.
- Provide quality products and services to improve customer satisfaction.

### Corporate Governance

- Uphold an effective governance and decision-making structure.
- Foster an integrity-based approach to ethics management, demonstrating honesty through honorable conduct.

### People

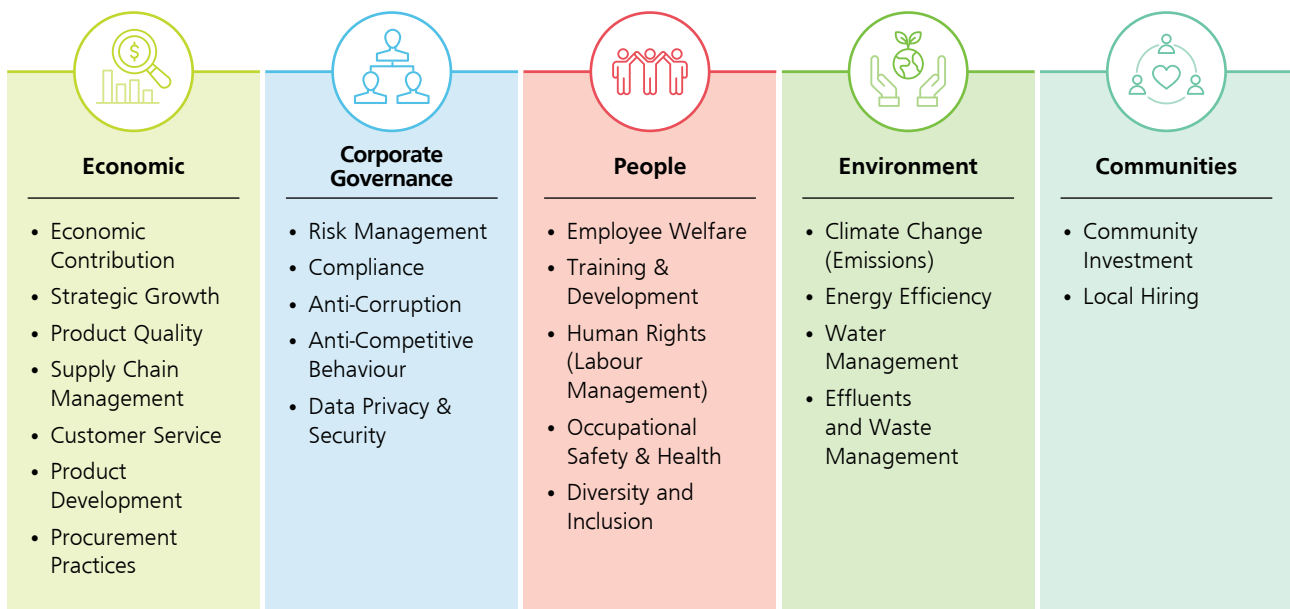
- Create a value-based and performance-driven culture.
- Make health and safety an integral part of our daily culture, aiming for zero accidents.

### Environment

- Address climate change and environmental issues responsibly, with regulatory compliance as the baseline.

### Communities

- Invest in community engagement initiatives that create a lasting positive impact.



## SUSTAINABILITY STATEMENT (CONT'D)

### Sustainability Targets and Performance

Dufu aims to strengthen its sustainability efforts by implementing innovative practices and collaborating with stakeholders to enhance its positive environmental and social impact. This builds on the foundation established since the start of its sustainability journey in 2018. Through continuous evaluation and adaptation, Dufu seeks to set higher benchmarks and achieve greater sustainability milestones.

**“At Dufu, we are on a mission to harmonize economic growth, environmental stewardship, and social responsibility. By aligning our business strategies with innovation and a commitment to quality, we not only create exceptional products but also uplift our communities. With our stakeholders at the heart of everything we do, we are passionate about driving sustainable value and making a meaningful impact in the world.”**

### Sustainability Progress

#### FY2018

- Introduced the concept of sustainability and related activities in our annual report.
- Established a Sustainability Management Committee comprising key employees from various business units and relevant departments.

#### FY2019

- Prioritized the sustainability matters.

#### FY2021

- Installed solar panels at our manufacturing sites.

#### FY2020

- Defined Dufu’s vision, mission and core values to align with the Group’s sustainability approach.
- Established five guiding pillars for Dufu’s Sustainability Approach: Economic, Corporate Governance, People, Environment, and Communities.
- Published our first Sustainability Report following the Core Option of the GRI Sustainability Reporting Standards.
- Incorporated the United Nations Sustainable Development Goals (“UNSDGs”) into our sustainability strategy.

#### FY2022

- Refined the sustainability management structure by merging the Sustainability Management Committee with the Risk Management Committee to form the Risk Management and Sustainability Working Group.
- The new Risk Management and Sustainability Committee includes a majority of Independent Non-Executive Directors.
- Dufu was included in the FTSEGood Bursa Malaysia Index and the FTSEGood Bursa Malaysia Shariah Index.

#### FY2023

- Received an AA rating in the MSCI ESG Ratings assessment.
- Transitioned to GRI Standards 2021 for sustainability reporting.
- Accelerated the installation of solar panels at manufacturing sites.
- Disclosed climate-related initiatives using the TCFD framework.
- Initiated annual sustainability targets and a five-year plan as part of our yearly sustainability strategy.

## SUSTAINABILITY STATEMENT (CONT'D)

### Sustainability Targets and Performance (cont'd)

To ensure the effective and consistent execution of our sustainability initiatives, we have launched our first 5-Year Sustainability Plan 2024. This plan provides a solid framework for our commitment to sustainability across the Group. Building on the success of our 2024 plan, Dufu is excited to continue its journey with the Sustainability Plan 2025. This next phase will enhance our sustainable practices and address new challenges.

The Sustainability Plan 2025 focuses on integrating sustainability into all aspects of our operations. By setting clear goals and measurable outcomes, we aim to improve our environmental, social, and economic impacts.

The table below highlights our achievements in relation to the targets set in our Sustainability Plan 2024, while also outlining our objectives for the Sustainability Plan 2025.

Strategy Themes	Approaches	Targets for 2024	Progress Update for 2024	Targets for 2025
<b>Corporate Governance</b>				
Corporate Governance	Continuously improve Dufu's policy and procedures to ensure our corporate governance structure meets the applicable laws and regulations, industry best practice and global trends.	Committed continual compliance for inclusion into the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index.	Dufu remains a member of the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index for the entirety of 2024.	Maintain compliance for inclusion into the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index.
		Ensure that the release of Annual Report is not more than 90 days after end of financial year.	The Annual Report for FY2023 was released on 26 March 2024, 86 days after end of financial year.	Maintain that the release of Annual Report is not more than 90 days after end of financial year.
Anti-Corruption and Bribery	Adopts the zero-tolerance approach to bribery and corruption in all its forms.	Maintain zero incident of corruption and bribery cases.	No incidents of corruption or bribery have been reported.	Maintain zero incident of corruption and bribery cases.
		Maintain zero facilitation payments and zero political contribution.	No facilitation payments or political contributions have been made.	Maintain zero facilitation payments and zero political contribution.
Data Privacy and Security	Entail proper use, handling and storing of data with sensitive information.	Maintain zero incident of data loses.	No incidents of data loss have been reported.	Maintain zero incident of data loses
		Maintain zero incident of security breaches.	No incidents of security breaches have been reported.	Maintain zero incident of security breaches.
<b>Economic</b>				
Direct Economic Value Generated and Distributed	Creates sustainable value for stakeholders	Providing shareholders with a return of at least a 50% payout ratio from the Group's operational earnings.	The Company distributed 151% of the Group's operational earnings.	Maintain a shareholder return of at least a 50% payout ratio from the Group's operational earnings.
Customer satisfaction	Tracking customer satisfaction	Maintain a customer satisfaction rate of 90% or higher, as determined by our customer satisfaction survey.	The customer satisfaction score was 92.2%.	Maintain a customer satisfaction rate of 90% or higher, as determined by our customer satisfaction survey.

## SUSTAINABILITY STATEMENT (CONT'D)

### Sustainability Targets and Performance (cont'd)

Strategy Themes	Approaches	Targets for 2024	Progress Update for 2024	Targets for 2025
Supplier Chain Management	Manage our supply chain in a socially and environmentally responsible manner and source from approved suppliers who meet Dufu's sustainability initiatives	Perform ESG related audit on major suppliers and to monitor their compliance at least once every 3 years.	All major suppliers underwent ESG related audits at least once every three years.	Continue to conduct ESG related audits on major suppliers and monitor their compliance at least once every three years.
Adherence to global standards to establish credibility and trust among customers and business partners	Upholding of certifications to the identified quality, environment, social, health and safety management frameworks	Maintain compliance with external audits of the full production system for ISO 9001, ISO 14001, ISO 45001, RBA, and IATF 16949, ensuring that no major critical discrepancies are identified.	With the exception of the RBA audit, all other external audits of the full production system identified no major critical discrepancies. Efforts are underway to address the gaps identified in the RBA audit.	Maintain compliance with external audits of the full production system for ISO 9001, ISO 14001, ISO 45001, RBA, and IATF 16949, ensuring that no major critical discrepancies are identified.
<b>Environment</b>				
Environmental Management	Analyse, monitor, and minimise the associated environmental impacts following our Environmental Management System.	Conduct regular reviews of updates to environmental standards and regulations while maintaining ISO 14001 certification.	Environmental standards and regulations for maintaining ISO 14001 certification were reviewed regularly.	Continue to perform regular reviews of updates to environmental standards and regulations while ensuring the maintenance of ISO 14001 certification.
Climate Change	Review and develop sustainability initiatives to identify and address the associated risks and opportunities.	Reduce GHG emission intensity by 2% compared with FY2023 and 10% by FY2028.	Achieved a 22% improvement in GHG emission intensity compared to FY2023 baseline.	Target a 4% reduction in GHG emission intensity compared to the FY2023 baseline.
		Increase renewable energy use by 30% compared with FY2023.	In FY2024, we generated 1,419 MWh of renewable energy, marking a 33.6% increase compared to the 1,062 MWh produced in FY2023.	Increase renewable energy use by 45% compared with FY2023 baseline.
Energy Management	Reduce energy consumption and thus the carbon emissions.	Reduce the electricity usage intensity by 2% compared with FY2023 and 10% by FY2028.	Achieved a 19% improvement in electricity usage intensity compared to FY2023 baseline.	Target a 4% reduction in electricity usage compared to the FY2023 baseline.
		Adopt highly efficient energy system and equipment for high performance operation - upgrade on air compressor systems.	Rectified air leakage issues and in the process of installing power meters at key points to improve energy monitoring plant wide.	Not applicable.

## SUSTAINABILITY STATEMENT (CONT'D)

### Sustainability Targets and Performance (cont'd)

Strategy Themes	Approaches	Targets for 2024	Progress Update for 2024	Targets for 2025
Water Management	Reduce water consumption and improve effluent treatment.	Reduce total water consumption intensity by 2% compared with FY2023 and 10% by FY2028.	Achieved a 31% improvement in water consumption intensity compared to FY2023 baseline.	Target a 4% reduction in total water consumption compared to the FY2023 baseline.
Effluents and Waste Management	Recycle materials to minimise waste and conserve resources.	Reduce amount of hazardous waste per production output by 2% compared with FY2023 and 10% by FY2028.	Recorded a 9% reduction of hazardous waste per production output compared with FY2023 as baseline.	Target a 4% reduction in the amount of hazardous waste per production output compared to the FY2023 baseline.
		Reduce amount of non-hazardous waste per production output by 2% compared with FY2023 and 10% by FY2028.	Recorded a 3% reduction of non-hazardous waste per production output compared with FY2023 as baseline.	Target a 4% reduction in the amount of non-hazardous waste per production output compared to the FY2023 baseline.
		Reduce packaging material used for finished goods per production output by 2% compared with FY2023 and 10% by FY2028.	The data was not collected during FY2024.	For future implementation.
<b>Our People</b>				
Occupational Health and Safety	Provide a supportive, pleasant and healthy workplace for our staff, and foster a caring community in our working environment.	Zero work-related fatality case.	No incidents of work-related fatalities have been reported.	Maintain Zero work-related fatality case.
		Zero occupational, poisoning and disease related illness.	There were 10 incidents of occupational illnesses, poisoning, or related diseases reported.	To reduce the number of occupational, poisoning and disease related illness from FY2024.
		Maintain employee satisfaction rate at or above average level of 70% based on the employee satisfaction survey.	The employee satisfaction score was 85%.	Continue to maintain an employee satisfaction rate at or above an average level of 70%, based on the employee satisfaction survey.

## SUSTAINABILITY STATEMENT (CONT'D)

### Sustainability Targets and Performance (cont'd)

Strategy Themes	Approaches	Targets for 2024	Progress Update for 2024	Targets for 2025
Human Rights and Labour Practices	Respect the labour and human rights of all our employees with clearly defined human resources management policies, and promote an inclusive culture throughout the company.	Zero substantiated complaints concerning human rights violations annually.	No incidents of substantiated complaints regarding human rights violations were reported.	Maintain Zero substantiated complaints concerning human rights violations annually.
		Ensure that the percentage of women in all exempt positions at or above 33%.	The percentage of women in all exempt positions was 35%.	Maintain the percentage of women in all exempt positions at or above 33%.
		Maintain average staff turnover rate at or below 20%.	The average staff turnover rate was 12%.	Continue to maintain the average staff turnover rate at or below 20%.
Training and Development	Foster a continuous learning environment and encourage employees to develop and advance their careers in Dufu.	Maintain average training hours per employee at or above 12 hours.	The average training hours per employee were recorded at 18 hours in 2024.	Increase average training hours per employee at or above 16 hours.
		Performance evaluation is carried out for all the staff at least twice a year.	Performance evaluations were conducted for all staff twice in 2024.	Maintain performance evaluations for all staff at least twice a year.
<b>Communities</b>				
Community Engagement	Use our expertise and resources to support the communities in which we operate.	Ensure that the total number of Dufu volunteers is no less than 10% or 100 of total employee.	The total number of Dufu employees involved in volunteering was 224, representing 26% of its workforce.	Maintain that the total number of Dufu volunteers is at least 10% of the total employee count, or a minimum of 100 volunteers.
		Ensure that the volunteering hours are no less than 1,500 hours.	The total volunteering hours reached 1,599 in 2024.	Increase volunteering hours to at least 1,600 hours.
		Collaborate with corporate philanthropies and participate in local charitable events with budgeted investments of no less than RM100,000.	The Company spent RM191,891 on community engagement in 2024.	Collaborate with corporate philanthropies and participate in additional local charitable events, with budgeted investment of no less than RM100,000.
		Engage 15 students to participate in Dufu's internship programme.	23 students were engaged in 2024.	Increase the engagement to 20 students in Dufu's internship programme.




## SUSTAINABILITY STATEMENT (CONT'D)

### Mapping Our Material Matters

Dufu has embraced the materiality mapping approach as a cornerstone for recognizing, prioritizing, and effectively addressing issues of significant importance to both our organization and our valued stakeholders. This method ensures that all material matters receive appropriate attention from our management team. It involves a thorough assessment of associated risks, potential impacts, and the opportunities that may arise from these key areas. In response, our management crafts robust strategies that are integral to creating value within the Dufu Group, all grounded in our five guiding sustainability pillars. Additionally, we have aligned these material concerns with the relevant United Nations Sustainable Development Goals (“UNSDGs”).

The following table elaborates on how our five sustainability pillars—Economic, Corporate Governance, People, Environment, and Communities align with the UNSDGs relevant to our industry and outlines our approach toward them.

Economic					
<p>Under our sustainability pillar “Economic”, we view that UNSDGs Goal 8: Promoting an inclusive and sustainable economic growth, full and productive employment and decent work for all is the most important aspects of all the 17 UNSDGs. Our commitment to sustainable financial performance and strategic growth is paramount to Dufu’s sustainability journey, as it directly benefits other stakeholders, including our employees, government, local communities, and investors.</p>					
Material Matters	Why it Matters?	Risks	Opportunities	Affected Stakeholders	Action Plan
<p><b>Strategic growth and Economic Contribution</b></p> <p>A well-planned expansion of Dufu’s activities, products, or services, with the goal of making a significant and positive impact on the economy.</p>	<p>Strategic growth and economic contribution are essential for Dufu, and its stakeholders, as they create jobs, generate revenue, drive innovation, and enhance the overall well-being of society.</p>	<ul style="list-style-type: none"> <li>- Dufu faces challenging economic conditions, including fluctuation in raw material prices, inflationary pressures and uncertain geopolitical landscape.</li> <li>- Exposure to foreign exchange fluctuations results in volatile returns.</li> </ul>	<ul style="list-style-type: none"> <li>- Staying informed about emerging trends is crucial for maintaining competitiveness and exploring diverse business opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>- Customers</li> <li>- Suppliers</li> <li>- Government</li> <li>- Investors</li> <li>- Employees</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Performance and Strategic Growth, p 41</li> <li>• Direct Economic Value Generated and Distributed, p 41</li> </ul>
<p><b>Product Quality, Development and Customer Service</b></p> <p>Manufacturing and developing Dufu’s goods and services to meet customers’ needs is essential.</p>	<p>Good customer service and consistent product quality are vital for building a strong image, increasing customer satisfaction, and ensuring Dufu’s sustainable growth of its business.</p>	<ul style="list-style-type: none"> <li>- Issues related to customer service or product quality can strain resources and lead to operational inefficiencies.</li> <li>- Ongoing customer complaints can demoralize employees, affecting job satisfaction.</li> <li>- Erosion of Dufu’s market share as customers seek alternatives.</li> </ul>	<ul style="list-style-type: none"> <li>- Optimizing costs through higher product quality can reduce expenses associated with returns and repairs.</li> <li>- Satisfied customers are more likely to make additional purchases, boosting sales and revenue.</li> <li>- High product quality and excellent service lead to fewer complaints and issues to resolve.</li> </ul>	<ul style="list-style-type: none"> <li>- Customers</li> <li>- Employees</li> <li>- Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Satisfaction, p 42</li> <li>• Commitment to quality, p 46</li> </ul>

## SUSTAINABILITY STATEMENT (CONT'D)

### Mapping Our Material Matters (cont'd)

Material Matters	Why it Matters?	Risks	Opportunities	Affected Stakeholders	Action Plan
<p><b>Procurement Practices and Supply Chain Management</b></p> <p>Dufu advocates responsible sourcing by engaging in local procurement and implementing supply chain practices that focus on acquiring products, materials, and services ethically and sustainably.</p>	<p>Local procurement is essential for channeling income back into the community, enhancing local purchasing power, and stimulating economic growth. Meanwhile, responsible sourcing is crucial for ethical, legal, financial, and reputational reasons, contributing to a more sustainable and resilient global supply chain.</p>	<ul style="list-style-type: none"> <li>- Unethical or unsustainable sourcing can lead to supply chain disruptions, impacting production and operations.</li> <li>- Competitors with responsible sourcing practices may gain a competitive advantage, eroding Dufu's market share.</li> </ul>	<ul style="list-style-type: none"> <li>- Consumers increasingly seek products and services that align with their values regarding ethical and sustainable sourcing.</li> <li>- Responsible sourcing contributes to the long-term sustainability of resources, communities, and businesses.</li> </ul>	<ul style="list-style-type: none"> <li>- Suppliers</li> <li>- Customers</li> <li>- Community</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier Chain Management, p 42-45</li> <li>• Local Procurement Practices, p 46</li> </ul>

#### Corporate Governance

Promoting Goal 16: Peace, Justice, and Strong Institutions is the most material objective for our sustainability pillar of 'Corporate Governance.' Over the years, Dufu has developed a comprehensive management structure and continuously reviewed our company policies and procedures to ensure that our corporate governance framework aligns with applicable laws, industry best practices, global trends, and market expectations. We are committed to contributing to UNSDG Goal 16 in governance and business ethics by enhancing our effectiveness, accountability, and transparency. We recognize that sound governance practices are essential for long-term business success and contribute to building an inclusive society.



Material Matters	Why it Matters?	Risks	Opportunities	Affected Stakeholders	Action Plan
<p><b>Corporate Governance and Regulatory Compliance</b></p> <p>Fostering a culture built on unwavering ethical standards not only mitigates risks but also strengthens trust with stakeholders, promoting sustainable relationships and long-term resilience for Dufu.</p>	<p>Good corporate governance and compliance are essential for fostering transparency, accountability, and ethical conduct at Dufu. By ensuring that the company operates with honesty and responsibility, these practices build trust, reduce the risk of misconduct, and support long-term success.</p>	<ul style="list-style-type: none"> <li>- A lack of governance and compliance can lead to legal and regulatory violations, financial losses, reputational damage, decreased stakeholder trust, and increased risk of unethical behavior.</li> </ul>	<ul style="list-style-type: none"> <li>- Enhances reputation, attracts ethical investors, improves access to capital, and fosters positive relationships with regulators.</li> </ul>	<ul style="list-style-type: none"> <li>- Regulators</li> <li>- Employees</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Governance, p 47-50</li> </ul>

## SUSTAINABILITY STATEMENT (CONT'D)

### Mapping Our Material Matters (cont'd)

Material Matters	Why it Matters?	Risks	Opportunities	Affected Stakeholders	Action Plan
<b>Risk Management</b> Identifying, assessing, and mitigating potential threats and vulnerabilities is crucial for protecting Dufu's assets, reputation, and operational continuity.	Risk Management matters because it enables Dufu to anticipate, prepare for, and respond to potential challenges and uncertainties, ultimately ensuring their long-term sustainability and success.	<ul style="list-style-type: none"> <li>- Ineffective risk management increases the likelihood of financial losses, operational disruptions, reputational damage, and regulatory non-compliance.</li> </ul>	<ul style="list-style-type: none"> <li>- Strategic risk management can enhance decision-making, optimize resource allocation, and ensure long-term business sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>- Employees</li> <li>- Regulators</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Management, p 49</li> </ul>
<b>Data Privacy and Security</b> Managing data privacy and security is critical for protecting sensitive information in the digital age. Dufu is committed to safeguarding personal information, financial records, intellectual property, and other sensitive data.	Data privacy and security are essential for protecting individuals' sensitive information and maintaining trust, as breaches can result in identity theft, financial loss, and violations of privacy. Moreover, they are critical for businesses to avoid legal and financial repercussions, as well as reputational damage that can arise from data breaches.	<ul style="list-style-type: none"> <li>- Security breaches can disrupt critical business operations, leading to downtime, financial losses, and decreased productivity.</li> <li>- Data privacy breaches can cause significant reputational damage and public backlash.</li> </ul>	<ul style="list-style-type: none"> <li>- Sustains stakeholders' trust and reinforces Dufu's commitment to ethical practices.</li> </ul>	<ul style="list-style-type: none"> <li>- Customers</li> <li>- Employees</li> <li>- General Public</li> </ul>	<ul style="list-style-type: none"> <li>• Data Privacy and Security, p 49</li> </ul>

### People

Promoting UNSDG Goal 3: Ensuring healthy lives and promoting well-being for employees of all ages is the most material objective for our sustainability pillar, 'People.' Dufu is dedicated to providing a supportive, pleasant, and healthy workplace while fostering a caring and well-being community within our work environment. We adhere to internationally recognized ethical and responsible business practices. Creating a safe and healthy work environment is a top priority for Dufu, and we strive to achieve this through comprehensive health and safety training programs, well-being activities, and continuous improvements to workplace facilities.







## SUSTAINABILITY STATEMENT (CONT'D)

### Mapping Our Material Matters (cont'd)

Material Matters	Why it Matters?	Risks	Opportunities	Affected Stakeholders	Action Plan
<p><b>Occupational Safety &amp; Health</b></p> <p>Our commitment to occupational safety empowers employees to pursue healthier futures, benefiting themselves, their families, and Dufu. At the same time, we are dedicated to cultivating a supportive and healthy working environment.</p>	<p>Ensuring the safety of our employees and contractors in the workplace is essential for maintaining high morale and upholding our license to operate.</p>	<ul style="list-style-type: none"> <li>- Increased costs for health and wellness programs.</li> <li>- Privacy concerns regarding employee health data.</li> </ul>	<ul style="list-style-type: none"> <li>- Minimises disruptions to business continuity.</li> <li>- Enhances employee retention.</li> </ul>	<ul style="list-style-type: none"> <li>- Employees</li> <li>- Regulators</li> </ul>	<ul style="list-style-type: none"> <li>• Occupational Health and Safety, p 64-67</li> </ul>
<p><b>Training and Development</b></p> <p>This involves a systematic approach to enhancing the knowledge, skills, competencies, and abilities of individuals or groups through organized learning experiences. The goal is to improve job performance, support career development, and address Dufu's evolving needs.</p>	<p>Systematic training enhances knowledge and skills, fostering a motivated workforce that adapts to change and contributes to Dufu's success.</p>	<ul style="list-style-type: none"> <li>- Increased labour costs associated with training initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>- Provides pathways for career growth.</li> <li>- Boosts employee motivation and effectiveness.</li> <li>- Enables employees to adapt to changes in technology, industry trends, and business processes.</li> <li>- Enhances employees' skills and knowledge, making them more effective and efficient in their roles.</li> </ul>	<ul style="list-style-type: none"> <li>- Employees</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Development and Talent Management, p 57-59</li> </ul>
<p><b>Human Rights on Labour Management</b></p> <p>Respecting and protecting the rights of our people</p>	<p>Respecting employee rights ensures fairness, dignity, and a harmonious work environment.</p>	<ul style="list-style-type: none"> <li>- Misinterpretation of policies due to cultural differences may violate human rights.</li> </ul>	<ul style="list-style-type: none"> <li>- Exemplary practices enhance reputation and attract talent, strengthening stakeholder connections.</li> </ul>	<ul style="list-style-type: none"> <li>- Employees</li> <li>- Community</li> <li>- Supplier</li> </ul>	<ul style="list-style-type: none"> <li>• Respect of Labour and Human Rights, p 51-53</li> </ul>
<p><b>Diversity and Inclusion</b></p> <p>Promoting diversity and inclusion drives innovation, performance, and ethical conduct in the workplace.</p>	<p>Employee dignity and diversity are essential for ethical, legal, and business reasons. They drive innovation, enhance performance, and foster inclusivity, all while bolstering Dufu's reputation and our competitiveness in the global marketplace.</p>	<ul style="list-style-type: none"> <li>- Homogeneous groups may lack diverse perspectives, hindering innovative thinking and problem-solving.</li> <li>- A lack of inclusion can foster discrimination and bias, leading to unequal treatment and opportunities for certain individuals or groups.</li> </ul>	<ul style="list-style-type: none"> <li>- Improves employee morale and productivity.</li> <li>- Contributes to higher retention rates.</li> </ul>	<ul style="list-style-type: none"> <li>- Employees</li> </ul>	<ul style="list-style-type: none"> <li>• Diversity and Inclusion, p 54-56</li> </ul>

## SUSTAINABILITY STATEMENT (CONT'D)

### Mapping Our Material Matters (cont'd)

<b>Environment</b> Promoting UNSDG Goal 13: Taking urgent action to combat climate change and its impacts is the cornerstone of our “Environmental” sustainability pillar. We are committed to protecting the environment and supporting efforts against climate change as we transition toward a circular economy.					
Our key areas of focus for climate change management center on maximizing resource efficiency, enhancing productivity, and minimizing waste, while also conserving energy and water resources.					
   					
Material Matters	Why it Matters?	Risks	Opportunities	Affected Stakeholders	Action Plan
<b>Climate Change</b> Adapting our business to a changing climate while transitioning to a low-carbon economy involves reducing greenhouse gas emissions through energy efficiency and innovative production technologies.	Climate change poses significant threats, including rising temperatures, extreme weather events, sea-level rise, and food and water shortages, all of which jeopardize our planet’s well-being.	<ul style="list-style-type: none"> <li>- Failing to effectively manage the transition to low-carbon processes could jeopardize the long-term resilience and sustainability of the business.</li> </ul>	<ul style="list-style-type: none"> <li>- Enhancing sustainability by mitigating environmental impacts.</li> <li>- Fostering a positive reputation.</li> </ul>	<ul style="list-style-type: none"> <li>- Government and Regulators</li> <li>- Suppliers</li> <li>- Community</li> </ul>	Energy Management, p 74-75
<b>Energy Efficiency</b> Measures taken to reduce energy consumption are vital for achieving specific tasks and objectives.	Energy consumption is a major source of greenhouse gas (“GHG”) emissions, primarily due to the burning of fossil fuels for electricity, heating, and transportation. These emissions are a primary driver of climate change.	<ul style="list-style-type: none"> <li>- Non-compliance among partners and suppliers can impede our efforts to reduce energy consumption throughout the value chain.</li> </ul>	<ul style="list-style-type: none"> <li>- Potential reduction in operational costs.</li> <li>- Enhancing sustainability by mitigating environmental impacts.</li> <li>- Fostering a positive reputation.</li> </ul>	<ul style="list-style-type: none"> <li>- Government and Regulators</li> <li>- Suppliers</li> </ul>	Energy Management, p 74-75
<b>Water Management</b> Tracking and monitoring our water consumption and discharge is essential for ensuring sustainable practices and safeguarding this critical resource.	Water is essential for the health and well-being of communities and serves as a crucial resource for our business operations.	<ul style="list-style-type: none"> <li>- Potential risks include water scarcity or disruptions to supply, which can impact both communities and our business operations.</li> </ul>	<ul style="list-style-type: none"> <li>- Potential reduction in operational costs.</li> <li>- Enhancing sustainability by mitigating environmental impacts.</li> <li>- Fostering a positive reputation.</li> </ul>	<ul style="list-style-type: none"> <li>- Government and Regulators</li> </ul>	Water Management, p 77


## SUSTAINABILITY STATEMENT (CONT'D)





### Mapping Our Material Matters (cont'd)

<p><b>Effluents and Waste Management</b> Focusing on managing the waste and effluents generated by our operations, we prioritize reduction and responsible disposal practices.</p>	<p>Effectively managing waste and effluents generated by our operations is crucial for protecting the environment and public</p>	<ul style="list-style-type: none"> <li>- Increased operational costs may arise from adopting the necessary infrastructure for improved waste management.</li> </ul>	<ul style="list-style-type: none"> <li>- Enhancing sustainability by mitigating environmental impacts.</li> <li>- Fostering a positive reputation.</li> </ul>	<ul style="list-style-type: none"> <li>- Government and Regulators</li> </ul>	<p>Effluents and Waste Management, p 77-81</p>
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**Communities**

Promoting UNSDG Goal 17: Strengthening the means of implementation and revitalising global partnerships for sustainable development is the most significant focus within our sustainability pillar, "Communities." Dufu leverages its expertise and resources to support the communities in which we operate. Our efforts center on assisting those in need, collaborating with local charities and organizations, and providing education and training opportunities for young people.



Material Matters	Why it Matters?	Risks	Opportunities	Affected Stakeholders	Action Plan
<p><b>Community Investment</b></p> <p>Enhances the well-being of communities through initiatives that address social, environmental, or economic challenges.</p>	<p>Fostering a positive reputation, ensuring long-term sustainability, attracting and retaining top talent, and enhancing our public image.</p>	<ul style="list-style-type: none"> <li>- Can be costly if not managed effectively.</li> <li>- Overcommitting resources may detract from core business activities.</li> <li>- Community projects may be influenced by social and political factors.</li> <li>- Navigating complex community dynamics can be challenging.</li> </ul>	<ul style="list-style-type: none"> <li>- Attracts and retains top talent who value socially responsible employers.</li> <li>- Positive community involvement enhances the company's reputation, making it more appealing to customers, employees, and investors.</li> <li>- Strengthens relationships with stakeholders, including local government, NGOs, and community organizations.</li> </ul>	<ul style="list-style-type: none"> <li>- Community</li> <li>- Employee</li> <li>- Customers</li> <li>- Media</li> <li>- Government</li> </ul>	<ul style="list-style-type: none"> <li>• Collaborating with local charities and organisations</li> <li>• Providing education and training opportunities for young people.</li> <li>• Enriching Communities, p 82-87</li> </ul>
<p><b>Local Hiring</b></p> <p>Employing individuals who reside in the same geographic area or community as Dufu.</p>	<p>Contributes to the local economy by channeling income back into the community, thereby increasing local purchasing power and stimulating economic growth.</p>	<ul style="list-style-type: none"> <li>- Difficulty in finding suitable local candidates for specific positions can lead to prolonged recruitment processes.</li> <li>- Some local workers may be unwilling to take on less desirable or lower-paying jobs.</li> </ul>	<ul style="list-style-type: none"> <li>- Local hiring circulates income within the community, supporting local businesses and fostering economic growth.</li> </ul>	<ul style="list-style-type: none"> <li>- Employee</li> <li>- Government</li> <li>- Community</li> </ul>	<ul style="list-style-type: none"> <li>• Collaborating with local universities and colleges.</li> <li>• Active participation in job fairs.</li> <li>• Collaborating with recruitment agencies.</li> </ul>







## SUSTAINABILITY STATEMENT (CONT'D)

### ECONOMIC

Our key initiatives for business sustainability within the economic sphere are focused on the following key areas:

#### Financial Performance and Strategic Growth

Our financial performance is crucial to both our internal and external stakeholders, as sustainable growth enables us to forge strategic partnerships with customers and suppliers. We recognize that delivering returns to shareholders is equally important to align with their expectations. Therefore, Dufu adopts a dividend policy with a 50% payout ratio from the Group’s operational earnings.

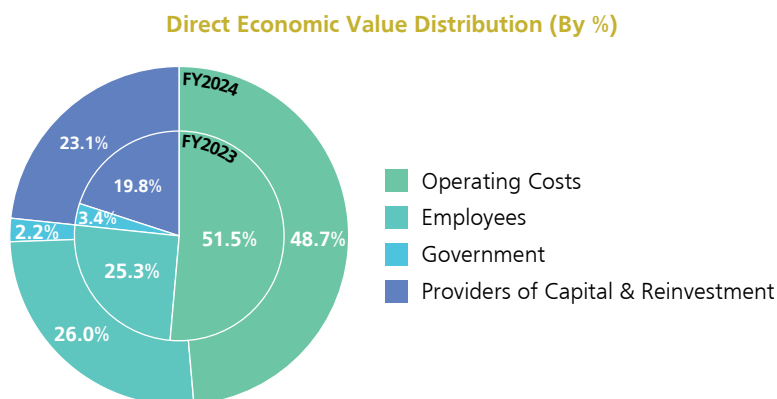
Dufu Group Financial Performance Highlights for FY2024			
			
<b>Revenue</b>	<b>Profit After Tax</b>	<b>Return on Equity</b>	<b>Dividend Distributed to Shareholders</b>
RM259.6 million (FY2023: RM227.8 million)	RM22.5 million (FY2023: RM24.3 million)	6.5% (FY2023: 7.2%)	RM18.6 million (FY2023: RM29.2 million)

We are committed to achieving long-term profitability and growth while maintaining our status as a preferred supplier. Our one-stop manufacturing facility focuses on delivering quality machining parts and solutions to drive sales growth. The strategies we have adopted to foster sustainable growth beyond 2024 include:

- Continued investment in infrastructure and machinery to improve our market share in the Hard Disk Drive (HDD) components sector. Despite recent demand setbacks due to global inventory adjustments, the increasing generation of data by businesses, corporate data centers, and cloud service providers is expected to drive significant future demand for electronic data storage. The digital transformation of work, advancements in artificial intelligence, and rising processing power will further fuel the expansion of datasets and enhance data analysis and transmission, all while reducing the costs of data storage.
- The factory building at Bukit Minyak Industrial Park, acquired in 2019, spans 0.81 hectares and serves as a vital infrastructure hub for our one-stop solutions center, specializing in the fabrication and assembly of sheet metal components and equipment. To address the growing demand in this segment, we acquired two units with a combined build-up of 129,600 square feet single-story detached factory on 22 December 2022, with completion expected in 2025. This acquisition is part of our long-term diversification strategy aimed at increasing the Group’s revenue through a balanced portfolio of products.

#### Direct Economic Value Generated and Distributed

Dufu generates sustainable value for its customers, supply chain, and other stakeholders, ensuring that the economic benefits are equitably distributed among them. This includes contributions to governments through taxes, compensation and benefits for employees, dividends for shareholders, and fair pricing for suppliers and service providers. A portion of the value earned is retained within the company for capital investments and to maintain a degree of independence from fluctuations in capital markets. The following pie chart summarizes the direct economic value generated and distributed by Dufu Group, illustrating the economic value we have created for our various stakeholders.



## SUSTAINABILITY STATEMENT (CONT'D)

### ECONOMIC (CONT'D)

#### Customer Satisfaction

The Group's economic success, particularly the effectiveness of our expansion strategy, is directly tied to our customers' satisfaction. Ensuring customer satisfaction is a top priority and a responsibility shared by all managers within their respective business areas.

We remain committed to prioritizing customer interests by implementing timely measures to enhance product quality and delivery. For instance, the development of advanced mechanical tools and ongoing improvements in our process techniques have significantly reduced handling defects. Actively listening to customer feedback from around the world and incorporating it into product development throughout the entire lifecycle is a core aspect of Dufu's culture. This dedication helps us achieve total customer satisfaction and builds confidence in our products and services, ensuring timely delivery and consistent quality.

To assess customer satisfaction, we conduct an annual survey. In 2024, we achieved an overall customer satisfaction score of 92.2% (2023:93.3%). This survey allows us to monitor our relationship with customers and identify areas for continuous improvement.

#### Supply Chain Management

Sustainability-focused supply chain management is a vital component of our risk management strategy. We have established standards and procedures in the Group's purchasing guidelines, which we continuously refine to adapt to changing regulatory landscapes and emerging needs. Our aim is to thoroughly identify and assess sustainability concerns within our value chains, working collaboratively with our suppliers to enhance sustainability practices.

Our expectations for suppliers are detailed in the global Supplier Code of Conduct (SCC), which sets clear standards for compliance. We prioritize building reliable relationships with our suppliers and actively support them in meeting our requirements.

#### Supplier Code of Conduct

Dufu's Supplier Code of Conduct ("SCC") outlines our expectations and guidelines for responsible sourcing, encompassing our commitments to human rights, environmental stewardship, health and safety, business ethics, and the development of a diverse and sustainable supply chain. The SCC aligns with the Responsible Business Alliance Code ("RBA"), the Universal Declaration of Human Rights, International Labour Organization Conventions, and the United Nations Global Compact ("UNGC"), all of which Dufu fully supports.

The Supplier Code of Conduct (SCC) encompasses several categories, including Social, Health & Safety, Environment, and Ethics, which suppliers are expected to adhere to:



### SOCIAL

- **Prohibition of Forced Labour:** Suppliers must not use forced, bonded, indentured, or involuntary prison labor.
- **Young Workers:** Compliance with local laws regarding the minimum age for employment and protection of young workers from hazardous work is required.
- **Working Hours:** Adherence to local regulations concerning workweeks and hours, promoting reasonable working hours and voluntary overtime payment in accordance with statutory requirements.
- **Wages and Benefits:** Compensation and benefits must meet applicable wage laws, with no deductions for disciplinary measures, and wages should be reviewed for compliance with living wage standards.
- **Humane Treatment:** Employees must be treated with dignity, prohibiting violence, exploitation, abuse, or harassment.
- **Non-discrimination/Non-harassment:** A harassment-free workplace must be maintained, ensuring fair hiring, promotions, and rewards based on job-related criteria.
- **Freedom of Association and Collective Bargaining:** Workers' rights to association, representation, and open communication without fear of reprisal must be respected.

## SUSTAINABILITY STATEMENT (CONT'D)

### ECONOMIC (CONT'D)

#### Supply Chain Management (cont'd)

##### Supplier Code of Conduct (cont'd)



#### HEALTH & SAFETY

- **Occupational Health and Safety:** Suppliers must identify, evaluate, and manage workplace hazards.
- **Occupational Injury and Illness:** Procedures should be implemented to prevent, manage, track, and report workplace injuries and illnesses.
- **Emergency Preparedness:** Potential emergencies should be assessed, with plans established to mitigate their impact.
- **Industrial Hygiene:** Workers' exposure to various workplace hazards must be controlled.
- **Physically Demanding Work:** Hazards related to physically demanding tasks should be identified and managed.
- **Machine Safeguarding:** Machinery must be evaluated for safety hazards.
- **Sanitation, Food, and Housing:** Clean facilities must be provided, ensuring access to sanitary necessities for workers.
- **Health and Safety Communication:** Workers should receive appropriate health and safety information and be encouraged to voice concerns without retaliation.



#### ENVIRONMENT

- **Environmental Permits and Reporting:** Suppliers must obtain and comply with necessary environmental permits and reporting requirements.
- **Pollution Prevention and Resource Conservation:** Waste and resource use should be minimized through monitoring, controls, and responsible practices.
- **Hazardous Substances:** Suppliers must manage and appropriately handle hazardous materials.
- **Solid Waste:** Systems for waste reduction, management, and responsible disposal or recycling must be implemented.
- **Air Emissions:** Monitoring and control of emissions before discharge is required.
- **Materials Restrictions:** Adherence to substance restrictions in products is necessary.
- **Water Management:** Suppliers should manage water sources, usage, discharge, and wastewater treatment.
- **Energy Consumption and Greenhouse Gas Emissions:** Tracking and documenting energy consumption and greenhouse gas emissions is essential.



#### ETHICS

- **Business Integrity and No Improper Advantage:** High standards of integrity must be upheld, prohibiting bribery, corruption, and embezzlement.
- **Responsible Sourcing of Minerals:** Due diligence in sourcing minerals must align with the OECD guidance for responsible supply chain practices.
- **Intellectual Property:** Intellectual property rights must be upheld, and technology transfers should protect these rights as well as confidential information.
- **Disclosure of Information:** Accurate and transparent business records and compliance with disclosure regulations must be ensured.
- **Fair Business, Advertising, and Competition:** Compliance with antitrust laws and fair competition standards is required.
- **Privacy:** Sensitive and proprietary information must be safeguarded.
- **Protection of Identity and Non-Retaliation:** Transparent and confidential grievance mechanisms for workers and stakeholders should be established.

Dufu's SCC is distributed globally to all relevant suppliers in multiple languages and is accessible on our website at <https://www.dufutechnology.com/supplier-code-of-conduct/>.

The primary aim of this SCC is to promote awareness, transparency, and adherence to economic, environmental, social, and corporate governance standards within Dufu's supply chain.

## SUSTAINABILITY STATEMENT (CONT'D)

### ECONOMIC (CONT'D)

#### Supply Chain Management (cont'd)

##### Supplier Code of Conduct (cont'd)

To ensure alignment, key direct and indirect material suppliers, as well as contractors, have confirmed their commitment to our SCC by signing a letter of conformance and completing accompanying questionnaires. These responses are meticulously reviewed and evaluated by our Environmental, Health, and Safety (“EHS”) and Procurement teams. Additionally, we conduct comprehensive risk assessments for new suppliers and for existing suppliers identified as high risk, particularly in relation to social and environmental factors.

Moreover, our Human Resources team conducts annual training sessions for relevant supplier personnel on the Group’s procurement policy and Supplier Code of Conduct (SCC) guidelines. Integrating the SCC into our Purchase Orders and Supplier Contracts further reinforces compliance. By accepting any Purchase Order from Dufu, suppliers implicitly acknowledge and agree to adhere to the stipulations and requirements outlined in the SCC. This integration ensures a consistent commitment to our ethical and operational standards throughout our supply chain.

##### Environmental and Social Assessment in Supply Chain

We have a network of 17 key direct material suppliers and contractors, whose contributions account for over 85% of the Group’s total direct material procurement. Our supplier audit strategy aims to cover all 17 suppliers within a three-year cycle.

In 2022, we initiated periodic on-site audits of selected suppliers, conducted by trained auditors led by EHS Department. This process, which included auditing of the shortlisted suppliers, allowed us to verify compliance with our supplier standards and identify any potential violations related to ethical, social, or environmental practices. In addition to new waste contractors and recruitment agencies, all potential vendors must be thoroughly assessed and approved before being added to the list of approved vendors.

In 2023, we expanded our efforts by auditing an additional nine suppliers. During this review, we discovered one incident of violation, which resulted in the termination of our engagement with that supplier. Throughout the current review period in 2024, we did not identify or receive reports of any potential violations of the Supplier Code of Conduct.

	FY2024	FY2023	FY2022
Total number of identified major direct material suppliers and contractors	17	16	16
<b>Environmental Impact</b>			
Number of suppliers assessed for environmental impacts* <i>Note: *assessed at least once in the past 3 years</i>	4	5	4
Number of suppliers identified as having significant actual and potential negative environmental impacts	-	-	-
Description of the significant and actual environmental impact identified	-	-	-
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment* <i>Note: *does not include closed cases where agreed-upon improvements have been implemented and verified by Dufu’s audit team.</i>	-	-	-
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment	-	-	-

## SUSTAINABILITY STATEMENT (CONT'D)

### ECONOMIC (CONT'D)

#### Supply Chain Management (cont'd)

##### Environmental and Social Assessment in Supply Chain (cont'd)

	FY2024	FY2023	FY2022
<b>Social impact</b>			
Number of suppliers assessed for social impacts	4	9	4
Number of suppliers identified as having significant actual and potential negative social impacts	-	1	-
Description of the significant and actual social impact identified	-	The supplier in question was found to be in violation of Dufu's SCC.	-
Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment* <i>Note: *does not consider closed cases where agreed upon improvements have been implemented and verified by Dufu's audit team</i>	-	-	-
Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment	-	11.1	-

##### Conflict-Free Minerals Policy & Raw Materials Sourcing

We implement a thorough due diligence process to mitigate the risk of Conflict Minerals in our supply chain, ensuring that the procurement or processing of raw materials and products does not inadvertently benefit armed groups in the Democratic Republic of Congo or the identified adjoining countries. This includes identifying suppliers of 3TG+C (tin, tungsten, tantalum, gold and cobalt) for all new product launches and supporting our customers in their responsible sourcing of minerals programs.

To achieve compliance with Responsible Sourcing of Minerals legislation, we have established a Conflict Minerals Committee comprising personnel from the Purchasing, Sales & Business Development, Quality, and EHS departments. This Committee monitors due diligence progress and allocates resources to meet legislative requirements. Our suppliers are required to declare and identify the sources of all materials used in their products and provide any supporting documentation to ensure that the minerals in our supply chain are conflict-free. Our Conflict-Free Minerals Policy is available on our company's website at <https://www.dufutechnology.com/conflict-minerals-policy/>.

Additionally, we mandate that our suppliers' raw material sourcing complies with RoHS (Restriction of Hazardous Substances) and REACH (Registration, Evaluation, Authorisation, and Restriction of Chemicals) compliances at all times. The RoHS directive restricts the use of ten hazardous substances, including lead, in electrical and electronic equipment, while REACH aims to protect human health and the environment from chemical risks. We do not use these substances in our production processes and collaborate with customers to meet their product stewardship and safety standards.

Regulations and Customer Requirements	Measures Taken by Dufu
RoHS Directive - Restriction on the use of ten substances including lead.	<ul style="list-style-type: none"> <li>We ensure compliance through annual reviews and analyses, supported by documentation such as declaration letters, Certificates of Compliance, and Safety Data Sheets.</li> <li>We engage with suppliers to facilitate their compliance, requiring them to perform self-assessments and submit relevant compliance documentation on a yearly basis.</li> <li>Each batch of supplies received is accompanied by the relevant test reports and certificates.</li> </ul>

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## SUSTAINABILITY STATEMENT (CONT'D)

### ECONOMIC (CONT'D)

#### Local Procurement Practices

We prioritize local procurement to meet our business unit's needs for goods and services while ensuring a secure, reliable, and cost-effective supply chain that adheres to the highest quality and delivery standards. However, certain exceptions apply for goods that are unavailable locally, such as specific raw materials and specialized technical equipment, along with their related spare parts and accessories. These factors contribute to a significant portion of our non-local purchases. The proportion of local purchases has decreased from 63% in 2023 to 42% in 2024, primarily due to an increase in the purchase of imported raw materials.

#### Commitment to quality

Maintaining the latest revision of ISO 9001:2015 certification demonstrates our commitment to upholding consistent quality standards for our products. We have established a comprehensive quality management system framework that assures customers of robust quality assurance policies and procedures, regularly addressing product quality and reliability while enhancing work efficiency.

We implement stringent quality controls throughout our operations. Our quality practices encompass various stages, including design, tooling, and process control, utilizing well-known standardization techniques such as Poka Yoke, Six Sigma, Design for Manufacturability (DFM), Failure Mode Effect Analysis (FMEA), and Statistical Process Control (SPC). Incoming material inspections ensure that raw materials and components meet documented standards before mass production, while in-process quality audits identify abnormalities in our manufacturing processes. Key product characteristics undergo thorough monitoring and quality control checks at different production stages using precise measurement tools and laboratory equipment. Our finished goods quality assessment verifies the reliability and compliance of our products, ensuring they meet required specifications and are defect-free upon delivery. We strive to ensure that every product we deliver is consistently on time, every time.



## SUSTAINABILITY STATEMENT (CONT'D)

### CORPORATE GOVERNANCE

#### Approach

The Board is committed to achieving high standards of professionalism and business ethics across all Group activities. We recognize that corporate governance serves as a form of self-regulation, integral to our sustainability journey, aimed at enhancing business propositions while considering the values and expectations of various stakeholders. Our company policies and procedures are regularly updated to ensure that our corporate governance structure not only meets legislative requirements but also aligns with industry best practices. Details of Dufu's corporate governance framework and practices are outlined in the Corporate Governance Report 2024, available on the Company's website, as well as in the Corporate Governance Overview Statement included in this Annual Report.

Dufu's commitment to good corporate governance is reflected in our comprehensive suite of policies, which includes:

- a) Board Charter
- b) Code of Conduct & Ethics
- c) Whistleblowing Policy
- d) Anti-Bribery & Corruption Policy
- e) Charity and Sponsorship Policy
- f) Policy for Assessing the Suitability and Independence of External Auditors
- g) Related Party Transaction Policy
- h) Board and Senior Management Diversity Policy
- i) Senior Management Policy
- j) Directors Remuneration Policy
- k) Policy on Independence of Directors
- l) Directors' Fit and Proper Policy
- m) Conflicts of Interest Policy
- n) Supplier Code of Conduct

Our governing policies are reviewed and updated as necessary, and they are accessible on our corporate website: <https://www.dufutechnology.com/investor-relations/> under the "Corporate Governance Documents" section.

#### Board Diversity and Structure

The Company's Board consists of two Executive Directors and four Independent Non-Executive Directors. Their names and brief biographies can be found in the "Board of Directors' Profile" section of the Annual Report FY2024. The Board's duties and responsibilities are outlined in the Board Charter. To assist in governance and other responsibilities, the Board has established several committees: the Audit Committee, Nominating Committee, Employee Share Option Scheme Committee, Remuneration Committee, Risk Management and Sustainability Committee, and Investment Committee, each with defined terms of reference. The Nominating Committee regularly reviews the composition of the Board and its committees. The Board includes a mix of qualified and experienced directors with diverse backgrounds and expertise. This diversity in legal, financial, and corporate affairs allows the Board to fulfill its responsibilities effectively and efficiently. The skill sets and diversity in race, ethnicity, nationality, age, and gender of the current Board members are disclosed in Practice 5.5 of the Corporate Governance Report for FY2024.

#### Code of Conduct and Ethics

Dufu's Code of Conduct and Ethics ("CCE") establishes standards of responsibility and obligation while promoting fair dealing, integrity, and ethical conduct in our business practices. Subject to periodic review, the CCE articulates acceptable practices and guides the expected behaviours of Directors, Management, and employees, integrating seamlessly into Dufu's overall management framework.

The CCE includes a conflict-of-interest provision to ensure that no Director, Management member, or employee engages in any occupation or business that conflicts with their roles at Dufu. The Group's CCE policy was last reviewed and updated by the Board on 26 February 2025.

#### Whistleblowing Mechanism

Our Whistle-Blowing Policy provides a formal and confidential channel for both internal and external stakeholders to report misconduct, including violations of the CCE, corruption, bribery, and threats to health and safety. This policy guarantees protection for whistle-blowers against retaliation, in accordance with the Whistleblowers Protection Act 2010. Stakeholders can report concerns directly to the Audit Committee Chairman by emailing the Whistle-Blower Form available at <https://www.dufutechnology.com/submit-a-report/>, or by sending the form via dedicated email or envelope.

Upon receiving the Whistle-Blower Form, an investigator designated by the Audit Committee Chairman will conduct a thorough and impartial investigation to determine the appropriate actions. Our Whistle-Blowing Policy is available on our corporate website at <https://www.dufutechnology.com/whistleblowing-policy/>. The Group's Whistleblowing policies were last reviewed and updated by the Board on 26 February 2025.

## SUSTAINABILITY STATEMENT (CONT'D)

### CORPORATE GOVERNANCE (CONT'D)

#### Anti-Bribery and Anti-Corruption

Dufu's commitment to a zero-tolerance policy against bribery and corruption is articulated in our Anti-Corruption and Bribery Policy ("ABC Policy"). This policy outlines our dedication to conducting business ethically and complying with all applicable laws, including the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) ("MACC Act") and any amendments made by relevant authorities. The ABC Policy provides guidance to Directors, employees, and business associates on how to recognize and address any acts of corruption and bribery that may arise during daily business operations.

The ABC Policy was approved by the Board on 1 June 2020, and last reviewed and updated on 26 February 2025. It covers key areas of potential corruption and bribery risks, including gifts, entertainment, hospitality, facilitation payments, kickbacks, and charitable contributions. Strict adherence to this policy is required from all parties across the Group's supply chain.

We strictly prohibit our Directors, employees, and business associates from engaging in any form of corruption, bribery, extortion, embezzlement, or money laundering activities. The Group's anti-corruption program is built on five 'TRUST' principles:

- a) Principle I: Top Level Commitment;
- b) Principal II: Risk Management Assessment;
- c) Principal III: Undertake Control Measures;
- d) Principal IV: Systematic Review, Monitoring and Enforcement; and
- e) Principal V: Training and Communication.

Additionally, the Group's Charitable and Sponsorship Policy, approved by the Board on 1 June 2020, and updated on 1 November 2022, provides comprehensive guidelines for responding to requests for charitable donations, event sponsorships, and in-kind contributions. We do not make charitable donations or contributions to political parties, nor do we reimburse employees for personal political contributions.

Dufu's strong stance on zero tolerance towards bribery and corruption is communicated from the top down by the Group's Executive Chairman and is published on our corporate website at <https://www.dufutechnology.com/chairmans-message-on-dufus-anti-bribery-and-corruption-policy/>.

A comprehensive risk management assessment, conducted in May 2020, identified the nature and extent of internal and external risks, including exposure to risks associated with jurisdiction, transactions, and businesses involving customers, vendors (suppliers, contractors, agents), employees, products, and transactions. Seven risk areas were identified: contractors and suppliers, customers, political contributions, charitable contributions and sponsorships, facilitation payments, significant investments, promotional gifts, and hospitality. Their respective risk profiles and response strategies are reviewed and updated by the RMSWG and reported to the RMSC annually. The risk associated with "significant investments" is considered high, prompting the Group to implement stringent measures, such as requiring a Return on Investment (ROI) justification form, approval by the Investment Committee, and third-party due diligence where applicable.

Any new potential supplier must undergo a rigorous due diligence process, including the disclosure of Anti-Corruption Practices through questionnaires and a letter of undertaking to comply with Dufu's policies related to the ABC Policy, Sponsorship & Charitable Contribution Policy, and Code of Business Conduct. The Group's ABC Policy has been effectively communicated to all Directors, employees, and associated third parties through various channels and is available on our corporate website at <https://www.dufutechnology.com/anti-bribery-corruption-policy/>.

The adoption of an anti-corruption and bribery culture in our operations, along with familiarization with the ABC Policy, Charitable and Sponsorship Policy, and Whistleblowing Policy, is facilitated through various training sessions for Directors, senior management, and employees. This training is included in the induction program for new employees, and a refresher course is conducted annually for exempt employees. Directors, employees, customers, suppliers, and other stakeholders are expected to promptly report any suspicious transactions that may indicate acts of corruption, bribery, or money laundering through the established whistleblowing channels provided in the Whistleblowing Policy and Procedures.

From FY2022 to FY2024:

- ✓ There were no corruption-related cases reported;
- ✓ No incidents of confirmed corruption;
- ✓ No staff was disciplined or dismissed due to non-compliance with ABC policy;
- ✓ No fines imposed in relation to corruption, bribery, anti-competitive business practices;
- ✓ Zero political contributions made; and
- ✓ Zero facilitation payments made.

## SUSTAINABILITY STATEMENT (CONT'D)

### CORPORATE GOVERNANCE (CONT'D)

#### Anti-Bribery and Anti-Corruption (cont'd)

	FY2024	FY2023	FY2022
Total number of operations assessed for corruption-related risks	3	3	2
Percentage of operations assessed for corruption-related risks	100	100	100
Percentage of employees who have received training on anti-corruption			
- Exempt	100	100	100
- Non-Exempt*	100	100	100

\*Non-Exempt Employees only received ABC training during their induction program.

#### Risk Management

Dufu has established an organizational structure with clearly defined lines of responsibility and delegation of authority for risk management. To ensure effective risk management, three distinct yet complementary roles are involved in implementing the Group's risk management policies and objectives, as well as monitoring the risk management process.

First, Enterprise Risk Management ("ERM") is practiced at Dufu, with the RMSWG, led by the Group Chief Executive Officer and supported by various Department Heads. This group is responsible for the periodic review, assessment, and updating of the Risk Register during RMSWG meetings, with findings reported to the RMSC.

Secondly, the Group has its own Internal Control Department, which monitors operational performance and asset safeguarding in areas such as labour efficiency, scrap rates, machine performance, fixed asset management, material yield usage, inventory control, and tool management.

Finally, the internal audit function is outsourced to Eco Asia Advisory Sdn Bhd, an independent professional firm. They provide independent assurance to the Audit Committee regarding the effectiveness of the Group's risk management, governance, and internal control processes. For further information on risk management, please refer to the Statement of Risk Management and Internal Control in the Annual Report FY2024.

#### Data Privacy and Security

Dufu is committed to upholding data privacy principles, which involve the proper use and handling of sensitive information, including personal and financial data about individuals and organizations. We take a proactive approach to data security, ensuring protection against unauthorized access, alteration, or theft. These efforts are crucial for building trust and accountability with our customers, business partners, and employees, who expect their data to remain private. Our key internal controls for data privacy include:

- Protecting technology resources and assets with encryption, firewalls, and antivirus or anti-malware software;
- Implementing appropriate physical and organizational security measures to safeguard personal data;
- Requiring all employees to comply with Dufu's Code of Conduct and Ethics;
- Providing training and awareness programs; and
- Signing Non-Disclosure Agreements with customers, suppliers, and contractors.

We continue to upgrade our servers and backup systems for data protection and have installed a comprehensive set of antivirus solutions as part of our data security measures.

	FY2024	FY2023	FY2022
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Nil	Nil	Nil

## SUSTAINABILITY STATEMENT (CONT'D)

### CORPORATE GOVERNANCE (CONT'D)

#### Investor Relations

As part of our commitment to enhancing Dufu's corporate governance, we strive to provide accurate information and disclosures to all our shareholders in a transparent and timely manner. In 2024, we continued our efforts to ensure the timely delivery of the Annual Report and Quarterly Financial Results.

The release schedule for Dufu's Annual Report and Quarterly Financial Results is as follows:

Financial Results	Date of Issue/ Release	Days after end of Year/ Quarter	Bursa Securities Deadline for Release
<b>Annual Report</b>			
2023	26 March 2024	86	30 April 2024
2022	27 March 2023	86	30 April 2023
2021	28 March 2022	87	30 April 2022

<b>Quarterly Results</b>			
<b>2024</b>			
1 <sup>st</sup> Quarter	8 May 2024	38	31 May 2024
2 <sup>nd</sup> Quarter	30 July 2024	30	31 August 2024
3 <sup>rd</sup> Quarter	29 October 2024	29	30 November 2024
4 <sup>th</sup> Quarter	26 February 2025	57	28 February 2025
<b>2023</b>			
1 <sup>st</sup> Quarter	28 April 2023	28	31 May 2023
2 <sup>nd</sup> Quarter	1 August 2023	32	31 August 2023
3 <sup>rd</sup> Quarter	31 October 2023	31	30 November 2023
4 <sup>th</sup> Quarter	27 February 2024	58	29 February 2024

## SUSTAINABILITY STATEMENT (CONT'D)

### PEOPLE

#### Approach

At Dufu, we strive to create a supportive, pleasant, and healthy workplace that fosters a caring community. We recognize that strong work relationships and a motivated workforce are crucial to our success. Our employees are our partners in delivering and maintaining products and services of the highest quality standards for our customers. We acknowledge that our people are the foundation of our business, and we are dedicated to their lifelong learning and development through annual training and development programs. We also prioritize the safety and well-being of our employees, committing to provide and maintain a safe and healthy work environment.

#### Respect of Labour and Human Rights

Dufu is committed to upholding the human rights of all workers, treating them with dignity and respect in accordance with the standards recognized by the international community. We adhere to the Responsible Business Alliance (RBA) principles and comply with the Occupational Health and Safety Management Systems (ISO 45001:2018). The Group CEO is the head for both RBA and ISO 45001:2018 committees. Our practices also align with International Human Rights and Labor Standards, including the core conventions of the International Labor Organization (ILO) such as Conventions No. 29, 87, 98, 100, 105, 111, 138, and 182. This commitment extends to all workers, including temporary, migrant, student, contract, direct employees, as well as suppliers, agents, and subcontractors acting on our behalf.

Our written policy aims to:

- Achieve the highest standards of employment practices in compliance with applicable laws;
- Uphold a culture and principles of equal opportunity in employment; and
- Create a working environment where every team member is treated fairly and free from reprisal, intimidation, or harassment.



#### PROHIBITION OF FORCED LABOUR

At Dufu, we do not engage in forced, bonded, or involuntary prison labour. We ensure that all employment terms are voluntary, allowing workers the freedom to leave or terminate their contracts with reasonable notice. We hire foreign workers only with legal work permits and do not retain their passports unless legally required.



#### YOUNG WORKERS

We strictly prohibit child labour in any business processes and adhere to local and international regulations regarding the employment of minors. Dufu recruits only those aged 18 and older, requiring reliable proof of age, such as a birth certificate or identification. Any underage applicants will not be considered.



#### WORKING HOURS

Our workweeks adhere to local law, encouraging reasonable hours, including voluntary overtime, compensated according to statutory requirements. Employees receive at least one day off after six consecutive workdays. Any cases of excessive workdays and hours are reviewed in monthly Management KPI meetings, requiring justification from the respective Department Head.



#### WAGES AND BENEFITS

We ensure that all compensation and benefits comply with applicable wage laws, including minimum wage and overtime regulations. We do not impose wage deductions as a disciplinary measure. We provide compliant accommodation for foreign workers, guaranteeing free access in accordance with the Workers' Minimum Standards of Housing, Accommodations, and Amenities Act 1990. Additionally, we maintain a no-recruitment fees policy, ensuring that foreign workers do not incur any agency fees for their employment.

## SUSTAINABILITY STATEMENT (CONT'D)

### PEOPLE (CONT'D)

#### Respect of Labour and Human Rights (cont'd)



#### HUMANE TREATMENT

Dufu promotes a culture of humane treatment, prohibiting any form of harassment or abuse, including sexual harassment, corporal punishment, and verbal abuse. We have established clear disciplinary policies and multiple communication channels to support these principles.



#### NON-DISCRIMINATION

We embrace a diverse workforce, free from harassment and unlawful discrimination based on race, colour, gender, sexual orientation, ethnicity, disability, age, religion, nationality, marital status, pregnancy, political affiliation, union membership or other factors. Hiring and remuneration are based on performance, qualifications, and experience, without medical tests that could lead to discrimination. We accommodate employees' religious practices, providing necessary time and space.



#### FREEDOM OF ASSOCIATION

We respect workers' rights to freely associate and seek representation as per local laws. We encourage open communication between workers and management to effectively address workplace concerns, ensuring employees can express grievances without fear of reprisal.



#### SAFE AND SECURE WORKPLACE

Dufu is committed to maintaining a safe and productive workplace by minimizing occupational injuries and illnesses through effective safety measures and emergency preparedness.



#### INTERN PROGRAM

We offer internships to college and university students, providing supervised practical development that complements their education. This initiative also aims to reduce youth unemployment, though we do not hire student workers outside this program.



#### PRIVACY/DATA PROTECTION

We prioritize the confidentiality of our employees' personal information and handle all personal data with integrity.



#### COMMUNITY RIGHTS

Dufu recognizes and respects the rights of local communities and marginalized groups, including refugees and individuals with disabilities. We assess employment opportunities fairly for underprivileged groups, including those from deprived backgrounds, having poor social status and with no formal education and qualification.



#### CHILDREN RIGHTS

We uphold children's rights and promote their access to education and information by collaborating with relevant organizations, aligning our efforts with the company's core values.

The Human Resource Department is responsible for the daily implementation of the Company's Human Rights Policy principles. The RMSWG, assisted by the EHS Manager, ensures that adequate resources are allocated. The RMSWG regularly reviews the Policy's effectiveness and may recommend changes to the Board to reflect best practices and comply with new legal or regulatory requirements.

The Human Resource Department is also tasked with proactively assessing the Company's human rights impacts as part of its core business processes. This assessment is essential for the Group's continuous improvement, driven by evaluating business impacts and setting targets. Current standard operating procedures are in place to avoid, prevent, and mitigate human rights issues, and suppliers must adhere to our Principles on Labour Practices and Human Rights.



## SUSTAINABILITY STATEMENT (CONT'D)

### PEOPLE (CONT'D)

#### Respect of Labour and Human Rights (cont'd)

Our labour standards and human rights policy are summarized in the Code of Conduct and Ethics. All employees and business partners globally receive annual briefings on this Code as part of their Human Rights Policy training. The Human Rights Policy is available in English and multiple other languages on our corporate website at <https://www.dufutechnology.com/labour-standards-human-rights-policy/>.

Any Dufu employee who suspects violations of the Group's Labour and Human Rights Policy is encouraged to report the issue to their Department Manager or Human Resources. For more serious offenses, employees or external stakeholders can raise concerns through our whistleblower protection policy. Dufu does not tolerate retaliation against anyone who speaks up or expresses concerns in line with our Non-Retaliation Policy. We are committed to maintaining confidentiality for all stakeholders and to remedying any harm caused by identified human rights impacts. All Dufu managers and Human Resource personnel receive training to effectively handle reports of bullying or harassment.

Number of cases			
As at end of Financial Year	2024	2023	2022
Full-time employees identify as differently abled Employee	3	3	4
Percentage of global staff with a disability	0.35%	0.35%	0.46%
Discrimination and harassment incidents reported	-	-	-
Grievance-related incidents reported	6	5	4
Child labour incidents	-	-	-
Forced or compulsory labour incidents	-	-	-
Number of substantiated complaints concerning human rights violation	-	-	-
Incident responses arising from human rights violation	-	-	-

In FY2024, a total of 6 grievance-related incidents were reported and resolved. Details were as follows:

No.	Incidents	Actions Taken	Status
1	High temperatures at Bayan Lepas accommodation.	Wall fans and exhaust fans were installed to reduce the temperature.	Closed
2	Air conditioning in the company bus has been faulty for a week.	The transportation provider promptly repaired the system after HR reported the issue.	Closed
3	High temperature at Canteen B.	Three exhaust fans were installed to enhance air circulation.	Closed
4	Employees were treated unprofessionally by the hostel warden, who used harsh language and made inappropriate remarks.	The warden's behaviour was addressed with a formal warning to emphasize professionalism and respect.	Closed
5	Canteen tables were left dirty after staggered break times.	The frequency of table cleaning was increased, and the cleaning schedule was updated accordingly.	Closed
6	Poor maintenance and delays in repairing the door scanner and toilet sink in the employee accommodation.	The issue was escalated to the accommodation provider, requesting immediate repairs and more timely maintenance.	Closed

## SUSTAINABILITY STATEMENT (CONT'D)

### PEOPLE (CONT'D)

#### Diversity and Inclusion

Dufu values the inherent worth of each individual and is dedicated to treating everyone with respect, dignity, and equality, regardless of their backgrounds. We recognize that achieving diversity, inclusivity, and equality requires a collaborative effort among all stakeholders. Therefore, Dufu is committed to creating a welcoming and inclusive workplace that embraces the diversity of the communities we serve.

#### Approach

Diversity is a core aspect of our identity and values. Our approach includes inclusive hiring practices, equal opportunities, comprehensive training, leadership commitment, and a data-driven perspective, all aimed at fostering a diverse and inclusive workplace. We understand that embracing diversity leads to innovative ideas, enhances employee satisfaction, and allows us to better serve our varied customer base. We remain committed to making diversity an integral part of our ongoing growth and success.

#### Workforce Overview

At Dufu, career progression is based on meritocracy. Employees deserving of promotion are recognized for their performance, regardless of tenure, gender, race, national origin, disability, or religion; promotions are not based solely on seniority or hierarchy.

We treat all employees equally in these aspects. Dufu is committed to continuously evaluating its workforce to ensure that all employees, regardless of marital status, are paid equally for equal work. This principle of equal treatment applies to all areas of employment, including hiring and promotions, as long as individuals can deliver results. We foster a diverse and inclusive culture throughout the Group to ensure that every employee feels supported, accepted, respected, and safe at work. We maintain a zero-tolerance policy toward discrimination, workplace bullying, and harassment, and we are dedicated to creating a respectful workplace for everyone in the Group.

Workforce Overview Diversity, Equity and Inclusion	Unit	2024	2023	2022
Gender group by employee category				
Management - Male	Percentage	77%	82%	78%
Management - Female	Percentage	23%	18%	22%
Executive - Male	Percentage	62%	62%	60%
Executive - Female	Percentage	38%	38%	40%
Non-executive/ Technical staff - Male	Percentage	78%	79%	77%
Non-executive/ Technical staff - Female	Percentage	22%	21%	23%
General Workers - Male	Percentage	75%	78%	77%
General Workers - Female	Percentage	25%	22%	23%
Age group by employee category				
Management - Under 30	Percentage	5%	0%	0%
Management - Between 30 - 50	Percentage	50%	50%	39%
Management - Above 50	Percentage	45%	50%	61%
Executive - Under 30	Percentage	26%	22%	21%
Executive - Between 30 - 50	Percentage	55%	60%	63%
Executive - Above 50	Percentage	19%	18%	16%
Non executive/ Technical Staff - Under 30	Percentage	35%	39%	42%
Non executive/ Technical Staff - Between 30 - 50	Percentage	57%	55%	51%
Non executive/ Technical Staff - Above 50	Percentage	8%	6%	7%
General Workers - Under 30	Percentage	50%	52%	56%
General Workers - Between 30 - 50	Percentage	49%	47%	43%
General Workers - Above 50	Percentage	1%	1%	1%

## SUSTAINABILITY STATEMENT (CONT'D)

### PEOPLE (CONT'D)

#### Diversity and Inclusion (cont'd)

##### Workforce Overview (cont'd)

Workforce Overview Diversity, Equity and Inclusion	Unit	2024	2023	2022
Percentage of directors by gender and age group				
Male	Percentage	67%	83%	83%
Female	Percentage	33%	17%	17%
Between 30 - 50	Percentage	17%	33%	33%
Above 50	Percentage	83%	67%	67%
Percentage of employees that are contractors or temporary staff				
	Percentage	1%	2%	2%
Gender diversity - Male	Percentage	75%	77%	75%
Gender diversity - Female	Percentage	25%	23%	25%
Age diversity - Under 30	Percentage	42%	44%	47%
Age diversity - Between 30 - 50	Percentage	52%	50%	47%
Age diversity - Above 50	Percentage	6%	6%	6%
Ethnic diversity - Bumiputera	Percentage	34%	37%	34%
Ethnic diversity - Chinese	Percentage	10%	10%	10%
Ethnic diversity - Indian	Percentage	0%	0%	0%
Ethnic diversity - Others	Percentage	56%	53%	56%

Workforce Overview Diversity, Equity and Inclusion	Unit	2024	2023	2022
Gender group by employee category				
Management - Male	Number	17	18	18
Management - Female	Number	5	4	5
Executive - Male	Number	52	48	49
Executive - Female	Number	32	30	32
Non-executive/ Technical staff - Male	Number	208	205	197
Non-executive/ Technical staff - Female	Number	58	55	60
General Workers - Male	Number	382	391	392
General Workers - Female	Number	129	109	117
Age group by employee category				
Management - Under 30	Number	1	0	0
Management - Between 30 - 50	Number	11	11	9
Management - Above 50	Number	10	11	14
Executive - Under 30	Number	22	17	17
Executive - Between 30 - 50	Number	46	47	51
Executive - Above 50	Number	16	14	13
Non executive/ Technical Staff - Under 30	Number	94	101	109
Non executive/ Technical Staff - Between 30 - 50	Number	152	143	131
Non executive/ Technical Staff - Above 50	Number	20	16	17
General Workers - Under 30	Number	253	258	283
General Workers - Between 30 - 50	Number	252	235	220
General Workers - Above 50	Number	6	7	6

## SUSTAINABILITY STATEMENT (CONT'D)

### PEOPLE (CONT'D)

#### Diversity and Inclusion (cont'd)

##### Workforce Overview (cont'd)

<b>Workforce Overview Diversity, Equity and Inclusion</b>	<b>Unit</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Employees that are contractors or temporary staff	Number	10	14	14
Gender diversity - Male	Number	659	662	656
Gender diversity - Female	Number	224	198	214
Age diversity - Under 30	Number	370	376	409
Age diversity - Between 30 - 50	Number	461	436	411
Age diversity - Above 50	Number	52	48	50
Ethnic diversity - Bumiputera	Number	300	319	300
Ethnic diversity - Chinese	Number	85	83	86
Ethnic diversity - Indian	Number	1	3	1
Ethnic diversity - Others	Number	497	455	483
<b>Employee Management</b>				
Total number of employee turnover by employee category				
Management	Number	0	2	0
Executive	Number	14	10	11
Non-executive/ Technical Staff	Number	31	31	51
General Workers	Number	58	118	137
Annual employee turnover	Percentage	11.87%	18.62%	22.59%
Total new hires	Number	169	169	228
Total new hire rate	Percentage	19%	20%	26%

##### Ratio of the basic salary and remuneration of women to men for each employee category

	<b>Female to Male Ratio</b>
<b>Basic salary</b>	
Exempt (Executive and above)	0.8:1
Non-Exempt	1:1
<b>Remuneration</b>	
Exempt (Executive and above)	0.77:1
Non-Exempt	0.97:1

## SUSTAINABILITY STATEMENT (CONT'D)

### PEOPLE (CONT'D)

#### Employee Development and Talent Management

At Dufu, we recognize the critical importance of personal and professional growth and believe that learning and development are essential for individuals to realize their full potential. We place significant emphasis on enhancing our staff's skills and knowledge through training and development, which serves as a fundamental pillar of our talent management strategy. Our training initiatives aim to improve job performance, cultivate competencies, and foster career progression, all of which are integral to the Group's succession planning program.

#### Approach

Dufu is committed to providing comprehensive training opportunities for both Board members and employees. These initiatives encompass a wide range of areas, including technical skills, professional qualifications, soft skills development, leadership training, and transition assistance programs to support continued employability during career changes, such as retirement or termination. Each year, Department Heads are required to assess their staff's training needs, evaluate training course content and outcomes, and develop programs that not only meet Dufu's business requirements but also enhance individual knowledge and skills.

#### Initiatives and Programmes

Newly recruited employees undergo an orientation program designed to welcome them and familiarize them with the organization's culture and background. They also participate in structured on-the-job training tailored to their specific roles.

The training and development programs at Dufu are summarized as follows:

Training and Development Programmes	Description
Orientation	The Human Resource Department conducts monthly orientations to introduce new employees to their roles, colleagues, and workplace environment. These sessions cover organizational overviews, labour practices, human rights, compensation, benefits, attendance policies, system operations, and established policies. For managerial and higher positions, orientation is conducted one-on-one on the first day for a personalized introduction.
On-the-Job Training	This informal training, curated by department leaders, provides practical, hands-on knowledge within the workplace, allowing employees to learn while integrating into their daily routines.
Technical Skills Development	These sessions cover the specific knowledge and expertise needed for employees to perform complex tasks related to their daily responsibilities. The Human Resources team arranges these trainings based on feedback from various departments. Topics may include software proficiency and updates on tax or accounting standards.
Soft Skills Development	These periodic training sessions focus on enhancing employees' communication, leadership, problem-solving, and critical thinking skills, typically tailored for executive staff.
Mandatory Training	This includes training required by governing authorities or certification bodies, such as workplace safety training, ensuring that all employees receive adequate instruction on health and safety measures.

## SUSTAINABILITY STATEMENT (CONT'D)

### PEOPLE (CONT'D)

#### Employee Development and Talent Management (cont'd)

##### Initiatives and Programmes (cont'd)

Our training and development programs include both internal and external elements, each offering distinct advantages. Internal training sessions leverage real-life examples and challenges that participants commonly encounter, enabling focused and relatable learning. In FY2024, we conducted a total of 100 in-house training programs, totaling 8,989 training hours. The internal training investments were concentrated in the following areas:

Areas of Internal Training Investment	FY2024	FY2023	FY2022
Environmental, Health and Safety	46	24	16
Communication	8	6	6
Quality	32	34	36
Machinery, Engineering & Maintenance	7	4	10
Management & Performance	7	4	-
Total No. of Internal Training	100	72	68

External training programs are arranged for employees at all levels to enhance the skills essential for career progression and personal growth. In FY2024, we allocated 6,533 hours to external training, averaging 7.4 hours of external training per employee. Notable external training courses offered in FY2024 included:

- i) Skills Upgrade Training
  - 5S Principles and Implementation
  - Failure Mode and Effect Analysis (FMEA)
  - Measurement System Analysis (MSA)
  - Integrated Management Systems (IMS): Requirement and Internal Auditing
  - Cost of Quality
  - Practical Guide on E-Invoice Implementation
  - ESG Training
  - 8D Problem Solving Methodology
  - Understanding of Technical Aspect in Calibration System
  - GD & T Seminar
  - IMEID 2025- Solidwork
  - MS Excel Macro Programming
  - 6 Steps of Kaizen
  - Sun Tzu's Art of War: Winning Strategy in Leadership and Management
- ii) Health and Safety Training
  - Chemical Safe Handling and Spill Control Programme
  - Macro Ergonomic Workplace Assessment for Industry Hygiene
  - Fire Safety Organization Seminar
  - Fire Safety Course for Emergency Response Teams
  - Forklift and Reach Truck Training
  - Certified Environmental Professional in Bag Filter Operation (CePBFO)
  - Convention on Education and Research in Occupational Safety and Health
  - Ergonomic Trained Person for Initial Ergonomic Risk Assessment
  - Working Safely at Height



## SUSTAINABILITY STATEMENT (CONT'D)

### PEOPLE (CONT'D)

#### Employee Development and Talent Management (cont'd)

##### Initiatives and Programmes (cont'd)

Areas of External Training Investment	FY2024	FY2023	FY2022
Administrative Skills	-	160	426
Machinery, Engineering and Maintenance	16	-	48
Industrial Safety and Environmental Management	2,560	2,245	3,416
Information Technology	424	696	784
Management and Performance Development	1,109	558	368
Quality System and Productivity Improvement	2,424	576	656
<b>Total Hours of External Training</b>	<b>6,533</b>	<b>4,235</b>	<b>5,698</b>

##### Training Investment in Hours by Gender and Employee Category

Category	FY2024	FY2023	FY2022
Management	843	470	*
Executive	3,411	1,946	*
Non-executive / Technical Staff	5,204	4,024	*
General Workers	6,064	3,713	*
<b>Total Hours by Category</b>	<b>15,522</b>	<b>10,153</b>	<b>11,332</b>
Gender	FY2024	FY2023	FY2022
Male	11,450	7,133	*
Female	4,072	3,020	*
<b>Total Hours by Gender</b>	<b>15,522</b>	<b>10,153</b>	<b>11,332</b>

\*Information only available effective FY2023

##### Average Hours of Training Investment by Gender and Employee Category

	FY2024	FY2023	FY2022
<b>Exempt Staff</b>			
Male	35.5	21.4	*
Female	36.4	28.8	*
<b>Non-Exempt Staff</b>			
Male	14.2	8.9	*
Female	10.7	9.6	*
<b>Average Hours</b>	<b>17.6</b>	<b>11.8</b>	<b>13.0</b>

\*Information only available effective FY2023



Investment of  
**18 HOURS**  
Per Employee

**FY2023** | 12 HOURS per employee  
**FY2022** | 13 HOURS per employee

## SUSTAINABILITY STATEMENT (CONT'D)

### PEOPLE (CONT'D)

#### Employee Compensation and Benefits

The Company offers benefits to recognize and appreciate employees' contributions and commitment. Dufu pays wages and salaries based on relevant local competitive market data, consistently adhering to legal minimum wage requirements. Consequently, Dufu's starting salaries are higher than the statutory minimum.

Full-time employees are entitled to various benefits, including medical coverage, personal accident insurance, group hospitalization and surgical schemes, festive gifts, uniforms, and personal protective equipment. Employees also receive annual and special leave, such as hospitalization, compassionate, maternity, and paternity leave. In FY2024, Dufu observed 14 public holidays and provided employee bonuses based on company performance and profitability. Eligible employees were offered an Employees' Shares Option Scheme ("ESOS") and cash incentives tied to the Group's profitability.

Dufu's in-house facilities include hostels for operators, lockers, prayer rooms, automated teller machines, car parking, transport services, and a canteen. We also accommodate employees with special needs by providing a dedicated nursing room for mothers and a sickbay for ill employees.

To support working parents, all eligible female and male employees are entitled to paid maternity and paternity leave in accordance with the Employment Act. In FY2024, a total of 19 employees took parental leave.

Parental Leave Statistics		
Category	Male	Female
Total number of employees entitled to parental leave	153	60
Total number of employees who took parental leave	12	7
Total number of employees that returned to work after parental leave	12	7
Total number of employees still employed 12 months after returning	13	3
Return to work rate (%)	100	100
Retention rate (%)	93	60

#### Employee Welfare and Well-being

The welfare and well-being of Dufu's employees are our top priorities, beginning with our commitment to being a fair and responsible employer. We focus on providing welfare facilities that enhance employee satisfaction and improve overall quality of life at work. Dufu employs various mechanisms to support the welfare and well-being of its employees through a holistic approach that encompasses both development and support across multiple areas.

##### Healthier Work-Life Practices

We strive to cultivate a healthy workplace environment that promotes employee well-being. Through enjoyable and impactful programs, we aim to help employees address challenges that may hinder their focus and productivity. To foster a healthier work-life balance, we've introduced a range of activities designed for employee participation, including:

- (Bi)weekly indoor interactive classes, such as Speak-Up Club
- Yearly in-house sports tournaments, including bowling, futsal, and badminton
- Team-building activities for both exempt and non-exempt staff\*
- Health screenings at the workplace
- Greeting cards and gifts for employees celebrating birthdays
- A wellness program offering free medical check-ups for employees aged 40 and above
- Cash contributions for newlywed employees and newborns, congratulatory vouchers for birthdays, and bereavement support for immediate family losses.
- Gift packs are provided in celebration of Labour Day and Hari Raya.
- Email notifications to inform and congratulate employees on the birth of their newborns

\*Note: Employee welfare-related activities have not been held since the COVID-19 pandemic but are expected to resume in FY2025.

## SUSTAINABILITY STATEMENT (CONT'D)

### PEOPLE (CONT'D)

#### Employee Welfare and Well-being (cont'd)

##### Healthier Work-Life Practices (cont'd)



Badminton



Bowling



Futsal



## SUSTAINABILITY STATEMENT (CONT'D)

### PEOPLE (CONT'D)

#### Employee Welfare and Well-being (cont'd)

##### Healthier Work-Life Practices (cont'd)



Long Service Award



Paintball



Raya Celebration



Water Rafting

## SUSTAINABILITY STATEMENT (CONT'D)

### PEOPLE (CONT'D)

#### Employee Welfare and Well-being (cont'd)

##### Employer Sponsorship Programme

Dufu has established the “Employer Sponsorship Programme” to collaborate with exceptional employees and prepare them for management roles within the organization. This initiative provides an opportunity for talented employees to pursue ongoing higher education, fostering their growth and commitment to the company. By investing in the development of high-potential employees, we enhance retention, drive innovation, and strengthen succession planning. Our willingness to sponsor employees reflects our confidence in their future potential, and in turn, they leverage their acquired knowledge to make greater contributions in the workplace.

##### Employee Engagement

We firmly believe that a highly engaged workforce is essential to the Group’s success. In 2024, we conducted an Employee Satisfaction Survey focusing on four key areas that drive employee engagement: employee relations, working environment, employee development, and welfare and facilities. With a response rate of 84%, the survey indicated a strong level of engagement, resulting in an overall satisfaction score of 85%.

Additionally, we conducted a separate survey to assess employee satisfaction with the canteen. In response to the valuable feedback received, we implemented several impactful improvements in 2024. These included upgrading the canteen facilities, diversifying the menu to encourage the exploration of new flavors, enhancing ventilation in selected hostel units for increased comfort, and optimizing airflow in the production area to create a healthier and more productive work environment.





## SUSTAINABILITY STATEMENT (CONT'D)

### PEOPLE (CONT'D)

#### Occupational Health and Safety

Dufu is dedicated to adhering to health and safety principles to minimize the incidence of occupational injuries and illnesses through effective safety and emergency preparedness. We ensure industrial hygiene, support physically demanding work, safeguard machinery, and provide all stakeholders with access to appropriate sanitation, food, and living conditions.

#### Approach

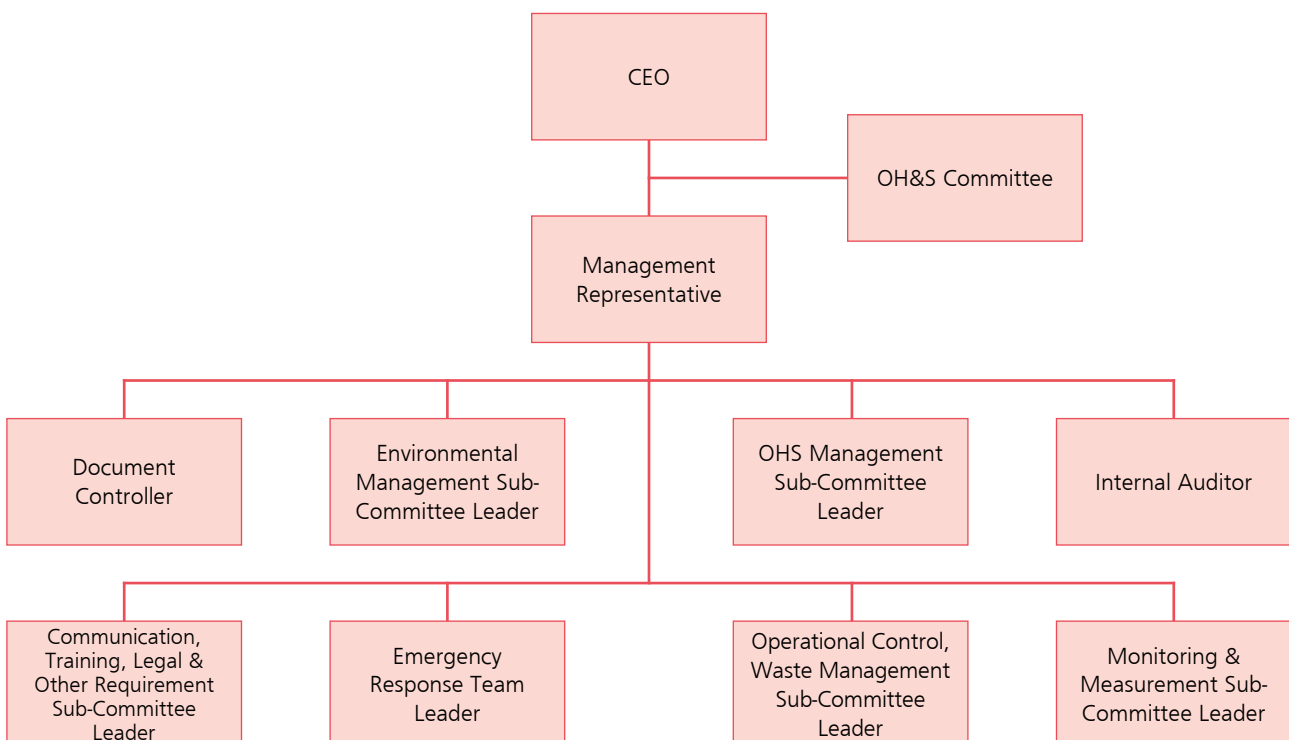
Our Occupational Health and Safety (“OHS”) Policy serves as a guide to fostering a safety culture across all manufacturing facilities within the Group. This policy applies to all stakeholders present in our manufacturing sites, including employees, contractors, vendors, and visitors. To ensure effective implementation, the entity-specific Environmental, Health, and Safety (“EHS”) & Compliance Department is responsible for executing the OHS Policy at their respective facilities.

We invest in the health, safety, and wellness of our employees, with our systems and processes modelled on the internationally recognized ISO 45001:2018 Occupational Health and Safety Management System Requirements. Through this framework, we continually improve our methods for identifying hazards, assessing risks, and consistently applying risk controls across our operations to safeguard employee health and safety. The Company complies with the Occupational Safety and Health Act 1994 (“OSHA”) and maintains occupational safety and health standards that meet or exceed best practices. In Malaysia, 100% of our manufacturing sites are certified to ISO 45001:2018 standards.

We are fully committed to preventing workplace accidents and health issues related to operational activities through the continuous improvement of the Plan-Do-Check-Act (“PDCA”) cycle in our OHS Management System. Our commitments include:

- Compliance with relevant Malaysian OHS legal and other requirements;
- Recognizing hazards and minimizing associated risks to protect employees;
- Ensuring the suitability and effective implementation of OHS management programs through periodic management reviews of policies, objectives, and targets;
- Communicating OHS awareness, skills, knowledge, competencies, and compliance obligations to all employees;
- Promoting awareness among customers, suppliers, and interested parties, with the policy made available to the public upon request; and
- Encouraging employees and management to consult, participate in, and support the Group’s overall OHS management programs and inviting suggestions for improvement.

At Dufu, we have established a Safety, Health & Environmental Management System Committee (“SHEMSC”) to safeguard, manage, discuss, and report on areas related to Dufu’s health, safety, and environmental (HSE) performance. The structure of the SHEMSC is as follows:





## SUSTAINABILITY STATEMENT (CONT'D)

### PEOPLE (CONT'D)

#### Occupational Health and Safety (cont'd)

##### Approach (cont'd)

For our OHS program to be effective, it is essential for management at all levels to demonstrate their support. This is achieved through participation in safety and health leadership training, involvement in committee activities, attending meetings, conducting inspection tours, and engaging in incident investigations. Some key activities related to Safety, Health, and Environmental Management System in FY2024 included:

- Conducting a Chemical Health Risk Assessment (“CHRA”) to identify hazardous chemicals, assess associated risks, and implement control measures;
- Performing a Noise Risk Assessment (“NRA”) to identify noise hazards, evaluate risks, and implement control measures;
- Carrying out health surveillance and audiometric testing to monitor and mitigate potential health risks;
- Carrying out annual Hazard Identification, Risk Assessment, and Risk Control (“HIRARC”) processes, ensuring remedial actions are implemented;
- Providing free access to Personal Protective Equipment (“PPE”) and training employees on its proper use;
- Investigating occupational accidents and illnesses to determine root causes and implementing preventive and corrective actions to avoid recurrence;
- Raising awareness about chemical management and handling among all employees;
- Regularly monitoring employee exposure to indoor pollutants, including noise and air quality in factories;
- Maintaining and inspecting firefighting systems and equipment according to schedule to ensure they are operational;
- Offering information, instructions, and training regarding workplace safety and health hazards, as well as controls for those hazards;
- Continuously improving machine guarding and safety measures, training employees on safe handling of machinery, and implementing the Lock Out Tag Out protocol during maintenance;
- Conducting quarterly in-house safety inspections; and
- Tracking OHS performance to assess risks and recommend necessary improvements to ensure compliance with relevant regulations.

We take reasonable steps to remove pregnant women and nursing mothers from high-hazard work environments, providing practical break times and accommodations to support their lactation needs.

Dufu has approximately 74 individuals trained as part of the Emergency Response Team (“ERT”), ready to respond swiftly to emergencies. This team is equipped to provide first aid, assist with fire drills and evacuations, manage chemical spills, and offer various forms of support during crises. We conduct annual fire drills in collaboration with external agencies, such as fire and public service departments, to ensure comprehensive preparedness and coordination. Additionally, various other training sessions are held to enhance the capabilities and maintain the performance of all ERT members.

#### Incident Reporting and Investigation

Dufu has established formal programs to maintain an effective OHS Management System aimed at minimizing occupational injuries and illnesses. Both employees and contractors are trained on our incident reporting platform. In the unfortunate event of an incident on our premises, all individuals are responsible for initiating an investigation. For serious incidents, as determined by severity and hazard type, reporting to the relevant regulatory body is also required.

Our incident reporting and investigation processes exceed legislative obligations, providing essential tools to gather and analyze incident-related information. This enables our Investigation Team to identify “contributing factors” leading up to incidents, allowing us to implement controls to prevent future occurrences.

The number of major and minor incidents reported at the Group’s manufacturing sites is as follows:

Type of Incident	FY2024	FY2023	FY 2022
1. Minor incident	1	0	2
2. Major incident	1	2	2

Note: Major incident is defined as an injury with a Lost Time Injury (“LTI”) of more than 4 days.

## SUSTAINABILITY STATEMENT (CONT'D)

### PEOPLE (CONT'D)

#### Occupational Health and Safety (cont'd)

#### Incident Reporting and Investigation (cont'd)

In FY2024, a total of 1 major incident and 1 minor incident were reported. The details of these incidents are summarized below:

Severity Injury	Root Cause	Corrective/ Preventive Action
1. Finger injury (minor)	Finger struck by a sharp waste chip inside the spinning machine.	a) Replaced the current gloves with cut-resistant gloves. b) Substituted safer tools (e.g., a chip scoop) for chip transfer in the Chemical Room. c) Increased employee awareness by displaying a proper PPE poster for chip handling in the workplace. d) Updated the relevant work instructions and retrained all affected employees on safe operating procedures.
2. Finger injury (major)	Finger struck by a metal tooling plate while preparing the tooling setup	a) Enhanced the jib crane by integrating a magnetic crane attachment for handling metal plates or tooling over 5 kg. b) Increased employee awareness by displaying signage in the workplace. c) Updated the relevant work instructions and retrained all affected employees on safe operating procedures.

The Occupational Health and Safety (OHS) team at Dufu has made significant strides in enhancing employee health and safety. Notably, the total severity rate has decreased to 13.89, while both the incident rate and frequency rate improved to 2.14 and 1.07 in FY2024, compared to 2.19 and 1.10 in FY2023. Additionally, there have been no occupational fatalities recorded over the past three years. However, 2024 saw 10 cases of Occupational Noise-Related Hearing Disorders. In response, the Engineering team is actively working to develop viable solutions to mitigate noise levels in identified hotspots.

#### Health and Safety Key Data

	2024		2023		2022	
	Occupational Accident cases	Occupational, Poisoning and Disease cases	Occupational Accident cases	Occupational, Poisoning and Disease cases	Occupational Accident cases	Occupational, Poisoning and Disease cases
Fatality Rate *	-	-	-	-	-	-
Incident Rate *	2.14	10.68	2.19	-	4.25	-
Frequency Rate **	1.07	5.34	1.10	-	2.12	-
Lost Time Incident (Severity Rate) **	13.89	-	17.01	-	30.79	-

\* Fatality and Incident Rate are based on 1,000 employees. Calculation is based on average number of monthly employees.

\*\* Frequency and Severity rate are based on 500 employee / 8hr / 5 days / 50 weeks

Frequency rate is the no. of lost time injuries / illnesses per 1,000,000 exposure hours worked for a year

Severity rate is lost time injuries per 1,000,000 hours work

Note: 1 death = 6,000 lost days

## SUSTAINABILITY STATEMENT (CONT'D)

### PEOPLE (CONT'D)

#### Occupational Health and Safety (cont'd)

##### OHS Awareness and Training

Dufu is committed to fostering a safety-oriented culture through ongoing training and safety programs. Our objective is to enhance employee awareness of OHS matters by offering annual training sessions that cover a wide array of topics, including:

- Chemical handling
- Waste Management
- Proper use of PPE
- Disaster recovery plans
- Fire safety protocols
- Contractor safety management
- Machinery hazards
- Lock Out Tag Out procedures
- Work at Height
- Noise-induced hearing conservation
- Ergonomics
- Hot work hazards
- First aid administration
- Safe operation of stackers

We also provide targeted safety training for employees who may encounter various hazards, such as moving parts, sharp edges, or chemicals. Detailed information regarding OHS-related training can be found in the “Initiatives and Programmes” section under “Employee Development and Talent Management” within this Sustainability Statement.

	FY2024	FY2023	FY2022
Number of Staff trained on health and safety protocols/ standards/ policy	883	860	870



We successfully conducted a Fire and Chemical Drill on 19 July 2024, ensuring our team is fully prepared to handle emergencies with confidence and precision.

## SUSTAINABILITY STATEMENT (CONT'D)

### ENVIRONMENT AND MANAGING CLIMATE CHANGE

#### Our Commitment

#### Environmental Commitment

As an environmentally conscious company, Dufu is dedicated to preserving the environment and addressing the impacts of climate change. Our operations primarily affect energy and water consumption, waste production, and logistics. To mitigate these effects, we have integrated the 'Reduce, Reuse, and Recycle' ("3Rs") principle into our manufacturing processes.

We have implemented an energy and resource management system aimed at optimizing resource usage during manufacturing, focusing on reducing energy and water consumption, minimizing waste generation, and enhancing resource reuse. Our proactive approach involves engaging with both external and internal stakeholders to understand their environmental concerns and collaboratively identify strategies for continuous improvement. These commitments are enshrined in our Environmental Management System, which is certified under ISO 14001, underscoring our dedication to environmental protection.

#### Key Environmental Aspects

Dufu is committed to conducting its business operations in alignment with sustainable practices across eight key aspects:



#### 1. ENVIRONMENTAL PERMITS AND REPORTING

We acquire, maintain, and update all necessary environmental permits and adhere strictly to operational and reporting requirements.



#### 2. POLLUTION PREVENTION AND RESOURCE REDUCTION

We minimize resource usage and waste generation at the source through meticulous monitoring, engineering controls, material substitution, and recycling.



#### 3. HAZARDOUS SUBSTANCES

We identify and manage hazardous chemicals and materials to ensure safe handling, storage, and disposal.



#### 4. SOLID WASTE

We implement systematic approaches to identify, manage, and responsibly dispose of or recycle non-hazardous solid waste.



#### 5. AIR EMISSIONS

We monitor, control, and treat air emissions from our operations, ensuring compliance with environmental standards.



#### 6. MATERIALS RESTRICTIONS

We adhere to laws and regulations regarding the prohibition of specific substances in our products and maintain proper labelling for recycling and disposal.



#### 7. WATER MANAGEMENT

We have a water management program to document and monitor water sources, usage, and discharge, with efforts to conserve water and control contamination.



#### 8. ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS

We track energy consumption and greenhouse gas emissions, continually seeking cost-effective methods to enhance energy efficiency and reduce emissions.

## SUSTAINABILITY STATEMENT (CONT'D)

### ENVIRONMENT AND MANAGING CLIMATE CHANGE (CONT'D)

#### Our Approach

We adopt a risk-based approach to environmental management, considering both actual and potential risks. All our operating sites in Malaysia hold full ISO 14001 certification and align with the RBA Code of Conduct. Our SHEMSC oversees environmental management performance, ensuring compliance with laws, regulations, along with upholding Dufu's commitments. The RMSWG reviews performance and reports annually to the Board through the RMSC.

Top management and employees are jointly responsible for implementing the Environmental and Energy Policy, ensuring its relevance in their daily activities. Our Supplier Code of Conduct includes environmental, health, and safety guidelines that all supply chain partners must follow. Any violations or breaches in environmental management can be reported through the channels outlined in our Whistleblowing Policy.

#### Climate Change Strategy

The Paris Agreement, established during the UN Climate Change Conference in 2015, set vital global standards and ambitious goals for reducing carbon emissions to address the widespread impacts of climate change. In alignment with this commitment, we have developed a focused approach to mitigate greenhouse gas ("GHG") emissions, ensuring our sustainable growth corresponds with national and international climate agendas. Our Climate Change Strategy aims to tackle environmental challenges and minimize our operational footprint, including the collection of emissions data to establish and monitor reduction targets.

Our strategy prioritizes reducing GHG emissions through comprehensive energy and resource-saving programs, significantly decreasing our daily energy consumption. This initiative emphasizes eco-friendly product designs, environmentally conscious logistics, and a holistic approach to carbon reduction.

Dufu's Climate Change Strategy is designed to anticipate potential risks and seize positive opportunities. It aligns with the long-term trajectory of climate change while ensuring our adaptability to an evolving business landscape. Our engineering and procurement teams are actively encouraged to explore eco-friendly materials and equipment, maintaining product quality while further reducing GHG emissions in our manufacturing processes.

Continuous reassessment is central to our strategy, enhancing our resilience and capacity to adapt to climate change-related risks and opportunities. As part of Dufu's Sustainability Plan for 2025, we have established a five-year target, using 2023 as the baseline year, to reduce carbon emissions. This plan details specific initiatives aimed at achieving our carbon reduction goals.

#### Dufu's Carbon Management Approach

##### Supply Chain

- Collaborate closely with our suppliers, requiring adherence to our corporate social responsibility ("CSR") standards.
- Share our energy-efficient programs with suppliers to help them reduce their environmental impact.

##### Customers

- Provide GHG information to customers.
- Optimize energy efficiency in our manufacturing processes.

##### Operations

- Disclose GHG emissions as required.
- Aim to reduce GHG emissions relative to sales generated.
- Report GHG data and progress in our Sustainability Report.

##### Communities

- Support local change policies at our operational sites.

## SUSTAINABILITY STATEMENT (CONT'D)

### ENVIRONMENT AND MANAGING CLIMATE CHANGE (CONT'D)

#### Climate-related Risks and Opportunities

The Task Force on Climate-related Financial Disclosures ("TCFD") was established in 2015 to provide a voluntary reporting framework that enables companies to consistently communicate climate risks to investors. Recognizing the importance of assessing climate-related risks and opportunities in addressing climate change and transitioning to a low-carbon economy, Dufu has proactively begun disclosing its climate-related initiatives using the TCFD framework, effective FY2023. Various potential risks and opportunities have been identified, with our RMSC overseeing these aspects to ensure close monitoring, measurement, and effective mitigation.

In 2023, we incorporated climate scenarios into our risk assessment process. We evaluated risk exposure and likelihood under two distinct scenarios guided by TCFD recommendations. The 'business-as-usual' scenario examined physical risks under conditions of high greenhouse gas emissions and limited climate action, while the 'Paris-aligned' scenario informed our climate strategy by aligning with the ambitious target of the Paris Agreement to limit global temperature increases to well below 2°C above pre-industrial levels. The outcomes are visually represented in a climate risk matrix that highlights identified risk levels. Our aim is to seamlessly integrate this analysis into our existing risk management framework, with a commitment to periodically re-evaluate our climate risks to ensure alignment with the latest developments within our Group, industry trends, and changes in governmental policies.

	Business-as-usual Scenario	Paris-aligned Scenario
<b>Model Referenced</b>	IPCC Representative Concentration Pathway ("RCP") 8.5	International Energy Agency's Sustainable Development Scenario ("SDS")
<b>Rationale</b>	RCP 8.5 assesses the impact of physical risks under a high-emissions scenario, allowing us to evaluate our adaptability to the severe consequences of climate change.	SDS assesses the impact of transition risks as we shift towards a low-carbon economy, enabling strategic planning in support of the Paris Agreement commitment.
<b>Assumptions</b>	Global average temperature increases by around 4°C by 2100, with high frequency and intensity of extreme weather events. <sup>(N1)</sup>	All current net zero pledges are achieved in full, with extensive policy efforts and technological advancement to realise emissions reductions. The temperature rise could be limited to below 2°C by 2100. <sup>(N2)</sup>

<sup>(N1)</sup> These assumptions consider the potential physical impacts of extreme weather, flooding, heat waves, sea level rise, etc., under the business-as-usual scenario, referencing TCFD (2020) Guidance on Risk Management Integration and Disclosure.

<sup>(N2)</sup> These assumptions take into account the potential impacts of transition risks, including shifts in energy mix, net-zero commitments, and advancements in clean technology, under the Paris-aligned scenario, referencing the International Energy Agency (IEA) World Energy Outlook 2021.

We have categorized climate change risks into short-term (0-1 year), medium-term (1-5 years), and long-term (5+ years) durations. In response to these identified risks, we have developed both mitigation and adaptation measures. Importantly, certain challenges arising from transition risks also present opportunities to realign our strategies for positive transformation. Our commitment extends to enhancing our efforts and fostering collaboration with suppliers and business partners.

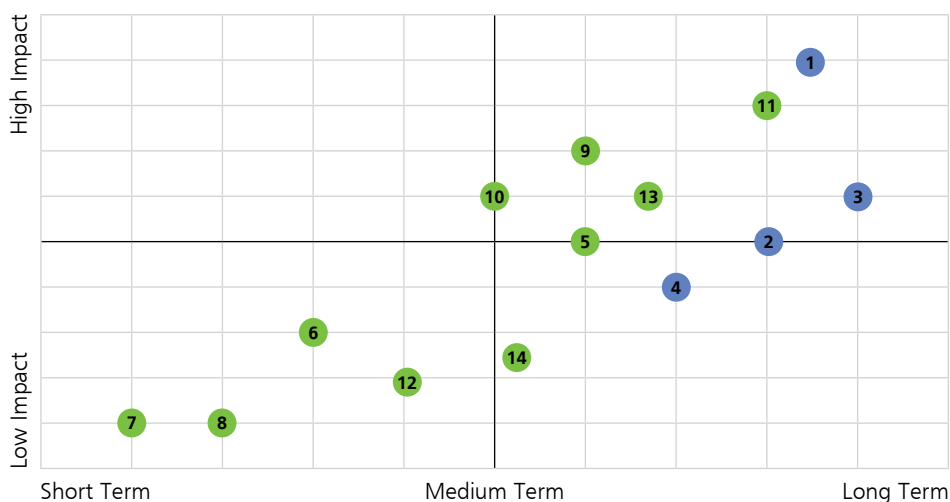


## SUSTAINABILITY STATEMENT (CONT'D)

### ENVIRONMENT AND MANAGING CLIMATE CHANGE (CONT'D)

#### Climate-related Risks and Opportunities (cont'd)

Climate-related Risk Matrix



Type	No	Risk Event
Physical Risk	1	Extreme weather events
	2	Chronic heat waves
	3	Shortage of natural resources
	4	Rise of sea levels
Transition Risk	5	Increase carbon pricing
	6	Tightened climate-related regulations
	7	Tightened emission reporting obligations
	8	Exposure to litigation
	9	Shift to low-carbon technology
	10	Increased procurement cost
	11	Changing customer behaviour
	12	Changing investor preference
	13	Stigmatization of sector
	14	Workforce Management

#### Climate-related Physical Risks

In the medium term, our assessment of physical risks includes acute threats from extreme weather events such as floods, tropical cyclones, and natural disasters. Looking further ahead, we anticipate chronic physical risks, including water shortages, changes in precipitation patterns, and significant fluctuations in weather conditions. Both medium- and long-term acute and chronic physical risks could significantly impact Dufu’s operations, potentially leading to asset write-offs, increased insurance premiums, and reduced revenue due to decreased production capacity and supply chain disruptions. To mitigate these risks, we have diligently implemented and continuously review our Disaster Recovery Plan and other emergency measures, ensuring our preparedness and resilience in the face of climate-related challenges.

## SUSTAINABILITY STATEMENT (CONT'D)

### ENVIRONMENT AND MANAGING CLIMATE CHANGE (CONT'D)

#### Climate-related Risks and Opportunities (cont'd)

##### Climate-related Transition Risks

As we move toward a low-carbon economy, we have identified transition risks that require our attention. These include the shift toward low-carbon technology, which may necessitate increased long-term capital expenditures. Unpredictable fluctuations in fuel and energy prices, influenced by evolving climate policies, could drive up our procurement costs. In the short term, we expect heightened emissions-reporting obligations from regulatory authorities, resulting in increased compliance costs. In the medium term, we foresee new regulatory standards impacting our operations, products, and services. Costs associated with GHG emissions, such as carbon taxes and emissions trading schemes, could lead to increased operational expenses in the long run. Additionally, market risks may arise from potential loss of market share due to changing customer preferences for sustainable products. Ignoring stakeholder concerns about our role in the low-carbon transition could also harm our reputation.

The potential cost increases from these transition risks span operational, compliance, and research and development expenses, potentially leading to reduced revenues as consumer preferences evolve. To effectively manage these risks, we closely monitor regulatory changes and continuously enhance our internal capabilities to mitigate adverse impacts on our business.

The challenges posed by climate risks also present significant opportunities for Dufu to align our strategies with the evolving landscape of climate change. To capitalize on these opportunities, we have implemented various sustainability initiatives focused on improving material yields, responsibly recycling packaging materials, components, and trays, and increasing our utilization of renewable energy. Additionally, we aim to integrate more eco-friendly transportation modes into our supply chain management.

In the short, medium, and long term, we remain committed to transforming our operations into a high-performance production chain. Through close collaboration with our suppliers, we aim to enhance resource efficiency, reduce material usage, decrease electricity consumption, and ultimately lower manufacturing costs. Our plans also involve streamlining distribution processes to shorten transportation distances, thereby minimizing GHG emissions. Looking ahead, our strategy includes transitioning toward lower-emission or renewable energy sources, which aims to mitigate our exposure to future fluctuations in fossil fuel prices.

	Risk Description	Potential Financial Impact	Timeframe	Impact Level	Our Response - Risk and Opportunities
<b>Physical Risks</b>					
<b>Acute Risk</b>	<b>Frequent extreme weather events</b>	<ul style="list-style-type: none"> <li>Decreased revenue due to reduced production capacity and supply chain disruptions.</li> <li>Increased operational costs from higher insurance premiums and emergency response expenses.</li> <li>Asset write-offs and premature retirement due to facility damage.</li> </ul>	Long-term	***	The RMSWG conducts an annual review of the Business Disaster Recovery Plan to ensure adequate contingency policies, safeguarding employees and minimizing losses. This includes expanding manufacturing sites to other continents and enhancing climate resilience through financial resources, equipment, and employee training.
<b>Chronic Physical Risk</b>	<b>Chronic heat waves</b>	<ul style="list-style-type: none"> <li>Increased operational costs from maintaining productivity.</li> </ul>	Long-term	**	Implement more efficient production and distribution processes. Monitor operations susceptible to chronic risks and integrate these considerations into critical business decisions, including the establishment of new manufacturing sites.
	<b>Shortage of natural resources</b>	<ul style="list-style-type: none"> <li>Reduced revenue due to diminished production capacity and supply chain interruptions.</li> <li>Heightened operational costs from increased water and energy expenses.</li> </ul>	Long-term	**	
	<b>Rise of sea levels</b>	<ul style="list-style-type: none"> <li>Elevated capital costs, write-offs, and premature retirement of existing assets.</li> <li>Diminished revenue resulting from supply chain disruptions.</li> </ul>	Long-term	**	

## SUSTAINABILITY STATEMENT (CONT'D)

### ENVIRONMENT AND MANAGING CLIMATE CHANGE (CONT'D)

#### Climate-related Risks and Opportunities (cont'd)

	Risk Description	Potential Financial Impact	Timeframe	Impact Level	Our Response - Risk and Opportunities
<b>Transition Risks</b>					
<b>Technology Risk</b>	<b>Shifts to low-carbon technology</b>	<ul style="list-style-type: none"> <li>Escalation in production and product development costs to explore eco-friendly solutions for products and services.</li> <li>Uncertainty in investment returns on lower emissions technology.</li> <li>Write-offs and premature retirement of existing equipment due to the adoption of new technology.</li> </ul>	Long-term	***	Continuously developing and expanding low GHG emission products and services through Research and Development ("R&D"), innovation, and strategic collaboration with suppliers. Our commitment extends to achieving sustainability in energy and resource utilization by embracing efficient production processes. Additionally, we are actively transitioning towards automation and smart manufacturing model to further curtail resource consumption.
<b>Policy and Legal Risk</b>	<b>Increased carbon pricing</b>	<ul style="list-style-type: none"> <li>Increased GHG emissions cost from carbon tax and/or GHG emissions trading scheme.</li> </ul>	Long-term	**	Stay abreast of the implementation of carbon taxes and the emissions trading market in the regions where we operate.
	<b>Tightened climate-related regulations</b>	<ul style="list-style-type: none"> <li>New regulatory requirements affecting operations and products, leading to increased costs and potential revenue shifts.</li> </ul>	Mid-term	*	Enhance adaptive capabilities by refining organizational structure to manage updated policies effectively.
	<b>Tightened emissions reporting obligations</b>	<ul style="list-style-type: none"> <li>Higher compliance costs due to increased emissions reporting obligations.</li> </ul>	Short-term	*	Adapt data collection systems to meet necessary disclosure requirements.
	<b>Exposure to litigation</b>	<ul style="list-style-type: none"> <li>Increased compliance costs from potential fines for environmental non-compliance.</li> </ul>	Mid-term	*	Stay updated on environmental laws and regulations, adjusting internal policies to ensure compliance.
<b>Market Risks</b>	<b>Increased procurement cost</b>	<ul style="list-style-type: none"> <li>Elevated operational costs from unexpected rises in fuel and energy prices.</li> </ul>	Long-term	**	Sustain emergency mechanisms and leverage lower emission or renewable energy sources to mitigate exposure to potential fluctuations in future fossil fuel prices. Invest in R&D initiatives to improve materials consumption yield.
	<b>Changing customer behaviour</b>	<ul style="list-style-type: none"> <li>Loss of market share and diminished competitiveness due to evolving customer preferences.</li> </ul>	Long-term	***	Diversify into green-related products that cater to shifting consumer preferences.
<b>Reputation Risks</b>	<b>Changing investor preference</b>	<ul style="list-style-type: none"> <li>Decline in share price and capital availability due to reputation damage.</li> </ul>	Mid-term	*	Establish a green branding strategy backed by innovation and R&D efforts. Enhance communication with stakeholders regarding sustainability initiatives.
	<b>Stigmatization strategy of sector</b>	<ul style="list-style-type: none"> <li>Revenue decline from heightened stakeholder concerns regarding low-carbon transitions.</li> </ul>	Long-term	**	
	<b>Workforce management</b>	<ul style="list-style-type: none"> <li>Increased operational costs to attract and retain employees focused on environmental performance.</li> </ul>	Mid-term	*	

## SUSTAINABILITY STATEMENT (CONT'D)

### ENVIRONMENT AND MANAGING CLIMATE CHANGE (CONT'D)

#### Energy Management

Dufu's plants primarily rely on electricity, which we source directly from Tenaga Nasional Berhad ("TNB"). This electricity mainly powers electric motors in air compressors and pumps used for manufacturing machinery and process engineering equipment. It also supports measurement and control technologies, as well as lighting systems. Notably, none of our plants utilize steam, coal, or natural gas as energy sources.

#### Energy Committee

Dufu has established an Energy Committee, led by the CEO and comprising heads of various business units, including Production, Engineering, Machine Maintenance, Facility, Safety, and Environmental Officers, along with an external energy consultant. The Committee aims to manage energy usage, identify climate change risks and opportunities, implement green manufacturing initiatives, conserve energy, and reduce carbon emissions, with a core focus on improving energy efficiency and preventing waste. The external consultant enhances our ability to address energy risks and stay updated on energy-saving technologies.

#### Energy Conservation Programmes

Dufu is dedicated to ongoing energy conservation, evidenced by several initiatives:

- Continuous re-engineering of manufacturing facilities to enhance energy efficiency, including consolidating production lines and reducing unnecessary use of air conditioning, ventilation, and lighting in idle areas. Regular maintenance and retrofitting of machinery with new energy-saving technologies are part of this effort;
- Integration of renewable energy through the installation of an industrial-scale Solar Photovoltaic (PV) System on our rooftops;
- Close monitoring of high-energy consumption items like chillers and air compressors to ensure efficiency;
- Installation of LED lights to replace fluorescent ones, promoting energy efficiency; and
- Encouraging daily energy conservation habits in the office, including smart movement sensors, maintaining air conditioning at 23-24°C, and turning off computers and lights when not in use.

During FY2024, Sky Vision Dynamic Sdn Bhd was appointed to conduct an independent energy audit for Dufu Industries Sdn Bhd. The primary objective of the audit was to assess the overall energy performance of the facility in line with Dufu's Sustainability Plan to reduce electricity usage intensity by 10% by FY2028. This involved analyzing historical energy consumption data from 2022 to 2024, measuring the facility's power load profile, and investigating the energy usage of major building systems. The audit also aimed to identify the distribution of energy loads across the building and evaluate the efficiency of key systems. Additionally, the building's indoor environment was assessed and compared to the Malaysian Standard MS 1525:2019 (Code of Practice on Energy Efficiency and the Use of Renewable Energy for Non-residential Buildings).

The audit commenced on 22 August 2024, and the final report was completed in December 2024. The report identified several areas for energy improvement, including:

- Investigating the weekend energy load for production machinery efficiency
- Enhancing energy management programs
- Installing Digital Power Meters ("DPM") with Energy Monitoring System ("EMS") implementation
- Addressing air-leak issues through improved maintenance
- Installing Pressure Flow Controllers for the air-compressor system
- Combining air-cooled chillers by adding chilled water pumps and piping circuits
- Implementing a High Efficiency Magnetic Bearing Chiller System and/or a Variable Refrigerant Flow ("VRF") system.

The Energy Committee has successfully resolved the air leakage issues and is now in the process of installing power meters at key points to improve energy monitoring. Additionally, the Committee is evaluating the feasibility of implementing other enhancements, including the installation of additional inverter air compressors with Progressive Adaptive Control at the plant, which is scheduled for FY2025. These compressors monitor key operational parameters and dynamically adapting to prevent unexpected downtime, improving efficiency and air flow by optimizing the rotor profile for enhanced energy efficiency. From our initial pilot project installed in the third quarter of 2023, our study indicated an estimated energy savings of 7% compared to our existing setup.

We have implemented a climate change risk and opportunity strategy, highlighted by the installation of a rooftop Solar Photovoltaic System at our Bayan Lepas manufacturing site in December 2021. The second phase, which added an additional 432.6 kWp, was completed on 19 June 2024. With this expansion, the total capacity now stands at 1,245.81 kWp. On a monthly basis, the renewable energy generated from the solar system is expected to contribute approximately 20% of the site's total electricity consumption upon full installation.

## SUSTAINABILITY STATEMENT (CONT'D)

### ENVIRONMENT AND MANAGING CLIMATE CHANGE (CONT'D)

#### Energy Management (cont'd)

##### Energy Conservation Programmes (cont'd)

Energy Type	Unit	FY2024	FY2023	FY2022
Electricity consumption				
Electricity consumption	MWh	8,170.41	7,989.89	10,047.91
Solar energy consumption	MWh	1,419.12	1,061.81	1,082.75
Total electricity consumption	MWh	9,589.53	9,051.70	11,130.66
Renewable energy over total electricity consumption	%	14.8	11.7	9.7
Fuel consumption				
Petrol	MWh	428.62	385.62	410.96
Diesel	MWh	184.05	188.95	216.20
Total fuel consumption	MWh	612.67	574.57	627.16
Total energy consumption	MWh	10,202.22	9,626.27	11,757.82
Energy Intensity				
Electricity (MWh/ Sales RM'million)		39.63	49.14	46.06

In FY2024, we generated 1,419 MWh of green energy, marking a 33.6% increase compared to the 1,062 MWh produced in FY2023. This achievement resulted in a reduction of 1,414 tonnes of CO<sub>2</sub> emissions, equivalent to planting 76,585 trees. Despite this progress, our total energy consumption in FY2024 was 6% higher than in FY2023, primarily driven by increased production output.

There were no significant cases of noncompliance with environmental laws or regulations or fines in FY2024.



## SUSTAINABILITY STATEMENT (CONT'D)

### ENVIRONMENT AND MANAGING CLIMATE CHANGE (CONT'D)

#### GHG Emissions

The signing of the 2015 Paris Agreement has heightened global attention on climate change, leading to increased expectations from stakeholders regarding the role of private companies in addressing this issue. Recognizing that our Group consumes a significant amount of energy, we actively promote the reduction of GHG emissions across the entire product life cycle, from business planning to product disposal, thereby contributing to a sustainable society.

The intensity of our operational GHG emissions is measured and disclosed as follows:

Scope	Emission Type	Definition	Status
1	Direct emissions	GHG emissions from Dufu's owned mobile combustion.	Measured and disclosed
2	Indirect emissions	GHG emissions from the consumption of purchased electricity.	Measured and disclosed
3	Indirect emissions	GHG emissions from business travel and employee commuting.	Measured and disclosed

GHG Emissions	Unit	FY2024	FY2023	FY2022
Scope 1	tCO <sub>2</sub> e	391.49	367.15	400.76
Scope 2	tCO <sub>2</sub> e	5,220.89	5,105.54	6,420.61
Total Scope 1 and 2	tCO <sub>2</sub> e	5,612.38	5,472.69	6,821.37
Scope 3				
Business Travel*	tCO <sub>2</sub> e	67.93	70.86	N/A
Employee Commuting*	tCO <sub>2</sub> e	410.67	431.75	N/A
Total	tCO <sub>2</sub> e	6,090.98	5,975.30	6,821.37
Intensity (tCO <sub>2</sub> e/ Sales RM'million)		25.2	32.4	28.2

\*Information only available effective FY2023

In FY2024, the GHG emissions intensity ratio measured over sales in million decreased to 25.2 from 32.4 recorded in FY2023 mainly due to the increase in revenue in HDD spacer and also the on-going improvement in business processes.

Over the years, our commitment to reducing carbon emissions has been evident, particularly following the acquisition of the Bukit Minyak plant, where we replaced all fluorescent lighting with LED fixtures. Aligned with our Energy Conservation Programmes, Dufu is dedicated to carbon emissions reduction through various initiatives, including re-engineering manufacturing processes, installation of rooftop Solar Photovoltaic System, monitoring high-energy consumption items, and promoting efficient use of office lighting and air conditioning. We have also engaged with independent energy audit for DISB main plant at Bayan Lepas

Since 2023, we collected data on Scope 3 emissions related to business travel and employee commuting. However, we have yet to compile data on other Scope 3 categories, such as the purchase of goods and services, capital goods, transportation and distribution, and waste generated in operations.

Additionally, Dufu does not produce any Nitrogen Oxides (NO<sub>x</sub>) or Sulfur Oxides (SO<sub>x</sub>) emissions, as none of our business activities involve biomass combustion. Our manufacturing sites also do not emit CO<sub>2</sub>e from flaring or methane (CH<sub>4</sub>).



## SUSTAINABILITY STATEMENT (CONT'D)

### ENVIRONMENT AND MANAGING CLIMATE CHANGE (CONT'D)

#### Water Management

Dufu adheres to stringent environmental regulations, strategically locating its plants in integrated industrial parks to ensure that our operations do not impact surrounding residential areas or local flora and fauna.

Water is crucial in the manufacturing process of hard disk drive components, particularly during double disk grinding and washing. A reliable and clean water supply is essential, and we closely monitor our water consumption. We have implemented initiatives to reduce waste and maximize water recycling and reuse within our factories, aiming to decrease our reliance on municipal water supplies.

	FY2024	FY2023	FY2022
<u>Water withdrawal by source*</u>			
Water (cubic meter)	74,086	83,720	83,763
<u>Water consumption intensity</u>			
Water (cubic meter)/ Sales (RM'000)	0.31	0.45	0.35

\*Dufu solely draws water from local water grids

Our ongoing water-saving initiatives include modifying lavatory fixtures, such as installing self-push button taps and spray bidets to minimize unnecessary water wastage. Additionally, our flush tanks contain a 1-liter water-filled container, reducing water usage by 1 liter per flush without compromising flushing efficiency.

The need to manage water resources efficiently and sustainably has become increasingly important, and we are fully committed to water reuse. In 2023, we took the first step by recovering reverse osmosis (RO) water from our industrial washing processes and redirecting it for use in DISB's double disk grinding operations. In the final quarter of 2024, we implemented a more comprehensive strategy to further enhance water reuse within our operations. This strategy involves the internal circulation of factory wastewater after removing contaminants through our Industrial Effluent Treatment System. By doing so, we are able to recycle and reuse water within our facility. The treated water is repurposed for various applications, including the toilets in our office buildings and the double disk grinding operations, allowing us to significantly reduce our water consumption while supporting operational sustainability. The total amount of water reused in FY2024 was 933 cubic meter, compared to 1,416 cubic meter in FY2023.

The wastewater generated by Dufu during the reviewed year had no measurable impact on biodiversity. Our process water and effluent discharges are treated via our Industrial Effluent Treatment System. We collect discharge samples weekly and send them to third-party laboratories for comprehensive analysis to ensure compliance with legislative requirements. Our monthly submissions of industrial effluent discharge monitoring reports to the Department of Environment ("DOE") demonstrate our strict adherence to DOE guideline specifications.

Throughout 2024, there were no significant spills into water sources, and we upheld full compliance with water quality standards and regulations.

#### Effluents and Waste Management

Our waste management strategy focuses on optimizing material usage, reducing waste generation, and minimizing landfill disposal. This approach not only enhances operational efficiency but also prioritizes workplace safety and health, particularly in the handling of hazardous materials. Aligned with our strategic priorities of operational excellence and environmental responsibility, these initiatives aim to optimize costs while reducing our environmental impact.

At each operational site, the Facility Department oversees day-to-day waste management activities. Simultaneously, Dufu's EHS and Compliance Department ensures strict compliance with our Environment Policy and waste management procedures, adhering to all relevant laws, regulations, and internal policies. The Facility and Logistics Department diligently maintains records detailing waste management processes, including quantities recycled, reused, and disposed of.

## SUSTAINABILITY STATEMENT (CONT'D)

### ENVIRONMENT AND MANAGING CLIMATE CHANGE (CONT'D)

#### Effluents and Waste Management (cont'd)

##### Non-Hazardous Waste Management

We follow the 3Rs (Reduce, Reuse, Recycle) principle to manage non-hazardous waste and minimize direct disposal. Our ongoing efforts include increasing our internal reuse rate by repurposing disposable cardboard boxes and plastic trays for internal packaging. Recycling centers operate at all our manufacturing sites, where staff collect and compress recyclable materials like cardboard, plastics, and metals. These materials are repurposed internally at material recovery centers before being sent to licensed recyclers for further processing.

Waste materials generated from our production processes such as titanium, aluminium, mild steel, and stainless steel are recyclable and can be reintegrated into a circular economy for industrial use. A significant achievement of our waste minimization strategy has been the continuous reduction in metal bar end wastage. Like other metalworking facilities, Dufu generates substantial quantities of scrap metal chips containing cutting oils. These waste materials undergo compaction before being sent to licensed scrap metal recyclers.

##### Hazardous Waste Management

Due to the nature of our operations, a considerable portion of our waste arises from cutting oils and cooling lubricants used in metal fabrication and machining. We meticulously manage mixed contaminated metal chips in full compliance with the Environmental Quality (Scheduled Wastes) Regulations of 2005 and our internal policies. Our waste reduction efforts adhere to best practices, including:

- Providing clear work instructions and personal protective equipment to employees at all times.
- Ensuring that employees receive training in hazardous waste and chemical management before engaging in operations.

We are committed to minimizing hazardous waste generation through ongoing reviews of our manufacturing processes, machinery upgrades, and material reduction during product design. The Group actively reduces coolant consumption and waste disposal costs by promoting the use of long-life cutting fluids in our CNC machining centers. This initiative extends the lifespan of cutting tools, reduces the frequency of coolant replacement, minimizes waste, and enhances workplace safety. Whenever possible, we avoid using hazardous or environmentally harmful substances, assessing their potential risks using safety data sheets.

At Dufu, we partner exclusively with reputable and licensed local waste recovery contractors for the recycling or disposal of scheduled waste. Our selection process for these contractors is rigorous, involving comprehensive audits that encompass social and environmental considerations, ensuring that we engage only those who meet our high standards and align with our values.

We consistently raise awareness about waste management among our employees by educating them on proper waste labelling and segregation by material type. Furthermore, we encourage all departments to adopt waste minimization strategies, including inventory management changes to prevent stock obsolescence, equipment upgrades, material alterations, product design improvements, and adjustments to operational and maintenance procedures.

In February 2024, Dufu launched an initiative aimed at reducing food waste by responsibly diverting it from the Penang landfill, promoting effective food waste management systems among industries, and reducing methane emissions produced by food waste. To achieve this, Dufu has partnered with a prominent local waste management company to collect food waste from its cafeterias. The collected food waste is then recycled and repurposed as compost fertilizer. In FY2024, the total amount of food waste collected and recycled for this purpose amounted to 6,761 kg (FY2023: Nil).



The waste management company will collect the food waste from a sealed cabinet at least three times a week.

## SUSTAINABILITY STATEMENT (CONT'D)

### ENVIRONMENT AND MANAGING CLIMATE CHANGE (CONT'D)

#### Effluents and Waste Management (cont'd)

##### Hazardous Waste Management (cont'd)

Our on-going 3R program managing various operation waste generated at Dufu are as follows:



### RECOVERY

- **Scheduled Waste Management:**

We responsibly send scheduled waste to licensed recovery facilities for processing. The categories of scheduled waste generated include:

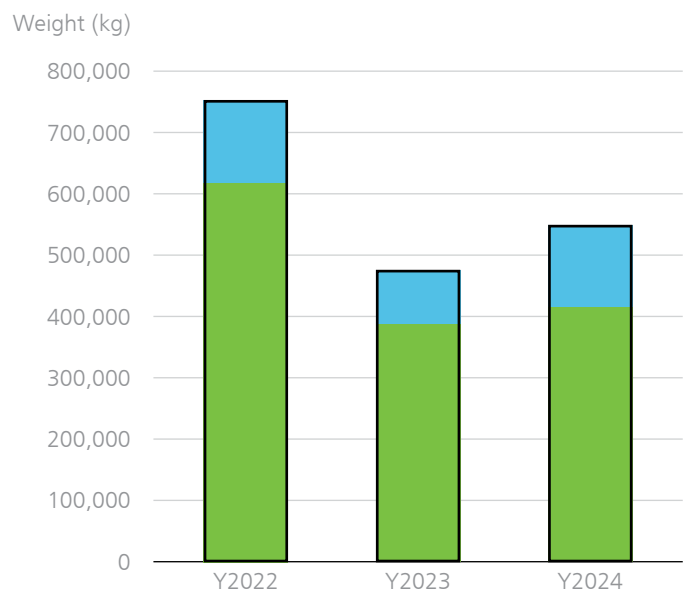
- 1) **Liquid Recovery**

- (SW307) Spent coolant
- (SW306) Spent hydraulic oil
- (SW305) Spent lubricating oil
- (SW323) Waste of halogenated organic solvent
- (SW402) Spent alkaline
- (SW109) Used COD Reagents

- 2) **Solid Recovery**

- (SW104) Dust, slag, dross, ash contained metal
- (SW109) Fluorescent tube /LED wastes
- (SW110) Electrical & electronic assemblies' wastes
- (SW204) Metal hydroxide sludge
- (SW325) Uncured resin
- (SW409) Empty contaminated containers
- (SW410) Contaminated rags/ paper/ filter
- (SW416) Sludge of paints
- (SW417) Waste of Paints
- (SW422) Metal chips contaminated with coolant/ oil

#### Scheduled Waste Disposal



	Y2022	Y2023	Y2024
Physical Chemical Treatment	42	0	42
Liquid Recovery	134,385	88,134	144,199
Solid Recovery	611,710	383,968	415,595



### REUSE

- **Collaboration with Suppliers:**

We partner with chemical suppliers to facilitate the return of empty drums for reuse in similar applications.

- **Internal Packaging Solutions:**

We repurpose plastic bags, trays, carton boxes and pallets for internal packaging needs.

- **Process Optimization:**

Plastic bags and trays are reused in production processes, including stock management for turning and disk grinding.

# SUSTAINABILITY STATEMENT (CONT'D)

## ENVIRONMENT AND MANAGING CLIMATE CHANGE (CONT'D)

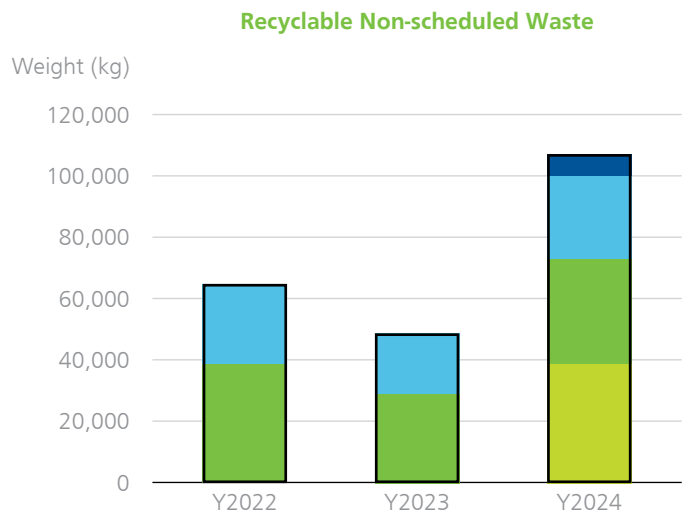
### Effluents and Waste Management (cont'd)

#### Hazardous Waste Management (cont'd)



### RECYCLE

- Recyclable Materials:**  
 Our recycling efforts encompass metals (titanium, aluminum, iron, etc.), paper, carton boxes, plastic trays and food waste.
- Centralized Recycling Process:**  
 Recyclable materials are collected in a centralized recycling area and sold to approved licensed collectors for processing.



	Y2022	Y2023	Y2024
Food Waste	-	-	6,761
Plastic Tray	24,544	18,458	25,374
Paper & Carton	36,097	27,129	31,750
Wooden Pallet & Crates	-	-	36,271



### REDUCE

- Waste Minimization Initiatives:**  
 We strive to reduce waste from titanium and aluminium bar ends in metal components.
- Paper Usage Reduction:**  
 We aim to minimize office paper consumption by transitioning to electronic invoicing, purchase requisitions, and other digital practices.



### DISPOSAL

- General Waste Management:**  
 Non-scheduled and non-recyclable waste is disposed of in enclosed bins at designated areas, which are collected by licensed contractors.

## SUSTAINABILITY STATEMENT (CONT'D)

### ENVIRONMENT AND MANAGING CLIMATE CHANGE (CONT'D)

#### Effluents and Waste Management (cont'd)

##### Summary of Waste Handling

	FY2024 tonne	FY2023 tonne	FY2022 tonne
Diverted from disposal			
- Non-hazardous waste <sup>(1)</sup>	100	46	61
Directed to disposal			
- Non-hazardous waste	178	182	183
- Hazardous waste <sup>(3)</sup>	560	472	746
Total waste disposal	738	654	929
Represented by:			
Total non-hazardous waste	278	228	244
Total hazardous waste <sup>(3)</sup>	560	472	746
Total waste generated <sup>(2)</sup>	838	700	990

Notes:

<sup>(1)</sup> Consists of recycled waste. In FY2024, we have segregated food waste and pallets/ crates from general non-hazardous waste.

<sup>(2)</sup> Total waste generated is the sum of total waste diverted from disposal and total directed to disposal.

<sup>(3)</sup> Scheduled waste are hazardous waste.



**FY2024**

Total costs of environmental fines and penalties

**NIL**



**FY2024**

Percentage of sites covered by Environmental Management System such as ISO14001

**100%**

## SUSTAINABILITY STATEMENT (CONT'D)

### ENRICHING COMMUNITIES

At Dufu, community enrichment is a core value that guides our operations and interactions with the neighbourhoods where we work. We define a community as any group of individuals who share a common goal of creating a positive impact. By recognizing the power of collaboration, we partner with suppliers, customers, and vendors to enhance our collective influence and amplify the benefits we bring to the community. Our commitment goes beyond mere words; we actively invest in programs designed to improve education, promote environmental conservation, and support underserved groups in developing skills and securing employment opportunities. This strategic approach aligns seamlessly with our objective of recruiting local talent and fostering sustainable operations.

Our community development strategy encompasses a holistic approach, focusing on social mapping that leads to three key objectives:

a)	Providing Quality Education	We believe that every child deserves access to quality education, regardless of their background or geographical location. To achieve this, we harness technology and cultivate collaborative partnerships with educational institutions and organizations. Our initiatives aim to create an inclusive educational environment that empowers young minds and prepares them for future challenges.
b)	Promoting Health and Wellness	Health is a cornerstone of vibrant communities. We organize and support various events that promote health and wellness among local residents. By collaborating with health professionals and community organizations, we aim to raise awareness about health issues and encourage healthy lifestyles.
c)	Supporting Vulnerable Groups	We are committed to uplifting marginalized communities by providing financial aid, in-kind donations, and engaging in volunteer efforts. These initiatives aim to foster social equality and ensure that all community members have access to essential resources and opportunities.

Dufu leverages its expertise and resources to support the communities in which it operates. Our focus is on uplifting those in need, collaborating with local schools and charities, offering training opportunities for young people, and fostering an innovative and healthy environment.

In FY2024, we proudly supported our CSR initiatives by investing a total of RM191,891. This investment included several noteworthy contributions:

- RM100,000 was donated to Yayasan Amal Tuan Yang Terutama Yang Dipertua Negeri Pulau Pinang, supporting their ambitious project to plant over 1 million trees across the state. This initiative not only aims to enhance our environment but also to combat climate change;
- We proudly sponsored RM52,470 for Dufu's "Pledge a Library" initiative, which focuses on enriching library resources in schools. This program is designed to foster a culture of reading among students, helping to cultivate future generations of learners;
- Our commitment to education continued with a RM5,000 donation to Persatuan Pengajian dan Pembelajaran STEM Malaysia, supporting their STEM Innovation Competition for primary school students. This initiative encourages young minds to explore science, technology, engineering, and mathematics;
- A contribution of RM1,500 was made to Persatuan Siswazah-Siswazah Taiwan Pulau Pinang, helping to support the educational and community activities of graduates;
- As a corporate sponsor, we contributed RM3,000 to OFRA Ventures for their "Bukit Cendana – Trail of the Ruins" Ultra Trail event held on 7 July 2024. This event promotes outdoor activities and community engagement, encouraging participants to appreciate nature;
- We supported the Husco United Way Campaign with a contribution of RM18,882, a philanthropic initiative by one of our valued customers aimed at enhancing local community outreach efforts;
- In our effort to support the elderly, we distributed "Ang Pao" totalling RM5,800 to senior residents and provided in-kind contributions of basic necessities valued at RM3,689 to the Silver Jubilee Home for the Aged, ensuring that they feel valued and cared for;



## SUSTAINABILITY STATEMENT (CONT'D)

### ENRICHING COMMUNITIES (CONT'D)

- Lastly, we made a RM1,000 donation to the Association of Resource and Education for Autistic Children, supporting their mission to provide educational resources and assistance to autistic children.



A total of 25 Dufu employees participated in the Battle of Bukit Cendana Ultra Challenge 2024, held on 7 July 2024 at Padang Awam, Taman Majlis Perbandaran Pulau Pinang.

Our annual “Pledge a Library” initiative, which began in 2020, has made significant strides in FY2024 by reaching 10 schools. We distributed 1,200 books and monthly educational magazines to secondary school students and teachers, enhancing their libraries with a wide range of reading materials. These resources cover topics such as science, geography, financial management, languages, personal development, psychology, history, information technology, and social issues. The schools that benefitted from our year-long supply of reading materials include:

- |  |   |
|--|---|
| 1) Jit Sin Independent High School, Penang           | 6) Catholic High School (Sibu), Sarawak       |
| 2) Penang Chinese Girls’ Private High School, Penang | 7) Chung Hua Middle School (Kuching), Sarawak |
| 3) Chung Ling Private High School, Penang            | 8) Kiang Hin Middle School (Sibu), Sarawak    |
| 4) Phor Tay Private High School, Penang              | 9) Yu Yuan Secondary School (Sandakan), Sabah |
| 5) Sabah Tshung Tsin Secondary School, Sabah         | 10) Beaufort Middle School, Sabah             |



1 2 3 4 5 6



7 8 9 10

## SUSTAINABILITY STATEMENT (CONT'D)

### ENRICHING COMMUNITIES (CONT'D)

#### Dufu Internship Programmes

Our Management Trainee Program offers participants a wealth of learning opportunities, providing well-rounded exposure across various business functions. Throughout their internship, management trainees will gain a comprehensive understanding of the industry, our company culture, and our core business operations.

The program also facilitates meaningful connections among peers, enabling participants from diverse backgrounds to collaborate, share experiences, and explore their interests and abilities through hands-on learning. This practical experience helps trainees build a strong foundation for their future careers, preparing them to take on key roles in their professional endeavours. For FY2024, a total of 23 students (FY2023: 11) have participated in and benefited from our internship programmes.

#### Experience Sharing by an Intern



“ I am grateful for the opportunity to intern at DISB, where I’ve gained valuable hands-on experience. As a rookie with limited experience, I’ve received exceptional guidance and support from my colleagues in the Finance Department. Their expertise, patience, and willingness to share knowledge have made my internship enjoyable and enriching. I’ve gained practical experience in accounting and reporting, from data input to preparing financial reports, which has deepened my understanding of the skills I learned in university. This experience will serve as a solid foundation for my future career, and I look forward to staying connected with Dufu. ”

— Lau Yi Wen (pursuing Bachelor in Finance (Hons) at UTAR, Kampar)

	FY2024	FY2023	FY2022
Total amount invested in the community where the target beneficiaries are external to the Group (“RM”)	191,891	218,333	71,078
Total number of beneficiaries of the investment in communities	17	15	14

#### Volunteerism Cultivation

At Dufu, we place a strong emphasis on the importance of volunteering, understanding that these experiences significantly enrich both the personal and professional lives of our employees. Engaging in volunteer activities offers our team members a unique opportunity to build meaningful connections, foster camaraderie, and create a sense of community within and beyond the workplace.

Volunteering not only enhances interpersonal skills but also promotes teamwork and collaboration, key elements that contribute to a thriving work environment. Through these shared experiences, our employees develop a deeper understanding of diverse perspectives and backgrounds, fostering a culture of inclusivity that aligns with our organizational values. Dufu actively encourages our employees to participate in various volunteer programs that resonate with their passions and interests. Whether through environmental initiatives, educational outreach, or community service projects, our team members have the chance to make a positive impact while developing invaluable skills.

Since the establishment of Dufu’s voluntary teams, we have been actively involved in a wide range of volunteer initiatives. These efforts have not only made a meaningful difference in the lives of those in need but have also fostered a strong social network within our company. Our volunteerism approach is built on the principle of encouraging participation at all levels. We actively invite and inspire employees and their families to engage in volunteer activities, creating opportunities for them to contribute to the well-being of local communities. This involvement is not only beneficial to those receiving help, but it also enriches the lives of our employees, fostering a sense of purpose, unity, and fulfillment.



## SUSTAINABILITY STATEMENT (CONT'D)

### ENRICHING COMMUNITIES (CONT'D)

#### Volunteerism Cultivation (cont'd)

Through these volunteer programs, we aim to address diverse social needs, including supporting education, providing relief to disadvantaged groups, improving environmental sustainability, and promoting health and wellness. Whether it's organizing fundraising campaigns, providing hands-on support in local communities, or offering professional expertise, Dufu's volunteer teams consistently deliver positive and lasting impacts.

As we continue to expand and deepen our volunteer efforts, we remain committed to fostering a culture of giving and service, ensuring that our initiatives reach those who need it most, while also enriching the lives of our employees and their families.

#### Million Trees Planting Program

On the morning of 22 April 2024, Dufu employees gathered at Sungai Rambai, Bukit Mertajam, to participate in the Million Trees Planting Program in celebration of Earth Day. This initiative, organized by the Penang Governor's Charity Foundation (Yayasan Amal Tuan Yang Terutama Yang-di Pertua Negeri Pulau Pinang), aims to plant over 1 million trees across the state of Penang as part of a broader commitment to environmental sustainability.

As part of this program, Dufu contributed 5,000 calamansi trees along the banks of Sungai Rambai and an additional 15,000 trees within the Balik Pulau area. This effort highlights Dufu's ongoing commitment to environmental sustainability and its support for community-driven green initiatives.



## SUSTAINABILITY STATEMENT (CONT'D)

### ENRICHING COMMUNITIES (CONT'D)

#### Volunteerism Cultivation (cont'd)

##### Visit to Silver Jubilee Home for the Aged

Dufu organized a visit to the Silver Jubilee Home for the Aged on 22 September 2024, with 102 staff members participating. The team united to support the elderly residents, sharing moments of kindness, warmth, and respect. Dufu donated essential items, and employees were assigned cleaning duties across various areas, including wards and gardening. The team also engaged residents with lively entertainment, including singing and dancing performances, and participated in games that created joyful and memorable moments. The visit concluded with a shared meal, and each resident received a token ang pao as a gesture of care and appreciation. The visit highlighted Dufu's commitment to social responsibility, fostering community connections, and bringing joy to the elderly.





## SUSTAINABILITY STATEMENT (CONT'D)

### ENRICHING COMMUNITIES (CONT'D)

#### Volunteerism Cultivation (cont'd)

##### Blood Donation Campaign

Dufu's Blood Donation Campaign was held on 25th August 2024 at the Dufu factory premises, in collaboration with Hospital Sultan Abdul Halim in Sungai Petani. A total of 88 employees participated, and following a detailed screening process, 63 employees successfully contributed to the cause.



	FY2024	FY2023	FY2022
Total volunteer activities initiated	5	2	1
Total volunteer hours	1,599	508	24
Number of employees involved	224	105	3

## SUSTAINABILITY STATEMENT (CONT'D)

### GRI CONTENT INDEX

GRI Content Index			
Statement of use	Dufu Technology Corp. Berhad has reported the information cited in this GRI content Index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards		
GRI 1 used	GRI 1: Foundation 2021		
GRI Standard	Disclosure	Location	
GRI 2: General Disclosures 2021	2-1	Organizational details	Basis of Preparation, p 24 Group Structure, p 5 Corporate Information, p 3
	2-2	Entities included in the organization's sustainability reporting	Basis of Preparation, p 24
	2-3	Reporting period, frequency and contact point	Basis of Preparation, p 24  Contact point for questions: David Khoo Chong Beng Chief Financial Officer Tel: 604-6161328 Email: <a href="mailto:corporateaffairs@dufu.com.my">corporateaffairs@dufu.com.my</a>
	2-4	Restatements of information	Restatements of information is disclosed at the relevant sections, where applicable
	2-5	External assurance	Basis of Preparation, p 24 Independent Assurance Report, p 98-100
	2-6	Activities, value chain, and other business relationships	Management Discussion and Analysis, p 15-23
	2-7	Employees	Diversity and Inclusion, p 54-56
	2-8	Workers who are not employees	All workers perform work for Dufu are in employment relationship with Dufu.
	2-9	Governance structure and composition	Sustainability Governance, p 24-25 Corporate Governance Overview Statement, p
	2-10	Nomination and selection of the highest governance body	Corporate Governance Report
	2-11	Chair of the highest governance body	Corporate Governance Overview Statement, p 101-106
	2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Overview Statement, p 101-106 Sustainability Governance, p 24-25
	2-13	Delegation of responsibility for managing impacts	Sustainability Governance, p 24-25
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance, p 24-25 Basis of Preparation, p 24
	2-15	Conflicts of interest	Corporate Governance Report



## SUSTAINABILITY STATEMENT (CONT'D)

### GRI CONTENT INDEX (CONT'D)

GRI Standard	Disclosure	Location	
	2-16	Communication of critical concerns	Corporate Governance, p 47-50
	2-17	Collective knowledge of the highest governance body	Corporate Governance Report
	2-18	Evaluation of the performance of the highest governance body	Dufu currently does not implement performance evaluation of its Board members based on our impacts on the economy, environment, and people.
	2-19	Remuneration policies	Corporate Governance Report
	2-20	Process to determine remuneration	Corporate Governance Report
	2-21	Annual total compensation ratio	Diversity and Inclusion, p 54-56
	2-22	Statement on sustainable development strategy	Chairman's Statement, p 12-14
	2-23	Policy commitments	Corporate Governance, p 47-50
	2-24	Embedding policy commitments	Embedding of Dufu's policy commitments is disclosed at the relevant sections, where applicable.
	2-25	Processes to remediate negative impacts	Respect of Labour and Human Rights, p 51-53
	2-26	Mechanisms for seeking advice and raising concerns	Corporate Governance Report Whistleblowing Mechanism, p 47
	2-27	Compliance with laws and regulations	There were no significant instances of non-compliance with the laws and regulations during reporting period.
	2-28	Membership associations	Dufu does not have a significant role in any association or advocacy organization when it holds a position in the governance body, participates in projects or committees, or provides substantive funding beyond routine membership dues.
	2-29	Approach to stakeholder engagement	Stakeholder Engagement, p 25-26
	2-30	Collective bargaining agreements	We do not have any collective bargaining agreement in place. Nevertheless, we respect the rights of employees to associate or join workers' councils with local laws.
GRI 3: Material Topics 2021	3-1	Process to determine material topic	Materiality Assessment, p 27 Materiality Matrix Assessment, p 28
	3-2	List of material topics	Materiality Matrix Assessment, p 28
	3-3	Management of material topics	Mapping our Materiality Matrix, p 35-40

## SUSTAINABILITY STATEMENT (CONT'D)

### GRI CONTENT INDEX (CONT'D)

GRI Standard	Disclosure		Location
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Direct Economic Value Generated and Distributed, p 41
	201-2	Financial implications & other risks & opportunities due to climate change	Mapping our Materiality Matrix, p 35-40 Climate-related Risk and Opportunities, p 70-73
	201-3	Defined benefit plan obligations and other retirement plans	Dufu merely subscribed and is fully adhered to the requirements of the statutory retirement benefit plan obligations.
	201-4	Financial assistance received from government	There was no financial assistance received from government in 2024.
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	On employees compensated based on wages subject to minimum wage rules, the ratios of standard entry level wage by either male or female compared to local minimum wage is 1 to 1.
	202-2	Proportion of senior management hired from the local community	All our Senior Management Team as disclosed in the Annual Report FY2024 is hired from their respective local countries in which they are operating.
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Enriching Communities, p 82-87
	203-2	Significant indirect economic impacts	Enriching Communities, p 82-87  Dufu's activities as an employer, as a consumer of local products and services, and as a payer of taxes and fees as well as providing local employment support local economic development.
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Local Procurement Practices, p 46
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption	Corporate Governance, p 47-50
	205-2	Communication and training about anti-corruption policies and procedures	Corporate Governance, p 47-50
	205-3	Confirmed incidents of corruption and actions taken	Corporate Governance, p 47-50
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	There were no incidents reported in 2024.

## SUSTAINABILITY STATEMENT (CONT'D)

### GRI CONTENT INDEX (CONT'D)

GRI Standard	Disclosure		Location
GRI 301: Materials 2016	301-1	Materials used by weight or volume	The information is currently unavailable. For future consideration
	301-2	Recycled input materials used	The percentage of recycled input material used is low due to the nature of the production process, as recycled raw materials cannot be used very often due to the requirements regarding purity or because customer's standards must be met.
	301-3	Reclaimed products and near packaging materials	Dufu provides fresh packaging materials and trays when supplying to customers mainly due to the concern of its highly sensitive precision parts. Dufu uses mostly reusable packaging and trays for in-process treatments.
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Energy Management, p 74-75
	302-2	Energy consumption outside of the organization	Energy Management, p 74-75
	302-3	Energy intensity	Energy Management, p 74-75
	302-4	Reduction of energy consumption	Energy Management, p 74-75
	302-5	Reductions in energy requirements of products and services	Energy Management, p 74-75
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Water Management, p 77
	303-2	Management of water discharge-related impacts	Water Management, p 77
	303-3	Water withdrawal	Water Management, p 77
	303-4	Water discharge	Dufu currently does not keep track on the volume of the water discharge from its sites. Notwithstanding this, Dufu conform with legislative requirements to ensure all the priority substances of concern are being treated before the discharge. Dufu will keep track of its water discharge volume in 2025.
	303-5	Water consumption	Dufu currently does not keep track on the volume of the water consumption. Dufu will start to keep track of its water consumption in 2025.

## SUSTAINABILITY STATEMENT (CONT'D)

### GRI CONTENT INDEX (CONT'D)

GRI Standard	Disclosure	Location	
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable as all factories are located in Industrial Estates designated by the respective state governments.
	304-2	Significant impacts of activities, products and services on biodiversity	Not applicable as all factories are located in Industrial Estates designated by the respective state governments.
	304-3	Habitats protected or restored	The Group did not take part in the protection or restoration of any habitat areas in 2024.
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable as there are no reports of IUCN Red List species in the areas of operations. All factories are located in Industrial Estates designated by the respective state governments.
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	GHG Emissions, p 76
	305-2	Energy indirect (Scope 2) GHG emissions	GHG Emissions, p 76
	305-3	Other indirect (Scope 3) GHG emissions	GHG Emissions, p 76
	305-4	GHG emissions intensity	GHG Emissions, p 76
	305-5	Reduction of GHG emissions	Energy Conservation Programmes, p 74-75 GHG Emissions, p 76
	305-6	Emissions of ozone-depleting substances (ODS)	GHG Emissions, p 76
	305-7	Nitrogen oxides, sulphur oxides, and other significant air emissions	GHG Emissions, p 76
GRI 306: Waste 2016	306-1	Waste generation and significant waste-related impacts	Effluents and Waste Management, p 77-81
	306-2	Management of significant waste-related impacts	Effluents and Waste Management, p 77-81
	306-3	Waste generated	Effluents and Waste Management, p 77-81
	306-4	Waste diverted from disposal	Effluents and Waste Management, p 77-81
	306-5	Waste directed to disposal	Effluents and Waste Management, p 77-81
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Supply Chain Management, p 42-45
	308-2	Negative environment impacts in the supply chain and actions taken	Supply Chain Management, p 42-45

## SUSTAINABILITY STATEMENT (CONT'D)

### GRI CONTENT INDEX (CONT'D)

GRI Standard	Disclosure	Location	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Diversity and Inclusion, p 54-56
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Compensation and Benefits, p 60
	401-3	Parental leave	Employee Compensation and Benefits, p 60
Labour/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	We do not have a fixed minimum notice regarding operational change. However, to the extent possible, we do inform our colleagues well in advance the intention and details of the change. Prior to such change, we will conduct briefing for employees to collect their feedback and try to put relevant notice within a month's time.
GRI 403: Occupational Health and Safety 2016	403-1	Occupational health and safety management system	Occupational Health and Safety, p 64-67
	403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety, p 64-67
	403-3	Occupational health services	Occupational Health and Safety, p 64-67
	403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, p 64-67
	403-5	Worker training on occupational health and safety	Occupational Health and Safety, p 64-67 Employee Development and Talent Management, p 57-59
	403-6	Promotion of worker health	Occupational Health and Safety, p 64-67 Employee Welfare and Wellbeing, p 60-63
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety, p 64-67
	403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety, p 64-67
	403-9	Work-related injuries	Occupational Health and Safety, p 64-67
	403-10	Work-related ill health	Occupational Health and Safety, p 64-67

## SUSTAINABILITY STATEMENT (CONT'D)

### GRI CONTENT INDEX (CONT'D)

GRI Standard	Disclosure	Location	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Employee Development and Talent Management, p 57-59
	404-2	Programs for upgrading employee skills and transition assistance programs	Employee Development and Talent Management, p 57-59
	404-3	Percentage of employees receiving regular performance and career development reviews	Diversity and Inclusion, p 54-56
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Diversity and Inclusion, p 54-56
	405-2	Ratio of basic salary and remuneration of women to men	Diversity and Inclusion, p 54-56
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Respect of Labour and Human Rights, p 51-53
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Respect of Labour and Human Rights, p 51-53 Supply Change Management, p 42-45
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	Respect of Labour and Human Rights, p 51-53 Supply Change Management, p 42-45
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Respect of Labour and Human Rights, p 51-53 Supply Change Management, p 42-45
GRI 410: Security Practices	410-1	Security personnel trained in human rights policies or procedures	We ensure that our security personnel receive the necessary training on our policies.
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	There were no incidents reported in 2024.
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Enriching Communities, p 82-87
	413-2	Operations with significant actual and potential negative impacts on local communities	There were no incidents reported in 2024.
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Supply Chain Management, p 42-45
	414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Management, p 42-45



## SUSTAINABILITY STATEMENT (CONT'D)

### GRI CONTENT INDEX (CONT'D)

GRI Standard	Disclosure	Location
GRI 415: Public Policy 2016	415-1 Political contributions	Dufu does not contribute to political parties and/or politicians. Corporate Governance, p 47-50
GRI 416: Consumer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Dufu currently does not address health and safety across the life cycle of its products or services and may consider to do so in future.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	There were no incidents reported in 2024.
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	The sourcing of components, and safe use of the product or services adhere to our customer's requirements.
	417-2 Incidents of non-compliance concerning product and service information and labelling	There were no incidents reported in 2024.
	417-3 Incidents of non-compliance concerning marketing communications	There were no incidents reported in 2024. Corporate Governance, p 47-50
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no incidents reported in 2024. Corporate Governance, p 47-50

# SUSTAINABILITY STATEMENT (CONT'D)

## PERFORMANCE DATA

Indicator	Measurement Unit	2023	2024
<b>Bursa (Anti-corruption)</b>			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Management	Percentage	100.00	100.00
Executive	Percentage	100.00	100.00
Non-executive/Technical Staff	Percentage	100.00	100.00
General Workers	Percentage	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0
<b>Bursa (Community/Society)</b>			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	218,333.00	191,891.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	15	17
<b>Bursa (Diversity)</b>			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Management Under 30	Percentage	0.00	5.00
Management Between 30-50	Percentage	50.00	50.00
Management Above 50	Percentage	50.00	45.00
Executive Under 30	Percentage	22.00	26.00
Executive Between 30-50	Percentage	60.00	55.00
Executive Above 50	Percentage	18.00	19.00
Non-executive/Technical Staff Under 30	Percentage	39.00	35.00
Non-executive/Technical Staff Between 30-50	Percentage	55.00	57.00
Non-executive/Technical Staff Above 50	Percentage	6.00	8.00
General Workers Under 30	Percentage	52.00	50.00
General Workers Between 30-50	Percentage	47.00	49.00
General Workers Above 50	Percentage	1.00	1.00
Gender Group by Employee Category			
Management Male	Percentage	82.00	77.00
Management Female	Percentage	18.00	23.00
Executive Male	Percentage	62.00	62.00
Executive Female	Percentage	38.00	38.00
Non-executive/Technical Staff Male	Percentage	79.00	78.00
Non-executive/Technical Staff Female	Percentage	21.00	22.00
General Workers Male	Percentage	78.00	75.00
General Workers Female	Percentage	22.00	25.00
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	83.00	67.00
Female	Percentage	17.00	33.00
Under 30	Percentage	0.00	0.00
Between 30-50	Percentage	33.00	17.00
Above 50	Percentage	67.00	83.00
<b>Bursa (Energy management)</b>			
Bursa C4(a) Total energy consumption	Megawatt	9,626.27 *	10,202.22
<b>Bursa (Health and safety)</b>			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	3.40 *	2.78
Bursa C5(c) Number of employees trained on health and safety standards	Number	860	883

Internal assurance    External assurance    No assurance

(\*) Restated

## SUSTAINABILITY STATEMENT (CONT'D)

### PERFORMANCE DATA (CONT'D)

Indicator	Measurement Unit	2023	2024
<b>Bursa (Labour practices and standards)</b>			
Bursa C6(a) Total hours of training by employee category			
Management	Hours	470	843
Executive	Hours	1,946	3,411
Non-executive/Technical Staff	Hours	4,024	5,204
General Workers	Hours	3,713	6,064
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	2.00	1.00
Bursa C6(c) Total number of employee turnover by employee category			
Management	Number	2	0
Executive	Number	10	14
Non-executive/Technical Staff	Number	31	31
General Workers	Number	118	58
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0
<b>Bursa (Supply chain management)</b>			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	63.00	42.00
<b>Bursa (Data privacy and security)</b>			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0
<b>Bursa (Water)</b>			
Bursa C9(a) Total volume of water used	Megalitres	83.720000	74.086000
<b>Bursa (Waste management)</b>			
Bursa C10(a) Total waste generated	Metric tonnes	700.00 *	838.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	46.00 *	100.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	654.00 *	738.00
<b>Bursa (Emissions management)</b>			
Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	367.15 *	391.49
Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	5,105.54 *	5,220.89
Bursa C11(c) Scope 3 emissions in tonnes of CO <sub>2</sub> e (at least for the categories of business travel and employee commuting)	Metric tonnes	502.61 *	478.60

Internal assurance    External assurance    No assurance

(\*) Restated

## SUSTAINABILITY STATEMENT (CONT'D)

### LIMITED STATEMENT OF ASSURANCE LETTER



LIMITED STATEMENT OF ASSURANCE ON DUFU TECHNOLOGY CORP. BERHAD'S ("DUFU" OR "THE COMPANY") SUSTAINABILITY STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

To: Board of Directors, Stakeholders and Interested Parties of Dufu

#### Introduction and Objective

Eco Asia Governance Advisory Sdn Bhd ("Eco Asia") has been engaged by Dufu, in the capacity as an outsourced Internal Auditor, to conduct a limited review on the Sustainability Statement of Dufu for the financial year ended 31 December 2024 ("FYE 2024") ("Statement").

Eco Asia is providing limited assurance on the accuracy and reliability of the specific sustainability performance information on the subject matters narrated in the "Scope and Subject Matters" section below. This limited assurance statement applies to the related information as described below.

#### Methodology

Our overall verification was conducted with reference to Bursa Malaysia Securities Berhad's Sustainability Reporting Guide 3<sup>rd</sup> Edition and the Main Market Listing Requirements in relation to the sustainability statement. In addition, we have also made reference to United Nation's Sustainability Development Goals as well as the Global Reporting Initiative for the evaluation on the overall presentation of the Statement. Furthermore, we have integrated the standards and principles set forth in the Institute of Internal Auditors' International Professional Practices Framework while conducting the review.

Our verification and evaluation works were planned and carried out to provide a limited, rather than an absolute assurance on the information/data disclosed in the Statement. We have conducted our verification and evaluation based on the following procedures: -

- (i) perform a site verification and review at the headquarter of Dufu located at No. 19, Hilir Sungai Kuang 2, Taman Perindustrian Bayan Lepas, Fasa IV, 11900 Penang, Malaysia;
- (ii) interview and discussion with the key personnel who are responsible for collating relevant sustainability reporting information and writing various parts of the Statement;
- (iii) review internal and external supporting documentation;
- (iv) cross-reference and check on the qualitative and quantitative information collected from various sources;
- (v) verify the specific sustainability performance data of the subject matters as narrated in the "Subject Matters" section below, on sampling basis; and
- (vi) review the overall presentation of the Statement.

During the verification and evaluation process, issues noted on the accuracy of certain information disclosed in the draft Statement was raised and clarified with the Management of Dufu Technology Corp. Subsequent rectifications/ amendments were properly incorporated in the final Statement.

## SUSTAINABILITY STATEMENT (CONT'D)

### LIMITED STATEMENT OF ASSURANCE LETTER (CONT'D)



#### Scope and Subject Matters

The following common sustainability indicators relates to Dufu and all its subsidiaries except for Guangzhou Futron Technology Co. Ltd, Guangzhou Futron Precision Industries Co. Ltd and Dufu Industries Services Pte. Ltd, for the period from 01 January 2024 to 31 December 2024 ("Reporting Period").

The selected common sustainability indicators presented in the Statement, which are subjected to our verification include: -

No.	Common Sustainability Indicator	Areas Covered
1.	Anti-Corruption	(i) Percentage of employees who have received training on anti-corruption by employee category; (ii) Percentage of operation assessed for corruption-related risks; and (iii) Confirmed incidents of corruption and action taken.
2.	Community/Society	(i) Total amount invested in the community where the target beneficiaries are external to the listed issuer; and (ii) Total number of beneficiaries of the investment in communities.
3.	Diversity	(i) Percentage of employees by gender and age group, for each employee category; and (ii) Percentage of directors by gender and age group.
4.	Energy Management	(i) Total energy consumption.
5.	Health and Safety	(i) Number of work-related fatalities; (ii) Lost time incident rate; and (iii) Number of employees trained on health and safety standards.
6.	Labour Practices and Standards	(i) Total hours of training by employee category; (ii) Percentage of employees that are contractors or temporary staff; (iii) Total number of employee turnover by employee category; and (iv) Number of substantiated complaints concerning human rights violations.
7.	Supply Chain Management	(i) Proportion of spending on local suppliers.
8.	Data Privacy and Security	(i) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data.
9.	Water	(i) Total volume of water used.
10.	Waste Management	(i) Total waste diverted from disposal; and (ii) Total waste directed to disposal.
11.	Emission Management	(i) Scope 1 emissions in tonnes of CO <sub>2</sub> e; (ii) Scope 2 emissions in tonnes of CO <sub>2</sub> e; and (iii) Scope 3 emissions in tonnes of CO <sub>2</sub> e (business travel and employee commuting).

Collectively known as ("Subject Matters").

## SUSTAINABILITY STATEMENT (CONT'D)

### LIMITED STATEMENT OF ASSURANCE LETTER (CONT'D)



#### Responsibility

The Management of Dufu is solely responsible for the preparation and presentation of the Statement. This responsibility includes the selection and application of appropriate methods in the preparation and collection of the information/data of the Subject Matters and ensure that the information/data presented are free from material misstatement, whether due to fraud or error. Furthermore, the responsibility also includes the use of assumptions and estimates for disclosures made by Dufu which are reasonable in the circumstances.

Eco Asia was not involved in the preparation of the Statement to ensure impartiality. Our responsibility is to provide a limited assurance on whether the information/data of the Subject Matters have been disclosed appropriately in the Statement.

#### Limitation

Our responsibility to provide a limited assurance is subjected to the following limitation as our procedures excludes the verification and evaluation of the following: -

- (i) other information contained in Dufu's Annual Report for the FYE 2024;
- (ii) information/data of the Subject Matters from Guangzhou Futron Technology Co. Ltd, Guangzhou Futron Precision Industries Co. Ltd and Dufu Industries Services Pte. Ltd;
- (iii) information/data of the Subject Matters outside of the Reporting Period; and
- (iv) data from any contractor or third-party.

This limited assurance engagement relies on a risk-based sampling basis for data samples selection and hence this limited assurance statement should not be relied upon to detect all errors, omissions or misstatements that may potentially exist.

#### Conclusion

Based on our methodology and the evidence that we have obtained on the matters covered in the Subject Matters as described above, Eco Asia is of the view that the Subject Matters as disclosed in the Statement are fairly stated, properly prepared and supported.

Yours faithfully,

*Eco Asia*

Eco Asia Governance Advisory Sdn Bhd

Date: 20 March 2025



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Dufu Technology Corp. Berhad (“Dufu” or “the Company”) presents this statement to provide shareholders and investors with an overview of the Company’s corporate governance practices under the Board’s leadership during the financial year 2024 (“FY2024”). This overview is guided by the key corporate governance principles outlined in the Malaysian Code on Corporate Governance (“the Code” or “MCCG”).

This statement is prepared in compliance with the Main Market Listing Requirements (“Main LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and should be read in conjunction with the Corporate Governance Report 2024 of the Company (“CG Report”), which is available on the Company’s website at <https://www.dufutechnology.com/investor-relations/>.

The CG Report provides detailed information on how the Company has implemented each practice set forth in the MCCG during FY2024.

Dufu and its subsidiaries (“Dufu Group”) recognize the importance of adopting strong corporate governance practices and are committed to upholding the principles established in the MCCG. We strive to maintain high standards of corporate governance to protect the interests of our shareholders and relevant stakeholders while enhancing shareholder value.

The Board continues to take proactive steps to elevate the Group’s corporate governance standards as outlined in the Code through the implementation of various measures over time.

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

The Board is committed to ensuring the long-term success of the Company and delivering sustainable value to its stakeholders. In fulfilling its fiduciary duties and leadership responsibilities, the Board governs and sets the Company’s strategic direction while exercising oversight of management. The Board will continue to establish a strong tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Group.

Following the top-down strategic planning process, the Executive Directors periodically formulate the Group’s strategy and communicate it throughout the organization for implementation. The Chairman will lead the Board in establishing and monitoring effective corporate governance practices by focusing on strategy, governance, and compliance.

The Company maintains a clear division of responsibilities between the Chairman and the CEO. Their roles are distinctly defined in the Board Charter, which serves as a primary resource for all Board members and management, outlining the fiduciary and leadership functions of the Board. The Charter also details the respective roles and responsibilities of the Board, Board Committees, individual directors, and management.

To assist in overseeing the Company’s affairs, the Board has established various committees, each entrusted with specific responsibilities and authority. The powers and functions of these committees are clearly outlined in their respective Terms of Reference. The Board reviews its Charter periodically to ensure it aligns with regulatory changes and best practices, maintaining its relevance to the Board’s strategic objectives and corporate governance standards. Additionally, the Board has implemented a Code of Conduct and Ethics (“CCE”) that outlines standards of responsibility and promotes integrity and ethical conduct among Dufu’s Directors and employees. The CCE covers areas such as managing conflicts of interest, preventing abuse of power, handling business gifts, insider trading, and money laundering. The Board has also established and reviewed policies and procedures for whistleblowing.

Copies of the Board Charter, CCE Policy, and Whistleblowing Policy, last reviewed by the Board on 26 February 2025, are available on the Company’s website at <https://www.dufutechnology.com/investor-relations/>.

The Board has implemented the Group’s Anti-Corruption and Bribery Policy, which outlines the Group’s commitment to conducting business ethically and complying with applicable laws, including the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) (“MACC Act”). This policy provides guidance to Directors, employees, and business associates on recognizing and addressing potential acts of corruption and bribery that may arise in daily operations. Additionally, the Board approved the Group’s Charitable and Sponsorship Policy on 1 June 2020, which provides comprehensive guidelines for responding to requests for charitable donations, event sponsorships, and in-kind contributions, including an approval matrix for relevant personnel. Both the Anti-Corruption and Bribery Policy and the Charitable and Sponsorship Policy were last reviewed by the Board on 26 February 2025 and are available on the Company’s website at <https://www.dufutechnology.com/investor-relations/>.

The Board is also responsible for developing ongoing sustainability programs that address Environmental, Social, and Governance (“ESG”) aspects of the business. The Risk Management and Sustainability Working Group (“RMSWG”) is overseen by the Group’s CEO and includes Department Heads from various departments.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### I. BOARD RESPONSIBILITIES (CONT'D)

During FY2024, the Risk Management and Sustainability Committee ("RMSC"), was chaired by Independent Director Ms. Joyce Wong Ai May, comprising four Independent Directors, the CEO, and the CFO. Under her leadership, the RMSC played a key role in overseeing the Group's sustainability initiatives, aligning them with business strategies, risk management processes, and corporate objectives.

Subsequent to the financial year-end, there was a change in the RMSC Chairmanship to Ms. Ng Phaik Lee following the retirement of Ms. Joyce Wong Ai May on 2 March 2025. Despite this transition, the Board remains confident that the Committee's effectiveness in addressing sustainability matters will be maintained. The Board believes these changes will enhance its effectiveness in addressing sustainability matters while developing and implementing company strategies, business plans, and risk management processes. The RMSC continues to provide oversight and approving strategic initiatives and policies related to the sustainability agenda, reporting regularly to the Board. Details of the Group's corporate sustainability efforts are presented in the Sustainability Statement.

Dufu's Board is supported by two Company Secretaries, both of whom have legal credentials and are qualified to serve under Section 235(2) of the Companies Act 2016. The Company Secretary plays a crucial advisory role, assisting the Board with statutory and regulatory requirements, particularly in corporate governance matters, and ensuring compliance with relevant laws and regulations.

The Company Secretary and management provide regular updates to the Board regarding training programs available from regulators and professional bodies.

During the financial year, current Board members have participated in the following training sessions:

Director	Date	Description
Dato' Lee, Hui-Ta also known as Li Hui Ta	6 August 2024	ESG Potentials and the Way Forward
Wu, Mao-Yuan	7 February 2024	Strategies for Businesses and Individuals to Address the Chlorofluorocarbons (CFCs) Damage
	7 February 2024	Regulations, Restrictions, and Risk Analysis of Insider Shareholding Transactions
Yin, Chih-Chu also known as Laurence Yin	6 August 2024	ESG Potentials and the Way Forward
Tsai, Kun-Chang	11-12 November 2024	Mandatory Accreditation Programme (MAP) Part I
Ng Phaik Lee	12 November 2024	Turning Tough into Triumph: Strategic Planning for Malaysia's 2025 Fiscal Shift

The Board's rights to access all information related to the Group, along with independent access to senior management for clarification and information necessary for fulfilling its duties, are detailed in the Board Charter. Additionally, the Charter allows Directors, individually or collectively, to seek and obtain independent professional advice, at the Company's expense, when necessary to effectively discharge their responsibilities.

Directors have unrestricted access to senior management for updates or information about the Group. Senior management provides this information either personally or during meetings. The Board emphasizes the importance of timely and high-quality information from management to facilitate effective deliberation and decision-making. Generally, notices for Board meetings and respective Committee meetings are circulated seven (7) days prior to the meetings.

The Directors understand the time commitment required of them, which includes attending Board meetings, Board Committee meetings, and the Company's Annual General Meeting ("AGM"). To help them manage their schedules, Board meetings, Board Committee meetings, and the AGM for each financial year are scheduled in advance. The proposed timetable for Board meetings in 2025 was circulated on 29 October 2024.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### I. BOARD RESPONSIBILITIES (CONT'D)

The Board is satisfied with the time commitment demonstrated by the Directors in fulfilling their roles and responsibilities, as evidenced by their attendance at respective meetings during FY2024:

Director	Board Committees					Annual General Meeting
	Board	AC	NC	RC	RMSC	
Dato' Lee, Hui-Ta also known as Li Hui Ta	4/4	N/A	N/A	N/A	N/A	1/1
Wu, Mao-Yuan	4/4	N/A	N/A	N/A	N/A	1/1
Yin, Chih-Chu also known as Laurence Yin	4/4	4/4	1/1	1/1	4/4	1/1
Tsai, Kun-Chang <sup>(2)(3)</sup>	2/2	1/1	N/A	N/A	1/1	N/A
Ng Phaik Lee <sup>(1)(3)(4)</sup>	1/1	1/1	N/A	N/A	1/1	N/A
Khaw Mui Suan <sup>(7)</sup>	N/A	N/A	N/A	N/A	N/A	N/A
Joyce Wong Ai May <sup>(6)</sup>	4/4	4/4	1/1	1/1	4/4	1/1
Sung, Cheng Hsi <sup>(5)</sup>	3/3	3/3	1/1	1/1	3/3	1/1
Lee Yoke Khay <sup>(8)</sup>	1/1	1/1	1/1	1/1	1/1	N/A

Note:

- (1) Appointed as Director on 8 October 2024.
- (2) Appointed as Director on 30 July 2024.
- (3) Appointed as AC and RMSC Member on 8 October 2024
- (4) Re-designated as AC and RMSC Chairman on 2 March 2025.
- (5) Retired on 8 October 2024.
- (6) Retired on 2 March 2025.
- (7) Appointed as Director on 17 February 2025.
- (8) Demised on 22 April 2024.

#### II. BOARD COMPOSITION

To achieve the intended outcomes of the Code, the Board makes decisions objectively, prioritizing the best interests of the Company while considering diverse perspectives and insights. The Group has met most of the recommended practices outlined in the Code, as detailed in the CG Report 2024.

According to the Policy on the Independence of Directors, effective 25 February 2022, the tenure of an Independent Director shall not exceed a cumulative nine years and cannot be extended. The Board, through the Nominating Committee ("NC"), will begin the search for a replacement Independent Director before the end of the anticipated nine-year term, as it is not expected that any Independent Director will transition to a Non-Independent Director role.

The Board recognizes the importance of diversity for its effective functioning. A Board Diversity Policy, effective from 25 February 2022, is available on the Company's website. This policy considers differences in thought, perspective, knowledge, skills, regional and industry experience, cultural and geographical background, age, ethnicity, race, and gender when determining the optimal Board composition. The Bursa Malaysia Securities Berhad Main Market Listing Requirements mandate at least one female director, the MCCG further recommends a best practice target of 30% female directors. Through continuous efforts to identify and induct qualified female directors with the necessary expertise and skills, the Board has successfully achieved its 30% female representation target following the appointment of its second female director on 17 February 2025. This milestone reflects the Group's dedication to enhancing Board composition and promoting inclusivity in corporate governance.

Selection of candidates for Senior Management positions will also reflect a diverse range of perspectives, including gender, age, cultural and educational background, professional experience, skills, and knowledge. All decisions related to career advancement such as promotions, transfers, and other assignments will be based on merit, skills, performance, and contributions, regardless of age, gender, or ethnicity.

The NC conducts an annual assessment of the Board's size and composition. Based on this assessment, the NC is satisfied that the Board comprises a diverse mix of qualified and experienced directors, which enhances its effectiveness. The combination of professionals with varied backgrounds and expertise in finance and corporate affairs enables the Board to fulfill its responsibilities efficiently and effectively.

During the year, there were changes in the composition of the Board, including the appointment of new directors in place of the retiring Director in line with the Group Policy on the Independence of Directors. These changes reflect the Board's commitment to continuous renewal and succession planning while maintaining the right balance of skills, experience, and diversity. Despite these transitions, the NC is confident that the Board remains well-equipped to provide strategic leadership and oversight to the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### II. BOARD COMPOSITION (CONT'D)

The skill sets and diversity of the current Board are as follows:

Directors	Nationality	Designation	Industry / Background Experience						By Composition					
			Technology	Marketing	Industrial	Corporate	Accounting / Finance	Law / legal	Age		Ethnic		Gender	
									50 – 59 years	60 – 69 years	Chinese	Foreigner	Male	Female
Dato Lee, Hui-Ta also known as Li Hui Ta	Taiwanese	Executive Chairman	√	√	√	√	√		√		√	√		
Wu, Mao-Yuan	Taiwanese	Executive Director	√	√	√	√			√		√	√		
Ng Phaik Lee	Malaysian	Independent Non-Executive Director	√	√	√	√	√	√		√			√	
Tsai, Kun-Chang	Taiwanese	Independent Non-Executive Director	√	√	√	√	√		√		√	√		
Yin, Chih-Chu also known as Laurence Yin	Taiwanese	Independent Non-Executive Director	√	√	√	√	√		√		√	√		
Khaw Mui Suan	Malaysian	Independent Non-Executive Director		√		√	√	√	√		√		√	

The activities carried out by the Nominating Committee (“NC”) during FY2024 to fulfill its functions include:

- Reviewing the structure, size, and diversity of the Board, considering factors such as gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, and length of service;
- Assessing the training needs of the Directors;
- Initiating the search for a replacement Independent Director before the end of the anticipated nine-year term, the NC has conducted two interview sessions during the year evaluating the suitability and eligibility of candidates nominated to fill Board vacancies for Board approval; and
- Conducting a review of the independence of Independent Directors.

#### III. REMUNERATION

The Board has established the Remuneration Committee (“RC”), composed of Independent Non-Executive Directors, to assist in creating formal and transparent remuneration policies and procedures aimed at attracting and retaining Directors. The RC is responsible for determining and recommending appropriate salary packages for Executive Directors, the CEO, and Senior Management. Current salary packages include a combination of basic salary and variable performance incentives to remain competitive in the market. The Board formalized its remuneration policies and practices on 25 February 2022. The Directors’ and Senior Management Remuneration Policies are available on the Company’s website.

Remuneration for Directors and Senior Management considers the demands, complexities, and performance of the Company and the Group, as well as the skills and experience required. The Group’s remuneration policies and decisions are made through a transparent and independent process, and these policies are periodically reviewed to ensure they remain competitive and aligned with the Company’s business strategy and long-term objectives.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### III. REMUNERATION (CONT'D)

The aggregate remuneration of Directors and Chief Executive for FY2024, categorized into appropriate components, is as follows:

Category	Fee RM	Salaries RM	Bonus RM	Allowances RM	Share-based payments RM	Benefits-in- kind RM	Total RM
<b>Executive Directors</b>							
Dato' Lee, Hui-Ta also known as Li Hui Ta							
- Company	42,000	-	-	7,500	-	-	49,500
- Subsidiaries	-	791,490	107,944	-	-	15,500	914,934
	42,000	791,490	107,944	7,500	-	15,500	964,434
Wu Mao-Yuan							
- Company	42,000	-	-	7,500	-	-	49,500
- Subsidiaries	-	662,121	75,836	-	49,917	-	787,874
	42,000	662,121	75,836	7,500	49,917	-	837,374
<b>Total Executive Directors</b>							
- Company	84,000	-	-	15,000	-	-	99,000
- Subsidiaries	-	1,453,611	183,780	-	49,917	15,500	1,702,805
	84,000	1,453,611	183,780	15,000	49,917	15,500	1,801,808
<b>Non-Executive Directors</b>							
- Company							
Sung, Cheng- Hsi	32,403	-	-	6,000	-	-	38,403
Joyce Wong Ai May	66,000	-	-	12,500	-	-	78,500
Yin, Chih-Chu also known as Laurence Yin	42,000	-	-	7,500	-	-	49,500
Tsai, Kun-Chang	15,193	-	-	3,000	-	-	18,193
Ng Phaik Lee	8,323	-	-	1,500	-	-	9,823
Lee Yoke Khay	13,067	-	-	1,500	-	-	14,567
	176,986	-	-	32,000	-	-	208,986
<b>Non-Executive Directors</b>							
- Subsidiaries							
Yin, Chih-Chu also known as Laurence Yin	-	-	-	11,282	-	-	11,282
<b>Total</b>							
- Company	260,986	-	-	47,000	-	-	307,986
- Subsidiaries	-	1,453,611	183,780	11,282	49,917	15,500	1,714,090
	260,986	1,453,611	183,780	58,282	49,917	15,500	2,022,076
<b>Group Chief Executive Officer</b>							
Teoh Chiew Hong							
- Company	-	-	-	-	-	-	-
- Subsidiaries	-	449,756	176,407	2,460	49,917	17,400	695,940
	-	449,756	176,407	2,460	49,917	17,400	695,940

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. Audit Committee

The Audit Committee (“AC”) is composed solely of Independent Non-Executive Directors, with a Chairman who is not the Chairman of the Board. This composition meets the requirements of paragraphs 15.09(1)(a) and (b) of the Main Listing Requirements (“Main LR”). This composition aligns with Step Up Practice 9.4 of the MCGG, which emphasises that the AC should comprise solely of Independent Directors. Furthermore, this also adheres to Practice 1.4 of the MCGG, which recommended that the Chairman of the Board should not be a member of the AC, NC or RC.

The Board has implemented a policy that mandates a former key audit partner to observe a cooling-off period of at least three financial year-ends before being appointed as a member of the AC.

The AC has adopted a Policy for the Assessment of the Suitability and Independence of External Auditors, guided by the factors outlined in the Main LR as well as the Auditors Independence Policy.

#### II. Risk Management and Internal Control Framework

The Board holds overall responsibility for maintaining a robust system of risk management and internal control within the Group, ensuring reasonable assurance regarding efficient business operations, compliance with laws and regulations, and adherence to internal procedures and guidelines to achieve corporate objectives.

The AC assists the Board by reviewing the adequacy and effectiveness of the risk management and internal control systems. This is accomplished through an independent outsourced internal audit function, which conducts audits and presents findings to the AC, including agreed-upon remedial measures and action plans from Management to address identified issues. For more details on Internal Audit functions, please refer to the Statement on Risk Management and Internal Control in the Company’s Annual Report, as well as the Corporate Governance Report FY2024 available on the Company’s website at <https://www.dufutechnology.com/investor-relations/>.

To support the Board, the Risk Management and Sustainability Committee oversees the risk management framework and policies. Meanwhile, Management of the respective business units and subsidiaries is responsible for managing business risks, including developing, implementing, monitoring, and mitigating measures to keep risks within acceptable levels. Details of the Group’s risk management framework, activities carried out during the financial year, and reporting processes are outlined in the Statement on Risk Management and Internal Control included in this Annual Report.

### PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### I. Communication with Stakeholders

Dufu is committed to maintaining continuous communication with stakeholders to foster mutual understanding of each other’s objectives and expectations. Currently, the Board and Management communicate regularly with shareholders and other stakeholders through the following channels:

- (i) Website of Bursa Malaysia Securities Berhad (“Bursa Securities”)
- (ii) Company website and investor relations channel
- (iii) Analyst briefings and correspondence

#### II. Conduct of General Meetings

Dufu’s Annual General Meeting (“AGM”) serves as an important platform for Directors and Senior Management to communicate with shareholders. It enables shareholders to participate, engage with the Board and Senior Management, and make informed voting decisions.

Dufu sends the notice of AGM to shareholders at least 28 days prior to the meeting. This advance notice allows shareholders to make necessary arrangements to attend and participate, whether in person, through a corporate representative, by proxy, or by attorney.

The 22<sup>nd</sup> AGM was held at the Jadeite Room, Level 5 at Amari SPICE, No. 2 Persiaran Mahsuri, 11900 Penang, Malaysia on Wednesday, 8 May 2024. The location is easily accessible, being close to Penang International Airport and within driving distance from the town center of Penang Island. Following the AGM, the Board organized a special session for questions and queries, where all Directors were present to engage actively with shareholders.

While Practice 13.3 recommends leveraging technology to facilitate voting in absentia and remote shareholder participation at General Meetings, the Board has carefully assessed this approach and concluded that holding meetings in remote locations would not be cost-effective, given the current number and distribution of shareholders. However, the Board acknowledges the benefits of voting in absentia and remote participation and remains open to exploring such options as the Company’s shareholder base and needs evolve.

This Statement is made in accordance with the resolution of the Board of Directors dated 20 March 2025.



## AUDIT COMMITTEE REPORT

The Board of Directors (“the Board”) presents the Audit Committee (“AC”) report, which provides insights into how the AC fulfilled its responsibilities for the Group in the financial year ended 31 December 2024 (“FY2024”).

### Introduction

The AC was established to assist the Board in meeting its oversight responsibilities. The AC is committed to ensuring the integrity of the Group’s financial reporting process, monitoring risk management and internal control systems, overseeing both external and internal audit processes, ensuring compliance with legal and regulatory requirements, and addressing other matters specifically delegated to the AC by the Board.

### Composition and Meeting

During FY2024, the AC was led by its then-Chairman, Ms. Joyce Wong Ai May, who presided over all AC meetings and provided leadership in discharging the Committee’s oversight responsibilities.

Subsequent to the financial year-end, changes were made to the composition of the AC, as summarized in the records of AC meeting attendance. The current members are:-

- Chairman: Ng Phaik Lee
- Members:
  - Yin, Chih-Chu also known as Laurence Yin
  - Tsai, Kun-Chang
  - Khaw Mui Suan

The current composition of the AC consists of four (4) members, all of whom are Independent Non-Executive Directors. This structure continues to meet the requirements outlined in paragraph 15.09(1)(a) and (b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Main LR”).

Ms. Ng Phaik Lee, the newly appointed AC Chairman, graduated from Nottingham Trent University, United Kingdom with a Master of Business Administration. She is a chartered accountant and a member of the Malaysian Institute of Accountants as well as a Fellow of the Chartered Certified Accountant (“FCCA”). Her qualifications meet the requirement of paragraph 15.09(1)(c) of the Main LR, which stipulates that at least one member of the AC must be a qualified accountant.

Mr. Tsai, Kun-Chang has extensive experience in the textile industry, having served as General Manager at various plants in multiple countries under Hakers Enterprise Co., Ltd. Mr. Yin, Chih-Chu also known as Laurence Yin, brings substantial expertise in both financial and industrial sectors. Ms. Khaw Mui Suan has been a practicing lawyer and a member of the Malaysian Bar since 1996, and she currently owns Messrs. Katherine Khaw & Associates, a legal firm based in Penang.

All AC members are financially literate and proficient in analyzing and interpreting financial statements effectively.

On 26 February 2025 the Board assessed the performance of the AC and its members through an annual committee effectiveness evaluation. The Nominating Committee concluded that the AC and its members had fulfilled their functions and responsibilities in accordance with the AC’s Terms of Reference, supporting the Board in upholding appropriate corporate governance standards.

During the FY2024, the AC held four (4) meetings and the records of the attendance of AC members (within the tenure of their appointment) are as follows:

Directors	Designation	No. of AC Meetings attended	%
Ng Phaik Lee <sup>(1)</sup>	Chairman	1	100
Yin, Chih-Chu also known as Laurence Yin	Member	4	100
Tsai, Kun-Chang <sup>(2)</sup>	Member	1	100
Khaw Mui Suan <sup>(3)</sup>	Member	N/A	N/A
Joyce Wong Ai May <sup>(4)</sup>	Chairman	4	100
Sung, Cheng-Hsi <sup>(5)</sup>	Member	3	100
Lee Yoke Khay <sup>(6)</sup>	Member	1	100

Note:

<sup>(1)</sup> Appointed as a Member on 8 October 2024 and re-designated as Chairman of the AC on 2 March 2025.

<sup>(2)</sup> Appointed on 8 October 2024.

<sup>(3)</sup> Appointed on 17 February 2025.

<sup>(4)</sup> Retired on 2 March 2025.

<sup>(5)</sup> Retired on 8 October 2024.

<sup>(6)</sup> Demised on 22 April 2024.

## AUDIT COMMITTEE REPORT (CONT'D)

### Composition and Meeting (cont'd)

The AC meetings were of adequate length to address the agenda and foster meaningful discussion on emerging issues. The AC conducted its meetings in an open and constructive manner, encouraging focused discussions, questions, and diverse opinions. The External Auditors and Internal Auditors attended AC meetings to present their reports, and relevant personnel were invited to brief the AC on specific issues as needed. The Chief Financial Officer presented the unaudited quarterly financial statements and related financial matters for the AC's deliberation and recommendation to the Board. The Group Chief Executive Officer provided updates on the Group's outlook and operations when appropriate.

At each meeting, the AC Chairman reported the deliberations and recommendations to the Board. Minutes of each AC meeting were recorded and presented for confirmation at the subsequent AC meeting before being submitted to the Board for notation.

### Summary of Activities

In discharging its functions, the AC is guided by the Terms of Reference approved by the Board, which align with the provisions of the Main LR, the Malaysian Code on Corporate Governance ("MCCG"), and other best practices.

The activities of the AC for FY2024 are summarized as follows:

#### Financial Reporting

The AC reviewed the Group's fourth quarterly financial statements and draft financial statements for FY2024 on 26 February 2025. Additionally, the AC reviewed and recommended to the Board the first, second, and third quarterly financial statements of the Group for FY2024 during meetings held on 8 May 2024, 30 July 2024, and 29 October 2024, respectively.

The AC was satisfied that these quarterly financial statements complied with Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting, as well as IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board and the Main LR.

#### External Auditors

On 27 February 2024, the AC met with the External Auditors without the presence of the Executive Directors and Management to understand the audit progress of the Company and Group's financial statements for FY2023 and to discuss the outstanding audit areas as summarized in the Audit Review Memorandum. In compliance with ISA 701: Communicating Key Audit Matters ("KAM") in the Independent Auditor's Report, the External Auditors highlighted the identified KAM and the audit procedures used to address them for the AC's reference. The AC also discussed audit issues raised by the External Auditors and the necessary action plans to address them.

During this meeting, the AC inquired whether the External Auditors encountered any issues that could hinder their work and required the AC's attention. The External Auditor, Messrs. Crowe Malaysia PLT ("Crowe"), reported full cooperation from Management during the audit.

On 27 February 2024, the AC recommended the re-appointment of Crowe as the External Auditors for the ensuing financial year ending 31 December 2024, which was subsequently approved by shareholders at the Annual General Meeting on 8 May 2024.

On 29 October 2024, the External Auditors presented the Audit Plan prior to commencing the audit for FY2024, outlining the audit approach, areas of emphasis, and updates on new accounting standards. The External Auditors confirmed their compliance with independence requirements as per their firm's policies and the provisions of the By-Laws of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics.

The AC noted key changes in financial reporting standards relevant to the Group and deliberated on areas requiring improvement to facilitate a smooth audit process.

The AC held two private meetings with the External Auditors on 29 October 2024, and 26 February 2025, without the presence of the Executive Directors or Management, to reinforce the independence of the external audit function.

On 26 February 2025, the AC assessed the suitability and independence of the External Auditors, considering factors such as the firm's experience, resources, independence, audit fees, the Crowe Transparency Report 2024, and the extent of non-audit services rendered. The Board maintains a transparent relationship with the External Auditors.

Based on the assessment, the AC recommended the re-appointment of Crowe as the External Auditors for the year ending 31 December 2025, having been satisfied with their independence and performance during the FY2024.

## AUDIT COMMITTEE REPORT (CONT'D)

### Summary of Activities (cont'd)

#### Internal Audit Function

The AC is responsible for reviewing and monitoring the adequacy and effectiveness of the Group's internal control systems through the internal audit function.

The Company outsourced its Internal Audit functions to Eco Asia Advisory Sdn. Bhd. ("Eco Asia"), an independent professional firm, for FY2024. During the year, Eco Asia conducted three (3) audit assignments comprising six (6) operating cycles per the audit plan. Additionally, Eco Asia performed a limited review of the sustainability statement for inclusion in the Group's Annual Report FY2024. The Internal Auditors reported their findings to the AC on a quarterly basis.

On 27 February 2024, the Internal Audit Plan for the year was presented to the AC for review and approval. The AC approved the plan, which was developed based on Eco Asia's methodology focusing on the Group's core business processes, incorporating feedback from the Committee and advice from the Internal Auditors. The findings of internal audits, including recommendations from the Internal Auditors and Management's responses, are reported directly to the AC. The AC directed Management to rectify and enhance control and workflow procedures based on the Internal Auditors' recommendations when appropriate.

The AC also followed up on updates and corrective actions taken by Management regarding weaknesses reported in prior quarters.

#### Risk Management and Internal Control

On 26 February 2025, the AC reviewed the Statement on Risk Management and Internal Control for inclusion in this Annual Report. The AC believes that the resources allocated in FY2024 were adequate for an effective internal audit function.

#### Others

On 26 February 2025, the AC reviewed and verified the allocation of options pursuant to the Employees' Share Option Scheme ("ESOS") for FY2024 and satisfied that it is in compliance with the criteria set out in the By-Laws and the provision of the Scheme.

The AC reviewed the Conflict of Interest (COI) situation that arose, persist or may arise within the Group. During FY2024, apart from COIs reported due to declaration of familial relationship, the AC was satisfied that no COI situation that arose, persist or may arise including any interest in competing business involving directors, key senior management and legal representative.

This Statement is made in accordance with the resolution of the Board of Directors dated 20 March 2025.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Introduction

The Malaysian Code on Corporate Governance requires the Board of Directors (“Board”) to establish a robust risk management framework and internal control system to safeguard shareholders’ investments and the Group’s assets. According to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of listed issuers must include a statement on the Group’s internal control status in its Annual Report. The Board acknowledges its responsibility for, and the importance of, maintaining a sound system of Risk Management and Internal Controls. Below is the Board’s Statement on Risk Management and Internal Control, which provides an overview of the Group’s Risk Management and Internal Control system.

## Board Responsibility

The Board affirms its overall responsibility for maintaining a sound system of internal controls and risk management for the Group. It recognizes the importance of this system, which encompasses not only financial risks but also operational, compliance, and integrity risks, along with the relevant controls designed to manage these risks systematically and continuously. Given the inherent limitations of any internal control and risk management system, the current framework is designed to manage risks within tolerable and acceptable limits efficiently, rather than completely eliminate the possibility of failing to achieve the Group’s business objectives. While the system provides reasonable assurance against material misstatements, financial losses, defalcations, or fraud, it does not offer absolute assurance. The Audit Committee, Risk Management and Sustainability Committee, and Investment Committee have been entrusted with assisting the Board in fulfilling its fiduciary duties related to the management of principal risks and internal controls.

- **Audit Committee (“AC”)**  
The AC, composed solely of Independent Non-Executive Directors, assists the Board in obtaining assurance regarding the adequacy and effectiveness of the Group’s Risk Management and Internal Control systems. This is achieved through ongoing, independent reviews conducted by the internal audit function.
- **Risk Management and Sustainability Committee (“RMSC”)**  
The RMSC consists of four (4) Independent Non-Executive Directors, the Group Chief Executive Officer, and the Chief Financial Officer. It has been established to oversee risk management and sustainability matters in an integrated manner within the Group. Led by Independent Non-Executive Director Ms. Joyce Wong Ai May who subsequently retired on 2 March 2025 and replaced by Ms. Ng Phaik Lee, the RMSC’s primary responsibilities include assisting the Board in identifying principal risks related to business sustainability strategies and ensuring the implementation of action plans, as well as adherence to appropriate risk mitigation and sustainability efforts within the Group.
- **Investment Committee (“IVC”)**  
The Investment Committee (“IVC”), which is comprised primarily of Independent Non-Executive Directors, is entrusted with the authority to review, deliberate, and approve the acquisition or disposal of investments or assets for the Group.

This statement does not cover associate companies over which the Group does not have direct control. However, the Board has appointed representatives to the boards of these associate companies to oversee their operations and to provide updates on key matters and significant information to the Board.

## KEY COMPONENTS OF INTERNAL CONTROL PROCESSES

### Risk Management Framework

The Board has implemented a risk management framework and an ongoing process to assess various types of risks that may impact the profitable operation of the Group’s business. These risks include strategic, operational, financial, and project risks. The Group’s risk management objectives are outlined as follows:

- (a) to assess the principal risks faced by the Group in its business operations and implement appropriate internal control systems to mitigate these risks;
- (b) to review the adequacy and integrity of internal controls in compliance with guidelines, laws, and regulations, and to adapt to changes in the business environment as needed;
- (c) to evaluate business decisions against the philosophy that business risks are necessary if the associated rewards are expected to enhance shareholder value;
- (d) to ensure that risks with significant potential impact on the Group are identified and addressed promptly; and
- (e) to provide assurance regarding the Group’s compliance with regulatory requirements and the effectiveness of its policies and procedures.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### KEY COMPONENTS OF INTERNAL CONTROL PROCESSES (CONT'D)

#### Risk Management Framework (cont'd)

As part of the Group's Risk Management Framework, the Risk Management and Sustainability Working Group ("RMSWG") and the RMSC have been established. The RMSWG is responsible for conducting periodic reviews, assessments, and updates of the Risk Register during its quarterly meetings. The Group continues to enhance its Enterprise Risk Management ("ERM") system, which is a systematic and ongoing process for identifying, assessing, responding to, and monitoring risks.

The RMSWG is led by the Group CEO, with the CFO serving as Secretary and Department Heads as members. The RMSWG identifies major business and compliance risks within their respective units, ensuring that risk management is integrated into business processes to protect the Group's interests across seventeen (17) risk areas, including Purchasing, Sales and Marketing, Conversion and Production, Management Information Systems, Human Resource Management, Cash Management, Finance and Corporate, Inventory Management, Asset Management, Anti-Corruption and Bribery Management, Logistics, General Safety and Security, Intellectual Property, External Environment, Climate Change Management, Product and Process Development, and Quality Systems.

The risks are identified and assessed using the following methodologies:

- Identification of risks by process owners;
- Assessment of the likelihood and impact of identified risks;
- Evaluation of control strategies related to these risks;
- Formulation of action plans to address control deficiencies; and
- Establishment of Key Risk Indicators to monitor risks.

A formal database of risks and controls resulting from the quarterly risk assessment will be captured in the Risk Register format. Identified risks are assessed and rated as low, moderate, significant, or high, based on the severity of consequences, likelihood of occurrence, and financial impact on the Group's cash flow and profit. The CFO, along with the respective risk profile owners when applicable, will present the Group's Risk Report and provide updates to the RMSC quarterly regarding the status of the Group's ERM process, changes in risk profiles, and the controls currently in place.

#### Board Meetings

The Board meets at least quarterly and follows a formal agenda for discussions. The Executive Chairman leads the presentation of board papers, while the Executive Director, when applicable, provides explanations of pertinent issues. Additionally, the Group CEO or Executive Director updates the Board on key business and operational matters, such as product performance, growth, business plans, corporate affairs, and future prospects. Before making any decisions based on Management's recommendations, the Board engages in thorough deliberation and discussion.

#### Organizational Structure

There is a clearly defined organizational structure with established lines of job responsibilities and delegation of authority. This structure helps ensure effective communication of risk control objectives and establishes authority and accountability in line with Management criteria.

Additionally, committees composed predominantly of non-executive directors such as the AC, Remuneration Committee, Nominating Committee, RMSC, and IVC have defined terms of reference and functions, providing essential support to the Board.

#### Internal Policies and Procedures

Internal policies and procedures have been developed throughout the Group and are updated regularly to reflect changes in systems, the work environment, and guidelines. As a testament to our commitment, the Group's Standard Operating Procedures (SOPs) align with and adhere to the Responsible Business Alliance (RBA) standards, EMS 14001 Environmental Management System, ISO 45001:2018 Occupational Health and Safety Management System, as well as Quality Management System ISO 9001:2015 and IATF 16949:2016 accreditations.

Additionally, documented Limits of Approving Authority are established for key business areas. This framework ensures clear authority and accountability within the organization, facilitating appropriate corporate decision-making at all levels of the hierarchy. The delegation of authority is subject to periodic reviews to ensure its effectiveness and continued alignment with the Group's business objectives and operational needs.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### KEY COMPONENTS OF INTERNAL CONTROL PROCESSES (CONT'D)

#### Performance Management Framework

Management reports are generated regularly to assist the Board and the Group's Management in conducting financial and operational reviews of various business units. These reviews encompass financial and non-financial Key Performance Indicators (KPIs), variances between standard and actual results, and compliance with laws and regulations. KPI meetings, chaired by the Group CEO, include Senior Management, Department Heads, and supporting staff, and are held monthly to assess the performance and risks of different business units. Additionally, an annual "Management Review" meeting provides an overview of key business operations results for the year.

#### Internal Audit

The AC is responsible for reviewing and monitoring the adequacy and effectiveness of the Group's internal control system through the internal audit function. This function helps the AC achieve the following objectives:

- assess and report on the effectiveness of the risk management and internal control systems;
- assess and report on the reliability of systems and reporting information;
- evaluate the operational efficiency of various business units and departments within the Group and identify potential cost-saving opportunities where applicable; and
- review compliance with Group policies, standing instructions, guidelines requested by Management, and relevant laws and regulations.

Since 2018, the Company has outsourced its internal audit functions to Eco Asia Advisory Sdn. Bhd. ("Eco Asia"), an independent professional firm. During the financial year ended 31 December 2024 ("FY2024"), Eco Asia conducted three audit assignments covering six operating cycles within the Group and also performed a limited verification on the Company's Sustainability Statement for the inclusion of this Annual Report, in accordance with their audit plan tabled and approved during the AC Meeting held on 27 February 2024. The Internal Auditors provide their findings and reports to the AC on a quarterly basis. The Internal Audit Review Report for FY2024 prepared by Eco Asia included reviews of the Group's two subsidiaries: Dufu Industries Sdn Bhd ("DISB") and Dufusion Sdn. Bhd. ("Dufusion"), focusing on the following areas:

- Sales and Marketing - Dufusion
- Procurement - Dufusion
- Management Information System - DISB
- General Affairs Management - DISB
- Inventory Management - Dufusion
- Cash Management - Dufusion

The findings of internal audits, including recommendations made by the Internal Auditors and Management's responses, are reported directly to the AC. When appropriate, the AC directs Management to rectify and improve control and workflow procedures based on the Internal Auditors' recommendations.

Additionally, the AC periodically follows up on updates and corrective actions taken by Management regarding previously reported weaknesses.

The total cost incurred for the Internal Audit function in FY2024 was RM98,952.

On 26 February 2025, the Internal Audit Plan for 2025 was presented to the AC for review and approval. The AC evaluated the plan, developed using Eco Asia's methodology, which focuses on the Group's core business processes. The AC approved the plan after incorporating comments from the Committee and advice from the Internal Auditors.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### REVIEW OF THIS STATEMENT

The Internal Auditor has reported to the AC that all internal control weaknesses identified during the FY2024 audit assignments have been, or are being, addressed, and that none of these weaknesses have resulted in any material losses, contingencies, or uncertainties requiring disclosure in the Company's Annual Report.

The Board has received assurance from the Group CEO and the Chief Financial Officer that the Group's Risk Management and Internal Control system is operating adequately and effectively in all material aspects.

In accordance with Paragraph 15.23 of the Bursa Malaysia Securities Berhad Listing Requirements, the External Auditors have reviewed this Statement for inclusion in the 2024 Annual Report. As outlined in their terms of engagement, the limited assurance review was conducted following the Malaysian Approved Standards on Assurance Engagements, ISAE 3000 (Revised), and Audit and Assurance Practice Guide 3, which provides guidance for auditors on engagements to report on the Statement on Risk Management and Internal Control included in the Annual Report.

Based on their review, the External Auditors reported to the Board that nothing came to their attention that would lead them to believe that this Statement, intended for inclusion in the Annual Report, is not prepared in all material respects according to the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is it factually inaccurate.

The Board believes that the Enterprise Risk Management system and internal controls in place for FY2024 and up to the date of this report's approval are sound and sufficient to safeguard shareholders' investments and the interests of customers, regulators, employees, and other stakeholders of the Group.

This Statement is made in accordance with the resolution of the Board of Directors dated 20 March 2025.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. Utilisation Of Proceeds

During the financial year, there were no proceeds raised by the Company from any corporate proposals.

### 2. Audit And Non-Audit Fees

The amount of audit and non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year ended 31 December 2024 ("FY2024") by the Company's Auditors, or a firm or company affiliated to the Auditors' firm are as follows:-

Category	Audit Fees (RM)	Non-Audit Fees* (RM)
Company	135,000	62,500
Subsidiaries	129,000	18,000
<b>Total</b>	<b>264,000</b>	<b>80,500</b>

\* The non-audit services rendered are in connection with income tax compliance and advisory matters, due diligence works rendered on business acquisitions, and other assurance related matters.

### 3. Employees Share Scheme

The shareholders of the Company, by a resolution passed at the extraordinary general meeting held on 12 June 2019, approved the Company's Employees' Share Option Scheme ("ESOS"). The ESOS became effective on 17 June 2019 for a period of 5 years. On 8 May 2024, the Board of Directors approved the extension of the ESOS for a further period of 5 years from 17 June 2024 to 16 June 2029 in accordance with terms of the By-Laws. The features of the ESOS are disclosed in Note 17 to the financial statements.

The share options granted and exercise price since the effective date of the ESOS to each category of employees are as follows:

Grant date	Option 1 1.7.2019	Option 2 6.10.2021	Option 3 1.3.2022	Option 4 19.12.2023	Option 5 6.11.2024
Exercise Price (RM)	1.39	3.78	2.57	1.64	1.55
<u>Number of Options granted by category</u>					
Director	860,000	98,500	170,000	250,000	250,000
CEO	1,075,000	120,000	212,000	250,000	250,000
Senior Management	1,719,000	242,000	292,000	350,000	380,000
Managers	3,593,000	436,000	813,500	1,628,400	1,725,000
Executives	1,785,000	309,000	612,500	1,221,600	1,395,000
<b>Total</b>	<b>9,032,000</b>	<b>1,205,500</b>	<b>2,100,000</b>	<b>3,700,000</b>	<b>4,000,000</b>

The movement in the total number of aggregate options by each category of employees during the financial year are follows:

Category	Balance at 1 January 2024	← Options Granted →			← Options Exercised →			Lapse / Forfeited	Balance at 31 December 2024
		Number	%	Number of employees	Number	%	Number of employees		
Director	518,500	250,000	6.3	1	(250,000)	11.1	1	-	518,500
CEO	416,000	250,000	6.3	1	-	-	-	-	666,000
Senior Management	646,000	380,000	9.5	2	-	-	-	-	1,026,000
Managers	2,778,400	1,725,000	43.1	24	(1,299,400)	57.5	19	(228,000)	2,976,000
Executives	2,175,100	1,395,000	34.8	88	(710,600)	31.4	39	(97,500)	2,762,000
<b>Total</b>	<b>6,534,000</b>	<b>4,000,000</b>	<b>100</b>	<b>116</b>	<b>(2,260,000)</b>	<b>100</b>	<b>59</b>	<b>(325,500)</b>	<b>7,948,500</b>

Under the Company's ESOS, no more than 50% of the total options available under the scheme may be allocated, in aggregate, to Executive Directors and Senior Management. During the year, 22% of the available options were granted, while 35% have been granted to the Executive Directors and Senior Management since the scheme's inception.

### MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Company and its subsidiaries involving the Directors, Chief Executive Officer (who is not a director or major shareholders) and Major Shareholders' interests, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

## STATEMENT ON DIRECTORS' RESPONSIBILITIES

Pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad

The Directors are required to prepare financial statements that give a true and fair view of the state of affairs, including the cash flows and results, of the Group and of the Company as at the end of each financial year.

In preparing these financial statements, the Directors have considered the following:

- That the Group and the Company have used appropriate accounting policies, and these are applied consistently
- That reasonable and prudent judgements and estimates were made
- That the approved accounting standards in Malaysia have been adopted
- That the financial statements have been prepared on a going concern basis

The Directors are responsible for ensuring that the Company and subsidiaries maintain proper accounting records which disclose with reasonable accuracy the financial positions of the Group and of the Company, and which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors have general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

This statement is made in accordance with the resolution of the Board of Directors dated 20 March 2025.

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## DIRECTORS' REPORT

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

### Principal activities

The principal activity of the Company is that of investment holding. The principal activities and other details of the subsidiaries are disclosed in Note 6 to the financial statements.

### Results

	Group RM	Company RM
Profit/(Loss) for the financial year attributable to:		
- Owners of the Company	22,565,116	44,126,400
- Non-controlling interests	(19,235)	0
	<u>22,545,881</u>	<u>44,126,400</u>

### Dividends

During the financial year, the Company paid the following dividends:

	RM
Final single tier dividend of 2.00 sen per share in respect of the financial year ended 31 December 2023	10,623,225
Interim single tier dividend of 1.50 sen per share in respect of the financial year ended 31 December 2024	7,978,294
	<u>18,601,519</u>

A final single tier dividend of 2.00 sen per share in respect of the financial year ended 31 December 2024 will be proposed for shareholders' approval at the forthcoming annual general meeting.

### Reserves and provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

### Issue of shares or debentures

During the financial year, the Company issued 2,260,000 new ordinary shares pursuant to its Employees' Share Option Scheme ("ESOS") as follows:

Number of shares	Exercise price RM	Cash consideration RM
16,000	0.695	11,120
2,244,000	1.640	3,680,160
<u>2,260,000</u>		<u>3,691,280</u>

The Company did not issue any debentures during the financial year.

## DIRECTORS' REPORT (CONT'D)

### Share options

The shareholders of the Company, by a resolution passed at the Extraordinary General Meeting held on 12 June 2019, approved the ESOS of the Company. The ESOS became effective on 17 June 2019. On 8 May 2024, the Board of Directors approved the extension of the ESOS for a further period of 5 years from 17 June 2024 to 16 June 2029 in accordance with terms of the By-Laws.

The principal features of the ESOS are disclosed in Note 17 to the financial statements.

The movements in the number of options during the financial year are as follows:

Grant date	Exercise price		Number of options over ordinary shares			
	RM	Balance at 1.1.2024	Granted	Exercised	Forfeited	Balance at 31.12.2024
1 July 2019	0.695	149,000	0	(16,000)	0	133,000
6 October 2021	3.780	927,000	0	0	(59,500)	867,500
1 March 2022	2.570	1,758,000	0	0	(138,000)	1,620,000
19 December 2023	1.640	3,700,000	0	(2,244,000)	(128,000)	1,328,000
6 November 2024	1.550	0	4,000,000	0	0	4,000,000
		6,534,000	4,000,000	(2,260,000)	(325,500)	7,948,500

### Bad and doubtful debts

Before the financial statements 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 provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent.

### Current assets

Before the financial statements 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 the value of current assets as shown in the accounting records have been written down to an amount which the current assets 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 current assets in the financial statements misleading.

### Valuation methods

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

### Contingent and other liabilities

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

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



## DIRECTORS' REPORT (CONT'D)

### Contingent and other liabilities (cont'd)

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or the Company to meet their obligations 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 which would render any amount stated in the financial statements misleading.

### Items of an unusual nature

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

### Directors

The directors in office since the beginning of the financial year are:

#### Directors of the Company

Dato' Lee, Hui-Ta also known as Li Hui Ta	
Wu, Mao-Yuan	
Yin, Chih-Chu also known as Laurence Yin	
Lee Yoke Khay	(demised on 22.4.2024)
Sung, Cheng-Hsi	(retired on 8.10.2024)
Joyce Wong Ai May	(retired on 2.3.2025)
Tsai, Kun-Chang	(appointed on 8.10.2024)
Ng Phaik Lee	(appointed on 8.10.2024)
Khaw Mui Suan	(appointed on 17.2.2025)

#### Directors of subsidiaries (other than directors of the Company)

Wong Ser Yian  
 Teoh Chiew Hong  
 David Khoo Chong Beng  
 Wu, Kung also known as Chris Wu\*  
 Nah Ren Howe\*

\* *Being director of new subsidiary acquired on 1 October 2024*

## DIRECTORS' REPORT (CONT'D)

### Directors' interests

According to the register of directors' shareholdings, the interests in shares in the Company of the directors in office at the end of the financial year are as follows:

Name of director	Balance at 1.1.2024/*	Number of ordinary shares		Balance at 31.12.2024	Deemed interest	
		Direct interest			Balance at 1.1.2024	Balance at 31.12.2024
		Allotted	(Sold)			
Dato' Lee, Hui-Ta also known as Li Hui Ta	49,635,698	0	0	49,635,698	56,410,000 <sup>(a)</sup>	56,410,000 <sup>(a)</sup>
Wu, Mao-Yuan	14,519,000	250,000	0	14,769,000	0	0
Tsai, Kun-Chang	45,000	0	(10,000)	35,000	0	0

\* date of appointment

Name of Director	Number of options over ordinary shares			Balance at 31.12.2024
	Balance at 1.1.2024	Granted	Exercised	
Wu, Mao-Yuan	518,500	250,000	(250,000)	518,500

<sup>(a)</sup> Deemed interest by virtue of shares held by a company in which the director has interest

By virtue of his interests in shares in the Company, Dato' Lee, Hui-Ta also known as Li Hui Ta is deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

### Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than the directors' remuneration [as disclosed in Note 20 to the financial statements] and certain related corporation) 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.

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

### Indemnity and insurance for directors and officers

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Group and the Company were RM10,000,000 and RM21,000 respectively.

### Auditors

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 22 to the financial statements. There was no indemnity given to or liability insurance effected for the auditors during the financial year.

**Signed in accordance with a resolution of the directors dated 20 March 2025**

**Dato' Lee, Hui-Ta also known as Li Hui Ta**

**Wu, Mao-Yuan**

## STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 126 to 173 give a true and fair view of the financial position of the Group and the Company as at 31 December 2024 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

**Signed in accordance with a resolution of the directors dated 20 March 2025**

**Dato' Lee, Hui-Ta also known as Li Hui Ta**

**Wu, Mao-Yuan**

## STATUTORY DECLARATION

I, David Khoo Chong Beng (MIA membership no.: 20159), being the officer primarily responsible for the financial management of Dufu Technology Corp. Berhad, do solemnly and sincerely declare that the financial statements set out on pages 126 to 173 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed David Khoo Chong Beng at George Town in the State of Penang on this 20 March 2025

**David Khoo Chong Beng**  
Chief Financial Officer

Before me

**Shamini A/P M Shanmugam**  
**No. P157**  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

To The Members Of Dufu Technology Corp. Berhad

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Dufu Technology Corp. Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 126 to 173.

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

### Basis for opinion

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

### Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p><u>Valuation of inventories (Refer to Notes 3 and 10 to the financial statements)</u></p> <p>The Group carries significant inventories. The assessment of inventory write-downs due to excess quantities, obsolescence and decline in net realisable value below cost involves judgements and estimation uncertainty in forming expectations about future sales and demands.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of:               <ul style="list-style-type: none"> <li>• the Group's inventory management process;</li> <li>• how the Group identifies and assesses inventory write-downs; and</li> <li>• how the Group makes the accounting estimates for inventory write-downs.</li> </ul> </li> <li>• Reviewing the ageing analysis of inventories and testing the reliability thereof.</li> <li>• Examining the perpetual records for inventory movements and to identify slow moving aged items.</li> <li>• Making inquiries of management regarding the action plans to clear slow moving aged and obsolete inventories.</li> <li>• Reviewing the net realisable value of major inventories.</li> <li>• Evaluating the reasonableness and adequacy of the allowance for inventories recognised for identified exposures.</li> </ul>

## INDEPENDENT AUDITORS' REPORT (CONT'D)

To The Members Of Dufu Technology Corp. Berhad

### Key audit matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
<p><u>Impairment of receivables (Refer to Notes 3 and 11 to the financial statements)</u></p> <p>The Group carries significant receivables and is subject to major credit risk exposure. The Group recognises loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of: <ul style="list-style-type: none"> <li>• the Group's control over the receivable collection process;</li> <li>• how the Group identifies and assesses the impairment of receivables; and</li> <li>• how the Group makes the accounting estimates for impairment.</li> </ul> </li> <li>• Reviewing the ageing analysis and past due status of receivables and testing the reliability thereof.</li> <li>• Reviewing the subsequent cash collections for major receivables and overdue amounts.</li> <li>• Making inquiries of management regarding the action plans to recover overdue amounts.</li> <li>• Comparing and challenging management's view on the recoverability of overdue amounts to historical patterns of collections.</li> <li>• Reviewing the computation of historical observed default rates and adjustment for forward-looking estimates used to develop the provision matrix.</li> <li>• Evaluating the reasonableness and adequacy of the resulting loss allowance recognised.</li> </ul>

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

### Information other than the financial statements and auditors' report thereon

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

Our opinion on the financial statements of the Group and the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the financial statements

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

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

## INDEPENDENT AUDITORS' REPORT (CONT'D)

To The Members Of Dufu Technology Corp. Berhad

### *Auditors' responsibilities for the audit of the financial statements*

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

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

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

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

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

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



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## **INDEPENDENT AUDITORS' REPORT (CONT'D)**

To The Members Of Dufu Technology Corp. Berhad

### **Report on other legal and regulatory requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

### **Other matters**

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

#### **Crowe Malaysia PLT**

201906000005 (LLP0018817-LCA) & AF 1018

Chartered Accountants

Date: 20 March 2025

Penang

#### **Eddy Chan Wai Hun**

02182/10/2025 J

Chartered Accountant

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 December 2024

	Note	2024 RM	2023 RM
<b>Non-current assets</b>			
Property, plant and equipment	4	163,742,258	129,055,413
Right-of-use assets	5	17,245,797	19,045,504
Goodwill		159,018	0
Investment in associate	7	8,530,421	8,568,255
Investments in club memberships	8	42,001	42,001
Deferred tax assets	9	840,812	764,490
		<u>190,560,307</u>	<u>157,475,663</u>
<b>Current assets</b>			
Inventories	10	70,900,864	68,430,496
Receivables	11	80,167,604	79,514,418
Prepayments		2,218,888	7,422,524
Current tax assets		1,855,841	1,330,303
Cash and cash equivalents	12	101,594,786	103,201,116
		<u>256,737,983</u>	<u>259,898,857</u>
<b>Current liabilities</b>			
Payables	13	34,785,714	25,748,875
Loans and borrowings	14	17,131,669	5,040,426
Lease liabilities	15	78,603	132,282
Contract liabilities	16	695,720	1,044,682
Current tax liabilities		0	358,931
		<u>52,691,706</u>	<u>32,325,196</u>
<b>Net current assets</b>		204,046,277	227,573,661
<b>Non-current liabilities</b>			
Loans and borrowings	14	46,676,358	42,010,300
Lease liabilities	15	74,518	159,129
Deferred tax liabilities	9	3,280,147	2,456,158
		<u>50,031,023</u>	<u>44,625,587</u>
<b>Net assets</b>		<u>344,575,561</u>	<u>340,423,737</u>
<b>Equity</b>			
Share capital	17	111,434,358	107,012,648
Treasury shares	17	(3,452,490)	(3,452,490)
Currency translation reserve		5,538,674	10,668,378
Share option reserve		3,768,968	3,934,041
Statutory reserve		5,993,838	5,993,838
Reverse acquisition reserve		(24,110,002)	(24,110,002)
Retained profits		244,574,231	240,377,324
<b>Equity attributable to owners of the Company</b>		<u>343,747,577</u>	<u>340,423,737</u>
Non-controlling interests	18	827,984	0
<b>Total equity</b>		<u>344,575,561</u>	<u>340,423,737</u>

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2024

	Note	2024 RM	2023 RM
Revenue	19	259,598,504	227,811,409
Other income		10,457,532	12,033,863
Amortisation and depreciation		(12,116,942)	(10,881,998)
Changes in inventories of work-in-progress and finished goods		(3,089,522)	(11,333,895)
Purchase of work-in-progress and finished goods		(2,807,375)	(3,856,041)
Raw materials consumed		(56,508,448)	(48,095,435)
Employee benefits expense	20	(75,232,637)	(60,222,942)
Finance costs		(2,052,498)	(255,305)
Impairment losses on financial assets	21	0	(120,000)
Other expenses		(88,686,853)	(71,201,940)
Share of associate's profit/(loss)		71,668	(323,872)
Profit before tax	22	29,633,429	33,553,844
Tax expense	23	(7,087,548)	(9,205,517)
Profit for the financial year		<u>22,545,881</u>	<u>24,348,327</u>
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
- Currency translation differences for foreign operations		(5,129,704)	3,134,181
Other comprehensive income for the financial year		<u>(5,129,704)</u>	<u>3,134,181</u>
Comprehensive income for the financial year		<u>17,416,177</u>	<u>27,482,508</u>

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)**

For The Financial Year Ended 31 December 2024

	Note	2024 RM	2023 RM
Profit/(loss) for the financial year attributable to:			
- Owners of the Company		22,565,116	24,348,327
- Non-controlling interests	18	<u>(19,235)</u>	<u>0</u>
		<u>22,545,881</u>	<u>24,348,327</u>
Comprehensive income for the financial year attributable to:			
- Owners of the Company		17,435,412	27,482,508
- Non-controlling interests		<u>(19,235)</u>	<u>0</u>
		<u>17,416,177</u>	<u>27,482,508</u>
Earnings per share:			
	24		
- Basic (sen)		<u>4.24</u>	<u>4.59</u>
- Diluted (sen)		<u>4.24</u>	<u>4.59</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2024

	Non-distributable					Distributable			Total equity RM	
	Share capital RM	Treasury shares RM	Currency translation reserve RM	Share option reserve RM	Statutory reserve* RM	Reverse acquisition reserve RM	Retained profits RM	Equity attributable to owners of the Company RM		
Balance at 1 January 2023	106,670,953	(3,452,490)	7,534,197	3,494,601	5,993,838	(24,110,002)	244,566,241	340,697,338	0	340,697,338
Share-based payments	0	0	0	1,193,990	0	0	0	1,193,990	0	1,193,990
Issue of shares pursuant to Employees' Share Option Scheme	341,695	0	0	(123,465)	0	0	0	218,230	0	218,230
Transfer of share option reserve	0	0	0	(631,085)	0	0	631,085	0	0	0
Dividends (Note 25)	0	0	0	0	0	0	(29,168,329)	(29,168,329)	0	(29,168,329)
Total transactions with owners	341,695	0	0	439,440	0	0	(28,537,244)	(27,756,109)	0	(27,756,109)
Profit for the financial year	0	0	0	0	0	0	24,348,327	24,348,327	0	24,348,327
Currency translation differences for foreign operations (representing other comprehensive income for the financial year)	0	0	3,134,181	0	0	0	0	3,134,181	0	3,134,181
Comprehensive income for the financial year	0	0	3,134,181	0	0	0	24,348,327	27,482,508	0	27,482,508
Balance at 31 December 2023	107,012,648	(3,452,490)	10,668,378	3,934,041	5,993,838	(24,110,002)	240,377,324	340,423,737	0	340,423,737

\* This represents the cumulative amount transferred from the retained profits of a subsidiary under the statutory requirements of the People's Republic of China.

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

For The Financial Year Ended 31 December 2024

	Non-distributable					Distributable			Equity attributable to owners of the Company RM	Non-controlling interests RM	Total equity RM
	Share capital RM	Treasury shares RM	Currency translation reserve RM	Share option reserve RM	Statutory reserve* RM	Reverse acquisition reserve RM	Retained profits RM	Equity attributable to owners of the Company RM			
Balance at 1 January 2024	107,012,648	(3,452,490)	10,668,378	3,934,041	5,993,838	(24,110,002)	240,377,324	340,423,737	0	340,423,737	
Share-based payments	0	0	0	798,667	0	0	0	798,667	0	798,667	
Issue of shares pursuant to Employees' Share Option Scheme	4,421,710	0	0	(730,430)	0	0	0	3,691,280	0	3,691,280	
Transfer of share option reserve	0	0	0	(233,310)	0	0	233,310	0	0	0	
Dividends (Note 25)	0	0	0	0	0	0	(18,601,519)	(18,601,519)	0	(18,601,519)	
Total transactions with owners	4,421,710	0	0	(165,073)	0	0	(18,368,209)	(14,111,572)	0	(14,111,572)	
Acquisition of subsidiary	0	0	0	0	0	0	0	0	847,219	847,219	
Profit/(loss) for the financial year	0	0	0	0	0	0	22,565,116	22,565,116	(19,235)	22,545,881	
Currency translation differences for foreign operations (representing other comprehensive income for the financial year)	0	0	(5,129,704)	0	0	0	0	(5,129,704)	0	(5,129,704)	
Comprehensive income for the financial year	0	0	(5,129,704)	0	0	0	22,565,116	17,435,412	(19,235)	17,416,177	
Balance at 31 December 2024	111,434,358	(3,452,490)	5,538,674	3,768,968	5,993,838	(24,110,002)	244,574,231	343,747,577	827,984	344,575,561	

\* This represents the cumulative amount transferred from the retained profits of a subsidiary under the statutory requirements of the People's Republic of China.

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



## CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 December 2024

	Note	2024 RM	2023 RM
<b>Cash flows from operating activities</b>			
Profit before tax		29,633,429	33,553,844
Adjustments for:			
Amortisation and depreciation		12,116,942	10,881,998
Fair value gains on financial instruments		(172,993)	(71,395)
Gain on disposal of property, plant and equipment		(11,203)	(105,661)
Impairment losses on financial assets		0	120,000
Interest expense		2,052,498	255,305
Interest income		(2,061,921)	(2,117,288)
Inventories written down		1,022,364	894,049
Property, plant and equipment written off		10,025	2,272
Reversal of inventories written down		(354,983)	(2,589,612)
Share of associate's (profit)/loss		(71,668)	323,872
Share-based payments		798,667	1,193,990
Unrealised (gain)/loss on foreign exchange		(2,644,096)	1,509,755
Operating profit before working capital changes		40,317,061	43,851,129
Changes in:			
Inventories		(3,064,918)	28,442,194
Receivables		2,108,136	(21,999,418)
Prepayments		1,410,522	5,192,910
Payables		8,676,286	6,455,619
Contract liabilities		(348,962)	(745,035)
Cash generated from operations		49,098,125	61,197,399
Interest and fund distributions received		2,234,914	2,188,683
Tax paid		(7,258,444)	(12,966,932)
Tax refunded		0	495,057
Net cash from operating activities		44,074,595	50,914,207
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(46,165,937)	(17,749,205)
Acquisition of subsidiary, net of cash acquired	6	571,279	0
Dividend received from associate		0	233,444
Proceeds from disposal of property, plant and equipment		23,033	105,768
Net cash used in investing activities		(45,571,625)	(17,409,993)

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

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)**

For The Financial Year Ended 31 December 2024

	Note	2024 RM	2023 RM
<b>Cash flows from financing activities</b>			
Change in bank balance pledged as security		0	158,500
Dividends paid		(18,601,519)	(29,168,329)
Drawdown of term loans	26	27,956,214	0
Interest paid		(2,052,498)	(255,305)
Issue of shares		3,691,280	218,230
Net increase/(decrease) in short-term loans and borrowings	26	5,000,000	(7,938,000)
Payment of lease liabilities	26	(132,845)	(392,386)
Repayment of term loans	26	(13,977,028)	(2,327,914)
Net cash from/(used in) financing activities		1,883,604	(39,705,204)
Currency translation differences		(1,992,904)	1,655,259
Net decrease in cash and cash equivalents		(1,606,330)	(4,545,731)
Cash and cash equivalents brought forward		103,201,116	107,746,847
Cash and cash equivalents carried forward	12	<u>101,594,786</u>	<u>103,201,116</u>

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

# STATEMENT OF FINANCIAL POSITION

As At 31 December 2024

	Note	2024 RM	2023 RM
<b>Non-current assets</b>			
Investments in subsidiaries	6	186,987,482	156,188,815
Investment in associate	7	7,593,330	7,593,330
		<u>194,580,812</u>	<u>163,782,145</u>
<b>Current assets</b>			
Current tax assets		43,509	31,266
Cash and cash equivalents	12	3,933,600	4,672,947
		<u>3,977,109</u>	<u>4,704,213</u>
<b>Current liabilities</b>			
Payables	13	227,235	170,500
		<u>227,235</u>	<u>170,500</u>
<b>Net current assets</b>		3,749,874	4,533,713
<b>Net assets</b>		<u>198,330,686</u>	<u>168,315,858</u>
<b>Equity</b>			
Share capital	17	111,434,358	107,012,648
Treasury shares	17	(3,452,490)	(3,452,490)
Share option reserve		3,768,968	3,934,041
Retained profits		86,579,850	60,821,659
<b>Total equity</b>		<u>198,330,686</u>	<u>168,315,858</u>

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

## STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2024

	Note	2024 RM	2023 RM
Revenue	19	45,000,000	41,759,382
Other income		209,601	86,553
Employee benefits expense	20	(307,986)	(316,000)
Other expenses		(774,450)	(633,094)
Profit before tax	22	44,127,165	40,896,841
Tax expense	23	(765)	(31,406)
Profit for the financial year		44,126,400	40,865,435
Other comprehensive income for the financial year		0	0
Comprehensive income for the financial year		44,126,400	40,865,435

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

## STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2024

	Share capital RM	Treasury shares RM	Non-distributable Share option reserve RM	Distributable Retained profits RM	Total equity RM
Balance at 1 January 2023	106,670,953	(3,452,490)	3,494,601	48,493,468	155,206,532
Share-based payments	0	0	1,193,990	0	1,193,990
Issue of shares pursuant to Employees' Share Option Scheme	341,695	0	(123,465)	0	218,230
Transfer of share option reserve	0	0	(631,085)	631,085	0
Dividends (Note 25)	0	0	0	(29,168,329)	(29,168,329)
Total transactions with owners	341,695	0	439,440	(28,537,244)	(27,756,109)
Profit (representing comprehensive income) for the financial year	0	0	0	40,865,435	40,865,435
Balance at 31 December 2023	107,012,648	(3,452,490)	3,934,041	60,821,659	168,315,858
Share-based payments	0	0	798,667	0	798,667
Issue of shares pursuant to Employees' Share Option Scheme	4,421,710	0	(730,430)	0	3,691,280
Transfer of share option reserve	0	0	(233,310)	233,310	0
Dividends (Note 25)	0	0	0	(18,601,519)	(18,601,519)
Total transactions with owners	4,421,710	0	(165,073)	(18,368,209)	(14,111,572)
Profit (representing comprehensive income) for the financial year	0	0	0	44,126,400	44,126,400
Balance at 31 December 2024	<u>111,434,358</u>	<u>(3,452,490)</u>	<u>3,768,968</u>	<u>86,579,850</u>	<u>198,330,686</u>

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

## STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 December 2024

	Note	2024 RM	2023 RM
<b>Cash flows from operating activities</b>			
Profit before tax		44,127,165	40,896,841
Adjustments for:			
Dividend income		(45,000,000)	(41,759,382)
Fair value gains on financial instruments		(172,993)	(71,395)
Interest income		(36,403)	(13,217)
Operating loss before working capital changes		(1,082,231)	(947,153)
Change in payables		56,735	(205,730)
Cash absorbed by operations		(1,025,496)	(1,152,883)
Interest and fund distributions received		209,396	84,612
Tax paid		(13,008)	(3,994)
Tax refunded		0	57,875
Net cash used in operating activities		(829,108)	(1,014,390)
<b>Cash flows from investing activities</b>			
Dividends received		45,000,000	41,733,444
Subscription for shares in subsidiary		(30,000,000)	(10,000,000)
Net cash from investing activities		15,000,000	31,733,444
<b>Cash flows from financing activities</b>			
Dividends paid		(18,601,519)	(29,168,329)
Issue of shares		3,691,280	218,230
Net cash used in financing activities		(14,910,239)	(28,950,099)
Net (decrease)/increase in cash and cash equivalents		(739,347)	1,768,955
Cash and cash equivalents brought forward		4,672,947	2,903,992
Cash and cash equivalents carried forward	12	3,933,600	4,672,947



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

## 1. General information

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

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 6.

The registered office of the Company is located at 57-G, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Bayan Lepas, Penang, Malaysia and its principal place of business is located at 19, Hilir Sungai Keluang 2, Taman Perindustrian Bayan Lepas, Fasa IV, 11900 Bayan Lepas, Penang, Malaysia.

The consolidated financial statements set out on pages 126 to 132 together with the notes thereto cover the Company and its subsidiaries ("Group") and the Group's interest in an associate. The separate financial statements of the Company set out on pages 133 to 136 together with the notes thereto cover the Company solely.

The presentation currency of the financial statements is Ringgit Malaysia ("RM").

The financial statements were authorised for issue in accordance with a resolution of the directors dated 20 March 2025.

## 2. Material accounting policy information

### 2.1 Basis of preparation of financial statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the material accounting policy information, and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following MFRSs became effective for the financial year under review:

MFRS	Effective for annual periods beginning on or after
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024

The initial application of the above MFRSs did not have any significant impacts on the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 2. Material accounting policy information (cont'd)

#### 2.1 Basis of preparation of financial statements (cont'd)

The Group and the Company have not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:

MFRS (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026

Except for the adoption of MFRS 18, management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements.

#### MFRS 18 *Presentation and Disclosure in Financial Statements*

MFRS 18, which will replace MFRS 101 *Presentation of Financial Statements* upon its adoption, aims to provide better information about entities' financial performance and enhance financial reporting quality. The key changes introduced by MFRS 18 are:

- classification of income and expenses into five categories (i.e. operating, investing, financing, income taxes and discontinued operations);
- presentation of two defined subtotals (i.e. operating profit or loss and profit or loss before financing and income taxes) in the statement of profit or loss;
- disclosures about management-defined performance measures; and
- new principles for aggregation and disaggregation of information.

The Group and the Company will initially apply the new requirements of MFRS 18 in the financial year ending 31 December 2027.

#### 2.2 Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. If the assets acquired are not a business, the transaction or other event is accounted for as an asset acquisition.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 2. Material accounting policy information (cont'd)

#### 2.2 Business combinations (cont'd)

Business combinations are accounted for using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:

- (a) the aggregate of:
  - (i) the acquisition-date fair value of the consideration transferred;
  - (ii) the amount of any non-controlling interests; and
  - (iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.
  
- (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.9. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

#### 2.3 Basis of consolidation

A subsidiary is an entity that is controlled by another entity. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 2. Material accounting policy information (cont'd)

#### 2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.9.

Capital work-in-progress is not depreciated. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:

Buildings	5% - 6.67%
Plant and machinery	10%
Furniture, fixtures and office equipment	8% - 33%
Renovation and electrical installation	10% - 33%
Motor vehicles	10% - 25%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

#### 2.5 Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

##### Lessor accounting

When the Group acts as a lessor, it classifies each lease as either an operating lease or a finance lease. A finance lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, whereas an operating lease does not.

Lease payments from operating leases are recognised as income on a straight-line basis over the lease term. The Group has not entered into any finance lease.

##### Lessee accounting

###### Initial recognition and measurement

When the Group acts as a lessee, it recognises a right-of-use asset (representing its right to use the underlying leased asset) and a lease liability (representing its obligation to make lease payments) at the commencement date. The Group has elected not to apply such recognition principle to short-term leases (which have a lease term of 12 months or less) and leases of low-value assets. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term.

A right-of-use asset is initially recognised at cost, which comprises the initial amount of lease liability, any lease payments made at or before the commencement date (less any lease incentives), any initial direct costs and any estimated dismantling, removing and restoring costs.

A lease liability is initially recognised at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The unpaid lease payments included in the measurement of lease liability comprise fixed payments (less any lease incentives), variable lease payments linked to an index or a rate, expected amounts payable under residual value guarantees, the exercise price of a purchase option reasonably certain to be exercised and the penalties of a termination option reasonably certain to be exercised.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 2. Material accounting policy information (cont'd)

#### 2.5 Leases (cont'd)

##### Lessee accounting (cont'd)

###### Subsequent measurement

A right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of lease liability. The impairment policy is disclosed in Note 2.9.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that a purchase option will be exercised, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the end of its useful life. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of its useful life or the end of the lease term.

A lease liability is subsequently measured at amortised cost, and remeasured to reflect any reassessment (arising from changes to the lease payments) or lease modifications.

#### 2.6 Investments in subsidiaries

As required by the Companies Act 2016, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.9.

#### 2.7 Investment in associate

An associate is an entity over which an investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

In the consolidated financial statements, investment in associate is accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of the investee's net assets. After application of the equity method, the investment is assessed for any objective evidence of impairment. If any such evidence exists, the carrying amount of the investment is tested for impairment in accordance with Note 2.9.

In the separate financial statements of the Company, investment in associate is stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.9.

#### 2.8 Investments in club memberships

Investments in club memberships are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.9.

Investments in club memberships with limited membership terms are amortised over the membership terms.

#### 2.9 Impairment of non-financial assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than deferred tax assets and inventories, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss. An impairment loss on goodwill is not reversed.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 2. Material accounting policy information (cont'd)

#### 2.10 Inventories

Inventories of materials and goods are valued at the lower of cost (determined principally on the first-in, first-out basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

#### 2.11 Contract assets and contract liabilities

A contract is presented in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for goods or services transferred to a customer when that right is conditioned on something other than the passage of time. The asset is subject to impairment assessment on the same basis as trade receivables as disclosed in Note 2.12. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

#### 2.12 Financial assets

Financial assets of the Group and the Company consist of receivables and cash and cash equivalents.

##### Initial recognition and measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. Trade receivables that do not contain a significant financing component are initially recognised at their transaction price (as defined in Note 2.17). Other financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

##### Subsequent measurement

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss in accordance with their classification on the basis of both the business model within which they are held and their contractual cash flow characteristics.

##### (i) Amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All receivables, cash and bank balances and term deposits are classified under this category. Any gain or loss is recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

##### (ii) Fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if it is held within a business model whose objective is to both collect contractual cash flows and sell financial assets and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group and the Company do not have any financial assets classified under this category.

##### (iii) Fair value through profit or loss

A financial asset is measured at fair value through profit or loss if it does not meet the criteria to be measured at amortised cost or fair value through other comprehensive income. All short-term funds are classified under this category. Any gain or loss is recognised in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 2. Material accounting policy information (cont'd)

#### 2.12 Financial assets (cont'd)

##### Impairment

At each reporting date, the Group and the Company recognise a loss allowance for expected credit losses on a financial asset measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. Any adjustment to the loss allowance is recognised in profit or loss as an impairment gain or loss.

Irrespective of whether there is any significant increase in credit risk since initial recognition, the loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9 Financial Instruments. Such lifetime expected credit losses are calculated using a provision matrix based on historical credit loss experience and adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

The expected credit losses for a credit-impaired financial asset are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The gross carrying amount of a credit-impaired financial asset is directly written off when there is no reasonable expectation of recovery.

##### Derecognition

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or all the risks and rewards of ownership are substantially transferred. A direct write-off of gross carrying amount when there is no reasonable expectation of recovering a financial asset constitutes a derecognition event.

#### 2.13 Financial liabilities

Financial liabilities of the Group and the Company consist of payables, loans and borrowings and financial guarantee contracts.

##### Initial recognition and measurement

A financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs.

##### Subsequent measurement

All payables and loans and borrowings are subsequently measured at amortised cost. Any gain or loss is recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance and the amount initially recognised less any cumulative income recognised.

##### Derecognition

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 2. Material accounting policy information (cont'd)

#### 2.14 Foreign currency transactions and translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date, whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

In translating the financial position and results of a foreign operation whose functional currency is not the presentation currency, i.e. Ringgit Malaysia, assets and liabilities are translated into the presentation currency using the closing rate, whereas income and expenses are translated using the exchange rates at transaction dates. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity as currency translation reserve until the foreign operation is disposed of, at which time the cumulative exchange differences previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Any goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation to be expressed in its functional currency and translated into the presentation currency using the closing rate.

#### 2.15 Share capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Own shares purchased are held as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016. The total amount of consideration paid, including directly attributable costs, is recognised directly in equity. When treasury shares are distributed as share dividends or cancelled, the cost of the shares distributed or cancelled is applied in the reduction of distributable reserves. When treasury shares are resold in the open market, any excess of sale consideration over the cost of the shares resold is adjusted to share capital, whereas any deficit is applied in the reduction of distributable reserves.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability, whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

#### 2.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The valuation techniques used include the following or a combination thereof:

- (i) Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.
- (ii) Cost approach - which reflects the amount that would be required currently to replace the service capacity of an asset.
- (iii) Income approach - which converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 2. Material accounting policy information (cont'd)

#### 2.16 Fair value measurement (cont'd)

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3 - unobservable inputs for the asset or liability.

Any transfers between the levels of fair value hierarchy are deemed to have occurred at the end of the reporting period.

#### Financial assets and financial liabilities

The carrying amounts of receivables, cash and bank balances, term deposits, payables and loans and borrowings which are short-term in nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2).

The fair values of short-term funds are directly measured using their unadjusted market values quoted by financial institutions (i.e. Level 1).

#### 2.17 Revenue from contracts with customers

The Group recognises revenue (by applying the following steps) to depict the transfer of promised goods or services to customers at the transaction price.

- (i) Step 1: Identify contract - A contract is an agreement between two or more parties that creates enforceable rights and obligations.
- (ii) Step 2: Identify performance obligations - Each promise to transfer distinct goods or services is identified as a performance obligation and accounted for separately.
- (iii) Step 3: Determine transaction price - The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. It is adjusted for the effects of variable consideration (e.g. discounts, rebates, incentives or penalties), significant financing component, non-cash consideration and consideration payable to customer.
- (iv) Step 4: Allocate transaction price to performance obligations - The transaction price is allocated to each performance obligation on the basis of the relative (estimated) stand-alone selling prices of each distinct good or service promised in the contract.
- (v) Step 5: Recognise revenue - Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). Revenue is recognised either over time or at a point in time depending on the timing of transfer of control.

The Group determines that the transfer of control of promised goods generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of goods is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 2. Material accounting policy information (cont'd)

#### 2.18 Other income

Dividend income is recognised in profit or loss only when the entity's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

Interest income for financial assets measured at amortised cost is recognised in profit or loss using the effective interest method. Interest or fund distribution income for financial assets measured at fair value through profit or loss is included in their net fair value gains or losses.

Operating lease income is recognised in profit or loss on a straight-line basis over the lease term.

#### 2.19 Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to the grants and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to assets are presented in the statement of financial position as deferred income which is amortised on a straight-line basis over the estimated useful lives of the assets. Grants related to income are presented under "other income" in the statement of comprehensive income.

#### 2.20 Employee benefits

##### Short-term employee benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

##### Defined contribution plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). The Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Contributions to defined contribution plans are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

##### Share-based payments

The Employees' Share Option Scheme ("ESOS") of the Company grants the Group's eligible employees options to subscribe for shares in the Company at pre-determined subscription prices. These equity compensation benefits are treated as equity-settled share-based payment transactions and recognised in profit or loss with a corresponding increase in equity over the vesting period as share option reserve. The total amount to be recognised is determined by reference to the fair value of the share options at grant date and the estimated number of share options expected to vest on vesting date.

#### 2.21 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 2. Material accounting policy information (cont'd)

#### 2.22 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting nor taxable results and does not give rise to equal taxable and deductible temporary differences.

A deferred tax liability is recognised for all taxable temporary differences, whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### 2.23 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits that are withdrawable on demand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

### 3. Judgements and estimation uncertainty

#### Judgements made in applying accounting policies

In the process of applying the accounting policies of the Group and the Company, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

#### Sources of estimation uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### Valuation of inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews involve judgements and estimation uncertainty in forming expectations about future sales and demands. Any changes in these accounting estimates will result in revisions to the valuation of inventories (Note 10).

##### Impairment of receivables

The Group and the Company recognise loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions. Any changes in these accounting estimates will affect the carrying amounts of receivables (Note 11).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 4. Property, plant and equipment

Group	Buildings RM	Plant and machinery RM	Furniture, fixtures & office equipment RM	Renovation & electrical installation RM	Motor vehicles RM	Capital work-in- progress RM	Total RM
<b>Cost</b>							
Balance at 1 January 2023	43,266,778	149,462,054	6,337,791	4,077,126	4,426,746	58,871,240	266,441,735
Additions	6,325,144	3,766,431	495,064	357,366	0	6,805,200	17,749,205
Disposals/Write-offs	0	(283,603)	(20,872)	0	(74,523)	0	(378,998)
Reclassifications	59,752,000	0	0	0	0	(59,752,000)	0
Currency translation differences	420,737	914,943	59,469	83,753	31,514	880,760	2,391,176
Balance at 31 December 2023	109,764,659	153,859,825	6,871,452	4,518,245	4,383,737	6,805,200	286,203,118
Acquisition of subsidiary	0	0	20,832	0	40,055	0	60,887
Additions	9,743,283	3,434,581	86,777	143,042	0	32,758,254	46,165,937
Transfer from right-of-use assets	0	1,594,788	0	0	0	0	1,594,788
Disposals/Write-offs	0	(966,587)	(698,649)	0	(66,038)	0	(1,731,274)
Reclassifications	3,795,714	0	0	0	0	0	3,795,714
Currency translation differences	(4,390,612)	(2,575,939)	(123,319)	(244,273)	(64,878)	0	(7,399,021)
Balance at 31 December 2024	118,913,044	155,346,668	6,157,093	4,417,014	4,292,876	39,563,454	328,690,149
<b>Depreciation and impairment losses</b>							
Balance at 1 January 2023	29,634,340	105,915,968	3,862,797	3,223,064	3,117,639	0	145,753,808
Accumulated depreciation	0	682,184	0	0	0	0	682,184
Accumulated impairment losses	29,634,340	106,598,152	3,862,797	3,223,064	3,117,639	0	146,435,992
Depreciation	1,053,254	7,632,269	519,642	492,442	449,835	0	10,147,442
Disposals/Write-offs	0	(282,520)	(19,576)	0	(74,523)	0	(376,619)
Currency translation differences	42,520	764,500	37,235	71,826	24,809	0	940,890
Balance at 31 December 2023	30,730,114	114,030,217	4,400,098	3,787,332	3,517,760	0	156,465,521
Accumulated depreciation	0	682,184	0	0	0	0	682,184
Accumulated impairment losses	30,730,114	114,712,401	4,400,098	3,787,332	3,517,760	0	157,147,705

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

## 4. Property, plant and equipment (cont'd)

	Buildings RM	Plant and machinery RM	Furniture, fixtures & office equipment RM	Renovation & electrical installation RM	Motor vehicles RM	Capital work-in- progress RM	Total RM
<b>Depreciation and impairment losses (cont'd)</b>							
Balance at 1 January 2024	30,730,114	114,030,217	4,400,098	3,787,332	3,517,760	0	156,465,521
Accumulated depreciation	0	682,184	0	0	0	0	682,184
Accumulated impairment losses	30,730,114	114,712,401	4,400,098	3,787,332	3,517,760	0	157,147,705
Acquisition of subsidiary	0	0	3,867	0	8,812	0	12,679
Depreciation	2,580,775	7,449,981	632,000	391,245	410,598	0	11,464,599
Transfer from right-of-use assets	0	850,554	0	0	0	0	850,554
Disposals/Write-offs	0	(954,760)	(688,621)	0	(66,038)	0	(1,709,419)
Currency translation differences	(181,521)	(2,270,767)	(79,363)	(227,963)	(58,613)	0	(2,818,227)
Balance at 31 December 2024	33,129,368	119,444,106	4,267,981	3,950,614	3,812,519	0	164,604,588
Accumulated depreciation	0	343,303	0	0	0	0	343,303
Accumulated impairment losses	33,129,368	119,787,409	4,267,981	3,950,614	3,812,519	0	164,947,891
<b>Carrying amount</b>							
Balance at 1 January 2023	13,632,438	42,863,902	2,474,994	854,062	1,309,107	58,871,240	120,005,743
Balance at 31 December 2023	79,034,545	39,147,424	2,471,354	730,913	865,977	6,805,200	129,055,413
Balance at 31 December 2024	85,783,676	35,559,259	1,889,112	466,400	480,357	39,563,454	163,742,258

Certain buildings with total carrying amounts of RM73,928,603 (2023 : RM66,254,215) have been pledged as security for credit facilities granted to the Group.





## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 4. Property, plant and equipment (cont'd)

The Group lease certain portions of their buildings under operating leases for 1 to 12 years. The undiscounted lease payments to be received are as follows:

	2024 RM	2023 RM
Within 1 year	1,258,155	0
1 to 2 years	1,240,777	0
2 to 3 years	1,185,611	0
3 to 4 years	1,192,241	0
4 to 5 years	1,192,241	0
After 5 years	5,966,928	0
	<u>12,035,953</u>	<u>0</u>

### 5. Right-of-use assets

Group

	Leasehold land RM	Plant and machinery RM	Motor vehicles RM	Total RM
Balance at 1 January 2023	18,133,213	983,453	497,654	19,614,320
Depreciation	(510,766)	(159,479)	(64,311)	(734,556)
Currency translation differences	145,439	0	20,301	165,740
Balance at 31 December 2023	17,767,886	823,974	453,644	19,045,504
Depreciation	(508,336)	(79,740)	(64,267)	(652,343)
Transfer to property, plant and equipment	0	(744,234)	0	(744,234)
Currency translation differences	(390,797)	0	(12,333)	(403,130)
Balance at 31 December 2024	<u>16,868,753</u>	<u>0</u>	<u>377,044</u>	<u>17,245,797</u>

The Group acquired the rights to use the leasehold land as its principal places of business for 38 to 57 years. The rights to use the plant and machinery and motor vehicles were acquired under hire purchase financing whereby ownership will be transferred by the end of the lease term of 5 years.

Certain leasehold land with total carrying amount of RM9,083,255 (2023 : RM9,713,048) has been pledged as security for credit facilities granted to the Group.

### 6. Investments in subsidiaries

Company

	2024 RM	2023 RM
Unquoted shares - at cost	181,582,241	151,582,241
Contributions under ESOS	12,178,933	11,380,266
Impairment losses	(6,773,692)	(6,773,692)
	<u>186,987,482</u>	<u>156,188,815</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 6. Investments in subsidiaries (cont'd)

The details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2024	2023	
Dufu Industries Sdn. Bhd.	Malaysia	100%	100%	Design, development, manufacture, assembly and trading of die components and precision machining of vice, computer peripherals and parts for hard disk drive
Dufusion Sdn. Bhd.	Malaysia	100%	100%	Design, develop, manufacture, fabricate, assembly and trading of precision steel mould, metal products and steel parts, medical industry's chairs and instrument tables and etc
Guangzhou Futron Technology Co., Ltd.*	People's Republic of China	100%	100%	Manufacture and trading of optics, magnetism driver and parts
Guangzhou Futron Precision Industries Co., Ltd.*	People's Republic of China	100%	100%	Engaging in metal precision manufacturing and processing parts such as metal components for special equipment for electronics industry, air conditioning compressor accessories, auto parts and etc
<u>Subsidiary of Dufu Industries Sdn. Bhd.</u>				
Dufu Industries Services Pte. Ltd.*	Singapore	100%	100%	Processing and trading of high quality computer disk-drive related components
<u>Subsidiary of Dufusion Sdn. Bhd.</u>				
SMIF Automation Sdn. Bhd.	Malaysia	51%	0%	Servicing automation and fabrication of semiconductors and semiconductors devices

\* Not audited by Crowe Malaysia PLT

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 6. Investments in subsidiaries (cont'd)

Group

Acquisition of subsidiary

On 1 October 2024, the Group, through Dufusion Sdn. Bhd. acquired 51% equity interest in SMIF Automation Sdn. Bhd. for cash consideration of RM1,040,820. The acquisition gave rise to a goodwill of RM159,018.

The amounts recognised at the acquisition date for each major class of assets acquired and liabilities assumed are as follows:

	RM
Property, plant and equipment	48,208
Receivables	74,787
Prepayments	2,600
Cash and cash equivalents	1,612,099
Payables	(5,673)
Deferred tax liabilities	(3,000)
Net assets	1,729,021
Non-controlling interests	(847,219)
Share of net assets acquired	881,802
Fair value of consideration transferred	(1,040,820)
Goodwill	(159,018)

The revenue and loss for the financial period recognised since the acquisition date included in the consolidated statement of comprehensive income amounted to RM55,519 and RM263,422 respectively.

Had the acquisition date been 1 January 2024, management estimates that the Group's revenue and profit for the financial year would have been RM259,654,023 and RM22,321,715 respectively.

The effects of the acquisition on the consolidated statement of cash flows are as follows:

	RM
Cash consideration paid	1,040,820
Cash and cash equivalents acquired	(1,612,099)
Acquisition of subsidiary, net of cash acquired	(571,279)

### 7. Investment in associate

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Unquoted shares - at cost	7,593,330	7,593,330	7,593,330	7,593,330
Share of post-acquisition changes in net assets	453,504	381,836	0	0
	8,046,834	7,975,166	7,593,330	7,593,330
Currency translation differences	483,587	593,089	0	0
	8,530,421	8,568,255	7,593,330	7,593,330

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 7. Investment in associate (cont'd)

The details of the associate are as follows:

Name of associate	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2024	2023	
Superior Plating Technology (Thailand) Co., Ltd.	Thailand	17.94%	17.94%	Plating and polishing computer disk-drive related components

The Management has considered Superior Plating Technology (Thailand) Co., Ltd. as its associate company of the Group despite its shareholding is below 20 per cent of the voting power on the presumption that the Group has significant influence evidenced as follows:

- Representation on the board of directors;
- Participation in major financial, investment and operation decisions of the associate company; and
- Entitlement of certain reserve matters which require specific consent from the Company.

The summarised financial information of the associate is as follows:

	2024	2023
	RM	RM
Non-current assets	40,606,227	43,867,704
Current assets	17,658,302	17,058,983
Current liabilities	(8,872,145)	(11,215,821)
Non-current liabilities	(1,842,652)	(1,950,250)
Net assets	<u>47,549,732</u>	<u>47,760,616</u>
Revenue	11,117,513	22,022,497
Profit/(Loss) from continuing operations	<u>1,046,479</u>	<u>(2,251,034)</u>

The reconciliation of the above summarised financial information to the carrying amount of the investment in associate is as follows:

	Group	
	2024	2023
	RM	RM
Net assets	47,549,732	47,760,616
Effective ownership interest	17.94%	17.94%
Carrying amount	<u>8,530,421</u>	<u>8,568,255</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

31 December 2024

**8. Investments in club memberships**

Group

	RM
<b>Cost</b>	
Balance at 1 January 2023	123,132
Currency translation differences	1,274
Balance at 31 December 2023	124,406
Currency translation differences	(3,528)
Balance at 31 December 2024	<u>120,878</u>
<b>Amortisation and impairment losses</b>	
Balance at 1 January 2023	
Accumulated amortisation	62,131
Accumulated impairment losses	19,000
	81,131
Currency translation differences	1,274
Balance at 31 December 2023	
Accumulated amortisation	63,405
Accumulated impairment losses	19,000
	82,405
Currency translation differences	(3,528)
Balance at 31 December 2024	
Accumulated amortisation	59,877
Accumulated impairment losses	19,000
	<u>78,877</u>
<b>Carrying amount</b>	
Balance at 1 January 2023	<u>42,001</u>
Balance at 31 December 2023	<u>42,001</u>
Balance at 31 December 2024	<u>42,001</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 9. Deferred tax assets and deferred tax liabilities

Group

	2024 RM	2023 RM
Balance at 1 January	(1,691,668)	(684,672)
Acquisition of subsidiary	(3,000)	0
Deferred tax expense relating to origination and reversal of temporary differences	(562,582)	(1,276,893)
Deferred tax liabilities (under)/over provided in prior year	(148,000)	255,000
Currency translation differences	(34,085)	14,897
Balance at 31 December	<u>(2,439,335)</u>	<u>(1,691,668)</u>
Disclosed as:		
- Deferred tax assets	840,812	764,490
- Deferred tax liabilities	<u>(3,280,147)</u>	<u>(2,456,158)</u>
	<u>(2,439,335)</u>	<u>(1,691,668)</u>
In respect of (taxable)/deductible temporary differences of:		
- Property, plant and equipment	(3,983,111)	(4,099,145)
- Inventories	1,384,573	1,623,752
- Financial instruments	159,203	783,725
	<u>(2,439,335)</u>	<u>(1,691,668)</u>

Save as disclosed above, as at 31 December 2024, deferred tax liabilities and deferred tax assets have also effectively been recognised and offset against each other by the Group to the extent of RM138,000 (2023 : RM156,000). No further deferred tax assets have been recognised for the following excess of deductible temporary differences, unused capital allowances and tax losses over taxable temporary differences:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Deductible temporary differences of:				
- Inventories	1,100,000	1,100,000	0	0
- Financial instruments	1,030,000	965,000	0	0
- Lease liabilities	0	55,000	0	0
Unused capital allowances	11,000	1,139,000	0	0
Unused tax losses with:				
- Expiry date in 2028	5,433,000	6,116,000	1,164,000	1,164,000
- Expiry date in 2030	540,000	540,000	0	0
- Expiry date in 2034	256,000	0	0	0
- No expiry date	473,000	0	0	0
Taxable temporary differences of:				
- Property, plant and equipment	(575,000)	(453,000)	0	0
- Right-of-use assets	<u>(1,000)</u>	<u>(195,000)</u>	<u>0</u>	<u>0</u>
	<u>8,267,000</u>	<u>9,267,000</u>	<u>1,164,000</u>	<u>1,164,000</u>

The deductible temporary differences and unused capital allowances have no expiry date.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

31 December 2024

**10. Inventories**

Group

	2024	2023
	RM	RM
Raw materials	24,402,320	18,982,960
Work-in-progress	8,393,472	7,596,409
Finished goods	36,909,968	40,796,553
Consumable tools	1,195,104	1,054,574
	<u>70,900,864</u>	<u>68,430,496</u>

**11. Receivables**

Group

	2024	2023
	RM	RM
Trade receivables	79,952,321	78,314,516
Loss allowance	(680,000)	(680,000)
	<u>79,272,321</u>	<u>77,634,516</u>
Other receivables	895,283	1,879,902
	<u>80,167,604</u>	<u>79,514,418</u>

**Trade receivables**

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 31 December 2024, there were 2 (2023 : 1) major groups of customers that individually accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major groups amounted to RM58,314,370 (2023 : RM50,833,546). The credit risk concentration profile by geographical areas of trade receivables is as follows:

	2024	2023
	RM	RM
Malaysia	9,064,571	5,104,051
China	13,884,318	13,859,948
Thailand	48,891,159	47,424,918
Others	8,112,273	11,925,599
	<u>79,952,321</u>	<u>78,314,516</u>

The credit terms of trade receivables range from 30 to 120 days. The Group uses past due information to assess the credit risk of trade receivables. The analysis by past due status is as follows:

	2024	2023
	RM	RM
Not past due	73,920,715	46,093,083
1 to 30 days past due	3,284,709	9,625,193
31 to 60 days past due	2,248,700	17,367,809
61 to 90 days past due	220,487	4,870,614
More than 90 days past due	277,710	357,817
	<u>79,952,321</u>	<u>78,314,516</u>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 11. Receivables (cont'd)

#### Trade receivables (cont'd)

The Group determines that a trade receivable is credit-impaired when the customer is experiencing significant financial difficulty and has defaulted in payments. Unless otherwise demonstrated, the Group generally considers a default to have occurred when the trade receivable is more than 90 days past due. The gross carrying amount of a credit-impaired trade receivable is directly written off when there is no reasonable expectation of recovery. This normally occurs when there is reasonable proof of customer insolvency.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. Such lifetime expected credit losses are calculated using a provision matrix based on historical observed default rates (adjusted for forward-looking estimates). The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished among the diversity of customer base.

	Not past due	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	More than 90 days past due	Total
	RM	RM	RM	RM	RM	RM
<b>2024</b>						
Gross carrying amount	73,920,715	3,284,709	2,248,700	220,487	277,710	79,952,321
Average credit loss rate	0.51%	1.21%	4.37%	20.22%	43.51%	0.85%
Loss allowance	376,632	39,658	98,308	44,572	120,830	680,000
<b>2023</b>						
Gross carrying amount	46,093,083	9,625,193	17,367,809	4,870,614	357,817	78,314,516
Average credit loss rate	0.54%	0.76%	0.77%	2.40%	30.05%	0.87%
Loss allowance	248,588	73,541	133,266	117,065	107,540	680,000

The average credit loss rates were based on the payment profile of revenue over a period of 36 (2023 : 36) months and the corresponding historical credit losses experienced during the period. The rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The changes in the loss allowance are as follows:

	2024	2023
	RM	RM
Balance at 1 January	680,000	560,000
Impairment losses	0	120,000
Balance at 31 December	680,000	680,000

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

31 December 2024

**12. Cash and cash equivalents**

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash and bank balances	90,039,072	52,002,404	877,886	325,937
Term deposits	8,500,000	46,851,702	0	0
Short-term funds - at fair value	3,055,714	4,347,010	3,055,714	4,347,010
	<u>101,594,786</u>	<u>103,201,116</u>	<u>3,933,600</u>	<u>4,672,947</u>

Cash and bank balances and term deposits are placed with reputable financial institutions with low credit risk. Accordingly, their expected credit losses are not considered to be material and hence, have not been recognised.

The effective interest rates of term deposits as at 31 December 2024 ranged from 2.70% to 3.20% (2023 : 2.80% to 5.10%) per annum.

Short-term funds represent highly liquid investments in money market funds managed by financial institutions that invest in low-risk instruments, and are readily redeemable with insignificant risk of changes in value. Their fair values were directly measured using the unadjusted market values quoted by the financial institutions (i.e. Level 1).

**13. Payables**

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Trade payables	19,470,885	14,699,838	0	0
Other payables	15,314,829	11,049,037	227,235	170,500
	<u>34,785,714</u>	<u>25,748,875</u>	<u>227,235</u>	<u>170,500</u>

Payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

The credit terms of trade and other payables range from 30 to 90 days.

**14. Loans and borrowings**

Group

	2024	2023
	RM	RM
<b>Secured</b>		
Term loans	58,808,027	47,050,726
<b>Unsecured</b>		
Banker acceptances	5,000,000	0
	<u>63,808,027</u>	<u>47,050,726</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 14. Loans and borrowings (cont'd)

Group

	2024	2023
	RM	RM
Disclosed as:		
- Current liabilities	17,131,669	5,040,426
- Non-current liabilities	46,676,358	42,010,300
	<u>63,808,027</u>	<u>47,050,726</u>

Term loans are secured against certain property, plant and equipment (Note 4) and right-of-use assets (Note 5).

The effective interest rates of loans and borrowings as at 31 December 2024 ranged from 3.20% to 4.72% (2023 : 4.72% to 5.15%) per annum.

Except for term loans, loans and borrowings are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Term loans are repayable over 10 to 15 years. The repayment analysis is as follows:

	2024	2023
	RM	RM
Gross loan instalments:		
- Within 1 year	14,303,738	7,229,454
- 1 to 5 years	25,196,380	29,140,578
- After 5 years	29,741,644	20,409,157
Total contractual undiscounted cash flows	69,241,762	56,779,189
Future finance charges	(10,433,735)	(9,728,463)
Present value of term loans	<u>58,808,027</u>	<u>47,050,726</u>

The fair values of term loans were measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair values measured were considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximated to the effective interest rates of term loans.

### 15. Lease liabilities

Group

	2024	2023
	RM	RM
Gross lease liabilities:		
- Within 1 year	83,674	132,672
- 1 to 5 years	75,865	159,129
Total contractual undiscounted cash flows	159,539	291,801
Future finance charges	(6,418)	(390)
Present value of lease liabilities	<u>153,121</u>	<u>291,411</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 15. Lease liabilities (cont'd)

Group

	2024	2023
	RM	RM
Disclosed as:		
- Current liabilities	78,603	132,282
- Non-current liabilities	74,518	159,129
	<u>153,121</u>	<u>291,411</u>

The incremental borrowing rates applied to lease liabilities as at 31 December 2024 was 3.91% (2023 : 3.91% to 5.70%) per annum.

### 16. Contract liabilities

Group

	2024	2023
	RM	RM
Balance at 1 January	1,044,682	1,789,717
Revenue recognised from opening contract liabilities	(348,962)	(1,093,530)
Excess of consideration over revenue recognised	0	348,495
Balance at 31 December	<u>695,720</u>	<u>1,044,682</u>

As disclosed in Note 2.17, the Group generally satisfies its performance obligations at a point in time upon delivery of goods. Any consideration received or due in advance before a performance obligation is satisfied is presented as contract liability.

As a practical expedient, information about remaining performance obligations for contracts with original duration of one year or less has not been disclosed.

### 17. Share capital

	Number of ordinary shares with no par value	RM
<b>Issued and fully paid</b>		
Balance at 1 January 2023	543,811,734	106,670,953
Issue of shares pursuant to ESOS	314,000	341,695
Balance at 31 December 2023	544,125,734	107,012,648
Issue of shares pursuant to ESOS	2,260,000	4,421,710
Balance at 31 December 2024	<u>546,385,734</u>	<u>111,434,358</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 17. Share capital (cont'd)

#### Treasury shares

The shareholders of the Company, by a resolution passed at the extraordinary general meeting held on 24 February 2016, approved the Company's plan to purchase its own shares. The details of the shares purchased from the open market using internally generated funds and held as treasury shares during the financial year are as follows:

	2024		2023	
	Number of ordinary shares	Cost RM	Number of ordinary shares	Cost RM
Balance at 1 January / 31 December	13,792,488	3,452,490	13,792,488	3,452,490

The number of outstanding shares in issue after excluding the treasury shares is as follows:

	2024	2023
	Number of ordinary shares	Number of ordinary shares
Balance at 1 January	530,333,246	530,019,246
Shares issued	2,260,000	314,000
Balance at 31 December	532,593,246	530,333,246

#### Employees' Share Option Scheme ("ESOS")

The shareholders of the Company, by a resolution passed at the extraordinary general meeting held on 12 June 2019, approved the Company's ESOS. The ESOS became effective on 17 June 2019 for a period of 5 years. On 8 May 2024, the Board of Directors approved the extension of the ESOS for a further period of 5 years from 17 June 2024 to 16 June 2029 in accordance with terms of the By-Laws.

The principal features of the ESOS are as follows:

- (i) At any point of time when the offer is made, the maximum number of shares to be issued under the ESOS shall not exceed 10% of the total issued share in the capital of the Company (excluding treasury shares, if any) during the duration of the ESOS.
- (ii) Eligible employee (including executive directors) of the Group shall participate in the ESOS if, as at the date of offer, the employee is at least 18 years of age and has been confirmed and completed at least 24 months of service within the Group on a full time basis.
- (iii) The ESOS shall be in force for a period of 5 years from the effective date. The Company may, if the Board deems fit and upon the recommendation of the ESOS Committee, extend the Scheme for another period of up to a maximum of 5 years in aggregate, commencing from the day after the date of expiration of the original 5 years period.
- (iv) The exercise price shall be determined based on the volume weighted average price of shares for the 5 market days immediately preceding the date of offer with a discount of not more than 10%.
- (v) The options granted are exercisable on a time proportion basis over the duration of the ESOS. The employee's entitlement to the options is vested as soon as they become exercisable.
- (vi) The new shares to be issued and/or transferred upon exercise of any options granted under the scheme will rank pari passu in all respects with the existing shares in the Company, save and except that the new shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, where the entitlement date precedes the date of issuance and/or transfer of the options.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 17. Share capital (cont'd)

#### Employees' Share Option Scheme ("ESOS") (cont'd)

The movements in the number of share options during the financial year are as follows:

	Number of options over ordinary shares	Weighted average exercise price RM	Weighted average share price RM	Range of exercise prices RM	Weighted average remaining contractual life
Outstanding at 1 January 2023	3,671,500	2.708			
Granted	3,700,000	1.640			
Exercised	(314,000)	0.695	2.170		
Forfeited	(523,500)	3.057			
Outstanding at 31 December 2023	<u>6,534,000</u>	2.172		0.695 - 3.780	0.5 year
Exercisable at 31 December 2023	<u>6,534,000</u>	2.172			
Outstanding at 1 January 2024	6,534,000	2.172			
Granted	4,000,000	1.550			
Exercised	(2,260,000)	1.633	2.126		
Forfeited	(325,500)	2.426			
Outstanding at 31 December 2024	<u>7,948,500</u>	2.002		0.695 - 3.780	4.5 years
Exercisable at 31 December 2024	<u>3,948,500</u>	2.460			

The fair value of share options granted since the effective date of the ESOS was measured using the Trinomial Option Pricing Model with the following inputs:

	Option 1	Option 2	Option 3	Option 4	Option 5
Grant date	1.7.2019	6.10.2021	1.3.2022	19.12.2023	6.11.2024
Fair value at grant date	<u>RM0.7864</u>	<u>RM1.3933</u>	<u>RM0.7906</u>	<u>RM0.3227</u>	<u>RM0.5990</u>
Weighted average share price	RM1.5374	RM4.1955	RM2.8504	RM1.8171	RM1.7191
Exercise price	RM1.3900	RM3.7800	RM2.5700	RM1.6400	RM1.5500
Expected volatility	57.348%	46.007%	40.727%	43.418%	36.618%
Option life	5 years	3 years	2 years	0.5 year	5 years
Expected dividends	1.02%	1.36%	2.67%	4.48%	2.02%
Risk-free interest rate	<u>3.43%</u>	<u>2.43%</u>	<u>2.68%</u>	<u>3.16%</u>	<u>3.64%</u>

The expected volatility reflects the assumption that historical volatility is indicative of future trends but may not necessarily be the actual outcome. No other features of the share options granted were incorporated into the measurement of fair value.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

31 December 2024

**18. Non-controlling interests ("NCI")**

Group

	Accumulated NCI		Loss allocated to NCI	
	2024	2023	2024	2023
	RM	RM	RM	RM
SMIF Automation Sdn. Bhd.	827,984	0	19,235	0

The details of the subsidiaries that have NCI are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest held by NCI		Principal activity
		2024	2023	
SMIF Automation Sdn. Bhd.	Malaysia	49%	0%	Servicing automation and fabrication of semiconductors and semiconductors devices

The summarised financial information of the above subsidiary has not been disclosed as its NCI are not material to the Group.

**19. Revenue**

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM

Revenue from contracts with customers:

- Sale of goods	259,598,504	227,811,409	0	0
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Other source of revenue:

- Dividend income	0	0	45,000,000	41,759,382
	<u>259,598,504</u>	<u>227,811,409</u>	<u>45,000,000</u>	<u>41,759,382</u>

Disaggregation of revenue from contracts with customers

	Group	
	2024	2023
	RM	RM

Major products and services:

- Precision components for:		
- Hard disk drive	189,077,442	163,792,342
- Control and sensor	34,087,884	36,365,816
- Others	36,433,178	27,653,251
	<u>259,598,504</u>	<u>227,811,409</u>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 19. Revenue (cont'd)

#### Disaggregation of revenue from contracts with customers (cont'd)

	Group	
	2024	2023
	RM	RM
Geographical areas:		
- Malaysia	29,676,785	18,255,372
- China	47,288,091	38,283,328
- Thailand	148,785,286	129,740,578
- Others	33,848,342	41,532,131
	<u>259,598,504</u>	<u>227,811,409</u>

### 20. Employee benefits expense (including directors' remuneration)

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Directors of the Company:				
- Fees	260,986	276,000	260,986	276,000
- Other short-term employee benefits	1,571,625	1,661,817	47,000	40,000
- Defined contribution plans	124,048	139,632	0	0
- Share-based payments	49,917	80,675	0	0
	<u>2,006,576</u>	<u>2,158,124</u>	<u>307,986</u>	<u>316,000</u>
Directors of subsidiaries:				
- Short-term employee benefits	1,256,663	1,471,674	0	0
- Defined contribution plans	108,375	135,200	0	0
- Share-based payments	49,916	93,487	0	0
	<u>1,414,954</u>	<u>1,700,361</u>	<u>0</u>	<u>0</u>
Other employees:				
- Short-term employee benefits	66,738,363	51,266,560	0	0
- Defined contribution plans	4,373,910	4,078,069	0	0
- Share-based payments	698,834	1,019,828	0	0
	<u>71,811,107</u>	<u>56,364,457</u>	<u>0</u>	<u>0</u>
	<u>75,232,637</u>	<u>60,222,942</u>	<u>307,986</u>	<u>316,000</u>

The estimated money value of benefits received or receivable by certain directors otherwise than in cash is as follows:

#### Group

	2024	2023
	RM	RM
Directors of the Company	15,500	15,500
Directors of subsidiaries	<u>28,500</u>	<u>20,175</u>
	<u>44,000</u>	<u>35,675</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 21. Impairment losses on financial assets

Group

	2024 RM	2023 RM
Trade receivables from contracts with customers	<u>0</u>	<u>120,000</u>

### 22. Profit before tax

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM

Profit before tax is arrived at after charging:

Auditors' remuneration:

- Current year	348,850	370,857	135,000	135,000
- Prior year	500	8,000	0	5,000
Depreciation of property, plant and equipment	11,464,599	10,147,442	0	0
Depreciation of right-of-use assets	652,343	734,556	0	0
Interest expense for financial liabilities not measured at fair value through profit or loss	2,044,660	231,873	0	0
Interest expense for lease liabilities	7,838	23,432	0	0
Inventories written down	1,022,364	894,049	0	0
Lease expense relating to:				
- Short-term leases	1,428,405	594,207	9,007	7,040
- Leases of low value assets (other than short-term leases)	35,487	33,588	0	0
Loss on foreign exchange:				
- Realised	5,715,115	0	0	0
- Unrealised	0	1,509,755	0	0
Property, plant and equipment written off	10,025	2,272	0	0

and crediting:

Fair value gains on financial instruments

mandatorily measured at fair value through profit or loss	172,993	71,395	172,993	71,395
Gain on disposal of property, plant and equipment	11,203	105,661	0	0
Gain on foreign exchange:				
- Realised	0	6,373,290	0	0
- Unrealised	2,644,096	0	0	0
Grants related to income	46,210	44,155	0	0
Interest income for financial assets measured at amortised cost	2,061,921	2,117,288	36,403	13,217
Operating lease income	827,510	0	0	0
Reversal of inventories written down	<u>354,983</u>	<u>2,589,612</u>	<u>0</u>	<u>0</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 23. Tax expense

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Tax based on results for the year:				
- Current tax	6,321,000	7,862,868	0	25,938
- Deferred tax	562,582	1,276,893	0	0
	<u>6,883,582</u>	<u>9,139,761</u>	<u>0</u>	<u>25,938</u>
Tax under/(over) provided in prior year:				
- Current tax	55,966	320,756	765	5,468
- Deferred tax	148,000	(255,000)	0	0
	<u>7,087,548</u>	<u>9,205,517</u>	<u>765</u>	<u>31,406</u>

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate on results for the year is as follows:

	Group		Company	
	2024 %	2023 %	2024 %	2023 %
Applicable tax rate	24.00	24.00	24.00	24.00
Non-deductible expenses	6.41	5.42	0.59	0.55
Non-taxable income	(3.16)	(1.74)	(24.59)	(24.40)
Tax incentives claimed	(1.90)	(1.10)	0.00	0.00
Effect of differential tax rates	(1.31)	(0.61)	0.00	(0.09)
(Decrease)/Increase in unrecognised deferred tax assets	(0.81)	1.27	0.00	0.00
Average effective tax rate	<u>23.23</u>	<u>27.24</u>	<u>0.00</u>	<u>0.06</u>

### 24. Earnings per share

Group

The earnings per share is calculated by dividing the Group's profit for the financial year by the weighted average number of ordinary shares in issue during the financial year as follows:

	2024	2023
Profit for the financial year attributable to owners of the Company (RM)	<u>22,565,116</u>	<u>24,348,327</u>
Number of shares in issue as at 1 January	530,333,246	530,019,246
Effect of shares issued pursuant to ESOS	1,254,661	236,575
Weighted average number of shares for computing basic earnings per share	531,587,907	530,255,821
Number of shares under ESOS deemed to have been issued for no consideration	680,664	192,108
Weighted average number of shares for computing diluted earnings per share	<u>532,268,571</u>	<u>530,447,929</u>
Basic earnings per share (sen)	<u>4.24</u>	<u>4.59</u>
Diluted earnings per share (sen)	<u>4.24</u>	<u>4.59</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 25. Dividends

Group and Company

	2024	2023
	RM	RM
In respect of the financial year ended 31 December 2022:		
- Final single tier dividend of 4.00 sen per share	0	21,213,330
In respect of the financial year ended 31 December 2023:		
- Interim single tier dividend of 1.50 sen per share	0	7,954,999
- Final single tier dividend of 2.00 sen per share	10,623,225	0
In respect of the financial year ended 31 December 2024:		
- Interim single tier dividend of 1.50 sen per share	7,978,294	0
	<u>18,601,519</u>	<u>29,168,329</u>

A final single tier dividend of 2.00 sen per share in respect of the financial year ended 31 December 2024 will be proposed for shareholders' approval at the forthcoming annual general meeting.

### 26. Notes to statements of cash flows

#### Term loans

	Group	
	2024	2023
	RM	RM
Balance at 1 January	47,050,726	48,534,563
Drawdown	27,956,214	0
Repayments	(13,977,028)	(2,327,914)
Currency translation differences	(2,221,885)	844,077
Balance at 31 December (Note 14)	<u>58,808,027</u>	<u>47,050,726</u>

#### Short-term loans and borrowings

	Group	
	2024	2023
	RM	RM
Balance at 1 January	0	7,938,000
Net cash flow changes	5,000,000	(7,938,000)
Balance at 31 December (Note 14)	<u>5,000,000</u>	<u>0</u>

#### Lease liabilities

	Group	
	2024	2023
	RM	RM
Balance at 1 January	291,411	671,862
Payments	(132,845)	(392,386)
Currency translation differences	(5,445)	11,935
Balance at 31 December (Note 15)	<u>153,121</u>	<u>291,411</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 26. Notes to statements of cash flows (cont'd)

#### Lease liabilities (cont'd)

The total cash outflow for leases is as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Operating activities</b>				
Lease expense recognised in profit or loss (Note 22)	1,463,892	627,795	9,007	7,040
<b>Financing activities</b>				
Interest portion of lease liabilities (Note 22)	7,838	23,432	0	0
Principal portion of lease liabilities	132,845	392,386	0	0
	<u>1,604,575</u>	<u>1,043,613</u>	<u>9,007</u>	<u>7,040</u>

### 27. Related party disclosures

Transactions with related parties during the financial year are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Key management personnel compensation:				
- Short-term employee benefits	3,997,914	4,509,138	307,986	316,000
- Defined contribution plans	349,005	399,945	0	0
- Share-based payments	175,707	287,106	0	0
	4,522,626	5,196,189	307,986	316,000
Contributions to subsidiaries under ESOS	0	0	798,667	1,193,990
Dividend declared from associate	0	259,382	0	259,382
Dividends declared from subsidiaries	0	0	45,000,000	41,500,000
Subscription for shares in subsidiary	0	0	30,000,000	10,000,000

### 28. Segment reporting

Group

#### Operating segments

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the manufacture of industrial products and trading of high quality computer disk-drive related components.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 28. Segment reporting (cont'd)

#### Geographical information

In presenting the information about geographical areas, segment revenue is based on the geographical location of customers, whereas segment assets are based on the geographical location of assets:

	External revenue		Non-current assets	
	2024	2023	2024	2023
	RM	RM	RM	RM
Malaysia	29,676,785	18,255,372	91,671,906	62,475,290
China	47,288,091	38,283,328	89,004,266	85,051,149
Singapore	357,679	6,091,036	470,901	574,478
Thailand	148,785,286	129,740,578	0	0
Others	33,490,663	35,441,095	0	0
	<u>259,598,504</u>	<u>227,811,409</u>	<u>181,147,073</u>	<u>148,100,917</u>

#### Major customers

The major groups of customers that contributed 10% or more of the Group's total revenue are as follows:

	External revenue	
	2024	2023
	RM	RM
Group of customers I*	125,607,029	116,570,378
Group of customers II*	<u>50,822,776</u>	<u>40,173,170</u>

\* The identity of the major groups of customers has not been disclosed as permitted by MFRS 8 Operating Segments.

### 29. Contractual commitments

Group

	2024	2023
	RM	RM
Acquisition of property, plant and equipment	<u>8,333,000</u>	<u>47,933,000</u>

### 30. Financial guarantee contracts

Company

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of RM116,501,000 (2023 : RM102,082,000). The total utilisation of these credit facilities as at 31 December 2024 amounted to RM28,306,000 (2023 : RM6,220,000). No maturity analysis is presented for the financial guarantee contracts as the entire amount could be called at any time in the event of default by the subsidiaries.

The aforementioned financial guarantee contracts should have been recognised in the statement of financial position in accordance with the recognition and measurement policies as stated in Note 2.13. After considering that the probability of the subsidiaries defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 31. Financial risk management

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk and interest rate risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

#### Credit risk

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 30.

The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms. The quantitative information about such credit risk exposure is disclosed in Note 11. As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is low.

#### Liquidity risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

#### Currency risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. The major functional currencies within the Group are Ringgit Malaysia ("RM"), Renminbi ("RMB") and US Dollar ("USD"), whereas the major foreign currencies transacted are USD and Singapore Dollar ("SGD"). The gross carrying amounts of foreign currency denominated monetary items at the end of the reporting period are as follows:

	Group	
	Denominated in USD RM	Denominated in SGD RM
<b>2024</b>		
Receivables	15,944,281	43,123
Cash and cash equivalents	33,300,872	6,154,287
Payables	(2,181,517)	(7,931,183)
Lease liabilities	0	(153,121)
	<u>47,063,636</u>	<u>(1,886,894)</u>
<b>2023</b>		
Receivables	16,446,635	225,012
Cash and cash equivalents	62,648,418	4,000,668
Payables	(1,102,357)	(5,588,399)
Lease liabilities	0	(236,681)
	<u>77,992,696</u>	<u>(1,599,400)</u>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 31. Financial risk management (cont'd)

#### Currency risk (cont'd)

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss and equity to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:

	Group			
	Profit/(Loss)		Equity	
	2024	2023	2024	2023
	RM	RM	RM	RM
Appreciation of USD against RM by 5% (2023 : 3%)	3,461,033	2,346,098	8,299,232	4,728,592
Depreciation of USD against RM by 5% (2023 : 3%)	(3,461,033)	(2,346,098)	(8,299,232)	(4,728,592)
Appreciation of SGD against RM by 3% (2023 : 2%)	(177,961)	(1,362)	(177,961)	(1,362)
Depreciation of SGD against RM by 3% (2023 : 2%)	177,961	1,362	177,961	1,362
Appreciation of USD against RMB by 3% (2023 : 3%)	626,435	665,972	626,435	665,972
Depreciation of USD against RMB by 3% (2023 : 3%)	(626,435)	(665,972)	(626,435)	(665,972)
Appreciation of SGD against USD by 2% (2023 : 1%)	100,475	(12,435)	100,475	(12,435)
Depreciation of SGD against USD by 2% (2023 : 1%)	(100,475)	12,435	(100,475)	12,435

#### Interest rate risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits, loans and borrowings and lease liabilities.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 31. Financial risk management (cont'd)

#### Interest rate risk (cont'd)

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments as follows:

	Group	
	2024	2023
	RM	RM
<b>Fixed rate instruments</b>		
Financial assets	8,500,000	46,851,702
Financial liabilities	12,825,947	291,411
<b>Floating rate instruments</b>		
Financial liabilities	<u>51,135,201</u>	<u>47,050,726</u>

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss, any change in interest rates at the end of the reporting period would not affect its profit or loss and equity. For floating rate financial instruments measured at amortised cost, the following table demonstrates the sensitivity of profit or loss and equity to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:

	Group	
	Profit/(Loss) and equity	
	2024	2023
	RM	RM
Increase in interest rates by 0* (2023 : 10) basis points	0	(45,593)
Decrease in interest rates by 0* (2023 : 10) basis points	<u>0</u>	<u>45,593</u>

\* Using standard deviation to measure interest rate volatility for the past 12 months, the Company did not foresee any reasonably possible change in interest rate at the end of the previous reporting period.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2024

### 32. Capital management

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity and total interest-bearing debts to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total interest-bearing debts divided by total equity as follows:

	Group	
	2024	2023
	RM	RM
Loans and borrowings	63,808,027	47,050,726
Lease liabilities	153,121	291,411
Total interest-bearing debts	63,961,148	47,342,137
Total equity	344,575,561	340,423,737
Total capital	<u>408,536,709</u>	<u>387,765,874</u>
Debt-to-equity ratio (times)	<u>0.19</u>	<u>0.14</u>

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

### 33. Subsequent events

In March 2025, the Company entered into a share purchase agreement to acquire 25% equity interest in DWZ Industries Sdn. Bhd. ("DWZ"), a 55%-owned subsidiary of MClean Technologies Berhad, a company incorporated in Malaysia, for a total cash consideration of approximately RM6,000,000.

## LIST OF PROPERTIES HELD

Title/ Location	Tenure/ Date of expiry of lease	Description/ Existing use (approximate age of building)	Land area/ Built-up area	Net book value as at 31.12.2024 (RM)	Year of last revaluation	Year of acquisition
<b>Registered Owner: Dufu Industries Sdn. Bhd</b>						
<b>Land</b>						
P.T. No. 1886 (Resurveyed Lot 12354) held under Title No. H.S. (D) 11985, Mukim 12, Daerah Barat Daya, Penang	60 years leasehold expiring on 26.12.2051	Industrial land	177,691 sq. feet	2,506,334	1997	-
No. H.S.(D) 42631, Lot No. 320, Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang	60 years leasehold expiring on 01.3.2059	Industrial Land	87,123 sq. feet	3,274,373	-	2019
<b>Building</b>						
Plot 19 Free Industrial Zone, Phase IV, Bayan Lepas 11900 Penang		Industrial complex - 1 single-storey office- cum-production building (27 years)	18,209 sq. feet	659,310	-	1997 - 2024
		- 1 double-storey office- cum-production building (20 years)	33,793 sq. feet			
		- 1 three-storey production building (18 years)	65,811 sq. feet			
		- 1 three-storey office cum production building (17 years)	32,816 sq. feet			
Block 1-5-7, Block 3-3-1, Block 3-13-3, Block 5-7-1, Block 5-14-2, Block 5-16-5, Block 11-2-2, Block 11-6-2, Block 15-5-6, Block 15-8-3, Block 15-9-6, Block 15-21-3, Block 17-10-1, Block 17-17-5, Block 19-8-4, Block 19-10-2 Taman Terubong Indah, Tingkat Paya Terubong 5, 11060 Penang		16 units of hostel (freehold)	11,200 sq. feet	646,614	-	2015

## LIST OF PROPERTIES HELD (CONT'D)

Title/ Location	Tenure/ Date of expiry of lease	Description/ Existing use (approximate age of building)	Land area/ Built-up area	Net book value as at 31.12.2024 (RM)	Year of last revaluation	Year of acquisition
No 691, Lorong Perindustrian Bukit Minyak 11, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang		A unit of single storey factory and a double storey office building (6 years)	70,684 sq. feet	8,807,327	-	2019 - 2023
<b>Registered Owner: Guangzhou Futron Technology Co. Ltd.</b>						
<b>Building</b>						
No. 1, Gao Tian Industrial Zone, Tai Ping Town, Cong Hua City.		- 1 three-storey production building (21 years)	41,383 sq. feet	771,397	-	2003 - 2018
		- 1 steel production workshop (11 years)	8,092 sq. feet			
		- 1 warehouse (7 years)	7,089 sq. feet			
		- 1 five-storey hostel (21 years)	21,348 sq. feet	122,352	-	2003
<b>Registered Owner: Guangzhou Futron Precision Industries Co., Ltd.</b>						
<b>Land</b>						
Plot 18411320180005 at South Side of Longxing Siheng Road, Longxing District, Conghua Industrial Park, Conghua District, Guangzhou, People's Republic of China	50 years leasehold expiring on 25.11.2068	Industrial land	216,385 sq. feet	6,576,921	-	2018
<b>Building</b>						
No. 123 XingYe Road, Aotou Town, Conghua District, Guangzhou City.		- 4 four-storey production building	347,890 sq. feet	73,269,293		2023 - 2024
		- 1 admin office & others	26,823 sq. feet			
		- 1 six-storey hostel	23,530 sq. feet			

## LIST OF PROPERTIES HELD (CONT'D)

Title/ Location	Tenure/ Date of expiry of lease	Description/ Existing use (approximate age of building)	Land area/ Built-up area	Net book value as at 31.12.2024 (RM)	Year of last revaluation	Year of acquisition
<b>Registered Owner: Dufusion Sdn Bhd</b>						
<b>Land</b>						
Lot No. 8478 Mukim 12, District of Barat Daya, Penang	60 years leasehold expiring on 22.5.2050	Industrial land	51,451 sq. feet	4,511,125	-	2012
Lot No. 9232 Mukim 12, District of Barat Daya, Penang	60 years leasehold expiring on 10.12.2050	Industrial land	66,349 sq. feet			
<b>Building</b>						
Plot No. 160 & 163, Jalan Sungai Keluang, Bayan Lepas Free Industrial Zone, Phase 1, 11900 Bayan Lepas Penang		Industrial complex - 1 single-storey office-cum- production building (13 years)	61,587 sq. feet	1,507,383	-	2012
			<b>TOTAL</b>	102,652,429		

## SHARE BUY-BACK STATEMENT

### 1. Disclaimer Statement

This Statement is important and if you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused the contents of this Share Buy-Back Statement in relation to the Proposed Share Buy-Back (as defined herein) prior to its issuance, takes no responsibility for the contents of the Statement, 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 the Statement.

### 2. Rationale for the Proposed Renewal of Authority to Dufu Technology Corp. Berhad ("DUFU" or the "Company") to Purchase Its Own Ordinary Shares ("Shares") of up to 10% of its total number of issued shares at any point in time ("Proposed Renewal of Share Buy-Back Mandate")

The Proposed Renewal of Share Buy-Back Mandate, if implemented, will enable the Company to utilize its financial resources not immediately required for use, to purchase its own Shares. The Proposed Renewal of Share Buy-Back Mandate may enhance the EPS which may have a positive impact on the market price of DUFU Shares. Other potential benefits of the Proposed Renewal of Share Buy-Back Mandate to the Company and its shareholder are as follows:-

- a) To allow the Company to take preventive measures against speculation particularly when DUFU Shares are undervalued which would in turn stabilize the market price of DUFU Shares and hence, enhance investors' confidence;
- b) To allow the Company flexibility in achieving the desired capital structure, in terms of the debt and equity composition, and the size of equity;
- c) The Purchased Shares may be held as treasury shares and distributed to shareholders as dividends and/or resold in the open market with the intention of realising a potential capital gain if the Purchased Shares are resold at price(s) higher than their purchase price(s); and
- d) The treasury shares may also be transferred for the purpose of rewarding employees under an employees' share scheme, or such other purposes as allowed under the Companies Act 2016.

### 3. Retained Profits

Based on the Audited Financial Statements of the Company as at 31 December 2024, the retained profits of the Company stood at RM86,579,850.

### 4. Source of Funding

The Proposed Renewal of Share Buy-Back Mandate will be financed from both internally generated funds and/or external borrowings as long as the amount of fund for the Share Buy-Back has not exceeded the amount of retained earnings. The Company has sufficient resource to undertake the Proposed Renewal of Share Buy-Back Mandate in view that the Company has net cash and cash equivalent balance of approximately RM3,933,600 based on the Audited Financial Statements of DUFU as at 31 December 2024.

In the event borrowings are used for the purchase of DUFU Shares, the Board of Directors of DUFU ("the Board") will ensure that the Company has the capability to repay the borrowings and that such repayment will not have a material effect on the Company's cash flow.

Any funds utilized by DUFU for the Proposed Renewal of Share Buy-Back Mandate will consequentially reduce the resources available to DUFU for its operations by a corresponding amount for shares bought back.



## SHARE BUY-BACK STATEMENT (CONT'D)

### 5. Interests of Directors' and Substantial Shareholders' and Persons Connected with Them

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholders in the Company as a consequence of the Proposed Renewal of Share Buy-back Mandate, none of the Directors and Substantial Shareholders of DUFU nor persons connected with them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Mandate and, if any, the resale of the treasury shares.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders of DUFU as at 28 February 2025 and assuming that DUFU implements the Proposed Renewal of Share Buy-back Mandate in full, the effects of the Proposed Renewal of Share Buy-back Mandate on the shareholdings of the Directors and Substantial Shareholders of DUFU are as follows:-

Directors	Before the Proposed Renewal of Share Buy-Back Mandate				After the Proposed Renewal of Share Buy-Back Mandate							
	As at the LPD		Minimum Scenario		Maximum Scenario							
	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares				
Dato' Lee, Hui-Ta also known as Li Hui Ta <sup>(1)</sup>	49,635,698	9.32	56,410,000 <sup>(7)</sup>	10.59	49,635,698	10.09	56,410,000 <sup>(7)</sup>	11.47	49,635,698	9.95	56,410,000 <sup>(7)</sup>	11.31
Wu, Mao-Yuan <sup>(2)</sup>	15,055,000	2.83	-	-	15,055,000	3.06	-	-	15,573,500	3.12	-	-
Tsai Kun-Chang	35,000	0.01	-	-	35,000	0.01	-	-	35,000	0.01	-	-
Ng Phaik Lee	-	-	-	-	-	-	-	-	-	-	-	-
Yin, Chih-Chu also known as Laurence Yin	-	-	-	-	-	-	-	-	-	-	-	-
Khaw Mui Suan	-	-	-	-	-	-	-	-	-	-	-	-
<b>Substantial Shareholder</b>												
Perfect Commerce Sdn Bhd	49,960,184	9.38	-	-	49,960,184	10.16	-	-	49,960,184	10.01	-	-
Perfect Full Yen Sdn Bhd	56,410,000	10.59	-	-	56,410,000	11.47	-	-	56,410,000	11.31	-	-
Lee, Wen-Jung	65,000	0.01	49,960,184 <sup>(8)</sup>	9.38	65,000	0.01	49,960,184 <sup>(8)</sup>	10.16	65,000	0.01	49,960,184 <sup>(8)</sup>	10.01
Lee, Su Hui-Fen	5,500	0.00	49,960,184 <sup>(8)</sup>	9.38	5,500	0.00	49,960,184 <sup>(8)</sup>	10.16	5,500	0.00	49,960,184 <sup>(8)</sup>	10.01
Wang, Kuei-Hua <sup>(3)</sup>	10,112,130	1.90	56,410,000 <sup>(7)</sup>	10.59	10,112,130	2.06	56,410,000 <sup>(7)</sup>	11.47	10,112,130	2.03	56,410,000 <sup>(7)</sup>	11.31

## SHARE BUY-BACK STATEMENT (CONT'D)

### 5. Interests of Directors' and Substantial Shareholders' and Persons Connected with Them (cont'd)

Directors	Before the Proposed Renewal of Share Buy-Back Mandate				After the Proposed Renewal of Share Buy-Back Mandate			
	As at the LPD		Minimum Scenario		Maximum Scenario		Indirect	
	No. of Shares	% <sup>(a)</sup>	No. of Shares	% <sup>(b)</sup>	No. of Shares	% <sup>(c)</sup>	No. of Shares	% <sup>(c)</sup>
<b>Person Connected with Director and Substantial Shareholder</b>								
Wu, Ming-Hsiu <sup>(2),(4)</sup>	4,742,800	0.89	4,742,800	0.96	-	-	4,852,100	0.97
Hsu, Sung-Hsiang <sup>(2),(4)</sup>	210,000	0.04	210,000	0.04	-	-	210,000	0.04
Ong Kiat Cheow <sup>(5)</sup>	15,000	0.00	15,000	0.00	-	-	15,000	0.00
Wang, Kuei-Lan <sup>(6)</sup>	336,000	0.06	336,000	0.07	-	-	336,000	0.07
Lee, Shih-Chieh <sup>(3)</sup>	44,000	0.01	44,000	0.01	-	-	44,000	0.01
Lee, Liang-Huei also known as Lee, Liang-Huey <sup>(3)</sup>	28,000	0.01	28,000	0.01	-	-	28,000	0.01
Lee, Yi-Hsuan <sup>(3)</sup>	11,000	0.00	11,000	0.00	-	-	11,000	0.00

**Note:**

*Minimum Scenario* - Assuming none of the 7,948,500 ESOS Options are exercised and DUFU implements the Proposed Renewal of Share Buy-back Mandate in full.

*Maximum Scenario* - Assuming full exercise of the 7,948,500 ESOS Options and DUFU implements the Proposed Renewal of Share Buy-back Mandate in full.

- (a) Based on the total number of issued shares of 532,593,246 Shares, exclusive of 13,792,488 shares held as treasury shares
- (b) Based on the total number of issued shares of 491,747,161 Shares without exercising the ESOS Options and the Proposed Share Buy-Back is carried out in full and all that shares so purchased are held as treasury shares
- (c) Based on the total number of issued shares of 498,900,811 Shares after full exercise of the 7,948,500 ESOS Options with the assumption that the Directors / Substantial Shareholders and Persons Connected with them (whom also an eligible person to the Company's ESOS) fully exercised their ESOS Options:-

- Wu, Mao-Yuan – 518,500 ESOS Options
- Wu, Ming-Hsiu – 109,300 ESOS Options

<sup>(1)</sup> Also Substantial Shareholder of the Company.

<sup>(2)</sup> Also an eligible person to the Company's ESOS

<sup>(3)</sup> Person Connected to Dato' Lee, Hui-Ta also known as Li Hui Ta

<sup>(4)</sup> Person Connected to Wu, Mao-Yuan

<sup>(5)</sup> Person Connected to Khaw Mui Suan

<sup>(6)</sup> Person Connected to Wang, Kuei-Hua

<sup>(7)</sup> Indirect Interest by virtue of his/her substantial interest in Perfect Full Yen Sdn Bhd ("PFYSB").

<sup>(8)</sup> Indirect Interest by virtue of his/her substantial interest in Perfect Commerce Sdn Bhd ("PCSB").

## SHARE BUY-BACK STATEMENT (CONT'D)

### 6. Potential Advantages and Disadvantages of the Proposed Renewal of Share Buy-Back Mandate

#### 6.1 Potential advantages of the Proposed Renewal of Share Buy-Back Mandate

The potential advantages of the Proposed Renewal of Share Buy-Back Mandate are set out in section 2 of the Statement.

#### 6.2 Potential disadvantages of the Proposed Renewal of Share Buy-Back Mandate

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

- a) The Proposed Renewal of Share Buy-Back Mandate if implemented, will reduce the financial resources of DUFU and may result in DUFU foregoing interest income and/or better investment opportunities that may emerge in the future; and
- b) It would also result in the reduction of financial resources available for distribution in the form of cash dividends to shareholders of DUFU in the immediate future.

Nevertheless, the Board is of the view that the Proposed Renewal of Share Buy-Back Mandate is not expected to have any potential material disadvantages to the Company and its shareholders as it will be implemented only after careful consideration of the financial resources of DUFU and the resultant impact on the shareholders of the Company.

### 7. Material Financial Effect of the Proposed Renewal of Share Buy-Back Mandate

The material financial effect of the Proposed Renewal of Share Buy-Back Mandate on the share capital, consolidated Net Tangible Assets ("NTA"), working capital, earnings, dividends and the substantial shareholders' shareholdings in DUFU are set out below:

#### 7.1 Share Capital

The effects of the Proposed Renewal of Share Buy-Back Mandate on the total number of issued shares of DUFU are as follows:-

*Minimum Scenario - Assuming none of the 7,948,500 ESOS Options are exercised and DUFU implements the Proposed Renewal of Share Buy-back Mandate in full*

*Maximum Scenario - Assuming full exercise of the 7,948,500 ESOS Options and DUFU implements the Proposed Renewal of Share Buy-back Mandate in full.*

	<b>Minimum Scenario</b>	<b>Maximum Scenario</b>
	<b>No. of Shares</b>	<b>No. of Shares</b>
As at 28 February 2025	546,385,734	546,385,734
Shares to be issued pursuant to the ESOS	0	7,948,500
	<hr/> 546,385,734	<hr/> 554,334,234
Proposed Renewal of Share Buy-Back Mandate (assuming all Purchased Shares are held as treasury shares)	54,638,573	55,433,423
Total number of issued share after the Proposed Renewal of Share Buy-Back Mandate	<hr/> 491,747,161	<hr/> 498,900,811

The Proposed Renewal of Share Buy-Back Mandate will not have any effect on the issued and paid-up share capital of the Company as the Shares purchased are to be retained as treasury shares. However, the rights attaching to the treasury shares as to voting, dividends and participation in other distributions or otherwise will be suspended. While these Shares remain as treasury shares, the Companies Act 2016 prohibits the taking into account of such Shares in calculating the number of percentage of Shares for a purpose whatsoever including substantial shareholdings, takeovers, notices, requisitioning of meetings, quorum for meetings and the result of votes on resolutions.

## SHARE BUY-BACK STATEMENT (CONT'D)

### 7. Material Financial Effect of the Proposed Renewal of Share Buy-Back Mandate (cont'd)

#### 7.2 NTA

The effects of the Proposed Renewal of Share Buy-Back Mandate on the consolidated NTA of the Group would depend on the purchase price and number of Purchased Shares, the effective funding cost to DUFU to finance the Purchased Shares or any loss in interest income to DUFU.

The Proposed Renewal of Share Buy-Back Mandate will reduce the consolidated NTA per Share at the time of purchase if the purchase price exceeds the consolidated NTA per Share and conversely will increase the consolidated NTA per Share at the time of purchase if the purchase price is less than the consolidated NTA per Share.

Should the Purchased Shares be resold, the consolidated NTA will increase if the Company realizes a capital gain from the resale, and vice-versa. However, the quantum of the increase in NTA will depend on the selling price of the Purchased Shares and the number of Purchased Shares resold.

#### 7.3 Working Capital

The Proposed Renewal of Share Buy-Back Mandate is likely to reduce the working capital of the Group, the quantum of which would depend on the purchase price of the Purchased Shares, the number of Purchased Shares and any associated costs incurred in making the purchase.

#### 7.4 Earnings

The effects of the Proposed Renewal of Share Buy-Back Mandate on the EPS of the DUFU Group will depend on the purchase price of the DUFU Shares, the number of DUFU Shares purchased and the effective funding cost to DUFU to finance the Purchase Shares or any loss in interest income to the Group.

If the Purchased Shares are to be retained as treasury shares or cancelled subsequently, the number of Shares applied in the computation of the EPS will be reduced, and accordingly, all other things being equal, the Proposed Renewal of Share Buy-Back Mandate will have a positive impact on the EPS of the Group.

In the event the Purchased Shares are resold subsequently, depending on the price at which the said Shares are resold, the Proposed Renewal of Share Buy-Back Mandate may have a positive effect on the EPS of the Group if there is a gain on the disposal and vice-versa.

#### 7.5 Dividends

Assuming the Proposed Renewal of Share Buy-Back Mandate is implemented in full, dividends would be paid on the remaining total number of issued Shares of DUFU (excluding the Shares already purchased). The Proposed Renewal of Share Buy-Back Mandate may have an impact on the Company's dividend policy for the financial year ending 31 December 2025 as it would reduce the cash available which may otherwise be used for dividend payments. Nevertheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

Any dividends to be declared by DUFU in the future would depend on, *inter-alia*, the profitability and cash flow position of the Group.

#### 7.6 Substantial Shareholders

Shares bought back by the Company under the Proposed Renewal of Share Buy-Back Mandate that are retained as treasury shares will result in a proportionate increase in the percentage shareholdings of the Substantial Shareholders in the Company. Please refer to Section 5 of this Statement for further details.

## SHARE BUY-BACK STATEMENT (CONT'D)

### 8. Implications of the Proposed Renewal of Share Buy-Back Mandate relating to Rules on Take-Overs, Merger, and Compulsory Acquisitions (The "Rules")

Based on the Company's total number of issued Shares and the current shareholdings of the substantial shareholders and/or parties acting in concert as at 28 February 2025, none of the substantial shareholders and/or parties acting in concert with them will be required to make a mandatory general offer in the event of the implementation of Proposed Renewal of Share Buy-Back Mandate in full.

As it is not intended for the Proposed Renewal of Share Buy-Back Mandate to trigger the obligation to undertake a mandatory offer under the Rules by any of the Company's shareholders and/or parties acting in concert with them, the Board will ensure that such number of Shares purchased, retained as treasury shares, cancelled or distributed pursuant to the Proposed Renewal of Share Buy-Back Mandate would not result in triggering any mandatory offer obligation on the part of its shareholders and/or parties acting in concert with them.

In this connection, the Board will be mindful of the Rules when making any purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Mandate.

### 9. Purchases, Resold, Transfer and Cancellation made by the Company of its own Shares in the preceding twelve (12) months

The company had not purchased, resold, transferred or cancelled any shares in the preceding twelve (12) months.

### 10. Proposed intention of the Directors to Deal with the Shares so Purchased

The proposed Renewal of Share Buy-Back Mandate, if exercised, the Shares shall be dealt with in the following manner:-

- to cancel the Shares so purchased; or
- to retain the Shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled; or
- to retain part of the Shares so purchased as treasury shares and cancel the remainder; or
- to retain the Shares so purchased in treasury for distribution to eligible employee(s) pursuant to an employees' share scheme, or such other purposes as allowed under Companies Act 2016.

### 11. Historical Share Prices

The monthly highest and lowest market prices of DUFU Shares traded on Bursa Securities for the preceding twelve (12) months are as follows:-

	Highest RM	Lowest RM
<b>2024</b>		
March	1.85	1.72
April	2.25	1.78
May	2.47	2.11
June	2.77	2.30
July	2.75	2.23
August	2.39	1.82
September	2.03	1.74
October	1.85	1.68
November	1.87	1.65
December	1.96	1.73
<b>2025</b>		
January	1.94	1.65
February	1.76	1.29

Last transacted market price as at 20 March 2025 (being the latest practical date prior to the printing of this Statement) was RM1.15.

(Source: Bloomberg)

## SHARE BUY-BACK STATEMENT (CONT'D)

### 12. Public Shareholding Spread

As at 28 February 2025, the public shareholding spread of the Company was approximately 58.53%. In this regard, the Board undertakes to purchase Shares only to the extent that the public shareholding spread of DUFU shall not fall below 25% of the total number of issued Shares of the Company (excluding treasury shares) at all times pursuant to the Proposed Renewal of Share Buy-back Mandate, in accordance with Para 8.02(1) and 12.14 of the Bursa Securities Main Market Listing Requirements.

### 13. Directors' Statement

After taking into consideration all relevant factors, the Board is of the opinion that the Proposed Renewal of Share Buy-Back Mandate described above is in the best interest of the Company.

### 14. Directors' Recommendation

The Board recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming Annual General Meeting to give effect to the Proposed Renewal of Share Buy-Back Mandate.

### 15. Responsibility Statement

This statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy 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 herein misleading.

### 16. Documents Available For Inspection

Copies of the following documents will be available for inspection at the registered office of the Company at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang during normal office hours from Monday to Friday (except on public holidays) from the date of this Statement up to and including the date of the forthcoming AGM:

- (i) Constitution of DUFU; and
- (ii) The audited consolidated financial statements of DUFU for the past two (2) financial years ended 31 December 2023 and 2024.

### 17. Further Information

There is no other information concerning the Proposed Renewal of Share Buy-Back Mandate as shareholders and other professional advisers would reasonably require and expect to find in the Statement for the purpose of making informed assessment as to the merits of approving the Proposed Renewal of Share Buy-Back Mandate and the extent of the risks involved in doing so.

## ANALYSIS OF SHAREHOLDINGS

As At 28 February 2025

### SHARE CAPITAL

Total Number of Issued Shares	:	532,593,246 +
Class of Share	:	Ordinary Shares with equal voting rights
Number of Shareholders	:	10,639

\* Excluding a total of 13,792,488 shares purchased and retained as treasury shares.

### DISTRIBUTION OF SHAREHOLDERS

Holdings	No. of Holders	Total Holdings	%
1 – 99	500	14,946	0.00
100 – 1,000	2,524	1,531,330	0.29
1,001 – 10,000	5,431	24,569,567	4.61
10,001 – 100,000	1,943	55,316,749	10.39
100,001 – 26,629,661	238	295,154,772	55.42
26,629,662 and above	3	156,005,882	29.29
Total	10,639	532,593,246	100.00

### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS

Name	Shareholdings	%
1. Perfect Full Yen Sdn Bhd	56,410,000	10.59
2. Perfect Commerce Sdn Bhd	49,960,184	9.38
3. Lee, Hui-Ta @ Li Hui Ta	49,635,698	9.32
4. Wong Ser Yian	26,433,786	4.96
5. Amanahraya Trustees Berhad Qualifier: Public Islamic Opportunities Fund	16,695,900	3.13
6. Wu, Mao-Yuan	14,769,000	2.77
7. CIMB Group Nominees (Tempatan) Sdn Bhd Qualifier: CIMB Commerce Trustee Berhad for Kenanga Shariah Growth Opportunities Fund (50156 TR01)	14,100,254	2.65
8. RHB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Ooi Keng Thye	12,250,800	2.30
9. Citigroup Nominees (Asing) Sdn Bhd Qualifier: CBNY for Norges Bank (FI 17)	11,421,400	2.14
10. Wang, Kuei-Hua	10,112,130	1.90
11. CGS International Nominees Malaysia (Tempatan) Sdn Bhd Qualifier: CGS International Futures Malaysia Sdn Bhd (MY)	10,014,800	1.88
12. CIMB Islamic Nominees (Tempatan) Sdn Bhd Qualifier: CIMB Islamic Trustee Berhad - Kenanga Syariah Growth Fund	9,955,500	1.87
13. Amanahraya Trustees Berhad Qualifier: Public Smallcap Fund	9,543,400	1.79
14. Perfect Hua Ta Sdn. Bhd.	7,207,000	1.35
15. Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Kumpulan Wang Persaraan (Diperbadankan) (ABERDEEN)	5,649,700	1.06
16. Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Ooi Keng Thye	5,178,800	0.97
17. CIMB Group Nominees (Tempatan) Sdn Bhd Qualifier: CIMB Commerce Trustee Berhad for Kenanga Growth Opportunities Fund (50154 TR01)	5,146,560	0.97
18. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Qualifier: Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund	4,798,900	0.90
19. Wu Ming-Hsiu	4,742,800	0.89



## ANALYSIS OF SHAREHOLDINGS (CONT'D)

As At 28 February 2025

### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)

	Name	Shareholdings	%
20.	Pacific Trustees Berhad Qualifier: Exempt An For ET Smart Wealth Sdn Bhd (Clients' Account)	4,567,500	0.86
21.	CIMSEC Nominees (Tempatan) Sdn Bhd Qualifier: CIMB for Lim Ka Kian (PB)	4,549,600	0.85
22.	Tan Chor Oon	4,545,000	0.85
23.	Maybank Nominees (Tempatan) Sdn Bhd Qualifier: National Trust Fund (IFM Kenanga) (410196)	4,097,400	0.77
24.	Amanahraya Trustees Berhad Qualifier: Public Islamic Mixed Asset Fund	3,036,900	0.57
25.	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Employees Provident Fund Board (ARIM)	2,737,000	0.51
26.	CIMB Group Nominees (Tempatan) Sdn Bhd Qualifier: Exempt An For Petroliam Nasional Berhad (KIB)	2,685,700	0.50
27.	Maybank Nominees (Tempatan) Sdn Bhd Qualifier: Maybank Trustees Berhad for Kenanga Syariahextra Fund (N14011960240)	2,620,500	0.49
28.	CIMB Group Nominees (Tempatan) Sdn Bhd Qualifier: Exempt An For Petroliam Nasional Berhad (ACF-KENANGA-EQ)	2,590,300	0.49
29.	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Employees Provident Fund Board (ABERISLAMIC)	2,583,400	0.49
30.	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Lembaga Tabung Haji (Eastspring)	2,383,600	0.45

### SUBSTANTIAL SHAREHOLDERS

	Name	Direct		Indirect	
		No. of shares held	%	No. of shares held	%
1.	Perfect Full Yen Sdn Bhd (PFYSB)	56,410,000	10.59	-	-
2.	Perfect Commerce Sdn Bhd (PCSB)	49,960,184	9.38	-	-
3.	Dato' Lee, Hui-Ta also known as Li Hui Ta	49,635,698	9.32	56,410,000#	10.59#
4.	Wang, Kuei-Hua	10,112,130	1.90	56,410,000#	10.59#
5.	Lee, Su Hui-Fen	5,500	0.00	49,960,184^	9.38^
6.	Lee, Wen-Jung	65,000	0.01	49,960,184^	9.38^

# Indirect Interest by virtue of his/her substantial interest in PFYSB.

^ Indirect Interest by virtue of his/her substantial interest in PCSB.

### DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS

	Name	Direct		Indirect	
		No. of shares held	%	No. of shares held	%
1.	Dato' Lee, Hui-Ta also known as Li Hui Ta	49,635,698	9.32	56,410,000#	10.59#
2.	Wu, Mao-Yuan	14,769,000	2.77	-	-
3.	Tsai, Kun-Chang	35,000	0.01	-	-
4.	Yin, Chih-Chu also known as Laurence Yin	-	-	-	-
5.	Ng Phaik Lee	-	-	-	-
6.	Khaw Mui Suan	-	-	-	-
7.	Teoh Chiew Hong *	-	-	-	-

# Indirect Interest by virtue of his substantial interest in PFYSB.

\* Chief Executive Officer of the Group.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 23<sup>rd</sup> Annual General Meeting (“23<sup>rd</sup> AGM”) of the Company will be held at Function Room 7 at Spice Convention Centre, SPICE, No. 108, Jalan Tun Dr. Awang, 11900, Penang, Malaysia on Tuesday, 6 May 2025 at 9.00 a.m. for the following purposes:-

### AGENDA

1. To receive the Audited Financial Statements of the Company for the year ended 31 December 2024 together with the Reports of the Directors and of the Auditors thereon. *(Please refer to Note 1)*
2. To declare a Single Tier Final Dividend of 2 sen per share for the year ended 31 December 2024. (Resolution 1)
3. To approve the Directors’ Fee of up to RM299,000/- for the period from 1 June 2025 until the next Annual General Meeting of the Company and payment of such fee to the Directors. *(Please refer to Note 2)*  
(Resolution 2)
4. To approve the payment of other benefits (excluding Directors’ Fee) of up to RM50,000/- for the period from 1 June 2025 until the next Annual General Meeting of the Company. (Resolution 3)
5. To re-elect the following Directors retiring under the respective provision of Company’s Constitution and who, being eligible offer themselves for re-election:- *(Please refer to Note 3)*
  - a) Wu, Mao-Yuan Paragraph 102(1) (Resolution 4)
  - b) Yin, Chih-Chu also known as Laurence Yin Paragraph 102(1) (Resolution 5)
  - c) Tsai, Kun-Chang Paragraph 107(2) (Resolution 6)
  - d) Ng Phaik Lee Paragraph 107(2) (Resolution 7)
  - e) Khaw Mui Suan Paragraph 107(2) (Resolution 8)
6. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration. (Resolution 9)

### SPECIAL BUSINESS

7. To consider and if thought fit, to pass the following resolutions: -

#### **Ordinary Resolutions**

- a) Authority to Issue Shares (Resolution 10)

“That pursuant to Companies Act 2016 (“the Act”) and approvals from the Bursa Malaysia Securities Berhad (“Bursa Securities”) and other relevant governmental/ regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, and that the Board of Directors be empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities.”

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. To consider and if thought fit, to pass the following resolutions: - (cont'd)

b) Renewal of Authority to Purchase its own Shares

(Resolution 11)

"That subject to the Act, provisions of the Company's Constitution and the requirements of the Bursa Securities and other relevant governmental and regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to purchase its own shares through Bursa Securities, subject to the following:-

- i) The maximum aggregate number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued shares in the ordinary share capital of the Company at any point in time;
- ii) The maximum fund to be allocated by the Company for the purpose of purchasing the Company's shares shall not exceed the retained profits of the Company. As at the latest financial year ended 31 December 2024 the audited retained profits of the Company is RM86,579,850;
- iii) The authority conferred by this resolution will be effective immediately upon the passing of this resolution and shall continue to be in force until the conclusion of the next AGM of the Company, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions or the expiration of the period within which the next AGM is required by law to be held or unless revoked or varied by ordinary resolution passed by the shareholders in a general meeting, whichever occurs first;
- iv) Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:-
  - to cancel the shares so purchased; or
  - to retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled; or
  - to retain part of the shares so purchased as treasury shares and cancel the remainder; or
  - to retain the shares so purchased in treasury for distribution to eligible employee(s) pursuant to the Employees' Share Scheme of the Company (if applicable).

The Directors of the Company be and are hereby authorised to take all such steps as are necessary and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, if any, as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares in accordance with the Act, provisions of the Company's Constitution, the requirements of the Bursa Securities and any other regulatory authorities, and other relevant approvals."

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. To consider and if thought fit, to pass the following resolutions: - (cont'd)

c) Proposed Granting of Employees' Share Option Scheme ("ESOS") Options to Lee, Yi-Hsuan (Resolution 12)

"THAT, the Company has an ESOS which was effective on 17 June 2019 and further extended from 17 June 2024 to 16 June 2029 and subject to the approvals of the relevant authorities and/or parties (where required) being obtained, the Board be and is hereby authorized at any time and from time to time during the duration of the ESOS, to offer and grant such number of ESOS options to Lee, Yi-Hsuan who is the finance manager of Dufu Industries Sdn. Bhd., also the daughter of Dato' Lee, Hui-Ta also known as Li Hui Ta (Executive Chairman as well as a major shareholder of Dufu) and Datin Wang, Kuei-Hua (a major shareholder of Dufu), subject to the provisions of the By-Laws, provided always that:

- (i) she must not participate in the deliberation or discussion of her own allocation, as well as that of the persons connected with her under the ESOS; and
- (ii) not more than 10% of the total number of Shares to be issued under the ESOS shall be allocated to her, if she either singly or collectively through persons connected (as defined in the Listing Requirements) with her, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any),

subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

AND THAT, the Board be further authorised to issue such number of Shares arising from the exercise of the ESOS options under the ESOS, from time to time, to the abovementioned person."

8. To transact any other business of which due notice shall have been given in accordance with the Act.

By Order of the Board

HOW WEE LING (MAICSA 7033850) / SSM PC NO. 202008000869

OOI EAN HOON (MAICSA 7057078) /SSM PC NO. 202008000734

Secretaries

Penang

25 March 2025

### **Proxy**

- a) *For the purpose of determining a member who shall be entitled to attend and vote at this 23rd Annual General Meeting, the Company shall be requesting the Record of Depositors as at 28 April 2025. Only a depositor whose name appears on the Record of Depositors as at 28 April 2025 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.*
- b) *A member (except an exempt authorised nominee) may appoint up to two (2) proxies in relation to the general meeting provided that he specifies the proportion of his shareholdings to be represented by each proxy.*
- c) *Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- d) *The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the corporation's seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.*
- e) *The instrument appointing a proxy shall be deposited to Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at 03-2094 9940 and/or 03-2095 0292 or emailed to [info@sshhsb.com.my](mailto:info@sshhsb.com.my) not less than 48 hours before the time for holding the 23<sup>rd</sup> AGM or any adjournment thereof i.e. by Friday, 2 May 2025 at 5.00 p.m.*

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### Explanatory Notes on Ordinary and Special Business:

1. This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act and the Company's Constitution do not require a formal approval of the shareholders and hence, is not put forward for voting.
2. The Ordinary Resolution 2 is to facilitate payment of Directors' fees for the period from 1 June 2025 until the next AGM. The total Directors' Fee of up to RM299,000/- was calculated based on 13-month provision for all Directors.
3. The Board through the Nomination Committee had undertaken an annual assessment on the undermentioned Directors, seeking for re-election pursuant to Paragraph 102(1) / Paragraph 107(2) of the Company's Constitution, at the 23rd AGM
  - a) Wu, Mao-Yuan;
  - b) Yin, Chih-Chu also known as Laurence Yin;
  - c) Ng Phaik Lee;
  - d) Tsai, Kun-Chang

Khaw Mui Suan is a director whom was appointed on 17 February 2025 and are seeking for re-election pursuant to Paragraph 107(2) of the Company's Constitution. Yin, Chih-Chu also known as Laurence Yin, Ng Phaik Lee, Tsai, Kun-Chang and Khaw Mui Suan have also provided their annual declaration/confirmation of independence.

The Board and the Nomination Committee are satisfied with their performance assessment i.e. meeting attendances, participated actively and contributed positively during deliberations or discussions at Board Meetings, competency and capability, understanding of their roles and responsibilities. Thus, the Board recommended that the approval of the shareholders be sought for the re-election of the said Directors at the 23rd AGM. The information of the Directors' standing for re-election is set out in "Profile of Directors" of the Annual Report 2024.

4. The proposed Resolution No. 10 [Item 7(a)], if passed, will grant a renewed general mandate (Mandate 2025) and empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of total number of issued shares of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The Mandate 2025 will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited for further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the 22<sup>nd</sup> Annual General Meeting. The Company did not issue any share pursuant to the mandate granted because there was no investment, acquisition or working capital that required fund raising activity.

5. The proposed Ordinary Resolution No. 11 [Item 7(b)], if passed, will give the Company the authority to purchase its own ordinary shares of up to ten percent (10%) of the total number of issued shares of the Company for the time being. This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting after that date is required by law to be held, whichever occurs first. For further information on the Proposed Renewal of Share Buy-back Mandate, please refer to the Share Buy-back Statement set out in the Annual Report 2024.
6. The proposed Ordinary Resolution No. 12 [Item 7(c)], if passed, will grant the mandate to the Company to grant the ESOS Options to Ms. Lee, Yi-Hsuan, the finance manager of Dufu Industries Sdn. Bhd., a wholly-own subsidiary of the Company.

The Executive Chairman of the Company, Dato' Lee, Hui Ta also known as Li Hui Ta and his spouse, Datin Wang, Kuei-Hua, also a major shareholder of the Company are deemed interest in the abovementioned resolution pertaining to the grant of ESOS Options to Ms. Lee, Yi-Hsuan and accordingly have abstained and shall continue to abstain from deliberation and voting on Ordinary Resolution 12 in respect of their direct and indirect interest in the Company.

### NOTES:

- i. Shareholders may send questions in relation to the agenda items for the 23<sup>rd</sup> AGM, electronically by email to davidkhoo@dufu.com.my no later than Friday, 2 May 2025 at 5.00 p.m..
- ii. To enable the Company to make the necessary arrangement on the 23<sup>rd</sup> AGM day, attendees who wish to attend the 23<sup>rd</sup> AGM in person are encouraged to pre-register attendance by providing the following Pre-Registration details by email to info@sshbsb.com.my by Friday, 2 May 2025 at 5.00 p.m..
  - Company Name: **Dufu Technology Corp. Berhad**
  - Full name;
  - NRIC / Passport No.;
  - CDS Account No.;
  - Contact No.;
  - Category of Attendees.: Shareholder / Proxy / Invitee
- iii. Shareholders are also reminded to monitor the Company's website and announcements from time to time for any changes to the 23<sup>rd</sup> AGM arrangement.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

### 1. Details of individuals who are standing for election as directors (excluding directors standing for a re-election)

No individual is seeking election as a director at the 23<sup>rd</sup>AGM of the Company.

### 2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Details of the general mandate to issue securities in the Company pursuant to the Companies Act 2016 are set out in Explanatory Note (4) of the Notice of 23<sup>rd</sup>AGM.

## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that the Single Tier Final Dividend of 2 sen per share for the year ended 31 December 2024 if approved, will be paid on 13 June 2025 to depositors registered in the Records of Depositors on 30 May 2025:-

A depositor shall qualify for entitlement to the Dividend in respect of: -

- a) shares transferred into the Depositor's Securities Account before 4.30 p.m. on 30 May 2025 in respect of transfers;
- b) shares deposited into the Depositor's Securities Account before 12.30 p.m. in respect of securities exempted from mandatory deposit; and
- c) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board  
HOW WEE LING (MAICSA 7033850) / SSM PC NO. 202008000869  
OOI EAN HOON (MAICSA 7057078) / SSM PC NO. 202008000734  
Secretaries

Penang  
25 March 2025

# PROXY FORM

**DUFU TECHNOLOGY CORP. BERHAD**  
Registration No. 200201013949 (581612-A)  
(Incorporated in Malaysia)

No. of ordinary shares held		CDS Account No.	
Contact No.		Email Address	

\*I/We, \_\_\_\_\_ (NRIC No. / Company No. \_\_\_\_\_) of

being a \*Member/Members of DUFU TECHNOLOGY CORP. BERHAD hereby appoint:-

The following proxy(ies):-

Name	NRIC / Passport No.	Address	Proportions of my/our holdings to be represented (%)
(1)			
<b>AND * / OR FAILING HIM*,</b>			
(2)			
			Total 100.0%

In case of a vote by show of hands, Proxy 1\*/Proxy 2\* shall vote on our behalf.

**AND \* / OR FAILING HIM\*,**

Chairman of the Meeting

as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the 23rd Annual General Meeting of the Company to be held at Function Room 7 at Spice Convention Centre, SPICE, No. 108, Jalan Tun Dr. Awang, 11900, Penang, Malaysia on Tuesday, 6 May 2025 at 9.00 a.m. and at any adjournment thereof as indicated below:-

Tick (✓) whichever is applicable

\* Strike out whichever is inapplicable

(Please indicate with an "X" in the space provided below on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion)

Ordinary Resolutions		For	Against
1.	To declare a Single Tier Final Dividend of 2 sen per share for the year ended 31 December 2024.		
2.	To approve the Directors' Fee of up to RM299,000/- for the period from 1 June 2025 until the next Annual General Meeting of the Company and payment of such fee to the Directors.		
3.	To approve the payment of other benefits (excluding Directors' Fee) of up to RM50,000/- for the period from 1 June 2025 until the next Annual General Meeting of the Company.		
To re-elect the following Directors retiring under the respective provision of Company's Constitution and who, being eligible offer themselves for re-election:-			
4.	Wu, Mao-Yuan Paragraph 102(1)		
5.	Yin, Chih-Chu also known as Laurence Yin Paragraph 102(1)		
6.	Tsai, Kun-Chang Paragraph 107(2)		
7.	Ng Phaik Lee Paragraph 107(2)		
8.	Khaw Mui Suan Paragraph 107(2)		
9.	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.		
To pass the following resolution as Special Business :-			
10.	Authority to Issue Shares pursuant to the Companies Act 2016.		
11.	To approve the proposed renewal of authority to purchase up to ten percent (10%) of its own shares in the total number of issued shares of the Company.		
12.	To approve the proposed granting of Employees' Share Option Scheme ("ESOS") Options to Lee, Yi-Hsuan		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2025

Signature of Member: \_\_\_\_\_

**Proxy:-**

- For the purpose of determining a member who shall be entitled to attend and vote at this 23rd Annual General Meeting, the Company shall be requesting the Record of Depositors as at 28 April 2025. Only a depositor whose name appears on the Record of Depositors as at 28 April 2025 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.
- A member (except an exempt authorised nominee) may appoint up to two (2) proxies in relation to the general meeting provided that he specifies the proportion of his shareholdings to be represented by each proxy.
- Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the corporation's seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.
- The instrument appointing a proxy shall be deposited to Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at 03-2094 9940 and/or 03-2095 0292 or emailed to info@sshsb.com.my not less than 48 hours before the time for holding the 23rd AGM or any adjournment thereof i.e. by Friday, 2 May 2025 at 5.00 p.m.



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AFFIX  
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Share Registrar  
**DUFU TECHNOLOGY CORP. BERHAD**  
[Registration No. 200201013949 (581612-A)]  
c/o: Securities Services (Holdings) Sdn. Bhd.  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Malaysia

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**Dufu Technology Corp. Berhad**  
200201013949 (581612-A)

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